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Evalpreneurship: The Role of Entrepreneurship in the Evaluation Marketplace

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Approval of the Dissertation Committee

This dissertation has been duly read, reviewed, and critiqued by the Committee listed below, which hereby approves the manuscript of Nina Sabarre as fulfilling the scope and quality requirements for meriting the degree of Doctor of Philosophy in Psychology.

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Abstract

Evalpreneurship: The Role of Entrepreneurship in the Evaluation Marketplace

by

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As a professional service within the knowledge economy, evaluation is a commercial industry as much as it is an academic discipline (Nielsen, Lemire, & Christie, 2018). However, the scholarship and training supporting evaluation practitioners focus primarily on how to conduct evaluation studies with little to no consideration of the business processes that enable the production and exchange of services (Nielsen et al., 2018). In response to the recent call for research on the evaluation marketplace (Hwalek & Straub, 2018; Kinarsky, 2018; Lemire, Nielsen, & Christie, 2018; Nielsen et al., 2018; Peck, 2018), this dissertation study explores the role of *entrepreneurship* in influencing the supply of and demand for evaluation services and products.

Two phases of research were conducted to empirically investigate the role of entrepreneurship in the evaluation marketplace. First, Phase 1 utilized secondary data analysis to assess the landscape of evaluation entrepreneurship in the United States. Next, Phase 2 leveraged focus groups, surveys, and interviews with both entrepreneurs and commissioners to examine the role of entrepreneurship in influencing evaluation supply of and demand in the philanthropic sector (i.e., foundations and nonprofits), which is identified as a market segment that is advantageous for small businesses.

Findings in Phase 1 demonstrate the differences between entrepreneurship and independent consulting to highlight the *unique* role of entrepreneurship in shaping consumer expectations, accelerating innovation, creating opportunities for professional evaluators, and differentiating evaluation services from other types of knowledge work. Entrepreneurs differ from consultants in regards to their business structures, level of commitment, personal and financial risk, and the size and scope of their projects.

Phase 2 comprised of two parallel studies; Study 1 captured perspectives of supply, while Study 2 captured perspectives of demand. Phase 2, Study 1 revealed the primary factors that drive evaluation entrepreneurship, including motivation, target market, products and services, business operations, and business development. Entrepreneurs influence other suppliers through three types of influence: evaluation practice (via collaboration, partnership, and peer learning), production and sales of evaluation services (via marketing, differentiating, innovating, adaptation, advancing trends), and business practices (via shared business knowledge and disrupting business norms).

Phase 2, Study 2 revealed the primary drivers of commissioning evaluations: internal evaluation capacity, evaluand and evaluation purpose, and source and amount of funding. Though these contextual factors are mostly out of entrepreneurs' control, findings suggest that entrepreneurs influence commissioners by: leveraging the interconnected marketplace, establishing a niche, educating and coaching clients to broaden perspectives of evaluation, co-creating opportunities, and cultivating positive experiences.

This research concludes that entrepreneurs have a prominent role in the marketplace, suggesting they also have a responsibility to uphold standards and value of evaluation, especially amid a lack of professionalization of the field and potential tensions between quality and

profitability. This study also explores wider implications of evaluation entrepreneurship as a means to disrupt "business as usual," dismantle white supremacy in the marketplace, and reimage equity-focused business practices in a way that liberates Black, Indigenous, Hispanic/Latinx, Asian, and other evaluators who have been historically excluded from evaluation scholarship, practice, and leadership.

Dedication

To all women, especially women of color, who bravely embark on the brutal and beautiful entrepreneurial journey to manifest their dreams, dismantle the status quo, and live in alignment with their values, goals, passion, and lifestyle.

The world deserves more of us.

Keep shining.

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Chapter 1: Introduction and Literature Review

As a professional service within the knowledge economy, evaluation is a commercial industry as much as it is an academic discipline (Nielsen, Lemire, & Christie, 2018). Rooted in social science research, evaluation practice operates within a broader market context "complete with competing providers and consumers" for purposes that are often connected to funding, such as program design or refinement, decision-making, or accountability (Nielsen et al., 2018, p. 13). Despite this economic backdrop, the scholarship and training supporting evaluation practitioners focus primarily on how to conduct evaluation studies by prescribing its methodology, use, and values with little consideration of the business processes that enable the production and exchange of services (Nielsen et al., 2018). As such, the study of theory and practice alone paints an incomplete picture of how evaluation is regarded and commissioned as an industry. This dissertation study explores how, if at all, *entrepreneurship* plays a role in shaping the commercial forces of supply and demand in the evaluation marketplace.

Over the past three decades, the advent of the "knowledge economy" and subsequent "gig economy" have paved the way for evaluation entrepreneurship, a career path in which professional evaluators incorporate and manage businesses that primarily sell evaluation services to clientele across the nonprofit, public, and private sectors (Hwalek, 1988; Hwalek & Straub, 2018; Lyons & Harrington, 2006; Nielsen, Lemire, & Christie, 2018). Peter Drucker first coined the term *knowledge economy* in 1969, when he predicted the socio-economic shift from an industrial-based economy to a knowledge-based economy, in which knowledge (and thereby, the

"human capital" that generates knowledge) becomes the primary resource in the marketplace due to transformations in technology and education (Drucker, 1969; Drucker, 1992).

Economists have also observed the more recent rise of the *gig economy*, in which highly skilled concentrations and individualized services have resulted in the prominence and lucrative nature of independent work (Manyika et al., 2016). Defining features of independent work in the gig economy include "a high level of control and autonomy; payment by task, assignment, or sales; and short-term duration" (Manyika et al., 2016, p. viii). Independent contracting in the "gig economy" is advantageous in the context of evaluation, as consultants are hired on a temporary basis to carry out evaluation tasks at specific time points to gather and interpret data to help stakeholders make decisions about an evaluand (i.e., program, policy, product, intervention, initiative) (Barrington, 2012; Evergreen & Sabarre, 2019; Hwalek & Straub, 2018).

The increase of "gig workers" in the "knowledge economy" has contributed to the popularity of independent evaluation practitioners in the United States (Germuth, 2019). Germuth (2019) noted that the U.S. market for independent consulting was valued at $59 billion in 2017, which increased over 6% from 2016 — an economic trend that she notes has made "independent evaluation consulting a popular full-time career choice for evaluators, and a means by which many earn additional income" (Germuth, 2019, p. 44). The interest in independent evaluation consulting is reflected in the size of the Independent Consulting Topical Interest Group (IC TIG), which is among the largest member groups of the American Evaluation Association (AEA). As Martinez-Rubin (2019) observed, the IC TIG's membership has averaged more than one thousand members between 2011 and 2018, and has continued to increase since 2015.

In response to the growing demand for independent evaluation consulting, "gig workers"

may transition into *entrepreneurship* by registering their independent practice into a formal

business entity in order to expand their services and capacity (Barrington, 2012; Hwalek &

Straub, 2018). As explained later, evaluation entrepreneurship is defined here as *the capacity and*

willingness to develop, organize, manage, and assume the risk of a business that sells products

and services related to the process of systematic inquiry to determine the merit, value, or worth

of something.

Despite the emergence of entrepreneurship in evaluation, the intersection of the two

disciplines is an uncharted territory; little theoretical or empirical literature exists on the topic of

"evaluation entrepreneurship." In fact, most literature on evaluation business conflates

"independent consultants" with "entrepreneurs" (Barrington, 2012; Hwalek & Straub, 2018;

Martinez-Rubin, Germuth, & Feldman, 2019). The current research clarifies the differences

between entrepreneurship and independent consulting to highlight the *unique* role of

entrepreneurship in shaping consumer expectations, accelerating innovation, creating

opportunities for professional evaluators, and differentiating evaluation services from other types

of knowledge work.

Research Purpose

In response to the recent call for additional research on the evaluation marketplace

(Nielsen et al., 2018), this research includes two phases of work to (1) empirically describe

characteristics of evaluation entrepreneurship in the United States and (2) explore how, if at all,

entrepreneurs influence the *supply* of and *demand* for evaluation services and products. Although

there are many microeconomic and macroeconomic theories of supply and demand (Dutt, 2006),

the terminology used in this study follows the basic conceptualization by Nielsen and colleagues

(2018), in which "demand" describes evaluation commissioners (i.e., those who purchase evaluation services) and "supply" describes evaluation providers (i.e., those who design and deliver evaluation products and services) (p. 20).

Recent literature on the evaluation marketplace reveals that small evaluation firms are responsible for a substantial share of supplying evaluation services (Hwalek & Straub, 2018; Nielsen, Lemire, & Christie, 2018). As such, the author of this research hypothesized entrepreneurs play a distinct role in the marketplace given their motivations to meet and influence commissioners' expectations and perceived value of evaluation (i.e. demand). Further, the business decisions and practices of entrepreneurs may also have some (intended or unintended) influence on their competitors or collaborators (i.e., supply) to meet evolving expectations and value perceptions. Therefore, the author further posited that evaluation entrepreneurs have a responsibility to consider the broader implications of their business decisions on how evaluation is produced and consumed in the marketplace. A mixed methods design, utilizing explanatory and exploratory sequential stages of research was implemented to empirically examine these hypotheses.

This introductory chapter sets the stage for the research by unpacking the definition of evaluation entrepreneurship, explaining the differences between entrepreneurs and consultants, and describing the market context for evaluation entrepreneurship in the United States. Then, scholarship from macro-economics and the adjacent field of management consulting are integrated to provide insights on how entrepreneurs may influence factors of supply and demand. Chapter One concludes with a description of the current research study and roadmap for the subsequent chapters of results.

What is Evaluation Entrepreneurship?

  Towards a working definition. To develop a working definition of "evaluation entrepreneurship," we must first consider the terms individually. Many commonalities exist between the fields of *evaluation* and *entrepreneurship*, as they are both practice-oriented trans-disciplines with diverse schools of thought and application.

  Evaluation and entrepreneurship are both considered *trans-disciplines*, such that they each maintain individual status as a discipline, while also serving other disciplines (Scriven, 2008). For instance, evaluation and entrepreneurship alike have distinct knowledge bases to inform professional practice, as evidenced by the existence of academic programs, scholarly journals and textbooks, conferences and convening, communities of practice, professional associations, and professional development opportunities across both fields (Montrosse-Moorhead, Bellara, & Gambino, 2017; Kuratko & Morris, 2018). However, the theory and praxis of evaluation and entrepreneurship do not exist in isolation. Both are inherently applicable across disciplines to advance cross-sector objectives, similar to other trans-disciplines like statistics, ethics, logic, or communication (Scriven, 2008). As trans-disciplines, there are diverse views on how to apply principles and methods of evaluation and entrepreneurship depending on context. Consequently, there are numerous definitions of both "evaluation" (King & Stevahn, 2013) and "entrepreneurship" (Gartner, 1990; Low, 2001).

  King and Stevahn (2013) share nine different textbook definitions of "evaluation" to demonstrate the equivocal nature of the term. One of the earliest and most widely recognized definitions states evaluation is the "process of determining the merit, worth, or value of something" (Scriven, 1991, p. 139). Another foundational definition asserts evaluation is the "systematic assessment of the operation and/or the outcomes of a program or policy, compared

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to a set of explicit or implicit standards, as a means of contributing to the improvement of the program or policy" (Weiss, 1998, p. 4). Fortunately, as King and Stevahn (2013) observe, the many definitions of evaluation share common elements. Across authors' nuanced definitions, "evaluation is a form of inquiry, it is systematic, and it studies "objects"—programs, activities, outcomes, or policies. According to these definitions, people use evaluation to do different things, ranging from the traditional evaluation possibilities of judging, improving programs, and making decisions" (p. 12-13).

Similarly, there is an unresolved debate among scholars about the definition of "entrepreneurship" or "entrepreneur" (Brockhaus & Horwitz, 1985; Bygrave & Hofer, 1991; Gartner, 1990; Low, 2001). As Bennett (2006) observed when examining the pedagogy of entrepreneurship, the meaning of the term differs depending on circumstance and application. In fact, many researchers embrace the ambiguity of entrepreneurship, arguing a confined definition would be inappropriate and irrelevant for its interdisciplinary complexity (Low, 2001; Parkinson & Howorth, 2008).

After reviewing multiple definitions of entrepreneurship, Low and MacMillan (1988) conclude:

> The problem with these definitions is that though each captures an aspect of entrepreneurship, none captures the whole picture. The phenomenon of entrepreneurship is intertwined with a complex set of contagious and overlapping constructs such as management of change, innovation, technological and environmental turbulence, new product development, small business management, individualism, and industry evolution. (p.141)

Parkinson and Howorth (2008) argue that "the only consensus seems to be around what entrepreneurship is *not*: a static entity that is the preserve of elite individuals with special personality traits or characteristics" (p. 5).

Although there is no widely accepted definition or model of entrepreneurship in the business literature, there are many interpretations of entrepreneurial activities and characteristics of entrepreneurs (Abu-Saifan, 2012; Anderson & Starnawaska, 2008; Cope, 2005; Gartner, 1990; Gartner, 1985). Entrepreneurial activities include locating business opportunities, accumulating resources, marketing products and services, producing products, building an organization, and responding to society (Gartner, 1985). Characteristics of entrepreneurs include opportunity aware, value creator, strategic thinker, initiative taker, risk bearer, high achiever, dedicated, innovator, and persistent, to name a few (Abu-Saifan, 2012). One of the most comprehensive definitions that encapsulates both activities and characteristics of entrepreneurship is from the Business Dictionary (2018):

> The capacity and willingness to develop, organize and manage a business venture along with any of its risks in order to make a profit. The most obvious example of entrepreneurship is the starting of new businesses. Entrepreneurial spirit is characterized by innovation and risk-taking and is an essential part of a nation's ability to succeed in an ever changing and increasingly competitive global marketplace. (n.d.)

Integrating definitions from both disciplines, evaluation entrepreneurship is defined here as *the capacity and willingness to develop, organize, manage, and assume the risk of a business that sells products and services related to the process of systematic inquiry to determine the merit, value, or worth of something.* This definition assumes that an evaluation entrepreneur has expertise beyond conducting and leading evaluations, such as the capacity, willingness, and personal characteristics needed to assume the financial and personal risks related to business development and sustainability.

Difference Between Evaluation Consultant and Entrepreneur

Although the difference between evaluation *entrepreneurs* and *independent consultants* has not been explicitly discussed in the evaluation literature, it has been discussed in the entrepreneurship literature and popular business books (Kazi, Yusoff, Khan, & Kazi, 2014; Kitching & Smallbone, 2012; Godin, 2016). Independent consultants, also known as "freelancers" in some sectors, are practitioners of the gig economy. As Godin (2016) describes, "A freelancer is someone who gets paid for her work. She charges by the hour or perhaps by the project;" whereas entrepreneurs "build a business bigger than themselves… Entrepreneurs focus on growth and on scaling the systems that they build" (para. 1-2).

In a recent *New Directions for Evaluation* issue on Independent Evaluation Consulting, Amy Germuth (2019) notes,

> Evaluation requires one set of skills; independent consulting another. Evaluators conduct evaluations; independent evaluation consultants also operate a business, solicit work, and market their brand. To be successful, they must tolerate greater risk, manage the increased stress, and balance the heightened work-life demands of being independent. (p. 43)

While the present definition of entrepreneurship is applicable for many independent consultants, it is not necessarily the case for *all* independent consultants — many of whom work part-time or in addition to other sources of income, a model particularly common among academics (Scriven, 1995). This dissertation research distinguishes between independent consultants and entrepreneurs by identifying key distinctions in level of commitment, payment, business structure, and risk. Although many professionals who self-identify as independent consultants would be categorized as *evaluation entrepreneurs* according to the working definition and the normative differences described below, not all self-employed consultants are entrepreneurs.

Commitment. The first normative distinction between entrepreneurs and consultants is that entrepreneurs commit themselves to the longevity of their company, whereas consultants are

committed to clients on a contract-to-contract basis. There is a sense of permanency when an entrepreneur decides to start and manage a business that is separate from herself, which contrasts with an independent consultant who is free to continue or stop consulting at the end of each engagement (Kitching & Smallbone, 2012).

As Lyons and Harrington (2006) observe, "the general environment of the small and independent applied social research firm can be characterized as ever changing, often unclear, highly competitive, and frequently resource poor" (p. 51). Given the uncertainties of running a company and generating revenue in a relatively nascent market, these authors argue "researchers who survive in this environment must value change and welcome complexity and ambiguity. Although the goals of applied researchers are the same as for any other professional— meaningful work, fulfilling relationships, efficacy, and reward— the route to the entrepreneurial researcher's goals can be turbulent" (p. 51).

Business structure. In the United States, there are several different business structures for consultants and entrepreneurs to choose from, including sole proprietorship, partnership, corporation, or nonprofit corporation (Barrington, 2012). Each business structure has different implications related to legal liability, finances, taxes, and ownership. Evaluation consultants often operate as sole proprietors, in which the practice is owned and operated by one person. As a sole proprietor, the consultant receives all income and is only responsible for paying *personal* income taxes. It is the simplest and most affordable business structure with low costs and few requirements for starting. Disadvantages of being a sole proprietor include high taxes with fewer deductibles, difficulty borrowing money, and unlimited legal and financial liability (Barrington, 2012).

Many consultants start as a sole proprietorship given the ease of formation and autonomy from government control (SBA, 2010; Barrington, 2012). Individuals may transition from consulting to entrepreneurship when they decide to build a business that is "bigger" than themselves (in terms of size, scope, or legal recognition). When entrepreneurs formally register their business, it becomes a legal entity separate from its owner. As such, it "has a life of its own and does not cease to exist when ownership changes or an owner withdraws from the business or dies" (Barrington, 2012, p. 176). In the United States, there are several variations of corporations, including a C corporation (C-corp), S corporation (S-corp), or Limited Liability Company (LLC). These vary for tax purposes and should be selected based on size and revenue as advised by tax accountants and lawyers (Barrington, 2012).

Payment. In the context of evaluation, independent consultants typically collaborate with other evaluators or sub-contract through other firms (Hwalek & Straub, 2018; Maack & Upton, 2006). They tend to rely on networking and professional contacts to obtain short-term contracts, in which they are hired for their content expertise, domain experience, or to complete specific tasks. Independent consultants are self-employed and charge fees per hour or day or fixed-cost prices based on the scope of a project (Barrington, 2012).

Evaluation entrepreneurs, however, must continuously generate ongoing business and secure resources to maintain multiple contracts and sustain their enterprise over time. Entrepreneurs are responsible for winning contracts, managing client relationships, and hiring employees or consultants to deliver services or maintain operations. Given much of their time is spent on non-billable hours for business development and management, their payment is typically reliant on business profits rather than time-based rates. There are different ways business owners pay themselves based on how their business is structured. For instance, owners

of single member LLCs pay themselves via "owner's draw" (i.e., withdrawing money from business earnings) while partnership owners pay themselves on guaranteed distribution, and owners of corporations (S-corps or C-corps) pay themselves on salary or distribution payments (Godin, 2016; Grigg; 2020; Kazi et al., 2014).

Risk. There are different personal, financial, and legal risks associated with consulting versus entrepreneurship. One major difference lies in some consultants' flexibility to work part-time. Scriven (1995) differentiates between full-time consultants and "moonlighters" who engage in part-time work in addition to their full-time positions. Moonlighting is common in the field of evaluation, with many "academicians" who conduct and coordinate evaluation contracts in academic settings (Sturges, 2014; Scriven, 1995). Unlike moonlighters, entrepreneurs and full-time consultants cannot rely on a salary, benefits, and resources from an employer. As self-employed professionals, there are overhead costs, including (but not limited to) office rent, books, subscriptions, marketing, communication, technology, insurance, and administrative support. While these costs are also applicable to full-time independent consultants, there is a different payment and business structure for entrepreneurs, who have added financial risks associated with managing an enterprise that exists separate from themselves (e.g., added business tax and insurance, salaries, benefits).

As previously mentioned, entrepreneurs are responsible for ongoing business development and internal processes to ensure their business is efficient and sustainable overtime. This means that entrepreneurs spend a substantial amount of time on non-billable work needed for marketing, business development, and managing operations, while contracting out a significant amount of billable work (Martinez-Rubin, 2019; Germuth, 2019). This results in some financial and reputational risk, as entrepreneurs must train and trust employees or

contractors to fulfill contracts under their company brand and rely on the performance of teams to attract future business.

One way that entrepreneurs can *mitigate* some risks through incorporation is by limiting the liability for the company's debts. By establishing a business separate from themselves, entrepreneurs can separate business taxes from personal taxes and financing is more readily available. As Barrington (2012) notes, "the very act of incorporating is seen as an indication of greater stability and credibility than is afforded a sole proprietor. Some clients will work only with incorporated companies" (p. 179). Unlike independent consultants, entrepreneurs sell their company brand rather than their own time and expertise.

Compared to independent consultants, the brand and credibility of a company may have a larger influence on clients' expectations (and, in turn, how competitors respond to changing expectations). Thus, it is critical to differentiate between consultants and entrepreneurs in the field of evaluation to determine the extent to which owners of evaluation firms have a unique influence on the marketplace and the responsibility to yield such influence with caution.

Market Context of Evaluation Entrepreneurship

In an overview of the evaluation marketplace, Nielsen, Lemire, and Christie (2018) observe there is limited literature on the industry; however, the "baker's dozen of articles and book chapters" on the topic can be captured within three distinct themes: (1) the size, drivers, and composition of the marketplace, (2) implications of the market dynamics for evaluation practice, and (3) strategies to navigate the marketplace (p. 15). To grasp where entrepreneurs fit within the evaluation marketplace in the United States, the following section briefly summarizes the commissioners and providers of the evaluation market and specific drivers for entrepreneurship.

Overall, there is a consensus among authors that evaluation is known as a "growth industry" across multiple sectors and international markets, with a general increase of demand for and supply of evaluation services amidst "ebbs and flows" of spending on evaluation contingent on historical and political contexts (House, 1997; Jacob, Speer, & Furubo, 2015; Leeuw, 2009; Lemire et al. 2018; Maynard, 2000; Nielsen et al., 2018; Picciotto, 2011). Given the scant literature on the industry, most claims about market growth tend to be from personal observations and surveys among professional evaluators (Nielsen et al., 2018). However, there has been a recent effort among scholars to collect empirical data on federal and philanthropic spending for evaluation services in the United States to support observations of a growing industry striving to meet increasing demands of accountability, transparency, and learning (Kinarsky, 2018; Lemire, Fierro, Kinarsky, Fujita-Conrads, & Christie, 2018).

Demand for Evaluation. At the turn of the century, Maynard (2000) described the "booming" demand for evaluation services was attributable to "the growing importance of evidence in the state and federal policy-making process, to the ongoing monitoring and operation of publicly supported programs, and to a growing emphasis among our prospering philanthropists for accountability and knowledge-development related to their grant-making" (p. 473). As such, when we think about the major commissioners of evaluation, the public and philanthropic sectors come to mind.

Lemire and colleagues (2018) examined an existing federal database of U.S. government spending from 2010 to 2017 to document major trends in the public sector's demand for evaluation. The authors found that despite some isolated declines in spending over the years, there has been a 61% increase in funding for evaluation and other types of knowledge production services from $394 million in 2010 to $651 million in 2017. Most of these contracts in 2017

were awarded by the Department of Health and Human Services (DHHS, $217 million), Department of Veterans Affairs (VA, $117 million), and U.S. Agency for International Development (USAID, $74 million). To examine the procurement of evaluation and knowledge production services, the authors conducted subsequent analyses of its largest federal customer, DHHS. Most evaluations funded by DHHS in 2017 were procured in full and open competition, and primarily awarded to eight large-scale research and consulting firms, including Mathematica Policy Research, ICF, MDRC, Research Triangle Institute, Abt Associates, National Opinion Research Center, Westat, Urban Institute, Deloitte, and Acumen (Lemire et al., 2018).

Grantmaking by philanthropic foundations make up the next largest funding source of evaluation services in the United States (Kinarsky, 2018; Lemire et al., 2018). Kinarsky (2018) provides an empirical overview of foundation spending on evaluation by analyzing data from the Foundation Center's database of the top 1,000 independent, family, corporate, and community foundations in the United States from 2010 to 2014. Kinarsky found that evaluation spending peaked in 2011, increasing $100 million from 2010 and leveling out in 2012. By 2014, spending declined to approximately the same level as it was in 2010. Similar to a trend noticed in federal contracts (Lemire et al., 2018), evaluation spending was not equally distributed across the sample of foundations.

The top ten foundations were responsible for 69% ($935.4 million) of all grant spending between 2010 and 2014, with the Gates Foundation being a prominent outlier and representing 39% of spending (Kinarsky, 2018). The most notable takeaway from the study was that the philanthropic sector of the evaluation marketplace is decentralized and local. Unlike the DHHS contracts that were commissioned to a handful of large consulting firms (Lemire et al., 2018), less than 3% of foundation spending on evaluation went directly to a company that specializes in

evaluation. Rather, the vast majority of funding went to local nonprofit organizations or schools, which were responsible for soliciting evaluation services to external evaluators of their choice. This finding provides an advantage for evaluation entrepreneurs who tend to specialize in subject areas or geographic contexts (Barrington, 2012; Hwalek & Straub, 2018).

Suppliers of Evaluation. According to the U.S. Small Business Administration (SBA), there are two types of evaluation suppliers that fall under the category of companies that conduct "research and development in social sciences." Companies with annual revenue under $20.5 million are considered "small businesses" and those with revenue above the threshold are "big businesses" (Peck, 2018; SBA, n.d.). In an examination of "big" evaluation businesses, Peck (2018) analyzed available revenue data from the top 20 enterprises to understand how they obtain and fulfill evaluation contracts. The companies were selected for analysis after the author compiled a comprehensive list of research and evaluation firms in the United States and collected revenue data to identify the largest among them based on the value of federal contract revenues in 2016 (Peck, 2018).

For 15 of the top 20 enterprises, the majority of evaluation revenue came from three federal agencies: DHHS, the Department of Education, and USAID (Peck, 2018). Public procurement was the major means of acquiring contracts across all companies, with specialized business development staff who are responsible for writing proposals to win contracts. Some of these companies, like Abt Associates, John Snow, Inc., FHI 360, and Social Impact, provide evaluation services (e.g., evaluation design, implementation, technical assistance) as one of their primary offerings. Other firms, like Booz Allen Hamilton, Inc., Deloitte, ICF International, and JBS International, provide evaluation services as one of many diverse consulting offerings, including information technology, engineering, operations, financial advisory, human capital

management, and communications, among others. Whether or not firms focus primarily on evaluation, their ability to obtain and maintain contracts is due to their impressive capacity in both size and sustainability. Big enterprises employ a wide variety of generalists and specialists who bring their expertise together to collaborate on large evaluation projects. Peck (2018) notes "specialization provides for a major advantage for the big over small firms," (p. 123) as personnel in small firms must wear many hats to develop business and carry out projects.

Nonetheless, small evaluation firms have a "special niche" in the US marketplace (Hwalek & Straub, 2018, p. 125). While big businesses have substantial administrative costs that are covered by sizable, long-term federal contracts, small evaluation firms are more attractive to nonprofit organizations or state and local governments with smaller budgets for evaluation services (Hwalek & Straub, 2018). In a 2018 survey of small sellers of evaluation, Hwalek and Straub (2018) found that their revenues come from federal, state, or local government agencies (48%), foundations (23%), and nonprofit or for-profit organizations' own savings (24%). Unlike big firms that have the capacity to win large, multi-year grants through formal procurement (Peck, 2018), small evaluation sellers tend to rely on reputational capital built through networking and past performance to develop or maintain contracts.

With small businesses comprising a substantial segment of evaluation suppliers, the current study focuses specifically on entrepreneurs who own *small* evaluation firms (i.e., with annual revenues less than $20.5 million) serving foundation or nonprofit clients. Given large firms tend to offer evaluation as one of many professional consulting services, owners of small firms are more likely to have influence on the *evaluation-specific* buyers and sellers. The justification for this current research focusing on the foundation and nonprofit sector is further elaborated in subsequent sections.

Drivers of Evaluation Entrepreneurship

In addition to the economic trends of the knowledge and gig economies previously mentioned, there are specific drivers underlying the growth of evaluation entrepreneurship including broader social and technological trends; the growth of entrepreneurship; the rise of professional, scientific, and technical consulting services; and incentives for big businesses to subcontract to smaller businesses (Barrington, 2012; Hwalek & Straub, 2018).

Maynard (2000) observed how the major expansion of public policy and demand for public accountability, as well as the commitment of scholars to practical relevance and improvements in methodology within the field has helped evaluation transition from a "tool of academic disciplines" to a "booming profession" (p. 471). Barrington (2012) adds to the discussion that industry wide trends drive growth for consulting and entrepreneurship within the field. For instance, changes in transportation and communication have spurred globalization across the public, private, and social sectors, making it easy to hire consultants remotely. Technological advancement has also improved efficiency, increased productivity, and encouraged competition among businesses, governments, and nonprofits, creating opportunities for consultants to help organizations streamline operations and maximize impact. Barrington (2012) also notes that "at home and abroad, social issues associated with poverty, famine, natural disasters, war, violence, and terrorism will continue to rock our world" (p. 9). Consequently, research and evaluation services are needed to ensure responses to such issues are delivered effectively, justly, and transparently.

Beyond the field of evaluation, research indicates that the U.S. has experienced impressive growth in entrepreneurship from 2012-2016, rebounding from a drastic decline during the Great Recession of 2008-2011 (Morelix & Russel-Fritch, 2017). Although the rate of

startup growth has increased substantially, with new businesses growing faster in their first five years than they did in the past, the number of companies reaching medium size or larger (in terms of employment) is generally lower than it was in the 1980s and 1990s. While social and economic trends in the knowledge and gig economies encourage entrepreneurs to start their own businesses, few are growing to large scale ventures. This trend is also prevalent in evaluation entrepreneurship, where the vast majority of evaluation firms remain small (Barrington, 2012; Hwalek & Straub, 2018).

Evaluation consulting is a specific vocation within a broad sector of knowledge production consulting that falls under Sector 54, *Professional, Scientific, and Technical Services*, according to the North American Industry Classification System (NAICS) (Barrington, 2012). The U.S. Bureau of Labor Statistics (2009) projected Sector 54 as the fastest growing industry between 2008 and 2018, with employment increasing 83%. Barrington (2012) argues it is advantageous for businesses and governments to hire independent consultants rather than permanent staff because they are experienced and highly skilled, and their temporary status allows them to be cost effective and often more innovative. Furthermore, the increased demand for professional, scientific, and technical *consultants* stimulates *entrepreneurship,* as individuals incorporate businesses to manage the supply of consultants. Barrington (2012) notes that 75% of all consulting firms are known as "boutique firms" and employ fewer than five people. Sole proprietors run these small shops by hiring administrative and technical support and contracting specialists.

Peck (2018) suggests that many federally funded contracts are fulfilled through subcontracting and partnering arrangements, in which the prime contract is awarded to a big business that subcontracts work to other firms or individual contractors. As such, small sellers of

evaluation services can compete for subcontracts from big businesses rather than direct public procurement (Hwalek & Straub, 2018). Small sellers of evaluation also benefit from policies that incentivize hiring small businesses. For instance, the U.S. government has statutory goals for small business procurement, including 23% of prime contracts for all small business categories, 4% of prime and subcontracts for women-owned small businesses, 5% of prime and subcontracts for small disadvantaged businesses, 3% of prime and subcontracts for service disabled veteran-owned small businesses, and 3% of prime and subcontracts for Historically Underutilized Business Zone certified small businesses (SBA, n.d.). As Hwalek and Straub (2018) note, "certain kinds of small sellers can help large sellers meet these set-aside targets" (p. 126). Additionally, big businesses partner with small businesses to "bring new expertise in a topic area, acquire a qualification that they do not otherwise have, or subcontract work when they are temporarily overloaded" (Hwalek & Straub, 2018, p. 126).

Potential Influence of Entrepreneurs on the Evaluation Market

The current research examines entrepreneurship from the lens of supply and demand considering "evaluation practice is deeply embedded in a broader market of knowledge production" in which evaluation products and services are produced and sold (Nielsen et al., 2018, p. 13). Understanding the dynamics between supply and demand, and whether or how entrepreneurs impact their interaction, may provide useful insights on how to maximize the value of evaluation in society and the quality of products and services offered.

