A conversation with Evidence Action, December 18, 2017

Participants

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- John de Wet – Chief Financial Officer, Evidence Action
- Leann Bankoski – Senior Manager, Organizational Development, Evidence Action
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Note: These notes were compiled by GiveWell and give an overview of the major points made by Ms. Kanika Bahl, Mr. John de Wet, and Ms. Leann Bankoski.

Summary

GiveWell spoke with Evidence Action staff for updates on a grant that GiveWell recommended to Good Ventures to support strengthening of Evidence Action's operations (https://www.givewell.org/charities/evidence-action/april-2017-grant). Conversation topics included Evidence Action's spending so far, staff reactions to recent organizational changes, and Evidence Action's hiring processes.

General benefits of the grant

The Good Ventures grant has given Evidence Action the flexibility to make investments wherever it sees the need, instead of being constrained by resources. However, it is careful to not use that flexibility to make unnecessary investments, and continues to be thoughtful about how it spends every dollar. For example, even though the grant provided Evidence Action with funding to hire multiple positions in a specific case, the organization chose to consolidate these into a single position to be as efficient as possible.

The grant has allowed Evidence Action to be proactive about focusing on important areas in operations, and to figure out what is needed to properly plan and structure this work. It has also given Evidence Action more operational capacity to provide better support to existing programs and be in a position to expand into new countries.

Spending

Spending so far, compared to expectations

Evidence Action has not detected any potential problems with its ability to achieve the goals it laid out in the grant with the current amount of funding. As of October 2017, Evidence Action had spent almost $340,000, ~13% of the grant. It tentatively plans to spend ~$600,000 in 2018, though the budget is still under development.

Evidence Action has created a budget to plan how it will use the grant for the next two to four years. The internal budget is broken down into five areas:

- Financial strengthening

- Technology systems
- Human resources (HR)
- Special operational needs
- Learning management

Evidence Action has only spent ~50% of what it originally planned to spend for the period so far. It is particularly behind in the areas of learning management and HR, slightly behind on technology systems, and slightly ahead on financial strengthening.

Planning and process development

At the beginning of the grant, Evidence Action invested a significant amount of time in the process of planning and designing the project as well as prioritizing the initial focus areas. This included doing baseline surveys, data collection, and data analysis.

The focus on process development helped Evidence Action be successful in the initial stages of the grant, but it also meant that much of its time was spent on planning rather than on system implementation in the first few months. Now that the process has been established, Evidence Action expects the rates of spending and of output to increase significantly in the next year.

Systems improvements

At the time that the grant was made, Evidence Action was unsure of the costs of some potential systems improvements. It currently expects the current budget to be adequate, but will be better able to assess this in a year, when it has more thoroughly explored the systems requirements.

Sustainability

It is still somewhat early to say if the costs of maintaining the improvements Evidence Action is making under the grant will be sustainable without further dedicated grant funding. This will in part depend on how fast it grows in future years.

Growth

If Evidence Action continues on its current trajectory, it will continue adding new programs and geographies, meaning that it will need to continue to make investments in growth. Though Evidence Action is working to put in place a strong core, there are always variable costs associated with growth. For example, every time Evidence Action enters a new country, it must gain a full understanding of the operating and legal environment, go through a new registration process, meet new legal requirements, and do new safety and security planning.

Indirect cost rates

The Good Ventures grant has increased the importance of financial planning and sustainability for Evidence Action, because it must ensure that, when the grant comes to an end, indirect cost allocations do not rise dramatically to maintain the capacity and systems established under the grant. In order to lower future indirect cost rates, Evidence Action is using the grant to become more efficient and cost-effective in the area of operations; some of its early work in this area will be focused on systemizing existing tasks to increase efficiency.

Consulting work

The grant gives Evidence Action the ability to fund consulting engagements. This is particularly useful where Evidence Action is somewhat capacity-constrained internally but not so capacity-constrained that it needs to hire for a new full-time position.

Evidence Action has found that it is important to keep any outsiders' work narrowly focused, with clear deliverables, because of the time that it takes to familiarize an outsider with the context and requirements for them to perform the necessary work efficiently.

Systems

EA expects to learn more in the next year about what systems improvements may be necessary.

Evidence Action has hired a consultant to integrate its Salesforce (its customer relationship management system) and Intacct (its accounting system), so that there is only one level of data input. There is the potential for integration of other systems as well.

Overhead rates

Many foundations cap overheads for nonprofits at ~15%, or even lower. While Evidence Action has not encountered pushback from donors on its actual overhead rates, a portion of its donor funding does include overhead caps. Some of these caps are simply artifacts of previous grant agreements, which Evidence Action agreed to because it did not know what its overheads were until very recently. Now that Evidence Action has a better sense of its overheads, it is working proactively to ensure that it includes optimal overhead rates wherever there is flexibility with donors.

Evidence Action has hired a Grants Officer, who will review proposals and budgets to be sure that Evidence Action includes all the necessary overhead costs, while also taking into account the various donor caps.

Organizational changes

Changes to financial systems

One of the goals of the grant was for Evidence Action to be able to provide better financial reporting to its current donors. Though Evidence Action has made significant strides on donor reporting, this area is still a work in progress – in 2016 only ~10% of donor reports were submitted on time, while in 2017, ~50% were submitted on time. In addition to improving the timeliness of reports, Evidence Action is also working to improve their quality.

