

St. Louis County Children's Service Fund

Strategy and Theory of Change

with

Key Elements of Programmatic and Organizational Redesign
and

A Framework for Performance Management

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EXECUTIVE SUMMARY

St. Louis County Children's Service Fund¹ was established in 2009, following the passing of the Putting Kids First ballot initiative in November 2008. Through local tax measures, the initiative creates an ongoing revenue stream to be used in support of underserved children, youth, and families in St. Louis County. The Children's Service Fund is mandated with the administration and distribution of the revenues among public or not-for-profit providers of mental health and substance abuse services for children and their families in St. Louis County.

Recently the staff of the Children's Service Fund, as well as members of its Board of Directors, met in a four day facilitated workshop to review the agency's strategy and develop a "theory of change" – a working blueprint – through which the Children's Service Fund can realize its mission, goals, and objectives.

Mission

The Children's Service Fund's **mission** is to improve the lives of children, youth, and families in St. Louis County by strategically investing in the creation and maintenance of an integrated system of care that delivers effective and quality mental health and substance abuse services.

Goals

To achieve its mission, the Children's Service Fund has adopted the following goals (the achievements for which the organization will hold itself accountable) and objectives (the essential milestones along the way that it must meet to achieve its goals):

Goal 1: To design, implement, and maintain an integrated service system that delivers effective and high quality mental health and substance abuse services.

Goal 2: To design and implement a social investment approach that helps the Children's Service Fund to achieve its mission.

Goal 3: To drive down the prevalence of factors that negatively influence the lives of children and youths.

Goal 4: To establish strategic partnerships with agencies outside its grantee portfolio to institute referral processes that addresses negative outcomes that cannot be addressed solely by providers in the integrated service system.

¹ Hereafter referred to as the Children's Service Fund.

Target Population

The children and young people targeted by the Children's Service Fund's grantees:

- Live in St. Louis County
- Are ages 0-19²

In addition to these demographic characteristics, the children and young people served by the Children's Service Fund's grantees in all services other than prevention must be considered at-risk, which for the purpose of selecting its target population, the Children's Service Fund defines as children and youth with at least one of the following baseline characteristics:

- Children and youth experiencing mental, emotional, or behavioral symptoms
- Children and youth experiencing substance abuse symptoms
- Children and youth who are victims of abuse or neglect, or at risk for such
- Children and youth have been traumatized
- Children and youth who are pregnant or teen parents
- Children and youth who are homeless
- Children and youth who are aging out of foster care.

Outcomes

The extent to which the Children's Service Fund is successful in achieving the outcomes it intends to produce through its investments are measured through three sets of outcome indicators: Grantee outcomes (Table 1), outcomes for children and youths (Table 2 and 3), and aggregated investment outcomes (Table 4).

Grantee outcomes are the outcomes for the achievement of which the Children's Service Fund will hold itself and its grantees accountable. They are the building stones of the Children's Service Fund's overarching mission. Each grantee's progress will be monitored, and all of the Children's Service Fund's portfolio managers will be accountable for taking the steps required to get each of the grantees in their portfolio to these outcomes.

Table 1. Grantee (organizational) outcomes

Grantee outcomes	Indicators
Short-term outcomes	
Organizational improvements related to improved service delivery achieved	- Demonstrated achievement of all organizational improvement goals (as itemized in the grantee's organizational improvement plan)

² In accordance with the Missouri Revised Statutes, the services funded by the Children's Service Fund will not support persons twenty years of age or above (Chapter 67, Political Subdivisions, Miscellaneous Powers, Section 67.1775, August 28, 2008).

Intermediate outcomes	
Increase in grantee performance Decrease in social investment risk	<ul style="list-style-type: none"> - Higher Performance Assessment Tool score (per PAT) - Lower risk rating on all six SIRA indicators (per SIRA – may not be implemented in year 1)
Long-term outcomes	
Better outcomes for children	<ul style="list-style-type: none"> - Growth in the number and percentage of the children and families served by the grantee who achieve desired outcomes (measured by grantee and tracked in grantee's performance management data system)

As documented in this report, the Children's Service Fund holds itself accountable for achieving outcomes for its grantees, but does so as a means to improve the lives of members of its target population. For this purpose, the Children's Service Fund has established a set of **outcomes for children and youth served by its grantees**.

- *Participant outcomes:* Outcomes achieved for each individual in the target population, as a result of homelessness and child abuse / neglect intervention services supported by the Children's Service Fund (see Objective 3b).

All service providers accepting a grant from the Children's Service Fund will be required to make a commitment to designing and delivering programs aimed towards achieving these outcomes, and will be accountable to the Children's Service Fund for delivering outcomes.

Table 2. Participant outcomes for children and youths

Participant outcomes	Indicators³
Sufficient level of functioning	<ul style="list-style-type: none"> - Improved school engagement and performance - Enrollment in job training, college, vocational training, <i>or</i> employment - Positive relationship with family members / caregivers - Adequate social intelligence skills - Positive relationships with pro-social peer groups (based on GARF)
Well-being	<ul style="list-style-type: none"> - Babies are born of healthy weight - No pregnancies (or, if pregnant or parent prior to program enrollment, no repeated pregnancies) during teen years

³ *The Children's Service Fund will identify appropriate measurement methods for all indicators, and further qualify indicators where necessary.*

	<ul style="list-style-type: none"> - Improved parenting skills - No out-of-home placements - Adequate life skills
Free of the expression of mental health symptoms and/or substance abuse ⁴	<ul style="list-style-type: none"> - Adequate knowledge about substance abuse and/or mental health issues - Reduced expression of DSM-IV TR Axis I diagnosis symptoms, such as depression, anxiety, ADHD, PTSD, phobias, conduct disorder, bipolar disorder, schizophrenia, and substance abuse - Adequate self-management skills - Adequate risk-management skills to avoid engaging in risky behaviors - No law enforcement involvement - Positive self-concept

Ultimately, the Children’s Services Fund wants to see change for the better at the population level for the county’s residents. Hence it has adopted the following **population-based outcomes for children and youths**, which are specified in Table 3.

- **Community prevalence outcomes:** Community-wide outcomes achieved as a result of the teen pregnancy / parenthood and suicide prevention programs supported by the Children's Service Fund.

Table 3. Community prevalence outcomes

Community prevalence outcomes	Indicators
Decrease in prevalence of teen pregnancies / parenthood in St. Louis County	- Decrease in community prevalence of teen pregnancy /teen parenthood (based on Kids Count data)
Decrease in prevalence of suicide in St. Louis County	- Decrease in community prevalence of child and teen suicide (based on DMH data)
Decrease in prevalence of child abuse/neglect	- Decrease in community prevalence of child/abuse neglect (based on Kids Count data)
Decrease in prevalence of homelessness	- Decrease in community prevalence of youth homelessness (TBD)
Decrease in prevalence of substance abuse	- Decrease in community prevalence of youth substance abuse (TBD)

The outcomes presented in Table 1 and Table 2 are all essential contributions to the social value produced by the Children's Service Fund. Nevertheless, they are not

⁴ The Children's Service Fund will not address developmental disorders outside the mental health domain (DSM-IV TR Axis I Diagnosis).

aggregated investment outcomes, and as such they do not provide simple indications as to whether the Children's Service Fund is successful in its social investing.

