Outputs, Outcomes...
and why your product needs a theory of change

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Format

- A little bit of theory
- Interactive case study
- Practical application
- Q + A

Make it explicit
How do you connect the dots?

Make it measurable
How do you recognize and improve?

Make it a story
Are there pictures?
Theory of change:

“As common sense as it sounds, nothing is as practical as a good theory that explains the mini-steps that lead to long-term goals and the connections between outputs and outcomes that occur at each step of the way.”

-Carol Weiss, “Nothing as Practical as Good Theory” 1995
Should you stay for this session?
Stand up if...

1. You have a physical product
2. You have a SaaS product
3. Your product has internal users
4. You sell your product
5. Your product is actually a service
6. You want to have a product someday
7. You care about a product
Sit down if

1. The single, solitary purpose of your product is to make your company $$$

   Give us $  
   We all WIN

This is your theory of change—it’s simple.
Sit down if

1. The single, solitary purpose of your product is to make your company $$$
2. You are the only human involved—your product is made by bots for bots and sold by bots
3. Everyone in your company can draw a visual diagram of the who/why/what/how of your product’s value proposition translates to impact—AND IT WOULD BE THE SAME.
You need a theory of change!!!
# Theory of Change

<table>
<thead>
<tr>
<th>Description</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Describes how outputs lead to outcomes in a measurable way</td>
<td>Maps long-term goals backwards to identify necessary preconditions</td>
</tr>
<tr>
<td>Surfaces assumptions and gaps in logic</td>
<td>A tool for planning, guiding delivery, and evaluating success</td>
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</tbody>
</table>
Minimize outputs

Maximize outcomes
Minimize outputs

Our action: the things we do and have control over

Maximize outcomes

Our impact: the results, value, and impact of our actions
Outcome shaped hole
Start.
Our action
(outputs)

End.
Our impact
(outcomes)
Start.  
Our action  
(outputs)

If we build an app that tells people how to exercise...

Then our users will be super healthy.

End.  
Our impact  
(outcomes)
Start.
Our action (outputs)

If we build an app that tells people how to exercise...

Hope

End.
Our impact (outcomes)

Then our users will be super healthy.

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HelloOlson.com
The Bush Prize for Community Innovation honors and supports innovative organizations with a track record of making great ideas happen.

Community Innovation Grants support communities to use problem-solving processes that lead to more effective, equitable and sustainable solutions.
• There is always an implicit theory of change
• Uncover the threats to our value proposition and realizing our outcomes
• Measure + Adapt
Start.
Our action (outputs)

Assumptions
Risks
Values
Unintended consequences
Gaps in understanding

End.
Our impact (outcomes)
Interactive Product Story

Company: Sell-a-Mortgage

Product: LoanLink: document management tool to sell loans in secondary markets

Customer: Independent mortgage brokers
Interactive Case Story

Company: Sell-a-Mortgage

Product: LoanLink: document management tool to sell loans in secondary markets

Customer: Mortgage brokers, banks, etc.

2 minute time box to choose a product story
What is your core action or product?
Make it explicit

1. What is your core action or product?

2. What are the resources, investments, activities that go into this product?
Make it explicit

1. What is your core action or product?

2. What are the resources, investments, activities that go into this product?

3. What happens as a result?
The Preschool Method
Make it explicit

1. What is your core action?
2. Inputs
3. Results
4. Why?

WHY!

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Make it explicit

Apply the “If this, then that” Test

1. What is your core action?
2. Inputs
3. Results
4. WHY!

WHY?
WHY?
WHY?
If this, then that...

If we do more work, then we will get better results.

Why do we think this? What are the assumptions?
If this, then that...

If we release one new feature each month, then our customers will have a reason to renew their monthly subscriptions.

Why do we think this? What are the assumptions?
If this, then that...

If we tell people about our high quality consumer insights research, then product managers will hire us in early stages of product development.

Why do we think this? What are the assumptions?
If this, then that...

