#1 Understand the needs	#2 Explore the Idea	#3 Develop the product/ service	#4 Implement the work	#5 Scale the potential

2.3 Plan for impact management

What?

A structured plan for setting your impact goals.

Why?

Most innovators and founders have lots of ideas about the change they wish to create and might create a mission statement outlining their vision, which is great! But by stopping here, purpose-driven founders run the risk of not fully understanding how all the pieces fit together. Without a clear picture of the problem, a plan for how your activities will lead to desired outcomes and how this will be measured - your innovation will never evolve over time.

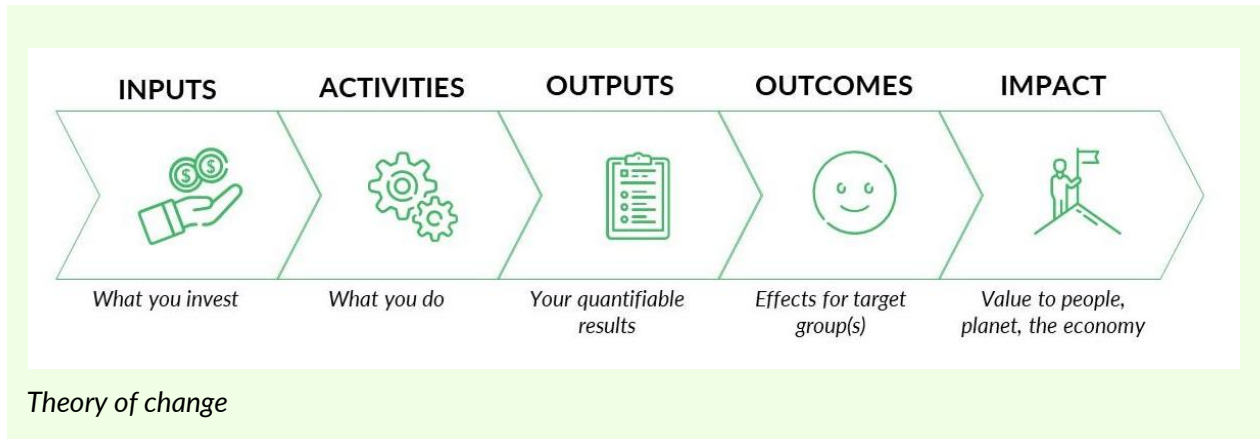By theorizing on, measuring and managing impact you can:

- Follow if your innovation really solves the challenges that you want to address.
- Align your team towards the same vision and mission.
- Give you and your team members valuable insights on what works, and what doesn't, and get indications on what you might have to tweak or gather further evidence on.
- Communicate to your stakeholders that your activities are giving the desired effects.
- Attract funders and investors and allocate resources to be able to scale the activities that are working.

How?

This tool describes the framework Theory of change, sometimes referred to as the Impact Value Chain, which explains how your activities produce a series of results that contribute to achieving the intended impact or outcome.

"Change" is the ultimate vision of societal impact that your organization wishes to create.
A "theory" is simply your idea for how you believe you can make that happen.

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Theory of change

Step by Step!

Through previous steps in the toolbox you probably have a quite clear idea about who your stakeholders are and the current situation for your users. Through observations and user journeys you have a good understanding of what negative effects the focal problem is causing your users.

