The Bridgespan Group
Collaborating to accelerate social impact

Toolkit: Developing Decision Criteria

Decision criteria provide a concrete and explicit way to keep your intended impact and theory of change and your organizational health at the forefront of your decision-making processes. You can use these criteria when you are looking at new opportunities and when you are periodically reviewing your current work. Using decision criteria can help your team hold itself accountable to the strategy you have set.

We find that having explicit criteria to guide your decision making can help in several ways. Decision criteria:

- Create a consistent approach for applying your intended impact and theory of change to make decisions about how to allocate scarce resources.
- Provide a more comprehensive lens that ensures important considerations are included in decisions.
- Facilitate open discussion within your team about assumptions and reasoning that were previously implicit.
- Allow you to effectively communicate what is driving your decisions to others, both internally and externally.

The decision criteria you develop should test your decisions for their alignment, or "fit," with your intended impact and theory of change as well as help you consider the feasibility of executing on decisions for your organization. We suggest using this toolkit alongside the article "Using Decision Criteria to Improve Nonprofit Program Choices."

Using decision criteria to keep strategy in mind

Here is an example of how an organization translated their intended impact (WHO, WHERE, WHAT) and theory of change (HOW) into decision criteria to help them keep strategy in mind while making decisions.

Community Launch Intended Impact and Theory of Change

Who?	How?	What impact?	
		Points of Accountability	Community Launch Outcomes
• Black and Latinx families under 200% of the federal poverty line in our three-county area • Families experiencing housing instability in our three-county area	• Focusing on **housing stability, economic mobility, and youth leadership** • Providing culturally responsive programs based on **anti-racist principles and addressing systemic racism** • Developing **leaders and advocates** in our communities	Improvements in: • Housing stability • Economic mobility • Youth leadership	Families experience **upward social and economic mobility**

Community Launch's Strategic Criteria

CATEGORY	CRITERIA
Aligned with theory of change	• **Serves our community** – Black/Latinx families under 200% federal poverty line in our three counties – Families experiencing housing instability in our three counties • **Activities align** with our approach – Focused on our key issue areas: housing stability, economic mobility, and youth empowerment – Based on **anti-racist principles** and **addresses systemic racism** – Helps **develop leaders** within our community • Successfully achieves **clearly defined program outcomes**
Financially sustainable	• **Net financial contribution** is positive • Funding is **renewable and sustainable**
Operationally viable	• Fits with **staff skills and expertise** • Feasible with available **staff time/capacity** (or fully covers expansion costs) • Leverages **existing infrastructure** and facilities (or fully covers expansion costs)
Organization benefits/risks	• Organizational **risks are low** (legal, reputational, relationships, etc.) • Provides a credible path to **other high-impact opportunities**

Step 1: Consider moments where you might use decision criteria at your organization

To ensure the decision criteria you develop are as helpful as possible, begin by reflecting on why you are developing criteria and consider the moments where you might use the criteria in practice. These moments could include:

- Making decisions about whether to pursue a new program opportunity.
- Determining what activities you should prioritize going forward.
- Identifying ways to improve what you do today.

Different types of decisions may demand elevating different criteria. As an example, you may be likely to elevate criteria related to financial sustainability and start-up costs when deciding to take on a new opportunity, whereas start-up costs are unlikely to play a role when making decisions about existing programs (but maybe sunset costs will).

To identify what criteria are most important for you, start by thinking through what types of decisions you will need them for.

Step 1 Activity

In the next year, during what important moments and decisions should your organization refer to its intended impact and theory of change?	
Upcoming moment or decision	How decision criteria might improve your decision making

Step 2: Review example criteria and identify a starter list to customize for your organization

In this step, we'll help you understand common types of decision criteria and share examples from other organizations. Then we'll ask you to identify eight to 10 criteria to create a starter list that you'll customize in the next step. In our experience, it is efficient and effective to build on criteria others have developed.

