

BETH KANTER
KATIE PAINE

FOREWORD BY LAURA ARRILLAGA-ANDREESSEN

MEASURING

"A powerful and entertaining book on how to use measurement
and social media to kick butt and change the world."

—GUY KAWASAKI, author, *Enchantment*; former chief evangelist of Apple

THE
NETWORKED
NONPROFIT



USING DATA
TO CHANGE
THE WORLD

Edited by
WILLIAM T.
PAARLBERG

**MORE PRAISE FOR
MEASURING THE NETWORKED
NONPROFIT**

“Kanter and Paine use their wit and wisdom to make the process of measuring your impact and making change accessible, and even fun!”

—**Holly Ross**, executive director, NTEN

“Social change organizations just got a yard stick for measuring success and learning from failure.”

—**Premal Shah**, president, Kiva—Loans That Change Lives

“The book is an invaluable roadmap for moving to data-informed decision-making and producing greater impact for those they serve.”

—**Mario Morino**, chairman, Venture Philanthropy Partners

“Kanter and Paine share a wealth of insights and practical advice that will enable organizations to truly understand the real impact of their digital and social efforts.”

—**Jean Case**, CEO and cofounder, Case Foundation

“This book is a gift for those facing the task of measuring nonprofit performance in our complex, interconnected age.”

—**Jacob Harold**, program officer, William and Flora Hewlett Foundation

“This must-read book for the sector shows how simple yet powerful measurement can help a nonprofit effectively get actionable information to increase impact.”

—**Dr. Akhtar Badshah**, senior director, Citizenship
and Public Affairs, Microsoft

“As nonprofits devote increasing energy to social media, getting measurement right is critical to helping us learn and impact. This book unpacks this daunting subject in a practical and actionable way.”

—**Stephen J. Downs**, Chief Technology and Information Officer,
Robert Wood Johnson Foundation

“Measuring the Networked Nonprofit is more than a ‘how-to,’ it’s a citizen’s owners manual for making change happen.”

—**Lucy Bernholz**, visiting scholar, Stanford University
Center on Philanthropy and Civil Society

“The need to understand how to leverage social networks for measurable impact has never been greater. This pioneering book on the critical topic of measurement will be essential for any nonprofit seeking to be truly effective.”

—**Jennifer Aaker**, General Atlantic Professor of Marketing,
Winnick Family Faculty Fellow for 2011–2012, and
Vineet Singal, Stanford alumnus and leader, 100KCheeks campaign

“The combination of nonprofit social media *savoir faire* and superior measurement discipline in *Measuring the Networked Nonprofit* makes for an unparalleled discussion about organizational performance.”

—**Geoff Livingston**, author and marketing strategist

“This book belongs on the shelf of every nonprofit leader. The authors do a great job of clearly laying out practical advice for social media measurement.”

—**Ritu Sharma** and **Darian Rodriguez Heyman**,
cofounders, Social Media for Nonprofits

“Finally, a user-friendly guide to demystifying measurement, why it matters, and how nonprofits can take it on.”

—**Laura L. Efurd**, Chief Strategy and Innovation
Officer, ZeroDivide

“Data is like fine food: you can enjoy eating it but do you know how to make it? The authors have written the ultimate cookbook!”

—**Nancy Lublin**, DoSomething.org

“Kanter and Paine present a comprehensive and welcome addition to the social network knowledge base that will serve to awaken the data geek in all of us, tempting us to explore both new tools and networks, while also inspiring us to assess the impact of how these networks are contributing toward our missions and the greater good.”

—**Janet Camarena**, director, Foundation Center—San Francisco

“Attention everyone who is using social media to do good in the world: This book is your must-have survival guide to measuring what matters.”

—**Katya Andresen**, COO, Network for Good and author,
Robin Hood Marketing

“Hi, I’m Daniel and I’m a recovering measurementaphobic. This book helped me break down walls I had built for forty years.”

—**Daniel Ben-Horin**, founder and co-CEO, TechSoup Global

“Accelerating external change coupled with new tools for engagement challenges even the most networked nonprofits in making sense of feedback around complex issues. This book is as much about leadership as it is about measuring.”

