

## Developing Decision Criteria Toolkit

Welcome to the *Developing Decision Criteria* toolkit! This toolkit is for teams interested in capturing their intended impact and theory of change in a clear set of criteria they can use to inform their decision-making. Creating such criteria keeps decisions rooted in your strategy and provides a clear and shareable rationale for choices you make about new opportunities or your current work.

### Overview of Decision Criteria

Decision criteria provide a concrete and explicit way to keep your intended impact and theory of change at the forefront of your decision-making process. 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:

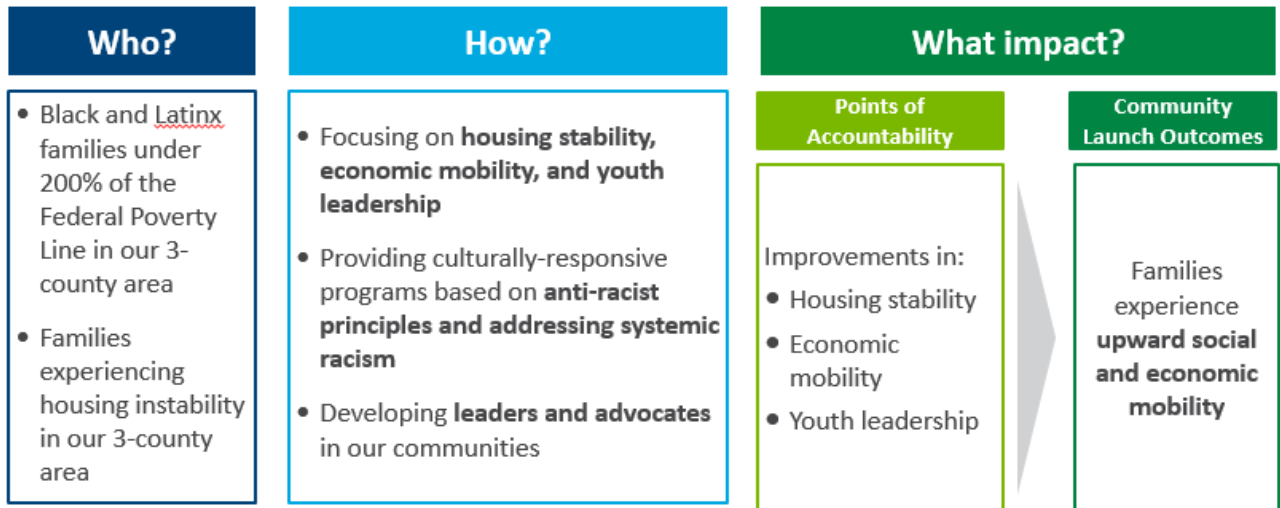
- Create a consistent approach for applying your intended impact and theory of change to make decisions about how to allocate scarce resources
- Provide a more comprehensive lens that ensures important considerations are included in decisions
- Facilitate open discussion within your team about assumptions 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 decision for its alignment or “fit” with your intended impact and theory of change as well as help you consider the feasibility of executing on the decision for your organization.

## Illustrative Example

Here is an example 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



## Community Launch's Strategic Criteria

CATEGORY	CRITERIA
<b>Aligned with Theory of Change</b>	<ul style="list-style-type: none"> <li>• <b>Serves our community</b> <ul style="list-style-type: none"> <li>– Black/Latinx families under 200% Federal Poverty Line in our 3 counties</li> <li>– Families experiencing housing instability in our 3 counties</li> </ul> </li> <li>• <b>Activities align</b> with our approach                             <ul style="list-style-type: none"> <li>– Focused on our <b>key issue areas</b>: housing stability, economic mobility, and youth empowerment</li> <li>– Based on <b>anti-racist principles</b> and <b>addresses systemic racism</b></li> <li>– Helps <b>develop leaders</b> within our community</li> </ul> </li> <li>• Successfully achieves <b>clearly defined program outcomes</b></li> </ul>
<b>Financial sustainability</b>	<ul style="list-style-type: none"> <li>• <b>Net financial contribution</b> is positive</li> <li>• Funding is <b>renewable</b> and <b>sustainable</b></li> </ul>
<b>Operationally viable</b>	<ul style="list-style-type: none"> <li>• Fits with <b>staff skills and expertise</b></li> <li>• Feasible with available <b>staff time/capacity</b> (or fully covers expansion costs)</li> <li>• Leverages <b>existing infrastructure</b> and facilities (or fully covers expansion costs)</li> </ul>
<b>Organizational benefits/risks</b>	<ul style="list-style-type: none"> <li>• Organizational <b>risks are low</b> (legal, reputational, relationships, etc.)</li> <li>• <b>Gives access</b> to other high-impact opportunities</li> </ul>

