WHY EVALUATE: A Dispatch from Growth Capital Network

History

Startups - High Growth to Local

At its inception NEI was focused on startups – high growth businesses and tech entrepreneurship. This strategy was influenced by some data and reporting from the Kauffman Foundation that asserted that the net new jobs in the economy were being created from tech startups, particularly "gazelles" which are the rapidly scaling, venture capital funded precursors to "unicorns". NEI was funding programs that would foster and scale businesses that anywhere between 36 to 60 months out of the gate would have grown from two to twenty to several hundred employees. These were companies across the industry spectrum – software, medical device, clean energy, advanced manufacturing, mobility. The common denominator was the drive for private funding and scale.

During this time frame NEI funded programs such as Endeavor, Bizdom U, and NextEnergy to support tech startups' growth potential, as well as tech commercialization efforts at Wayne State University to foster a new pipeline of university tech within the city. Capital access challenges were addressed through an investment strategy that included the Accelerate Michigan Competition, which pumped $1M a year of investment into the region and created a platform for venture funds from across North America to engage with local startups. NEI also supported the pre-seed at Invest Detroit which, seeded with $5M, was integral in launching a new generation of tech startups across Southeast Michigan. Grants to Inforum and Michigan Women's Foundation as well as TechTown and Blackstone Launchpad exemplified NEI's commitment to engage underserved populations in the work.

NEI's focus on startups has continued through the present, however the composition of the company cohorts has shifted considerably and is at a different scale. It turned out that, post-recession there weren't a large volume of high growth ventures coming out of Detroit, but what was being birthed in the city were smaller businesses in the neighborhoods that were not venture scalable. These firms would support their founders and employees, but weren't going to ascend to an Uber or Google. They were going to anchor in a neighborhood and create generational wealth for their owners and employment for Detroit resident.

Whereas local high growth companies are still supported by the vestiges of earlier funding at Invest Detroit and Endeavor, the currently funded grantees are more focused on local Detroit neighborhoods. NEI had always had DEI imbedded in its mission yet with the shift to the neighborhoods, it moved front

NEI'S 2019 NEIGHBORHOOD BUSINESS GRANTEES INCLUDE

- ACCESS Growth Center
- Accounting Aid Society
- Build Institute
- Central Detroit Christian Community Development
- Detroit Development Fund
- Detroit Economic Growth Corporation

- Eastern Market
- Eastern Michigan University, Small Business Development Center
- FoodLab
- Grandmont Rosedale Development Corporation

- Jefferson East
- Matrix Human Services, Osborn Neighborhood Alliance
- Michigan Community Resources
- Michigan Women Forward
- Midtown Detroit, Inc.

- SCORE Foundation
- Southwest Detroit Business Association
- Southwest Solutions, ProsperUS
- TechTown, SWOT

and center. The startup businesses and their clients are far more representative of the city's demographics.

NEI's Neighborhood initiative funds Osborn Neighborhood Alliance, ACCESS, and TechTown Blocks to assist local residents to take their idea, explore entrepreneurship, and if possible, create a business. Food Lab, Eastern Market, and the Grandmont Rosedale Development Corporation help to foster these new businesses with space and support. Addressing capital challenges has shifted from venture and angel investor engagement to micro- and small business loans from Michigan Women's Forward, Kiva, and ProsperUS.

Focused on Detroit neighborhoods and historically underserved populations, key objectives of the Neighborhood Business Initiative include:

- **Growing investment in place-based community assets that support entrepreneurs**
- **Funding business support services**
- **Increasing the volume of entrepreneurs**
- **Strengthening and fostering the expansion of existing businesses**
- **Enhancing the opportunities for asset/wealth creation for entrepreneurs and businesses**
- **Expanding the employment prospects of neighborhood residents**

One large strategic change was when NEI began including existing small to medium businesses across Detroit into the funding and grantee mix. They saw that, in addition to a pipeline of startups across the city, the neighborhood businesses that had already stood themselves up needed capital infusions, and NEIdeas was born. Originally conceived as a $10K a week loan challenge to local startups, it morphed into a much more impactful and community engaged philanthropic program.

The NEIdeas initiative moved directly into the neighborhoods, bringing ambassadors to the door of neighborhood businesses that had never heard of NEI. NEIdeas met a need in the community for underserved small business owners that had lack of access to capital to move to the next level. It also provided them with wrap around support from the grantees that were already working across the city. It cut two $100K checks and twenty plus $10K checks to businesses from Detroit, Hamtramck, and Highland Park that were at least 3 year old. When the program wrapped in 2018, it had infused $2.16M into 144 businesses.

What is evaluation?

Evaluation is a set of quantitative and qualitative processes that examines a program analytically. It involves collecting and analyzing data about a program's activities, characteristics, and outcomes. There are two broad categories within evaluation: formative and summative. Formative evaluations are conducted during program development/ implementation and are useful for direction on how to best achieve the goals or improve the program. Summative evaluations are completed once a program is well established and illustrates the extent to which a program is achieving its goals. Within the formative and summative categories, there are different types of evaluation. The appropriate evaluation type depends on the stage of a program.

EVALUATION TYPE	OBJECTIVE
FORMATIVE	
Needs Assessment	Determines what populations need the program, the size of the need, and what activities best meet that need. A needs assessment can determine what populations are not served by the current programs and offer insight into what features the new programs should imbed to meet these needs.
Process or Implementation Evaluation	Reviews the implementation process of the program and establishes whether the program is operating as planned. This can be performed as a continuous or one-time assessment. The resulting data are used to improve the program.
SUMMATIVE	
Outcome Evaluation	Reviews to what extent a program is achieving its desired outcomes (short- and medium-term transformation in participants) that are a direct result of the program.
Impact Evaluation	Determines the broad, longer-term changes that have occurred as a result of the program. These impacts are the net effects, typically on the individual, their business, or community.