Your decision criteria will be used to pressure-test new opportunities or existing programs to see if they are a good use of your valuable resources (time, talent, and funding) based on what is most important for you as an organization. We've found that most organizations use criteria that evaluate performance or potential opportunities across four categories:

- **Alignment with intended impact and theory of change.** Does your current reality, or the ambitions of a new opportunity, fit with the WHO, WHERE, WHAT, and HOW you defined in your intended impact and theory of change?
- **Financial sustainability.** Are existing or future activities financially sustainable in the immediate and longer term?
- **Operational viability.** Can you feasibly execute as an organization on existing or future activities to deliver your target impact?
- **Organizational benefits and risks.** Are there significant upsides or downsides related to your organization's reputation, relationships, or legal standing that should be considered?

On the next page, we have provided a list of sample strategic criteria commonly used by nonprofits. We recommend that organizations focus on only 10 or fewer criteria because it enables them to deeply evaluate a few key factors rather than do a cursory scan over more. It can be particularly helpful to consider the decision moments you identified in the previous step and which criteria might be most helpful in differentiating across future or current activities.

Step 2 Activity

- **Review** the sample decision criteria prioritized by other nonprofit organizations.
- **Identify** eight to 10 criteria from these sources you think might be most relevant for your organization.

Note that, as currently written, many of these criteria may be too generic to be useful. That's okay for now! Once you've prioritized a shorter list of criteria, the next step will be customizing this list to make sure it has the "teeth" needed to be useful in informing decision making.

CATEGORY	SAMPLE STRATEGIC CRITERIA	Include as a top criterion for your organization?
Aligned with theory of change	**Who:** Focuses on target constituents or clients	
	What: Achieves target outcomes	
	How: Aligns with core activities, approaches, values, beliefs	
	Other?	
Financially sustainable	Net financial contribution is positive	
	Funding is renewable and sustainable	
	Cost per outcome is reasonable	
	Utilization rate is expected to be high	
	Other?	
Operationally viable	Aligns with our diversity, equity, and inclusion goals	
	Feasible with current staff skills and capacity, or can be built	
	Feasible with current infrastructure and facilities, or can be built	
	Relationships with partner organizations are strong	
	Policy environment is supportive	
	Achievable path to a scale that will have meaningful impact	
	Other?	
Organization benefits/risks	Does not duplicate strong programs from other organizations	
	Provides a unique leadership role for our organization	
	Organizational risks are low (reputation, relationships, legal)	
	Provides a credible path to other high-impact opportunities	
	Other?	

Step 3: Customize your own decision criteria

As we've noted, the criteria listed above are generic and thus relatively open to interpretation. For them to hold meaning and have "teeth" for your organization when it is weighing a decision, you need to be specific about what is most important to your organization for each criterion. This often requires tailoring the criteria themselves to your specific context.

Organizations typically invest the most in getting agreement on what it means to "align with their intended impact and theory of change" and customizing these decision criteria. These organizations then identify a few criteria related to financial sustainability, operational viability, and organizational benefits and risks that are the highest priority to consider.

How have organizations customized generic sample criteria for their own use? Here are two examples of how organizations customized their criteria.

Community Launch: Customized Criteria

CATEGORY	CRITERIA
Aligned with intended impact and theory of change	• **Serves our community** (≥90% of participants meet at least one criteria) - Black/Latinx families under 200% of the federal poverty line in our three-county area - Families experiencing housing instability in our three-county area • **Activities align** with our approach and "secret sauce" - Based on **anti-racist principles** and **addresses systemic racism** - Helps **develop leaders** within our community - Focused on our **key issue areas:** housing stability, economic mobility, and youth empowerment • Successfully achieves **clearly defined program outcomes**
Financially sustainable	• **Net financial contribution** is positive (e.g., covers all direct costs plus proportional overhead) • Funding is **renewable and sustainable** (e.g., aligns with private/public funder trends, individual streams are reliable with high potential for renewal, etc.)
Operationally viable	• Fits with **staff skills and expertise** (e.g., staff or existing talent pipeline is capable of delivering on theory of change) • Feasible with available **staff time/capacity** (e.g., staff time reallocation or outsourcing to support) and fully covers any expansion costs • Leverages **existing infrastructure** and facilities (or fully covers expansion costs)
Organization benefits/risks	• **Strong fit** with other organizational programs and activities • Organizational **risks are low** (e.g., legal risk, reputational risk, risk to existing relationships, etc.)