As economist Amitava Krishna Dutt (2006) describes, most macroeconomic models include a bi-directional interaction between aggregate demand and aggregate supply (known as AD-AS models) in short-term performance. As demand for products and services increases, supply is increased to meet the demand; and vice versa, increased supply can create demand over

time (Dutt, 2006). In the context of evaluation services, an increasing demand for transparency and accountability in the knowledge economy catalyzed an increased supply of evaluation professionals (Barrington, 2012; Lemire et al., 2018; Maynard, 2000). Consequently, the growth of small sellers of evaluation has increased access to professional evaluation and the competition among providers, which may continue to fuel demand for services (Hwalek & Straub, 2018).

Opportunities to influence demand. To understand the ways in which evaluation entrepreneurs may influence consumers of evaluation, comparisons are made to a similar service industry in the knowledge economy, management consulting. Since the 1990s, management research has studied the economic and sociological perspectives that have given rise to the field of management consulting (Armbrüster, 2006; Maister, 1993; Kubr, 1996). Management consulting, the practice of helping organizations improve their performance, "became recognized as an emerging profession in which formal professional qualification has given way to professional work independent of a formal professional background" (Armbrüster, 2006, p. 1). Similar to professional evaluators, management consultants come from diverse academic and professional backgrounds and are hired on short-term contracts to employ systematic methodologies to solve problems and make recommendations to improve organizational effectiveness.

Armbrüster (2006) notes that the lack of clearly defined professional standards and distinct products delivered by management consultants may result in quality uncertainty among clients. Analogous arguments are made about the lack of professionalization in the field of evaluation (Altschuld & Engle, 2015; House; 1993; Jacob & Boisvert, 2010; Picciotto, 2011; Montrosse-Moorhead, Bellara, & Gambino, 2017). As Picciotto (2011) suggests, because the field of evaluation meets some, but not all, of the criteria needed for professionalization (i.e.,

prestige and status, ethical dispositions, specific expertise, professional autonomy, and credentials), the public at large is "unclear about the nature of the evaluation discipline" (p. 171). Armbrüster (2006) makes similar claims about management consulting, finding that there are "no institutional clues to distinguish qualified from non-qualified consulting providers" (p. 70).

Armbrüster (2006) argues there are three mechanisms to influence demand by reducing transactional uncertainty of management consulting: networked reputation, public reputation, and experience-based trust. Networked reputation "emerges from word-of-mouth recommendations and represents a central factor of growth under conditions of institutional and transactional uncertainty" (p. 75). A survey of small sellers confirms the same is true in the field of evaluation, where personal connections are reported as an important marketing strategy to buyers (77%) and the most frequent reported strategy to generate new business was to actively solicit new work from past clients (55%) (Hwalek & Straub, 2018).

Public reputation refers to how the general public perceives the expertise of the consultant (Armbrüster, 2006). Picciotto (2011) warns that the lack of public clarity around evaluation products and services and the heterogeneous nature of evaluation consumers makes it "impractical to conceive of an effective market-based model of policy or program evaluation that would cede primary control of the evaluation function to its ultimate beneficiaries—the citizenry" (p. 174). He further suggests, "absent agreed standards of independence and without the authority to govern the behavior of its members, evaluators have yet to exert professional autonomy and control over their own expert occupation" (2011, p. 175).

Lastly, experienced-based trust is developed through client-consultant relationships, "when relations have been positive in the past, positive expectations guide future action" (Armbrüster, 2006, p. 76). Similarly, as most small sellers of evaluation generate business

through repeat clients, the decisions of entrepreneurs and their experiences with clients may guide clients' future expectations about evaluation services. Nielsen and colleagues (2018) summarize research from Sturges (2014, 2015) and intellectual scholarship from House (1997) who suggest the limited number of buyers and sellers of evaluation services results in an interdependency that jeopardizes the independence of evaluators and raises a number of ethical issues.

This study builds on these observations to examine how, if at all, the unbounded nature of the profession, lack of public awareness, and interdependency of client relationships may present opportunities for evaluation entrepreneurs to influence client's expectations and perceived value of evaluation services.

Opportunities to influence supply. Given the bi-directional relationship of aggregate demand and aggregate supply (Dutt, 2006), if evaluation entrepreneurs exert some influence on consumer's expectations of evaluation services, then their decisions may also affect how suppliers meet those expectations. Hwalek and Straub (2018) discuss how small sellers are influenced by their competitors. According to their 2018 survey, nearly half of respondents (48%) reported that competition for their services is "strong, but not overwhelming" (p. 131). Seventy-one percent of respondents named other small sellers as their major competition, compared to about half who mentioned large evaluation firms (54%) and universities (51%) as competitors.

Small sellers face the challenge of meeting the same standards as their competitors, while also differentiating their services and developing their own name recognition. When survey respondents were asked how they differentiate themselves from their competition, they frequently mentioned specific subject matter expertise or experience in a particular field (68%),

specific processes or approaches (52%), or methodological expertise (23%). Sturges (2014) recognizes the paradoxical nature of evaluation consultants or entrepreneurs becoming "generalized experts." On one hand, it is necessary to market oneself as a specialized expert to differentiate from competition. On the other hand, it is difficult to specialize, when novice consultants or entrepreneurs need to take advantage of opportunities to work on available contracts. Sturges (2014) notes, "they learn to balance making themselves generalizable to fit the needs of new contracts yet specialized enough to offer a unique set of skills. To the extent that specialization occurs (e.g., through training), it is market-driven" (p. 352).

In addition to influencing fellow suppliers of evaluation, owners of evaluation firms face decisions that directly influence how their employees produce evaluation products. For instance, if an entrepreneur values certain processes or techniques over others, then the employees or contractors who work for them are likely to apply the same approaches. An entrepreneur's own capacity and willingness to invest resources in their firm's capacity affects the evaluation products they deliver. For example, differences may emerge in preferred data collection methods, quality of data, style of reporting, or visualizations of findings.

Implications for Evaluation Theory & Practice

Understanding how, if at all, business practices may affect evaluation procedures has broader implications for the development and application of evaluation theories and approaches. Different theories of evaluation have been developed to prescribe rules and frameworks that specify how, and with what purpose, evaluations should be conducted (Alkin, 2013). As Shadish, Cook, and Leviton (1991) note,

> Evaluation theory tells us when, where, and why some methods should be applied and others not, suggesting sequences in which methods could be applied, ways different methods can be combined, types of questions answered better or less well by a particular method, and benefits to be expected from some methods as opposed to others. (p. 34)

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As a tool to teach evaluation theory, a widely known classification schema categorizes theories on three branches of an "evaluation theory tree" based on what theorists consider most important for practice among methodology, use of findings, or valuing (Christie & Alkin, 2013). Although evaluation theories derived from considerations of methods, use, and valuing are helpful in designing and implementing evaluation practice, few consider how *business* decisions underpin practice. By examining how business leaders influence supply and demand, this research will reveal how, if at all, the evaluation process is impacted by market dynamics in addition to theoretical considerations.

An example of how entrepreneurship influences evaluation theory and practice can be seen with the popularity of *Developmental Evaluation*. Evaluation scholar and entrepreneur, Michael Quinn Patton, Founder & CEO of Utilization-Focused Evaluation, created the approach in direct response to a client's needs. As Patton (2010) describes in his textbook on Developmental Evaluation, his clients were disappointed with the contract specifications to conduct formative evaluation to refine the program in its early years, followed by summative evaluation to determine if it works. To alleviate their concerns, Patton designed Developmental Evaluation as an approach that is "grounded in systems thinking and supports innovation by collecting and analyzing real-time data in ways that lead to informed and ongoing decision making as part of the design, development, and implementation process" (Patton, 2010, p. 2).

Since publishing his book in 2010, the approach has been adopted by evaluation entrepreneurs across the globe, and now is widely requested by commissioners in Requests for Proposals as a preferred perspective (Beer, 2019). The rise of Developmental Evaluation is a prime example of how an entrepreneur directly influenced both supply and demand of evaluation practice. In fact, Beer (2019) notes that the approach has become so ubiquitous that many

funders are asking for Developmental Evaluation when they do not fully understand what it means. The extent to which entrepreneurs influence theory and practice by starting or advancing new trends in the field, such as equitable evaluation practices, data visualization, and leveraging systems thinking, are further explored in this study.

Current Research and Setting

The present study focuses specifically on the philanthropic sector as a market segment ripe for entrepreneurship. As discussed in the literature review of the marketplace, most federal evaluation contracts were awarded to big businesses, many of which do not primarily provide evaluation services (Lemire et al., 2018). Meanwhile, in the philanthropic realm (i.e., foundations and nonprofits), the evaluation marketplace tends to be decentralized and localized (Kinarsky, 2018).

According to the State of Evaluation report published by the Innovation Network (2016), there is a positive trend in nonprofits' investment in evaluation. In 2016, 92% of nonprofit organizations engaged in evaluation, compared to 90% in 2012 and 85% in 2010 (Innovation Network, 2016, p. 2). Furthermore, 92% of nonprofits receive funding for evaluation from at least one source, compared to only 66% in 2012. Sources of funding include foundations or philanthropic contributions (68%), individual donor contributions (65%), corporate charitable contributions (51%), government grants (48%), or dues, fees, or other direct charges (34%).

Despite increased investment in evaluation, the Innovation Network (2016) found that only 28% of nonprofit organizations have promising evaluation capacity, operationalized by their "culture, expertise, and resources to continually engage in resources" (p. 2). Only 8% of nonprofits have internal staff primarily dedicated to evaluation, and most reported that their leadership or program staff conduct evaluation in addition to their primary responsibilities

(63%). Overall, about one-in-four nonprofits (27%) engage an external evaluator. The likelihood of engaging an external evaluator is associated with the size of the nonprofit organization. About half (49%) of large organizations work with an external evaluator, compared to 29% of medium-sized organizations, and 14% of small organizations (Innovation Network, 2016, p. 9).

Foundations who fund nonprofit organizations are also increasing their investment in evaluation through a focus on learning and strategy. According to the Center for Evaluation Innovation's Benchmarking Survey (2020), the proportion of foundation leaders with "learning" in their titles, often those who are most likely to lead evaluation efforts and commission external evaluation activities, has increased from 13% in 2009 to 36% in 2019. The CEI survey also found that 73% of foundation boards are moderately or highly supportive of foundation spending on evaluation, and 89% are moderately or highly supportive of foundation staff using evaluation data in their decision-making.

According to Hwalek and Straub (2018), nearly half (47%) of the revenue of small evaluation businesses are either from foundation funding for nonprofits or from nonprofit organizations' own savings. The other half is largely from federal, state, or local government agencies (48%), which also play a significant role in funding nonprofits as implementing partners and supporting their evaluation efforts (Hwalek & Straub, 2018; Innovation Network, 2016).

In addition to conducting evaluations, entrepreneurs and consultants are commissioned by nonprofits to build their internal capacity through training or coaching. According to a 2015 survey of AEA's IC TIG, evaluation consultants reported training, capacity building, program design/planning, strategic planning, and facilitation as among their top services (Independent Consulting TIG Survey Committee, 2015). Given increased funding for evaluation and lack of

internal capacity, nonprofit organizations and foundations represent a critical market for evaluation entrepreneurs.

Research Phases. This research contributes to the literature by examining the role of entrepreneurship in shaping the quality and value of evaluation as a commodity and service within the philanthropic sector. To scaffold this investigation, the following phases were conducted:

1. **Phase 1:** *Understanding the Landscape of Evaluation Entrepreneurship*

   Prior to examining how, if at all, entrepreneurs influence market dynamics, it was critical to understand the unique characteristics and practices among evaluation entrepreneurs, and how they differ from those of consultants. Phase 1 leverages secondary data to understand the landscape of evaluation entrepreneurship in the United States.

2. **Phase 2:** *Examining the Role of Entrepreneurship on Supply & Demand*

   Building upon Phase 1, Phase 2 includes primary data collection using a mix of quantitative and qualitative methods to identify factors that contribute to the supply of and demand for evaluation products and services in the philanthropic sector, and how entrepreneurs influence these factors.

Research Questions. The following questions guided the sequential phases of work:

Phase 1: Understanding the Landscape of Evaluation Entrepreneurship

1. What is the landscape of evaluation entrepreneurship in the United States?

   a. What are the demographic characteristics of evaluation entrepreneurs in the United States?

   b. How do the characteristics and practices of entrepreneurs differ from independent consultants in the United States?

c. What are the market conditions of evaluation entrepreneurship?

d. What are common business practices implemented by entrepreneurs to navigate the market conditions?

Phase 2: Examining the Role of Entrepreneurship on Supply & Demand

Study 1: Supply

2. What factors contribute to how evaluation entrepreneurs supply evaluation products and services?

3. How, if at all, do entrepreneurs influence other evaluation suppliers?

Study 2: Demand

4. What factors contribute to how external evaluation services are commissioned?

5. How, if at all, do entrepreneurs influence commissioners' expectations and perceived value of evaluation services?

Chapter 2: Methodology

Two phases of research were implemented to answer the guiding questions presented in Chapter 1. Phase 1 utilized secondary data and Phase 2 employed two concurrent studies with sequential mixed-methods designs (See Figure 1 below).

Figure 1

Research Design

PHASE 1: Landscape

What is the landscape of evaluation entrepreneurship in the United States?

Secondary data analysis of AEA IC TIG survey (quantitative)
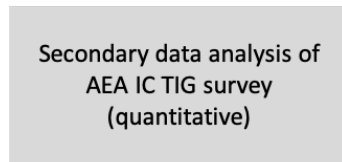
PHASE 2: Influence in the Philanthropic Marketplace

Study 1: What factors contribute to how evaluation entrepreneurs supply evaluation products and services? How, if at all, do entrepreneurs influence other evaluation suppliers?

Focus groups of entrepreneurs (qualitative) → Survey of entrepreneurs (quantitative) → Interviews of entrepreneurs (qualitative)

Study 2: What factors contribute to how external evaluation services are commissioned? How, if at all, do entrepreneurs influence commissioners' expectations and perceived value of evaluation services?

Focus groups of commissioners (qualitative) → Survey of commissioners (quantitative) → Interviews of commissioners (qualitative)
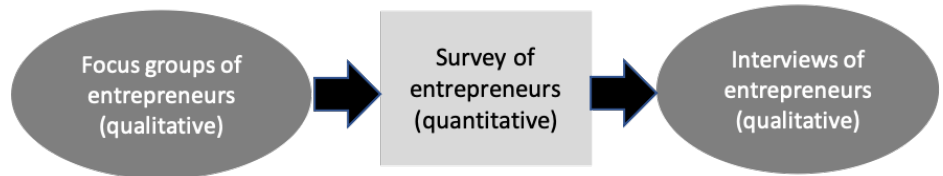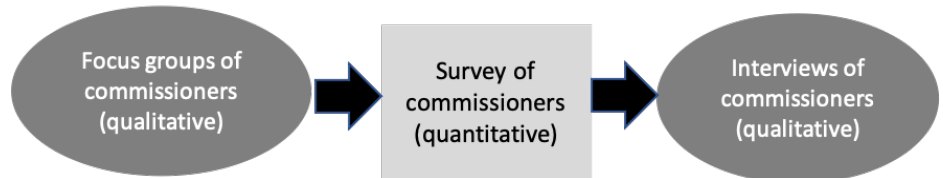
First, a secondary analysis of AEA's 2018 IC TIG member survey was conducted as a preliminary assessment of evaluation entrepreneurship in the United States. The purpose of Phase 1 was to describe characteristics and business practices of evaluation entrepreneurs and distinguish how they differ in practice from independent consultants. Phase 2 included two concurrent studies both of which integrated *exploratory* and *explanatory* mixed methods. Study 1

was focused on the influence of entrepreneurship on evaluation supply, while Study 2 was focused on evaluation demand.

Phase 2, Study 1 began with *exploratory sequential methods*, which involved the collection and analysis of qualitative data to explore relevant constructs and inform the development of quantitative methods (Creswell & Clark, 2018). First, focus groups with entrepreneurs were used to understand how entrepreneurs make decisions regarding the design and delivery of evaluation services, as well as their perceptions of nonprofit clients' expectations and demands. Insights from the focus groups informed the development of a quantitative survey instrument to measure patterns and trends among entrepreneurs. Following the survey, Study 1 also included *explanatory sequential methods*, involving the collection and analysis of qualitative interview data to explain and expand upon the quantitative survey results (Creswell & Clark, 2018). Findings from both the focus groups and survey were used to guide the development and recruitment for in-depth interviews with a purposive sample of evaluation entrepreneurs.[1]

In parallel, Phase 2, Study 2 mirrored the methodology of Phase 2, Study 1 to investigate the demand side of the marketplace. First, a focus group was conducted with nonprofit and foundation commissioners to understand their experiences with evaluation entrepreneurs and decisions they face when commissioning evaluation studies. Focus group data were used to inform the development of a survey for nonprofit and foundation commissioners that were used to measure patterns and trends that contribute to the demand of evaluation services. Lastly, these data were used to inform instrument development and recruitment for in-depth interviews with commissioners.

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[1] A "purposive" sample is also referred to as a "judgmental or expert sample." The main objective is to produce a sample that can be logically assumed to be representative of the population. Throughout the dissertation, "purposive sampling" is used to describe the technique of strategically selecting information-rich cases. Readers are referred to Patton (2015) for more information about the distinctions.

Phase 1: Landscape Analysis

Secondary Analysis of IC TIG Survey

To assess the general landscape of evaluation entrepreneurship in the United States, secondary data analysis on a 2018 survey of AEA's Independent Consulting TIG was conducted.

Survey. The 2018 AEA's IC TIG survey was originally designed and administered by Hwalek and Straub for their research study, *The Small Sellers of Program Evaluation Services in the United States*. Survey measures included characteristics of business (e.g., number of employees, tax status), perceptions of market conditions, marketing strategies, differentiation of services, business models, strategies of value migration, and demographics. See the survey instrument in Appendix A.

Sample. All members of the IC TIG in 2018 (*N*=932) were invited to participate in the survey and a total of 250 members responded (response rate of 27%). Of these, 187 were included in the final sample because they: (1) fit the inclusion criteria of being a primary owner, CEO, partner or sole practitioner and (2) their business employed fewer than 50 people (Hwalek & Straub, 2018).

Analysis. The researcher analyzed the survey data in IBM SPSS Statistics (Version 26) predictive analytics software. First, independent t-tests were conducted to identify any statistically significant differences in business practices or characteristics between entrepreneurs and independent consultants. Having a business tax ID was used as a proxy for entrepreneurs (owner of a formal business entity). Consultants were identified by having reported income under their personal social security number.

Of the 185 participants who responded to Question 5, asking about their tax ID, 70% were entrepreneurs and 30% were consultants. This proxy was used to compare the differences

of entrepreneurs and consultants across the following dependent variables: revenue sources, number of funded projects, minimum budgets, largest budgets, use of independent consultants, perceived level of competition, source of major competition, perceived level of demand for services, and importance of name recognition or personal connections.

Given the small sample size, Mann-Whitney U tests were performed as a non-parametric measurement of independent samples. To avoid the likelihood of "false positives" that may occur when running repeated tests (i.e., detecting statistical significance when the difference is actually due to chance), Bonferroni corrections were applied to adjust the threshold of significance and control for inflated alpha values (Armstrong, 2014).

After analyzing differences between the two groups, the sub-sample of independent consultants was filtered from the dataset to examine the practices of entrepreneurs. Descriptive statistics, such as frequencies, mean comparisons, and correlations, were performed to identify common trends and patterns among entrepreneurs. The following variables were included in the descriptive analysis: perceived increase or decrease in revenue, factors influencing growth, business development strategies, use of different business models, dependency of contracts, core focus of business model, and influence of market conditions.

Phase 2, Study 1: Influence of Entrepreneurship on Evaluation Supply
Focus Groups of Evaluation Entrepreneurs

The focus groups of entrepreneurs served two purposes. First, to understand common factors that affect how evaluation entrepreneurs supply evaluation services. Second, to inform the development of subsequent rounds of data collection, including quantitative surveys of entrepreneurs and clients, as well as in-depth interview guides. According to Casey and Krueger (2000), focus groups provide "a more natural environment than that of individual interviews

because participants are influencing and influenced by others—just as they are in real life" (p.11). As such, the natural interaction among entrepreneurs was advantageous to understand the ways in which their business decisions are influenced by one another through competition and collaboration.

Participants. A focus group is "comprised of individuals with certain characteristics who focus discussions on a given issue or topic" (Anderson, 1990, p. 241). Three focus groups of four evaluation entrepreneurs in each group were conducted to elicit experiences and identify common factors that shape how they design and deliver services. Qualitative researchers recommend that focus groups include four to six individuals to elicit "rich and adequate" perspectives that provide the synergy required (Dilshad & Latif, 2013, p. 194).

Purposeful sampling was used to recruit relatively homogeneous groups of seasoned entrepreneurs who can share "privileged insights and experiences" about the business decisions that influence their services, as well as their clients' experiences and expectations (Dilshad & Latif, 2013, p. 191). As Patton (2015) notes, "the logic and power of purposeful sampling lies in selecting information-rich cases for in-depth study. Information-rich cases are those from which one can learn a great deal about issues of central importance to the purpose of the inquiry" (p. 264).

A total of 12 focus group participants were recruited from "mastermind groups" sponsored by AEA's IC TIG. At the time of the focus groups, the IC TIG mastermind groups included 56 like-minded evaluation business owners who grapple with similar challenges and voluntarily engage in a professional community to support and learn from one another. Mastermind members were targeted as "information-rich" leaders with unique insights about running small evaluation businesses.

The mastermind groups were organized around business author, Todd Herman's (2019) five stages of business: (1) start-up (i.e., beginning of everything), (2) ramp-up (i.e., creating systems to establish and promote growth), (3) build-up (i.e., adjusting systems and letting go of control), (4) scale-up (i.e., all about growth), and (5) leader-up (i.e., acquisition and leadership succession). Only mastermind members who are in the "build-up," "scale-up," or "leader-up" stages were targeted for focus groups to ensure participants were experienced enough to draw conclusions and discuss lessons learned about successful business practices.

To recruit participants, the researcher used the mastermind database that includes members' contact information and details about their years of experience and current stage of business. The researcher sent up to three recruitment emails to all mastermind members in the three advanced stages of business. To be included in the focus groups, individuals had to meet the following inclusion criteria: (1) owns an evaluation firm in the United States that has a business tax ID and (2) has conducted an evaluation commissioned by a nonprofit organization in the past two years.

Procedures. A total of three 60-minute focus groups were conducted with four participants in each group. The focus groups were facilitated online using Zoom, a platform for video conferences. The researcher moderated the focus group using a semi-structured protocol covering the following topics: motivations for starting their business, how they distinguish their business from others, decision-making process when designing and delivering services, experiences and expectations of clients, and perceptions of their role in influencing supply and demand (See Appendix B for the final protocol). With permission from participants, the focus groups were recorded and professionally transcribed.

Analysis. Two rounds of coding were performed to identify themes deductively and allow themes to emerge inductively. Qualitative analysis software, MAXQDA 2020 (VERBI Software, 2019), was used for both initial and focused coding. The goal of *initial coding* was to "remain open to all possible theoretical directions," allowing patterns to emerge inductively and generate new themes "in vivo" (i.e., using terms from informants themselves") (Charmaz, 2006, p. 46).

After a complete round of initial coding, *focused coding* allowed the researcher to revisit the transcripts and organize codes and patterns into broader themes related to the research questions. Drawing upon Patton's approach of transitioning from inductive to deductive coding (2015), "once patterns, themes, and/or categories have been established through inductive analysis, the final, confirmatory stage of qualitative analysis may be deductive in testing and affirming the authenticity and appropriateness of the inductive content analysis" (p.454). During this stage, the researcher analyzed the data for both "convergence" and "divergence" of codes to develop meaningful takeaways.

Convergence refers to the recurring codes that can be sorted into categories judged by internal homogeneity and external heterogeneity. Meanwhile, by analyzing for divergence, the researcher *extended* patterns in deeper or diverging themes, *bridged* connections among different patterns, or *surfaced* new, emergent themes (Patton, 2015).

Survey of Evaluation Entrepreneurs

Following synthesis of the secondary data analysis and focus groups, a survey of evaluation entrepreneurs was developed to measure patterns and trends that contributed to the supply of and demand for evaluation services within the philanthropic sector.

Survey. The main purpose of this survey was to examine the extent to which insights and experiences expressed in the focus groups could be generalized across a broader sample of evaluation entrepreneurs who serve nonprofit clients in the U.S. Based on focus group findings, survey items were developed within the following modules: (1) motivations to start a business, (2) identifying target market, (3) designing evaluation services, (4) business operations & development, (5) influence on/of supply & demand, and (6) entrepreneurial reactions & adaptations. The final survey included 46 closed-ended survey items and three open-ended questions. See Appendix B for the full survey instrument.

In addition to the substantive modules, the survey also included a section to collect demographic information, including number of years in business, number of years working in evaluation, gender, age, race/ethnicity, highest degree completed, field of highest degree, and state. Lastly, the survey was used to recruit interview participants by including an opportunity to provide contact information and volunteer to participate.

Sample. The survey was sent via email to the 2020 AEA IC TIG listserv (*N*=736) and a total of *N*=150 members participated for a response rate of 20%. *N*=150 was the desired sample for this survey of evaluation entrepreneurs based on data from the landscape assessment. According to the 2018 IC TIG survey, approximately 70% of the 844 IC TIG members own their own business (*N*=590). Therefore, a sample size of approximately 150 entrepreneurs yields a 6% margin of error, with 90% confidence that trends found in the data are beyond random error. Although this methodology is a non-probability-based sample, this sample size was determined to be sufficient for exploratory findings about evaluation entrepreneurs.

Screening questions were used to ensure respondents met the following inclusion criteria: (1) owns an evaluation firm in the United States that has a business tax ID and (2) has conducted

an evaluation commissioned by a foundation or nonprofit organization in the past two years. After the data were cleaned to only include complete responses from those who passed the screener, the final sample included 118 evaluation entrepreneurs. See Chapter 4 for more information about the characteristics of the final survey sample.

Procedures. Prior to launching the survey, the researcher administered cognitive interviews with three evaluation entrepreneurs to test the instrument's reliability and validity, and understand whether respondents' comprehension matched the intentions of survey items. A hybrid approach to cognitive interviewing was implemented, leveraging both think-aloud and verbal probing techniques (Willis, 2005). Survey respondents were first asked to read the instructions and questions silently to themselves, and then openly verbalize their thought processes when interpreting and responding to each item. The researcher probed participants as needed to ensure face validity of items.

After revising the survey based on feedback from cognitive interviews, the final survey was programmed using Qualtrics and sent via email to participants. The survey was open for four weeks and a total of three reminder emails were sent to encourage participation.

Analysis. The survey data were cleaned and analyzed by the researcher in IBM SPSS Statistics (Version 26) predictive analytics software. Data cleaning involved deleting incomplete data, removing outliers, renaming variables, and recoding variables for analysis (e.g., aggregating categories). After the dataset was cleaned, descriptive statistics, such as frequencies and mean comparisons, were performed to identify common trends, patterns, and differences.

When possible, inferential statistics were used to compare business practices and outcomes across demographics. Similar to the statistical procedures used in the secondary data analysis, non-parametric statistics were used if the data failed to meet assumptions of normality.

Further, Bonferroni adjustments were applied to control for inflated alpha values (Armstrong, 2014). See Chapter 4 for more details about the analysis.

In-Depth Interviews with Entrepreneurs

One-on-one interviews with a purposive sample of evaluation entrepreneurs were conducted to further understand the unique experiences and perspectives of evaluation entrepreneurs and elicit their views about how they implicitly or explicitly influence the evaluation marketplace.

Participants. A total of 66 survey respondents reported that they would be willing to participate in a follow-up interview. The researcher reviewed the demographic characteristics of these respondents to apply a maximum variation sampling method that ensures participants cover diverse expertise and perspectives while capturing central themes that cut across all evaluation entrepreneurs (Patton, 2015). Characteristics included gender, age, and years in business. Maximum variation sampling allows cross-cutting patterns among diverse entrepreneurs to "derive significance from having emerged out of heterogeneity" (Patton, 2015, p. 283). Of the 66 potential interview participants, a total of $N=16$ entrepreneurs were selected for recruitment and $N=12$ participated in in-depth interviews.

Procedures. Entrepreneurs were recruited via email to participate in 60-minute interviews. After the initial email invitation, a total of two follow-up reminders were sent. Interviews were conducted and recorded online using Zoom video conferencing. A semi-structured interview guide was developed based on insights from the focus groups and surveys. The final guide included questions about how entrepreneurs started their business, the extent to which they influence (or are influenced by) other suppliers, the extent to which they influence (or are influenced by) their nonprofit or foundation clients, and the role entrepreneurship plays in the

field, including trends observed among entrepreneurs. See Appendix B for the interview protocol.

The virtual interviews were recorded, professionally transcribed, and reviewed by the researcher for accuracy. Two rounds of coding were performed to allow themes to emerge inductively and deductively.

Analysis. Qualitative analysis of the interview transcripts reflected the same process used to analyze the focus group data. All transcripts were uploaded to the qualitative analysis software, MAXQDA 2020 (VERBI Software, 2019), and rounds of initial and focused coding were conducted. Initial coding allowed patterns to emerge inductively, while focused coding organized patterns into broader themes (see analysis section of Chapter 4 for a more detailed explanation of coding procedures). The coding process was complete when all patterns and themes had been saturated, and any new codes resulted in redundancy.

While the focus groups provided an opportunity to understand the shared experiences and dynamics of entrepreneurs, the in-depth interviews provided rich, emic (i.e., "insider") narratives to contextualize the experiences and contributions of entrepreneurs in the evaluation marketplace. Interviews offered insights about the extent to which entrepreneurs intentionally or unintentionally influence the supply of and demand for evaluation services in the philanthropic sector.

Phase 2, Study 2: Influence of Entrepreneurship on Evaluation Demand

Focus Group of Commissioners

Similar to the design of Phase 2: Study 1, Phase 2: Study 2 employed exploratory and explanatory sequential mixed methods. First, focus groups of nonprofit and foundation clients

were conducted to understand clients' experiences working with evaluation entrepreneurs and their considerations when commissioning evaluation studies.

Participants. Two focus groups were conducted: one included four foundation commissioners and the other included three nonprofit commissioners. To recruit participants, the researcher relied on referrals and connections within her professional network of evaluators and philanthropy professionals. Despite the limitations of convenience sampling (e.g., selection bias, lack of representation), the primary purpose of the focus groups was to inform the development of the survey that was sent to a broader, more illustrative sample of foundation and nonprofit clients. Therefore, convenience sampling techniques were sufficient to gather qualitative insights via focus groups. To be included in the focus groups, individuals met the following inclusion criteria: (1) had been involved in commissioning evaluation activities for a U.S.-based nonprofit or foundation in the past two years, and (2) evaluation activities were led by an external evaluation firm based in the U.S.

Procedures. To encourage participation in the focus group, the researcher offered clients an incentive related to building evaluation capacity (e.g., raffle entry for free registration for evaluation training). A total of two, 60-minute focus groups were conducted with seven participants total. The researcher moderated the focus group using a semi-structured protocol covering the following topics: the context in which they commission external evaluations for their organization; the factors considered when sourcing and selecting external evaluators; the extent to which their views of evaluation changed after working with external evaluation firms; and how, if at all, the experiences working with external firms will influence their decisions in commissioning future evaluation projects. See Appendix C for the final protocol. With permission from participants, the focus groups were recorded and professionally transcribed.

Analysis. Qualitative analysis software, MAXQDA 2020 (VERBI Software, 2019), was used for both initial and focused coding. Initial coding allowed patterns to emerge inductively, generating new concepts and explanations. During this stage, the researcher coded themes "in vivo," which involves generating codes from terms used by the informants themselves. After initial coding, focused coding allowed the researcher to revisit the transcripts and organize codes and patterns into broader themes related to the research questions (Charmaz, 2006). Similar to Study 1, the researcher searched for both "convergence" and "divergence" of codes to develop meaningful themes.

Survey of Commissioners

Following analysis of the focus groups, a survey was developed to identify trends and patterns related to clients' experiences, expectations, and perceived value of services offered by evaluation entrepreneurs.