For this reason, the Children's Service Fund has established a set of **aggregated investment outcomes** (Table 4) which the organization as a whole will hold itself accountable for achieving, and which, associated with the outcomes listed in Table 3, ultimately define the value of its investments.

Table 4. Aggregated investment outcomes

Aggregated outcomes	Indicators
Decrease in social investment risk	- Number and percentage of grantees with decreased social investment risk
Increase in positive outcomes for children and youth	- Growth in number and percentage of children served by grantees who achieve positive outcomes
Decrease in county-wide children and youth service gap	<i>To be determined upon completion of gap analysis.</i>
Increase in effective service capacity for children and youths in St. Louis County	<ul style="list-style-type: none"> - Growth in active service slots⁵ - Growth in number and percentage of children participating in active service slots

⁵ We define an active service slot as a child who is receiving services with the type of service needed, and in the dosage and duration needed, to reach the desired positive outcome for the child.

ST. LOUIS COUNTY CHILDREN'S SERVICE FUND'S STRATEGY AND THEORY OF CHANGE

Introduction to the Children's Service Fund

St. Louis County Children's Service Fund⁶ was established in 2009, following the passing of the Putting Kids First ballot initiative in November 2008. Through local tax measures, the initiative creates an ongoing revenue stream to be used in support of underserved children, youth, and families in St. Louis County. The Children's Service Fund is mandated with the administration and distribution of the revenues among public or not-for-profit providers of mental health and substance abuse services for children and their families in St. Louis County.

Recently the staff of the Children's Service Fund, as well as members of its Board of Directors, met in a four day facilitated workshop to review the agency's strategy and develop a "theory of change" – a working blueprint – through which the Children's Service Fund can realize its mission, goals and objectives.

This document captures the key decisions that were reached in the workshop and provides a framework for the Children's Service Fund to align and manage its day-to-day operations.⁷

St. Louis County Children's Service Fund's Strategy

A strategy consists of the fundamental assumptions and decisions that are to govern an organization's work – the hard choices about what an organization will and won't do (and why). It provides the motivation for, and defines the value of, an organization's activities and thereby enables an organization to focus its efforts so it is both effective and efficient. A strategy sets limits on the domains within which an organization will work and also confines the nature of the organization's work within those domains to the kinds of things it knows how to do well.⁸

The Children's Service Fund's strategy is to organize and engage providers of effective and high quality mental health and substance abuse services for children, youths and families in St. Louis County in what it calls an **integrated service system**. The integrated service system is based on the principle that no child or youth in need of mental health or substance abuse services, whether due to lack of detection or due to lack of relevant services, should be able to fall in between services. To make sure that this doesn't happen, the Children's Service Fund's strategy is to bring service providers together, help

⁶ Hereafter referred to as the Children's Service Fund.

⁷ Appendix I discusses the concept of a theory of change and its role in aligning an organization's strategy and day to day operations.

⁸ *Footnotes of particular importance or proposing specific actions to be taken are highlighted in bold italics. All recommended actions are, furthermore, listed together in the last section of this document.*

each of them to (a) develop or strengthen the capacities they need to deliver one or several integrated service system elements, (b) to succeed in their efforts to help the children they serve to achieve commonly agreed-upon positive outcomes, and (c) create a centralized system for tracking each child's progress and systematically referring children to complementary services when a need arises. In this way, the integrated service system will serve as a continuum of care for every child in St. Louis County, from birth until age 19.

Mission and Vision

The Children's Service Fund's **mission** is to improve the lives of children, youth, and families in St. Louis County by strategically investing in the creation and maintenance of an integrated system of care that delivers effective and high quality mental health and substance abuse services.

Through this approach, the Children's Service Fund will advance toward its **vision**, namely that all children and youths in St. Louis County will have the mental and emotional resources to achieve their fullest potential.

Goals and Objectives

To achieve its mission, the Children's Service Fund has adopted the following goals (the achievements for which the organization will hold itself accountable) and objectives (the essential milestones along the way that it must meet to achieve its goals):

Goal 1: To design, implement, and maintain an integrated service system that delivers effective and high quality mental health and substance abuse services.

Objective 1a: To decide on the integrated service system model that the Children's Service Fund will apply.

Objective 1b: To conduct a gap analysis to identify service gaps in relevant service areas across St. Louis County.

Objective 1c: To identify a service provider group to participate in the design of the proposed integrated service system.

Objective 1d: To make a strategic decision on whether the Children's Service Fund will to require uniform service practices across service providers.⁹

⁹ *The Children's Service Fund may choose one of the following two approaches to managing its grantees' performance: It may require selected service providers to apply certain program models identified by the Children's Service Fund to achieve specific outcomes, or it may choose to delegate the decision of which program models to use to the individual grantees, while maintaining a strict focus on the effectiveness of these services in producing outcomes at satisfactory levels.*

Objective 1e: To foster commitment from all participating service providers to be held accountable to uniform key metrics.

Objective 1f: To finalize the integrated service system design.

Objective 1g: To develop an integrated service system implementation plan.

Objective 1h: To implement the integrated service system.

Goal 2: To design and implement a social investment approach that helps the Children's Service Fund to achieve its mission.

Objective 2a: To conduct a second needs assessment.¹⁰

Objective 2b: To establish the Children's Service Fund's target domain.

Objective 2c: To define a set of grantee selection criteria to guide the selection process.

Objective 2d: To identify the types of investments (grant types, duration, performance criteria) that the Children's Service Fund will make.

Objective 2e: To design the metrics which the Children's Service Fund will use to assess its success.

Objective 2f: To specify the kinds of financial support that the Children's Service Fund will bring to bear.

Objective 2g: To design an appropriate pre-award due diligence process and determine related staff competencies.

Objective 2h: To determine the types of non-financial support that will be provided, and decide which of these support types can and cannot be provided by Children's Service Fund staff.

Objective 2i: To design a format for investment recommendations.

Objective 2j: To develop and drive an organizational learning plan.

Objective 2k: To design and implement an internal performance management system.¹¹

¹⁰ While a needs assessment was conducted as part of the "Putting Kids First" campaign, the assessment has not been followed up after putting the initiative into law. There is hence a need to update the needs assessment and target it to the service areas specified in the new legislation, in order to enable the Children's Service Fund to prioritize service areas according to needs (and distributed funds accordingly).

Objective 2l: To define and specify the relationship between the Children's Service Fund's portfolio managers and its grantees (content, style, intensity, duration, etc.)

Objective 2m: To develop a framework for tracking and minimizing transactions costs, and for optimizing outcomes of the grantee selection process.

Objective 2n: To establish a protocol to guide the ways in which its staff will interact with potential grantees during due diligence, and with active grantees during the period of its grants.¹²

Objective 2o: To design a format (structure, content, frequency) for reporting to the Board of Directors.

Goal 3: To drive down the prevalence of factors that negatively influence the lives of children and youths.¹³

Objective 3a: To identify or design evidence-based programs for prevention of teen pregnancy / parenthood and suicide, and select service providers to implement identified programs.

Objective 3b: To identify or design programs for provision of homelessness and child abuse/neglect intervention services.

Objective 3c: To identify or design evidence-based programs for the provision of violence and substance abuse intervention services, and to select service providers to implement identified programs.

Goal 4: To establish strategic partnerships with agencies outside its grantee portfolio to institute referral processes that addresses negative outcomes that cannot be addressed solely by providers in the integrated service system.