1. List desired outcomes

Now it's time to "turn the tables" by translating negative effects into positive, desired outcomes. You could do so by converting your problem tree as elaborated on in 1.1 into an "objectives tree" by reformulating causes, focal problem and consequences into short-, medium-, and long-term goals.
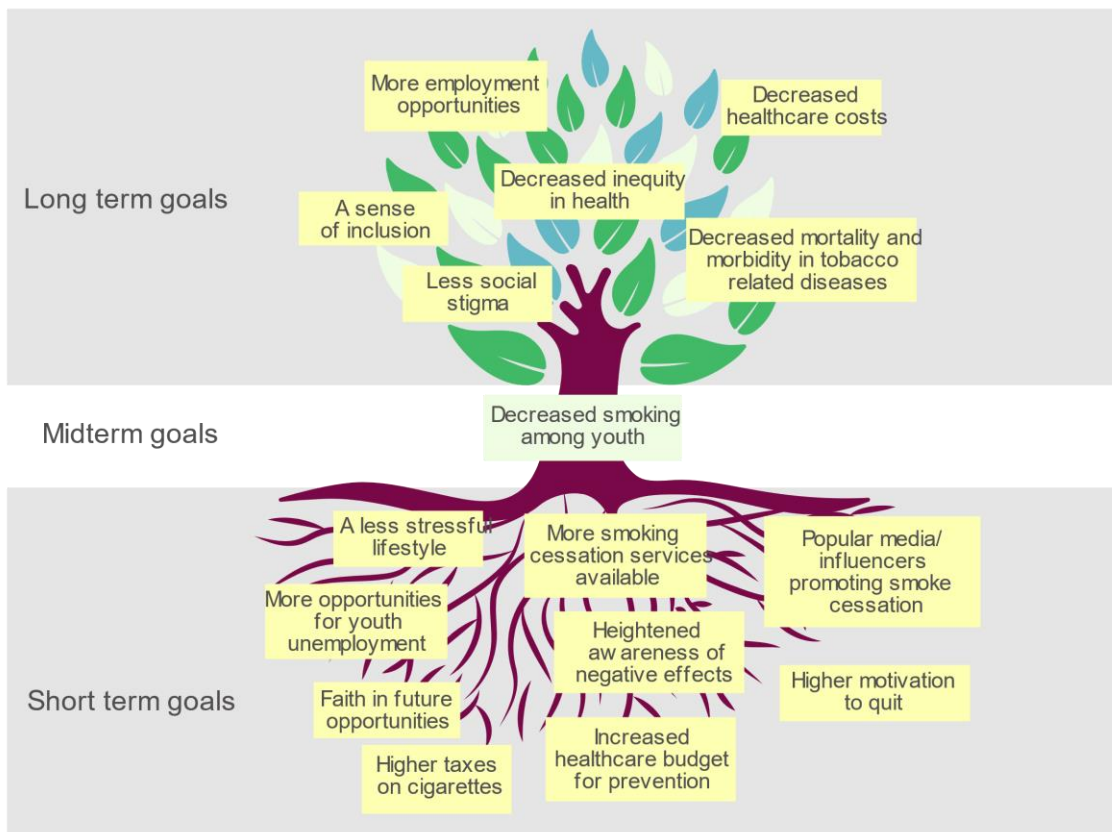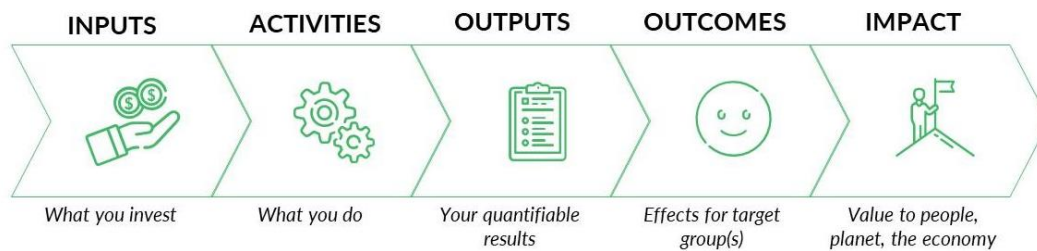

"Objectives tree" example

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Or maybe you have matrix with negative effects sorted by stakeholders, which you can reformulate into desired positive effects.