Survey. Survey items were developed within the following modules: (1) context of most recent external evaluation commissioned, (2) experience working with external evaluation firms, and (3) outcomes of working with external evaluation firms. The final survey included 16 closed-ended survey items and two open-ended questions. See Appendix C for the full survey instrument.

In addition to the substantive modules, the survey also included a section to collect demographic information, including gender, age, race/ethnicity, and highest degree completed. Lastly, the survey was used to recruit interview participants by including an opportunity to provide contact information and volunteer to participate.

Sample. Unlike the survey of entrepreneurs, in which the researcher intended to reach N=150 entrepreneurs to ensure generalizability of findings based on the Phase 1 landscape

results, it was not possible to estimate the total population of evaluation commissioners within the philanthropic sector in the U.S. As such, the researcher aimed to reach a sample size of *N*=150 nonprofit or foundation commissioners to achieve balanced perspectives from both entrepreneurs and commissioners.

The survey was sent via email to a sample of AEA members (*N*=2,374) provided by the AEA's Research Mailing List Request Working Group that manages all requests for contact lists of AEA members for research purposes. It was also posted to the AEA's Nonprofit and Foundations TIG discussion board and shared widely on Twitter and LinkedIn, including posts in the following online groups of nonprofit professionals:

- **Nonprofit Happy Hour (NPHH):** NPHH is an active support group on Facebook for nonprofit professionals. The international group consists of 43,968 members.

- **GuideStar – The Nonprofit Conversation:** The GuideStar LinkedIn Group serves as an online meeting place for nonprofit profit professionals. It includes a total of 14,367 members.

- **The Chronicle of Philanthropy:** The Chronicle of Philanthropy LinkedIn Group is an online community to host substantive conversations about trends in the field, networking, and idea sharing. It includes 122,840 members.

- **Nonprofit Professionals Forum:** Nonprofit Professional Forums LinkedIn Group is an online community to provide a forum to discuss new ideas, strategies and challenges faced by professionals in the nonprofit world. This group also offers the opportunity for nonprofit professionals to network with one another using this online forum. It includes 22,109 members.

To be included in the survey, respondents had to meet the following inclusion criteria: (1) was involved in commissioning evaluation activities for a U.S.-based nonprofit or foundation in the past two years and (2) evaluation activities were conducted by a third-party, external evaluation firm. One hundred twenty-three individuals participated in the survey. After the data were cleaned to only include complete responses from those who passed the screener, the final sample included a total of N=76 foundation and nonprofit commissioners. See Chapter 5 for more information about the characteristics of the final survey sample.

Procedures. Prior to launching the survey, the researcher administered cognitive interviews with two evaluation commissioners recruited from her personal network, one working within a foundation and one working within a nonprofit. The purpose of the cognitive interviews was to test the instrument's reliability and validity, and understand whether respondents' comprehension matched the intentions of survey items. Similar to the cognitive interviews administered in Study 1, a hybrid approach was implemented, leveraging both think-aloud and verbal probing techniques (Willis, 2005).

After revising the survey based on feedback from cognitive interviews, the final survey was programmed using Qualtrics and sent via email to participants. The survey was open for four weeks and a total of three reminder emails were sent to encourage participation.

Analysis. The survey data was cleaned and analyzed by the researcher in IBM SPSS Statistics (Version 26) predictive analytics software. Data cleaning involved deleting incomplete data, removing outliers, renaming variables, and recoding variables for analysis (e.g., aggregating categories). After the dataset was cleaned, descriptive statistics, such as frequencies and mean comparisons, were performed to identify common trends, patterns, and differences.

When possible, comparisons were also made across nonprofit vs. foundation commissioners using chi-square statistical tests. Similar to the statistical procedures used in the secondary data analysis, non-parametric tests such as Mann-Whitney U were used when the data failed to meet assumptions of normality. Furthermore, Bonferroni corrections were be applied to adjust the threshold of significance and control for inflated alpha values (Armstrong, 2014). See Chapter 5 for more details about the analysis.

In-Depth Interviews with Commissioners

Lastly, to round out the "demand perspective" of this research, the final data source included in-depth interviews with foundation or nonprofit commissioners.

Participants. A total of 37 survey respondents reported that they would be willing to participate in a follow-up interview. Similar to the recruitment of entrepreneurs, purposeful, maximum variation sampling was utilized to recruit diverse foundation and nonprofit commissioners to participate in interviews. Characteristics included type of organization (i.e., foundation or nonprofit), self-reported level of evaluation knowledge, gender, and education. Of the 37 potential interview participants, a total of $N=24$ were selected for recruitment and $N=11$ participated in in-depth interviews.

Procedures. Commissioners were recruited via email to participate in 45-minute interviews. After the initial email invitation, a total of two follow-up reminders were sent. Interviews were conducted and recorded online using Zoom video conferencing. Semi-structured interview questions were developed based on insights from the focus groups and surveys. The final instrument included questions about the purpose of evaluation for their organization; their experiences working with external evaluation firms and how their experiences have impacted their perceptions of evaluation; outcomes related to working with external evaluation firms; how,

if at all, engaging external evaluation firms has influenced the way they commission evaluation projects; and the extent to which commissioning external evaluations has exposed them to recent trends in the field. See Appendix C for the interview protocol.

The virtual interviews were recorded, professionally transcribed, and reviewed by the researcher for accuracy. Two rounds of coding were performed to allow themes to emerge inductively and deductively.

Analysis. Similar to the qualitative analysis approach used for focus groups of commissioners and qualitative methods in Study 1, two rounds of initial and focused coding were performed using MAXQDA 2020 (VERBI Software, 2019) to identify inductive and deductive themes. The coding process was complete when all patterns and themes had been saturated, and any new codes resulted in redundancy. See Chapter 5 for more details on qualitative analysis.

Chapter 3

Phase 1 Results: Landscape of Evaluation Entrepreneurship in the United States

As described in Chapter 1, there are normative differences between independent consultants and evaluation entrepreneurs evident in their business structures, method of payment, level of commitment, and assumed personal, financial, and legal risk (Barrington, 2012; Kazi et al., 2014; Kitching & Smallbone, 2012; Lyons & Harrington, 2006; Scriven, 1995). This chapter summarizes the analysis of secondary data from Phase 1 to describe the landscape of evaluation entrepreneurship in the U.S. and to empirically examine the differences between entrepreneurs and independent consultants.

Secondary data analysis of the AEA's IC TIG member survey from 2018 was used to answer the following research question and sub-questions:

1. *What is the landscape of evaluation entrepreneurship in the United States?*

    a. What are the demographic characteristics of evaluation entrepreneurs in the United States?

    b. How do the characteristics and practices of entrepreneurs differ from independent consultants in the United States?

    c. What are the market conditions of evaluation entrepreneurship?

    d. What are common business practices implemented by entrepreneurs to navigate the market conditions?

Describing the Sample

In 2018, all members of the IC TIG (*N*=932) were invited to participate in a survey conducted by Hwalek and Straub for their research study, *The Small Sellers of Program Evaluation Services in the United States*. A total of 250 members responded (response rate of 27%). One hundred eighty-seven respondents were included in the final sample because they met the following inclusion criteria: (1) primary owner, CEO, partner or sole practitioner and (2) their business employed fewer than 50 people.

For the current study, the 187 respondents were classified as an "evaluation entrepreneur" (*n*=130, 70%) or evaluation "consultant" (*n*=55, 30%).[2] Respondents were classified as an "evaluation entrepreneur," if they reported income under a formal business entity (i.e., having a business tax ID for a for-profit or nonprofit organization). Individuals were considered "consultants" when they noted primarily collecting and reporting income under their personal social security number (i.e., they legally work as an independent contractor instead of operating as a formal business entity).

Demographics. Across all demographic variables, including age, gender, race/ethnicity, and education, there were no statistically significant differences in demographics between evaluation entrepreneurs and consultants. See Table.1 for demographics of entrepreneurs surveyed.

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[2] Two participants did not respond to the question used to determine if they were an entrepreneur or consultant (i.e., business tax ID)

Table 1

Demographics of Entrepreneurs Surveyed (N=130)

	Respondent Characteristics	AEA Membership Population (*N=7,280*)
Gender		
Female	84%	62%
Male	16%	
Race/Ethnicity		
White	83%	53%
Black or African American	5%	8%
Multi-racial	4%	NA
Asian or Pacific Islander	3%	6%
American Indian/First Nations, Alaskan Native, or Inuit	1%	1%
Prefer not to specify	4%	NA
Highest Degree		
Doctorate (PhD or EdD)	62%	41%
Master's degree (MS or MA)	27%	43%
Professional degree (MD, JD, MSW, MPA, MPH, MPA)	9%	6%
Bachelor's degree (BA or BS)	3%	1%

Evaluation entrepreneurs are more likely to be White (83%) and identify as female (84%) compared to overall AEA members, who are 53% White and 62% female, according to 2018 membership data (Coryn et al., 2020).

Analysis Approach

Analysis of the survey data began with cleaning of the data file using SPSS (Version 26) syntax to identify and set missing all univariate outliers of continuous variables that were more than three standard deviations from the mean (which occurred 17 times for 9 continuous variables). Because this was secondary data analysis of an existing survey, the final dataset provided was already cleaned to remove incomplete cases and no cases were removed.

All respondents (*N*=187) were included in inferential tests to compare differences between entrepreneurs (*n*=130) vs. independent consultants (*n*=55). To compare the two samples, independent sample t-tests were performed on continuous variables. Before running t-tests, the researcher tested assumptions by checking the homogeneity of variance using Levene's test and assessing normality using descriptive values of skew and kurtosis. For variables that failed to meet either assumption, a non-parametric test (Mann-Whitney U-test) was used. In the following section, results from parametric tests are presented with the mean scores and results from non-parametric tests are presented with median scores. For comparisons of categorical variables, chi-square tests of independence with column proportion z-scores were run to identify statistically significant differences.

The dataset was also filtered to include only evaluation entrepreneurs (*n*=130) and descriptive statistics were run to identify frequencies of responses among entrepreneurs and demographic characteristics of the sample. To avoid the likelihood of "false positives" that may occur when running many repeated tests, sequential Bonferroni corrections were applied to adjust the threshold for statistical significance (Armstrong, 2014).

Results

Business Characteristics and Practices of Entrepreneurs vs. Consultants

Source of Revenue. Survey respondents were asked to estimate the percentage of their annual revenue that was generated by evaluation services (e.g., planning or leading evaluations, conducting evaluation activities, evaluation capacity building) or other types of consultancy activities (e.g., market research, non-evaluation related surveys, performance auditing, business consulting, strategic planning, grant writing, leadership or organizational development). More than three-quarters (77%) of entrepreneurs' revenue was generated *directly* from evaluation

services. The remaining 23% was generated from other kinds of consultancy activities (e.g., different types of research, training, organizational development, facilitation). There were no statistically significant differences in how revenue was generated between entrepreneurs and consultants, $t(180)=.75$, $p=.456$. See Figure 2 for the source of revenue by entrepreneurs and consultants.

Figure 2

Source of Revenue by Respondent Type (*N*=185)
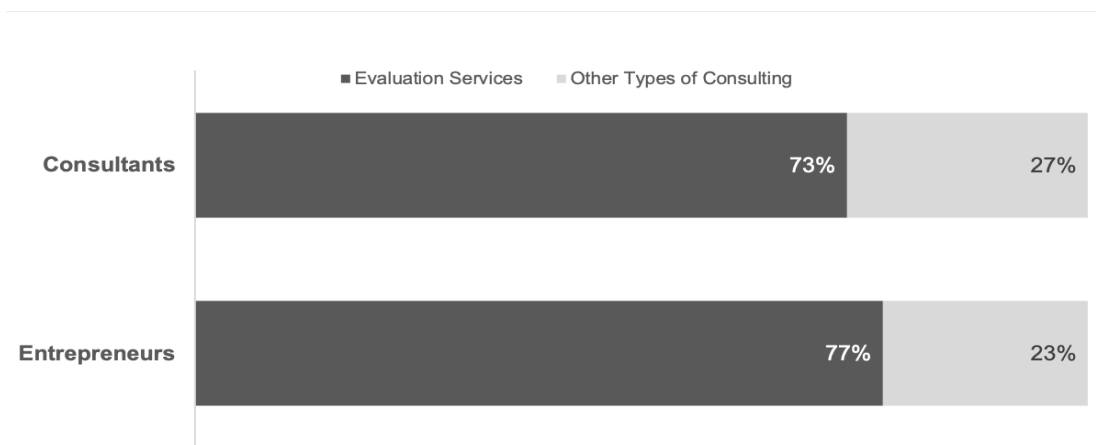
Number and size of projects. There was a statistically significant difference in the number of funded projects that entrepreneurs and consultants worked on in the past twelve months, $t(174)=3.33$, $p=.001$. Entrepreneurs (*M*=8.10, *SD*=6.76) reported working on more funded projects compared to consultants (*M*=4.89, *SD*=3.36). Not only do entrepreneurs work on *more* funded projects a year, but there are also differences regarding the budget, duration, and number of employees paid by each contract. On average, the size of entrepreneurs' largest contract (*Mdn* = $100,000) in US dollars was twice as large as the largest contract reported by consultants (*Mdn* = $50,000), $U=2054.50$, $p=.003$. See Figure 3 for comparison of number and size of projects.

Figure 3

Number of Projects and Largest Contract by Respondent Type (*N*=185)
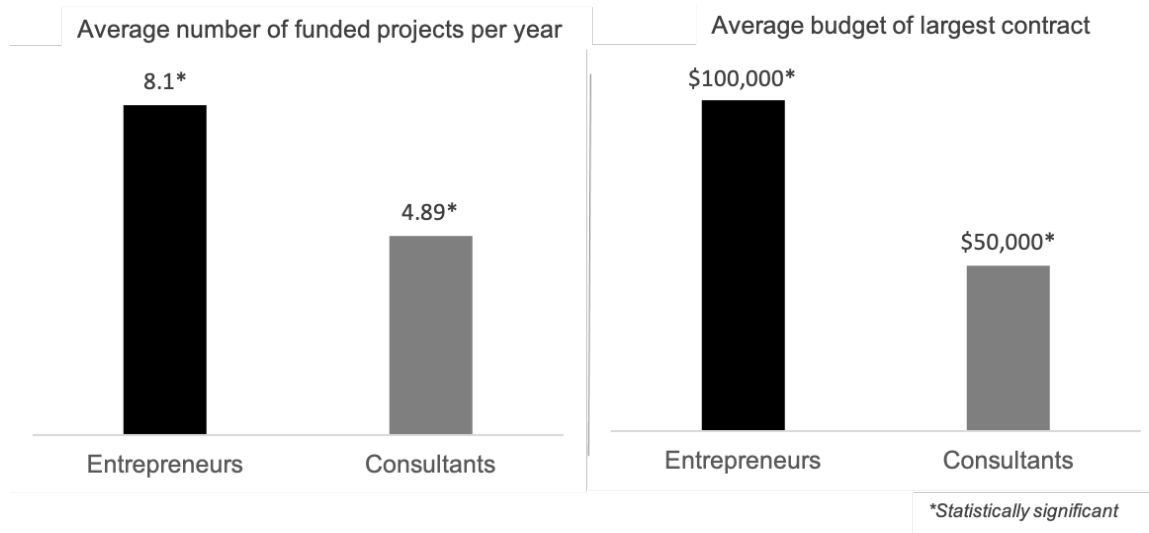
The largest contracts for entrepreneurs were commissioned for a longer duration than those of consultants. The average duration of entrepreneurs' largest contract was *M*=3.28 years (*SD=2.13)*, compared to *M*=2.35 years for consultants (*SD*=1.88), $t(162)=2.65, p=.009$. There were no statistically significant differences in the minimum sized project that entrepreneurs or consultants would accept, $U=670.50, p<.953$. In fact, more than half of both entrepreneurs (58%) and consultants (52%) said they have no minimum.

Employees and contractors. With a higher number of projects and larger budgets, entrepreneurs are also more likely to employ others. There was a statistically significant difference in the number of employees paid from respondents' largest contracts, such that entrepreneurs hired more individuals (*Mdn*=2) compared to consultants (*Mdn*=1), $U=1661.00, p<.001$. Entrepreneurs were also more likely to hire independent contractors compared to consultants, $X^2 (1, N=182) = 14.625, p < .001$. More than two-thirds (69%) of entrepreneurs hired an independent contractor in the past twelve months, compared to just over one-third

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(38%) of consultants. Among entrepreneurs who hired contractors in the past twelve months, the number of contractors hired for project work ranged from 1-10 and the number of contractors hired for general business operations ranged from 1-4.

On average, entrepreneurs reported hiring more contractors for project-related work (M=2.49, SD=1.91) compared to consultants (M=1.56, SD=1.22), t(108)=2.20, p=.030. Similarly, entrepreneurs reported hiring a higher number of contractors on average to support general business operations (M=1.06, SD=1.05) compared to consultants (M=0.33, SD=0.49), t(77)=2.61, p=.011. The increased number of projects, larger scope of projects, and higher likelihood of hiring contractors provides evaluation entrepreneurs with greater opportunities to influence the supply of and demand for services compared to independent consultants.

Market conditions. Nearly half of entrepreneurs (49%) believe competition for the same evaluation services that their organization offers is "strong, but not overwhelming." Another 27% said the competition is "medium" and they are not too worried about competition. Eleven percent reported it is "very stiff" meaning that it seriously interferes with their ability to stay in business. While 13% reported competition is so "low" that they are able to procure as much evaluation business as they desire. There were no statistically significant differences in perceptions of competition between evaluation entrepreneurs and consultants, X^2 (3, N=179) = 2.017, p = .569. See Figure 4 for perceptions of competition among entrepreneurs and consultants.

Figure 4

Perceptions of Competition by Respondent Type (*N*=185)
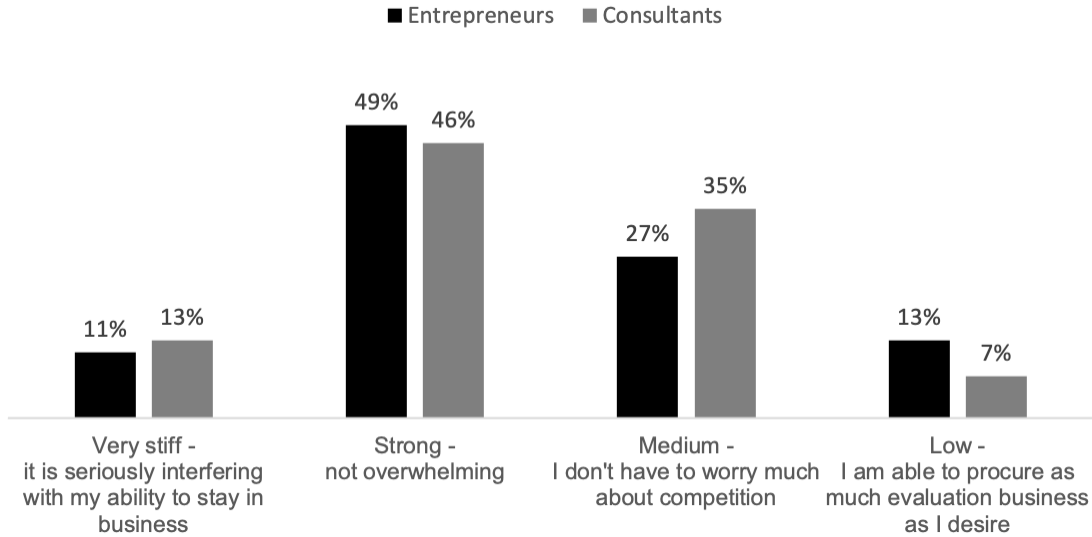
There were, however, statistically significant differences in regard to *who* is the major competition for entrepreneurs versus consultants. Consultants were more likely than entrepreneurs to select "other small sellers" as a major competitor, X^2 (1, *N*=179) = 5.55, *p* = .018; whereas, entrepreneurs were more likely to select "large evaluation firms," X^2 (1, *N*=179) = 5.93, *p* = .015. Both groups were likely to view universities as a competitor, X^2 (1, *N*=179) = 2.20, *p* = .138. See Figure 5 for sources of competition among entrepreneurs and consultants.

Figure 5

Sources of Competition by Respondent Type (*N=185*)
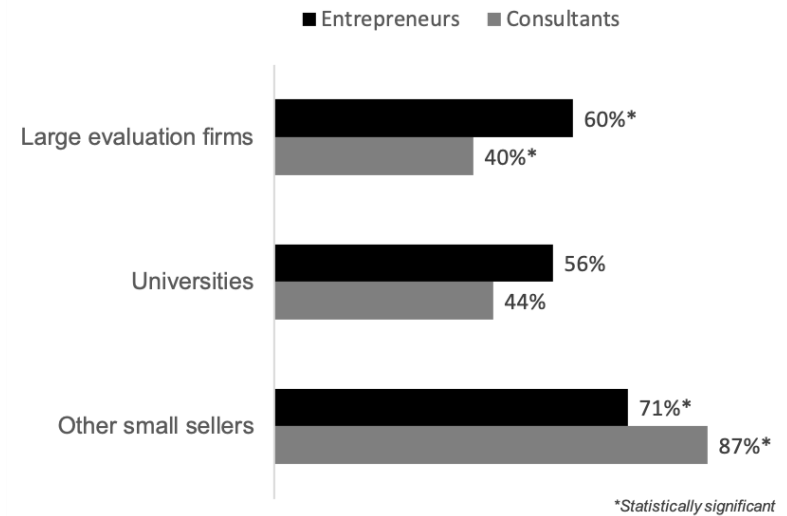
Thinking about the past five years, 43% of entrepreneurs said the demand for their firm's services has been increasing, while 27% said it is staying about the same, and 13% believe it has been decreasing. Further, the majority of entrepreneurs (52%) reported that their firm's *revenue* has increased in the past five years, while about one-third said it stayed the same (32%) and 15% said it decreased. There were no statistically significant differences in the rate of demand, X^2 (3, *N=180*) = 2.93, $p < .402$, or revenue, X^2 (2, *N=148*) = .790, $p < .674$, between evaluation entrepreneurs and consultants.

Entrepreneurs mentioned that the top three factors influencing growth over the past five years were: (1) increased recognition of their name, personally, among buyers (62%), (2) increased awareness of their organization's name among buyers (47%), and (3) increased demand for evaluation services in the US (31%). Entrepreneurs (47%) were statistically more likely than consultants (21%) to believe an increased awareness of their organization's name contributed to their revenue growth over the past five years, X^2 (1, *N=145*) = 7.93, $p = .005$. This finding indicates that entrepreneurs may prioritize their organizational branding and marketing

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more than independent consultants, who may be more inclined to depend on personal relationships.

Consultants (62%) were statistically more likely than entrepreneurs (40%) to say they prefer limiting the size or scope of their services, which has resulted in a decline in their firm's revenue over the past five years, X^2 (1, N=145) = 5.86, p = .015. The fact that consultants are more likely than entrepreneurs to *purposefully* restrict the growth of their firms is further explored in Chapter 4 through interviews with entrepreneurs who further discuss differences in their motivations compared to independent consultants.

Key differences summarized. In Chapter 1, evaluation entrepreneurship is defined as *the capacity and willingness to develop, organize, manage, and assume the risk of a business that sells products and services related to the process of systematic inquiry to determine the merit, value, or worth of something.* A review of evaluation and entrepreneurship literature differentiates entrepreneurs from consultants based on level of commitment, business structure, payment, and risk.

The secondary analysis presented in this chapter provides empirical evidence of what these differences look like in practice. Evaluation entrepreneurs were more likely than independent consultants to have worked on more projects, have larger budgets, and hire employees or contractors. While both entrepreneurs and consultants reported increased demand in recent years, entrepreneurs were more likely to attribute increased revenue to their organization's brand awareness. Meanwhile, consultants were more likely to say they purposefully limit their engagement in projects, resulting in decreased revenue.

With these differences in mind, the remainder of this chapter primarily focuses on business practices of evaluation entrepreneurs to better understand how they market and sell their services, and grow their businesses over time.

Business Development Practices of Entrepreneurs

Nearly three in four entrepreneurs (73%) said their own personal connection with buyers was more likely to influence their purchases compared to the name recognition of their organization. Another 21% said the influence of both their personal connection and organization's name recognition were equally important, and only 6% said their organization's name recognition was more important than their personal connection.

When it comes to selling evaluation services on their website, marketing materials, and presentations, entrepreneurs are most likely to focus on their specific content expertise (60%), demonstrate outcomes or impact with previous clients (48%), emphasize accountability (47%), and highlight their specific methodological expertise (45%). See Figure 6 for use of marketing concepts.

Figure 6

Use of Marketing Concepts by Entrepreneurs (*N=*130)
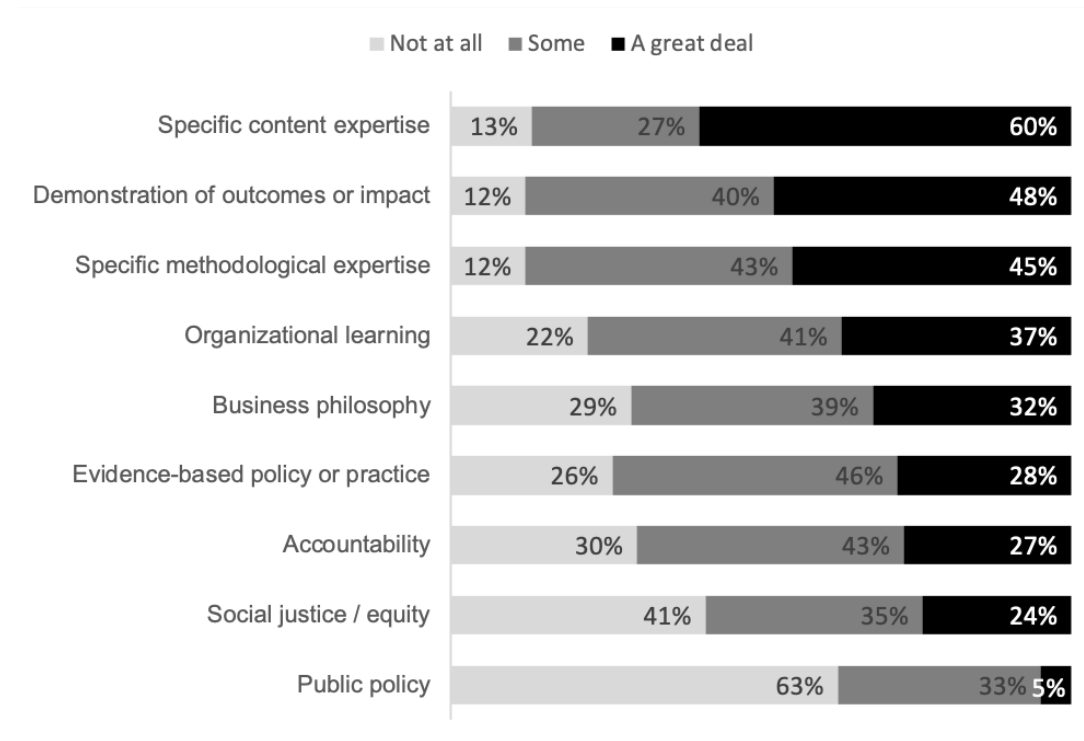
Thinking about an average year, entrepreneurs mentioned the following strategies were successful (i.e., selected "some success" or "significant success") in terms of building their brand and bringing in new business: actively soliciting new work from past clients (60%); responding to Requests For Proposals (RFP) (58%); presentations, trainings, and speaking engagements (41%); actively soliciting referrals from past clients (36%); and networking at conferences (34%).

Table 2 depicts different models of how firms capture business. The most common models reported by evaluation entrepreneurs includes direct sales (i.e., marketing and selling products to customers directly through personal contact arrangements) and premium business model (i.e., high-end products appealing to discriminating customers).

Table 2

Models for Capturing Business (*N*=130)

Business Models	% Selected
Direct sales (marketing and selling products to customers directly through personal contact arrangements)	46%
Premium business model (offering high end products and services appealing to discriminating customers)	30%
Monopolistic business model (having a service or product that nobody else provides)	22%
Sourcing business model (when more than one party needs to work with another party to be successful)	18%
Network effect (the value of your service or product goes up when more people use it)	15%
Loss leader (selling a product or service below market cost to stimulate other sales or profitable goods or services)	14%
Free sample (giving a sample of a product or service so the customer can try it out before committing to a purchase)	14%
Collective business model (professionals in the same or related fields pool resources, share information or provide other benefits for their members)	11%
Pay what you can (asks customers to pay for what they feel the product or service is worth to them)	11%
Freemium (offering something for free while charging a premium for advanced or special features)	8%
Servitization of products (having a product and attaching a service to it)	4%
Bait and hook (offering basic product at low cost [or at a loss] and then charging compensatory recurring amounts for refills or associated services)	3%
Value-added reseller (modifying something created by another business in a way that adds value to the original product or service and then selling that modified product/service)	3%
Online media cooperative (joining together with other evaluators around an online media platform for mutual benefit)	2%

| Subscription business model (customer pays a subscription price to have access to a product or service) | 1% |

On average, entrepreneurs reported that 47% of new projects over the past year came from existing projects, 26% came from direct referrals, 15% came from their firm's own marketing efforts, and 9% came from responding to RFPs. Compared to consultants (16%), entrepreneurs (26%) reported a higher percentage of projects that came from direct referrals from existing past clients, $t(165)=2.23$, $p=.027$. This finding is further supported by data in Chapters 4 and 5 examining how entrepreneurs navigate the interconnectedness of supply and demand.

Chapter 4

Phase 2, Study 1: Drivers of Evaluation Entrepreneurship and Influence on Supply

In the descriptive landscape study of evaluation entrepreneurship presented in Chapter 3, differences between independent consultants and entrepreneurship were confirmed; and analyses suggest that entrepreneurs have more opportunities than consultants to influence the marketplace.

The first half of this chapter integrates sequential explanatory, mixed-methods findings from focus groups and a survey of entrepreneurs to answer the following Phase 2 research question: *What factors contribute to how evaluation entrepreneurs supply evaluation products and services?* Expanding upon these insights, this latter half of Chapter 4 summarizes in-depth interview data to answer the following Phase 2 research question: *How, if at all, do entrepreneurs influence other evaluation suppliers?*

Describing the Samples

Focus groups. Three focus groups were conducted of four participants each (*N*=12 total participants). Purposeful sampling was used to recruit participants from AEA's IC TIG mastermind groups of experienced business leaders. All focus group participants have at least 10 years of experience in evaluation entrepreneurship. The majority of participants were female (*n*=9, 75%) and White (*n*=9, 75%), however, at least one male (*n*=3, 25%) and one entrepreneur of color (*n*=3, 25%) were present in all three groups.

Survey. As described in Chapter 2, a total of *N*=150 attempted the survey and the final included *N*=118 entrepreneurs who passed the screener and met the following inclusion criteria: (1) owns an evaluation firm in the United States that has a business tax ID and (2) has conducted an evaluation commissioned by a nonprofit organization in the past two years. The demographics

of survey respondents largely reflect the composition of entrepreneurs identified in the 2018 IC

TIG survey (See Table 3).

Table 3

Demographics of Entrepreneurs Surveyed (N=118)

Respondent Characteristics	
Gender	
Female	83%
Male	16%
Non-binary	2%
Race/Ethnicity	
White	81%
Hispanic or Spanish	6%
Asian or Pacific Islander	5%
Black or African American	4%
American Indian/First Nations, Alaskan Native, or Inuit	3%
Prefer not to specify	3%
Highest Degree	
Doctorate (PhD or EdD)	51%
Master's degree (MS or MA)	39%
Professional degree (MD, JD, MSW, MPA, MPH, MPA)	5%
Bachelor's degree (BA or BS)	3%

Interviews. A total of *N*=12 entrepreneurs participated in interviews for this study. As

described in Chapter 2, purposive sampling was implemented to recruit participants from survey

respondents who noted interested in participating in follow-up interviews. The final sample

included respondents with a diverse range of experience as an entrepreneur, ranging from one

year of experience as an entrepreneur to over 40 years. The majority of participants (*n*=7, 58%)

have at least 10 years of experience in business. Reflective of the survey data, the majority of

participants were female (*n*=9, 75%) and White (*n*=9, 75%).

