

# GUIDE TO GIVING Workforce Development



ECONOMIC EMPOWERMENT

## STEP 1 Understanding the Recommended Approach to Workforce Development

### HOW TO USE THIS GUIDE

Are you interested in workforce development? This guide will help you assess the effectiveness of the nonprofits you are considering supporting. It is based on Social Impact Research's (SIR) methodology for analyzing nonprofits, which identifies the best approaches for addressing the targeted social issue. For more information, read SIR's social issue, state, and organization reports on workforce development.

An effective nonprofit should incorporate all three of the components of the recommended approach—or have partnerships with other organizations to cover the full range of services represented by these components. In addition, effective nonprofits should collect data to measure the outcomes and impact of their programs.

- A. Technical training and education
- B. Employability and placement
- C. Complementary support services
- D. Outcomes and impact

### DEFINITION

Workforce development is the field dedicated to preparing low-skilled workers to gain and retain employment in industries that provide opportunities for advancement but do not require a postsecondary degree. This report focuses on job training for adults facing multiple barriers to employment, including but not limited to lack of work experience, past criminal record, and homelessness.

### COMPONENTS OF THE RECOMMENDED APPROACH

SIR has found that high-quality industry-focused workforce development programs have the following components:

- Technical training and education to provide the basic skills needed to gain and retain employment in a specific industry
- Employment preparation and placements services to provide education around employer expectations and professionalism, and job placement and support
- Complementary social services to address external and personal barriers to employment

## STEP 2 Evaluate the Program's Effectiveness through the Lens of the Recommended Approach

### A. Evaluate the technical training and education

The technical training and education services must be connected to industry representatives to ensure that its program is relevant and valued by local employers.

#### EFFECTIVE IMPLEMENTATION

- ✓ Employer partners provide input on program design, and industry trends frequently evaluated to ensure training reflects industry needs
- ✓ Curriculum is complemented by internships, other hands-on experience, or opportunities to obtain industry licenses
- ✓ Applicants' skills are assessed at intake and unqualified applicants are referred to other programs
- ✓ Program length is appropriate to prepare participants for industry expectations, and instructors are industry professionals

#### INEFFECTIVE IMPLEMENTATION

- ✗ Program has no employer partners, or partners who provide little support in program design; industry trends and needs not considered
- ✗ Participants have no contact with industry professionals and no opportunity for internships or other hands-on experience
- ✗ Intake only requires basic interview, no referrals for unqualified applicants
- ✗ Program is too short to provide effective training, and most instructors lack industry background



### Examples of EXCEPTIONAL IMPLEMENTATION

Formal agreements with employers provide guaranteed job opportunities to some graduates

## B. Evaluate the quality of employment preparation and placement

Employment preparation and placement services help participants find and secure jobs as well as understand workplace expectations.



### Examples of EXCEPTIONAL IMPLEMENTATION

Extra job search support provided, such as providing interview suits and conducting classes on workplace advancement and self-empowerment

Placement and job support services are provided for two or more years after graduation

Organization runs a social enterprise where graduates can be employed after graduation

#### EFFECTIVE IMPLEMENTATION

- ✓ Resume preparation, job search and interviewing skills, and employer expectations are taught through classes and one-on-one support
- ✓ Placement staff begin working with participants early in the program and continue to meet throughout
- ✓ Participants receive post-graduation support for at least six months, including job search support and assistance with on-the-job challenges

#### INEFFECTIVE IMPLEMENTATION

- ✓ Resume preparation, job search and interviewing skills, and employer expectations are not addressed in the curriculum
- ✗ Placement staff begin assisting participants with job searches toward the end of the program
- ✗ Participants are not eligible for job search support or on-the-job assistance after graduation



### Examples of EXCEPTIONAL IMPLEMENTATION

Each participant is assigned a case manager to ensure needed services are provided

Extra supports, such as transportation or living stipends, legal aid, or housing support are provided

## C. Evaluate the quality of complementary social services

Complementary social services ensure that participants receive the support needed to address challenges that may affect their ability to succeed in the program and retain a job.

#### EFFECTIVE IMPLEMENTATION

- ✓ At intake, barriers to program completion are assessed, an individualized plan is created for all participants, and participant needs are continuously assessed throughout the program
- ✓ A clear case management system is used to help address obstacles to program completion and future employment
- ✓ Program provides access to basic complementary services such as food, childcare, and mental health and substance abuse counseling

#### INEFFECTIVE IMPLEMENTATION

- ✗ Intake process evaluates educational background and skills relevant to training; information about personal issues that could affect program and workplace success are not gathered
- ✗ Ad-hoc check-ins between participants and program staff are conducted, but no clear case management system to identify and address obstacles to program completion and job success
- ✗ Organization focuses only on technical training and education but does not offer assistance to meet basic needs

Collecting outcome data enables organizations to know whether or not their programs are effectively improving the lives of their participants over the long term. High-performing organizations collect and analyze a wide variety of data to measure the effectiveness of their programs and the health of their organizations. Organizations use this data to build upon their successes and improve upon their weaknesses.