If product leaders tell their peers about our high quality customer insights research, then other product managers will hire us.
If this, then that...

Take 3 minutes to write one “if this, then that” for your product story.

Why do we think this? What are the assumptions?
If we invest in scrum masters and agile coaches,

Then we will be able to build an awesome loan management tool with lots of features.

If we build an awesome tool with lots of features,

Then people will buy it.

If people buy it,

Then they will use it to track, manage, and sell their loans faster.
If users track, manage, and sell their loans faster, then what??

Why does it matter?
If this, then that...

Powerful Questions

- Why do we think this is true? What is the evidence?
- What might be unintended consequences?
- Does this make logical sense? What steps are we missing?
- What are the alternative endings? Are any of these more plausible?
- Where are the gaps in our shared understanding?
- What assumptions are we making? Can we validate this?
Theory of Change

Impact
long-term goals

Outcomes
short-term, mid-range

Outputs

Product

Investments/Inputs

Thanks www.lysydesign.com
Theory of Change

Impact
long-term goals

Outcomes
short-term, mid-range

Outputs

Product

Resources/Inputs

Assumptions/Risks

Assumptions/Risks

Assumptions/Risks
Make it measurable

- Measure outputs + outcomes
- Outcomes with action verbs are measurable
- Look for vital sign indicators
The more metrics you track, the less relevant each one becomes.
Theory of Change

- Impact indicators/metrics
- Outcome indicators/metrics
- Output indicators/metrics
- Outputs
- Product
- Resources/Inputs

- Impact long-term goals
- Outcomes short-term, mid-range
- Assumptions/Risks
- Assumptions/Risks
- Assumptions/Risks
We surveyed our 1,000 users

% who think we are awesome
100%

What about the 10,000 who haven’t opened the app since their first try?

Inspired by lysydesign.com
Vanity metrics not allowed
Learning
changes in knowledge, understanding, skills, practices

Behaving
repeated changes in behavior

Transforming
Changes in condition and/or communities

Short-term outcomes

Mid-range outcomes

Long-term outcomes/impact
Long-term outcomes/impact

Independent brokers increase profits + # of borrowers served (transforming)

Mid-range outcomes

Brokers reduce suspensions from secondary market buyers + score higher ratings (behavior)

Short-term outcomes

Brokers transfer more than 70% of loan volume to LoanLink (learning)
• Make it easy on the eyes
• 1 page visual
• Tell the story all the time

Make it a story
We have no idea what you're talking about

Trust me, it's science
If the employment needs of persons with criminal convictions are addressed at their most vulnerable point—soon after conviction or when they are first released from incarceration—by providing life skills education, short-term paid transitional employment, full-time job placement and post-placement services, they will be less likely to become re-incarcerated and more likely to build a foundation for a stable, productive life for themselves and their families.”

Center for Equal Opportunity, New York City
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GuideStar: Theory of Change

Activities
- Data: Increase breadth, depth, and quality
- Tools: To aid foundations, nonprofits, giving platforms and more
- Reach: Through partnerships with giving platforms, foundations, more
- Thought Leadership: To enable higher understanding of the nonprofit sector through data

User Outcomes
- Donor decisions influenced by data
- Simplified fundraising systems
- Fast learning among nonprofits
- Greater collaboration
- Trust in nonprofit sector
- Supportive policy environment

Field Outcomes
- Quantity: More giving
- Quality: Smarter giving
- Efficiency: Less waste
- Effectiveness: High performance

Metrics: Are we providing what we set out to provide?
Evidence: Is what we’re providing leading to outcomes?
Research: Is there existing research that proves connections between user and field outcomes?
Pitfalls

Confusing accountability with hope
Pitfalls

Creating a mirror, instead of a target
Creating a theory of change that isn’t testable
Pitfalls

Assuming everyone knows this stuff already
A powerful theory of change is dynamic + iterative
THANK YOU!

Let’s be friends

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Share feedback via the Sched App 😊