Analysis Approach

Focus groups. First, qualitative insights from focus groups of entrepreneurs were analyzed using conventional content analysis techniques to identify common themes across the three groups. After initial and focused coding of themes, the transcripts were reviewed again to extract the exemplar quotes presented in this section.

Survey. Focus group insights were summarized into preliminary analysis memos that informed the development of the quantitative survey of entrepreneurs. The survey data were mostly used to affirm focus group themes and measure patterns among a more representative sample of entrepreneurs. As such, the survey analysis mostly involved descriptive statistics to present frequencies that provided quantitative insights to supplement the focus group themes.

Interviews. As described in Chapter 2, focus group and survey data were analyzed to inform the subsequent development of the in-depth interview protocol. While focus group and survey data were used to *identify* factors that drive evaluation entrepreneurship, interview data were used to *explain* how these factors influence (and are influenced by) other evaluation suppliers. Similar to the qualitative analysis of focus groups, interview transcripts were analyzed using conventional content analysis techniques with two rounds of initial and focused coding. Exemplar quotes were extracted from interview transcripts and are presented in the following results sections.

Results

To understand the role of entrepreneurship in influencing other evaluation suppliers, it is essential to first understand the primary factors underlying entrepreneurs' business decisions and practices. Examining these factors provides necessary context to understand how the business

decisions and practices of entrepreneurs shape their own supply and have the potential to influence other suppliers.

Five Components of Evaluation Entrepreneurship

Focus group participants discussed five components driving evaluation entrepreneurship: (1) motivation to start and maintain a business, (2) target market, (3) products and services, (4) business operations, and (5) business development. Survey data suggest that these components are relevant among a broader sample of entrepreneurs.

Motivations to start and maintain a business. The first component driving evaluation entrepreneurship is one's personal motivation to start and maintain a business. The majority of focus group participants (*n*=11, 92%) began their careers employed as an evaluator, applied researcher, academic, or practitioner who used or conducted evaluation as part of their previous job responsibilities. Only one focus group participant had a background in entrepreneurship and business, and was led to evaluation after studying public health in graduate school. At various stages of their careers, participants mentioned the following motivations to start their own evaluation consulting business: desire for autonomy and flexibility, aspirations to leave a legacy or make an impact, interest in innovation, external factors outside of their control (e.g., loss of a job, family reasons), or financial stability and growth (See Table 4).

Table 4

Illustrative quotes about motivations for starting and maintaining a business

Theme	Explanation of Theme	Focus Group Quotes
Autonomy & flexibility (*n*=10, 83%)	Entrepreneurs are motivated to work according to one's own goals, values, interests, and lifestyle.	*"I like to tell people that I just have not been able to hold a real job.* **I've always been very independent."**
		"I love the learning curve. I love the clients. I love the partners. **I love the flexibility.** *So, this all works for me. I didn't fit in well within an organization. It's been a great choice for me. I love what I'm doing."*
Aspirations to leave a legacy or make an impact (*n*=7, 58%)	Entrepreneurs are motivated to contribute to societal betterment or make a lasting difference in the world.	*"You can really make your business a reflection of your values, as well as a* **reflection of how you want to spend your time on the planet."**
		"What clients need for me now was very different than what they needed 20 years ago. Logic modeling blew people's minds before, and now, you know, they don't need to pay me to learn what a logic model is… so you have to navigate. You have to keep thinking… **How do you create a business that serves you, and serves the world?"**
		"I feel like I did not intentionally choose any of this. **I just wanted to support good community-based organizations, supporting Children, Youth and Families.** *And was willing to do that in a variety of ways. But it was clear from past work that affordable evaluation support was a real need…"*
		"And I realized… as a woman in STEM myself, and as somebody that had been trained as a researcher, that this was really a space that I felt like **I could help solve some of the world's**

		complex problems, *which is really a motivation for me as an engineer and somebody who is committed to social justice. I just felt like I found my niche."*
Interest in innovation (*n*=5, 42%)	Entrepreneurs are motivated to develop new tools or methods to meet the evolving needs of clients.	*"Innovation is the right way to put it. I needed room to do different things. I was fine and I was making my financial goals [as an independent consultant], but I was dying. **I needed to inject a little bit of scariness and create something new**, you know? I needed [business name] to be bigger than myself."* *"When I founded the [business name], philanthropy was just starting to become interested in advocacy and policy work and much more into systems change. And so, [business] specializes in the evaluation of things that are challenging to assess where traditional models aren't a good fit, like advocacy and systems. **There were no other firms focused on that topic."***
Response to factors outside of one's control (*n*=5, 42%)	Entrepreneurs are motivated to meet needs of one's personal life, specific circumstances, or societal issues outside of their control.	*"**Being an entrepreneur in evaluation came out of me having to through in vitro fertilization** and having twins, then having a grant run out. I said, I am used to working for myself… why don't I just do that?"* *"I decided that **if I didn't get into the PhD program then I would start my own business**. So I started my business in 2010, and now we're celebrating our 10th anniversary."* *"I think that there's external and internal pushes and pulls, and they're all happening at the same time. [Other FG participant] is talking about the internal needs to personally grow. But **simultaneously, you know, the world is evolving and changing, and we're still trying to be relevant** and provide valuable services."*

Financial stability or growth (*n*=3, 25%)	Entrepreneurs are motivated to earn a living to care for one's self and/or family. Some are also inspired by the potential for financial growth resulting from scalable business revenue.	*"I never really wanted to start a business. It was kind of born out of the fact that **nobody else was going to take care of me."*** *"One of my clients basically said that they were tired of paying the indirect fees to [academic institution]. They were happy to give me more work if I went off on my own, and **I realized how much more potential there was to do more and earn more."*** *"It started as a side hustle and I just couldn't maintain it. I took the proposal to my university and said, 'we should start a consulting center.' I could support it and they could hire people. I laid it all out, and it was beautiful. They didn't know what to do with me and didn't even respond. I got mad until I realized that **I could just do it myself and keep all the money if I don't give [this plan] to them."*** *"I needed a change, and **I wanted to grow**. And I think that's the premise."*

Although financial motivations were mentioned by one-fourth of focus group participants (*n*=3, 25%), other participants noted there are also financial risks associated with starting a business. Some explicitly stated that they are "not doing this to make money," and believe they would be more financially stable if they were not self-employed.

Survey responses about entrepreneurial motivations largely reflected the top motivations described by focus group participants. The vast majority of survey respondents reported that a *desire for autonomy* (96%) and *opportunity to innovate* (89%) were "very motivating" or "somewhat motivating." See other motivations in Figure 7.

Figure 7

Perceptions of Motivating Factors (*N*=118)

	Did not motivate me at all	Not very motivating	Somewhat motivating	Very motivating
Desire for autonomy	3%	13%		83%
Ability to meet unique demands of clients	7%	11%	26%	55%
Opportunity to innovate	4%	7%	34%	55%
Interest in serving specific types of clients	5%	12%	30%	53%
Early success with consulting or freelancing	13%	6%	32%	49%
Personal circumstances	16%	17%	27%	40%
Potential for financial growth	7%	15%	45%	32%
Dissatisfaction with job market	28%	21%	23%	28%
Desire to leave a lasting legacy	27%	18%	33%	23%
External factors outside of one's control	39%	24%	19%	18%

Target market. The second component of evaluation entrepreneurship is one's target market, in other words, the *ideal clients* a business seeks to serve. Although entrepreneurs in this study were likely to serve a wide variety of clients across multiple sectors, identifying and responding to a target market helps entrepreneurs make decisions about how they present their business and the types of services they offer. When focus group participants were asked how they identify their target market, they most frequently mentioned: personal relationships, alignment of values, and their own subject matter expertise (See Table 5).

Table 5

Illustrative quotes about identifying target markets

Theme	Explanation of Theme	Focus Group Quotes
Personal relationships (*n*=8, 67%)	Target market is based on personal relationships, client referrals, and repeat business from word-of-mouth.	*"Almost zero percent of the time it works out when someone calls me out of the blue... versus when **I work with somebody who has relationships with people that I've already worked with.**"*
		*"We emphasize [to potential clients] that we're small and nimble and we say we are here to be part of your team. **And we are going to be integrated into the work and we're going to push you.** And, you know, they have to be ready for that."*
Aligned values (*n*=7, 58%)	Target market is based on clients that share similar values with the entrepreneur and/or their organization.	*"So I consider the brand to be a reflection of my values and personality. Those are documented in our mission, vision, and values statements. [All our service offerings] **align with our brand values and what we do… and with whom we do our best work.**"*
		*"There are things I will do and things I won't do. So, while I say I'm responsive to clients. I'm not responsive to all clients, you know **I am responsive to the clients I'd like to have as clients… it comes down to alignment of values**"*
		*"We are making very explicit statements around anti-racism and I want anybody who's not aligned with that to hate us. You know what I mean? I don't want them to be coming to me, and so **I think that all of our communications are created to attract and repel.**"*
Subject matter expertise (*n*=6, 50%)	Target market is based on clients that desire entrepreneurs' subject	*"We have a certain focus area and content expertise... in human services, in particular in child welfare and mental health. There are lots*

| matter expertise (in terms of methodology or discipline). | *of players out there in our space, but **I do find we differentiate ourselves with content expertise.*** |
| | *"**I'm getting known for that. So people will approach me** and say, 'will you do this because I understand you do contribution analysis?'"* |

Survey responses largely reflected focus group results, with the majority of survey respondents reporting that *subject matter expertise or past experience* (97%), *alignment with personal values* (97%), *alignment with their firm's mission/goals* (93%), and *personal connections* (87%) were the most relevant ("very relevant" or "somewhat relevant") factors when identifying their target market. See Figure 8 for other relevant factors in identifying target markets.

Figure 8

Relevance of Factors for Identifying Target Market (*N*=118)
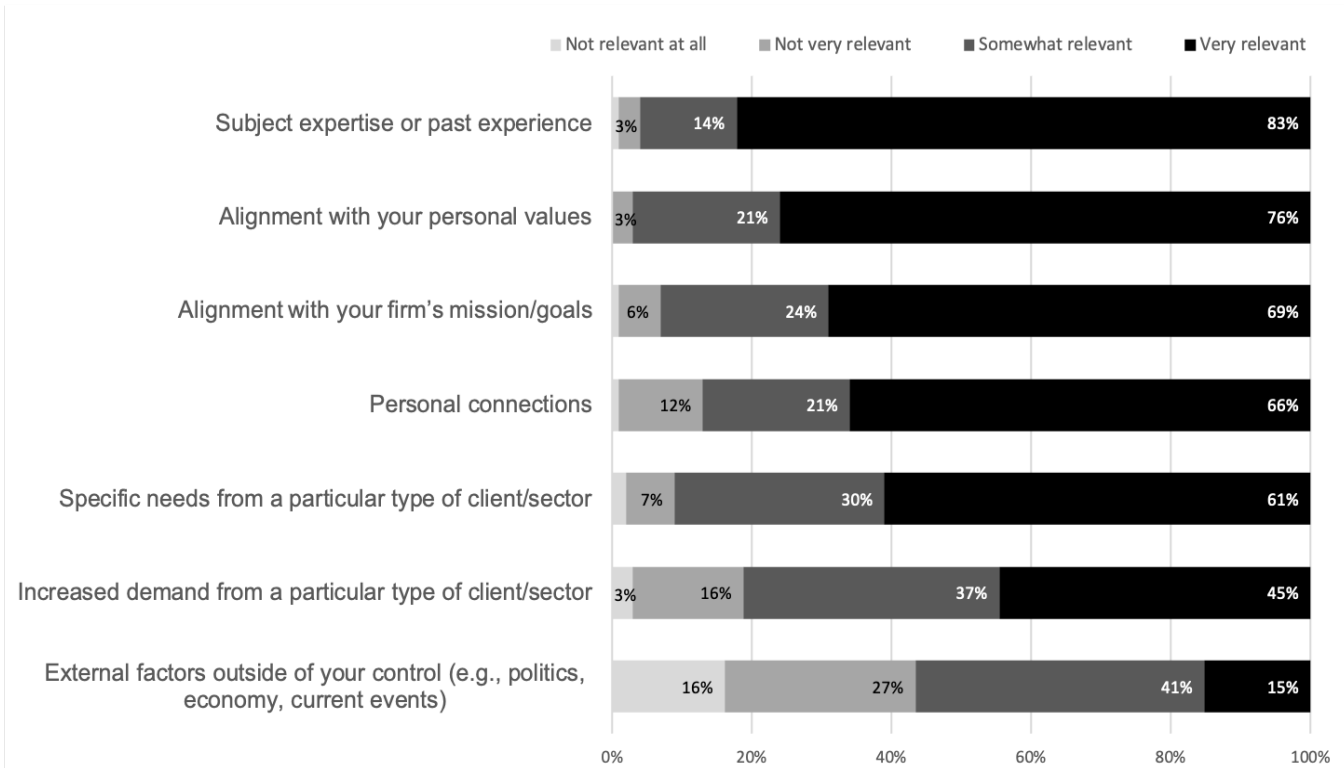
Although "alignment with values" was one of the top factors mentioned by both focus group participants and survey respondents, there was one focus group participant who believes that it is important *not* to interject personal values into the work. This participant noted,

> I'm a lot less interested in, sort of, pushing a social agenda or social justice or anything like that. It's not my goal. My goal is to make my clients better at whatever they are interested in doing. If that's their agenda, that's fine. I could help support them, but I don't have my own agenda that I'm trying to push because I think that's not my role and my role is to make them better.

While this view was at odds with most entrepreneurs in the study who felt strongly about leading with their values, it is worth noting that entrepreneurs, like evaluators, are not homogenous in

their views or practices. In fact, the diversity of approaches and business models was noted by focus group participants as being healthy for the marketplace.

Products and services. The third component of evaluation entrepreneurship relates to the core of an evaluation business — the design and delivery of evaluation products and services. How evaluation entrepreneurs approach their projects impacts the quality, relevance, and value of their work, as well as the resources needed to carry out the work. When asked what they consider when designing and delivering client services, focus group participants discussed: their personal experiences and expertise, client needs and preferences, learning from both failures and successes of other suppliers, and the need to adapt based on external circumstances (See Table 6).

Table 6

Illustrative quotes about considerations when designing and delivering services

Theme	Explanation of Theme	Focus Group Quotes
Personal experience and expertise (*n=9, 75%*)	Services are designed and delivered based on the entrepreneur's past experiences; knowledge and skills; theoretical orientation; and/or proclivity towards certain methods of data collection, analysis, or interpretation.	*"We want to really inform people about the underpinnings of our work... we're very upfront about being culturally responsive. We talk about the AEA principles that guide our work, and* ***we talk about using theory driven evaluation science. That's an underpinning of our work.***" *"A lot of* ***my work is specifically on empowerment evaluation,*** *helping people learn how to evaluate their own programs... Our job is to try to work ourselves out of a job, typically by building capacity, slowly but surely, it's harder than it sounds."*
Client needs, preferences, and/or capacity (*n=8, 67%*)	Services are designed and delivered based on the evaluation context, purpose, client's expectations or	*"We always start by trying to* ***understand the client's preferences,*** *they might have some ideas, they might know just enough to be a little*

interests, and/or their own evaluation capacity.		*dangerous. So, we start to assess… what do they know, what's the language that they're using…"*

*"Of course **we listen and we hear what they need and respond to their needs**, while making sure it is still rigorous. Sometimes we need to push back… we need to do it with some diplomacy."*

*"I am collaborating with my clients in **shaping the work with the hope and expectation that they can take those skills away** from our project and either do it for themselves the next time or be more expert consumers of evaluation in the future."* |
| Learning from other suppliers (*n*=6, 50%) | Services are designed and delivered based on learning from the work and contributions of other suppliers (e.g., entrepreneurs, consultants, collaborators, big consulting firms, academics, internal evaluators, sector-specific experts). This includes learning from both failures/weaknesses, as well as successes/strengths. | *"I attend AEA to learn as much as I can. **I learn from people who are on the cutting edge** of what I should be doing. But then… I have also had the alternate experience of asking clients about their experience with other evaluators and being dumbfounded by what people are not doing for clients."*

*"As someone who has chosen to be a boutique evaluation firm, and yet compete for large projects… **I am constantly learning from all the folks I partner with.** I learn how they approach evaluation and how they present themselves."* |
| Need to adapt based on external circumstances (*n*=6, 50%) | Services' design and delivery need to adapt based on external circumstances, such as the COVID-19 pandemic, changing trends in the field, and in response to global or societal issues. | *"We had to figure out… what does it mean to evaluate complexity and emergence, and you know, all of that stuff. And there's no one right answer to that. **We just have to test and experiment our approaches."***

*"In the middle of the project, I had the opportunity to say, '**Well, what's missing here is equitable evaluation principles…**' we had an **opportunity to change our approach."*** |

Most focus group participants explained their approach to client services depends on a combination of factors within the themes discussed. As one participant explained, "To me, it's a dance. You have to accept [clients] where they are, understand their needs, and then try to get them to expand their world based on your knowledge… you gotta learn to dance." Another described it as a balancing act, "You have to maintain rigor, while also maintaining flexibility. It's a balance of doing all these things."

To better understand the relative importance of contextual factors that influence the design of evaluation services, survey respondents were asked to select the top three *most important* out of ten total factors. The most frequently selected factors were *client's needs (49%), evaluation purpose (39%), and budget (33%)*. See Figure 9 for all factors.

Figure 9

Most Important Factors that Influence Evaluation Service Design (*N*=118)
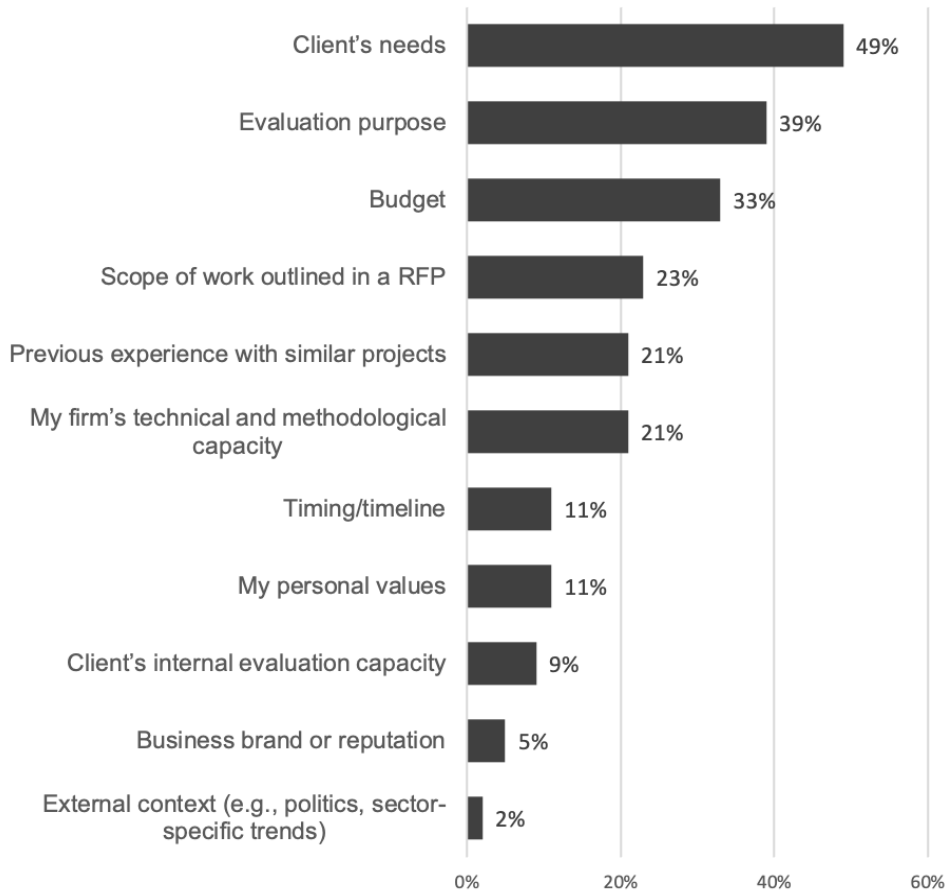
Business operations. The fourth component of business is related to entrepreneurs' internal systems, processes, and resources that enable the business to operate, such as budgeting, accounting, project management, people management, and administration. Focus group participants discussed the following themes related to business operations: challenges of budgeting, working *on* the business while also working *in* the business, importance of peer learning and support, ongoing professional development, and hiring support (See Table 7).

Table 7

Illustrative quotes about business operations

Theme	Explanation of Theme	Focus Group Quotes
Challenges of budgeting (*n=7*; 58%)	Entrepreneurs experience challenges with budgeting evaluation products and services. Challenges were mostly related to a lack of understanding about how to price services among both suppliers and commissioners.	*"[Budgeting] is challenging because what we do is not tangible, you know? **We're not selling products, we're selling services. And that is an ongoing challenge…**"*
		*"[Some program officers] assume you can do any evaluation for less than 10% of the budget… they can't just send us away to do it and we come back with results. That's not how knowledge is co-created. That's not how [evaluation] gets used for improvement or to solve complex problems. **If they aren't willing to think about how budgets can support complex work… then it will damage the integrity of the evaluation. This is not about us padding the budget.** I think it's challenging because other consultants will just do it… they do it to make a huge profit. That's not how we work."*
		*"I have to say that there's **nothing more frustrating** than an RFP that doesn't give you a budget range."*
		*"What's a tolerable hourly rate or price per service for the clientele you serve? I suppose, indirectly, I'm influenced by other evaluators in that sense. Because **I've always intentionally wanted to not be the most expensive nor am I interested in being the cheapest."***
		*"There's a real tension with [budgeting] too... **I'm more senior and I deserve more money, but also, I can't press myself out of the market entirely** if I want to keep working locally."*

Working *on* the business while also working *in* the business (*n*=5; 42%)	Entrepreneurs must spend time and energy on non-billable business operations (e.g., administration, marketing, management) in addition to billable hours spent on client projects.	*"**I focus a lot of my energy on working on the business, too, not just technically in the business.** So we have policies and procedures… we're a small business of about 10 employees…we do process meetings every week. We talk about the business; what things are working well; what are things that aren't working well; how can we improve our own internal processes; how can we set up systems to be accommodating to people... So, we spend time working on the business as opposed to just doing the work."* *"We've been working on Small Business Administration loans, which, of course, were all eaten up by big corporations initially. I got them in the second wave. **I'm spending an inordinate amount of time not actually on my work, but on the administration right now to keep everybody afloat**… to make sure everybody's funded "*
Ongoing professional development related to business (*n*=5; 42%)	Entrepreneurs seek continuous professional development outside the evaluation discipline to learn how to manage their business (e.g., through Small Business Administration workshops; business books, blogs, podcasts; business coaches; business leaders outside of the field).	*"I've been consuming business information for many years. I got burned by a marketing consultant in my first year of business. And it drove me to try to learn and do everything myself. So **I dove into business literature, I dove into business communities...** I have two business coaches and I've had probably five over the past 10 years. **None of them are from evaluation. None of them are from nonprofits. They're all business people."*** *"As much as doing the work of evaluation is really important… to actually run a functional evaluation company, where you're not just playing catch up all the time, **you've got to be pretty proactive on how you improve your own internal processes and how you improve your evaluation business itself."***
Importance of peer learning and support (*n*=5;	Entrepreneurs emphasize the importance of peer learning about business	*"**I'm really appreciating our [AEA Independent Consulting TIG] masterminds.***

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42%)	practices in the field and communities of support related to business (e.g., AEA's Independent Consulting TIG, mastermind groups, informal support systems).	*That's really doing a lot for me, business wise… I'm beginning to think more seriously about being a business and that's helping a lot."* *"As an entrepreneur, part of the reason I do this work is because I want to see more women be in business. And so to the **extent that we can rally our support for women leaders in business** is important to solving the social problems of our age."*
Hiring support (*n*=3; 33%)	Entrepreneurs hire staff or outsource administrative tasks to support their internal business operations (e.g., bookkeeping, project management).	"I have learned that my strength really is in hiring really fantastic people, and my people are really fantastic. It's not just about me. It can't ever be about me, because it's not sustainable that way. ***So I've got really wonderful people with really good ideas and I want a diverse team with different strengths and different ideas*** and people that can challenge me and you know so that I think helps my business thrive." *"I have a part-time project manager, but she's really half of my brain… **she takes a lot of that pressure off of me, she handles the invoicing and billing.** We have a system where all the deliverables are, and she keeps that boat afloat."*

Most focus group participants emphasized the challenges and learning curves associated with business operations as a result of a lack of formal business training among evaluation entrepreneurs. As such, survey questions were developed to measure perceptions of confidence in entrepreneurs' ability to manage day-to-day operations of their business. Less than half of respondents reported being "very confident" in *managing finances* (49%), *managing employees or contractors* (48%), *systematizing internal processes (*44%), and *developing business partnerships* (42%) (See Figure 10).

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Figure 10

Perceptions of Confidence in Business Operations (*N*=118)
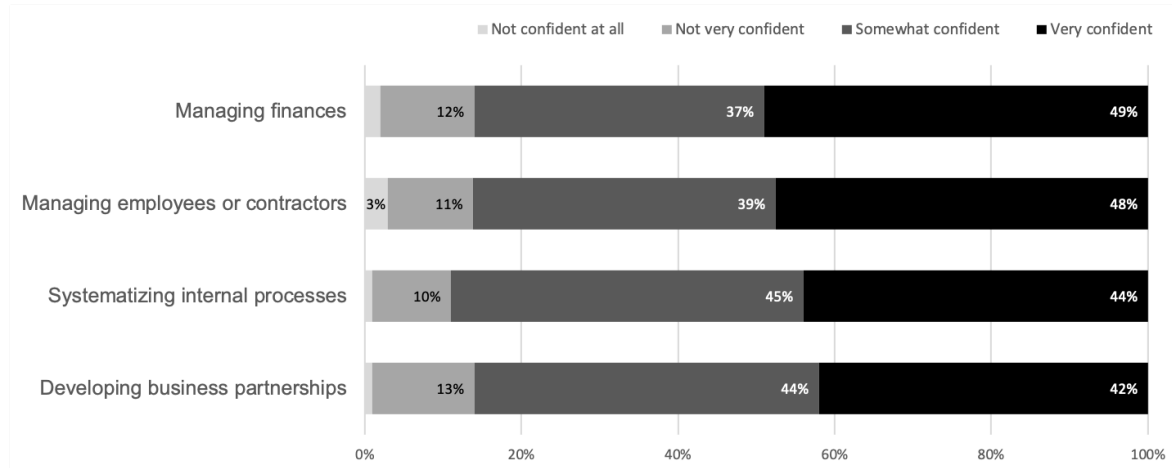
It is worth noting the high percentages of survey respondents who reported being "somewhat" or "very" confident in their business operations, which is at odds with the focus group participants who discussed facing many challenges in this aspect of entrepreneurship. This may be due to social desirability bias or respondents' overestimation of confidence when participating in a survey (Paulhus, 1984), compared to the openness of discussing business challenges with fellow entrepreneurs in a focus group.

Business development. The last component of evaluation entrepreneurship relates to generating new and ongoing contracts to sustain business over time. The following themes emerged from focus group discussions related to business development: the importance of referrals; branding and marketing; natural ebbs and flows of business; trade-offs between profit and quality; and the need for the field to improve its value proposition (See Table 8).

Table 8

Illustrative quotes about business development

Theme	Explanation of Theme	Focus Group Quotes
Importance of referrals (*n*=8, 67%)	Entrepreneurs mainly rely on word-of-mouth and relationships to generate ongoing and new business.	*"We don't ever market. **All of our work has been word of mouth,** since the very beginning. I don't think I've ever responded to an RFP… maybe one in the last 12 years."* *"I talk to other people a lot about marketing, but **I don't do much marketing because I am able to just rely on my current client base for referrals**."*
Branding and marketing (*n*=4, 33%)	Entrepreneurs recognize the importance of establishing a brand to attract ideal clients and communicate value. However, most entrepreneurs discussed their difficulties marketing themselves.	*"I think a lot of our niche, which I guess is our brand. **My brand is my understanding of what we do well, what we enjoy, and where there's opportunities for funding**… it is the intersection of those three things. So I'm constantly thinking about that."* *"I think there's an overlap between who I target with my marketing and who I really serve. **The goal of my brand is to communicate who I am and my values as a brand and what kind of value we deliver and the way that we deliver it.** I want to attract my ideal target market and I want to repel all the people that don't align with our values"* *"I find that **I'm really lacking when it comes to marketing.**"*
Natural ebbs and flows of business (*n*=4, 33%)	Entrepreneurs experience different seasons of business development, varying from very busy to very slow with client work.	*"I do tell folks coming in [to entrepreneurship] that you better save your money when you have too many contracts, because that will happen. **You'll be overloaded…. and then there'll be dry spots as well.** And then it gets worse when you have to take care of your teams and make sure*

that they're funded. It's pretty stressful sometimes, to be honest with you."

*"We **have made some interesting decisions about taking on projects that we normally wouldn't** because either a slow period or an extremely busy period."*

*"As the leader of my company. **I have a responsibility to make sure people are still employed** and we have good, you know, long term prospects and not just the short term paying the bills today."*

Managing profit and quality (*n*=4, 33%)	Sometimes the need to generate revenue and win ongoing business forces entrepreneurs to make trade-offs in terms of quality, value, or interest in the projects.	*"We take on things and **we do things we don't necessarily want to do because of the money**. Absolutely."* *"**You know, at the end of the day, we do have to make money. We do have to get business.** We don't get to sit on our laurels and do a mediocre job for very long. So, I can't help but think... it does make us constantly ask the question... are we providing value? Is this what it should be?"* *"There was a time where I was shocked at the types of opportunities out there. They wanted a formative evaluation, summative evaluation, and impact evaluation... all for $15,000. I'm thinking... who can do all that [for such a small budget]? **We can't do that. But to keep things moving, and make sure that I have a job… then we'll take it on.** We're willing to take a little bit of the risk financially, just to keep people busy and to keep that machine running. It can be a challenge at times."*
Need to improve the value proposition of evaluation	Entrepreneurs observe a marketing problem for the field of evaluation itself. They believe the profession	*"**There's a total disconnect about how we perceive our work and how others, who might be hiring us, perceive the work.** And I think*

(*n*=3, 25%)	is often misunderstood by clients and the general public, which can have damaging implications for their business development efforts.	*that's something that we really need to work on."* *"**We do not do a very good job as a profession having a really straightforward way of explaining what we do, how we do it, and what value we bring.** I think it's the nature of being quasi-academic... we just expect everybody to value [our work] because we're really smart people and we do really great work with great intentions… yet we do a really poor job in terms of the business side of it."*

Survey findings affirmed that evaluation entrepreneurs are most confident in business development when it comes to *maintaining relationships with past clients* (69% "very confident"). However, only 24% are "very confident" in *marketing their services to potential clients*. Half (50%) say they are "very confident" when *networking with potential clients* and about one-third (34%) are "very confident" when *engaging in thought leadership activities* (e.g., publishing articles, blog posts, guest speaking) as a means for business development (See Figure 11).