Why evaluate?

Evaluation is critical to funders and it serves an important role in positioning efforts, informing investment, promoting stronger relationships, and helping them reach their goals. No matter how different foundations can be, they all share the need to know what works, and especially, what works well. The better that foundations can demonstrate how their grants are making a difference, the more value they will bring to their communities. To know what is working, foundations must evaluate their grants to assess the quality or impact of funded programs, plan and implement new programs, make future grant decisions, and demonstrate accountability to the public trust. Some funders utilize evaluation to determine if their efforts are aligned across their grant programs, initiatives, values, and mission. Effective focus and alignment

create an opportunity for better impact, as the synergy of their efforts and dollars working together serve the overall mission.

Funders use evaluation to make informed investments. Similar to the business sector, past performance is one indicator of future success. Foundations may require their grantees to submit evaluation results in grant proposals, or to show a certain level of results at key milestones in order to continue funding. This is particularly true among public sector funders (such as performance measures or GPRAs at the federal level). With a reflective and learning emphasis rather than penalties, the data can help funders and grantees communicate clearly about expected and actual outcomes. This, in turn, assists both groups in determining how to invest effectively to reach funder goals.

Evaluation can also promote resilient, collaborative relationships. By identifying outcomes in an objective way, evaluation can help funders communicate with their constituents about shared causes and effective initiatives. When evaluation is at its best use, as a learning tool, findings can help funders, stakeholders and grantees have realistic discussions about difficult issues and what it takes to make the change they need. With evaluation, foundations can set ambitious goals, learn, adapt, and remain effective in the midst of changing circumstances. A well-organized and executed evaluation has dual benefits for funders and their grantees by gathering defined results, sharable outcomes, more transparent communications, and a stronger overall use of resources.

From a grantee standpoint, program evaluation is a valuable tool to strengthen the quality of their programs and improve outcomes for the clients they serve. Program evaluation answers basic questions about a program's efficacy, and evaluation data can be used to improve programmatic services. Grantees should be encouraged to develop their own capabilities, monitor their work, and evaluate it themselves (or to have it evaluated by others). They will then begin to understand the depth of what they are doing and be able to capitalize on that knowledge.

New Economy Initiative Evaluation

GCN pulled together an evaluation process that was approved by NEI. Our initial outreach was to engage the initiative's stakeholders. We wanted to ensure that all parties were aligned in terms of outcomes. We then immersed ourselves with the funding team and began to connect our evaluation framework and specific measurable objectives with the design of the overall initiative. We narrowed the scope to what was most critical to measure, determined the data collection methods, and went about building a platform to receive the reporting. Our final step was to create a communications plan for results and our stakeholder reporting.

In many ways, it feels like NEI pioneered a lot of the program evaluation around innovation and entrepreneurship. Most of the organizations that were funded had not done any program evaluation prior to NEI's new standards. The standard reporting had been a narrative of activities during the grant period. There were no milestones, metrics, or financial reports required. To socialize the shift, internal and

external teams needed to transition the grantee organizations to a more detailed, quantitative, and responsive approach to their reporting. There were multiple meetings with each grantee to ready them for the transition and, whereas, for some it was relatively painless; for others, it was a significant struggle.

NEI's evaluation was principally focused on outcomes with a small layer of process evaluation so we looked principally at whether the milestones were achieved, the class/event/workshop happened, the expected outcomes occurred, and whether the changes can be attributed to the program or program activities.

The ultimate goals of performance metrics, data and analysis were derived so NEI could make well-informed funding decisions to drive continuous improvement and long-term impact in the region. The core purpose of the NEI evaluation was to make judgments about a program, to improve its effectiveness, and/or to inform programming decisions. It was important for the NEI team to fulfill its external stakeholders' requirements while being empowered to make strategic internal decisions and improvements. The commitment to track and communicate results helped others to understand the goals of the organization and the incremental progress towards achievement.

Integrating performance measurements into daily operations allows NEI's program officers and leadership access to solid data in order to drive decision making, illustrate progress and establish a culture of continuous learning that leads to amplified social and economic impact.   GCN's evaluation project has several goals:

- **Maintain a performance measurement system for the NEI portfolio**
- **Illustrate the impact of NEI and its role in shifting the local economy through key findings**
- **Engage with the grantees on a regular basis around their reporting**
- **Build capacity within grantee organizations around survey design, logic models, and data analyses**
- **Discern and discuss lessons learned for collective knowledge and iteration**
- **Collect and communicate client success stories through interviews and quarterly reports**
- **Provide technical assistance to grantees**

Milestones & Metrics

The milestones in NEI reporting reflected the project plan proposed by the grantee. Pre-funding evaluation meetings were often to clarify calendar dates, expected volume of business clients, event attendees, or other program deliverables and the reporting templates explicitly called out each milestone and the target date or volume. In this way, the grantee could not gloss over a program deliverable or

blow out a time frame without a reasonable explanation of what happened. To this day, we feel like this is an effective approach, though it could be improved by funders engaging earlier in the process. Feedback on milestones could provide the grantee with a deeper sense of alignment and the funder with additional engagement in the community building process. The NEI metrics spanned six categories – program activity, company growth, industry growth, investment, space utilization, and organizational performance, all of which are detailed in the appendix.

Four of the metrics categories were client facing. The program activity metrics recorded the client interactions and broke the clients down by gender, immigrant or minority status, education, and geography as well as whether they were online users or large corporates. Whereas the "clients" could be companies, they were not necessarily so. In some cases, they were people exploring the options around entrepreneurship and may/may not have pulled the trigger.