Internal financial reporting has also improved: for the first time, Ms. Bahl has a complete and reliable organization-wide set of financial reports. This allows Evidence Action to identify areas for which it needs to prioritize fundraising – including areas where there either are funding gaps or may be in the future.

Intacct

Evidence Action introduced a new accounting system, Intacct, at the beginning of 2017, but it has not yet fully tapped into its reporting capabilities. Once it has finalized the organization-wide 2018 budget process, it will work to customize and automate the reports on Intacct. This will allow the financial team to spend more time ensuring that the data in the reports make sense, while still getting the reports out sooner.

Senior Grants and Compliance Manager

About two months ago, Evidence Action hired a Senior Grants and Compliance Manager. As a result, Evidence Action has seen significant improvement in the management of the donor reporting process, which consists of both programmatic reports and financial reports.

Reception

<u>Informal feedback from staff</u>

Evidence Action has not yet systematically solicited feedback on the changes to its financial systems, but the informal feedback it has received has been positive. Program leads and other users of the reports now have more confidence in the quality of the reports and are using them more regularly to inform their decision-making.

<u>Staff surveys</u>

In August 2017, Evidence Action conducted a survey of all internal users of financial reports asking about their level of satisfaction with various aspects of the reports, including their timeliness, completeness, and accuracy. On average, responses were fairly negative.

However, Evidence Action has made significant progress on financial reporting since then, and plans to make additional improvements in 2018. Evidence Action will administer the survey again once its Intacct reporting system is running smoothly, which it anticipates will be in the second quarter of 2018.

<u>Donor feedback</u>

Evidence Action has received positive reactions to the improvements in the financial reports that it shares. Recently a major donor cited the strength of the financial information that was presented to them as a reason for a recent donation, and some individual donors have given similar feedback.

Mission, vision, and values (MVV) training

In the past year, Evidence Action has focused more on promoting its mission, vision, and values among staff than it originally anticipated. Evidence Action did not initially intend to include this in its work under the Good Ventures grant.

Evidence Action conducted interactive half-day MVV workshops, which involved breaking staff into small teams and giving them challenges and games, and held a contest in which people voted on who among them best represented Evidence Action's values. The MVV training was Evidence Action's first global, visible staff event.

Reception

Staff reacted well to the MVV work, both because the content was meaningful to them, and because it was presented in a fun and engaging way. The positivity from the MVV training brought Evidence Action carried over and contributed to a positive response when Evidence Action rolled out new HR and IT policies in the following months.

Broad change

Challenges in managing broad change

Evidence Action is working to figure out how to be more effective at organizational change considering how large and geographically spread out it is, and how quickly it is growing. For example, Evidence Action has many offices in many different locations, and when it runs team-building or social events across the whole organization, it must figure out how to keep its messages consistent while also tailoring them for each particular office.

Evidence Action is weighing the costs and benefits of bringing in experts on organizational change to help it navigate these challenges.

Staff surveys

From previous experience, Evidence Action has learned that staff surveys understandably create expectations for change, and wants to be in a position to effectively and rapidly execute on any recommended changes. As such, it has been focused on running surveys only where it is well-positioned to implement timely improvements.

Hiring

The Good Ventures grant has allowed Evidence Action to fill certain key positions. Among other positions, it recently hired a CFO, and it plans to hire an IT manager in 2018.

CFO hiring process

Identifying candidates

Evidence Action hired the former CFO of Results for Development (R4D) as a contractor to provide advice on what characteristics to look for in a CFO.

Evidence Action posted about the job opening on the Chronicle of Philanthropy, the Chronicle of Higher Education, Idealist, Indeed, and LinkedIn, and Evidence Action staff recruited for the position via their internal networks. Mr. de Wet learned about the position by word-of-mouth through his network; he had not seen the position advertised.

Interview process

The interview process was done entirely internally, and consisted of a written exercise and a rigorous set of interviews.

IT manager hiring process

In 2018 Evidence Action will be hiring a new IT manager. The role is somewhat difficult to fill because as Evidence Action's only IT professional, the IT manager must be skilled in and comfortable with both high-level strategic IT planning and work and doing the first level of technical support such as troubleshooting laptop and printer issues.

The IT manager that Evidence Action hired in 2017 made enormous strides during the six months that he held the position. He had to navigate some difficult situations because he was the first person to take on the IT role, but Evidence Action now has a stronger base of policies, and a better sense of the systems and software it uses and of what it needs to focus on, so the new IT manager should be able to build on this foundation and encounter fewer difficulties. In addition, the outgoing IT manager will be on contract for the first few months after the new IT manager is hired, which will make the transition smoother.

Identifying candidates

The position will be posted in the usual locations. It is important that Evidence Action find someone familiar with cloud-based work. It is also looking for someone who has international experience, so that they can work across all of the countries in which Evidence Action works.

Recruitment process

The IT manager recruitment process includes three stages. First, there is a typical initial screen. After this, the outgoing IT manager conducts a technical screen test to assess their background in cloud-based work and global work, and can cover the range from technical frontline support to organizational policy-level work. After the technical screen, Evidence Action has a shortlist of candidates who go through to a panel discussion conducted by the HR department. The interview panel includes a cross section of people in different departments and geographies at Evidence Action who are users of the technology and systems or have some background in IT.

All GiveWell conversations are available at http://www.givewell.org/conversations