¹¹ By internal performance management system, we refer to a performance management system used by the Children's Service Fund to manage the quality and effectiveness of its own operations. This is in contrast to the performance management system for the integrated service system, which will provide the overall framework for managing service providers' performance by tracking outcomes for children and youth.

¹² To assess how its staff is interacting with potential and active grantees, we recommend that the Children's Service Fund retain the services of the Center for Effective Philanthropy to conduct "Grantee Perception Reports" annually for the first two years, every two years thereafter.

¹³ Due to the limited investment capacity and funds available to the Children's Service Fund, the organization has decided to focus solely on the limited number of factors which are known to influence the lives of children and youths in negative ways. While inevitably not addressing other problem areas, this approach will enable the Children's Service Fund to be effective in addressing aspects of the root causes of some of the most urgent problems facing children and youths in St. Louis County. The tentatively selected problem areas are listed in Objective 3a, Objective 3b, and Objective 3c. *Based on the updated needs assessment, however, modifications to this list may be made.*

Objective 4a: To identify the children and youths that the Children's Service Fund will not support directly.

Objective 4b: To identify potential strategic partners (among existing service providers), which can offer services to the children and youths not served by the Children's Service Fund.

Objective 4c: To recruit strategic partners based on identified selection criteria.

Objective 4d: To define and implement a framework for managing strategic partner relationships.

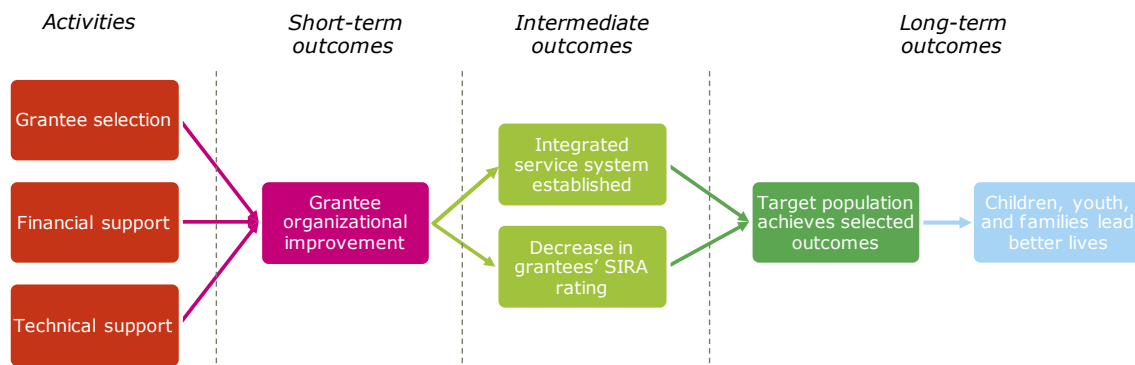
St. Louis County Children's Service Fund's Theory of Change – A Blueprint for Bringing its Strategy to Life

This section discusses the Children's Service Fund's target domain, the outcomes for which it holds itself accountable for achieving, and the operations through which it intentionally drives towards the achievement of these outcomes. It also outlines the performance management system that the Children's Service Fund must implement to be successful in its day-to-day operations and in achieving its desired outcomes.

The mission of the Children's Service Fund calls for it to improve the lives of children and their families in St. Louis County. To achieve this outcome, the Children's Service Fund believes that a number of long-term, intermediate, and short-term grantee outcomes must be achieved, associated with the performance of its grantees and the children and youths they serve.

The essence of this theory of change is displayed in Figure 2, the details of which are explained below.

Figure 2. The Children's Service Fund's Grantee Outcome Map



Target Domain

The Children's Service Fund's target domain consists of two distinct populations: The grantees it supports (i.e. the direct clients of the Children's Service Fund) and the children and youths who benefit from the services provided by its grantees (i.e. its target population).

Grantee Selection Criteria

The grantees supported by the Children's Service Fund:

- Are public or 501(c)3 entities
- Are licensed or accredited, where appropriate
- Are financially sound
- Provide at least one of the prevention services and/or services falling under the Children's Service Fund's service domain¹⁴
- Serve, wholly or in part, the children and youth that make up the Children's Service Fund's target population¹⁵
- Demonstrate leadership commitment to program effectiveness¹⁶

¹⁴ In accordance with the Missouri Revised Statutes, services may include: 1) Temporary shelter for abused, neglected, runaway, homeless or emotionally disturbed youth; respite care services; and services to unwed mothers; 2) Outpatient chemical dependency and psychiatric treatment programs; counseling and related services as a part of transitional living programs; home-based and community-based family intervention programs; unmarried parent services; crisis intervention services, inclusive of telephone hotlines; and prevention programs which promote healthy lifestyles among children and youth and strengthen families; and 3) Individual, group, or family professional counseling and therapy services; psychological evaluations; and mental health screenings (Chapter 210, Child Protection and Reformation, Section 210.861, August 28, 2008).

¹⁵ If a service provider does not exclusively serve the target population defined by the Children's Service Fund, the Children's Service Fund will only select the service provider as a grantee on the condition that all support provided will be reserved for children falling within the Fund's target population.

¹⁶ *The Children's Service Fund will further specify this criterion and determine the data sources needed to assess it.*

- Demonstrate commitment to helping design and then adopting the Children's Service Fund's:
 - Universal screening assessment for children and youths¹⁷
 - Uniform outcomes
 - Data sharing practices
 - Partnership (system integration) focus
- Demonstrate adequate organizational depth:
 - Adequate management and staff competencies to provide services reliably and sustainably
 - Sufficient capacity for high quality, and effective service delivery
 - Appropriate scope of authority in key positions
- Meet the Children's Service Fund's due diligence criteria

Target Population

The children and young people targeted by the Children's Service Fund's grantees:

- Live in St. Louis County
- Are ages 0-19¹⁸

In addition to these demographic characteristics, the children and young people served by the Children's Service Fund's grantees in all services other than prevention must be considered at-risk, which for the purpose of selecting its target population, the Children's Service Fund defines as children and youth with at least one of the following baseline characteristics:

- Children and youth experiencing mental, emotional, or behavioral symptoms
- Children and youth experiencing substance abuse symptoms
- Children and youth who are victims of abuse or neglect, or at risk for such
- Children and youth have been traumatized
- Children and youth who are pregnant or teen parents
- Children and youth who are homeless
- Children and youth who are aging out of foster care.