—**Jeff Clarke**, interim president and CEO, Council on Foundations

“A timely and valuable contribution to the evaluation, learning, and improvement movement in the social sector.”

—**Johanna Morariu**, director, Innovation Network

“This book will be a catalyst for nonprofits to power social change because it explains clearly how to use measurement.”

—**Wendy Harman**, American Red Cross

“*Measuring the Networked Nonprofit* teaches organizations of all sizes how to be obsessed with impact—for good.”

—**Claire Díaz-Ortiz (née Williams)**, Social Innovation

“If you want to unlock the power of data and measurement to dramatically scale your engagement, fundraising, and impact, this book is your *must buy, must read, must apply*.”

—**Simon Mainwaring**, founder, We First and *New York Times* bestselling author of *We First*

“If you work in any capacity in the nonprofit sector and think impact measurement is just another burdensome task, this book is for you. It is a guide to finding the joy and inspiration in evaluating the impact of our work.”

—**Cheryl Francisconi**, director, Institute of International Education, Ethiopia

“Data driven improvements that deliver an emotional punch and improve the bottom-line? Absolutely! Let Katie and Beth show you how it’s done.”

—**Avinash Kaushik**, author, *Web Analytics 2.0* and *Web Analytics: An Hour A Day*

“Paine and Kanter have created a mind-blowingly useful, practical, valuable guide to making the most of social media for every non-profit interested in getting better at doing good.”

—**Jim Sterne**, founder, eMetrics Marketing Optimization Summit and chairman, Digital Analytics Association

“This book is a must-read for all nonprofits who care about creating change.”

—**Allyson Kapin**, partner at Rad Campaign

“This timely and practical book will help networked nonprofits untangle measurement and the big, hairy ‘social media ROI’ question.”

—**Steve Bridger**, Builder of Bridges

“Nonprofit managers and philanthropists will find practical and insightful recipes and examples for measurement programs that will help their efforts rise above the noise and create real social change.”

—**Kami Watson Huyse**, CEO, Zoetica

“One of the biggest challenges of leveraging networked approaches to social change is the challenge of measurement. Well, no longer. Thankfully Kanter—the smartest person on this topic—has come to our rescue with a thoughtful, well-informed approach to ‘measuring the networked nonprofit’ that can help us all assess our results, and continuously learn and adapt to increase our impact.”

—**Heather McLeod Grant**, consultant,

The Monitor Institute and author, *Forces for Good:*

The Six Practices of High-Impact Nonprofits

“People always ask me what’s next in social media for social change, and now the answer is simple: *Measuring the Networked Nonprofit!* This book is exactly what we need, a simple, clear, easy-to-use primer on measuring the use and effect of social media for nonprofits from the two most knowledgeable people on the topic. It’s exactly what we needed when we needed it most.”

—**Allison Fine**, coauthor, *The Networked Nonprofit*

“Beth Kanter is widely recognized in the nonprofit sector as the go-to person for understanding both how to use and the implications of social media. With this book, she answers the hardest of our burning questions: ‘But how do I know if my social media strategy is working?’ A must-read for leaders, practitioners, and strategists.”

—**Deanna Zandt**, author of *Share This!*

How You Will Change the World With Social Networking

Measuring the Networked Nonprofit

Measuring the Networked Nonprofit

**USING DATA TO CHANGE
THE WORLD**

Beth Kanter and
Katie Delahaye
Paine

Edited by
William T. Paarlberg

Foreword by Laura
Arrillaga-Andreessen

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FOREWORD

When I think of innovation, three things come to mind: the creation of something new, the renewal of something that already exists, and the emergence of new thinking around existing processes and systems. What's exciting is that I see all three at work in the nonprofit sector today. It's a thrilling time. A new culture of innovation is sweeping across the philanthropic landscape, bringing with it dramatically increased potential for social change. Yet the onus is on us—the individuals who work in and support nonprofits—to help that culture establish deep roots. This means building the kind of robust measurement metrics that will empower us to take a hard look at what works and what does not—and then to use that information as the basis for innovation.

