



## GOAL-ORIENTATED THINKING

Whilst one relies on intuition, another prefers to precisely measure the outcomes of their philanthropic engagement. The pragmatic middle ground can be viewed as impact orientation.



“Above all, I want my commitment to bring me joy. When I meet good people who have their heart in the right place and a great project, I’m happy if I can support them with a donation.”

“The education sector is particularly close to our hearts. It is unacceptable that not every child can sufficiently read and write at the conclusion of pre-school! We want to use our resources as effectively as possible to solve this problem once and for all throughout the country.”



Every philanthropist has their own approach to engagement: some want to solve a specific problem, others want to support a variety of organisations and projects. Some tend to trust their gut, whilst others want to understand the problems and context as precisely as possible. However, all philanthropists are united by the desire to make the most effective impact.

## Changing the world with effective action

Impact means that something changes in reality as a result of philanthropic action; ideally for the better. This sounds simple, but in practice it is not so easy to recognise.

Some changes are easy to recognise – such as a well being built where there was not one before, but what is the quality of the water and who benefits from it? What are the wider consequences of well construction – better health, more time for education and higher harvests? Or a drop in groundwater levels and an overpopulation of livestock? Or both? What was the intended effect?

## A question of attitude

For some philanthropists, it is not overly important to analyse or plan the impact of their commitment with scientific thoroughness. For them, it is enough to further strengthen an already successful organisation or to provide a committed social worker with better resources for his work. This commitment can bring about many benefits, and thus sometimes the world is not complicated at all.

Others prefer to approach the topic of impact in a more theoretical way. There are many methods and tools for this. [Phineo's results staircase](#), for example, shows the level at which impact can occur. The experts differentiate between output, outcome and impact.



“It is enough for me to enable committed people to continue and expand their commitment. I leave it up to them to decide what they need to do. I rely on my knowledge of human nature to judge whether my support is effective.”

“It is important to us to find the most effective way of supporting children. We want to understand exactly why some children don't learn to read properly at school. We read scientific studies and seek advice from experts. On this basis, we develop a strategy with measurable goals.”



## Theory of Change

When philanthropists decide to get to the bottom of the intended impact, they can use a variety of approaches. In addition to the results staircase, for example, a so-called “theory of change” can help to find and understand connections and derive strategic decisions from them.

In short, this involves analysing the problem, its causes and its consequences in more detail and understanding which factors contribute to the problem and how. The next step is to consider which of these factors can be influenced and how; and what will then change the problem and its consequences. Starting points for engagement are then derived from this. You can find a detailed description of this approach in the [talk “Changing systems sustainably”.](#))

## Can you measure impact?

Yes, and no. Firstly, it depends on which impacts are meant; see the results staircase above. Some things are easy to count – three wells were built and 400 people were reached. Others are much more difficult: how many children can now read who would not have learnt without the foundation’s programme? How have attitudes and behaviour changed? What long-term effects will the programme have?

Two aspects are regularly problematic when measuring the programme’s impact:

What changes can really be identified? Can these changes really be attributed to the commitment – what would have happened anyway or otherwise?

In addition, it can be very time-consuming to determine impact, for example if large amounts of data are required that are complicated to collect and difficult to analyse. The question then arises as to whether the effort involved is proportionate to the actual measure – or whether it would be better to support more people with these resources.



“I’ve found the right way for me: I meet with every person I support once a year and have a cup of tea with them to find out what they have done with my money. I can then ask questions and usually learn something new.”

“Measurable results are important to us. The pupils’ reading skills are regularly assessed as part of the programmes we support and compared with control groups. This allows us to see over time whether anything has changed and what impact our programmes have.”



## Impact Orientation

Many philanthropists are looking for a pragmatic middle way between blind funding on the one hand and scientific problem analysis and impact measurement on the other. The keyword “impact orientation” describes an attitude in which philanthropists and those responsible in organisations can describe the problem and the desired result succinctly and have an idea of which measures should be used to achieve certain changes.

Focusing on the desired impact helps to feed discussions in committees, with managers and team members provided more structure and clarity. Using existing data, random samples, interviews, on-site visits and other measures, they gain an impression of whether the theory of change works in principle – in other words, whether their commitment is as effective as it was intended.

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