\*Exceptional programs may collect information on salary increases, promotions, educational attainment, and homeownership

\*\*Rates are the average of 11 industry-focused workforce development programs operating in Boston, MA. Rates elsewhere may vary.

## D. Evaluate outcomes and impact

When evaluating outcome data from workforce development programs it is important to consider the population served. Although organizations that serve higher-risk populations may report lower success rates, they often provide a greater opportunity for return on investment. Key indicators that high-performing workforce development programs track, as well as averaged outcomes for industry-focused programs, are listed below. To capture long-term impact, programs should gather long-term data from graduates.\*

Indicator	Expected Outcome Rate
Graduation rate: the percentage of participants who graduated from the program of those originally enrolled	81.5%**
Job placement rate: the percentage of program graduates who were placed in a job within 6 months of graduation	93.4%**
Job retention rate: the percentage of program graduates placed in a job within 6 months of graduation and held that job for 6 months	78.4%**

# STEP 3 Evaluate the Organization's Health and Stability

Evaluating an organization's health and stability will provide insight into its structure, capacity, and ability to carry out its mission. It is important to consider at least two factors:

- A. Financial sustainability**, which describes an organization's ability to conduct its work in a fiscally responsible manner
- B. Management and governance**, which describes the leadership and oversight of the organization

## A. Evaluate financial sustainability

Financial sustainability describes an organization's ability to conduct its work in a fiscally responsible manner. The information below can be found on the organization's 990, an IRS form required of most nonprofits. It is best to review three to five years of the organization's financial information.

FINANCIALLY SUSTAINABLE	FINANCIALLY UNSUSTAINABLE
✓ Organization's debt-to-equity ratio is less than 1.5, meaning its debt is manageable given its assets	✗ Organization's debt-to-equity ratio is greater than 1.5; substantial amount of assets are directed to paying off debt
✓ Organization's current ratio is equal to or greater than one, meaning its assets are greater than its short-term debt	✗ Current ratio is less than one; the organization will continue to accumulate short-term debt as its assets are not enough to cover its debt
✓ Organization maintains three to six months in cash reserves so it can withstand brief financial downturns	✗ Organization maintains fewer than three months in cash reserves, leaving it susceptible to economic shocks
✓ Funding comes from a variety of sources, including government and philanthropy; a large portion of government funding is common among workforce development programs because the government invests heavily in this area, through grants and voucher systems	✗ Funding is dominated by one source or type of funder; if the funding comes entirely from the government, programs may be constrained by the strict guidelines this funding imposes

## B. Evaluate management and governance

Management and governance indicators describe the capacity of staff and board teams to deliver on the mission, grow the organization, and hold themselves accountable.

EFFECTIVE IMPLEMENTATION	INEFFECTIVE IMPLEMENTATION
✓ CEO has significant experience; management team members have good working relationship; staff are actively involved in the workforce development field, and have relationships with local employers	✗ Management team members lack relevant degrees or experience in program sectors, or may have limited leadership experience and are not connected to local employers
✓ Board has at least seven members with diverse experience, including legal, management, financial, marketing, and fundraising, and includes representatives from local industries; meets at least three times per year	✗ Board is comprised of individuals with similar—not diverse or complementary—skills and experience; local industries are not represented; meetings are rare; members play little or no role in fundraising, oversight, or planning
✓ Planning shows evidence of measurable goals and also takes current industry data into account when planning for the future	✗ Planning occurs ad hoc; for example, in an annual meeting where possible changes are discussed informally



### Examples of EXCEPTIONAL IMPLEMENTATION

A 360-degree review is conducted annually on the CEO, including a review by the board

CEO is an active leader in the field

Three- to five-year plans are created with stakeholder input and tangible goals and milestones are explicitly laid out

Staff includes program graduates

## STEP 4 Evaluate the Organization's Ability to Create Systemic Impact

There are many ways in which an organization can influence the field of workforce development. Activities include conducting impact and outcome research, providing consulting and training to other programs, and publicly advocating for policies relating to unemployment and workforce development. SIR recommends considering three categories of activities:

- A. Growth plans**, which describe the organization's plans for the next three to five years
- B. Community partnerships**, which demonstrate the organization's ability to work collaboratively
- C. Field-building activities**, which show whether the organization is considering the big picture

### A. Evaluate growth plans

Evaluate growth plans to understand the organization's capacity to further its mission and reach more people:

- Organization has a realistic growth plan with funding and measurable goals to increase the number of participants served or expand complementary support services for participants