As a philanthropist, social entrepreneur, and academic based in Palo Alto, California, I find myself sitting at the epicenter of innovation: Silicon Valley. I watch enthralled as every day, new technologies, apps, software, and platforms enter our lives, disrupting the old ways and transforming how we work, connect, interact, and give. I see innovation everywhere, and not only among Silicon Valley's new generation of tech entrepreneurs. It's also present in the brilliant young minds of the students I teach at Stanford University and its Graduate School of Business, in the approaches to problem solving taken by my

partners at SV2 (Silicon Valley Social Venture Fund, the venture philanthropy partnership that I founded), and in the compelling research that informs practice at Stanford PACS (the Center on Philanthropy and Civil Society, which I created and of which I am now chair).

Yet in the world of philanthropy, we often fail to apply innovation to solving social problems. That's because we rarely find out how our money is being spent, where it's going to end up, or how it will move the needle on the problems we want to help solve. Innovation is all about finding a better way of doing things. But if you want to find a better way of traveling from where you are now to where you want to be, you need to start by analyzing your current route before you can think about how to improve on it.

The trouble is that our giving tends to be emotionally driven. A 2010 study found that about 65 percent of all individual giving (which makes up more than 80 percent of all American philanthropy) has no research behind it.¹ It's not that we're not generous—far from it. In 2010 Americans gave more than \$290 billion and volunteered over 8 billion hours. More than 1.5 million nonprofits, from large, endowed institutions to small, grassroots organizations, worked tirelessly to make our communities and world a better place. The problem is that we are not maximizing the potential of this generosity.

When donors give without any proof of impact or trying to understand precisely how their gifts bring about change, we put drastic limits on our philanthropic potential. When we give purely based on emotion, we also leave the nonprofits we fund with no incentive to measure or understand that impact. That's a lose-lose-lose situation: as donors, we lose the chance to improve our giving by making informed decisions; as nonprofit leaders, we lose the chance to make the programs and services we provide more effective; and as citizens of this planet, we lose out on the chance to live in a better world.

There could hardly be a better moment for a book such as this. In her valuable book, *The Networked Nonprofit*, Beth Kanter and her cowriter, Allison Fine, showed nonprofit leaders across all generations how to use social media for social good.² Now, in *Measuring the Networked Nonprofit*, Beth Kanter and Katie Paine have given us a must-read guide for anyone using social media and other tools to improve their work and increase their accountability.

Social change is not about what we hope we achieve but how we are going to achieve it. What is so powerful about *Measuring the Networked Nonprofit* is that not only does it provide a set of tools for using measurement and

data; it also explains how to measure the effectiveness of the different ways of achieving social change.

This book appears at a critical moment. Because of the rapid advance of technology, our world is changing at a pace that's faster than ever before, and this rate of change is constantly accelerating. Over the past decade, the philanthropic sector has undergone the most profound evolution since modern philanthropy's invention more than a century ago. And of all the changes we've witnessed, perhaps the most radical has emerged in the place where technology, innovation, and philanthropy intersect.

The way we engage in meaningful social change is being fundamentally altered by technology. Technology is increasing access to information and connecting us in ways never before possible. It's transforming the way we approach problem solving. It's making it possible to reach billions of people globally through online giving platforms. It's democratizing our ability to make the world a better place, and social media are among the most powerful technological forces behind this phenomenon.

When it comes to connecting with donors—particularly younger ones and those with modest means—social media can help nonprofits get their message out to hundreds of thousands of individuals, regardless of their location. Nonprofits can use technology not only to solicit thousands of small donations, which can combine to produce extremely large sums, or volunteers; they can also inform and inspire a whole new generation of supporters, who may in turn create social media campaigns among their own networks.

The beauty of social media is that they help us expand our philanthropic potential dramatically. But with it comes a whole new set of challenges, and one of the most pressing is measuring impact. How do we know how many people we are reaching? What types of messages are grabbing people's attention online and which are falling on deaf ears? How do we assess the effectiveness of a social media campaign?

