

Impact Is the New Investment Metric:

Why Your Nonprofit Should Measure What Matters

by Devon Francis, CIMA®, CSRIC®, Partner, Senior Consultant

As a nonprofit leader, you are no stranger to big goals. Whether it's expanding access to education, improving community health or advancing the arts, your mission is important, and your team is working hard to make it real. But here's a growing truth in the philanthropic world: doing good may no longer be enough. Today's funders, partners and even board members want to know what kind of impact are you really making?

Just as you turn to your investment advisor for insights into the performance of your endowment or reserve funds, your organization also needs clear, credible information about how your programs are performing. Impact is a new investment metric, and it's time to take note.

The New Expectation for Nonprofits

Donors, foundations and stakeholders are asking tougher questions:

- “How do you know your programs are working?”
- “What outcomes are you achieving?”
- “How are you adapting when things don't go as planned?”

The shift is clear: nonprofits are being asked to provide more evidence. From stories to systems to spending to return on your mission. That may sound like added pressure, but it can bring opportunity.

Why Impact Evaluation Is a Smart Investment

Think of evaluation the way you think about portfolio reporting. You don't wait until the end of the year to find out if your investments paid off. You track key indicators regularly, review performance and adjust when needed.

Impact evaluation works the same way:

- It gives you insight into what's working and what's not.
- It helps you direct limited resources toward the most effective programs.
- It builds trust with funders, staff and your board.

Importantly, evaluation isn't just about data; it's about decision-making.

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One example is a nonprofit that recently faced a difficult financial year. Instead of cutting programs, their leadership recommended using reserve funds to sustain a high-performing initiative. Why did the board agree? Because evaluation data showed that the program wasn't just well-intentioned, it was producing meaningful, measurable outcomes. Evaluation helped them make a confident, mission-aligned decision. That's the kind of strategic clarity every nonprofit needs.

Building an Evaluation Mindset

You don't need to overhaul your entire organization to begin evaluating impact. In fact, the most effective approaches often start small. Here are a few ways to begin:

1. Focus on Outcomes, Not Just Outputs

Instead of asking "What did we do?" ask "What changed because of what we did?" Shifting from actions to outcomes leads to more strategic insight.

2. Keep It Simple

Just like a portfolio report doesn't track everything, your evaluation efforts don't need to measure every detail. Choose three–five key indicators that reflect your mission and track them consistently.

3. Create Feedback Loops

Build in time to reflect on what you're learning. This helps your team adjust the course quickly, improve program design and share honest results with funders.

4. Align Metrics with Mission

Your goals should be specific and measurable, for example: graduation rates, job placements or community participation. Make sure your metrics match your mission.

5. Think of Evaluation as Capacity-Building

Like staff training or technology upgrades, investing in evaluation could improve your organization's ability to learn, grow and deliver results.

Prove What You're Working So Hard to Achieve

You already know the importance of careful fiduciary management and governance, and impact deserves the same level of attention and accountability. By treating evaluation as an essential part of your overall strategy, an organization may:

- Make a more compelling case to current and prospective funders.
- Align board and staff around what really matters.
- And, importantly, increase the ability to change lives in measurable, meaningful ways.

As your investment consulting team supports your long-term investment strategy, impact evaluation supports your mission growth. Together, the two strategies can help ensure that every dollar and every action drives the change your organization is here to make.

Fiducient Advisors offers a range of resources to help align your endowment and foundation investments with your values. Please [contact any of the professionals](#) at Fiducient Advisors for additional information.

About the Author



Devon Francis, CIMA®, CSRIC®
Partner, Senior Consultant

As a Partner and Senior Consultant, Devon services institutional clients by providing advice and counsel on all areas of fund oversight including asset allocation, portfolio structure, spending policy, rebalancing, and overall investment policy. She focuses primarily on endowment and foundation clients, while serving as a resource on ESG investing. Devon is an active member of several of the firm's committees: the Endowments and Foundations Business Council, the Mission-Aligned Investing Council, and the Engagement Council. Additionally, she served as the podcast host for our [Nonprofit Investment Stewards podcast series](#). She joined Fiduciary Investment Advisors, LLC in 2006, which combined with Fiducient Advisors in 2020. Prior to joining the firm, Devon worked with the PRIME Asset Consulting Group at UBS Financial Services. She received an M.Ed. from the University of New Haven and a BA from Duke University. Devon obtained the title Certified Investment Management Analyst (CIMA®) from the Investments & Wealth Institute™ accreditation program at the Wharton School of Business and is a member of the Investments & Wealth Institute™. Additionally, Devon obtained the Chartered SRI Counselor™ (CSRIC®) designation. She serves on the Board of Directors and as Treasurer for both the Hartford Stage and the Connecticut Women's Council. Her personal interests include reading, theater, running and fitness.