Company growth metrics focused on company creation; how many business entities had been formed by down by gender, age, immigrant or minority status, education, and geography. These metrics also included licensing income, patents, and research expenditures per Invention (IDF) which was reflective of the concurrent focus on high growth companies. One note here is that our metric was quite homogenous. A company was ideally defined as someone with an LLC, C-Corp, or S-Corp. We did not ask the grantees to differentiate between sole proprietors, micro-businesses, etc.

The investment metrics documented the number of companies receiving investment and their breakdown per program and client metrics as well as a segregation by public and private dollars. The industry growth metrics asked the grantees to divide their client companies into 10 industry buckets.

The remaining two categories focused on the grantees themselves. A number of the grantees were landlords, housing a sizable population of small business clients so the NEI space utilization metrics focused on tenants and space utilization. The organizational performance metrics were cursory and did not delve into the grantee's program team or leadership. NEI requested the program's match dollars, number of philanthropic sources and corporate sponsors, as well as the partner referrals.

Funder Issues

The organizational performance metrics also included a category called "Provider Effectiveness - Client Satisfaction Rating". NEI intended to administer a survey to the grantee's clients to discern the efficacy of the program and overarching organization. These never happened. With all of pieces that NEI was able to shift, a number of aspects remained calcified in old-school philanthropy. There was little to no will to delve into evaluating the grantee organizations themselves, the team, and their efficacy, how they worked within/across the ecosystem, or whether their clients felt like they were receiving value.

There was also no appetite for reviewing insights gained or any ability for self-critique. The lessons learned section was removed by leadership from GCN's first three evaluation reports before we

eliminated the content. At a Governing Council meeting, the suggestion that a grantee's deliverable should add in key findings and next steps was received, by one NEI funder, with considerable venom.

Measuring ecosystem diversity

Social equity and inclusion, while not explicit in the early strategies, were always critical measures for the team. From the inception of the NEI reporting requirements, we had grantees measure their engagements with underserved populations across Southeast Michigan. As noted above, metrics always included a breakdown of clients, program attendees, and capital by gender, age, immigrant or minority status, education, and geography. In retrospect, one thing that we wish we had done is to consult with other funders, local, and state government officials who have interest in the NEI grantee clients to arrive at a common set of measurements and vernacular for our efforts. It would have helped all of us to coordinate efforts and reach a wider group of underserved businesses.

Tech Issues

In 2011 there were no reporting software platforms available for NEI to purchase so they built the Grantee Performance Network (GPN). Created in partnership with Spring Management, a local, women led software firm, GPN allowed NEI grantees to easily submit the wealth of requested data and upload their reporting to a central repository. With this platform, NEI could consolidate all of the grantee's data, reporting, and create bespoke reports for the internal funding team and the stakeholders. It also warehoused a wealth of digital assets for each of the organizations such as contact details and biographies of the key staff, the organization's logo, board list, website, social media handles, and media contacts. GPN upgraded NEI/grantee communications as it provided a platform to collectively email the grantees about upcoming community convenings, collaborations, or individually about important pieces of reporting.

From an evaluation standpoint, GPN provided a wealth of reporting and dashboards as well as the ability to download all of the grantee data in bulk, segregated by quarter, and over years. This meant that the data was replicable and auditable to all administrators and brought a sense of confidence in our methods, data analysis, reporting, and conclusions.

Challenges and solutions

As we moved along with the evaluation initiative and reporting, we encountered a range of challenges. Some were as small as grantees changing the metrics from the earlier reporting periods and others as large as finding out that an entire program and set of clients was fabricated. The earlier issue was solved by locking the GPN metrics after the evaluation team reviewed the quarter's reporting. The latter issue was well above our pay grade.

One key challenge was around inconsistent content in the quarterly reporting. Narratives ranged from 2 to 70 pages and the variation in financial reporting was even worse. We solved the issue by creating a set of standard templates. For the narrative reporting, the headers, categories, and deliverables were identical, with the metrics and milestones customized for each grant. A template for financial reporting that explicitly documented the programmatic expenses and revenue was also standardized and implemented. These documents were reviewed in person with the organization and GCN had a standard practice of touching base with each grantee two weeks before their next report was due to address any last minute questions or issues. The templates increased transparency, simplified report reviews, and helped the NEI team to identify gaps more easily in reporting or program deliverable.

There was significant inconsistency in the infrastructure and resource available to grantees. Some organizations had additional funding from MEDC which paid for a full version of Salesforce while others worked from pen and paper. A lot of our reporting was professional and polished, but sometimes not. With one particularly underfunded early grantee, the GCN team sat in their office and transcribed all of their paper intake forms into an excel spreadsheet so we could submit their activity and client data. We interviewed the program manager for the narrative and helped them submit their reporting.

Our ability to get consistent, high quality reporting was also impacted by the issue of low pay and high turnover at nonprofits. We'd train a new program lead only to have them leave in 18 months and start the cycle again. We had no ability to rectify the endemic turnover issue, but the templates did help clarify the reporting deliverables for the new hire.

In 2015, we started a project that lasted about a year that was around the impact of our data. We did critical review of the grantee reporting in 2015 and realized that we had a percentage of data that simply didn't pass muster. There were consistent issues across a subsection of the grantees. For instance, even though we were detailed with the instructions, companies were being double counted across the reporting, as were client dollars invested, and programmatic leverage. There were anecdotal issues. For a particular grantee, the number of minority or women-led businesses in the client metrics would not match the minority or women-led in the program metrics in the exact same reporting period. The reporting accuracy challenge was considerable and answered with an overhaul of the reporting system. The grantees were still documenting their program attendee and activity metrics into GPN, but by 2017, the majority of the information was consolidated into an annual client data request.