Figure 11

Perceptions of Confidence in Business Development Activities (*N*=118)
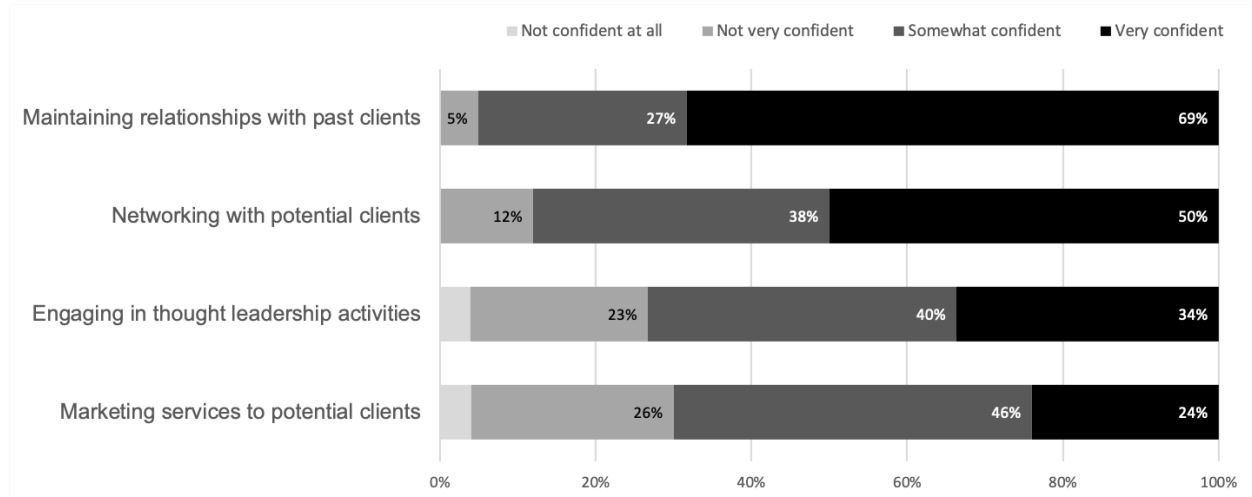
Entrepreneurs' Opportunities to Influence Supply

The first half of this chapter revealed the factors that drive evaluation entrepreneurship, including motivation, target market, products and services, business operations, and business development. The following sections summarize interview data to describe how entrepreneurs leverage these factors to influence their own evaluation supply and other suppliers through the following mechanisms: (1) collaboration, partnership, and peer learning, (2) thought leadership activities, (3) marketing and market research, (4) differentiating from other types of suppliers, (5) innovation of approaches or methods, (6) advancing trends, (7) adaptation to external forces, (8) increasing business capacity through communities of practice, (9) increasing the value of evaluation, and (10) centering equity in business practices.

Collaboration and partnership. All entrepreneurs interviewed (*N*=12, 100%) explained the most obvious way they influence (and are influenced by) other suppliers is through formal

collaboration and partnerships. Affirming Chapter 3's finding that the majority of evaluation

entrepreneurs hire sub-contractors or sub-contract for others, nearly all interview participants

(*n*=11, 92%) described regularly partnering with other small businesses or consultants to carry

out evaluation projects. As one participant noted, "Teaming together with other small practices

increases our capacity to compete against big firms for [larger] projects. We definitely influence

one another when we collaborate on projects."

Not only does collaboration and partnership inform evaluation practice, but entrepreneurs

also influence one another when it comes to business practices, including managing projects,

people, contracts, and budgets. One entrepreneur explained:

> In terms of work product, I think the most explicit [influence on my practice] is thinking about the work I have done as a subcontractor for more senior evaluation consultants. I learned how they go through the evaluation process, what their product looks like, what their methods they use, and how they go about crafting their evaluation services given their resources as a small shop. Learning from them during my early years has heavily informed my business practices today. I still ask them questions about budgeting and hiring.

Peer learning. Evaluation entrepreneurs also noted that there is bi-directional peer

learning among suppliers, including evaluators outside of small business, such as consultants,

academics, internal evaluators, bureaucrats, or those working for larger firms. The majority of

interview participants (*n*=9, 75%) explained that their evaluation practice continues to be

informed by the work of other scholars and practitioners in the field through informal and formal

mechanisms to exchange knowledge. For example, informal peer learning occurs through

networking, social media engagement, and regular conversations with colleagues. As one

participant noted, "I'm intentional about having one-on-one convos with evaluators who do

similar work. Influence happens in all these conversations. We share ideas about what works

well, what doesn't. There is a continuous flow of information sharing in all my professional

relationships." Others mentioned more formal spaces for peer learning across the field, such as

attending professional development, webinars, or events sponsored by affinity groups, topical

interest groups of the American Evaluation Association (AEA), and local AEA affiliates.

Thought leadership. Interview participants (*n*=5, 42%) also explained they influence

others (and are influenced themselves) through thought leadership activities, such as publishing

in academic journals; sharing knowledge through blog posts, listservs, or podcasts; interacting on

social media; or presentations and speaking engagements. Although thought leadership activities

are not unique to entrepreneurship, some interviewees (*n*=4, 33%) explained that entrepreneurs

are *more* incentivized to engage in thought leadership to build visibility for their brand. One

entrepreneur noted that marketing through thought leadership has increased since she entered the

field 40 years ago:

> Back in the olden days, from my perspective, if you design a survey or an instrument or
> scale, you would be very proprietary about those items. Then, people came to realize
> they're not going to make money off it… eventually you realize, 'maybe I have another
> value if I give it away through creative commons copyright, then at least my name is out
> there.' This kind of sharing helps marketing one's expertise and betters the field, which is
> always good for business.

Marketing and market research. Another way entrepreneurs influence one another is

through marketing and market research. Despite the collegial and collaborative nature of small

businesses in evaluation, one-third of interview participants (*n*=4, 33%) mentioned the

importance of distinguishing their brand and keeping an eye on their competition. One

entrepreneur shared, "Any smart businessperson is going to look at their competitors and

compare themselves. We want to make sure we have our unique space in the field, and so we

have to keep an eye on competitors to differentiate ourselves." This entrepreneur explained

market research has influenced their own branding and marketing efforts to maintain a competitive presence in the field.

Another interview participant noted how being aware of other small businesses in her space helps her understand how she fits into the ecosystem and which opportunities are viable:

> I mean I'm definitely more aware of how small businesses fit into the ecosystem of evaluation and how they are perceived… if I grow to be too big, what opportunities am I no longer able to plug into because I'm no longer a sole proprietor? Does growing my company's brand bigger than myself box me out of collaboration opportunities?

Unique role of small business. Although interview participants believe there is a bi-directional influence among various types of evaluation suppliers through peer learning and thought leadership, entrepreneurs believe there is a distinct role of small businesses in the philanthropic marketplace. Interview participants differentiated their firms from other types of sellers, such as independent consultants, big businesses, and academia.

Differentiating from independent consultants. Confirming findings from the literature discussed in Chapter 1 and landscape study in Chapter 3, one-third of interview participants (n=4, 33%) emphasized differences between entrepreneurs who lead businesses and independent consultants. These participants argued owning a business "bigger than oneself" comes with distinct challenges and opportunities (See Table 9 for illustrative quotes).

Table 9

Challenges and opportunities differentiating entrepreneurship from consulting

Challenges	Opportunities
"I do think there is a big difference between sole practitioners and people who run firms with employees. **When you take that role of deciding to run a firm and employ people, you become somebody's paycheck.** *I had a lot more flexibility when I was just on my own. After having a staff and needing to build more stability... that has changed."*	*"I would say having a firm has opened up a lot more opportunities.* **It has increased our capacity to say 'yes'** *because you fill up your capacity a lot faster. It opened a lot of doors. There are people who just don't trust solo consultants. People didn't trust it the same as a real business."*
"I would say my role has changed as the leader of the firm now. I don't do most of the work anymore, I'm coaching my team, creating the projects with clients, and spending [a lot] more time doing day-to-day administration. **It's a challenge. I see my role continue to shift as my team has grown."**	**"You can do more because you don't have to do everything yourself.** *You don't invoice your clients anymore, you don't have to worry about contracting, and you can actually just work on delivering your services to [your clients] without all this other nonsense."*

One entrepreneur explained, "I think the distinction matters. You're selling two different things. As an independent consultant, you're much more like a coach or expert… everything in your brain is what you're selling. As a business owner, you have a team of folks at different levels to offer a whole range of services."

Although two-thirds of evaluation entrepreneurs interviewed (*n*=8, 67%) do not have full-time employees, they all brand and market their businesses beyond their individual services by partnering with others and building teams of consultants to help them carry out the work. Two entrepreneurs interviewed felt strongly that it is important to have a team of employees or consultants who are able to step into projects in case of an emergency. As one explained, "One-

person evaluation shops cannot always be on-demand. What if something happens to you? Like what if you get COVID-19? Nobody is able to serve your clients in the meantime."

An interview participant expressed concerns that independent consultants may drive down prices because they often supplement their income with other jobs (e.g., teaching) and have fewer overhead expenses to worry about:

> [Independent consultants] tend to force prices down because one-person shops can do things for cheaper. They aren't good at demanding the right amount of money... and if they deliver a bad product, they reduce the quality and value and it's harder for businesses like ours to charge what it actually costs.

Differentiating from big businesses. In addition to differentiating from independent consultants, interview participants (*n*=4, 33%) felt strongly that their services differ from big evaluation firms. When comparing themselves to big consulting businesses, some of the firms mentioned included: KPMG, Deloitte, Mathematica Policy Research, and RTI Consulting. Evaluation entrepreneurs believe they are more incentivized to build lasting relationships with clients because their business development relies more heavily on word-of-mouth and repeat clients compared to their bigger counterparts. In their perspective, employees of big businesses may spend less time building trust or being responsive to their clients because they do not need to be as concerned about generating new business. Entrepreneurs also pointed out that large management consulting or applied research firms provide many more services outside of evaluation; therefore, may be less specialized in evaluation-specific methodologies or approaches. As one entrepreneur explained:

> I heard about an evaluation for a school that was conducted by [big management consulting firm]. They didn't bother to understand the needs of the program before measuring KPIs [key performance indicators]. So I can produce quality work, and go above and beyond to understand the needs of the program… all for way less than the big firms charge.

Another pointed out the difference in motivations between small and large firms,

[Entrepreneurs] are more innovative in method, whatever their motivation is. If you take the big, for-profit consulting world… there is a subtle distinction that they are all about the deliverable. Once the deliverable is done, they're moving onto the next thing.

Differentiating from academia. Lastly, half of entrepreneurs interviewed (*n*=6, 50%) emphasized differences between entrepreneurship and academia. Interview participants expressed that academics may sometimes prioritize their own research agendas rather than clients' needs:

The information needs of the client were lost and the whole project became a pursuit of the [Principal Investigator's] scholarly interest. It was not very customer-friendly. They charged a fortune with all the indirect costs for the university. I have always thought that my first allegiance is to fulfill the information needs of the client organization. That really comes first. I can help them sort through and make better choices about their needs and educate them about the larger scholarship of the field... for the most part, a lot of the business that came my way was indirectly because of clients' dissatisfaction with universities offering that work.

Another participant expressed a similar concern:

Academics are compromised by all sorts of things. The agenda they bring to an evaluation can be very often problematic. A lot of times, they have their own work they are trying to do, which they are masking as an evaluation. So they are not really working for the client, they are working for themselves on larger research agendas and that's problematic to me.

While some entrepreneurs felt academics tend to be more expensive because of university fees, others felt academics drive down prices because they are focused on giving learning opportunities to graduate students:

Academics are different kinds of evaluators. They are not as entrepreneurial. It is probably because they have soft money and are supported by universities. They have an entrepreneurial bend, but they are more focused on theoretical research and giving students opportunities to practice in the field. In my experience, they're more focused on their own thing or providing students with jobs than understanding clients.

Opportunities to innovate. Nearly half of interview participants (*n*=5, 42%) believe evaluation entrepreneurship provides them with the freedom to innovate and try new things

without the bureaucracy they would experience working for other organizations. Some

entrepreneurs see innovation as an opportunity to push creative or methodological boundaries

with clients, and others see it as necessary for the survival of small businesses (See Table 10).

Table 10

Illustrative quotes expressing the opportunity and necessity to innovate

Opportunity	Necessity
"The benefit [of being an entrepreneur] is the degree to which I am able to experiment and try new things. ***As long as somebody is willing [to pay for it], then it allows me freedom to try different things.*** *Whereas if I was embedded within a larger organization, I may have had to jump through hoops to do that. Being independent gives me freedom and flexibility to decide what equity means to my practice and be very explicit about that and then share that with peers. I think it makes me more nimble".*	*"Entrepreneurs are always thinking...* ***how do I survive and what do I need to do to change in order to capture this new market, new trend, new methodology?*** *Whatever [the new thing] is... let's get into that."*
"To some extent the ***flexibility of being a small organization allows me to push on things*** *that I would otherwise have to get approval for."*	*"Even expanding beyond evaluation, I've been looking at other companies with a similar model...* ***if we don't innovate in ways that don't make business sense, then firms that aren't innovating will die out."***

Other interview participants believe serving foundations or nonprofit clients allows for

more innovation compared to other types of clients, such as federal or state government agencies,

because foundations are not accountable to any standardized regulations. As one entrepreneur

explained,

> Most private foundations are accountable to nobody. The only people who regulate
> private foundations in the US are the IRS, and that's just by auditing. It's the least
> accountable social sector I've seen... the upside is that they can experiment with lots of
> great things, and that extends to the evaluation work that they commission.

Specific innovators mentioned. When sharing examples of innovation among small businesses, interview participants mentioned specific entrepreneurs who are known for their innovations. The individuals who were mentioned by name are listed in Table 11.

Table 11

Specific evaluation entrepreneurs who were mentioned as trendsetters

Entrepreneur Mentioned	Occupation	Interview Quotes
Stephanie Evergreen, Ph.D. (*n*=4, 33%)	CEO and Founder, Evergreen Data	*"I remember Stephanie Evergreen's entrance to the field. She's been a huge influencer for the quality of products we deliver to our clients."*
Michael Quinn Patton, Ph.D. (*n*=4, 33%)	CEO and Founder, Utilization-Focused Evaluation	*"Michael Quinn Patton comes to mind as someone who is always doing innovative stuff. He's always coming up with new methods."*
David Fetterman, Ph.D. (*n*=2, 17%)	President and CEO, Fetterman & Associates	*"Look at David Fetterman [as an example of an innovator]. He's the name everyone thinks of when you hear Empowerment Evaluation."*
Julia Coffman (*n*=2, 17%)	Co-Executive Director & Founder, Center for Evaluation Innovation	*"Some of Julia Coffman's writing about systems and advocacy certainly has influenced people, without question."*
Jara Dean Coffeey (*n*=1, 8%)	Founder, Luminare Group and Former founder, jdcPartnerships	*"I learned about the Equitable Evaluation Initiative by the Luminaire Group by following Jara Dean Coffeey."*
Monique I. Liston, Ph.D. (*n*=1, 8%)	Chief Strategist & Joyful Militant, Ubuntu Research	*"Ubuntu Research did a virtual AEA session where they shared the preamble that they use at the start of their contracts. I was really inspired by it and modeled my own."*
Ann Emery (*n*=1, 8%)	Founder, Depict Data Studio	*"Ann Emery and Stephanie Evergreen are trendsetters because they choose to have*

		more platforms online. They have blogs and stream videos. They are constantly putting content out there. They play a real influencer role.”
Lovely Dhillon (*n=1, 8%*)	CEO, Jodevi Consulting	*“Lovely Dillon has done a lot of innovative work around theory of change and measurement and learning. I don’t know how she has time to do it.”*
Kim Sabo Flores, Ph.D. (*n=1, 8%*)	CEO, Algorhythm	*“Kim Sabo Flores started an innovation in understanding high-risk children, and started this whole organization called Algorhythm that creates psychometrically valid surveys. She’s got a nice corner on the youth development market.”*

Barriers to innovation. Although five interview participants (42%) felt the autonomy of running their own business enables them to experiment with new approaches, others (*n=4, 33%*) argued the responsibility of managing a small business with limited resources can stifle innovation. These entrepreneurs explained that they do not have dedicated budgets for “Research & Development” like larger companies might have. They are often working with smaller budgets and do not have the luxury of extra time or resources to experiment with new ideas. As one entrepreneur explained:

> Somebody that is working internally for an organization could have more power and safety and ability [to innovate]. They don’t have to worry about the time spent on professional development. When you are running a small firm, there are real world implications for time spent on learning and development, nobody is footing the bill for that three-day training.

Responsiveness to clients can stifle innovation. Three interview participants (*n=3, 25%*) reported that to maintain and grow their business, they are more incentivized to respond to their

clients' needs and interests rather than try new approaches that have not yet been proven. One entrepreneur reflected:

> We don't really think innovatively, do we? I think we pretty much do the same things over and over because they work and they sell. We might change how we do it as the times change… like moving from in person to online or moving to infographics instead of big reports. We go with trends, but we are more like followers.

These entrepreneurs, and others, emphasized that most of their work comes from word-of-mouth referrals and repeat business based on lasting relationships with clients. As such, some entrepreneurs tend to use the same approaches and offer the same deliverables that have demonstrated success with certain clients rather than try new things.

Adaptation to external forces. As discussed in the first half of this chapter, focus group participants described the need for entrepreneurs to be responsive to external factors outside typical market forces of supply and demand (e.g., politics, the economy, current events). Despite barriers to innovation, entrepreneurs must adapt to the rapidly changing world to stay relevant. When survey respondents were asked about the extent to which external factors impacted their businesses over the past two years, majorities mentioned the COVID-19 pandemic (80%), social justice issues (78%), the state of the economy (68%), and U.S. politics (57%) had "some" or "great" impact. Social justice issues were rated as having the *greatest* impact on businesses serving philanthropic clients in the past two years (See Figure 12).

Figure 12

Impact of External Factors on Businesses (*N*=118)
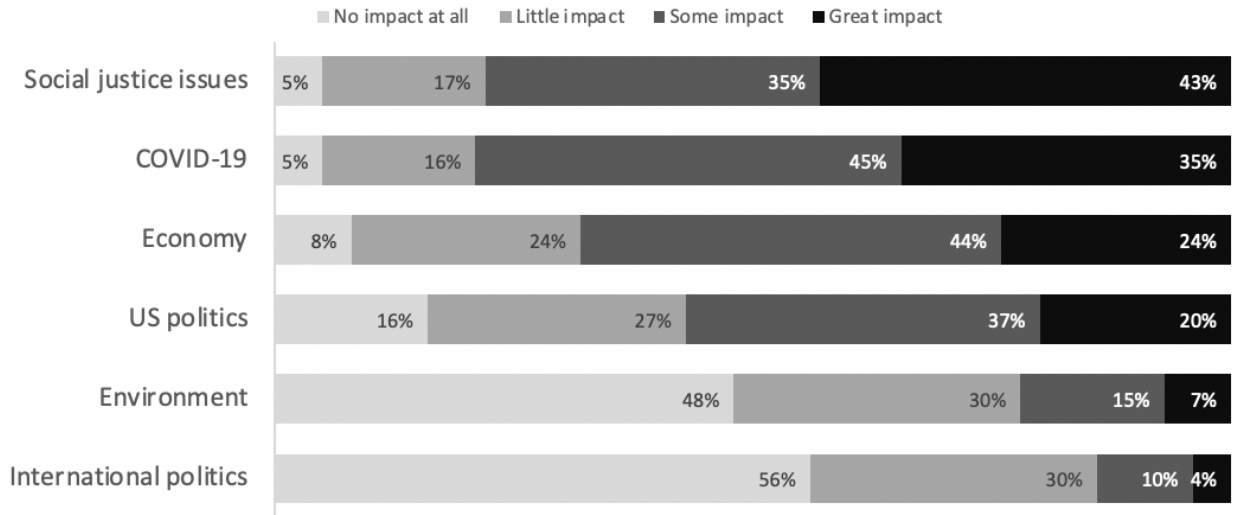
Table 12 below provides examples of open-ended survey responses to demonstrate *how* the two most impactful external factors, social justice issues and COVID-19, have changed entrepreneurs' businesses in the past two years.

Table 12

Illustrative quotes about impacts of external forces

External Factor	Open-Ended Survey Response
COVID-19	*"The pandemic has impacted my ability to work with kids out of school"*
	"A major client has postponed a project for almost a year."
	"Data collection from existing clients' stakeholders is more difficult"
	"I saw increased demand for my services because education has changed so rapidly and significantly during the pandemic."
Social justice issues	*"Clients are asking for equity assessments"*
	"The types of clients that seek us out have changed"

> *"Increased need for diverse consultants"*
>
> *"Propelled more urgent changes in methodology and motivation to challenge evaluation conventions."*
>
> *"The language I use to deliver services has shifted."*

Early adopters of trends. In addition to necessary adaptations in response to external forces, entrepreneurs also make changes to their services based on fieldwide trends in practice. Half of the entrepreneurs interviewed (*n*=6, 50%) reported that they are more likely to be early adopters of trends and contribute to their widespread popularity rather than start trends themselves. They explained that it is essential to stay on top of trends in the field to stay competitive and ensure the highest quality products to clients. As one entrepreneur explained, "Small businesses advance trends by passing them along to their clients. We invite our clients into our learning and treat commissioners like they are part of the field. It helps build trust and credibility."

These entrepreneurs noted that trends can spur from many positions in the field, such as academics, internal evaluators, consultants, public or private sector employees, leaders of affinity groups, volunteers of working groups/task forces, or members of voluntary organizations of professional evaluation (VOPEs). As one entrepreneur noted:

> It just depends on the small business. Are you a leader organization or follower? Are you innovative or not? ...plenty of firms out there don't have any forms of social media at all and probably never will. It just depends on who they are. Individuals can be influencers without being entrepreneurs.

Several entrepreneurs noted that some trends originate in response to broader societal issues. For example, the increasing focus on diversity, equity, and inclusion (DEI) in the field of evaluation has been exacerbated by the heightened attention of systemic inequities during the COVID-19 pandemic, as well as widespread anti-racism and decolonization movements in

response to police brutality, inherently racist policies and institutions, and the rise of nationalist agendas. Another notable example of societal trends shaping the field includes the development of Blue Marble Evaluation in response to the intersections of global issues in the Anthropocene, such climate change, growing concentrations of wealth inequality, food insecurity, acidifying oceans, rising sea levels, terrorism, refugee and humanitarian crises.

Regardless of whether or not interview participants believe entrepreneurs are trendsetters or followers, the majority of participants (*n*=8, 67%) believe that small businesses have a role to play in *advancing* trends due to their incentive to stay relevant. Specific trends during interviews frequently mentioned included: equitable and culturally responsive practices, participatory approaches, complexity-aware approaches and systems thinking, data visualization, and the increase of facilitation as a service offering (See Table 13).

Table 13

Specific trends advanced by entrepreneurs

Theme	Interview Quotes
Equitable Evaluation / Culturally Responsive Practices (*n*=5, 42%)	*"I've had to be **more explicit about equitable evaluation practices**… I've been on a journey on my own which has led to some conclusions about my own practice. No one in my organization is telling me to do it or how to do it, I had to carve it out for myself."*
	*"For me, the equity conversations started a long time ago, but it intensified since this summer [2020]. People feel more of an urge to think about it in different ways. **We have definitely made it a cornerstone of our practice.**"*
	***"I have some unique tools that I have developed that are in alignment with other things that folks are doing in the equitable evaluation space.** Our work is inherently culturally responsive because when I started using these tools, it was to address the hierarchical evaluation."*

Participatory Approaches (*n=3, 25%*)	*"**Participatory evaluation has been a trend for a long time now.** There has been an appreciation to involve stakeholders and understand their perspectives... Coming from a social work background, the sentiment was there, but the methodologies weren't. Then the methodologies were articulated and practices were specified. And I think small businesses have adopted those."* *"Overall, there is just **more emphasis on community-based, participatory-based research methods and in using an equity lens in our work.** That has been building for years. If you haven't been building those competencies in your practice, then you're behind the curve."*
Complexity-Aware Approaches / Systems-thinking (*n=3, 25%*)	*"Something that has been eye opening is thinking about intractable social problems, and how to measure them. **I have been doing a lot more structure systems thinking work lately**."* *"**I use a lot of complexity aware tools, and do a lot of outcome harvesting, systems mapping, and social networks work**... My colleagues kind of roll their eyes, but I show them how it is a little more useful than the more linear stuff that we all learned years ago. And I influence some of my colleagues that way."*
Data Visualization (*n=2, 17%*)	*"Infographics. It probably is just a **general societal trend towards not wanting to read a lot**; using icons and pictures and stuff."*
Facilitation Services (*n=2, 17%*)	*"Facilitation, that's another trend, moving from being more of a technocrat and providing scientific information to **being more facilitative in the use of information.**"*

Increasing business capacity. As previously noted, partnering and collaborating with other small businesses exposes entrepreneurs to different small business practices within the field. Further, entrepreneurs are explicitly influencing one another's business practices through communities of practice and exchanging knowledge related to business.

All but one evaluation entrepreneur interviewed (*n*=11, 92%) came from a social science academic background or was trained on the job to use evaluation as a method of systemic inquiry. Only one entrepreneur interviewed came from a business administration background, and she later purchased and grew the evaluation business that she now leads. Given the lack of formal business training among most evaluation entrepreneurs, their businesses are shaped heavily by peer learning from other evaluation entrepreneurs and consultants.

Nearly half of interview participants (*n*=5, 42%) mentioned that peer learning communities, such as the Independent Consulting TIG, mastermind groups, small business networks, and listservs or discussion boards, are essential for learning from and supporting other business owners in the field. This kind of shared business learning is one way they are influenced by (and contribute to influencing) the supply of evaluation services. For example, participants mentioned the structure of contracts and how they set their fees is often influenced by sharing experiences with others. One entrepreneur shared, "I have direct conversations with other consultants about their rates so we get a sense for what each other is charging. What I don't want to do is inadvertently undercut each other or vice versa."

Interview participants also seek business advice from outside the field, from business books, blogs, and podcasts; as well as professional development training from agencies like the Small Business Administration. Oftentimes, they share what they learn from these external sources with fellow small business owners in the field. When it comes to increasing one another's business capacity, some entrepreneurs see it as essential to maintaining standards in the marketplace. One entrepreneur explained,

> I have a quarterly meet-up group of evaluation business owners, we're up to ten different businesses. I've also presented at AEA about owning and running an evaluation firm. I think it's wise to learn from one another. It's less about competitiveness, and a lot more about knowing how we can all be better. It would be better for all of us if we knew what

one another was doing. I love that about evaluation. We all have an 'all in it together' kinda vibe.

Although many entrepreneurs expressed the value in discussing rates and price structures to maintain reasonable standards across the field, some participants (n=3, 25%) felt there is a lack of transparency when it comes to pricing. One entrepreneur explained,

> People are so private about budgets and clients. It varies quite a bit. Clients have a hard time talking about budget sometimes too. I have been lucky in some ways to learn things from other people through some candid conversations. But I think most of us don't really know.

Increasing the monetary value of evaluation. More than half of interview participants (n=7, 58%) emphasized the financial health of their organization is essential to sustaining their business. As such, evaluation entrepreneurs are not only incentivized to provide quality services and stay up-to-date with trends in the field, but they are also motivated to increase and sustain the monetary value of evaluation services among nonprofit and foundation clients. Entrepreneurs emphasized the importance of setting reasonable prices to not devalue the field. As one participant passionately emphasized:

> Why would I ever try to bring down the price for anyone? We all have a livelihood, and especially women of color in the world. Hell yeah... I want to help everyone become a millionaire. It's just that, I don't think that people realize how much it hurts the overarching field, and really the world, when any consultant undervalues themselves.

Another entrepreneur explained the importance of educating clients about the financial investment in evaluation:

> One way that small businesses can shape the field is by demanding the compensation that we're worth. That's an issue with anyone working within the nonprofit sector, but I think the more that we as a group are upfront about what it costs us to do this work, the more that we show the way to clients, and communicate our value.

Interview participants argued that when entrepreneurs set appropriate budgets that do not undersell services, they can influence the market by attracting more diverse professionals to the

field. This participant explained that many foundation clients are interested in commissioning

work to evaluators from diverse backgrounds, especially Black, Indigenous, and People of Color

(BIPOC). However, she believes there are fewer BIPOC independent consultants and

entrepreneurs due to the financial risks and barriers associated with self-employment. She

explained,

> There is really a lot of discussion within the evaluation arena related to diversity, equity,
> and inclusion. And also in the larger nonprofit consulting arena. Foundations come and
> say we need diverse and younger evaluators. I get up and say 'well then, you have to pay
> people.' It is not sufficient to have diversity, equity, and inclusion if there is no adequate
> compensation. Young people who enter the field are unable to afford nonprofit
> consulting.

Many recognize the challenges when working with nonprofit clients who have limited

resources. As such, several entrepreneurs explained charging bigger organizations more (e.g.,

major philanthropic donors) to offset organizations with smaller budgets (e.g., community

nonprofits). For example, one entrepreneur noted, "When I'm talking to small nonprofits, if my

rate of $150/hour is a little out of reach for them, I reduce my rate to do the work for them if I

care about it. I do that on a couple of occasions. But I keep my regular rate whenever I can."

The same entrepreneur has been rethinking sliding scales to charge individual customers

differently for training programs or services. She recently heard about an organization that asks

workshop participants to fill out a questionnaire, with their consent, about their demographics

and socio-economic status (e.g., employment status, home ownership, whether or not they are

currently paying off debt or loans) to determine different price points based on the extent to

which they are likely to face wealth inequality perpetuated by systemic racism or oppression.

Equitable business practices. Several interview participants see evaluation

entrepreneurship as an opportunity to disrupt business norms through equity-focused business

practices. Similar to how equitable evaluation principles have grown in use and popularity, entrepreneurs are exploring what it means to be an equitable business owner.

Entrepreneurs described grappling with tensions between capitalism and social justice. One shared, "There are types of decisions that are really tough for me because in my core, I'm anti-business politically; but in other ways... I also need to be pro-business to survive and provide a living for myself." He went on to note that, "A lot of people end up leaving the business side of things and going to work internally at a nonprofit or another full-time position because the business stuff can be very conflicting and hard." Another entrepreneur expressed similar sentiments, stating:

> I'm anti-capitalist, but yet I am a consultant. There's so much I am trying to do to shift the traditional contract so that it is no longer one-directional and extractive. There are other consultants that I know who feel this way as well, and we are in dialogue about how to change things.

This entrepreneur described re-writing contracts to be upfront and explicit about their unwavering and proactive stance on social justice. The same entrepreneur said she has responded to RFPs that have inadequate budgets by explaining to commissioners that insufficient compensation undercuts many consultants who are skilled at Justice, Equity, Diversity, and Inclusion (JEDI) work. She explained,

> We wrote a statement about this tension. We want to work with smaller organizations that have smaller budgets, but we do not want to undercut other consultants. A lot of consultants who do JEDI… their rates are upwards of $400-500 an hour. The last thing I want to do is undercut those consultants. So, there's a real tension there. I don't know the answer, but to name it and keep talking about it.

She also emphasized how important it is for BIPOC entrepreneurs and consultants to be in supportive communities to uplift one another's practices. Observing that most evaluation consultants and business owners in the United States are White, she expressed:

The wealth of this country has been built on the backs of Black people. There is so much inequity when it comes to nondominate cultures, like folks of color, queer individuals, disabled people. Even in evaluation, there continues to be oppression. So there's a real value in having safe spaces for BIPOC evaluators, especially those who are self-employed, to exchange knowledge.

Another entrepreneur who participated in a focus group explained how she mentors women of color in becoming business leaders who practice equitable evaluation as a means to counteract the foundations of white supremacy that the field was built upon. According to this participant:

When you look at the field of evaluation, it doesn't take a lot of cream to rise to the top… It is not because people are not smart or interested in what they do, but because we are ignorant of how the mechanisms that we utilize in our work serve systemic oppression and white supremacy.

Some entrepreneurs mentioned equitable business practices means walking away from opportunities when they are better suited for others. One participant explained a scenario where she knew that her firm was not the right fit for the job:

Right now we're an all white organization, so I take that into consideration. For example, there was a proposal that came out from a foundation that was interested in making sure equity was an important part of their evaluation design and questions, and they wanted to understand whether or not their grantmaking was equitable. I wouldn't even apply for it. Because why would a whole bunch of white people hire another whole bunch of white people to understand something that other evaluators are much more qualified to understand?

Entrepreneurs who are leaning into equitable business practices believe there are no boundaries between their professional and personal values. Although they primarily make business decisions based on the five components of evaluation entrepreneurship outlined in the first half of this chapter (e.g., motivation, target market, products and services, business operations, and business development), many entrepreneurs affirm that their personal values underlie their business practices. As one noted:

There are very little boundaries between who I am as a person and as a small business owner and what my business represents. I am my personal brand. I recognize that all of my values are represented in the work that I do and the way that people hire me. And sometimes that's really good and sometimes that's really hard.

Chapter 5

Phase 2, Study 2: Drivers of Commissioning and Entrepreneurs' Influence on Demand

Chapters 3 and 4 presented findings from evaluation entrepreneurs to answer questions related to the landscape of evaluation entrepreneurship, driving forces of evaluation entrepreneurship, and the influence of entrepreneurs on evaluation supply. Moving onto the *demand* side of the equation, this chapter includes perspectives from nonprofit and foundation buyers of evaluation to understand the context in which they commission evaluation projects, and the extent to which entrepreneurs influence their decisions.

