

## **SPECIAL GUIDANCE: PLANNING FOR DATA COLLECTION AND IMPACT MEASUREMENT CAPACITY BUILDING**

Collection, measurement, and analysis of community development impact are critically important for successful CDFI management. New reporting requirements, from both the Fund and other industry funders, have increased the need for CDFIs to have in place comprehensive electronic data collection and management systems that address all reporting needs. In light of these factors, the Fund encourages *FA Applicants* to consider including a *TA* request for uses of funds that will help *Applicants* effectively collect performance data and monitor the community impact of their activities. These uses of funds should be identified in the Technical Assistance Request Chart within the *FA* application, and described in question #2 of the *FA Application*. A *TA* request of this type could fall into several different *TA* categories depending on the aspect of assistance needed.

This guidance is provided to help *Applicants* requesting funds for data collection capacity development to 1) assess their current data collection capabilities; 2) identify which, if any, categories of *TA* are needed to support this capacity development; and 3) articulate how a *TA* grant supporting data collection capacity development supports the *Applicant's CBP* and helps it to serve its *Target Market*.

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### **Planning for Data Management Capacity Development**

Data collection and analysis are critical components of a CDFI's ability to monitor and assess its financing activities and the impact it makes in its *Target Market*. *Applications* that demonstrate an understanding of how this ability supports the Management component of its *CBP* will be scored favorably. In requesting funds for this area of capacity building, the *Applicant* should consider the following key planning steps needed for establishing an effective data collection and management system.

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#### **Step 1. Conduct a Data Needs Assessment**

The first step in establishing an effective data management system is to assess how the currently collected data compares to the actual data needs of the organization. To do this you will need to conduct a detailed review of the data points that the organization needs. This review should include data points the *Applicant* uses to monitor its activities as well as any data points the *Applicant* must collect and manage because of funder or other stakeholder reporting requirements. The *Applicant* should use or develop a system that allows it to look at all of these data needs collectively. The Fund has posted a tool on the *FA* Component page of the Fund's website that can assist in this process.

The information identified in this step will be used to support your request for a *TA* award to assist with data collection and impact measure capacity building. For example, a successful assessment will tell you the number of data points being collected for each stakeholder, the number of data points being duplicated in various systems, and the number of different locations that would have to be accessed in order to create a comprehensive set of reports for the *Applicant* and its various stakeholders. An *Applicant* will be scored favorably by clearly demonstrating, through qualitative and quantitative information provided in the *Application*, that it has completed a comprehensive data assessment process and analyzed the results.

The Fund recommends that *Applicants* complete this data needs assessment before considering any additional steps.

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## **Step 2. Conduct a Technology Assessment**

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With the information revealed by the data needs assessment, an *Applicant* should have the basic information it needs to conduct, or hire a consultant to conduct, a technology assessment; *TA* funds may be used to cover the expenses of this assessment. This assessment identifies the upgrades or new purchases needed to efficiently capture, manage, and create reports from data. Recommendations may include Internet upgrades, software and/or hardware purchases, network installations, or development of new software. The assessment may also result in a recommendation to reduce the number of software programs being used to collect data – particularly if there is significant data duplication. In its *FA Application*, question #2, an *Applicant* should demonstrate the need for the technology assessment by describing things like 1) the extent to which different systems are currently being used to collect the same data; 2) the different audiences for which data needs to be collected; and 3) the extent to which *TA* funds for this assessment will result in more efficient and/or more accurate data capture and reporting.

The scope of work for this step should, at a minimum, require the assessment to address the following areas:

- a. Data that is not currently collected:
  - i. Recommend process and software for future data collection. This may include changes in intake forms.
  - ii. Recommend where the new data will be stored electronically.
- b. Data that is collected, but not electronically captured:
  - i. Recommend process to electronically capture the data
  - ii. Recommend appropriate software/system to store this data
- c. Data that is electronically captured and stored, but not effectively/efficiently managed:
  - i. Recommend new process to electronically capture the data
  - ii. Recommend how current data will be moved (or “migrated”) into more appropriate systems. For example, if “borrower gender” is stored in an Excel spreadsheet but the loan management software has a field that can capture this, it may be better to “migrate” or re-enter that data point into the loan management software.
  - iii. Recommend timeframes for retiring outdated electronic capture systems.
- d. Software and hardware upgrade or purchase recommendations
- e. Recommendations and draft budgets for automated reporting

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## **Step 3. Purchase or Upgrade Technology**

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The software and technology assessment should include a comprehensive list of any new software or hardware needed to achieve the data collection capacity development goals. *Applicants* should support technology *TA* requests with information learned from the two steps described above. *Applicants* should clearly describe how the requested technology addresses data collection efficiency and/or quality flaws identified during the two assessments. For example, an *Applicant* may state, “Software XYZ has been recommended because it will allow

us to store in one place, data that is currently collected in three different software packages and on five different computers." *Applications* must describe how the new technology will lead to better management. For example, "XYZ will provide portfolio delinquency reports that allow for better planning and risk management. The reports currently in use do not provide the details needed for forecasting future delinquencies."

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## **Step 4. Automate Data Reporting**

The final step that an *Applicant* may want to consider for a *TA* request is developing a program to automate data reporting. *Applicants* should be able to produce standard electronic reports to meet reporting requirements for internal and external audiences, including the Fund. Each of these audiences may require reports on different platforms. For example, the suggested data submission platform for the Fund Transaction Level Report is through an Extensible Markup Language (XML) transfer. XML is a computer language, and is considered the new standard for electronically transferring data. The technology assessment should result in a recommendation as to which type of platform is most logical for the organization considering its staff capacity and overall data reporting needs. The cost of reporting automation would be identified as part of the technology assessment. A *TA* request for this step in the process would require that the *Applicant* demonstrate that this assessment had been completed.

*Applicants* may request *TA* funds for a consultant or staff salary to write an XML or other type of data automation program. *Applicants* requesting *TA* funds for such uses should clearly describe the extent of the programming work that will be completed. For example, an *Applicant* should explain the extent to which the new program will provide an automated solution that satisfies all of its data reporting requirements. The amount of programming time requested should reflect the work needed to work with the data and systems detailed in the data needs assessment and the technology assessment.

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## **Summary**

A *TA* request in support of data collection and impact measurement capacity development may fall into any or all of the *TA* funding categories, consulting, technology, staff salary, training or other. The key to a good *Application* will be how well the organization demonstrates 1) that it has conducted the assessments described above and 2) that data collection and impact measurement capacity development will improve its ability to serve its *Target Market*.