

## Outputs vs. Outcomes and Why it Matters

“Output, outcomes, who cares” is an expression often heard from nonprofit and government leaders more than once. However, the distinction, understanding, and adoption between these two concepts in social sector organizations is important to your funders. It can be the difference between mediocrity and the creation of lasting and sustainable change and whether you receive funding. Mediocre organizations are stuck on making decisions based on outputs. Great organizations are managing based on outcomes.

An example to highlight the difference between outputs and outcomes revolves around hamburgers. McDonald’s sells approximately 33 million hamburgers a day. Five Guys sells approximately 350,000 burgers daily. Based on this information, who would you decide who makes a better burger. Would you conclude that McDonald’s makes a better hamburger based on this data alone? Of course not! You would want data around quality, nutrition, and taste before making this decision.



Unfortunately, many nonprofit and social service organizations are merely counting “hamburgers” and trying to use these data as proof of their effectiveness or impact. They are spending all their efforts trying to increase the numbers they serve without knowing how their services are changing their participant’s lives or circumstances.

In the restaurants’ cases, hamburgers are outputs. An output is what is created at the end of a process. Your outputs might be training classes offered, people served, and grants funded. Outputs tell the story of what you produced or your organization’s activities. Output measures **do not** address the value or impact of your services for your clients.

On the other hand, an outcome is the level of performance or achievement that occurred because of the activity or services your organization provided. Outcome measures are a more appropriate indicator of effectiveness. Outcomes quantify performance and assess the success of the process. In the hamburger example, some outcomes are the consumers’ perception of quality, or the ability of the product to eliminate hunger.

Outputs (e.g. the number of hamburgers or people served) do not communicate the profitability of the company. Nor does it demonstrate how the lives of the customers were impacted. Outcomes answer questions, such as:

- Did the participants learn something new?
- Have parenting skills improved?
- Are children achieving more in school?

Too often social sector organizations are only measuring outputs and they think they are doing enough. Sometimes a perception that it is too hard or impossible to measure outcomes stops leaders from collecting key outcomes data. This faulty thinking makes it difficult for organizations to demonstrate

to funders how their organization is achieving their mission. It also means that organizations are making decisions that may not be directly related to the quality and impact of their services.

Understanding your outcomes will inspire positive change and advancement. Outcomes are about performance levels. Outcomes need to be expressed quantitatively, showing how performance changes over time. Therefore, it is critical to define and measure your outcomes prior to implementing your process or programs. Without the starting measure, it becomes difficult to demonstrate the true impact. Moving towards the measurement of what matters most (outcomes) doesn't have to be difficult. Commit today to measuring the impact of your organization by following these five basic steps:

1. **Describe** the outcomes you want to achieve (why do you perform the process or service in the first place?).
2. **Turn** the identified outcomes into a quantitative measure (i.e. % of clients demonstrating new behavior, % of clients coming back into treatment, etc.).
3. **Confirm** that your desired outcomes are actually linked to your outputs or activities. In other words, ensure that it is reasonable to expect your desired outcomes to be achieved based on your activities.
4. **Implement** these measures and *track* them over time.
5. **Demonstrate** and **increase** your success because you have the data to confidently and appropriately communicate your impact and value.