Client Data Request

Instituted in 2017, the NEI client data request shifted a facet of the reporting burden. Quarterly program activity and organizational metrics were trimmed significantly and changed to bi-annual reporting. Quarterly client reporting moved to annual, but we asked for more fine-grained information on each of the businesses that the grantees serve. The client request covered data about the company's founders, their demographics (age, race/ethnicity, gender, immigration status) as well as the demographic of the company (age, BSO engagement, location, industry) and its financials (revenue, primary sources of capital and amounts). The full list of metrics is in the appendix.

As with all things, the client data deliverable took some time to socialize and educate the grantees. The first year was an uphill struggle with many of the grantees providing us with the available data and committing to do better in 2018. For larger organizations with well-used CRM systems, the request took less than an hour, but that was the exception. Many grantees allowed GCN to help upgrade their intake forms and implement strategies to access the additional detail (like moving from paper intake forms to digital entry). Others took the task upon themselves and did a great job. A few stragglers took the adage, "If it wasn't good enough, it wouldn't be the minimum" and ran with it. They started out as obstinate and incompliant and continue to be so. These
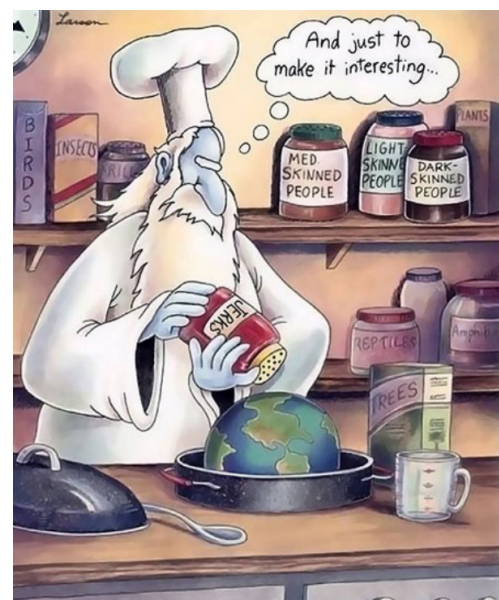
grantees will provide nearly no client information, but use the collective data for their proposals and take pride in the outcomes of the collective while barely contributing to it. See illustration.

Similar to the earlier years, we took the client data at face value and did not audit the content. We do clean it up a bit, add city detail to zip codes, use the notes section to determine which industry category, and standardize the company names so we can identify clients that engage multiple NEI grantees. We did audit their intake forms for the 2018 data, and found high compliance, but have not requested that information since.

One realization that resulted from the client data request was that, beyond those with a fiduciary relationship, many of our grantees had a relatively cursory knowledge of their clients. It wasn't that they weren't interested, they just had never had a reason to discuss where the company received their startup capital, and how much it was. The client data request provided grantees with an opportunity to really observe who was coming in the door and obtain as much information as clients felt comfortable sharing.
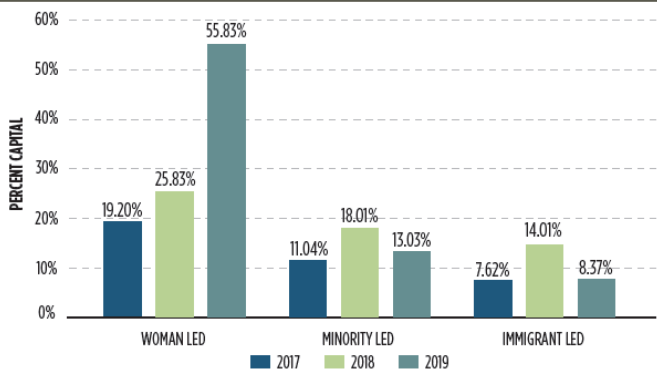
A few early NEI grantees with audit concerns were quite reticent to give us their client details, however, the more detailed data request made us aware of pre-existing client confidentiality agreements and federal guidelines that created legitimate challenges and impacted our ability to gather complete information. In the case of the former, we were able to work with Foodlab and have a list of their clients separate from the list of the company details which were just listed Company #1, #2…. It allowed us to see what Foodlab clients were also engaging with other grantees across the network and capture the full complement of data. In the latter case, SBDC was bound by their federal guidelines which restrict the names of the companies along with about half of the client request. While completely understandable, the SBDC serviced a large volume of Detroit businesses so that data loss is a disappointing loss to the overall data set.

The willingness of clients to provide sensitive information (age, annual revenue, source of funds) to the grantees varied. Lenders had incredibly high compliance while others took a stepped approach to the data, asking for additional pieces of information as the trust developed and the program was creating client value. One program started out with the basics in an intake form, another set of details midway through the program, and the final pieces at the post-program survey. They were ~90 percent complete with their data.
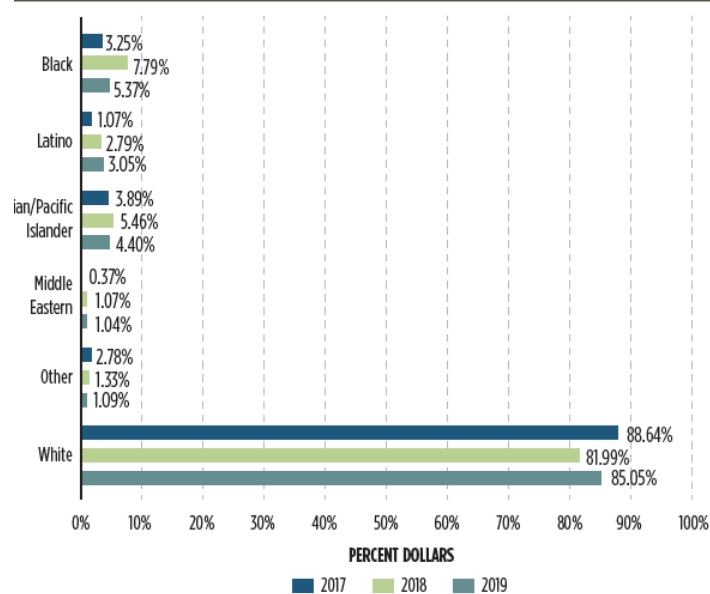
The fine-grained nature of the client data provided a wealth of information. We saw patterns and statistics that we had not previously been able to systematically gather about the ecosystem. Our stakeholders are very engaged in DEI work so we were able to look at our demographics and sharpen the focus on specific populations or geographies, look at what industries thrived where, and how the business capital was distributed across the city. The sources of capital, broken down by constituencies was really interesting, as were who received the capital and in what bulk.

