CAPD **Center for Assessment and Policy Development**

INVESTIGATION OF COST BENEFIT ANALYSES FOR LEADERSHIP PROGRAMS

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The Leadership Learning Community asked the Center for Assessment and Policy Development (CAPD) to investigate how leadership programs think about their benefits in relationship to their costs. The purpose was to glean ideas and lessons for other leadership groups who need or choose to do cost/benefit analyses of their work.

In the fall of 2007, LLC convened 25 leadership development funders and evaluators to explore the costs and benefits of investing in leadership development. Little research had been done about how nonprofit leadership development programs calculate costs and benefits. In the corporate sector there has been growing interest in determining return on investment (ROI) for leadership development programs. Most businesses want to know that investing in leadership development increases productivity and profit. Determining the ROI of nonprofit leadership programs is made more difficult by the lack of clarity around desired benefits, nonetheless interest is mounting in the nonprofit sector to demonstrate results beyond the individual leader who participates in nonprofit leadership development programs.

LLC conducted a survey of 24 leadership development funders, evaluators, and program staff and found that most nonprofit leadership programs are not asked to justify the benefits of their program in terms of their costs. The survey asked about the costs and benefits of nonprofit leadership development program investments, and sought to find out how costs and benefits are related. A full description of survey results may be found at LLC's website (http://leadershiplearning.org/node/576)

Respondents were asked to estimate the cost to deliver their program per participant. Costs ranged between $1,000 and $50,000 with the median between $5,000-$10,000. While cost per participant is one measure for looking at program value, respondents cautioned that benefits often reach far beyond the individuals. Assessing intermediate and long-term benefits of leadership development programs at the individual, organizational and community levels is necessary to understand the full value of leadership investments. There are several important

challenges that participants mentioned that make it difficult to assess intermediate and long-term benefits. (1) Intermediate and long-term benefits at the individual, organizational, and community, levels are not clearly identified at the outset of the program. (2) These benefits are often influenced by many factors making it unlikely that benefits can be attributed solely to the program. (3) The timeframe for evaluations does not allow for enough time to elapse to capture the intermediate and long-term benefits.

It is our hope that these three case studies will begin to shed light on some of these challenges, and provide lessons learned that offer more clarity for nonprofit leadership programs on how to conceptualize and calculate program costs and benefits.

Attached to this summary are mini-cases of three leadership development programs: LeaderSpring, Horizons and The Casey Foundation Children and Family Fellowship. Each mini-case provides a very brief description of the program including how they describe their costs and their benefits. The mini-cases were developed by reviewing materials about the leadership programs available on their websites or provided by the programs, supplemented by interviews with key informants. The informants included program management and staff, some of the people who deliver the programs, and in some cases, foundation staff who designed the programs and/or Board members who oversee them. We thank the program managers and others we whom we spoke for their willingness to share information about their programs' benefits and costs and how they calculate and describe them. Claire Reinelt of the Leadership Learning Community also contributed to this summary and reviewed and made helpful comments on the mini-cases. We thank her as well.

Additional resources

To learn more about cost benefit analyses, we also reviewed information from the resources cited below. We recommend that readers interested in delving more deeply into the technical aspects of cost benefit analyses review them as well. They are:

Cost-Benefit Analysis for Public Sector Decision Makers. Diana Fuguitt and Shanton J. Wilcox. Quorum Books, Westport, CT. 1999

This is a textbook that covers many of the theoretical, political and technical aspects of creating dollar valuations for benefits of public programs. It describes, for example, how to discount or increase value over time. It also describes opportunity costs and other highly specific elements of a rigorous analysis. It is most helpful for setting a baseline of rigor for analyses that will influence major public expenditures and/or must stand up to high levels of academic scrutiny.

Measuring Return on Investment (ROI) in Leadership Development. Jack J. Phillips and Patti Phillips. Chapter in The Handbook of Leadership Development Evaluation. Editors: Kelly M. Hannum, Jennifer W. Martineau and Claire Reinelt. Jossey-Bass. 2007.

This chapter describes a methodology for measuring the return on investment (ROI) of leadership programs, including ways to assign a dollar value to various benefits and to identify the effects of a leadership program (attribution and contribution). It has useful information

about how to identify benefits that are relatively easy to assign a dollar value (e.g. that produce increases or decreases in a businesses profits or costs). The method was developed and is most often applied to leadership development that has a clear link to a business objective or behavior, which links to profits and costs. The method works by identifying several key steps: It begins by tracking changes in knowledge that then lead to changes in individual behaviors that, in turn, affect business behaviors that can, ultimately, be converted to dollar benefits.

Valuing Leadership Training: Economic Impacts and Return on Investment
Jim Mahone, University of Guelph, Chuck Bokor, Ontario Ministry of Agriculture, Food and Rural Affairs. July 2000. available as a PDF at
http://www.leadershipeducators.org/Archives/2000/Mahone.pdf

This paper describes succinctly and provides a methodology to address several of the challenges embedded in weighing the costs of leadership programs against their benefits. It notes that, "The number of jobs created or the change in income as a result of a leadership program is not easily determined. The changes brought about by leadership development tend to be intangible and hard to trace. Societal level impacts are not generally realized immediately following the completion of a leadership development program, and often times the changes seen over time may be attributed to other sources." Like the Phillips and Phillips chapter, it looks at return on investment. It describes multiple levels of evaluation to assess program outcomes, and then uses a set of assumptions about the contributions of the program to longer-term outcomes, which are then assigned a dollar value.