# 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 to consider the moments where you might use decision criteria in practice. These moments could include:

- Making decisions about whether or not 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 startup 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 it for.

## Step 1 Activity: Fill in the table below

In the next year, during what important moments and/or decisions should your organization reference its intended impact and theory of change?	
Upcoming moment and/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

During 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 8–10 criteria to create a starter list of decision criteria that you will customize in the next step. In our experience, it is efficient and effective to build on criteria that 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 that are 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 your identified decision moments and which criteria might be most helpful in differentiating across future or current activities.

**Step 2 Activity: Fill in the table below**

- **Review** the sample decision criteria prioritized by other nonprofit organizations
- **Identify** 8–10 criteria from these sources you think might be most relevant for your organization

Note: As currently written, many of these criteria are 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 they have the “teeth” needed to be useful in informing decision-making.

Category	Sample Strategic Criteria	Is this one of the top 8-10 criteria for your organization?
<b>Aligned with Theory of Change</b>	<b>Who:</b> Focuses on target constituents / clients	
	<b>What:</b> Achieves target outcomes	
	<b>How:</b> Aligns with core activities, approaches, values, beliefs	
	<i>Other?</i>	
<b>Financially sustainable</b>	Net financial contribution is positive	
	Funding is renewable and sustainable	
	Cost per outcome is reasonable	
	Utilization rate is expected to be high	
	<i>Other?</i>	
<b>Operationally viable</b>	Aligns with our diversity, equity, and inclusion goals	
	Feasible with current staff skills/capacity, or can be built	
	Feasible with current infrastructure/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	
	<i>Other?</i>	
<b>Organization benefits / risks</b>	Does not duplicate strong programs from other orgs	
	Provides a unique leadership role for organization	
	Organizational risks are low (reputation, relationships, legal)	
	Gives access to other high-impact opportunities	
	<i>Other?</i>	

## 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 "good" looks like to your organization for each criterion.

Some organizations choose to take their criteria one step further and articulate a scoring rubric for each criterion. There are instances where this detail can be valuable in adding precision to assessing a current program or new opportunity, especially if there is a high volume of assessments that need to be made and more differentiation is needed. But in most instances, a rubric is a "nice to have" vs. a "need to have."

It's important to remember that the process of customizing criteria—and evaluating against criteria—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 will be making. But they do help you see trade-offs and home in on those aspects of a decision that are worth more discussion as team.

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, organizational benefits and risks that are the highest priority to consider.

How have organizations customized generic sample criteria for their own use? See two examples of how organizations customized criteria to define "what good looks like."

### Community Launch: Customized criteria

CATEGORY	CRITERIA
Aligned with intended impact and theory of change	<ul style="list-style-type: none"> <li>• <b>Serves our community</b> (≥90% of participants meet at least one criteria)               <ul style="list-style-type: none"> <li>– Black and Latinx families under 200% of the federal poverty line in our 3-county area</li> <li>– Families experiencing housing instability in our 3-county area</li> </ul> </li> <li>• <b>Activities align</b> with our approach and "secret sauce"               <ul style="list-style-type: none"> <li>– Based on <b>anti-racist principles</b> and <b>addresses systemic racism</b></li> <li>– Helps <b>develop leaders</b> within our community</li> <li>– Focused on our <b>key issue areas</b>: housing stability, economic mobility, and youth empowerment</li> </ul> </li> <li>• Successfully achieves clearly defined <b>program outcomes</b></li> </ul>
Financial sustainability	<ul style="list-style-type: none"> <li>• <b>Net financial contribution</b> is positive (e.g. covers all direct costs plus proportional overhead)</li> <li>• Funding is <b>renewable</b> and <b>sustainable</b> (e.g. aligns with private/public funder trends, individual streams are reliable with high potential for renewal, etc.)</li> </ul>
Operationally viable	<ul style="list-style-type: none"> <li>• Fits with <b>staff skills and expertise</b> (e.g. staff or existing talent pipeline is capable of delivering on theory or change)</li> <li>• Feasible with available <b>staff time/capacity</b> (e.g. staff time reallocation or outsourcing to support) and fully covers any expansion costs</li> <li>• Leverages <b>existing infrastructure</b> (e.g. facilities, equipment, back end systems, etc.) or fully covers expansion costs</li> </ul>
Organizational benefits/risks	<ul style="list-style-type: none"> <li>• <b>Strong fit</b> with other organizational programs and activities</li> <li>• Organizational <b>risks are low</b> (e.g. legal risk, reputational risk, risk to existing relationships, etc.)</li> </ul>