Social Investment Outcomes

For the purposes of performance management, outcomes are:

- Measurable, socially significant, relatively *enduring changes* (e.g. in skills, attitudes, behavior, or life situation)

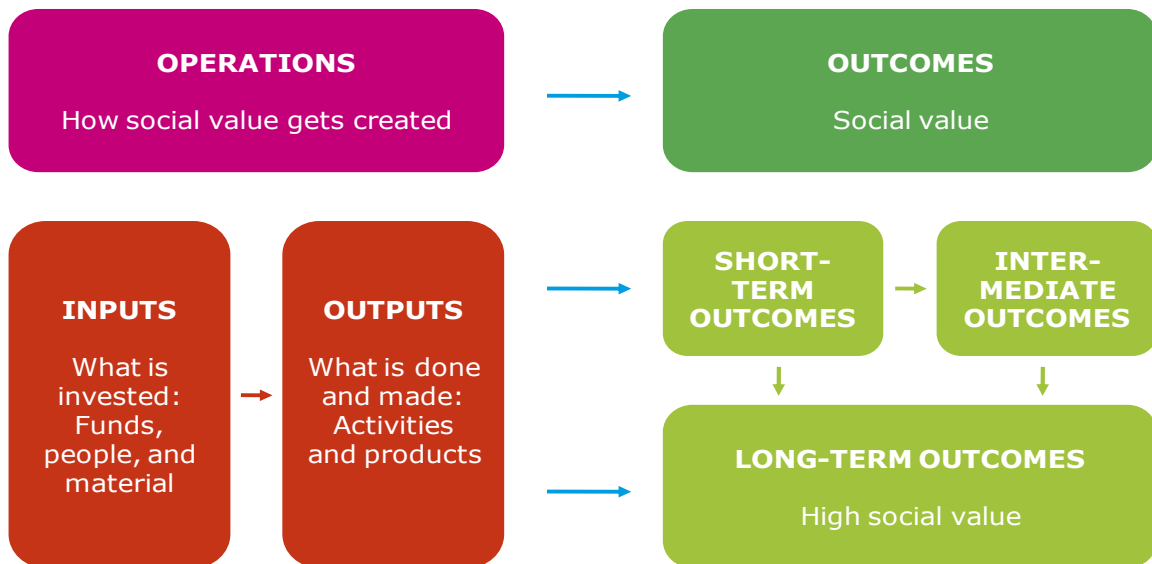
¹⁷ *The Children's Service Fund will design this assessment based on the target population criteria established in this section of the document.*

¹⁸ In accordance with the Missouri Revised Statutes, the services funded by the Children's Service Fund will not support persons twenty years of age or above (Chapter 67, Political Subdivisions, Miscellaneous Powers, Section 67.1775, August 28, 2008).

- that are *linked to intentional efforts*
- which the organization *measures and monitors*,
- which it uses as *continuous feedback to adjust its efforts*, and
- for the achievement of which it holds itself and its staff *accountable*.

Figure 1 below illustrates the contributions of organizational resources, operations and products (outputs), short-term outcomes, intermediate outcomes, and long-term outcomes to the Children's Service Fund's social value. It makes the point that *while one budgets for outputs, one manages for outcomes*.

Figure 1. The chain of social value creation



The extent to which the Children's Service Fund is successful in achieving the outcomes it intends to produce through its investments are measured through three sets of outcome indicators: Grantee outcomes (Table 1), outcomes for children and youths (Table 2 and 3), and aggregated investment outcomes (Table 4).¹⁹

¹⁹ *For all outcome indicators, the Children's Service Fund will identify baselines and establish relevant performance standards (targets).*

Grantee (Organizational) Outcomes

Grantee outcomes are the outcomes for the achievement of which the Children's Service Fund will hold itself and its grantees accountable. They are the building stones of the Children's Service Fund's overarching mission. Each grantee's progress will be monitored, and all of the Children's Service Fund's portfolio managers will be accountable for taking the steps required to get each of the grantees in their portfolio to these outcomes.

Table 1 summarizes the grantee outcomes and corresponding outcome indicators

Table 1. Grantee (organizational) outcomes

Grantee outcomes	Indicators
Short-term outcomes	
Organizational improvements related to improved service delivery achieved	- Demonstrated achievement of all organizational improvement goals (as itemized in the grantee's organizational improvement plan)
Intermediate outcomes	
Increase in grantee performance Decrease in social investment risk	- Higher Performance Assessment Tool score (per PAT) - Lower risk rating on all six SIRA indicators (per SIRA – may not be implemented in year 1)
Long-term outcomes	
Better outcomes for children	- Growth in the number and percentage of the children and families served by the grantee who achieve desired outcomes (measured by grantee and tracked in grantee's performance management data system)

As documented in this report, the Children's Service Fund holds itself accountable for achieving outcomes for its grantees, but does so as a means to improve the lives of members of its target population. For this purpose, the Children's Service Fund has established a set of **outcomes for children and youth served by its grantees**.

- *Participant outcomes:* Outcomes achieved for each individual in the target population, as a result of homelessness and child abuse / neglect intervention services supported by the Children's Service Fund (see Objective 3b).

All service providers accepting a grant from the Children's Service Fund will be required to make a commitment to designing and delivering programs aimed towards achieving

these outcomes, and will be accountable to the Children's Service Fund for delivering outcomes.

Table 2. Participant outcomes for children and youths

Participant outcomes	Indicators ²⁰
Sufficient level of functioning	<ul style="list-style-type: none"> - Improved school engagement and performance - Enrollment in job training, college, vocational training, <i>or</i> employment - Positive relationship with family members / caregivers - Adequate social intelligence skills - Positive relationships with pro-social peer groups (based on GARF)
Well-being	<ul style="list-style-type: none"> - Babies are born of healthy weight - No pregnancies (or, if pregnant or parent prior to program enrollment, no repeated pregnancies) during teen years - Improved parenting skills - No out-of-home placements - Adequate life skills
Free of the expression of mental health and/or substance abuse symptoms ²¹	<ul style="list-style-type: none"> - Adequate knowledge about substance abuse and/or mental health issues - Reduced expression of DSM-IV TR Axis I diagnosis symptoms, such as depression, anxiety, ADHD, PTSD, phobias, conduct disorder, bipolar disorder, schizophrenia, and substance abuse - Adequate self-management skills - Adequate risk-management skills to avoid engaging in risky behaviors - No law enforcement involvement - Positive self-concept

Ultimately, the Children's Services Fund wants to see change for the better at the population level for the county's residents. Hence it has adopted the following **population-based outcomes for children and youths**, which are specified in Table 3.

- **Community prevalence outcomes:** Community-wide outcomes achieved as a result of the teen pregnancy / parenthood and suicide prevention programs supported by the Children's Service Fund.

²⁰ *The Children's Service Fund will identify appropriate measurement methods for all indicators, and further qualify indicators where necessary.*

²¹ The Children's Service Fund will focus on DSM-IV TR Axis I Diagnoses, and not Axis II developmental disorder diagnoses.

Table 3. Community prevalence outcomes

Community prevalence outcomes	Indicators
Decrease in prevalence of teen pregnancies / parenthood in St. Louis County	- Decrease in community prevalence of teen pregnancy /teen parenthood (based on Kids Count data)
Decrease in prevalence of suicide in St. Louis County	- Decrease in community prevalence of child and teen suicide (based on DMH data)
Decrease in prevalence of child abuse/neglect	- Decrease in community prevalence of child/abuse neglect (based on Kids Count data)
Decrease in prevalence of homelessness	- Decrease in community prevalence of youth homelessness (TBD)
Decrease in prevalence of substance abuse	- Decrease in community prevalence of youth substance abuse (TBD)

The outcomes presented in Table 1 and Table 2 are all essential contributions to the social value produced by the Children's Service Fund. Nevertheless, they are not aggregated investment outcomes, and as such they do not provide simple indications as to whether the Children's Service Fund is successful in its social investing.

For this reason, the Children's Service Fund has established a set of **aggregated investment outcomes** (Table 4) which the organization as a whole will hold itself accountable for achieving, and which, associated with the outcomes listed in Table 3, ultimately define the value of its investments.