Some general understanding of these approaches, and what they imply about cost/benefit analyses of leadership programs, provides context for the summary of themes and lessons below.

SUMMARY OF THEMES AND LESSONS

None of the three leadership efforts we reviewed is under outside pressure to complete a rigorous study of return on investment or a cost/benefit analysis. Nor are they under pressure to create a dollar value for benefits, which would be required to do cost benefit analysis. Rather, they are being asked to document their results, using quantitative measures in so far as possible, and to carefully control and document their costs.

- All of the programs calculate a cost per participant. One also calculates a cost per community; two calculate costs per potential beneficiary. The costs per participant range from $1000 per participant, for a community based program that engages approximately 100 community residents in 150+ communities, to $85,000 per participant, for a program that engages leaders of large public systems in cohorts of 16.

To make the case that their programs are "worth it" in some quantitative sense, they describe the scope, range and potential reach of the changes that leaders will be able to affect, in terms of staff and budgets over which they have influence and/or populations they serve.

- One of the programs also tracks growth in the influence and scope of the leaders' reach over time. In addition, all three programs document benefits which have a readily known dollar value – such as new funds brought into a community through collaborations of leaders brought into a network by the program.

There are many implicit assumptions built into any cost benefit analysis, even the most rigorous (as illustrated in the resources cited above).

- These assumptions occur at multiple levels – for example, the extent and nature of individual level change, and how much of that change can be attributed to the particular leadership program; the duration of benefit (e.g. the extent to which program effects fade and/or alumni's activities should accrue to the program); the extent to which individual level change contributes to organizational or collective level change; and the dollar value of a change that has occurred. Changes in these assumptions can dramatically alter the results of a cost-benefit analysis.

- Leadership programs are also challenged to isolate net effects (i.e., what would have occurred in the absence of the program), and they are seldom in a position to establish opportunity costs for participants, an organization or a community (i.e. what it cost participants to engage in the leadership program rather than using their time and resources in some other way).

- Given those challenges, the potential impact of assumptions and the fact that programs are not under pressure to do them, there seems little reason to recommend that leadership programs invest in cost benefit analyses.

Each of the programs has been able to make a case over the years for enrollment, funding, continuation and expansion.

- They have done that by reporting on outcomes and span of influence combining data and stories. This is easier as results and stories accumulate over time through a tracking of the career paths of positional leaders (Casey and LeaderSpring Fellows) and their increasing scopes of responsibility (budgets, staff, and agency clients/populations)

- The programs have all made substantial investments in outcome evaluations. They have identified individual, organizational and community or population level outcomes and indicators of those outcomes. Where possible, they make inferences about the possible value of those outcomes, in terms of dollars and other improved well-being. For example, they report increased agency spending on issues on populations of interest (which suggests leverage and influence). That combination of information, as well as some measure of transparency about what they don't know, has satisfied most of their audiences.

Each of the programs investigated is fully funded through philanthropy; communities, organizations and individuals do not pay tuition or other direct program costs. One

person reminded me that this is "privatizing costs and making public benefits" of leadership – which she says is an important part of a compelling cost/benefit argument.

Based on this investigation, a fully articulated set of costs would need to include, at least:

Costs: including an unduplicated accounting of program or consultant/contractor labor, proportion of overhead and administration, direct costs not elsewhere covered – e.g. lodging, meals, travel) for the following components/activities, as relevant:

- design of program, amortized over the years for which the design is used
- participant identification, selection, enrollment activities
- faculty, trainer, delivery organization identification, capacity building and direct costs
- component delivery: faculty, logistics; supports to participants; oversight
- accountability and evaluation activities
- alumni or network maintenance, programming, stipends or grants for individual or collective actions
- management, Board relationships, fundraising, volunteer recruitment and oversight and sponsoring or delivering organizations administrative costs – a reasonable share of the funding and management organization's costs to keep the program going
- direct payments, or TA services to organizations' in which the participants are working
- opportunity costs – costs to participants and their families not otherwise covered; costs to communities from which participants are drawn not otherwise covered

Based on this investigation, a fully articulated set of benefits would need to be able to describe, at least:

- Individual and community level civic engagement and social capital benefits
- Organizational level capacity and effectiveness benefits
- Practice and policy change benefits
- Benefits as a result of increased scope, scale and spheres of influence of individual leaders
- For issue focused leadership efforts, a proportion of changes in community level indicators of well-being on the issues being addressed (health, poverty, education), assuming a reasonable causal link can be established via stories or data
- Alumni benefits over several years post active participation in the program
- Capacity building benefits for organizations involved in the design and delivery of leadership programs (e.g. the delivery organizations as described for Horizons)

One question often asked about leadership programs is "what is the minimum bundle of services or supports required to create the results", or as one foundation officer put it, "can this program be done cheaper/quicker/faster?" While this is a very important programmatic and investment question, cost benefit analysis cannot answer it. To answer that question, it is necessary to link costs to components (possible but difficult) and components to outcomes or benefits (not possible without random assignment to various configurations of components with results tracking. Such an investment, like the investment to do cost benefit analyses at a rigorous

standard, would only makes sense when making decisions about very large scale programs with potentially large scale impacts or costs.

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COST BENEFIT MINI-CASE STUDY # 1
CASEY FOUNDATION CHILDREN AND FAMILY FELLOWS

PROGRAM DESCRIPTION

Overview, mission and key assumptions

The Casey Foundation Children and Family Fellows program is one of several leadership programs operated and funded by the Annie E. Casey Foundation. The mission of the foundation is to "foster public policies, human service reforms and community supports that more effectively meet the needs of today's vulnerable children and families" (per www.aecf.org). The Fellows program was established to support that mission by strengthening and shaping the work of talented senior executives of major systems that serve children, very likely to become leaders of those systems.