### B. Evaluate community partnerships

Evaluate community partnerships to understand the organization's ability to collaborate and drive greater change:

- Organization continually seeks to find new ways to connect with local industries and employers to improve the quality of its program
- Organization forms partnerships that result in support services for participants, such as food pantries, shelters, and educational programs
- Organization participates in local workforce investment boards, private industry councils, and government advisory boards to create collaborative and comprehensive workforce development policies

### C. Evaluate field-building activities

Evaluate field-building activities to understand the organization's role in driving systemic change:

- Organization understands how to create change in the lives of participants, and designs its programs accordingly
- Organization shares lessons learned with other practitioners and local institutions such as private industry councils by making data and research publicly available
- Organization participates in coordinated advocacy opportunities with others working to address unemployment and workforce development

## STEP 5 Interpret Your Evaluation and Determine How to Provide Support

The preceding four steps helped you gain a holistic understanding of an organization and its workforce development programs. To make a decision about the best way to provide support, determine where your organization fits among the following three categories:

- A. High-performing organizations** meet the majority of the criteria outlined above
- B. Developing organizations** meet some, but not all, of the criteria outlined above
- C. Low-performing organizations** meet few to none of the criteria outlined above

### A. High-performing organizations

These organizations are running industry-focused workforce development programs and are in constant communication with industry leaders to ensure their programs are relevant and valuable to employers. They are financially sound with excellent management and governance structures. They have realistic growth plans, and are engaging in field-building activities to some degree. You can feel confident that an investment in a high-performing organization will be effectively used.

Risk / Reward	Low risk / high reward
Recommended level of involvement	Low
Example investment opportunities	Continue running high-quality programs, explore adding new training programs, improve ability to track graduates over the long term, implement growth plans, and help organizations partner with educational institutions

## B. Developing organizations

These organizations may be doing some things well but need improvement in other areas. Often these are young organizations, but they can also be established organizations that are undergoing a transition to industry-focused training programs. Investment in developing organizations can be challenging yet exciting for donors who are interested in helping them improve.

<b>Risk / Reward</b>	Moderate risk / high reward
<b>Recommended level of involvement</b>	Medium to High
<b>Example investment opportunities</b>	Refine core programs to improve the quality training; fund local labor market studies for curriculum and program development, and help organization improve its connections to employer partners

## C. Low-performing organizations

These organizations have room for improvement in all areas, and may not be running industry-focused training programs. Investment in a low-performing organization with a good management team that is dedicated to improving its programs can be an exciting opportunity for a donor who wants to be deeply involved in supporting an organization. Investment in a low-performing organization that is not dedicated to improvement is not recommended.

<b>Risk / Reward</b>	High risk / Reward varies based on organization's desire to improve
<b>Recommended level of involvement</b>	High—if the organization is strategically working to improve
<b>Example investment opportunities</b>	Support strategic or business planning, secure technical assistance from high-performing organizations, hire new staff with significant expertise, fund local labor market studies, and help connect the organization with strong employer partners

### ACKNOWLEDGEMENTS

SIR thanks the organizations that participated in our research on workforce development in Massachusetts. Visit our website to download organization reports on our six recommended organizations:

**Asian American Civic Association**  
BOSTON, MA

**Community Work Service**  
BOSTON, MA

**Father Bill's and MainSpring**  
QUINCY, MA

**International Institute of New England**  
BOSTON, MA

**JVS**  
BOSTON, MA

**St. Mary's Center for Women and Children**  
DORCHESTER, MA

### Supporting Emerging Social Innovations

#### HIGH RISK WITH THE POTENTIAL OF HIGH REWARD

Funders and donors may also wish to consider organizations that are testing innovative approaches that could eventually lead to breakthroughs in addressing the targeted social issues. Such organizations should be able to articulate why they are diverging from the proven approach and how they see themselves improving upon that approach. For workforce development programs, social enterprises are an example of emerging innovation. Organizations with a social enterprise employ program participants to provide services to customers. This business model provides work experience and wages for program participants and also generates revenue for the program.

Social Impact Research (SIR) is the independent research department of Root Cause, a research and consulting firm dedicated to mobilizing the nonprofit, public, and business sectors to work together in a new social impact market. SIR aggregates, analyzes, and disseminates information to help donors identify and support the most effective, efficient, and sustainable organizations working to solve social problems. Modeled after private sector equity research firms, SIR produces research reports, analyzes philanthropic portfolios, and provides educational services for advisors to help their clients make effective and rigorous philanthropic decisions.



**SOCIAL IMPACT RESEARCH**

*Actionable Information for the Social Impact Investor*

Root Cause, 11 Avenue de Lafayette Boston, MA 02111 PHONE: 617.492.2310 WEB: <http://rootcause.org/social-impact-research>