# TechUp: Customized criteria

CATEGORY	HIGH LEVEL CRITERIA	CUSTOMIZED CRITERIA
Aligned with intended impact and theory of change	Serves our <b>target population</b>	<ul style="list-style-type: none"> <li>• Unemployed or underemployed, low income, and actively seeking career</li> <li>• Population is underserved/diverse (e.g. Latin, LGBTQIA, geographically underserved)</li> <li>• Most have a high school degree or GED</li> <li>• Most are highly employable (history of maintaining job or educational experience, high soft skills, can meet requirements for target positions)</li> </ul>
	Successfully achieves clearly defined <b>program outcomes</b>	<ul style="list-style-type: none"> <li>• Training leads to a living wage job</li> <li>• Value added to existing brand/reputation</li> </ul>
	<b>Activities align</b> with our approach and “secret sauce”	<ul style="list-style-type: none"> <li>• Activities align with our annual goals</li> <li>• Activities integrate with current programs</li> </ul>
Financially sustainable	<b>Net financial contribution</b> is positive (short term)	<ul style="list-style-type: none"> <li>• Covers all direct costs (program staff, instructors, student materials, facilities, travel)</li> <li>• 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.)</li> <li>• Match percentage is low</li> </ul>
	Funding is <b>renewable</b> and <b>sustainable</b> (long term)	<ul style="list-style-type: none"> <li>• Funding is reliable</li> <li>• High potential for funding renewal and longer term funder relationship</li> <li>• Supported by public and private funder trends</li> </ul>
Operationally viable	Partner is <b>credible</b> and <b>capable</b> of delivering our programming	<ul style="list-style-type: none"> <li>• Partner is highly reliable, very responsive, and has a good reputation</li> <li>• 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)</li> <li>• Offers internship or job possibilities</li> </ul>
	Partner <b>will recruit participants</b>	<ul style="list-style-type: none"> <li>• Partner is able and willing to recruit student participants</li> <li>• Partner will fund student recruitment</li> </ul>
	Feasible within available <b>staff time/capacity</b> (or fully covers expansion costs)	<ul style="list-style-type: none"> <li>• Staff have capacity to take on opportunity (or expansion is funded)</li> <li>• Fits with current infrastructure (e.g. physical space, network infrastructure, equipment) or expansion is funded</li> <li>• Realistic start date within current infrastructure</li> </ul>
	Leverages <b>existing programming</b> (or covers customization costs)	<ul style="list-style-type: none"> <li>• Funding provided for any customization needed</li> <li>• Customization/innovation effort will be used in future and is scalable</li> </ul>
	Fits with <b>staff skills and expertise</b>	<ul style="list-style-type: none"> <li>• Fits with current staff expertise</li> <li>• Low legal risk</li> </ul>

### Step 3 activity: Customize your own decision criteria

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/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” versus “not so good,” etc.)

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

Note: **Not every criteria may need to be customized:** the generic 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	• •	• •
Organizational benefits / risks	• •	• •



## Step 4: 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 judgement 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 for teams, this results in a few changes to their 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 criteria as “covering costs.” They might instead realize that this is still too vague and clarify that this 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 significant 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 continue to tweak whenever needed to best serve your team’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 4 activity: Test your decision criteria

- 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