The foundation positions the Casey Children and Family Fellows program as a 'complement' to its other mission driven work. From its Web site: "we believe that one essential step toward supporting these children and family service systems is developing individuals to lead institutions and systems toward improving outcomes for disadvantaged children and families. Acting on this conviction, we created the Children and Family Fellowship, an 18 month leadership development program for accomplished professionals. The Fellowship explicitly strives to increase the pool of leaders with the vision and ability to frame and sustain major system reforms and community capacity-building initiatives that benefit large numbers of children and families."

The Fellowship was established in 1993. The criteria for selection currently include more than 10 years of increasingly senior experience in systems that support children and families, and evidence of potential for further leadership. Essentially, the Fellowship anticipates that these Fellows will go on to reach positions of greater authority; that is, be in "significant leadership positions where they can effectively lead system reforms or community change that improve the life circumstances and prospects of vulnerable children and families living in low-income communities."

The model originally called for Fellows to participate in an 11 month residential program, requiring that they take a leave from their current positions. The model was changed in 2007 to have Fellows participate while they remain in their current positions (as is the case for the LeaderSpring Fellowship). This was done for several reasons, including recognizing that many individuals who were wonderful candidates for the Fellowship were not in a position to leave their jobs and families for a year; the residency fellowship also took leaders away from the field, their responsibilities and career paths for a year; and it was a fairly expensive model to support. One of the people interviewed noted that a benefit of the new model that was not anticipated was the ability of the Fellows to ground their learning in issues that arise while they are in the program, and to apply their learnings immediately and directly in their systems (similar to the LeaderSpring experience).

The program is designed to support the technical, management and leadership skills of the Fellows as well as to offer a set of values and approaches to improving the lives of children and families consistent with the philosophy of the foundation. One person interviewed described the goal and perspective by saying, "we are never able to have the kind of influence just by giving grants to turn big systems around…it helps to get people who think like you and believe like you about the values of families, asset building and how to really strengthen and protect families so they can do well by their kids."

Some of the insights or assumptions that guide the program's design include:

- Systems that support children and families work best when families have some control over their own lives, access to wealth building opportunities and connections with healthy and positive formal and informal networks of care;

- Current systems often do not promote these values and connections, or make it possible for those who do promote them to survive and make necessary changes to infuse them into daily operations. It takes courage and leadership for people within systems to make these kinds of changes;

- Investing in people near the top of these systems, though relatively expensive when compared with other ways of supporting leadership, can pay off relatively quickly given the expected scope and scale of their influence (note, an evaluation indicates that the average Fellow is in top leadership of a system within approximately five years);

- At the same time, the Fellows program, investing at this level, is only one of several leadership efforts supported by Casey. Others support community residents and other grassroots leadership efforts, as well as project specific leadership efforts. Thus, the approach is considered a useful but not sufficient leadership strategy to support improved children's outcomes;

- Given this target, one issue worth considering is whether or not the Fellows program provides "value-added." That is, would the Fellows have achieved the same positions in the absence of the Fellowship, and if so, would they accomplish the same or similar benefits for vulnerable children and families. The program addresses this through its emphasis on networking – the Fellows gain resources and peer support that they would not have had in the absence of the program – and by the work to infuse a set of values, and strategies toward those values, into the Fellowship.

- Key tenets of the Fellows program (in its learning, curriculum, experiences and operations) are (per one of the people interviewed):

    - Unyielding focus on results,
    - Values based – keeping families intact, supportive and able to do well by their children,

- Adaptive to the particular cohort – materials and themes are consistent but varied to support each person's needs and opportunities for growth,
- Aimed at supporting leadership in very complex settings,
- Explicit about racial inequities and ways to address them – rather than, for example "color-blind" about current system outcomes,
- Encouraging of using one's self as a change agent, both in terms of individual action and as part of a network of such people across systems around the country.

Scale

Under the original model, cohorts of 10 Fellows were enrolled in a residential program for 11 months. Under the current model, cohorts of 16 Fellows are enrolled for 18 months. They also remain in their current jobs, so that the program is now non-residential (except for the seminar component, discussed below). As of December 2008, there are a total of 75 Fellows; 59 people have completed the Fellows program under the original 11 month residential model and 16 comprised the first class to complete the 18 month non-residential experience.

Components (taken primarily from www.aecf.org)

Under the current model, the Fellows participate in the following components:

- **Seminars.** Seminars are residential, lasting for 4 days. Fellows participate in 8 such seminars over the 18 month period. The seminars cover individual, organization, system and population (children, families and communities) leadership skills and content area. They include exposure to tools, models and ideas.

- **Individual learning plans.** Fellows create a personal theory of change (described in an individual learning plan) that describes how to improve outcomes for children, families and communities and what they expect their own role to be in promoting and ensuring those changes within their systems). The plans are implemented with support of coaches and peers, similarly to LeaderSpring.

- **Customized assignments for individual learning.** These may include peer visits, meetings with Fellowship alumni or staff of the Casey foundation, and readings or participation in ongoing projects from which they might learn particular skills or innovations that apply to their systems.

- **Individual or collaborative project.** Each of the Fellows carries out a project in his or her organization or community. The foundation may provide technical assistance and other supports.

- **Participation in Alumni activities.** It should be noted that, historically, the foundation often calls on Casey Fellows and alumni to support their own work

(e.g. as advisors or technical assistance providers) both to strengthen the network and for mutual learning.