This chapter leverages a sequential mixed-methods design with nonprofit and foundation commissioners to answer the following Phase 2 research questions: *What factors contribute to how external evaluation services are commissioned? How, if at all, do entrepreneurs influence commissioners' expectations and perceived value of evaluation services?*

Describing the Samples

Focus groups. Two focus groups were conducted with four and three participants each (*N*=7 total participants). As described in Chapter 2, convenience sampling was used to recruit participants from the researcher's professional network. Five commissioners worked in nonprofit organizations, while two worked in a foundation.

Survey. As described in Chapter 2, a total of *N*=123 attempted the survey and the final included *N*=76 commissioners who met the following inclusion criteria: (1) was involved in commissioning evaluation activities for a U.S.-based nonprofit or foundation in the past two years and (2) these evaluation activities were conducted by a third-party, external evaluation firm. See Table 14 for the demographics of commissioners in the final sample.

Table 14

Demographics of Commissioners Surveyed (N=76)

Respondent Characteristics	
Gender	
Female	72%
Male	17%
Race/Ethnicity	
White	79%
Black or African American	8%
Multi-racial	5%
Asian or Pacific Islander	5%
Highest Degree	
Doctorate (PhD or EdD)	39%
Master's degree (MS or MA)	52%
Professional degree (MD, JD, MSW, MPA, MPH, MPA)	3%
Bachelor's degree (BA or BS)	6%

Interviews. A total of *N*=11 foundation and nonprofit commissioners participated in interviews for this study. As described in Chapter 2, purposeful sampling was implemented to recruit participants from survey respondents who noted they were interested in participating in a follow-up interview. The final sample included *n=*6 respondents from nonprofit organizations (54%) and *n=*5 respondents from foundations (46%). Seven interview participants were white (64%), two were Asian or Pacific Islander, one was Hispanic or Spanish, and one was Black or African American. All (*n=*10*,* 91%) but one interview participant identified as female.

Analysis Approach

Focus groups. The analysis approach for Study 2 largely reflects the approach used in Study 1. First, qualitative insights from focus groups of commissioners were analyzed using conventional content analysis techniques to identify common themes across the two groups.

After initial and focused coding of themes, the transcripts were reviewed again to extract the exemplar quotes presented in the following results section. Given the smaller sample size of focus groups with commissioners compared to entrepreneurs and the fact that the sample of commissioners is not intended to be representative, qualitative themes were purposefully not quantified for commissioners (i.e., sample sizes and percentages of qualitative findings are not presented alongside quotes).

Survey. Focus group insights were summarized into preliminary analysis memos that informed the development of the quantitative survey of commissioners. The survey data were mostly used to affirm focus group themes and measure patterns among foundation and nonprofit commissioners. As such, survey analysis mostly involved descriptive statistics to present frequencies that provided quantitative insights to supplement the focus group themes.

When relevant, chi-square tests of independence were used to compare differences between foundation and nonprofit commissioners. Chi-square tests of independence were also used to compare differences in outcomes depending on how commissioners rated their most recent evaluation experience (i.e., positive, negative, or neutral). For these tests, column proportion z-scores are presented to demonstrate statistical significance, and Bonferroni adjustments were applied to control for inflated alpha values.

To analyze perceived change in evaluation knowledge, commissioners were asked to retrospectively rate their knowledge *before* their most recent engagement with an external evaluation firm and then asked to rate their knowledge *after* the evaluation was complete. As such, these two questions were only asked of respondents who reported the most recent evaluation they commissioned has been completed ($n=33$, 43%). Due to the small sample size, a dependent t-test to compare these two variables was performed using a statistical technique

known as "bootstrapping," in which 1,000 sampling distributions were drawn with replacement for each variable (i.e., knowledge before and after) to ensure statistically significant differences could be detected.

Interviews. As described in Chapter 2, focus group and survey data from commissioners were analyzed to inform the interview protocol. Similar to the analysis of other qualitative data sources, interview transcripts were analyzed using conventional content analysis techniques with two rounds of initial and focused coding. Exemplar quotes were extracted from interview transcripts and are presented in the following results section.

Results

To understand the role of entrepreneurship in influencing demand for evaluation, it is essential to first understand the context in which commissioners make decisions about external evaluations for their organization.

Context of Commissioning Evaluation for Nonprofits and Foundations

Nonprofit and foundation commissioners who participated in this study identified three *primary* considerations driving their decisions when commissioning external evaluations: (1) internal evaluation capacity, (2) evaluand and evaluation purpose, (3) source and amount of funding.

Internal evaluation capacity. First, commissioners explained how their organization's internal evaluation capacity and infrastructure shape how they commission evaluation activities. Among both focus group and interview participants, there were major differences in views among commissioners who served as internal evaluators with previous experience or training in evaluation versus commissioners in positions unrelated to evaluation who do not have any formal evaluation experience.

Internal evaluator commissioners. Four focus group participants and four interview participants had previous evaluation experience (44% of both samples). These participants explained their primary job function was related to leading and commissioning evaluations for their respective organizations. Four of the eight experienced commissioners said they led teams of internal evaluators who conduct some evaluation activities in-house and hire external evaluators to enhance their internal capacity (in terms of time, resources, or specific expertise). The other four experienced commissioners were the only internal evaluators on staff and outsourced *all* evaluation projects.

Commissioners without evaluation experience. Three focus group participants and seven interview participants did not have any previous evaluation experience (56% of both samples, *N*=18). These participants were either executive leaders or program staff who were responsible for selecting, supervising, or collaborating with external evaluators, but evaluation activities are *not* part of their primary job function. Commissioners without evaluation experience worked for smaller nonprofit organizations where no internal evaluators were employed, and all evaluation activities were conducted by external firms and consultants. Most of these participants said they were previously exposed to the *concept* of program evaluation through their academic backgrounds (e.g., youth development, social work, public health, education), but they were never formally trained in evaluation methods and believe they do not have the knowledge or skills to conduct or lead formal evaluation activities in-house.

Differences and similarities. Commissioners who work as internal evaluators and have previous evaluation experience have a different relationship with external evaluators compared to commissioners who do not formally work in evaluation and do not have evaluation expertise. Most internal evaluators described serving as thought partners and having a more hands-on role

throughout the evaluation process. According to one internal evaluator, her knowledge of

evaluation and deep understanding of the program context enables her to advise external

evaluation activities without "meddling" in them. She explained,

> I was really a thought partner for the external evaluators. The [small firms] that I've
> worked with were very amenable to being a thought partner. They realized that I'm going
> to drive the work, but not because I want to meddle in it… I still want the third party
> evaluator to say these results are credible. But I also want them to do a good, authentic
> job and to really understand the project and its nuances. That is a huge benefit of having
> an internal evaluation person to really understand… to be the boots on the ground, what
> is really happening, what's driving that work… Me being in that role opened the door for
> contractors to piggyback on that. It works really well when small businesses are open to
> that and see the valuable role that I play as a thought partner.

Another internal evaluator explained that he formerly worked at a small evaluation firm

before becoming an internal evaluator who is responsible for commissioning external projects.

He integrates his previous experiences as an external consultant into his partnership with firms

that he commissions:

> I was an evaluator myself. Before this role at [Foundation], I was at a three-person
> evaluation shop. It's been a while since I've done a full evaluation myself, but since I was
> part of an evaluation team in the past, I understand the other side. So I try to bring that
> kind of awareness to my partnership with our current evaluators.

Meanwhile, commissioners without formal evaluation expertise tend to view external

evaluators as experts. Although they mentioned the importance of serving as liaisons to the

programmatic context, they are less likely to offer thought partnership in terms of evaluation

activities. As one explained,

> I don't want to be the one evaluating work that's happening in other parts of the
> organization… first of all, because of capacity; and second, because it's just not my job.
> So having an outside arbitrator come and look at things and help us… are we doing what
> we said we would be doing? How well are we doing it? What could we do better? What
> is it that we are actually trying to do? These are questions we can't really ask ourselves.

Commissioners *with* internal evaluation capacity tend to turn to external firms to *expand* their capacity — both in terms of time, resources, and expertise. As one internal evaluator explained,

> Whether we commission the work externally or conduct evaluations internally depends on time, budget, and scope. If the timing is very short or if we need help with analysis or we don't have certain expertise, then we commission externally. For example, a DEI survey… we'll work with an external firm with specific expertise in DEI.

On the other hand, commissioners *without* internal evaluation capacity are more likely to rely on external evaluators to *build* their capacity. As one commissioner explained, "I took evaluation courses in grad school, but I didn't have a lot of formal training in evaluation… I find value in the real-time learning working with consultants."

Regardless of internal capacity or personal evaluation experience, most focus group and interview participants discussed the value of having external evaluation perspectives for credibility or objectivity (See Table 15).

Table 15

Illustrative quotes about the value of external perspectives

Theme	Internal Evaluation Capacity	Quotes
Credibility	Has no internal capacity	*External evaluators bring an **outside voice that adds a level of authority** we don't have when we are talking about our own programs.*
	Has internal capacity	*She has delivered hard truths that are sometimes hard for our staff to deliver. We have to phrase things carefully… She has had a positive impact for senior leaders to listen and take it in. **Senior leaders are less likely to question her judgments.***
Objectivity	Has no internal capacity	*It really helped us tell our story and helped us create better relationships and buy-in from*

		*our board members and other people that support us… we can tell them that we are making a difference on kids' lives because we have this **external partner with expertise that is objective to our program** saying, 'yes, it is working and here's proof.'*
	Has internal capacity	*Sometimes an outside set of eyes is necessary because **if we're so involved in the work, we do become biased.***
		*Bringing in someone who is not as close to the work - **allows perspective to see things differently** and ask us questions that lead us to question assumptions or biases. Outside perspective pushes us to ask more nuanced questions or questions we wouldn't ordinarily ask.*

Evaluand and evaluation purpose. In addition to internal evaluation capacity, *what* is being evaluated and *why* it is being evaluated are important considerations for commissioning external evaluations.

Evaluand. When discussing the contextual factors that drive commissioning decisions, focus group and interview participants discussed the *evaluand* — the thing that is being evaluated. One foundation commissioner explained, "Who we hire, how much it costs… It depends on what we're evaluating and why. If we're evaluating an internal initiative, a portfolio of external programs, a network of grantees, or one specific program. There are a lot of different things we can evaluate."

The majority of survey respondents (58%) reported that their organization's most recent external evaluation was for a "program." About one-fourth of respondents (26%) said it was for a "strategy" or "portfolio," and 10% reported it was for a "partnership or coalition." There was a statistically significant difference between nonprofit and foundation commissioners with respect

to whether a recent evaluand had been commissioned, X^2 (4, N=74) = 14.533, p = .006. Nearly

three-fourths of nonprofit respondents (73%) commissioned a program evaluation in the past two

years, compared to just 37% of foundation commissioners. Foundation commissioners (48%)

were more likely than nonprofit commissioners (11%) to commission a strategy or portfolio

evaluation (See Figure 13).

Figure 13

Evaluand by Commissioner Type (*N*=76)
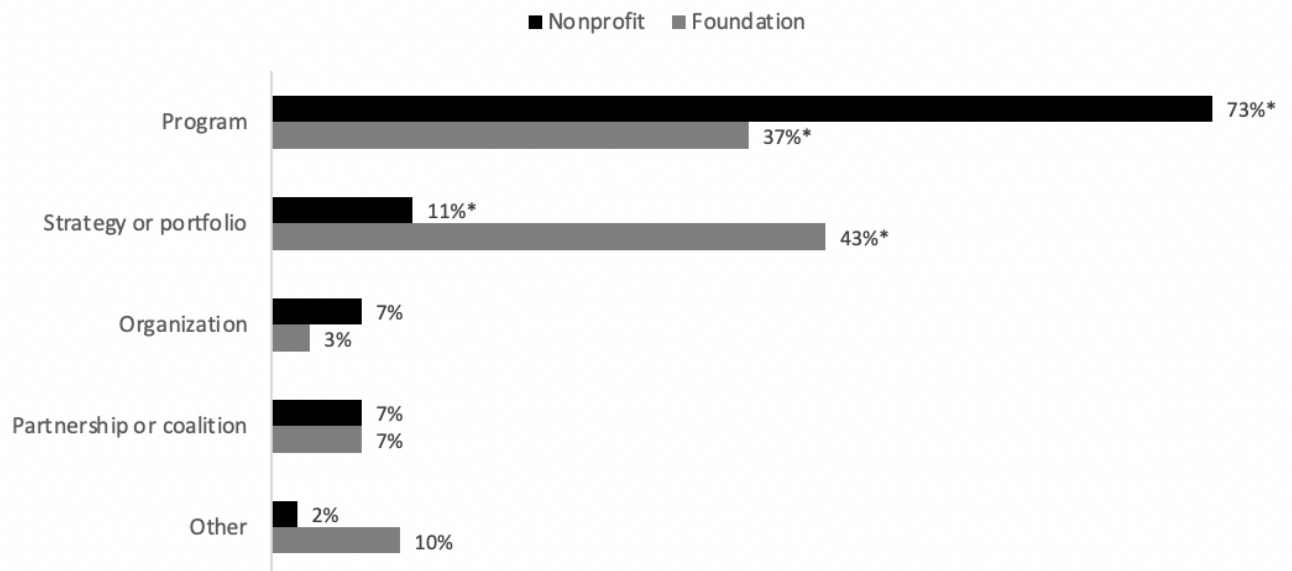
Evaluation purpose. In addition to *what* is being evaluated, focus group and interview

participants discussed the importance of *why* their organization commissions evaluations.

Reasons identified included extending or building internal evaluation capacity (as discussed in

the previous section), informing decisions, providing an independent assessment, measuring

outcomes or impact, informing decisions, and ensuring accountability to stakeholders (See Table

16).

Table 16

*Illustrative quotes about evaluation purpose*

Theme	Explanation of Theme	Quotes
Extend or build evaluation capacity	Evaluations are commissioned to support the internal evaluation team or train/coach internal evaluators.	*"We have a small internal team doing our own evaluation work... but there's only two people in addition to me and we have tons of work... I probably commission out at least 50%, if not more, of our evaluation work. We have one evaluation firm that we bring in on an ongoing annual basis. **They're our bench, our additional capacity** that can expand and contract as needed without going through hiring processes on our end."*
Inform decisions	Evaluations are commissioned to inform decision-making or program improvement.	*"Any evaluation that I [commission] tends to include both qualitative and quantitative data and data from multiple perspectives. **The wealth of information that we get informs our decision making.**"*
Provide an external perspective	Evaluations are commissioned to provide an outside perspective that can be seen as more objective than internal evaluators.	*Sometimes you can be [internal] shouting from the mountain top, and nobody listens to you, but **then somebody comes from the outside and says the same stuff, and it's like the leadership sees heaven...** Having [the external evaluation firm] understand that context, have those conversations, build the culture so [leadership] can understand and get comfortable with results... that's what the partnership is about.*
Measure outcomes or impact	Evaluations are commissioned to demonstrate progress towards goals and provide evidence of immediate or long-term changes due to the evaluand.	*They really helped us tell our story and understand why our program works, and **measure the impacts and outcomes versus outputs of our program.** [Previously] we were telling our story over and over again... that we served X-number of kids and here's how they've gotten better at golf. But we couldn't really understand or articulate what else we were doing for the community and how kids were learning responsibility, communication skills, and becoming leaders.*

Ensure accountability	Evaluations are commissioned as part of funding requirements to provide accountability to stakeholders.	*"The evaluations that we typically commission are for 21st Century [Department of Education] grants. **Evaluation is needed for the federal reporting requirements.**"*

Survey results affirmed these evaluation purposes and provided insights into additional reasons for commissioning external evaluations. The most frequently mentioned reasons were to help the organization improve or make changes (65%), provide an independent assessment (63%), demonstrate impact (63%), track progress on outcomes (55%), and help leaders make decisions (50%). See Figure 14 for all reasons selected by survey respondents.

Figure 14

Reasons Organizations Commission External Evaluations (*N*=76)
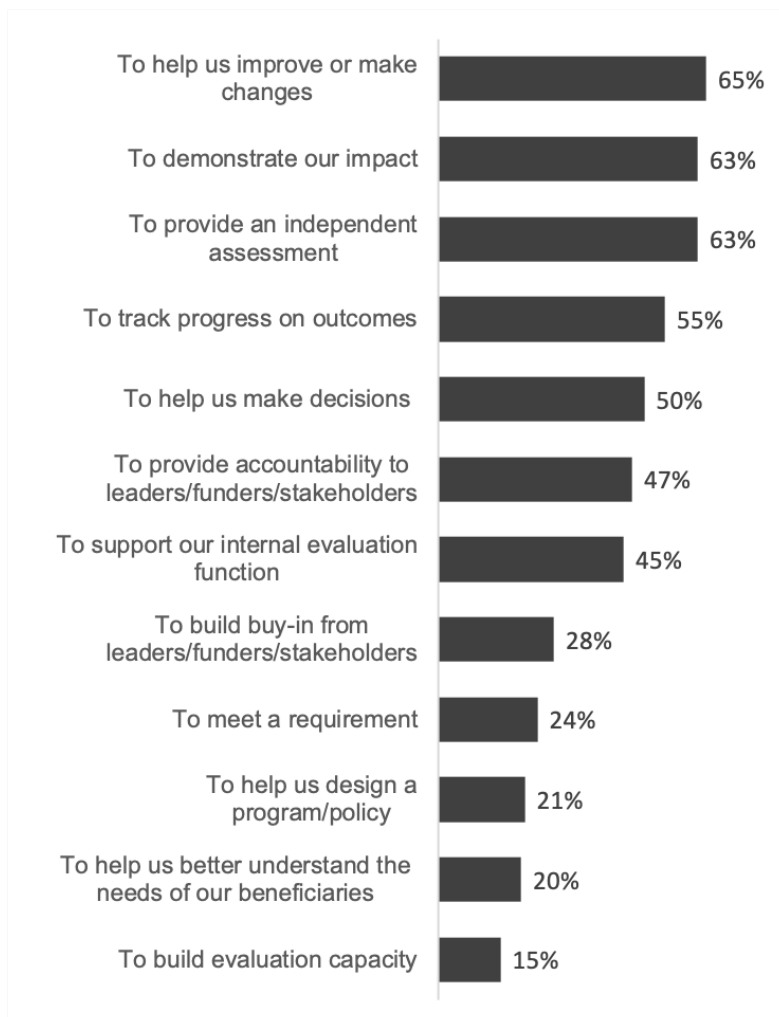
Source and amount of evaluation funding. The third consideration for commissioning external evaluations is the source and amount of funding.

Public vs. private funding. Commissioners of nonprofit organizations explained there are different requirements for evaluation depending on the source of funding. These commissioners reported that public (i.e., government) funding is typically associated with specific, less flexible requirements, while private (i.e., philanthropy or corporate) funding allows for more discretion in commissioning evaluation. As one commissioner noted: "I'm thinking about my private funds, where I have so much freedom and flexibility." Another commissioner explained:

> I think one key fork in the road for me when I'm commissioning is whether it is a public or private funding stream. We administer some state funding streams and we also have a lot of philanthropic funding. With public funding, I'm immediately gonna have to do an RFP process, but I have a lot of discretion and flexibility if it's private funding.

Among publicly funded evaluations, there are also variations depending on the level of government. For instance, two focus group participants shared that state-funded projects were more focused on reporting service data (i.e., outputs), while federally-funded evaluations were more likely to track progress over time, make comparisons across sites, and include more formative questions. One participant shared,

> Every funding stream has different evaluation requirements. What I have seen typically with state contracts and smaller programs, the reporting and evaluation requirements are very rudimentary. They are focused on formative evaluation at a very basic level, and more of the focus is on reporting service data. For the larger, federal evaluations, there is more variation. There are usually many sites and there are more comparisons across contexts for learning.

Determining budgets. Focus group and interview participants discussed four different ways that budgets are typically allocated for evaluation: a proportion of program, discretion of funders, driven by commissioners, driven by external evaluation partners.

Proportion of program budgets. Several commissioners explained budgets are sometimes proportional to the size of the overall program budget. For example, as one commissioner revealed, "Our grant applications typically reserve 10% of the total budget for evaluation."

Discretion of funders. Nonprofit commissioners described how budgets are determined by their funders, and they do not necessarily have insight into how budgets are allocated. As one nonprofit commissioner expressed, "If it's a government project or a foundation project, it's set for you, like the rules and the expectations attached to the funding are set for you."

One foundation commissioner who serves in an internal evaluation capacity expressed frustrations with top-down budgets that have nothing to do with the evaluation needs: "Sometimes budget constraints dictate the type of evaluation and sophistication of the design. I know it shouldn't be that way, but we have to work with what we have. It's just not always up to us. It's up to leaders at the top who make budget decisions for the whole organization."

Driven by internal evaluation staff. Commissioners who serve as internal evaluators shared that sometimes they have discretion over the evaluation budgets. These commissioners are able to draw upon their previous evaluation experience to set budgets based on the estimated level of effort and proposed scope of work outlined in the RFP. As one internal evaluator shared, "Budgeting-wise, it's not just a bucket of money. We think… What are they going to do with this money? We try to think about the number of hours and what it's going to cost for different data collection methods." Another internal evaluator emphasized, "I've learned you get what you pay for," and explained how her experience commissioning external evaluators has helped her be more intentional in setting budget over time.

One commissioner explained the benefits of being nimble and setting evaluation budgets

in multiple phases of work over time:

> When we commission projects geared towards organizational learning or to understand
> something that's at the root of what we do or how we do it... I have seen value in sort of
> chunking it out. So like, phase one of the evaluation is gonna be these tasks, then we
> revisit the budget. There's a very good chance that if this goes well, we'll just move
> forward with phase two, but we do not necessarily lock ourselves in I think it both gives
> you a little bit of flexibility to change your mind about who you're working with, and
> change your mind about the direction that the project needs to go. I think the other benefit
> that I've seen, too, is if [the first phases] go well and you're able to bring back [external
> firms] for additional phases, and shout it from the mountain tops, and your organization
> gets more buy-in for future evaluation... Also, it's worth chunking out budgets because
> you might build your own capacity to do some of it over time, so that less has to be
> commissioned out [over time]. This is like blue sky thinking, but yeah, I found that
> creating a phased approach to the evaluation helps give you a little bit more flexibility
> should some of those opportunities arise.

In some cases when budgets are not sufficient for external evaluation projects,

commissioners use budgets for evaluation training of internal staff. As one participant explained,

> Cost is a major consideration in commissioning evaluations. I've been with really small
> nonprofits and my budget for the year was $40,000 for all of my programs… You can
> hire 15 minutes worth of high-quality evaluation work with that kind of budget. So I
> think about how to hire evaluators as trainers to help the staff create evaluation tools that
> can be used internally in an efficient way.

Driven by external evaluation firms. According to several foundation commissioners,

sometimes evaluation budgets are driven by suppliers who submit proposals in response to RFPs.

Several commissioners explained that although they typically have a budget ceiling in mind, they

purposefully do not post budgets in RFPs to allow evaluation suppliers to propose what they

think it should cost. As one foundation commissioner noted,

> We do not say what the budget is in the RFP. We see what comes in and weigh the
> differences in costs. We don't always go with the lowest cost vendor. In fact, we often
> don't go with the lowest cost vendor. We usually have something in mind. We always get
> a huge range from small businesses.

Several commissioners shared that they let the evaluation firms set the price, but then negotiate depending on their needs and the available resources. One explained,

> I have some thoughts based on my experience about what the ballpark should be, but then I look to the evaluators as experts… [I say] here's what we want to do, how much is it going to cost? If they come back too high, we go back to the drawing board about what we're asking for. The final proposals we end up with are usually fairly realistic.

Another commissioner explained that they sometimes ask external evaluation firms to help them develop budgets for evaluation activities:

> I've worked with the same evaluation firm for a number of years. I try to engage them early and often as I'm developing budgets. My growth area is to not just stick an arbitrary budget on it, [chuckle] … but without asking for a budget, it can be confusing for the people that we're paying. Giving clarity around how the budget should be used is helpful.

Size of budgets. The actual size of budgets for evaluations commissioned by nonprofits and foundations varies substantially. Commissioners surveyed reported the most recent evaluation they outsourced had budgets ranging from less than $50k to more than $1 million, with 82% reporting budgets less than $500k. Although foundation commissioners reported higher budgets for evaluation compared to nonprofit commissioners, the differences were not statistically significant, $X^2 (5, N=73) = 5.048, p = .410$. See Figure 15 for frequencies of approximate budgets by commissioner type.

Figure 15

Approximate Budget of Most Recent Evaluation by Commissioner Type (*N*=76)
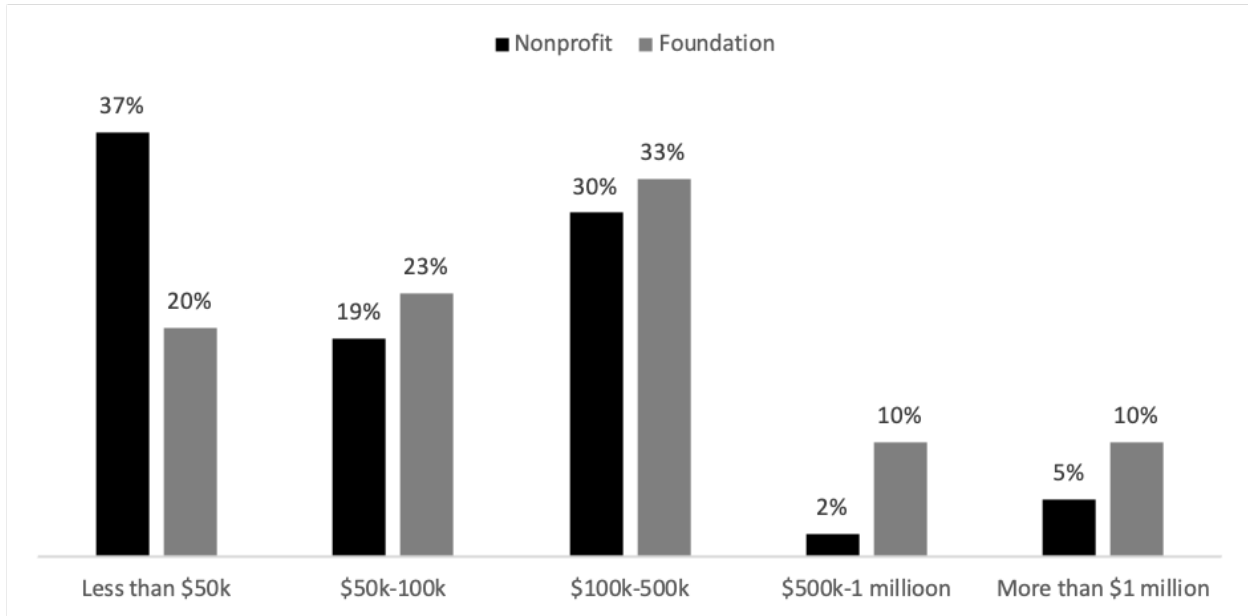
Entrepreneurs' Opportunities to Influence Demand

The first half of this chapter revealed the primary considerations that shape how commissioners engage external evaluators, including internal evaluation capacity, the evaluand and evaluation purpose, and the source and amount of funding for evaluation. With this context in mind, the latter half of this chapter summarizes interview data to describe the following avenues for entrepreneurs to influence commissioners: (1) leveraging the interconnected marketplace, (2) establishing a niche, (3) educating and coaching clients to broaden perspectives of evaluation, (4) co-creating opportunities, and (5) cultivating positive experiences.

Leveraging the interconnected marketplace of suppliers and buyers. The first opportunity for entrepreneurs to influence commissioners is to leverage the fact that the philanthropic marketplace for evaluation services is highly interconnected. Data from entrepreneurs emphasized the importance of relationships, networking, referrals, and word-of-

mouth when it comes to maintaining and developing business. Focus groups and interviews with commissioners revealed that many commissioners have backgrounds in evaluation; therefore, they are likely to have developed relationships with evaluation professionals prior to being in a position to hire external evaluators for their organization. The interconnectedness of the marketplace is most evident in how commissioners find external evaluators.

Sourcing evaluators. Most focus group and interview participants said they typically develop RFPs to source bids from external evaluation firms. However, according to these participants, RFPs are typically sent to their personal networks or short-lists of relevant evaluation firms first. Commissioners shared that their RFPs are only publicly released when required by funders or if they do not know of external evaluators who would be a good fit for the project. For small evaluation projects that do not have funder requirements, nonprofit commissioners sometimes do not issue RFPs at all, and directly contact evaluators they have worked with in the past with specific requests. As one commissioner explained, "If the budget is small enough and it is a quick turnaround, then we can write office communications to explain why we prefer using a certain vendor from our internal vendor database, and we don't need to issue an RFP at all."

According to survey respondents, the most common avenues for finding external evaluation firms includes past relationships with evaluation firms (36%); public RFP process (25%); selective, invite-only RFP process (25%); and direct referrals (22%) (See Figure 16). This suggests the majority of commissioners (83%) source external firms from a pool of evaluators with whom they are already connected. See Figure 16.

Figure 16

Source of Finding External Firms (*N*=76)
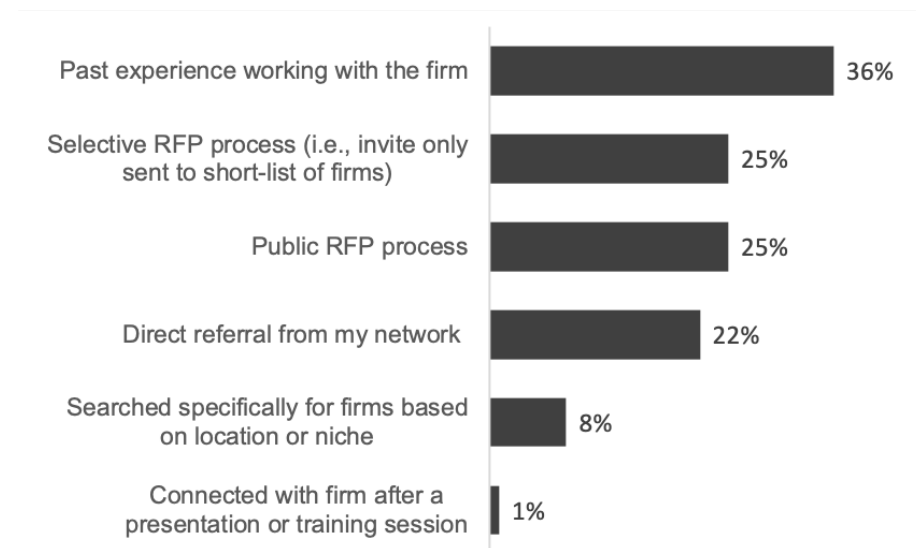
Referring suppliers to other commissioners. Not only do commissioners tend to hire

from the same pool of evaluation firms, they also tend to refer others to these evaluation firms.

One foundation commissioner explained how they use their position and influence to help a

small evaluation firm develop more business:

> If evaluation comes up, we always highly recommend this group we work with. Because
> of our influence in the community, they're willing to agree with our stamp of approval…
> we help [evaluation firm] develop themselves and get more contracts in the community.
> They keep growing because they're doing a good job. Now they're even looking to add
> another person to their team. We don't see other firms like them pop up in our area.

Another foundation commissioner explained that they purposefully do not specify an

evaluation firm for their grantee partners to engage. However, the firm they use for their own

organization is often also selected by their grantees to conduct their evaluations.

> We encouraged the nonprofit to look at more than one firm - and inevitably, the one we
> like the best always comes to the top. They make that conclusion on their own. We give
> them a list of available evaluators and then some are across the state so they include an

extra couple thousand dollars of travel. We want to give them the choice and do not be prescriptive in who they pick.

One nonprofit commissioner reiterated that they seek recommendations from their funders: "We ask the funder if they recommend certain evaluators that they knew did good work." Another said they ask for references from similar organizations: "A lot of it was knowing whether they had worked with other organizations who we were affiliated with in some form or fashion. And asking if those organizations had positive experiences."

Positive implications of repeat suppliers. Eight of ten commissioners interviewed discussed some benefits of using repeat suppliers including valued relationships, responsiveness, deep understanding of organizational context, high-quality products, and overall efficiency. See Table 17 for a sample of illustrative quotes.