Measurement entails qualitative and quantitative data, hard and soft metrics. It can be expensive and time-consuming, and it requires deep thought and analysis. Yet without this analysis, we cannot improve our performance. The ability to learn from every gift we give or receive and every program we fund or run is one of the social sector's greatest areas of untapped potential.

Meanwhile, one of its greatest failures is the incessant reinvention of the wheel. Despite our best intentions, we tend to duplicate efforts that are not

successful. The only way to avoid this wasteful, vicious cycle is by learning how to measure our actions and apply our learning to the way we do it the next time. Those who want to make a difference—whether social entrepreneurs; nonprofit staff members, executives, or board members; volunteers; or donors—need to complete an assessment of what they are doing now to inform how they do it in the future.

Of course, many individual donors and nonprofit teams are already practicing data-driven, research-based work and using those data and research to improve their programs and services. These people can serve as inspirations and examples to us all.

And as these individuals would be the first to admit, taking generosity and shared purpose and turning it into social change is far from easy. What I have found, however, is that every time I generate data around a gift I've made or understand the impact of a social program I've initiated, this measurement shows me that it leads to greater and more meaningful change. The upfront costs of time, intellect, and money are paid back many times over in my increased ability to improve lives and help tackle big problems.

We all need to give in a way that matters more—to shift our giving from reactive to proactive, sympathetic to strategic, isolated to collaborative. We need to become better partners to the organizations that we support, working with them to learn from experience and innovate for the future. Whether we support nonprofits through financial donations, gifts of time or intellectual capital, or the sharing of our networks, we need to give in a way that is far more accountable and measured. Individual lives depend on it, communities depend on it—our world depends on it.

Laura Arrillaga-Andreessen
Stanford Graduate School of Business

PREFACE: THE QUEEN OF NONPROFITS MEETS THE GODDESS OF MEASUREMENT

Beth used to think measurement was the business equivalent of Darth Vader running after her with a radioactive light saber. She had almost flunked math back in eighth grade, and she never lost the sense that anything with data and numbers in it was beyond her ability to learn. She didn't know her way around a spreadsheet and figured that whatever measurement involved, it was going to be a lot of extra work in any case.

But Beth kept hearing from nonprofits that they wanted a way to be more effective with social media. She knew that people and organizations needed to learn from experience, and she had the suspicion that there must be some way to do this in an organized fashion using measurement.

Then she discovered Katie Delahaye Paine. Katie has decades of experience helping organizations of all shapes and sizes define success and measure it, so she knows how to make measurement simple and relevant. Beth started reading KDPaine's Measurement Blog. She even boldly submitted a panel to SXSW's Social Media, Nonprofit, ROI Poetry Slam in 2009 and asked Katie to participate. That's when she discovered that measurement is really powerful—we'll tell you more about that later in this book—and that Katie could dispense clear, practical measurement advice—in iambic pentameter, no less. Today Beth has left her fear far behind and has embraced measurement as a vital tool of the networked nonprofit.

HOW THIS BOOK HELPS NONPROFITS BECOME MORE SUCCESSFUL

This book takes the ideas that were just germinating in that poetry slam and builds them into solid advice illustrated with dozens of examples of nonprofits that have also made the leap from measurement-phobes to measurement mavens. Beth's first book, *The Networked Nonprofit*, coauthored with Allison Fine, provided frameworks and recommendations for nonprofits to transform their organizational culture to embrace a new way of working. *Measuring the Networked Nonprofit* aims at helping nonprofit leaders take those first steps to measure the effectiveness of that transformation.¹

These transformed nonprofits are using social media metrics and data intelligently to improve their decision making and quantify success. This book covers the many ways that networked nonprofits make the most of measurement:

- They don't just add up numbers; they measure their impact on the mission and organizational goals.
- They value progress and measure results using insight, relationships, organizational results, and social change outcomes.
- They use key performance indicators to make decisions, effect continuous process improvement, and understand what works and what doesn't.
- They measure failure first. Learning from failure is like compost: although it might stink at first, it gets more valuable over time. It is also important to understand the cause of success because it may have happened by accident.
- They are experts at setting up and measuring low-risk experiments to test their strategy and tactics and learn from them.
- They join the "spreadsheet appreciation society," filling their rows and columns with meaningful data and avoiding bogus metrics like the plague.
- They use data to set priorities and better juggle workloads.