Table 4. Aggregated investment outcomes

Aggregated outcomes	Indicators
Decrease in social investment risk	- Number and percentage of grantees with decreased social investment risk
Increase in positive outcomes for children and youth	- Growth in number and percentage of children served by grantees who achieve positive outcomes
Decrease in county-wide children and youth service gap	<i>To be determined upon completion of gap analysis.</i>
Increase in effective service capacity for children and youths in St. Louis County	- Growth in active service slots ²² - Growth in number and percentage of children participating in active service slots

²² We define an active service slot as a child who is receiving services with the type of service needed, and in the dosage and duration needed, to reach the desired positive outcome for the child.

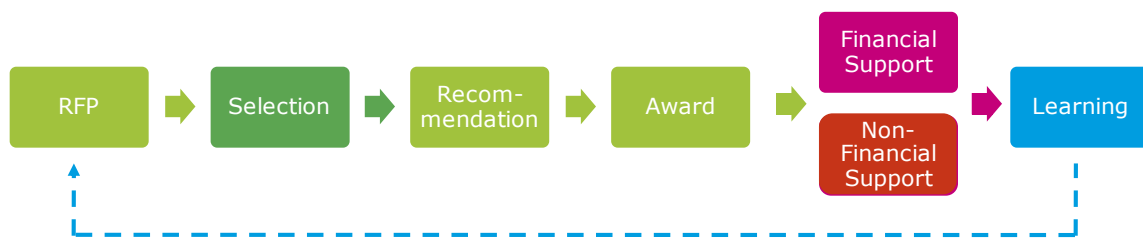
Children's Service Fund Operations

The Children's Service Fund is a grantmaking organization dedicated to improving the lives of children, youth, and families in St. Louis County by strategically investing in the creation and maintenance effective and high quality mental health and substance abuse services.

As such, the Children's Service Fund centers its day-to-day operations around the key stages of the social investment process, from preparation of Requests for Proposals (RFPs) to actual delivery of financial and non-financial supports to the service providers it has decided to invest in.

Figure 3 illustrates the iterative process that forms the core of the Children's Service Fund's work.

Figure 3. The Day-to-Day Operations of the Children's Service Fund



Each stage of the Children's Service Fund's operations is described in the following sections.

Requests for Proposals

The Children's Service Fund's process of social investing starts with the drafting and issuing of a RFP, which spells out the proposal, selection and award process and the grantee eligibility and selection criteria to prospective applicants.²³

The RFP package will include a standardized proposal submission form²⁴ that must be completed by all interested service providers, with a complete list of supporting evidence to be included with the completed proposal form (see description below).

Grantee Selection

²³ *Based on data and an assessment of its staff capacity in the course of the annual work cycle (including the number of hours required to complete each due diligence process), the Children's Service Fund will make a decision on the timing and frequency of RFPs.*

²⁴ *To be developed by the Children's Service Fund.*

Based on the proposals received in response to the RFP, the Children's Service Fund will select its grantees through a two-stage selection process:

1. Review of proposals
2. Due diligence of short-listed agencies

Through this two-stage process, the Children's Service Fund will ensure that all information necessary to make high-quality investment decisions will be collected and reviewed, while at the same time keeping the transaction costs associated with the proposal and selection stages low for both prospective grantees and the Children's Service Fund.

Stage 1: Review of proposals

The Children's Service Fund will review all proposal submission forms and supplementing evidence submitted in response to the RFP with a view to determine whether the service provider meets the criteria established to get on the shortlist for further due diligence.²⁵

The proposal submission form completed by interested service providers must include basic information about the organization as well as brief descriptions of:

- The services for which the provider seeks support
- The population that these services target
- Program outcomes, and what is done to ensure program effectiveness
- The organizational competencies and capacities supporting success in helping service participants achieve outcomes

Supplementing evidence reviewed at this stage of the selection process will include the candidates':

- Federal 990 (two most current years)
- License or accreditation, where appropriate
- Financial reports, audits, and management letters (two most current years)

At this stage of the selection process, candidates must commit themselves to participating in the development and operation of the Children's Service Fund's integrated service system. This includes a commitment to adopt the use of a uniform enrollment assessment, uniform outcomes, data sharing practices, and a focus on strategic partnerships.

Stage 2: Due diligence

²⁵ The selection criteria will be a simple list of pass/fail criteria in order to enable the Children's Service Fund as objectively as possible to determine the eligibility of each candidate. Prospective service providers must pass all criteria in order to be shortlisted. *A complete list of selection criteria will be spelled out by the Children's Service Fund, based directly on the grantee characteristics defined in the Target Domain section of this document.*

All short-listed service providers will be subject to a thorough due diligence process designed to help the Children's Service Fund to determine their investment qualifications. For successful candidates, the due diligence data will be used as a baseline against which organizational progress can be measured.

The due diligence of each service provider will consist of two, possibly three, separate assessments. The implementation of the SIRA may not be feasible in year 1; however, the PAT will be used to measure performance baselines and progress.

1. Performance Assessment Tool (PAT)
2. Social Investment Risk Assessment (SIRA)
3. Financial Analysis Tool (FAT)

The Social Investment Risk Assessment will be carried out using the Social Investment Risk Assessment Protocol (SIRA) developed by Hunter Consulting, LLC.²⁶ The tool consists of six indicators that should be looked at closely when a social investor is attempting to determine the likelihood that an organization is able to generate social value reliably and sustainably.

The portfolio managers of the Children's Service Fund will assess the six indicators²⁷, based on a number of data sources:

- On-site interviews with relevant staff and management representatives of the service provider²⁸
- Desk review of available documents, including the service provider's:
 - Management reports (two most current months)
 - Board minutes (most current set)
 - Annual Report (most current year)
 - Personnel policy and procedures manual
 - Competency-based job descriptions
 - Accountability framework
 - Supervision procedures
 - Performance review process, including performance review forms
 - Data manual
 - Performance management reports
 - Evaluation reports (all available)
 - External awards (if any)
 - List of funders
 - Website
 - Most recent successful grant application / government contract

²⁶ The most recent version of the Social Investment Risk Assessment Protocol can be downloaded from Hunter Consulting's website (http://www.dekhconsulting.com/funder_services).

²⁷ *The Children's Service Fund will provide training for all portfolio managers who will be responsible for conducting the PAT and SIRA in order to ensure a consistently high quality and inter-rater reliability.*

²⁸ The Social Investment Risk Assessment Protocol includes a complete list of staff and management representatives to be interviewed for the SIRA assessment.

Based on an assessment of the above data sources, the portfolio manager will determine whether the social investment risk associated with provider is high, medium, or low.

The Children's Service Fund will also conduct a Financial Analysis aimed to determine the financial health and sustainability of the candidate agency. The Financial Analysis will be conducted using the Financial Analysis tool developed by the Children's Service Fund for this purpose. The Financial Analysis will take the form of a document review, based on the following documents:

- Outside Audit Report, including the Auditor Opinion, comments, and notes (two most current years)
- Management Letter prepared by the outside Auditor (two most current years)
- Federal 990 (two most current years)
- Budget (two most current years)
- Financial Report (two most current years)
- Available financial policies and procedures
- Description of software programs or methods used for supporting the financial activity and recordkeeping

The Financial Analysis will be carried out by the Children's Service Fund's Comptroller, and the findings of the Financial Analysis will be shared with the portfolio manager in charge of the relevant due diligence process; together they will make a joint investment recommendation.