Table 17

Illustrative quotes about positive outcomes of repeat suppliers

Theme	Interview Quotes
Valuable relationships	*"I feel like they care about us. They want to keep us as customers. They seem to be involved in the topics that they are specializing in… At least based on the small vendors that I've been working with. They care about the work. I value [our relationship] very highly."*
Responsiveness to client needs	*"So there is flexibility, nimbleness, and responsiveness that we wouldn't receive from another firm."* *"They recognized that to get more business with me or with someone else down the road, they have to make sure we're happy."*
Deep understanding of context	*"I think they can get to a deeper level. While some go a mile wide or inch deep… they can go a lot deeper than an inch because they're so familiar. However, sometimes that is a challenge because it's harder*

	to maintain a professional level of bias, but I think they do a great job."
High-quality products	*"We find we use this particular company over and over again… which could look bad, but they have such great products and they are so professional, and they know the community."*
Efficiency	*"There is a ramp-up time when working with new people… that's resource intensive."*

Negative implications of repeat suppliers. Two commissioners discussed potential

negative implications of working with the same evaluation firms due to personal relationships.

One explained that they would prefer to hire evaluators who are better suited to their needs and

context; however, executive leaders at their organization prefer to use the same evaluation firm

that they already know and trust:

> I would prefer to identify a project's needs and bring in evaluators as needed, but that's not operationally how my COO [Chief Operating Officer] wants to see this. This is partly because she has a relationship that predates me, and sees this firm as a go-to. Anytime an external evaluator is required, we go to them. They have a lot to contribute, they bring a lot of value, but they also are more willing to respond to operational imperatives than holding the line on research questions.

This interview participant saw benefits to working with the same evaluation firm that

understands their organizational context and can be flexible to their needs. However, they also

expressed concerns that the firm's willingness to be responsive to their internal priorities and

maintain their relationship may adversely impact the objectivity of the evaluation process. This

individual continued to explain their concerns:

> This external evaluator is so flexible, they will move based on what the program wants. I'm also very adaptable, and I believe it is important for us to be flexible. I also believe it is helpful to have an external evaluator who is going to hold the line on [evaluation] questions and methods.

Another interview participant explained that prioritizing personal relationships can come at a cost of prioritizing the competencies needed for an evaluation. In their case, the evaluation firm they worked with lacked the deep cultural understanding needed for the project:

> We work with a company that my manager has a relationship with. She knew about them from a previous evaluation company that she worked with. Part of the issue was that they had an all white staff. We tried talking about racial equity gaps, and there was a lack of cultural understanding… It led to a very boring paper. They didn't lift up tensions in terms of racial equity work.

Establishing a niche. The second opportunity for entrepreneurs to influence commissioners is via the niche that sets them apart from other suppliers, meaning their *specialized* experience, expertise, technical skills, or approach to the work. Although commissioners tend to source and recommend external firms based on their personal networks, *who you know* is less important than *what you know* when it comes to the final decision behind why certain evaluation firms are selected over others.

When asked about the most important factors in selecting an evaluation firm, commissioners surveyed were most likely to mention past experience working on similar projects (54%), subject matter expertise (49%), technical and methodological capacity (42%), experience working with communities served (30%), and alignment with organizational values/culture (28%). While past relationships and referrals are usually what help evaluation firms learn about opportunities, relationships with entrepreneurs and positive referrals are two of the three least important factors selected by survey respondents when it comes to actually *selecting* the winning firm (See Figure 17).

Figure 17

Important Factors when Selecting an Evaluation Firm (*N*=76)
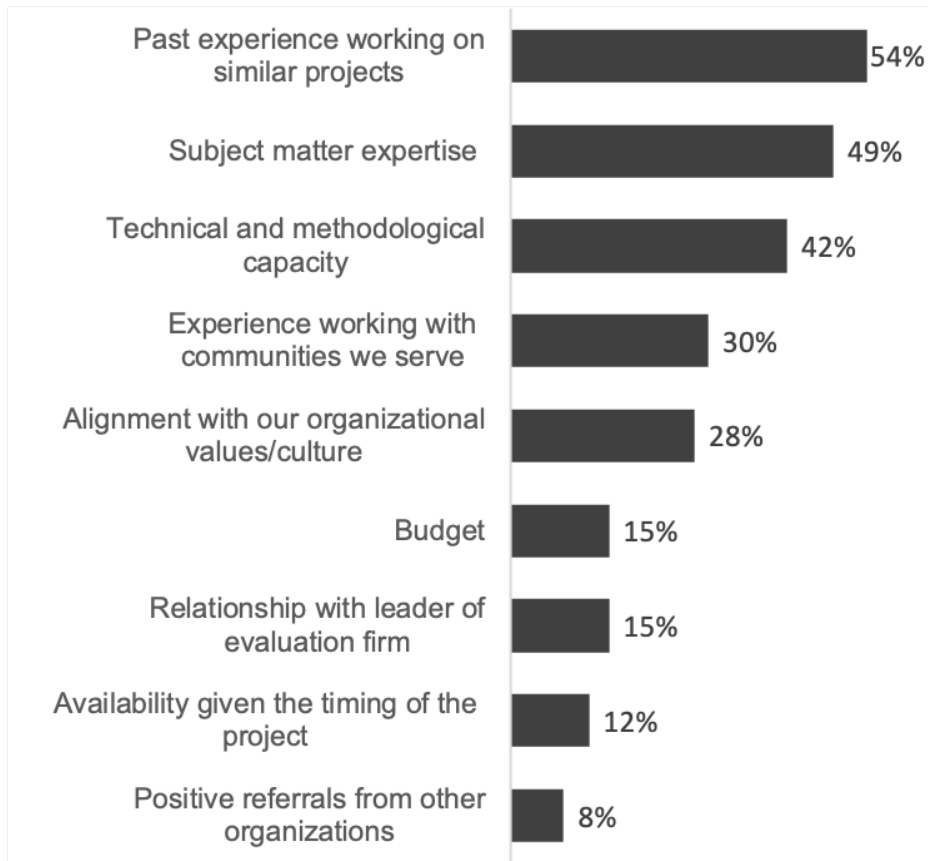
Focus group and interview participants also emphasized the importance of establishing a niche through specialized knowledge, having specific technical skills and subject matter expertise, and experience working with specific communities (See Table 18).

Table 18

Illustrative quotes about important factors for selecting an evaluation firm

Factor	Quotes
Specialized knowledge	*"We work with external firms that have specialized expertise as needed per project that might be much more in-depth than our internal capacity. My staff tend to be more generalists. We know a lot*

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	*about a number of things, whereas **it is important to hire evaluators who have specialized knowledge**."*
Technical skills and subject matter expertise	*"**I've learned to pay more attention to specific skill sets, and again, the content area** and understanding of the context. Homelessness is a specialized field and it requires a certain language… Also, people just say they need 'evaluation,' and it has so many different forms. So I also think… do we need an RCT or quasi-experimental design? Or some kind of framework? **Really trying to get a sense of what is the purpose of this endeavor is really important when selecting an evaluation partner**."*
Experience working with specific communities	*"We're trying to be much more thoughtful in ensuring that we're **hiring evaluators that reflect the population that we serve**. And right now we're doing an audit of our contractors to that end."*

Educating and coaching clients to broaden perspectives of evaluation. The third

opportunity for entrepreneurs to influence commissioners is by educating and coaching their

clients throughout the evaluation process. On average, commissioners surveyed reported

increased levels of knowledge about the evaluation process *after* their most recent engagement

with an external evaluation firm compared to *before*. On a scale of 1-5, with 1 being "not

knowledgeable at all" to 5 being "extremely knowledgeable," commissioners reported a mean

score of 3.94 (*SD*=.998) before their most recent engagement with an external evaluation firm;

and reported a mean score of 4.18 (*SD*=.683) after their most recent engagement. Although the

mean difference is small, it is statistically significant, $t(32)=-2.484$, $p=.046$ and meaningfully

reflects interview commentary with commissioners. See Figure 18 for frequency distributions of

knowledge change, illustrating a 13% increase in respondents' who rate their knowledge as "very

knowledgeable" after their most recent external evaluation.

Figure 18

Perceived Level of Knowledge Before and After Most Recent Evaluation (*N*=33)[3]

■ Level of knowledge BEFORE engaging with external evaluation firm
■ Level of knowledge AFTER engaging with external evaluation firm
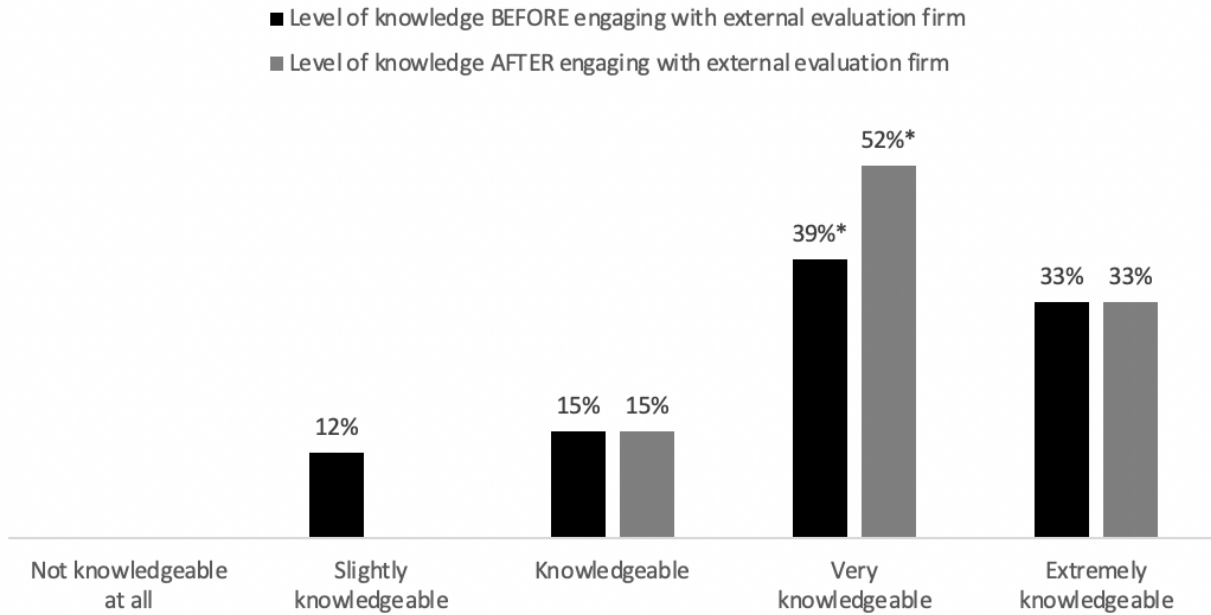
When asked *how* their evaluation knowledge was increased, interview participants explained that working with external evaluation firms has improved their technical skills, introduced them to new evaluation methods and approaches, and helped them integrate evaluation into their strategic learning and organizational development.

Increasing technical skills. After engaging external evaluation firms, commissioners were able to ask better questions, understand the varied needs of communities, and collect better data (See Table 19).

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[3] Only respondents who reported the most recent evaluation that they have commissioned was completed were asked to rate their perceived level of knowledge before and after. Given the small sample size, a statistical technique known as bootstrapping was used. See "Analysis Approach" for an explanation.

Table 19.

Illustrative quotes demonstrating increased technical skills

Theme	Quotes
Ask better questions	*"More than providing technical expertise, **they helped us ask the right questions to fulfill our learning needs, and incorporate learning into the program.** I turn to small evaluation firms as more of a coach or mentor than compared to traditional evaluation firms who just do evaluation. Working with [small evaluation firms] teaches me how to do evaluation."* *"In the past, we've been very output-focused. Now we're really starting to make the shift to measuring change and impact with outcomes. **We're asking better questions beyond counting.**"*
Understand community needs	*"We have more experience now, in part because our evaluation partner has guided us through this. **We now are able to distinguish the needs of different audience groups**, and measure these differences. We don't just collect data for the sake of it."*
Improve quality of data collected	*"When we first started collecting data, the data collection was inconsistent. So we worked with an external firm to provide technical assistance and **help us standardize the data we were collecting** and make sure everyone was filling out surveys the same way."* *"Working with [external evaluation firm] has **helped get everyone on the same page with the data.** Once we did that, we found out the data was actually usable for monthly data share outs with staff."*

Introducing new evaluation methods and approaches. Beyond increasing their technical skills to ask the right questions and collect the right data, commissioners also described how external evaluation firms have broadened their views of evaluation approaches. For example, building upon the methodological trends described in Chapter 4, external evaluation firms have introduced commissioners to more qualitative designs, developmental evaluation, equity-focused evaluation, and methods to embrace complexity and systems-thinking (See Table 20).

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Table 20.

Illustrative quotes demonstrating the introduction of new methods and approaches

Theme	Quotes
Qualitative designs	*"I think [working with firm] has expanded the range of possibilities regarding our collective understanding of what evaluation means for the foundation. Over time, we have become much more open and sophisticated around qualitative methods."*
Developmental evaluation	***"Most recently, we worked with a firm to conduct a developmental evaluation, which is something I have not done myself.*** *Developmental evaluation is more recent than my graduate training... I did learn a lot from that experience, about some of the challenges, as well as the benefits of doing that kind of evaluation, especially in a systems-change context and multi-stakeholder collaboration."*
Equity-focused evaluation designs	***"External firms we work with are being more intentional, rightly so, in pushing an equity lens in evaluation.*** *Whether that is intuitive or not when it comes to the evaluation questions. I recently had an experience with a firm that added the equity piece to the proposal even though it wasn't part of the RFP, they said they weren't going to do it if we weren't going to include the equity questions. We didn't even think about it until they raised it."* ***"We learned about the role of equity in community-based evaluation*** *and being aware of the fact that evaluation done the wrong way can be harmful. It can do harm in the community, through micro-aggressions and offensive evaluation practices... We want to continue to be on the leading edge of that by working with firms who prioritize equity."*
Methods focused on complexity and systems-change	*"This is a beautiful example where [evaluation firm] was able to* ***explain the system at the local and big picture level.*** *They demonstrated how it interacts with one another; the direct impact in the system or trickle down effects within the system. We had never done this before. I would say that it was a breakthrough in being able to communicate and explain what I mean when I talk about different systems of our work."* *"We had a number of meetings where we brought findings to various stakeholders within the system to talk about what we're*

*seeing, what we thought the implications were and what things that we might do differently, based on what we were learning… **it was a systems-approach to sensemaking**. This was a new approach for us.”*

Integrating evaluation into strategy. External firms have broadened commissioners' views of evaluation by demonstrating how evaluation can be used to inform their organizational strategy. As one foundation commissioner stated, "I think evaluation firms can lead the way and help us at foundations really push forward a broader definition of evaluation and learning than what we've historically used. Evaluation helps us slow down and think about our strategy more intentionally.”

Another foundation commissioner explained how the theories of change and action co-designed by their external evaluation partner has been integral to their organizational strategy. This commissioner emphasized that evaluation and strategy are "two sides of the same coin" when it comes to decision-making:

> When we started engaging them in this work, they helped us design a theory of change and theory of action; then they developed an evaluation plan and components of the plan. While they do the evaluation activities, we still have a role to play in building the learning routines and structures to share information along the way. The connection to strategy is really important. I don't think our partnership would have been successful if we didn't incorporate the theory of change and theory of action into our strategy. [The evaluation firm] is so closely connected to our strategy conversations, and we trust them to help us pivot the strategy based on evaluation. That's been really important to reinforce how strategy and evaluation are two sides of the same coin. Evaluation is not divorced from strategy, and it is a mechanism to inform our strategic learning and our strategy decisions along the way.

Co-creating opportunities. The fourth avenue for entrepreneurs to influence commissioners is by co-creating opportunities for evaluation through grant applications and developing RFPs.

Partnering on grant applications. Several nonprofit commissioners reported that they develop grant applications with external evaluators, who are then hired to conduct the evaluations if the grant is awarded. As such, many evaluation entrepreneurs market and offer grant writing as part of their firm's evaluation services. As one commissioner explained,

> They do an incredible job of applying for and receiving grants. They are just very good at it. Knowing that, the external evaluator knows that if they have a positive relationship and maintain that relationship, they will be put down as the evaluator for the next round of grants. We just put a proposal together for a $30 million grant… this evaluation firm has grant writing staff and they helped write the proposal. I think their strength in grant writing side is incredible. They call themselves an evaluation firm, and that is strategic because they get written into the grants.

Commissioners described how submitting grants with evaluation entrepreneurs is mutually beneficial because including an evaluation plan can help nonprofits receive grants, and being directly written into grant proposals is an effective business strategy for evaluation firms. One nonprofit commissioner described this symbiotic relationship, "This agency helps us identify and apply for grants. Whenever there is an evaluation component, they are written in. That's why we always go back to them. They wrote themselves into grants five times."

One foundation commissioner shared that they build evaluations into the grants they provide to grantees: *"*Rather than telling grantees to evaluate and collect data on their own, we're going to build it into the grant." As previously mentioned, when foundation commissioners require evaluations from their grantee partners, they often recommend or make introductions to evaluation firms in their network.

Co-developing RFPs. In addition to the more direct relationships between commissioners and entrepreneurs who co-write grant applications that include evaluations, some commissioners described how they work with evaluation firms to co-develop RFPs. In these cases, evaluation firms are not promised the contract; however, they do have an advantage from knowing exactly

what the commissioners are looking for. For example, as one commissioner explained,

"Sometimes we don't know what to ask for. You don't know what you don't know. So we turn

to our evaluation contacts to help us write high-quality RFPs. They help us make sure we're

asking the right questions." As previously discussed, the process of co-developing RFPs is also

an opportunity for entrepreneurs to help shape evaluation budgets.

Cultivating positive experiences and outcomes. The fifth and final avenue for

evaluation entrepreneurs to influence the expectations and perceptions of commissioners is

through cultivating positive evaluation experiences. Thinking about the most recent external

evaluation that they commissioned for their organization, more than three-fourths of

commissioners surveyed (78%) said it was a "positive" or "extremely positive" experience.

Another 13% said it was neither positive nor negative, and 10% said it was a "negative" or

"extremely negative" experience.

Reasons for positive or negative experiences. In open-ended follow-up questions, survey

respondents were asked why their experience was positive or negative. Positive experiences were

attributed to responsiveness and good communication skills (n=16), the firm's technical capacity

and expertise (n=14), collaborative partnership and trusting relationships (n=11), flexibility and

adaptability to changing needs (n=6); high-quality deliverables (n=5), and alignment of values

(n=4). See Table 21.

Table 21

Illustrative quotes about positive experiences

Theme	Quotes
Responsiveness and good communication skills	*"Our communication with them has been excellent. They follow guidance very well and are dedicated to helping the program improve and move forward."* *"Able to have very candid feedback sessions, open to various deliverables and they are willing to think out of the box with us"*
Firm's technical capacity and expertise	*"The evaluation firm is competent in evaluation methodology and facilitation. They are very organized and ask our staff thought provoking questions to deepen our understanding of the work."* *"The external evaluation team added evaluation capacity to our grant-funded project, and brought a theoretical foundation to what we were doing. What I like the most is that they are helping us think about working with the community in a new way."* *"The organization had deep subject matter expertise but were also very knowledgeable about the ways that nonprofit organizations, such as ours, worked. Therefore, they were able to tailor how they approached the evaluation to our needs."*
Collaborative partnership and trusting relationships	*"Firm and it's associates are very relationship oriented and are involved community partners."* *"Our evaluators are thoughtful, engaging, and responsive. I enjoy my interactions with them."* *"It was very collaborative; we worked together throughout the process and the final product was useful for the program and for funders"*
Flexibility and adaptability to changing needs	*"Collaborative working relationship, flexibility to changing circumstances (especially with COVID-19), commitment to the work."* *"The scope of work changed over time, and the consultants were very flexible in adapting to what we needed."*
High-quality deliverables	*"Quality of work, timeliness, appropriate analysis and conclusions that can be share with stakeholders."* *"The project was completed within agreed upon constraints - scope,*

	schedule, and budget - and previous findings were verified and new insights were translated into actionable items and decisions. The report is of high quality and relevance. It's always a pleasure to work with the same accomplished researcher and expert in the fields of non-profits/membership associations and marketing.”
Alignment of values	“Shared organizational values, willingness to question and push back, developmental posture.” “The organization is well-versed in the work of the community and shares similar goals for our community's children.”

Meanwhile, those who had a negative experience explained it was due to a lack of timeliness (*n*=4), low quality deliverables (*n*=3), communication challenges (*n*=2), lack of added-value beyond what they could have done themselves (*n*=1), burdensome data collection required of program staff (*n*=1), and lack of project management skills (*n*=1). See Table 22.

Table 22.

Illustrative quotes about negative experiences

Theme	Quotes
Lack of timeliness	“Deadlines have not been met for their reporting”
Low quality deliverables	“Products are not of the quality we would have liked” “They never understood the project they were evaluating and provided a superficial analysis.”
Communication challenges	“Hard to communicate with consultants, delayed deliverables, and deliverables that were not particularly illuminating or in-depth.”
Lack of added-value	“Low added value overall, compared to what we could have done ourselves.”

Burden of oversight	*"Amount of oversight and constant need for me to ask for project tasks and deliverables to be completed."*
Lack of project management skills	*"While the eval firm has strong methodological expertise, they are not good at project management."*

Influence of positive or negative experiences. There is a strong correlation between commissioners' experiences with an external evaluation firm and whether or not they would recommend the firm to other organizations in their field engaging in similar work, $r(69)=.76$, $p<.001$. The majority of those who had a positive experience (80%) said they *would* recommend the evaluation firm, whereas the majority of those who had a negative experience (57%) said they *would not* recommend the firm, $X^2 (4, N=71) = 54.034$, $p < .001$ (See Figure 19).

Figure 19

Willingness to Recommend Firm by Experience Rating (*N*=76)
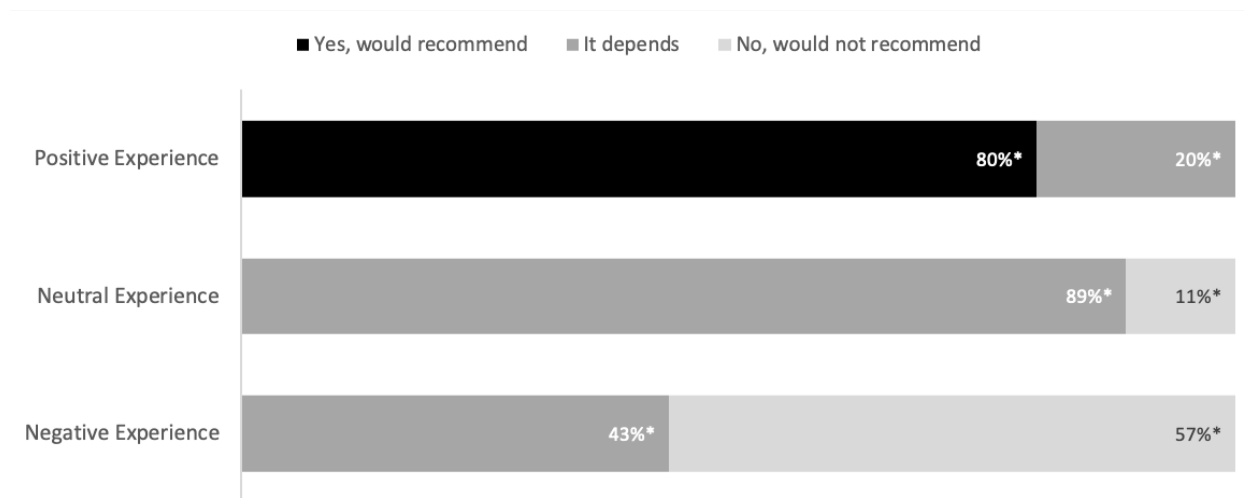
There is also a strong correlation between commissioners' experiences with an external evaluation firm and whether or not they would consider hiring the evaluation firm for future evaluation activities for their organization, $r(69)=.71$, $p<.001$. The majority of those who had a

positive experience (84%) said they would consider working with the firm in the future, whereas the majority of those who had a negative experience (57%) said they *would not* go back to the same firm, X^2 (4, *N*=71) = 50.805, *p* < .001 (See Figure 20).

Figure 20

Willingness to Hire Firm in Future by Experience Rating (*N*=76)
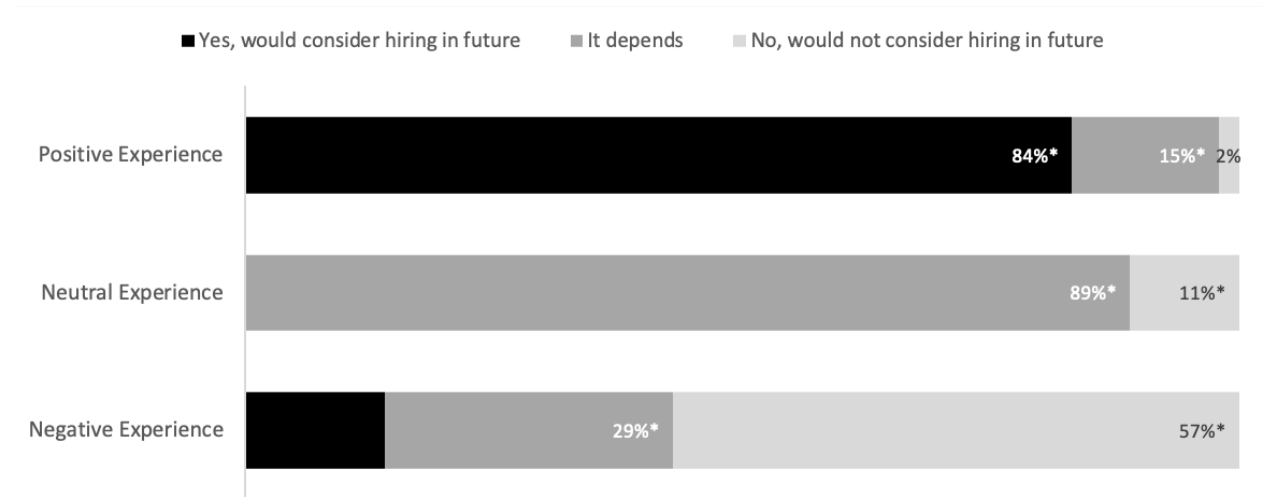
There is a moderate correlation between commissioners' experiences with an external evaluation firm and the extent to which the experience was influential in shaping their organization's expectations for future evaluation studies, *r*(69)=.35, *p*=.003. Although there were no differences in whether or not the evaluation firm was influential, commissioners who had negative experience were more likely to believe the evaluation firm was *not influential* (See Figure 21).

Figure 21

Extent of Influencing Expectations by Experience Rating (*N*=76)
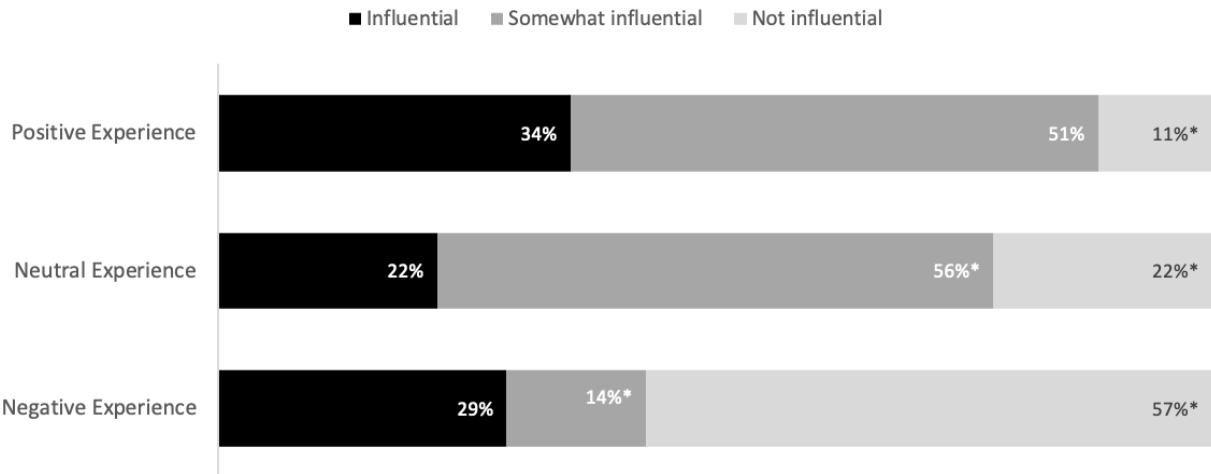
Chapter 6: Discussion

While it is common for evaluation to be referenced as both "an art and a science" with aims of seeking truth and social betterment (Lincoln, 1991), it is far less common to acknowledge that evaluation is also a potentially lucrative industry in the knowledge economy. Recognizing that evaluation is a business that exists in a marketplace of sellers and consumers, the purpose of this research was to shine a light on the role of entrepreneurship in shaping the supply and demand for evaluation products and services. The current research design focused specifically on the philanthropic sector of foundations and nonprofits as a market ripe for entrepreneurship given increasing demands (Center for Evaluation Innovation, 2020; Kinarsky, 2018; Innovation Network, 2016). This final chapter summarizes findings for each research question, synthesizes key insights across multiple phases and studies, discusses implications for the field, and suggests directions for future research.

Phase 1: Current Landscape of Evaluation Entrepreneurship

What is the landscape of evaluation entrepreneurship in the United States? What are the demographic characteristics of evaluation entrepreneurs? How do their characteristics and practices differ from independent consultants? What are the market conditions of evaluation entrepreneurship? What are common business practices implemented by entrepreneurs to navigate market conditions?

Results from Phase 1 verified key differences between evaluation entrepreneurs and independent consultants in terms of their business practices and outcomes. Evaluation entrepreneurs reported working on more funded projects compared to consultants and, on average, their projects have budgets that are twice the size of consultants. With more projects and larger budgets, entrepreneurs are also more likely to employ others and have more

opportunities to influence supply of and demand for services compared to independent consultants.

Entrepreneurs reported that responding to RFPs, delivering presentations and training sessions, and participating in speaking engagements were successful strategies for generating new business. Word-of-mouth and relationships remain the most common avenue for acquiring new business among evaluation entrepreneurs who reported that nearly three-fourths of new projects in the past year came from existing projects or direct referrals.

Phase 2.1: Drivers of Evaluation Entrepreneurship and Influence on Supply

What factors contribute to how evaluation entrepreneurs supply evaluation products and services? How, if at all, do entrepreneurs influence other evaluation suppliers?

Results from Phase 2, Study 1 identified five key drivers of evaluation entrepreneurship: (1) motivation, (2) target market, (3) products and services, (4) business operations, and (5) business development. Taken together, these components shape how entrepreneurs make decisions about their business, impacting how they supply services and respond to the demands of clients.

First, *motivation* describes what inspires entrepreneurs to start and maintain a business, despite the inevitable challenges and risks involved, including the desire for autonomy and flexibility, aspirations to leave a legacy or make an impact, interest in innovation, external factors outside of one's control, and the potential for financial stability and growth. Second, *target market* refers to the ideal clients that their business seeks to serve, which directs their business development efforts and helps entrepreneurs shape their offerings. The third component of evaluation entrepreneurship relates to the core of an evaluation business — the design and delivery of *evaluation products and services.* How evaluation entrepreneurs approach their

projects impacts the quality, relevance, and value of their work, as well as the resources needed to carry out the work.

The fourth component of evaluation entrepreneurship, *business operations,* enable entrepreneurs to carry out their products and services, including the internal systems and functions that keep the business running, such as budgeting, accounting, project management, people management, and administration. Finally, the last driver of evaluation entrepreneurship is *business development*, which includes the marketing and sales to sustain business over time. Evaluation entrepreneurs who participated in this study described the importance of referrals, the need for branding and marketing, natural ebbs and flows of business development, trade-offs between profit and quality, and the need to demonstrate the value proposition of evaluation.

Results from Phase 2, Study 1 also revealed ten mechanisms through which entrepreneurs are influencing evaluation suppliers: (1) collaboration, partnership, and peer learning, (2) thought leadership activities, (3) marketing and market research, (4) differentiating from other types of suppliers, (5) innovation of approaches or methods, (6) advancing trends, (7) adaptation to external forces, (8) increasing business capacity through communities of practice, (9) increasing the value of evaluation, and (10) centering equity in business practices. These ten mechanisms can be categorized into three different types of influence: evaluation practice, production and sales of evaluation services, and business operations.