Tech Up: Customized Criteria

CATEGORY	HIGH-LEVEL CRITERIA	CUSTOMIZED CRITERIA
Aligned with intended impact and theory of change	Serves our **target population**	• Unemployed or underemployed, low-income, and actively seeking career • Population is underserved/diverse (e.g., Latinx, LGBTQIA, geographically underserved) • Most have a high school degree or GED • Most are highly employable (history of maintaining a job or educational experience, high soft skills, can meet requirements for target positions)
	Successfully achieves clearly defined **program outcomes**	• Training leads to a living wage job • Value added to existing brand/reputation
	Activities align with our approach and "secret sauce"	• Activities align with our annual goals • Activities integrate with current programs
Financially sustainable	**Net financial contribution** is positive (short term)	• Covers all direct costs (program staff, instructors, student materials, facilities, travel) • Covers indirect costs, and program costs are shared proportionally to number of students to be trained (IT, data, website, program space, maintenance, communications, equipment, etc.) • Match percentage is low
	Funding Is renewable and **sustainable** (long term)	• Funding is reliable • High potential for funding renewal and longer-term funder relationship • Supported by public and private funder trends
Operationally viable	Partner is **credible and capable** of delivering our programming	• Partner is highly reliable, very responsive, and has a good reputation • Scores high on our site-evaluation matrix (capacity, proximity to metro, instructors' comfort/safety concerns, equipment [projector, hardware, software], ADA accessible, engaged POC, target neighborhoods) • Offers internship or job possibilities
	Partner **will recruit participants**	• Partner is able and willing to recruit student participants • Partner will fund student recruitment
	Feasible with available **staff time/capacity** (or fully covers any expansion costs)	• Staff have capacity to take on opportunity (or expansion is funded) • Fits with current infrastructure (e.g., physical space, network infrastructure, equipment) or expansion is funded • Realistic start date within current infrastructure
	Leverages **existing programming** (or covers customization costs)	• Funding provided for any customization needed • Customization/innovation effort will be used in future and is scalable
	Fits with **staff skills and expertise**	• Fits with current staff expertise • Low legal risk

Step3 Activity

For each generic criterion you identified in Step 2, consider whether getting more specific will improve your decision making. Reference your intended impact and theory of change as well as other important organizational priorities and considerations as you do this. These could include priorities outlined in your strategic plan or financial management and health goals you may have set. For each criteria, ask:

- Is each criterion clear and objective?
- Will the criterion enable you to differentiate between options (e.g., "great" versus "good" or "not so good," etc.)?

If you answer no, customize the criteria to be more specific.

Note that *not every criterion may need to be customized*—the generic form may be good enough. However, for some, particularly for criteria related to your intended impact and theory of change, a more specific definition of what "good" looks like will help you evaluate opportunities more effectively.

CATEGORY	GENERIC CRITERIA SELECTED IN STEP 2	UPDATED CUSTOMIZED CRITERIA
Aligned with theory of change	•	•
Financially sustainable	•	•
Operationally viable	•	•
Organization benefits/risks	•	•

Step 4: Develop an evaluation rubric

Some organizations choose to take their criteria one step further and articulate a scoring rubric for each criterion. Broad phrases like "high quality" or "fits with our other programs" are easily open to different interpretations by different people or for different situations, so getting as objective and measurable as possible can help you more consistently evaluate different opportunities against similar standards. While this is a "nice to have" versus a "need to have," it can be helpful in aligning your team to a more verifiable definition of whether an opportunity or activity you're already participating in is a good or bad fit for your organization.

The way to do this is to define for each metric what "excellent," "moderate," and "concerning" look like. You want these definitions to be as data-driven and objective as possible so that, when you evaluate opportunities, you can articulate a concrete rationale for why something is or isn't a good fit.