We understand that not all nonprofits are starting from the same place in becoming networked nonprofits or in measurement. This book will help nonprofits that are just starting to embrace a networked way of working and aren't measuring at all, as well as those that are already networked and want to improve the measurement they're already doing.

WHY ALL NONPROFITS NEED TO EMBRACE MEASUREMENT

Affecting social change is, of course, the ultimate goal for nonprofit organizations. But you can't get to any destination without a road map and some signposts along the way. Measurement is your map, and metrics are your signposts. Connecting with people, deepening engagement, and inspiring donations are important building blocks for change, and they are relatively easy to measure. There are metrics for measuring conversions from conversation to checks, e-mail list sign-ups, petition signatures, or e-mails to an elected official.

As a networked nonprofit, you know how to leverage your social networks online to make change offline. This book teaches you how to use measurement to better understand your networks, measure outcomes offline, and understand cause and effect. It will guide you through the process of setting up measurement systems that will provide actionable information so you can quickly become more successful.

MEASUREMENT IS NOTHING TO FEAR

Back in 2009, when Beth finally put her measurement fears behind her, she started to notice something at her workshops and presentations: she would do an interactive icebreaker exercise, asking anyone to stand up if their organization was on Facebook, to keep standing if their organization was on Twitter, and so on. In recent years, after she ticked off the names of social media platforms, most people in the room have been standing. She'd then asked them to remain standing if they were using measurement to improve what they were doing. Usually 70 percent of those in the room sat down. Then she asked the folks who were sitting down why they didn't use measurement. What she heard were four key reasons.

Fear of Consequences

No one wants to take risks if the results aren't worth it or, even worse, learn that precious time was wasted. It is only natural to worry that the data might show that one's apparently brilliant idea didn't work. Many of the nonprofit measurement mavens profiled in this book admit to having felt this way. But as they used measurement to understand and improve their programs, they found they had more control over their outcomes, and they did better work. When you apply the measurement techniques in this book, your nonprofit will be rewarded, not punished.

Fear of Setting Measurable Objectives

People often fear that by setting objectives, they will be held accountable for someone else's unreasonable expectations, be it the board, senior management, or their funders. But measurement helps set correct expectations. Creative types worry that taking the time to clarify what you're measuring might kill the freshness of an idea. But creativity only gets you so far. To get to real results, you need a game plan for analyzing your data and applying what you learn. This book is all about how to do that.

Fear of the Data Dump

Unfortunately, some nonprofits have become addicted to collecting data just to say they are. They default to the “measure everything” approach based on the mistaken belief that more data (or even bogus data) are better than none. These misguided tactics result in bloated spreadsheets to which no one pays attention. Part of the purpose of this book is to provide simple guidelines for picking the right tools to collect the right data. We teach you how to gain insight from your measurement data and use them to make decisions without getting overwhelmed.

Fear That Measurement Is Too Much Work or Too Expensive

Far too many organizations see measurement as something that they are paying for in addition to a program, especially if they need to bring in outside expertise or invest in training. But for most of those organizations, the data already exist. Some nonprofits don't measure because they consider it to be too time-consuming—just one more chore on a seemingly endless list. But measurement is actually one way to reduce the number of chores on that endless list, because it gives your organization the data to say, “No,” or, “Hell yeah!”

MEASUREMENT IS THE SECRET SAUCE; WE PROVIDE THE RECIPE

This book is organized into three parts; think of it as a three-course meal. The first course is an introduction to measurement and networked nonprofit practices. It's the gastronomical equivalent of setting the table and serving the soup. Then come several chapters on the meat and potatoes of basic measurement techniques. Finally, for a special dessert, there are chapters on advanced measurement techniques for networked nonprofit practices.