The end-user/ The patient	The provider/ The implementer	The payer / The system
Pain	Risk	Inefficiency
Complications	Malfunction	Information Gaps
Stress	Uncertainty	Cost
Time and Convenience	Dogma	Loss of data

The end-user/ The patient	The provider/ The implementer	The payer / The system
Reduced pain	Lowered risk of..	More efficient
Redused or eliminated complications	More user friendly	Better coordination between actors/systems
Less stress	Better control	Lowered costs
Time saved Convenient	Leaving "old ways" behind	Better use of data

Example

2. Develop your Theory of Change

When you have a list of desired positive effects it's time to develop your Theory of Change by setting up potential outputs, outcomes and long-term impact goals. Below is an explanation of what each section contains.

INPUTS	ACTIVITIES	OUTPUTS	OUTCOMES	IMPACT
What you invest	What you do	Your quantifiable results	Effects for target group(s)	Value to people, planet, the economy

Inputs
Inputs are all the **resources** needed to make your activities possible, such as *money, people, tools.*

Activities
Activities are **all the actions** that you do to carry out your innovation in order meet the desired effects as mentioned above. For example it could be *setting up a website, teaching how to use your product/service, arranging workshops, setting up meetings* etc.

Output
Outputs are the **quantifiable, short-term results** that you are aiming for. It's usually the first, and maybe easiest way to follow up on your activities. It could be results such as *number of users of your product/service, number of clinics adopting your method, number of consultations, number of downloads* (if it's a digital tool) etc. This is a good way to measure that your innovation is reaching your users and other stakeholders.

These are also numbers that potential investors would be interested in. How well are you reaching out and how large is the potential market?

Outcomes
Outcomes are the **qualitative midterm effects for your users**, on an individual level. It could be things such as *"a feeling of less stress"*, *"higher motivation to quit smoking"*, *"better control over treatment procedures"*, *"faster recovery"* etc. Besides positive outcomes for your primary user such

as the patient, you can also set outcome goals for secondary users such as the healthcare staff and family members.

Note that there isn't a given connection between outputs and outcomes. Number of app downloads doesn't necessarily mean better health outcomes for it's users, for example. That is why you need to develop a plan on how to follow up on outcomes. Read more about this in tool 4.2 Evaluate impact and improve solution.

Impact
The final section in your Theory of Change is to set goals on what **value your innovation will bring on a long-term societal level**, to people, planet and to the economy.

This could for example be *decreased costs in health care, improved awareness about a certain condition etc.*

Usually there is a time perspective here, where outputs are the direct results from your activities, while the societal impact happens in a longer time-period. It could therefore be difficult to prove your impact within the given time frame of a pilot for example. You can strengthen your theory about long-term impact on society by using available research, statistics, previous pilots, insights about users etc.

3. **Analyse costs vs. benefits (health economic evaluation)**

To evaluate how your innovation's expected **total impact relates to costs** of implementation and maintenance, **health economics** can be used.

This is especially important when addressing the public health sector. Your innovation must be cost efficient to be considered for implementation and reimbursement.

Health economic evaluation may be defined as:
"the comparative analysis of alternative courses of action in terms of both their costs and consequences"

Within health economics there are three methods to do so:

Cost Effectiveness Analysis

The effect can be, for example:

- Avoided case of sick leave / depression / anxiety etc.

- Reduction on any scale, e.g. reduction per point on a depression scale

- Increased mental or physical well-being
(points on a scale)

Cost Benefit Analysis
"Per invested USD I get X USD back"

Cost Utility Analysis
The ratio between the cost of a health-related intervention and the benefit it produces in terms of the number of years lived in full health by the beneficiary. In a health setting QALY's are usually used (Quality Adjusted Life Years), but sometimes also HALYs (health-adjusted life years) and DALYs (disability-adjusted life years).

In order to claim that your innovation is cost efficient you need to **compare it with another intervention or solution!**

Resources/Sources:

[KI Innovations' film on Impact Management](#)

https://rankandfilemag.com/issue-10/theory-of-change-guide-for-social-impact-modeling/

https://www.unicef-irc.org/publications/pdf/brief_2_theoryofchange_eng.pdf

https://www.tlv.se/in-english/medicines/health-economics.html

[Build your own Theory of Change with our template](#)

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