Here's an example of what an evaluation rubric looked like for the "aligned with theory of change" section of Community Launch's criteria:

Community Launch's Evaluation Rubric

CATEGORY	CRITERIA	CONCERNING	MODERATE	EXCELLENT
Alignment with theory of change	**Serves our community** • Participants: Black and Latinx families under 200% of the federal poverty line • Families in housing instability	≤75% of participants meet at least one criteria	75-90% of participants meet at least one criteria	≥90% of participants meet at least one criteria
	Focused on our **key issue areas:** • Housing stability • Economic mobility • Youth empowerment	Program does not focus on any of our issue areas	Program focuses on one key issue area	Program focuses on more than one key issue area
	Based on **anti-racist principles and addresses systemic racism**	Does not acknowledge systemic racism	Addresses symptoms of systemic racism	Creates solutions to address systemic racism
	Helps **develop leaders** within our community	Leadership development not included	Leadership development part but not core	Leadership development a core focus
	Successfully achieves **clearly defined program outcomes**	Unlikely to meet outcome targets	Likely to meet some but not all outcome targets	Likely to meet outcome targets

It's important to remember that the process of evaluating opportunities against a rubric still requires judgment! Criteria won't take all the subjectivity out of the equation, and you are going to use these criteria in slightly different ways depending on the types of decisions you make. But they do help you see trade-offs and home in on those aspects of a decision that are worth discussion as a team.

Step 4 Activity

If you believe your criteria will be more useful with an evaluation rubric, include this step. Remember, though, this is optional! If you don't have the time for this step, or you believe your criteria are sufficient without a scoring rubric, skip to step 5.

If you choose to make a scoring rubric:

1. Decide how many tiers of scoring you want. Some teams just define "concerning" and "excellent," while some add "moderate" as a middle tier.
2. Copy your customized criteria into the "criteria" column in the table below.
3. For each criteria, develop definitions for each tier that are as objective and quantifiable as possible:
   a. Criteria where you can answer yes or no (i.e., "Do we already have the space to host this?").
   b. Measurable thresholds (i.e.," X% of whom the program serves are in our target population").
   c. Specific numbers or dollar amounts.

CATEGORY	CRITERIA	CONCERNING	MODERATE	EXCELLENT
Aligned with theory of change				
Financially sustainable				
Operationally viable				
Organizational benefits/risks				

Step 5: Test your decision criteria

It can be hard to get your criteria exactly right in the abstract. The best way for you to refine your criteria is to "live into" them. You can do this by deliberately testing them during an upcoming decision or even against recent decisions you made as a leadership team.

Depending on the decision you use for testing—and how different this is from the decision moments you've been keeping in mind—some criteria may be more or less relevant. You will still need to use your judgment when weighing certain aspects of the decision. In all cases, what you are aiming for is a rich, productive conversation as a team, where everyone is using the same measuring stick to think about "what good looks like" and can systematically discuss trade-offs.

After you test using your criteria for a decision, you'll reflect on what worked well and what needs to be tweaked or added to make your criteria ready to go. Most often, this results in a few changes to a team's criteria:

- **Getting *even more* specific in the definition of the criteria** and potentially adding metrics to make statements more concrete. For example, an organization might have initially defined a financial sustainability criterion as "covering costs." They might instead realize that this is still too vague and clarify that it actually means "covering at least 85 percent of the program's direct and indirect costs."
- **Adding new criteria** after identifying "edge cases" that need to be captured. For example, an organization might decide to add a criterion for preserving your organization's brand, or for mitigating risks to your brand after encountering a partnership opportunity that could have yielded significant impact but had reputational risks.

Your focus during this step is on testing your criteria, but you should also keep in mind that refinement of these criteria won't just stop. Teams who find their decision criteria most effective treat this tool as a "living document" that you'll continue to tweak whenever needed to best serve your organization's purposes. What is important is that you are developing the muscles that will support making more *deliberate and strategically aligned decisions* as an organization.

Step 5 Activity

- Identify **two or three recent decisions or decisions coming up in the next six months** during which you will commit to using your decision criteria.
- **Use your decision criteria** to help structure your discussion and arrive at a decision. If you are reflecting on a recent decision, host a dedicated meeting to evaluate your decision using your criteria, reflecting on the same inputs you used when you initially made your decision.
- **Reflect** on your criteria after the meeting:
  - Where did the criteria provide clarity and help us make our decision?
  - Where did the criteria create confusion or hold us back from efficient decision making?
  - Are there ways we can simplify the criteria without compromising on their effectiveness?
- **Agree on refinements** to your criteria.