RELATIONSHIP OF BENEFITS (OUTCOMES) TO COSTS

As is true for Horizons and LeaderSpring, the Casey Children and Family Fellowship has not been asked to produce a cost benefit analysis. It does hold itself accountable to a set of results, consistent with the foundation and the Fellows program's emphasis on data, accountability and tracking of outcomes and results. For example, an assessment of the program by OMG "utilized the Foundation's results accountability model as a framework to analyze the outcomes achieved by Fellows… It should be noted that the model's three categories [impact, influence and leverage] are not mutually exclusive. If, for example, a Fellow initiated a change in policy that resulted in 50,000 children receiving services then that result would be both an influence result and an impact result in the Foundation's model. Likewise, results could involve leverage and impact, leverage and influence, or all three types together." One person interviewed noted that, when they talk about the value of the program to others within the Foundation (management and Board), the question they are asked is not, what is the relationship of benefits to costs, but, is the program doing what it is intended to do, and are costs controlled as well as possible given the expectations for the program.

<u>How are costs described</u>

The program provided information about its cost per participant under the former and current models. The residential program, serving 10 Fellows for two years, was costing approximately $200,000 per Fellow. This included the costs to deliver the program (faculty, curriculum design and adaptations for each cohort, associated logistics, etc.) – and housing, stipends and other costs associated with the residential program.

The cost for the new model is approximately $85,000 per Fellow over 18 months, for the non-residential program and a cohort of 16 Fellows. Both of these changes contributed to the reduced cost per participant of the revised approach.

As is also true for LeaderSpring and Horizons, the participants do not pay any costs. As described in the on-line brochure, "the Casey Foundation pays all costs, including: tuition and program-related expenses: travel to and from Fellowship activities, meals, lodging, materials. The foundation may also cover other expenses incurred. Technical assistance and financial support is also provided in support of the Fellow's individual learning plan and organizational project."

<u>How are benefits described</u>

The foundation describes benefits both through data and stories. For example, they track Fellows' leadership trajectories over time. The assessment by OMG also looked at their career tracks via self-report (on-line surveys) and review of resumes (CV's), and through

interviews with the people who had nominated them for the program. As part of the self-report, Fellows were asked the extent to which they attributed their career growth to having been in the program. These multiple ways of gathering information about the same benefit (career progression) were done in order to describe the value-added of the program, given that many Fellows were already on a path to career success when they were selected for the program.

The program itself also collects data annually to track expansions in the scope of a Fellows influence. For example, they track growth in the size of budgets controlled by Fellows and growth in the populations over which they have influence (e.g. number of children and families served in departments they head). In addition, they look at funds leveraged by the $25,000 mini-grants that support Fellow's projects. They also survey Fellows periodically to understand more about how they are using skills and resources developed as Fellows, and other self-reported outcomes.

The OMG assessment also looked at network benefits. This is a growing approach for describing the benefits of leadership programs. The paragraph below, quoted from the Executive Summary of the OMG report, illustrates the kinds of results that are captured:

> *"The assessment also included an examination of three networks associated with the Fellowship: the network of relationships among Fellows; the network among Fellows and Casey Senior Staff and Fellowship Faculty (Faculty/Staff Network); and that among Fellows and external contacts met as a result of the Fellowship program (External Contacts Network). Within each network, we examined the types of support that are exchanged by individuals. The six types of supports included were:*
>
> - *Peer Consultation: Advice, expertise and coaching relating to substantive content issues or process issues*
> - *Peer Coaching: Advice and coaching on personal leadership and management practices*
> - *Peer Support: Provided personal support, encouragement, active listening*
> - *Collaboration and Advocacy: Collaborated on projects and/or advocacy*
> - *Links to resources: Provided links to potential collaborators who are not Casey Fellows, and to resources (tools, information)*
> - *Job Assistance: Provided links to job opportunities or other career assistance*
>
> *The analysis of the Fellows' Network is a complete network analysis because data were obtained from every member of the network. The Faculty/Staff and External Contacts Networks were defined only from the Fellows' point of view, meaning that these analyses rely on data from Fellows only, not on data from faculty, staff, or external contacts.*
>
> *The analysis of the Fellows Network revealed that each Fellow interacts with other Fellows to provide multiple kinds of assistance and support. Every single*

> *Fellow was cited at least once as providing assistance to another Fellow. 1,440 support transactions of all types were cited among the 59 Fellows over the last two years. This translates into an average of 24 exchanges of support per Fellow over a two year period. In other words, every Fellow provided some form of assistance to another member of the Fellows Network roughly once a month."… (Assessment of the Annie E. Casey's Children and Family Fellowship Program, OMG, Executive Summary, page 6).*

As is the case for LeaderSpring and Horizons, it is technically difficult and would be expensive to try to measure the contribution of participation in the Casey Foundation Children and Family Fellows program to changes in systems or outcomes for the populations served by those systems. Given that, the program makes reasonable inferences and shares descriptive stories that demonstrate Fellows taking steps consistent with the values of the program, applying skills, models and approaches learned as Fellows, drawing on the networks to get things done, and increasing their spheres of influence.