The Children's Service Fund will offer briefings to all unsuccessful candidates, in which the portfolio manager will discuss the findings of the PAT, Financial Analysis and/or SIRA to provide a clear and comprehensive justification for the rejection.²⁹ This will provide these organizations with a diagnosis that they can use to develop improvement plans that, ultimately, make them good investment candidates.

Investment Recommendation

The Children's Service Fund will recommend successful candidates for investment to its Board of Directors.

Each investment recommendation will be presented to the Board in an Investment Recommendation document³⁰ that gives:

- A brief description of the service provider
- A summary of the due diligence review and ratings

²⁹ *The Children's Service Fund will develop a Letter of Rejection template, including a section summarizing the basis of the decision.*

³⁰ *The Children's Service Fund will design a standardized template for the Investment Recommendation Letter.*

- A description of the contribution that proposed grantee and the investment will make to the Integrated Service System
- The proposed grantee's expected outcomes for children and youths
- A number of children and youths expected to achieve these outcomes
- A recommended financial investment amount
- A recommended period of investment³¹
- Proposed performance milestones triggering payments³²
- Diagnosed organizational weaknesses that need to be addressed through non-financial support.

The Executive Director, the Director of Programs and Performance, and the relevant portfolio manager will all sign off on investment recommendations presented to the Board.³³

Letter of Award

Whenever a positive investment decision, the Children's Service Fund will draft a Letter of Award to the successful candidate.

The Letter of Award will include descriptions of:

- The Children's Service Fund's obligations to the grantee:
 - Provision of financial support (including investment amount, period of investment, payment schedule)
 - Provision of non-financial supports
- The grantee's obligations to the Children's Service Fund:
 - Agreed upon performance milestones³⁴
 - Timely and accurate performance data submission
- Any investment conditions considered relevant, such as:³⁵
 - Engaging in a Theory of Change process covering the programs funded through the investment
 - Implementing a performance management data system
 - Making program changes considered necessary to achieve desired outcomes

³¹ In line with its investment approach, the Children's Service Fund will only make multi-year investments in service providers.

³² The Children's Service Fund is yet to make a decision on their payment model vis-à-vis future grantees. ***A conclusion on this matter should be reached before the first RFP is issued.***

³³ We furthermore recommend that each investment recommendation is verbally presented to the Board by the Portfolio manager responsible for the investment recommendation.

³⁴ For some agencies, performance milestones will be an outgrowth of the Theory of Change process facilitated later by the Children's Service Fund and will hence not form part of the Letter of Award.

³⁵ The investment conditions (if any) for each grantee will be determined jointly by the responsible portfolio manager and the Director of Programs and Performance of the Children's Service Fund, based on the due diligence process and the type of investment to be made. Investment conditions must be successfully met before payments are released. However, the Children's Service Fund may offer to fund the grantee activities required to meet the conditions.

All Letters of Award must be mutually signed by the Board Chair and Executive Director of the successful agency, and the Executive Director of the Children's Service Fund.

Provision of Financial Support

The Children's Service Fund could make the following types of financial investments in its grantees:³⁶

- Core operating support³⁷
- Categorical program investments in multi-program organizations³⁸
- Financial support for growth in service capacity (including both upfront capital expenditures, such as investments in infrastructure, and operational expenditures)³⁹
- Purchasing of services (e.g. RESBED services)
- Financial support for organizational gap-filling
- Investments in pilot projects
- Investments in program evaluations and studies
- Investments in technology (e.g. performance management data systems)

Provision of Non-Financial Supports

In parallel with its financial investments, the Children's Service Fund will also provide a range of non-financial supports to its grantees. This investment approach is a result of the organization's theory of change, according to which all grantees need to gradually improve their organizational capacities, competencies, and performance to be able to deliver the desired outcomes for the children and young people in St. Louis County. In line with this theory, the Children's Service Fund has decided to engage actively in the organizational development of its grantees, hereby protecting its financial investments and the social value of its investments for the people of St. Louis County.

The Children's Service Fund will determine the non-financial supports to be provided to a grantee based on the due diligence findings carried out as part of the selection process.

³⁶ *For each investment type, the Children's Service Fund will identify the range of investment size (minimum and maximum amount), duration (min. and max. period of investment), and reporting requirements associated with the specific investment type.*

³⁷ This type of agency-wide financial support is only feasible for grantees whose target population and service areas are fully aligned with those of the Children's Service Fund. For such investments, it is of utmost importance that a meaningful theory of change is established, with appropriate performance metrics for quality, effectiveness, and service utilization attached.

³⁸ In order not to undermine grantees' organizational performance, program-specific investments should always go hand in hand with thorough consideration for the overhead ratio required to keep service delivery effective. *The Children's Service Fund will therefore take steps to establish adequate procedures for determining overhead ratio when making financial investments at the program level.*

³⁹ When designing this type of financial support, we recommend that the Children's Service Fund looks to the websites of the BridgeSpan Group and the Nonprofit Finance Fund for inspiration.

Supports may include:

- Theory of Change workshops for selected programs or (in case of agency-wide support) the entire organization
- Transition management advice
- Technical assistance around continuous quality improvement
- Review of evidence-based practices
- Board and leadership development consultation
- Support to select and learn how to use a performance management data system
- Technical assistance to design and implement a performance management system and develop a results-based organizational culture
- Financial management support.

Depending on the need identified based on the due diligence assessments, some of the above services – such as performance management seminars and financial management seminars – may be offered to groups of grantees.⁴⁰

All non-financial supports determined necessary for a given grantee will be included in the grantee's organizational improvement plan that the grantee will develop in collaboration with the Children's Service Fund's portfolio manager. This will outline all grantee actions, their timing and sequencing, and their expected outcomes vis-à-vis the grantee's performance.

Throughout the investment period, the portfolio manager will be responsible for monitoring and managing the relationship with his or her grantees. This includes:

- Providing, directly or indirectly, non-financial supports as prescribed by the grantee's organizational improvement plan
- Tracking the grantee's progress on outcomes through the developed performance metrics
- Making adjustments to the organizational improvement plan when necessary
- Addressing sentinel events⁴¹.

Learning

To ensure that its operations are of the best possible quality and produce the intended outcomes, the Children's Service Fund will design and implement a learning plan that enables its staff to continuously and consistently utilize performance data to adjust and improve its operations.

⁴⁰ *The Children's Service Fund will make a decision as to whether to "build or buy" each of the listed non-financial services. To the extent that services will be provided by staff of the Children's Service Fund, this should be reflected in the relevant staff's competency-based job descriptions and capacity development plans. Where non-financial services will be provided to grantees by an external provider, a list of relevant providers known to deliver services should be identified.*

⁴¹ *The Children's Service Fund will develop a set of procedures for portfolio managers on how to manage the different aspects of the relationship with their grantees.*

Performance Management

The previous sections of this document present the theory of change developed by the staff of the Children’s Service Fund and members of its Board of Directors during a four day long theory of change workshop.

In order for this theory of change to serve its intended purpose of creating a tightly aligned, high performing organization, it must be supported by a strong framework for performance management by the Children’s Service Fund. The following sections outline the key tasks ahead in doing this.

Building a robust framework for performance management

Building a strong framework for performance management is a comprehensive task that will be ongoing throughout the first years of the organization's existence. The Children's Service Fund has identified a number of specific success criteria for each of the organization's staff positions, and has specified how each will contribute importantly to establishing a strong framework for performance management.

Table 5 summarizes the success criteria for all management and staff of the Children's Service Fund.