The large, statistically significant sample allowed us to overlay data and do correlations within any given year and, with three years of data, we could see trends across neighborhoods, around access to capital, within ethnic groups, and across the region, etc..
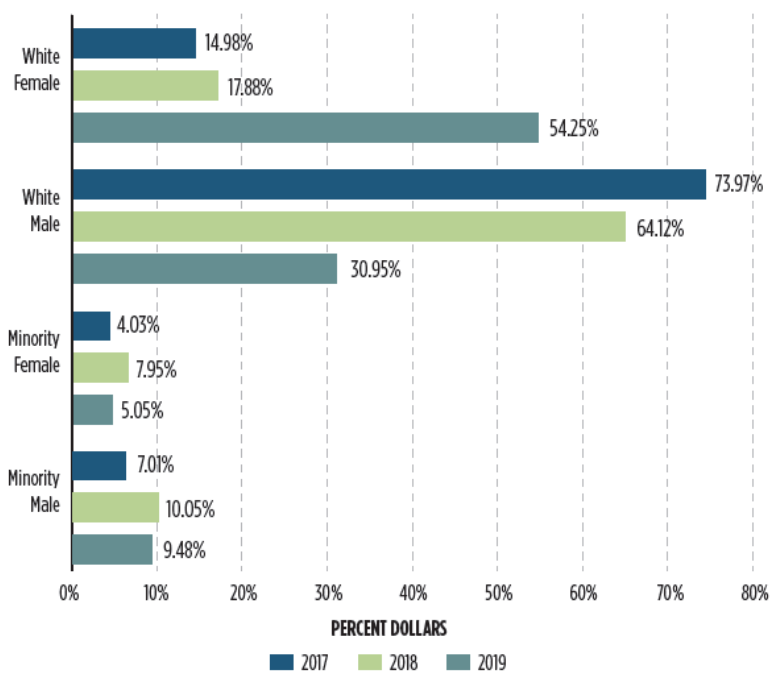
2017-2019 NEI CLIENTS — BY UNDERSERVED POPULATION & CAPITAL

WOMAN LED
- 2017: 19.20%
- 2018: 25.83%
- 2019: 55.83%

MINORITY LED
- 2017: 11.04%
- 2018: 18.01%
- 2019: 13.03%

IMMIGRANT LED
- 2017: 7.62%
- 2018: 14.01%
- 2019: 8.37%

(PERCENT CAPITAL — 2017, 2018, 2019)

2017-2019 NEI CLIENTS — BY ETHNICITY & CAPITAL

Black
- 2017: 3.25%
- 2018: 7.79%
- 2019: 5.37%

Latino
- 2017: 1.07%
- 2018: 2.79%
- 2019: 3.05%

Asian/Pacific Islander
- 2017: 3.89%
- 2018: 5.46%
- 2019: 4.40%

Middle Eastern
- 2017: 0.37%
- 2018: 1.07%
- 2019: 1.04%

Other
- 2017: 2.78%
- 2018: 1.33%
- 2019: 1.09%

White
- 2017: 88.64%
- 2018: 81.99%
- 2019: 85.05%

(PERCENT DOLLARS — 2017, 2018, 2019)

2017-2019 NEI CLIENTS — BY GENDER, ETHNICITY & CAPITAL

White Female
- 2017: 14.98%
- 2018: 17.88%
- 2019: 54.25%

White Male
- 2017: 73.97%
- 2018: 64.12%
- 2019: 30.95%

Minority Female
- 2017: 4.03%
- 2018: 7.95%
- 2019: 5.05%

Minority Male
- 2017: 7.01%
- 2018: 10.05%
- 2019: 9.48%

(PERCENT DOLLARS — 2017, 2018, 2019)

For example, in 2019, five clients raised nearly one hundred million dollars ($99.7M) of venture capital. Whereas in the past, we would have seen that all of these companies were female-founded and led, three years of client data showed a great deal more detail. When we collated capital, gender, and race/ethnicity in one graph, it illustrated that the bulk of increased funding in underserved Southeast Michigan populations went to white women who more than tripled their proportion of the client capital from 2018. They significantly outraised their white male counterparts and were funded 10x more than minority women and 5x more than minority men.

Grantee Metrics and Leverage

Particularly when compared with the detail that was collected on their clients, we requested very little about the grantees themselves. Their reporting included a financial reconciliation for the use of grant dollars and a metric around other funding sources for their program, but little more. Our interest in the private and public dollars that grantees were raising programmatically was so we could discuss how NEI dollars were being leveraged within the community. It brokered a discussion about how funders should engage in a more portfolio approach to support the community. NEI understood that other funders at the table could help ameliorate some of the risks, particularly in a very new organizations or programs

PROGRAM MATCH DOLLARS 2009-2019

| Year	Dollars (Millions)
2009	$71.8
2010	$116.6
2011	$157.4
2012	$203.5
2013	$213.2
2014	$225.4
2015	$234.2
2016	$248.4
2017	$258.8
2018	$263.6
2019	$273.5

The private and public dollars leveraged with the NEI funding were a critical and impressive statistic for our annual reporting, but we really missed an opportunity to level set and upgrade the ecosystem. On more than two occasions, we proposed evaluating for the grantees themselves and a creating a framework to benchmark nonprofits across the ecosystem. Both options were soundly and repeatedly rejected.