COST BENEFIT MINI-CASE STUDY # 2
HORIZONS LEADERSHIP PROGRAM

PROGRAM DESCRIPTION

Overview, mission and key assumptions

The Horizons Leadership program is an effort to reduce poverty in the region served by the Northwest Area Foundation (Minnesota, Iowa, North Dakota, South Dakota, Montana, Idaho, Washington and Oregon). Horizons is "a community leadership program aimed at reducing poverty in small rural and reservation communities (populations fewer than 5,000 with greater than 10% poverty rate) faced with economic decline and demographic change." The program's goals are to "help communities understand poverty, help them commit to action for improvements, and then bring about lasting change."[1] It provides grants to "delivery organizations" – tribal colleges and university extension services – that in turn engage with and support communities through the Horizons learning components and into action steps. The delivery organizations also help the communities use data in their learning and to support change. Communities participate for 18 months, during which time they complete four phases of work: a structured community dialogue on poverty, leadership development using a nine module program, whole community visioning and action steps during which ideas developed during the previous phases are implemented.

The approach aims to contribute to building a 'critical mass' of people in each of the communities with the understanding, skills and inclination to work with each other and other partners (for example, state level organizations and advocates) on poverty reduction efforts they design. Thus, leadership supports are offered to a broad and inclusive range of community residents from among the general population. These residents are likely to include, but are not limited to, those already in various roles of formal and informal leadership (positional leadership). There is a special emphasis on engaging people living in poverty.

Some of the insights or assumptions that guide the program's design include:

- Solutions to poverty require many different approaches and the combined efforts of many people in a community – no one strategy or organization has complete control over the problem or the solution;

- There are many kinds of leadership and many people with capacities to take leadership steps, all of which need to be tapped to deal with something as seemingly intractable as poverty;

[1] Quoted from www.nwaf.org/Programs.asapx?pg=Horizons.htm, November 26, 2008

- It is important and possible to help a community build its capacity for leadership, and there are efficient ways to do that by identifying and providing funding to intermediary or delivery organizations so they can build their own capacity to support multiple communities simultaneously; and

- Data and accountability are important resources that communities and delivery organizations can use to sharpen their work. For example, the program sets targets for proportions of people of various demographics characteristics to be engaged in each step of the work. Pre and post surveys are administered to gauge individual level change from participation in the two main interventions. In addition, the strategy includes multiple ways in which data and quick feedback loops are used for reflection and program improvement at the community level, and the effort began with a pilot whose findings influenced important design changes.

- Keeping costs as low as possible will make the leadership program more replicable, and thus, contribute to benefits for more communities and individuals.

- The pilot assumed that it would be most useful to reinvigorate and build a community's leadership in a somewhat generic fashion, and then add attention to a particular issue – poverty; in one of the lead designers' words – to lead with leadership and add on poverty. After the pilot, this was reversed. The current operating assumption is to allow people the opportunity to claim and grapple with the many embedded issues of poverty and their different views about causes and solutions, before they move to leadership development activities.

Scale

The Horizons program began as a pilot in 2003 in 44 communities. The model was slightly refined after the pilot; in 2006, 162 communities were enrolled in the revised model, of which 140 were judged to have satisfactorily completed all of the program components through mid-year of 2008. The program estimates that approximately 100 people were engaged persistently in Horizon components in each community. This is based on looking at the maximum and minimum number of people who participated in any activity in that community, and taking a midrange estimate.

Participation levels in each program component are noted below.

Components (*drawn in large part from "What is Horizons" handout to communities, supplemented by interviews and other sources, as noted below*)

As noted above, grants are made to "delivery organizations" which are university extension services or tribal colleges in each of the states served by the Northwest Area Foundation. These delivery organizations' roles have changed somewhat over time, but

essentially, they are responsible for engaging with and selecting community partners, overseeing the delivery of the major interventions, data tasks (including data collection, analysis, sharing and helping communities use data to refine their efforts and move toward poverty reduction) and providing ongoing coaching supports to help communities move through their action steps.

There are two major interventions offered to communities early in the program: a community dialogue process on poverty designed by Everyday Democracy and the Leadership Plenty ® leadership development program.

Community Dialogues

Each community organizes and carries out a series of community conversations about poverty, following the best practices and using tools developed by Everyday Democracy, formerly Study Circles Resource Center. Materials provided to communities indicate that "this segment requires 12 hours during a three-month period, and the involvement of at least 30 people." Horizons also establishes guidelines for the diversity of the group, based on the demographics of the community and an interest in enrolling a disproportionately high number of people who have experienced poverty directly. Everyday Democracy provides training to the delivery organizations that support the communities in this phase, and access to their coalition building, facilitation training, dialogue guides and other resources.

LeadershipPlenty ® -- *information taken primarily from http:/horizons.wsu.edu/LeadershipPlenty/documents/022008LP Executive Summary.pdf and www.pew-partnership.org/lp/curriculum.html*

The LeaderShip Plenty ® program consists of nine modules which cover a variety of skills associated with participating effectively in civic processes for community change. These include working with diverse groups, drawing on one's own capacities for leadership, asset mapping and strategic planning, and skills to run meetings, create partnerships and implement an action agenda. The program was developed by the Pew Partnership for Civic Change.

LeadershipPlenty ® is implemented once a community has completed a round of community dialogues on poverty. The communities are required to recruit at least three local trainers and to involve a minimum of 25 people in the training (per materials given to communities). Evaluation data indicate that 4,240 people completed the training in 153 communities (an average of 28 people per community). In addition, "487 people were certified as trainers… (of which 64% reported no previous leadership experience; and 40% were living below 200% of federal poverty guidelines)."

Visioning and action

In addition, after these two phases, the communities complete a community wide visioning process. This is intended to be fully inclusive, and led in part by the people

who have participated in the earlier two phases. The results are a series of actions to reduce poverty that people are expected to implement. They receive multiple supports from the delivery organizations during this phase.