Table 5. Management and staff success criteria for 2010

* Each staff member will also have an Individual Performance Plan (IPP) which includes a complete listing of performance goals, objectives, and targets. The staff member will be evaluated against these goals annually, with progress reports conducted quarterly.

Position	Success criteria for 2010 *
Executive Director	<ul style="list-style-type: none"> - Successful disbursement of first year's funds according to established grantee selection criteria and disbursement timeframe - Positive report card from County COO - Success in maintaining communications and relationship with the Board of Directors⁴²
Director of Programs and Performance	<ul style="list-style-type: none"> - Create and maintain effective allocation process - Recruitment of portfolio managers with right competency profiles⁴³

⁴² *In order to maintain a strong relationship between the Executive Director of the Children's Service Fund and its Board of Directors, the Executive Director and the Board of Directors will establish a set of report indicators such as a Balanced Scorecard (partly based on the outcome indicators established in this document) on which the Executive Director will report to the Board in each Board meeting.*

⁴³ *The Children's Service Fund will create a competency-based job description for portfolio managers in light of the significant responsibility given to portfolio managers for managing the relationships with*

	<ul style="list-style-type: none"> - All portfolio managers and data/information manager perform as required (see below)
Portfolio Managers	<ul style="list-style-type: none"> - Grantee selection processes are of high quality - Relationships with grantees are on-track⁴⁴ - Grantees' progress on established outcomes is on track
Data and Information Manager	<ul style="list-style-type: none"> - An internal performance management data system has been selected, customized to the organization's needs, and implemented successfully - All staff members are trained in the use of the system - An external performance management data system has been selected, customized to the organization's needs, and implemented successfully - A data manual specifying data integrity standards has been developed - Representatives of all grantees have been trained in the use of the system - Data on all agreed outcome indicators and quality indicators are easily accessible to relevant users - Data are reported in appropriate formats to the community (e.g., through website, annual performance reports, Board presentations, etc.)
Comptroller	<ul style="list-style-type: none"> - Adjustment and successful implementation of Financial Analysis tool for use in due diligence - Successful audit with control parameters in place for both internal and external processes - Selection of audit firm
Administrative and Data Assistant	<ul style="list-style-type: none"> - Design of appropriate office processes supporting the organization's performance framework

Accountability framework

In addition to the success criteria established for each team member for the Children's Service Fund's first year in operation, all management and staff members of the organization will continue to be accountable for driving outcomes for grantees and their target populations in the areas outlined in this document.

grantees. All portfolio managers should as a minimum have a master degree, solid knowledge of the nonprofit sector, in-depth knowledge of the child mental health area, analytical competencies (necessary to systematically conduct due diligence processes). In addition, a high level of credibility and professional maturity will be required to successfully drive grantees to outcomes. If portfolio managers will be expected to run theory of change processes with grantees, change facilitation skills and a significant level of knowledge of performance management will moreover be required.

⁴⁴ *The Children's Service Fund will design a Likert scale for the levels of engagement of grantees (ratings on the Likert scale will range from 1=Unengaged to 5=Proactively seeking technical support from the Children's Service Fund), on which the status on each portfolio manager's relationship with each of the grantees in his or her portfolio is tracked.*

For this purpose, the Children's Service Fund will develop and implement an accountability framework covering all staff in the organization. The accountability framework will serve to create a sustained focus on the performance at all levels of the organization (including the use of staff incentives), and will enable the Board of Directors / Executive Director / Director of Programs and Performance to identify problem areas and take early corrective actions.

The Children's Service Fund's accountability framework will include the following:

- **Board meetings** (see above)
- **Weekly team meetings:** Joint review of the Children's Service Fund's organizational performance, led by the Executive Director.⁴⁵
- **Weekly supervision meetings:** The Director of Programs and Performance and each portfolio manager jointly review the performance of each grantee on his or her caseload, and the efforts made by the portfolio manager to drive up performance; decisions are made on any additional efforts or supports deemed necessary to move the grantee to the desired outcomes.⁴⁶
- **Annual performance reviews:** Individual reviews of all staff members' performance. Based on the review, an individualized professional development plan will be developed in order to restore or improve performance in weak performance areas.⁴⁷

Performance Management Data System

A performance management data system provides the essential basis for an effective accountability framework, by providing the right information to the right people at the right time, thereby enabling the organization to drive the achievement of outcomes.

A well designed, implemented and utilized performance management data system provides all the data an organization needs to manage effectively and efficiently, drive up quality and produce desired outcomes. Of course, at some point it may be desirable to conduct external formative and summative evaluations to test the degree to which the organization's outcomes are in fact the attributable results of the organization's efforts.⁴⁸

⁴⁵ *The Children's Service Fund will develop a set of procedures guiding the weekly team meetings, including a standard agenda for the meetings and a process for taking actions on weak performance areas.*

⁴⁶ *The Children's Service Fund will develop a set of procedures guiding the weekly supervision meetings, including a standard agenda for the meeting and a process for taking actions on weak performance areas.*

⁴⁷ *The Children's Service Fund will develop a framework for performance reviews, including a list of areas to be reviewed and a template for the professional development plan.*

⁴⁸ This matter is discussed in some detail in the article "Daniel and the Rhinoceros" that can be found on the Hunter Consulting LLC website (dekhconsulting.com).

When designing its performance management data system, the Children's Service Fund should pay attention to:

- **Data quality and integrity:** Ensuring that data are entered consistently and accurately, and in a timely manner.
- **Target population:** Monitoring to ensure that the identified target population is reached.
- **Program codification:** Standards for knowing that each program is implemented the way it should be (implementation standards), and is being delivered as intended to members of the target population (performance standards).
- **Program quality:** Ensuring that the program is implemented at the level and quality believed to be necessary in order to achieve outcomes and with consistency across sites, staff and over time.
- **A focus on outcomes:** Reviewing whether progress is made toward outcomes.
- **Relating efforts to outcomes:** Tracking and managing staff activities with the intention of improving the degree to which targeted outcomes are achieved.

Implementation Steps: The Basic If-Then Hypotheses of St. Louis County Children's Service Fund's Theory of Change

The previous sections of this Report provide the context for understanding the “if-then” statements or hypotheses that comprise the theory of change that the Children's Service Fund has adopted to be of social value and succeed in meeting its mission, goals, and objectives (see below). Whereas so-called program logic models narrowly detail the elements of specific programs and the standards for implementing them, and also make clear what outcomes they are intended to provide for which participants, the theory of change developed in this Report looks at the entire organization and asks what features it needs to be able to do its programmatic work reliably, sustainably, at high levels of quality, effectively, and efficiently.

Of course, a theory is inherently abstract. It cannot be implemented or tested directly. But its hypotheses can be made operational – and hence testable. This will happen naturally as the Children's Service Fund takes the following steps and keeps track of the pertinent data to optimize their utility and test their validity.

Organizational Improvement and Capacity Building

If the Children's Service Fund completes its developmental work in the following areas...

A. Board of Directors

1. Design a format (structure, content, frequency) for reporting to the Board of Directors.
2. Establish indicators for the Executive Director's regular reporting to the Board of Directors.

B. Organizational Structure, Culture and Alignment

3. Finalize and implement an organizational structure that will optimize the ability of the Children's Service Fund to implement its investment approach and carry out its day-to-day operations.