Measuring the network

There was no effective index of NEI grantee connection so the capacity and utility of the network was measured anecdotally. This is another lost opportunity as this ecosystem has experienced a sizable transformation in the last decade. In the early days (2008-2012), many Detroit nonprofits acted as though it was a zero sum game and if another nonprofit received funding, it was a loss for them. There was a historic disinvestment and a thin veneer of graciousness.

In our initial evaluations, we required MOUs between collaborating organizations to clarify roles and move beyond the handshake deals which would often bear little fruit. Client facing grantees were also asked to document their ecosystem referrals, but similar to the early client data, the fulfilment was inconsistent. We'd have a full set of MOUs or list of referrals from a compliant grantee and little to nothing from a partner.

As the years went on, we could see certain groups of nonprofits working collaboratively and supporting each other and would hear from clients how they were introduced to another organization or leader in the space. We observed the ecosystem as it became more cohesive and the programs as they expanded their aware of each other, but a major breakthrough transpired as a result of the Neighborhood Business Worktable. By its launch, the composition of the grantees had become more homogenous in that they
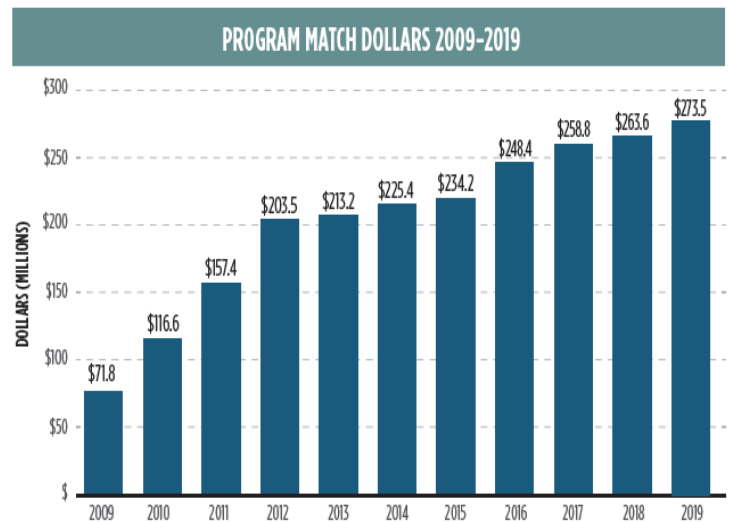
were all engaged around Detroit small business and moving the needle on diversity, equity, and inclusion. This common platform and shared mission combined with action-focused sub-committees elevated the discourse and created a cohesion in the community that had not heretofore existed. It now feels like clients move with relative ease between grantees, the information flow is good from the leadership through the lieutenants, and there's a positive energy in the organizations and across the neighborhoods.

Cost benefit burden of evaluation

In many ways NEI was an innovator, as was our evaluation. We had solid methodologies, but we didn't have a bead on exactly what would be useful to measure in the long run and what would be discarded. In the 2011-2013 time frame, at least 10 percent of the requested reporting was never used. Because the composition of grantees with a commercial real estate component would shift with each year, the metrics around tenants, mailboxes, available, and leased commercial space weren't suitable for trend analyses and didn't correlate with any other data.

We took too long to turn the tables and discuss with the grantees what metrics they thought considered valuable and how they viewed the time commitment associated with our reporting. In many cases, introducing the templates relieved the program managers of deciding on reporting structure and helped them to discern whether the narrative they submitted was

Grantee Capacity Building

Most of the NEI grantees are themselves small to medium businesses and need a similar range of assistance. Continuously improvement is a well-accepted tenet in the business world, yet the practice has often gotten short shrift in the nonprofit realm, where the focus has more often been on project work rather than infrastructure. Capacity building is the process of augmenting a nonprofit organization's ability to fulfill its mission. Without it, nonprofits run the risk of focusing most of their energy and attention on client services and projects, neglecting their core business functions. This lack of a strong foundation could lead to organizational instability, poor communication, scope creep, or mission drift — a loss of focus on an organization's founding principles.

A list of capacity building projects come to mind for Detroit's business support organizations. For the senior team, there would be assistance around thoughtful leadership succession, financial planning and modeling, management training, effective communication strategies, updating technology infrastructure, and improving volunteer recruitment in the time of COVID.

In the evaluation realm, there would be regular workshops for the program managers around the creation and execution of logic models, theories of change, implementing internal evaluation systems, survey design, and implementation. These supports would expand an organization's proficiency and solidify its ability to effectively deliver its mission into the future.

Other recommendations

As a broader group of funders are looking to evaluate innovation programs and entrepreneur ecosystems, there are some recommendations to consider. It's seems basic, but it's important to connect the metrics to program activity. Be sure to develop and document the logic model for each program and articulate how investment or activity inputs are expected to translate into outcomes. Whereas it's important to review these together, you'll want to report these program-related outcomes distinct from broader economic indicators. And, as noted above, be discerning about data source options, including the feasibility, quality, and availability of data when selecting indicators.

When you're reviewing entrepreneur ecosystem metrics, consider adopting indicators move past the basic year-over-year business trend summaries and address business dynamics (churn), and, where appropriate, job quality (living wages, benefits provided, skill development).