CONSIDERATIONS OF BENEFITS (OUTCOMES) AND COSTS

As is true for LeaderSpring and Casey Children and Family Fellowships, Horizons has not been expected to produce a formal cost benefit analysis at any point. Early in the life of the program there was some interest at the foundation in doing this kind of analysis. However, the focus shifted to looking deeply at costs and to making the program as efficient as possible, and also to tracking outcomes, but not necessarily putting a dollar valuation on the outcomes that would allow a cost benefit analysis.

The cost per community for the model implemented after the pilot phase has been estimated at $100,000 (see section on costs below for more detail). Assuming 100 persistently engaged people per community, Horizons estimates a cost of $1000 per person for leadership development. They estimate a cost of approximately $300 per community resident (potential beneficiary or potential leader – assuming a saturation model). As one person interviewed said, "we feel this is a very efficient strategy to reach people with skill building, a message that you can be hopeful and life can be better... it's an efficient way to share that message. But in addition, it also moved some people to action (based on evaluation results, not yet released) and to promote some benefits for the delivery organizations, and some new partnerships between communities, state actors and others."

How costs are considered

Communities did not pay for Horizons. However, communities were given information about the value of the supports they were receiving – based in part of what Northwest Area Foundation was paying for these supports and in part on what a community would have to have paid for them if it was paying for them itself (not considering economies of scale or in-kind donations from the delivery organizations). The supports, and the value placed on them in communications to communities are:

- Help from Everyday Democracy and costs to implement study circles : $5,000-$15,000
- LeadershipPlenty training (train-the-trainer) the Pew Partnership: $25,000 for 25 people
- Assistance to conduct community-wide visioning and planning: $5,000-$10,000
- Contracting for consulting assistance during the action phase (one day per week for 8 months): in excess of $25,000

The Northwest Area Foundation also tracked its costs to fund Horizons. For the pilot, these costs were approximately $160,000 per community (based on costs for the cost elements noted below). The program felt that communities were not able to absorb all of the supports and technical assistance being offered to them via the model piloted. It

scaled back some of those supports and made modifications in its grants to delivery organizations, such that the cost per community was $100,000 for the cycle that followed the pilot.

Funding went primarily to delivery organizations. The budget for delivery organizations was calculated as follows:

Budget caps for each activity:
Community recruitment: $50,000 (same across all of the delivery organizations, no matter the portfolio size)
Study circles: $210,000 ($15,000 base and $13,000 per community)
LeadershipPlenty: $225,000 ($15,000 base and $14,000 per community)
Vision and planning: $165,000 ($15,000 base and $10,000 per community)
Community action: $390,000 ($30,000 base and $24,000 per community)

In addition, as noted in an email from one of the people interviewed, each community that was deemed to have successfully completed all segments of Horizon (140 communities post the pilot) received a $10,000 grant to offset costs and implement actions. Everyday Democracy received a grant directly to support its work (organizing training, facilitator training and materials, and to work with the delivery organizations during the implementation of the dialogue processes in communities). The Pew Partnership received a grant directly to do a trainer of trainers in each state for 3 people from each community (about 50 people per state). NWAF also funded evaluation and data collection and analysis. All of these costs were factored into the $1000 per participant or $300 per community resident costs noted above.

Some costs are not recognized in that figure. As is true for the other programs, opportunity costs are not noted. In addition, at least two of the delivery organizations noted that their grants did not always cover the full costs of implementing the program, so that the cost per participant or per community are somewhat under represented in the figures noted above. For example, a person from one of the delivery organizations noted that the grants to university delivery organizations did not support the overhead of those universities, which can be as high as 40% -- thus making it difficult for the delivery organizations to provide space and equipment for program staff. One person estimated that the university donated about $150,000 in faculty/staff time to the Horizons program (exclusive of overhead) against a grant of $1,000,000 to the organization.

How benefits (outcomes) are considered

Horizons has spent considerable effort communicating potential benefits to communities. One document states, for example, that "by completing the entire Horizons program, a community can expect:

- A community-wide understanding of poverty and ways it can be solved;
- More people in leadership roles in the community;
- Community leaders who come from all background and incomes;

- At least six people with better skills to help lead community discussions and move toward community action on poverty;
- Three people who can present ongoing leadership training in the community;
- At least 20 people with enhanced leadership abilities;
- A vision and a plan – created and carried out by at least 60 people;
- Up to $10,000 to sustain community strategies for poverty reduction and leadership;
- Connections to many organizations and hundreds of other Horizon communities that can help for the long haul; and
- Changes from within the community that allow this work to continue long term."

Consistent with its belief in the value of data, Horizons has invested a considerable amount of effort and resources in creating a theory of change and logic model and in evaluation.

The program does not attempt to assign a dollar value to each outcome. It does report benefits in terms of dollars when they are easy to describe in that way. For example, one person interviewed noted that North Dakota State University (one of the delivery organizations) assigns economic value to policy change. Using that approach, this person noted that NDSU "would say the benefit of Horizons in terms of policy change alone would be over $10,000,000". Another points out that, since this program is explicitly tied to poverty reduction, it ought to be possible to ask how many people who are in poverty today won't be in poverty tomorrow, and what are the tangible benefits of a decline in poverty – in terms of cost savings to society, increased earnings of individuals and families, etc.

