**Video Transcript**

# ENTREPRENEURSHIP IN NONPROFITS

### Introduction to impact measurement

[Georg von Schnurbein] Are we making a difference? This is a very important question for nonprofits, and it is not easy to find a clear answer. Let me explain to you the problem with a simple story. When nonprofits talk about success, they often talk about their project funding, their efficacy. Let's say our nonprofit provides services with an administrative cost ratio of 20%. So 80% are used for services. Now our services are probably available only 80% of the time, and we only reach 80% of the target population. Then not all possible candidates participate. If we calculate the effectiveness of our projects now, we are at 38.4%. We lost half of our efficacy only due to circumstances. This result doesn't necessarily mean that we are not making a difference, but we have to use impact measures to receive more in-depth answers.

In this module, we make reference to the Social Impact Navigator developed by Phineo from Germany. The brochure is available in several languages, and offers you a very good step by step approach to impact measurement. On this web page, you will find a brochure as download, and additional learning materials, like videos and worksheets.

Impact measurement is not the final task of a project. It has to be performed from the first step on. As you can see, there are three different stages of impact management. Part 1 is planning impact. Part 2 is analyzing impact. And part 3 is improving impact.
In part 1, the different steps are to understand challenges and needs, then set project objectives, and develop the logic model. Part 2 consists of preparing the social impact analysis, formulating indicators, collecting data, and processing and analyzing the data. Part 3 is about learning and improving and reporting on the results. In this video, I will remain in the first part, especially dealing with the understanding of challenges and needs.

Even if you already have a straightforward idea of your project, it is helpful to take some time and think about the root causes, problems, and effects that are associated with the issue. We use the metaphor of a tree to describe the relations between these issues. First, start to identify the core problem that you want to solve. Be as precise as possible.
Let's take, as an example, teenage mothers have low education. Now dig for the roots and identify courses that lead to the core problem. The causes and the causes of causes have to be formulated in a negative way. In our case, it might be: cannot afford a daycare, no assistance, missed school hours, no time for school. On the trunk and the branches, follow the consequences and consequences of consequences. No job opportunity, no school graduation, etc. If you like, you can take your time and think about more causes and consequences for this example.

The next step is to define the objectives. For this, you turn your problem tree into a solution tree. Reformulate all causes and consequences in a positive way. For instance, affordable daycare, assistance available, attend school, time for school, and better job opportunity, school graduation.
Now select the fields that you tackle with your project or initiative. This is important so that you know on what to concentrate. Based on this information, you can develop your theory of change and the logic framework. What this is all about is explained in the text after this video.