C. Human Resources

4. Create competency-based job descriptions for portfolio managers.
5. Recruit portfolio managers with the right set of competencies.
6. Review and, where necessary, revise competency-based job descriptions for all other positions.
7. Institute hiring practices that include the assessment of candidates' competencies in relation to the position they are seeking.
8. Implement annual performance reviews specifically targeting position-based competencies.
9. Implement individualized staff development plans that target competencies needing improvement.
10. Develop and implement an accountability framework, including its use for staff performance assessment.

D. Performance Management

11. Specify outcome indicators for all outcomes.
12. Identify appropriate measurement methods for all outcome indicators.
13. Identify baselines and establish performance standards for all outcome indicators.
14. Select and implement an internal performance management data system.
15. Roll out full utilization of the data system to all portfolio managers and the Director of Programs and Performance.

16. Track and use service utilization and portfolio manager effort data to learn about what it takes to move grantees to the outcomes targeted in their organizational improvement plans.
17. Engender a results-driven organizational culture.
18. Institutionalize vertical and horizontal transparency regarding performance within the organization.
19. Foster commitment from all participating service providers to be held accountable to uniform key metrics.
20. Select and implement (or support the implementation of) cross-cutting data system for managing service providers' performance.
21. Develop and implement data integrity standards (i.e., completeness, accuracy, and timeliness of data entry), and locate accountability for data entry.
22. For each grantee, develop and implement expectations of different staff levels regarding their use of data (including standardized reports) to review the quality and effectiveness of those part(s) of the organization for which they are responsible, and to design and implement appropriate corrective plans where performance does not match expectations.
23. Draft a data manual specifying use of the performance management data system.

...then the Children's Service Fund will have the organizational capacity to manage performance at a high level.

Effectiveness and Quality of Operations

If the Children's Service Fund executes the following...

24. Select the integrated service system model that the Children's Service Fund will apply.
25. Design and implement the selected integrated service system.
26. Conduct a gap analysis to identify service gaps in relevant service areas across St. Louis County.
27. Based on the gap analysis, prioritize the service areas eligible for support according to the governing statute, in order to concentrate support where the need is most compelling.
28. Identify a service provider group to participate in the design of the proposed integrated service system.
29. Make a strategic decision on whether to require uniform service practices across service providers.
30. Identify or design evidence-based programs for prevention of teen pregnancy / parenthood and suicide, and select service providers to implement identified programs.
31. Identify or design evidence-based programs for provision of homelessness and child abuse / neglect intervention services.
32. Identify or design programs for provision violence and substance abuse intervention services, and to select service providers to implement identified pilot programs.

33. Identify the children and youths that the Children's Service Fund will not support directly.
34. Identify potential strategic partners, which can offer services to the children and youths not served by the Children's Service Fund.
35. Recruit strategic partners based on identified selection criteria.
36. Define and implement a framework for managing strategic partner relationships.
37. Based on the target population criteria established, design a uniform enrollment assessment for the target population.
38. Make a decision on when and how often to issue RFPs.
39. Develop a standardized proposal submission form as part of the RFP package.
40. Develop a grantee Performance Assessment Tool (PAT) and ranking system (with clear pass/fail thresholds) based on established grantee selection criteria.
41. Train all portfolio managers in use of the PAT and SIRA tools.
42. Pilot-test the Financial Analysis Tool.
43. Establish thresholds determining the risk level acceptable for candidates to be considered successful in the due diligence process.
44. Establish a process for third party interview of prospective grantees.
45. Design a format for investment recommendations.
46. Develop a Letter of Rejection template, including a section providing an organizational diagnosis and summarizing the basis of the decision.
47. Develop a framework for tracking transaction costs and outcomes of the grantee selection process.
48. Establish adequate procedures for determining overhead ratio when making financial investments at the program level.
49. Determine which fund disbursement model to apply for payments to grantees.
50. Identify the range of investment sizes (min. and max. amount), durations (min. and max. period of investment), and reporting requirements associated with the established investment types.
51. Determine which non-financial supports can and cannot be provided by Children's Service Fund staff.
52. Make a decision as to whether to "build or buy" each of the listed non-financial services.
53. Design a Likert scale to track grantees' levels of engagement.
54. Define and specify the relationship between the Children's Service Fund's portfolio managers and its grantees (content, style, intensity, duration, etc.)
55. Develop a set of procedures to guide the weekly team meetings, including a standard agenda for the meetings and a process for taking actions on weak performance areas.
56. Develop a set of procedures to guide weekly portfolio managers' supervision meetings, including a standard agenda for the meeting and a process for taking actions on weak performance areas.
57. Develop and drive an organizational learning plan.

...then the Children's Service Fund will have robust, effective programming that will be able to deliver client outcomes as intended.

The Path Forward

This document captures and formalizes the key decisions that the Children's Service Fund reached in a vertically integrated team in a four day of Theory of Change Workshop. Its leaders recognize the great challenges that implementing all the changes called for in this document will pose. But they also know that doing so successfully is mission-critical.

Within the next few months, the Children's Service Fund will develop a plan for implementing this Theory of Change. Then it will have reached its next developmental phase and be able to manage its performance with a strong capacity for helping its grantees, and ultimately the children, young people, and families of St. Louis County to achieve the life-enhancing outcomes to which the Children's Service Fund has dedicated itself.

Appendix 1. Defining a Theory of Change

What is a Theory of Change?

Theories of change come in many varieties suited to diverse purposes. A theory of change provides a “bridge” that links an organization’s concrete, daily operations and how it manages performance with its abstract, overarching strategy.

What makes for a good Theory of Change?

Every theory of change addresses at a minimum three areas: (a) the domain(s) where the organization seeks to promote change; (b) the outcomes that it seeks to engender within or on behalf of that domain; and (c) the programs, services, and other interventions that the organization will use within or on behalf of that domain to achieve its outcome objectives. Each area must be specified clearly and codified to allow the organization to measure and track its progress toward achieving the outcomes it has selected and to learn about what seems to be working well – and what seems not to be – along the way. This allows for ongoing program management and continuous operational and program improvement.

However, it is futile to think that there is, in the abstract, a single template for a good theory of change. Rather, such a theory's quality and usefulness will depend very much on the organizational context and the uses to which it will be put. Nevertheless, all good theories of change should embody a few simple things. They should be:

- **Meaningful** – It describes the whole organization accurately in ways the key board, executive leaders, managers, and staff acknowledge is accurate and persuasive. And further, it is designed to accomplish something of value, recognizable as such by all interested parties (“stakeholders” both internal and external).
- **Plausible** – If the efforts it describes can be implemented, they are likely to achieve the desired objectives and outcomes.
- **Doable** – It is realistic, taking into account the organization’s capacities in relation to its context or environment. In other words, it describes something that really can be achieved.
- **Testable** – It is made real through a series of testable hypotheses. All elements can be assessed, and all objectives and outcomes are defined using empirically verifiable indicators. And finally,
- **Monitorable** – The theory of change provides a useful framework for the organization to manage its performance and improve and maintain the quality and effectiveness of its programming in an ongoing and sustainable manner.

A good theory of change is a series of linked, testable hypotheses, each consisting of multiple components. These are embodied in the design of its programs and operations, and with a good performance management system can be tested using performance data. When an organization uses a theory of change approach to build its capacities and sustainability, as indicated above it must be Monitorable – ***each outcome and indicator should be useful for tracking and reviewing organizational performance and identifying points of entry for improving on it when necessary.***