COST BENEFIT MINI-CASE STUDY # 3
LEADERSPRING (LeaderSpring Core Fellowship Program)

PROGRAM DESCRIPTION

Overview, mission and key assumptions

LeaderSpring is a non-profit organization located in the San Francisco Bay Area. It operates as a project of the Tides Center – an incubator and administrative host for a number of non-profit organizations. LeaderSpring's core program is its fellowship, "a competitive two-year, on-the-job executive leadership fellowship and alumni program for Bay Area non-profits" (as described in internal documents and its website: www.leaderspring.org). The fellowship has been offered since 1997, when it began as one of the regional programs of Eureka Communities. Eureka Communities was a leadership program for both mid-career and senior non-profit executives, operating through a national office and five regional programs (in Detroit, Boston, San Diego, Los Angeles and the Bay Area). By 2003, the national office and all the regional offices excepting the one in the Bay Area closed; The Eureka Bay Area program re-structured and repositioned itself as LeaderSpring.

LeaderSpring's mission is "to foster high performing nonprofits by strengthening and connecting the people who lead them." LeaderSpring is currently expanding its offerings – to provide consulting services outside of the fellowship program (in the areas of leadership program design and delivery). It is also preparing to create a leadership academy that will be a modified form of the fellowship program. However, the fellowship program is the predominant LeaderSpring activity, and is the subject of this mini-case.

Some of the insights or assumptions that guide the LeaderSpring Fellowship's design include:

- Leadership is a means to an end – not an end in itself. The fellowship invests in non-profit executives and their agencies to promote higher quality and expanded critical services to low income families and individuals in the Bay Area.

- LeaderSpring articulates a set of individual, organizational and community (or field) level outcomes for its work, and for the pathway of each Fellow. These are intended to keep the focus on the "so what" question, consistent with the assumption above.

- To help ensure organizational level outcomes, the LeaderSpring Fellowship targets working executive directors in their current settings (the Fellows remain in their jobs while they participate in the two-year program); many of the learning components make use of these on-the-job, real time work environments;

- The program intends to foster life-time individual connections that will also become organizational connections. As part of its emphasis on improving outcomes for people in a specific place (the Bay Area), LeaderSpring assumes that these kinds of enduring connections will leverage resources and create collaborations that can benefit Bay Area residents, and particularly low-income Bay Area residents, over time.

- Non-profit executive turnover and burn-out have been identified as major issues that LeaderSpring addresses. Per a Board member, "ultimately LeaderSpring is about supporting higher performing executive directors of non-profit organizations, who stay in the field, thereby creating more effective organizations – and they do that when they feel more jazzed, energized, more capable and have more tools to do their work."

- Personal transformation, self-awareness and renewal are important components of leadership development, particularly in terms of helping executive directors in the non-profit sector stay in their jobs and remain effective. Technical and management skills are also important, as are supportive networks that provide access to resources as well as opportunities for joint problem solving and social action.

Scale

To accomplish its goals, LeaderSpring identifies and enrolls cohorts of 15 non-profit leaders each year (there are 30 fellows in active status in any given calendar year). LeaderSpring Fellows are selected based on a competitive process, with an eye to creating a cross sector, inter-generational and multiculturally diverse group, and one that largely represents the people served by non-profit agencies in the Bay Area. Thus, the majority of Fellows in each cohort are people of color. There are usually more woman than men in each cohort, consistent with leadership in the non-profit sector generally (and the demographics of several other leadership programs targeted to non-profit mid-career and senior executives).

The program is currently creating cohorts of Fellows in the East Bay area and in the San Francisco area. It targets executive directors of non-profit organizations.

As of October 2008, there are approximately 100 LeaderSpring alumni – that is, 100 non-profit leaders have completed the two-year fellowship since 1997. LeaderSpring intends to build life-long relationships among these leaders. Many alumni also actively volunteer to support LeaderSpring's work (including some who graduated as far back as ten years) – as Alumni Committee volunteers, trainers, members of the Board or contributors.

Components

As noted above, and consistent with key assumptions of the program, LeaderSpring Fellows remain in their current jobs during the fellowship. Fellowship program

components are designed to strengthen competencies in areas articulated as management skills (for example, working with and developing boards, resource development, and strategic planning) and leadership skills (for example, visioning, values and self-awareness). The approach includes:

- Overnight retreats to foster relationships, build community and offer renewal.

- Creation and implementation of individual plans of action to benefit Fellows' current organizations. The plans are implemented over the course of the Fellowship (or beyond). Fellows receive support to implement the plans from their cohort peers and from LeaderSpring affiliated coaches, trainers and mentors.

- Five-day study trips to observe and learn from a non-profit organization. The trips may be to a local or nationally respected non-profit. The trips are intended to stimulate new thinking and innovation that can be applied to the Fellow's current work. The trips are arranged collaboratively by the Fellows and LeaderSpring, and are one of the signature activities held over from the Eureka Communities design.

- Full day learning sessions each month (Leader Circles). These are run by trainers or peers selected by LeaderSpring. The sessions take place within the Fellow' organizations, and are rotated among them, to expose all of the Fellows to each others' mission, issues and work. This activity is intended to promote collaboration as well as learning.

- Customized access to executive coaching. LeaderSpring has a group of over 34 volunteer professionally skilled coaches who are matched to the Fellows who request that support. The coaching can cover a wide range of professional or personal development issues.

The Fellowship design also includes structured opening and closing retreats; various learning assignments in which Fellows "ground learning in their own agencies and lives;" ongoing access and participation in the alumni network; and ongoing exchange of resources among organizations (based on the relationships that Fellows have built while in the active phase of the program).