Spend time to determine which indicators work to understand economic inclusivity in your area. Utilize a methodology that captures relevant data about program impacts related to racial, ethnic or gender diversity and related to the distress of the places where investments are made. And, once the other pieces are in place, create a communication and outreach plan to direct productive use (and accurate dissemination) of the outcome data.

If you could go back to the beginning, what baseline data would you have collected?

Baseline Economic Data

No small business exists in isolation. There's an entire milieu of economic activity, assets, and challenges that surround it. A deli off of Fifth Avenue in Manhattan has health conscious, wealthy local residents, a huge volume of foot traffic, and a broad range of accessible media and marketing opportunities. Yet, the deli also needs to manage exorbitant rent and utilities, heavy competition, and NYC permitting. On the flip side a small café in the neighborhoods of Detroit will often have patrons with a different wealth profile, limited, if any foot traffic, a small range of marketing opportunities, and the morass of Detroit city permitting.

We mention this because the baseline needs to be detailed so that an initiative as ambitious as NEI could see the micro-movements in the small business community and the neighborhoods that it's impacting. It's not enough to look at housing prices or per capita income averages, there needs to be a wide range of patterned data. The information that you need is will create a baseline view of the economic ecosystem where the startup or small business is germinating. There's quite a bit of data to retrieve from local, state, and federal government sources and there's a lot of detail that's of great interest.

You'll want to use sets of indicators and toggle on all axes so that you can really understand the economic topography of the ecosystem you're trying to create, augment, or scale. We'd use a set of leading, lagging, and coincident indicators. Leading indicators point toward future events, whereas

coincident indicators occur in real-time and clarify the state of the economy, and lagging indicators confirm a pattern that is already in progress.

Leading indicators give you a sense of the financial vibrancy of the community. These include important local data such as average weekly hours, initial jobless claims, building permits for new private housing units, manufacturers' new orders – and national data such as the S&P 500, money supply (M2), interest rate spread, and the University of Michigan's Index of consumer expectations.

Relevant coincident indicators include local real earnings and unemployment, as well as Gross Domestic Product (GDP) on a national level. And key lagging indicators include the average duration of unemployment, outstanding commercial and industrial loans, change in the Consumer Price Index (CPI) services change in labor costs, the ratio of consumer credit, outstanding to personal income, and the average prime rate charged by banks.

At the baseline, it'll just look like a list of numbers, but as the funding is dispersed and the quarters pass, the opportunity to see whether the infusion of capital into a particular section of the city is spurring activity and impact will be far more nuanced and interesting.

Because circumstances and strategies vary widely, we would not presume to provide recommendations on which statistics funders or nonprofits imbed their own data into, but we've put placed our "wish list below". Some of the national statistics may seem too broad, or the local data too narrow to be useful, but it all plays its part in illustrating the opportunities or challenges within a particular neighborhood. An entrepreneur in the 53206 zip code of north Milwaukee, with the highest incarceration rate in the country cannot be expected to be at the same educational starting line as one of the city's tony suburbs. And a community with low wages, depressed housing prices, and chronically high unemployment cannot provide the same volume of friends and family risk capital to a burgeoning business or collateral for a small business loan. The data and trends provide the context and the contrast for the evaluation and creates an opportunity to measure primary impact from a program, as well as potential secondary and tertiary effects.

Best sources of data to depict the regions and cities, small business ecosystems?

The broad indicators in which to place your local data come from a variety of places. All of the sources are noted in a listing in the appendix, but some of our most used sources are the Census, the Bureau of Economic Analysis, and Bureau of Labor Statistics. Some more narrowly focused data would come from Burning Glass (labor forces employment) and the University of Michigan (Consumer Sentiment Index). The state and city government sites are useful for local stats as are the plethora of reports out in the ecosystem, though be careful of whose statistics and data you put into your models and comparables.

APPENDIX

DATA SOURCES

US Economic data and stats – general

U.S. Bureau of Labor Statistics* – Employment, productivity, working hours, and more.
U.S. Federal Reserve* – Bank assets, exchange rates, interest rates, industrial activity, and more.
U.S. Treasury* – Data, statistics, and charts on interest rates, economic trends, and the impact of fiscal policies.
U.S. Census Bureau* – Historic/current economic trends, statistics by sector (e.g., construction), and more. Calculate basic/descriptive statistics online using **Explore Census Data*** and peruse their vast variety of economic indicators
U.S. Dept. of Commerce/Bureau of Economic Analysis* – GDP, balance of payments, "Economy at a Glance…", and more. This agency produces the "Statistical Abstract of the U.S." and related publications.
Council of Economic Advisors* – Fact sheets and reports on current issues in the U.S. economy, ranging from the median cost of a college education to veterans' skills and salaries.
Data.gov*– National data on agriculture, education, manufacturing, and more, including geospatial data.

US Government data and stats – by department/agency

Small Business Administration* – Wide-ranging data on consumers, business capital, economic trends, and more.
Dept. of Housing and Urban Development/Office of Policy Development and Research* – Data on housing and rental markets, subsidized housing, tax credits, etc.
Dept. of Education/National Center for Education Statistics*– Data on costs of educational programs, childcare expenditures, etc.
Dept. of Agriculture/Economic Research Service* – Data on commodities, import/export, regulations, and more, nationally and state-by state.
Dept. of Health and Human Services *– Data on health care costs, disease rates, infant mortality, longevity by demographic.
Dept. of Homeland Security* – Data/statistics on expenditures, intellectual property, immigration, etc.
Dept. of Interior* – Data on natural resource expenditures, natural disasters, land use, and more.
Dept. of Transportation/Bureau of Transportation Statistics* – Data/statistics on airlines, shipping, transportation, fuel costs, etc..
Dept. of Veterans Affairs/National Center for Veterans Analysis and Statistics* – Data/statistics on veterans' health care, housing, education, and other costs.
Internal Revenue Service/IRS Data Book* – Data on tax returns filed, tax credits, penalties and more.
Environmental Protection Agency *– Cost estimates and expenditure data for environmental projects such as reduction of drinking water toxins, methane emissions, and more.