If you are new to measurement, the best way to get started is by doing simple pilot studies using the guidelines and examples provided in the early chapters. If you are already experienced at measurement, you'll be tempted to jump right to the chapters on advanced measurement techniques. Before you do so, however, keep in mind that the measurement of practices like crowdsourcing, transparency, and networks is still in an embryonic stage and quickly evolving. We hope that this book will inspire networked nonprofits to continue to contribute to the development of these important areas.

Of course, the last thing a busy nonprofit needs is another difficult-to-master procedure. That's why every chapter in this book leads you through simple steps to measure what matters. There are checklists, tips, resources, and advice to get you started quickly. After reading this book, you'll realize that measurement gets results, gives you greater control, makes you more powerful, and will help you change the world. And it can be fun!

We look forward to hearing your stories of success and what you have learned from and about measurement at <http://www.measurenetworkednonprofit.org>.

To my husband, Walter, and our children, Harry and Sara, whose patience I needed to write this book and whose love helps me live a life filled with generosity, learning, and wisdom.—B.K.

To my families, both Paine and White, and all the parents, aunts, uncles, and cousins who have instilled in me both the obligation to do the right thing and be accountable. This odd mixture of soft heart and hard nose enabled me to write this book with Beth that I hope will help to both change the world and improve accountability—K.D.P.

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THE AUTHORS

Beth Kanter (sometimes known as “The Queen of Nonprofits”) has worked in the nonprofit sector for over thirty-three years. She started *Beth’s Blog* in 2003 when many people were asking her, “What’s a blog?” Today it is one of the most popular and influential blogs for nonprofits. While writing this book, she was a visiting scholar at the David and Lucile Packard Foundation, where she facilitated peer exchanges with Packard grantees on measuring the networked nonprofit. Over her time at the Packard Foundation, she has coached thousands of nonprofits on how to become networked nonprofits and how to use measurement.

Over the ten years she has written her blog, she has modeled public learning and helped shine a light on social media measurement mavens and network weavers working in nonprofit trenches. She earned recognition from *BusinessWeek* magazine as one of the social media innovators of 2009.

Beth has designed capacity-building and training programs so that nonprofits around the world can learn how to embrace the principles of social media practice. From the Middle East to India to Australia to Africa, scores of nonprofits have benefited from her wisdom.

In addition, in her capacity as a board member, Beth has volunteered her time to use social networks to support the work of The Sharing Foundation, an organization that takes care of children in Cambodia by providing health care, education, and empowerment programs. Her accomplishments include being the first person ever to use Twitter for fundraising in 2007, winning the first Giving Challenge sponsored by the Case Foundation, and raising money to underwrite the college education of Leng Sopharath, an orphan from Kampong

Speu orphanage, who started her senior year at Norton University in Cambodia as an accounting major. Beth also helped sponsor the first blogging conference in Cambodia for three hundred Cambodian young people. Beth will donate her share of the royalties from the sales of the book to support The Sharing Foundation's work in Cambodia.

Katie Delahaye Paine (sometimes known as “The Goddess of Measurement”) launched her first measurement company, The Delahaye Group, in 1987. It was dedicated to measuring results for public affairs, communications, and marketing professionals. Since then, Paine and her staff have read and analyzed millions of articles, interviewed thousands of people, and analyzed hundreds of programs in her endless pursuit of good metrics that help organizations achieve their goals. In 2002, she launched KDPaine & Partners, LLC, a company dedicated to providing affordable metrics to nonprofits, government agencies, and small businesses.

In 1996 she pioneered measurement of consumer-generated media when a consumer electronics company asked her to design a research program “to measure this Internet thing,” including forums, news groups, and Web sites. In 2003, when social media began to spread in the form of blogs, someone suggested she write a paper on how to measure blogs. She started her own—*KDPaine's Measurement Blog* (<http://kdpaine.blogs.com/>)—and in the process learned how to measure them. She's been measuring social media in its various forms ever since.

Her first two books, *Measuring Public Relationships* and *Measure What Matters*, educated organizations on how to decide what really matters to their companies and how to measure it. Now, in *Measuring the Networked Nonprofit*, Paine applies her measurement expertise to networked nonprofits, so they can more quickly learn what is working and what is not in their social media programs.