CONSIDERATIONS OF BENEFITS (OUTCOMES) AND COSTS

As this mini-case was being developed, the LeaderSpring Board and management were in the process of thinking deeply about how to best evaluate their efforts and how to make the case that their program is "worth it" in terms that are compelling to potential philanthropic investors. This is partly in order to compete successfully for foundation funding and partly because they are beginning to diversify their funding through earned income generating services.

LeaderSpring has a very highly developed set of outcomes to which it holds itself accountable. For example, they have a set of leadership competencies on which it hopes its Fellows will makes progress. They have invested in evaluation efforts to track their progress and capture individual, organizational and broader benefits based on a theory of change and outcome framework. Like the other two programs included in this investigation, LeaderSpring is not doing or planning to do a formal cost/benefit analysis.

The biggest challenge they see is developing "hard core metrics" about the value of the fellowship. As one person pointed out in our interview, "what is the value of your college education?" The interviewee pointed out that corporations invest in the development of their people without doing a cost benefit analysis. It is important to track costs and outcomes, but the program feels (and this inquiry confirms) that it would be very difficult to do the kind of study that would collect data at a level needed to place a dollar value on those outcomes.

Instead, LeaderSpring is able to talk about, and to some extent measure, the outcomes of the program to individuals, organizations and communities. Like the two other programs for which mini cases were developed, LeaderSpring also provides examples of outcomes for which dollar values are easier to capture (e.g., the value of new collaborations in terms of funds brought into an agency or community). They have learned to emphasize the benefits of the program over the costs of the program, and to use stories as well as quantifiable outcomes to make the case that the program is "worth it."

<u>How are costs described</u>

LeaderSpring estimates that its cost per Fellow falls within a range of between $11,800 to $15,500 per year. The upper end of the range is based on the fact that the Fellowship is LeaderSpring's primary program offering. Thus, the upper range is obtained by dividing LeaderSpring's total 2008 operating budget by 30 Fellows ($469,000 divided by 30) – the number of Fellows being actively supported in program activities in a single year. The lower end of the range recognizes that LeaderSpring also offers Alumni programming and consulting services, and these are expanding as a proportion of activities over time. Assuming that these activities represented approximately 30% of annual expenses in 2008, the cost per Fellow is obtained by dividing the remaining 70% of the operating budget by 30 ($353,000 divided by 30).

On its website and in proposals, the program is described as serving not only its Fellows and Alumni, but also its Fellows and Alumni's agencies, and the clients those agencies serve. This provides a way of talking about costs per organization and costs per potential beneficiary. LeaderSpring assumes that each community organization, in which alumni are employed by at the start of their Fellowships, continues to benefit from the Fellow's investments beyond his/her tenure. LeaderSpring approximates that its alumni and Fellows have worked with over 149 agencies since the start of their Fellowships. Therefore, the cost per benefiting organization in 2008 might be estimated at $3,148 ($469,000 divided by 149).

In 2008, active LeaderSpring's Fellows (excluding Alumni) are estimated to be serving more than 120,500 clients in the Bay Area. This creates a cost per beneficiary in 2008 of $3.89. ($469,000 annual budget divided by 120,500 beneficiaries).

Costs included in these calculations are current year operating costs – including the costs to run the program, run the organization and plan for and refine future programs. Opportunity costs to participants, organizations and communities are not included. Also, costs to funding sources to provide revenue to the program are not included.

How are benefits/outcomes described

As noted above, outcomes cover a range of goals, including increased tenure and competency[2] of non-profit executive directors, influence on policy change that promotes improved outcomes for low income residents of the Bay Area, and improved organizational competence, effectiveness and reach. The program does not attempt to assign a dollar value to these measures.

The program has done surveys and collected some other data to try to measure some of these outcomes. They face several challenges. One is attributing organizational or community level change to the actions of a particular leader, and by extension to the actions of a particular organization or network of leaders. Another is access to timely and accurate organizational and community level data. Both of these issues arise because many of the changes one would want to see for community residents require long-term and comprehensive interventions to achieve. Given all that, a third challenge is resources – the resources required to track the kind of outcomes LeaderSpring holds itself accountable to are considerable.

The program also has a way of capturing the on-going involvement and connection of former Fellows to LeaderSpring as an organization and as an idea or mindset. For example, the program collects information on the number of alumni whom the program can call for service of various kinds; the percentage of alumni who financially contribute to LeaderSpring each year, and the number of alumni committed to serve on the LeaderSpring Board and Alumni Committee. These indicators help the program describe its value in terms of Fellow satisfaction, and they could be assigned a dollar value in a benefit cost analysis.

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[2] For example, one benchmark the program set was that "based upon evaluations upon graduation from the Fellowship, an average of at least 80% of Fellows will report that their Fellowship resulted in improvements in at least 80% of 21 leadership and management competency areas." Another is "based on evaluations upon graduation from the Fellowship, at least 70% of Fellows will report reduced feelings of "burn out" and increased likelihood that they will remain in a nonprofit leadership position as a result of their work with LeaderSpring."

In addition, like the Casey Children and Family Fellowship, LeaderSpring describes the aggregated budgets of the organizations from which Fellows come, as a way of assigning a dollar value to their spheres of influence – as in "As of October 2008, LeaderSpring will have graduated 100 leaders of non-profit organizations, Combined with LeaderSpring's 30 current Fellows, these leaders employ more than 3,200 staff members who in turn serve over 428,000 low-income clients in the Bay Area. Their agencies have budgets totaling $198 million" (*from a summary of a funding proposal*). This serves as a proxy for comparing benefits to costs (e.g., total agency budgets standing in conceptually for potential value of the program).