Data, stats and economic news – general

Bloomberg* – Economic research reports, SEC filings, current company, industry, country data, etc.
Hoovers* – Records for public and private companies (e.g., income statements), CEO profiles, etc.
Wall Street Journal Index* – Index of company, industry, and general news for the previous month, quarter, and year. See also, "Real Time Economics*" from the Wall Street Journal.

Specialized economic data, resources

Almanac of Business and Industry Financial Ratios – Company financial information drawn from more than 5 million IRS tax returns.
Best's Aggregates and Averages – Financial information for property-casualty companies, property-liability companies, and other insurers, including annual statements, underwriting gains/losses, and more.

Burning Glass * - Provides real-time data on job growth, skills in demand, and labor market trends.
Consumer Confidence Survey/Conference Board* – Data, statistics, and reports on U.S. and international consumer spending and confidence.
Consumer Price Index/Bureau of Labor Statistics* – Monthly reports on consumer commodity spending. See Producer Price Index/Bureau of Labor Statistics* for changes in sales prices over time.
"**Cost of Capital: Estimation and Applications," "IntelliNews Reports from ISI Emerging Markets," and other resources via LexisNexis** – LexisNexis economic databases and reporting services covering company, industry, national, and international trends. s.
Federal Deposit Insurance Corporation (FDIC)* – Data and statistics on individual banks, banking companies, and the banking industry.
Standard & Poor's/Case-Shiller "Housing Views"* – Recent housing, foreclosure, and default statistics and expert economic analysis.

Specialized local data
City Data – Monthly Sales and Use Tax Collection
County Clerk and Recorder – Monthly New Vehicle Registrations
Local and statewide REALTOR® organizations or National Assn of Home Builders – Sales of new and existing homes
Regional Building Department – Monthly building permits
State Demography Office – Projected population growth for 10, 20,30 years
State's Hotel and Lodging Association – Hotel occupancy rates

NEI 2.0 Metrics

Program
Of one-on-one company interactions
Clients Served
Company Clients
Company Clients - Minorities
Company Clients - Women

Company Clients - Immigrants
Company Clients - Detroit based companies
Companies Clients - with secondary degree
Online Users
Online Users - Large Corporations

Company Growth Metrics
Companies Formed
Companies Formed - Minority Owned
Companies Formed - Immigrant Owned
Companies Formed - Detroit based
Companies Formed - Woman Owned
Companies Formed - Women > 45 years old

Companies Formed – Formed by women with college degrees
Research Expenditures per Invention (IDF)
Portfolio - # of new patents
Portfolio Licensing Income

Industry growth - put the companies into buckets
Portfolio - Aerospace
Portfolio - Automotive/Manufacturing
Portfolio - Construction
Portfolio - Creative Arts
Portfolio - Design/Technical Services

Portfolio - Education
Portfolio - Energy/Alternative Energy
Portfolio - Entertainment/Hospitality
Portfolio - Facilities Mgmt.
Portfolio – Food

Investment metrics
Companies Receiving investment
Total Investment Capital Received by Clients

Total Investment Capital to Minority Owners
Total Investment Capital to Women Owners

Total Investment Capital to Immigrant Owners

Total Capital Investment - Public Dollars
Total Capital Investment - Private Dollars

Space utilization

Tenants
Tenants - Physical Space
Tenants - Mailbox
Tenants - Virtual
Square Feet Available

Square Feet Utilized
Square Feet Available - Testing facilities
Square feet under management
Square Feet Utilized - Testing facilities
Square feet developed

NEI Client Data Fields

Company Name
Number of Founders
Founder1 First Name
Founder1 Last Name
Founder1 Age Range
Founder1 Email
Founder1 Phone
Founder1 Resident of Detroit, Hamtramck, Highland Park
Founder1 Minority Owned
Founder1 Immigrant Owned
Founder1 Woman Owned
Founder2 First Name
Founder2 Last Name
Founder2 Age Range
Founder2 Email
Founder2 Phone
Founder2 Resident of Detroit, Hamtramck, Highland Park
Founder2 Minority Owned
Founder2 Immigrant Owned
Founder2 Woman Owned
Year Company Started**
Year Became Client**
Current Employee Count**
Estimated Number of Employees Residents of Detroit, Hamtramck, Highland Park
Current Annual Revenue ($value only)
Total capital (value only)
Primary Funding Source
Street Address
City
State
Zip
Website URL
Industry Category**
Notes

Evaluation Resources

Resources
Free ebooks Leap of Reason and Working Hard and Working Well and keep up with the latest thinking in outcomes evaluation, performance management, and evaluation via the **Leap of Reason website.**
For small nonprofits: **Small But Mighty** (Leap of Reason's Performance Imperative)

W.K. Kellogg Foundation – Evaluation Toolkit *
The Kellogg Foundation developed a toolkit designed to guide programs embarking on evaluation.

United Way of America – Measuring Program Outcomes: A Practical Approach *
United Way \has developed a step-by-step evaluation manual for health, human service, and youth and family serving agencies.

State of Evaluation: Evaluation Capacity and Practice in the Nonprofit Sector (Innovation Network)

The State of Evaluation in Colorado's Nonprofit Sector (The Colorado Trust, CO Nonprofits, Community Resource Center)

How do we build the capacity of nonprofits to evaluate, learn, and improve? (GEO)