Collaboration and partnership, peer learning, and thought leadership are all opportunities through which entrepreneurs influence (and/or are influenced by) evaluation *practice*. Although these are also common among other types of evaluation suppliers, entrepreneurs believe they may be even *more* incentivized to engage in activities that influence practice given their need to elevate their reputation and maintain relationships for business development.

Marketing, differentiating, innovating, adapting to external forces, advancing trends, and increasing the value of evaluation are all ways in which entrepreneurship influences the *production and sales* of evaluation services. These mechanisms are uniquely important to small businesses compared to other types of evaluation suppliers, especially the need to maintain (or increase) the financial value for evaluation services to sustain their business operating costs. Further, while all evaluators are impacted by external factors outside of the marketplace (e.g., the pandemic, politics, the economy, climate change), entrepreneurs described how their businesses must respond to current events to stay relevant. Adaptation and innovation are critical pathways to influence evaluation supply.

Lastly, increasing business capacity and centering equity in business practices are opportunities for entrepreneurs to directly influence *business operations* of other evaluation firms. Most evaluation entrepreneurs do not have formal business training and their business practices are heavily influenced by peers in the industry. As such, focus group and interview participants described entrepreneurship as an opportunity to disrupt "business as usual" through equity-focused business practices, such as sliding scales for pricing, transparency in contracts, and diversifying teams of consultants.

Phase 2.2: Drivers of Commissioning Evaluations and Influence on Demand

What factors contribute to how external evaluation services are commissioned? How, if at all, do entrepreneurs influence commissioners' expectations and perceived value of evaluation services?

The findings shared in Chapter 5 reveal three primary drivers for commissioning evaluation activities: (1) internal evaluation capacity, (2) evaluand and evaluation purpose, and (3) source and amount of funding. These considerations shape commissioners' relationships with and expectations of external evaluation firms, as well as the types of evaluation activities

commissioned. Though these contextual factors are mostly out of entrepreneurs' control, findings suggest that entrepreneurs influence commissioners by: (1) leveraging the interconnected marketplace, (2) establishing a niche, (3) educating and coaching clients to broaden perspectives of evaluation, (4) co-creating opportunities, and (5) cultivating positive experiences.

First, entrepreneurs build connections in the interconnected marketplace, where referrals and personal relationships typically limit the pool of evaluation firms considered by commissioners. Second, entrepreneurs can influence commissioners by establishing a niche that sets them apart from other suppliers via specialized experience, expertise, technical skills, or approach to the work. Although commissioners tend to source and recommend external firms based on their personal networks, *who you know* is less important than *what you know* when it comes to the final decision behind why certain evaluation firms are selected over others.

Third, entrepreneurs broaden perspectives of evaluation by educating and coaching their clients. After engaging with external evaluation firms, commissioners shared that their technical skills improved, they became aware of new approaches and methods, and they were more likely to integrate evaluation into their organizational development and strategy.

Fourth, entrepreneurship co-create opportunities for evaluation through writing grant applications and providing guidance when developing RFPs. Lastly, entrepreneurs can influence commissioners by cultivating positive experiences, which in turn results in increased likelihood of commissioners recommending firms to similar organizations and returning to the same firms in the future.

Implications and Future Research

Entrepreneurs have a prominent role in the marketplace; but with great power

comes great responsibility. This research suggests that entrepreneurs play a critical role at the nexus of supplying and purchasing evaluation products and services. Given the insular nature of the marketplace, entrepreneurs are incentivized to participate in thought leadership activities, engage in networking and relationship building, establish a niche to differentiate themselves, and advance field trends. In doing so, entrepreneurs have the potential to influence other suppliers in their evaluation practice, marketing and sales, and business operations. Additionally, entrepreneurs' influence on commissioners is evidenced by the sourcing of evaluators from personal networks, the expanded perspectives of evaluation (via educating clients, introducing new methods, and integrating evaluation into strategy), and the co-creation of evaluation opportunities. Given their prominent role in the evaluation marketplace, entrepreneurs ought to be aware and cautious of their unchecked influence, especially amid a lack of professionalization of the field and potential tensions between quality and profitability.

Lack of professionalization intensifies entrepreneurs' prominent influence. The unique influence of entrepreneurs is further exacerbated by the lack of professionalization of evaluation in the U.S. As noted in Chapter 1, evaluation is classified within a broad sector of knowledge production services that falls under Sector 54, *Professional, Scientific, and Technical Services*, according to the North American Industry Classification System (NAICS) (Barrington, 2012). Unlike most of the professional services within the NAICS Sector 54, such as those that require special training, licensing, and professional degrees in architecture, accounting, engineering, and medicine, evaluation lacks professional standards and accreditation requirements (Bureau of Labor Statistics, 2017; Picciotto, 2011).

The lack of professionalization provides entrepreneurs with *full autonomy* in how they produce and sell evaluation services to their clients. Picciotto (2011) posits that without

professionalization, the public-at-large remains "unclear about the nature of the evaluation discipline" (p. 171). As such, in addition to influencing commissioners, entrepreneurs may also influence the general public's perceptions around evaluation— especially because their reliance on reputational capital and word-of-mouth may result in increased platforms for visibility (e.g., engaged online presence or speaking opportunities).

Entrepreneurs must be responsible for upholding evaluation standards. In light of the research findings and current lack of professionalization, entrepreneurs should be responsible for upholding standards for high-quality evaluation, such as those put forth by the Joint Committee on Standards for Educational Evaluation, including feasibility, utility, accuracy, and propriety (Yarbrough, Shulha, Hopson, & Caruthers, 2010). Focus groups with evaluation entrepreneurs revealed potential tensions between profit and quality that are sometimes experienced by evaluation entrepreneurs who say that the need to generate new and ongoing business can sometimes be at odds with their own standards. Collaboration and peer learning among entrepreneurs, as well as the ongoing education of clients, suggests that transparent and candid conversations related to these trade-offs may help alleviate any tensions between profit and quality and better shape expectations among commissioners.

Increased capacity building and professional development opportunities specific to evaluation entrepreneurship are needed for entrepreneurs to uphold the standards of feasibility, utility, accuracy, and propriety in ways that also maintains the financial value of evaluation in the current knowledge economy. Entrepreneurs who participated in interviews and focus groups echoed the desire for training to increase their business capacity. Several noted that many business resources are out there, but few that speak specifically to the context of evaluation and consulting services.

In an examination of the future trajectory of entrepreneurship, Kuratko and Morris (2018) note that entrepreneurship education has never been more relevant. With unprecedent growth in entrepreneurship education across disciplines, comes the question of how to effectively transfer knowledge and skills in different contexts. Given professional evaluators are unlikely to come from business backgrounds (LaVelle & Donaldson, 2010; LaVelle, 2011; Christie at al., 2014), it is improbable that evaluators will gain the necessary competencies of entrepreneurship through formal education alone. Therefore, specific capacity building opportunities need to be developed to enhance general business acumen and entrepreneurial expertise among evaluators who seek to start their own ventures.

Future research should explore what competencies are needed for entrepreneurs to be successful in upholding standards, quality, and profitability of evaluation products and services. Studies should also be conducted to examine the current training opportunities to support entrepreneurs in gaining or building upon necessary competencies. Research should answer relevant questions such as "What are the essential competencies for evaluation entrepreneurs?," "What capacity building opportunities currently exist to enhance evaluation entrepreneurship competencies?," "To what extent can entrepreneurship capacity building for evaluators result in desired outcomes (e.g., increased revenue, increased understanding and responsiveness to the market, and high quality evaluation practice)?" Future research on this topic should also consider how professionalization might be used as a check on entrepreneurs and their influence on the public perception of evaluation.

Although entrepreneurship influences supply and demand, there are also external factors that shape the marketplace. This study identified five primary factors driving entrepreneurs' business decisions, including motivation, target market, products and services,

business operations, and business development. However, it only begun to scratch the surface on how entrepreneurs interact with external factors within the broader market ecosystem, such as the pandemic, current events, politics, global affairs, environmental concerns, social movements, public opinion, narratives, culture, and macro-economic trends (e.g., inflation, recession). Future research is needed to further examine how the pandemic and other external forces (outside the control of supply and demand) influence the evaluation marketplace.

The pandemic upended evaluation businesses in more ways than one. The majority of entrepreneurs surveyed reported that the COVID-19 pandemic impacted their business in the past two years. For some, projects were postponed or cancelled as their clients grappled with financial and organizational uncertainty. For others, the impacts were more personal. Suddenly, there were no boundaries between personal and professional lives — with entrepreneurs running their businesses in homes filled with partners, children, relatives, and pets. Many entrepreneurs, especially women, found themselves juggling home schooling while transitioning all their projects online. They also had to figure out how to position their businesses and show up for clients when evaluation services may seem like a low priority amidst intersecting public health and economic crises. In addition to these compounded challenges, entrepreneurs are humans — who, like everyone else, were dealing with the collective trauma of unprecedented loss of life and the complete disruption of life as we knew it.

Despite the multitudes of personal and professional challenges of the pandemic, many consulting businesses have experienced growth in the past two years. Businesses in the knowledge economy did not face the same restrictions or supply chain shortages as many other industries (e.g., hospitality, food, retail). Although evaluators could no longer travel for projects, most were easily able to adapt their work for online data collection and client engagement. Many

entrepreneurs reported that their business grew as clients turned to them to use research and evaluation to navigate changes and inform new strategies. In many ways, the social, economic, and racial inequities that were amplified as a consequence of the pandemic may have motivated foundations and nonprofits to invest *more* resources in research and evaluation to advance equity and combat the spread of misinformation.

Future research that incorporates the broader market ecosystem should include a systems perspective that considers how global issues in the Anthropocene, such climate change, wealth inequality, and humanitarian crises, impact entrepreneurship and the marketplace.

Evaluation entrepreneurship has the potential to liberate individuals, but still has a long way to go. This research finds that autonomy, flexibility, aspirations to leave a legacy, and financial growth are driving motivations of evaluation entrepreneurship. These intended outcomes of entrepreneurship have the potential to liberate evaluators who come from historically underrepresented backgrounds that have been systematically excluded from economic power, such as those who identify as women, Black, Indigenous, Latinx, Asian, LGBTQIA, and/or disabled. The increased social and financial capital often experienced by evaluation entrepreneurs can provide individuals with the freedom to live and work in alignment with their own goals, values, passions, and lifestyle. Although autonomy is a common motivation of entrepreneurship, study participants discussed the need for entrepreneurs of color to be *interdependent* more than *independent* in ways that uplift one another and encourage more evaluators of color to start their own businesses.

Rise of women entrepreneurs. Evaluation entrepreneurship as a path to financial, professional, and personal freedom was commonly noted by women entrepreneurs who participated in the study. The majority of evaluation entrepreneurs surveyed in this study (84% in

the 2018 IC TIG survey and 83% in the survey for this current research) identified as women, which is much higher than the 39% of women-owned businesses across all industries in the United States (National Association of Women Business Owners, 2019). A 2018 AEA conference presentation, *The Rise & Grind of Women in Evaluation,* presented by the current author and colleagues, examined the increase of women leadership in evaluation, positing that the field has become more conducive for women leaders due to trends towards more qualitative and mixed-methodologies, a growing focus on participatory designs, and increasing majorities of women practitioners and graduates of higher education programs that feed into evaluation (Chapman, Doll, Sabarre, & Smith, 2018). Interviews with women entrepreneurs in this study confirmed that the autonomy and flexibility offered by entrepreneurship attracted them to chart their own path rather than work internally for organizations that may be prone to patriarchal working cultures and policies (e.g., lack of schedule flexibility, lack of advancement opportunities, gender discrimination).

Systemic barriers for entrepreneurs of color. Despite the potential for liberation, there are still many systemic financial and social barriers preventing evaluators of color from pursuing entrepreneurship. Eighty one percent of entrepreneurs surveyed for this study were White, 6% were Hispanic or Spanish, 4% were Black or African American, 4% were Asian or Pacific Islander, 3% were American Indian/First Nation, Alaskan Native, or Inuit.

Several interview and focus group participants acknowledged the privileges that enabled their entrepreneurial journey. First, starting an evaluation firm comes with significant costs and financial risks. As such, most entrepreneurs who participated in the study started their business mid-career and had at least some financial security or another source of income to rely on while taking the leap to start their business. Second, to start an entrepreneurial venture, evaluators must

have extensive experience and skills, which often requires advanced graduate degrees. The vast majority of entrepreneurs surveyed (94%) had either a master's degree (e.g., MS, MA, MSW, MBA, MPH), professional degree (e.g., MD, JD), or doctorate (e.g., PhD, EdD). The current "pipeline" into evaluation remains a barrier for evaluators of color who are unaware of evaluation as a viable career path prior to graduate school or learning about evaluation on the job (Luminare Group, 2020, LaVelle, Sabarre, & Umans, 2019).

Lastly, the overreliance on referrals and relationships when getting started in entrepreneurship may discourage Black, Indigenous, Hispanic/Latinx, Asian, and other evaluators who have been historically excluded from evaluation scholarship, practice, and leadership. Through a project called "*Nobody Knows My Name*," Hood and Hopson (2008) and Frazier-Anderson and Jones (2015) have identified and documented the contributions of African American scholars whose contributions have been excluded from the teaching of evaluation theories and foundations. Shanker (2020) has raised concerns that the "of the 35 recipients of the Paul F. Lazarsfeld Evaluation Theory Award since 1977, 28 of the evaluators listed in the sacred Evaluation Theory Tree published in 2004, 22 evaluators featured in the related Evaluation Roots book published in 2004, and 16 evaluators featured by AEA's Oral History Project since 2003, not one has been a woman of color or indigenous woman" (n.d.).

Future research should continue to examine the hypothesis that entrepreneurship can be path of liberation for underrepresented evaluators whose contributions have been historically excluded from the field. Research should answer critical questions such as, "What are the experiences of historically underrepresented evaluation entrepreneurs?", "What are the opportunities and barriers they face?", and "In what ways can systemic barriers to evaluation entrepreneurship be addressed?" Given the current lack of diversity among evaluation

entrepreneurs, future research designs should leverage purposeful sampling techniques to capture the lived experiences, strengths, and intended and unintended outcomes of entrepreneurship among evaluators of color. Results of future studies should be used to inform training programs and initiatives specifically designed to accelerate and broaden opportunities for entrepreneurs from diverse backgrounds.

The insular nature of the marketplace perpetuates white supremacy in evaluation. The lack of diversity seen in pedagogy and the graduate pipeline into evaluation also exacerbates the insular nature of the evaluation marketplace. As noted in Chapter 5, foundation and nonprofit commissioners tend to rely on who they know when fielding RFPs. This finding is affirmed by work by Lo and Espiritu (2021) who explain the vicious cycle that continues to leave out entrepreneurs of color,

> Funders often send RFPs to a small selection of evaluation firms they have worked with in the past and firms recommended by trusted peers. Listservs for foundation evaluation and learning staff receive a steady flow of requests for evaluator recommendations. There is a desire to keep the candidate pool manageable because proposal review can be time-consuming—at about one hour per proposal with a team of five reviewers, proposals from six different evaluation firms can take up to 30 hours to review. The practice favors the go-to, usual-suspect evaluation firms and shuts out firms with fewer connections in philanthropy. Firms led by evaluators of color are more likely to be in this latter group, creating a vicious cycle. (p.8)

A study by the Council of Foundations (2017) found that 76% of full-time foundation staff were white. Further, research has found that white Americans have almost exclusively white professional networks (Cox, Navarro-Rivera, Jones, 2016). These data suggest, whether intentional or not, predominantly white foundation staff may be more likely to share opportunities with white evaluation entrepreneurs when fielding RFPs. This pattern shuts out firms led by entrepreneurs of color and "creates a ceiling on their careers and businesses" (Lo & Espiritu, 2021, p. 8).

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Robinson (2021) points to similar white-majority trends in the field of advocacy

evaluation. She notes that,

> Since white advocacy evaluators and their firms dominate the advocacy evaluation field, their market influence is heavily felt. Using the language of supply and demand, evaluation clients understand evaluation largely from the perspective of the white evaluator. Evaluation consumers see it as credible and want to purchase the same white advocacy evaluation, theories of change, graphic designs, and so on. These clients desire and consume white-normative evaluations that systematically include logics of critical race theory, Black feminist thought, the value placed on sabotage or outrace by anarchists, and the writings and lineage of Franz Fanon and the like. (p. 111)

Robinson (2021) argues that white advocacy evaluators have little to no experience or deep

knowledge with the "Black Power and independence praxis and movements" that seeded

advocacy campaigns that exist today (p. 111). However, they are still being hired to evaluate the

success of these campaigns and facilitate learning because advocacy evaluations are often funded

by foundations influenced by whiteness. The "white conformity" within philanthropy and

advocacy evaluation perpetuates what Zuberi and Bonilla Silva (2008) refer to as *white logic* and

white methods under the guise as thought leadership by many evaluation entrepreneurs.

In a call to action to address white conformity in philanthropy and systemic inequities

facing evaluators of color, Lo & Espiritu (2021) encourage foundation and nonprofit

commissioners to expand their candidate pool and be more proactive in developing relationships

with diverse evaluators. Future research should examine the extent to which such strategies

produce more diverse and equitable outcomes for both suppliers and communities impacted by

evaluation studies.

Further, Lo & Espiritu (2021) argue that foundations should budget evaluations to allow

for greater inclusion of staff at all levels, recognizing that many early-career evaluators of color

are less likely to take on leadership roles and be the face of the work when the budget is not

sufficient to include them in client communications and strategic decisions. As such, these early-

career evaluators of color are less likely to develop strong client relationships necessary if they ever choose to pursue entrepreneurship. There should be more opportunities and intentional efforts via university programs, internships, or professional development to build the business and leadership capacities of emerging evaluators of color to increase the likelihood that they will become entrepreneurs in the future. Future research should consider how, if at all, early-career opportunities of emergent evaluators shape trajectories of entrepreneurship later in their careers.

Additionally, future research should empirically examine the extent to which other evaluation market segments (outside of philanthropy) are interconnected to identify whether or not the insular market is a unique characteristic of evaluation for foundations and nonprofits, or if it is a broader pattern for the marketplace as a whole. Techniques like social network analyses can be used to identify interconnected relationships.

Entrepreneurship can either disrupt "business as usual" or perpetuate the status quo. Although the field of evaluation and the path to entrepreneurship continue to face barriers for diversity, equity, and inclusion, many entrepreneurs who participated in this study remain optimistic that entrepreneurship can (and should) be used to reimagine business norms and practices. Similar to how equitable evaluation principles have grown in application and popularity, some entrepreneurs interviewed described their aspirations to be equity-focused business owners through their commitment to values, transparency, and social justice.

Tensions between equity and capitalism. However, equitable business practices remain much easier said than done. Entrepreneurs described grappling with tensions between succeeding as a profitable business in a capitalist society, while also trying to advance social justice in ways that dismantle the same systems of oppression intertwined with capitalism. When it comes to upholding evaluation standards while trying to maintain a successful business, entrepreneurs

sometimes struggle with accountability to multiple groups with conflicting priorities: their organization as a whole, including employees or contractors who depend on them; their clients who purchase and use evaluation services; and the communities that their evaluations ultimately intend to serve.

The tensions between seeking both societal and financial equity are further amplified by nonprofit and academic cultures that tend to pit the two as opposites. In nonprofits, professional staff, including evaluators, are often underpaid as a sign of sacrifice or commitment to social services (Manzo, 2004). Further, entrepreneurs interviewed described the undervaluing of evaluation services among academics who moonlight as evaluation consultants and hire students to carry out projects.

Limitations to innovation in entrepreneurship. Although entrepreneurs have the *autonomy* to reimagine business norms and innovate, the need to prioritize client relationships can sometimes maintain the status quo. For example, while the desire to innovate was one of the top motivations of entrepreneurship mentioned in focus groups and the survey, in-depth interviews revealed that innovation is limited by entrepreneurs' constant need to satisfy clients' preferences to maintain relationships. Some entrepreneurs believe innovation is more likely to occur among other types of evaluation suppliers, such as academics or big businesses, who may have more resources dedicated to research and development via grants or larger operational budgets.

Nonetheless, entrepreneurs who participated in this study reported that innovation is more likely with their foundation and nonprofit clients compared to other types of clients, such as federal or state government agencies. Although there are some limitations to innovation, entrepreneurs did mention following and advancing trends in the field, which is a strategy to

influence both suppliers and commissioners.

Future research should continue to examine whether or not entrepreneurship leads to more innovation in the field. Studies should answer relevant questions such as, "What practices, characteristics, or conditions of entrepreneurship contribute to innovation within the field?," "What are the positive, neutral, and negative consequences of entrepreneurship when it comes to innovation in evaluation products and services?," "What are the barriers preventing entrepreneurs from innovating?" Additionally, future studies should explore the extent to which entrepreneurs who practice equitable evaluation also practice equitable business practices. Future research can shed light on the implications of evaluation firms reimagining what it means to be a knowledge-production business in pursuit of social betterment.

Study Strengths and Limitations

The current research is the first of its kind to define evaluation entrepreneurship and examine its influence on the marketplace. One of the primary strengths of the research design was the sequential approach to integrating both exploratory and explanatory mixed methods. First, Phase 1 included a landscape assessment that validated differences between consultants and entrepreneurs identified in the literature review, and identified market trends and business practices of entrepreneurs. In Phase 2, concurrent studies 1 and 2 (supply and demand, respectively) began with *exploratory,* qualitative focus groups which were analyzed to inform quantitative surveys. Then, *explanatory* in-depth interviews were conducted to build upon the mixed-methods findings. The concurrent studies with sequential mixed-methods were also enhanced by the inclusion of both entrepreneurs and commissioners to paint a fuller picture of supply and demand, rather than only including entrepreneurs' perspectives of both.

Another major strength of the research was the author's lived experience as an emergent

evaluation entrepreneur herself. The author of this research transitioned from working as a part-time independent consultant to a full-time entrepreneur in 2018, and has built her business, Intention 2 Impact, while conducting this research and writing this dissertation. Her own experiences starting and growing an evaluation consulting firm guided the hypotheses and purpose of this research, and helped contextualize, validate, and ground-truth the findings. Her worldview as an evaluation scholar, practitioner, entrepreneur serving primarily foundation clients, former consultant, woman, Filipino, and first generation American provides her with a relevant, intersectional lens to collect valid and reliable insights, interpret mixed-methods data in the context of the research questions and previous literature, and provide insightful discussion about implications for the field. Lastly, the author's positionality provided her with access to entrepreneurs within the American Evaluation Association and commissioners within the philanthropic arena.

Limitations. One of the biggest limitations of this study is that it only focused on how entrepreneurs influence (and are influenced by) supply and demand, but did not take into account external factors within the broader market ecosystem. As discussed in the implications, there are additional forces and institutions outside of suppliers and consumers that impact the evaluation marketplace (e.g., global issues, politics, culture, current events). Entrepreneurs in this study mentioned adapting their businesses in response to external factors, but supply and demand were not explicitly viewed from a systems perspective.

Further, this study is limited by its focus on the philanthropic sector. Entrepreneurial trends and the influence of entrepreneurship may differ across other sectors or issue areas. As suggested in the previous section, future research should examine other market segments to compare similarities and differences in trends of entrepreneurship among different types of

suppliers and commissioners.

Conclusion

This research leveraged a multi-phased, sequential mixed-methods design with concurrent studies to explore the landscape of evaluation entrepreneurship in the United States and examine the extent to which entrepreneurs influence the supply of and demand for evaluation services in the philanthropic sector. It contributes to the scant literature of the evaluation marketplace, recognizing that scholarship on theory and practice alone paints an incomplete picture of evaluation — which is as much of a commercial industry in the knowledge economy as it is an academic discipline and systematic method of inquiry. This study is timely given the rise of "gig workers" in the knowledge economy in recent decades, and the increasing demand for external evaluation consulting services among foundations and nonprofits.

Phase 1 results identified key differences between independent consultants and evaluation entrepreneurs, who have been conflated in previous literature. These differences are meaningful, as entrepreneurs are exposed to more opportunities to influence supply and demand compared to consultants. Study 1 of Phase 2 revealed the factors that drive evaluation entrepreneurship, and in turn, affect how entrepreneurs influence suppliers through practice, marketing and sales, and business operations. Study 2 of Phase 2 exposed the primary considerations of foundation and nonprofit clients when commissioning external evaluation services, and the extent to which entrepreneurs influence commissioners through the interconnected network, evaluation capacity building, cultivating positive experiences, and co-creating opportunities.

The prominence of entrepreneurship in shaping the supply of and demand for evaluation services has wider implications in the field related to the responsibility of entrepreneurs in upholding the standards and value of evaluation; the need for capacity building of entrepreneurs;

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efforts to promote diversity, equity, and inclusion of the marketplace; and the potential for entrepreneurship to be a vehicle for liberation and innovation.

It is hoped that this study inspires evaluation entrepreneurs to be mindful of their role in the marketplace and enables leaders across the field to implement initiatives that support equitable and successful entrepreneurship practices, such as capacity building programs and efforts to diversify candidate pools. In addition to literature that contributes to the advancement of evaluation theory and practice, research on entrepreneurship can support a thriving marketplace in which high-quality supply meets evolving demands in ways that increase the value of evaluation and its utility towards social betterment.

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Appendix A. Phase 1 Instrument

ELIGIBILITY QUESTIONS

* 1. Are you the primary owner, CEO, solo practitioner, or a partner in a full or part time business?

○ Yes, I am a primary owner, CEO, or solo practitioner

○ Yes, I am a partner

○ No

* 2. Which of these best describes your organization:

○ my business is based in the U.S. and primarily provides program evaluation services <u>within</u> the U.S.

○ my business is based in the U.S. and primarily provides program evaluation services <u>outside</u> of the U.S.

○ my business is not based in the U.S.

* 3. In the last twelve months, how many people did you employ as employees on your payroll?

○ 0 - 50

○ Over 50

4. Currently, how many (full time, part time) staff do you employ on payroll, including yourself? [Enter 0 when none]

Full-time

Part-time

5. Which of these describes your business structure:

○ Have a business tax ID as a for-profit organization

○ Have a business tax ID as a non-profit organization

○ Report income under my personal social security number

6. What percent of the total revenue generated by your business in the past twelve months can be categorized as: [Enter each percentage as a number from 0 to 100]

Evaluation services (e.g., conducting evaluations, writing evaluation plans, evaluation capacity building or training, etc.)

[ ]

Other kinds of consultancies (e.g., market analysis, non-evaluation related surveys, performance auditing, business consulting, strategic planning, general grant writing, leadership development, organizational development, fund raising, policy analysis, lobbying, etc.)

[ ]

7. Sometimes, the ultimate source of revenue from an evaluation is different from the purchaser of the evaluation services. For example, in a foundation grant to a nonprofit requiring an evaluation, the nonprofit is the purchaser but the foundation is the ultimate source of the revenues for the evaluation.

In an average year, about what percent of the revenues of your evaluation services ultimately come from: [Enter each percentage as a number from 0 to 100]

Foundations

[ ]

Government agencies (either federal, state or local)

[ ]

The nonprofit or for-profit organization's own discretionary income

[ ]

Other

[ ]

8. In the prior question, if you indicated "other" revenues, please describe this "other" source.

[ ]

BUSINESS DESCRIPTIVES

9. In what state is your primary office location? [Please enter the two-digit state abbreviation]

[   ]

10. In the last twelve months, did you use any independent contractors, for either project work or for services related to business operations?

○ Yes

○ No

11. If YES, in an average year, approximately how many independent contractors do you use for:

Project-related work

[   ]

General business operations

[   ]

12. Approximately how many funded projects have you worked on in the past twelve months?

[   ]

13. What is the minimum sized project (in dollars) you will accept? [If you have no minimum enter zero.]

[   ]

14. Regarding the largest sized contract (in dollars) your organization procured... [Please enter whole numbers without commas or periods]

What was the size of this contract (total dollars)?

[   ]

Over how many years did this project last (in years)?

[   ]

How many people were paid as employees or subcontractors from income generated from this project?

[   ]

DEFINING AND RESPONDING TO MARKET CONDITIONS

15. Would you say that the competition for the same evaluation services that your organization offers is: (Check one)

○ Very stiff - it's seriously interfering with my ability to stay in business

○ Strong but not overwhelming

○ Medium - I don't have to worry much about competition

○ Low - I am able to procure as much evaluation business as I desire

16. Who is your major competition for evaluation work: (Check all that apply)

☐ Other small sellers

☐ Universities

☐ Large evaluation firms

☐ Other (please specify):

[   ]

17. Would you say that the demand for your firm's services, over the past five years, has been:

○ Increasing

○ Decreasing

○ Staying about the same

○ I have not been in business five years yet

18. Over the past five years, have your firm's revenues:

○ Increased

○ Decreased

○ Stayed about the same

19. What factors seem to be influencing the growth/decline/stability of your firm's revenues, over the past five years? (Check all that apply)

☐ Growth in competition from other evaluators

☐ Increased recognition of my name or me, personally, among buyers

☐ Increased awareness of my organization's name among buyers

☐ My own preference to limit the size or scope of my firm's services

☐ Inability to find business partners, employees, or independent contractors

☐ Fear of growing too big

☐ Increased demand for evaluation services in the U.S. in general

☐ Decreased demand for evaluation services in the U.S. in general

☐ Other (please specify)

MARKETING STRATEGIES

20. Would you say that buyers purchase your firm's services more because of the name recognition of your organization, or because of a connection to you, personally, as the owner of the firm? (Check one)

○ Name recognition of my organization

○ Personal connection to me as the owner

○ Both, equally

21. To what extent do you use these concepts in selling your evaluation services on your website, marketing materials, presentations, etc.?

	Not at all	Some	A great deal
Accountability	○	○	○
Business philosophy	○	○	○
Public policy	○	○	○
Evidence-based policy or practice	○	○	○
Demonstration of outcomes or impact	○	○	○
Organizational learning	○	○	○
Social justice/equity	○	○	○
Specific content expertise (e.g., aging, K-12)	○	○	○
Specific methodological expertise	○	○	○

I highlight some other concept (please specify)

[   ]

22. Thinking about an average year, for each of the following new business development strategies, please indicate how well, or how poorly, each has worked in terms of building your brand and bringing in new work.

	I have not tried this	I have tried this but had no success with it	I have tried this but its hard to estimate the impact	I have had some success with this	I have had significant success with this
Responding to Requests for Proposals	○	○	○	○	○
Actively soliciting new work from past clients	○	○	○	○	○
Actively soliciting referrals from past clients	○	○	○	○	○
Referrals from your website or blog	○	○	○	○	○
Direct mail (print newsletters, brochures, etc.)	○	○	○	○	○
Email marketing (email newsletters, etc.)	○	○	○	○	○
Networking at conferences	○	○	○	○	○
Vendor booths at conferences	○	○	○	○	○
Attending live networking events	○	○	○	○	○
Networking or LinkedIn or similar sites	○	○	○	○	○
Presentations and trainings and speaking engagements	○	○	○	○	○
Writing for print publication	○	○	○	○	○
Writing for online publication	○	○	○	○	○
Pro bono or volunteer work	○	○	○	○	○

23. Please describe the one or two major ways that you use to differentiate yourself from your competition. (For example: subject matter/domain expertise, evaluation methodology expertise, evaluation philosophy, location relative to the buyer, benefits of being a small organization, quality of the services you provide, qualifying as a small, women and/or minority-owned small business, something else.)

BUSINESS MODELS

24. Which of these describes the ways your organization captures business? (Check all that apply)

- [ ] 1. Bait and hook (offering basic product at low cost [or at a loss] then charging compensatory recurring amounts for refills or associated services)
- [ ] 2. Collective business model (professionals in the same or related fields pool resources, share information or provide other benefits for their members)
- [ ] 3. Direct sales (marketing and selling products to customers directly through personal contact arrangements)
- [ ] 4. Fee in, free out (charging the first client a fee for a service while offering that service free of charge to subsequent clients)
- [ ] 5. Franchise (using the success of one firm to start a 'franchise' of that firm in another location)
- [ ] 6. Sourcing business model (when more than one party needs to work with another party to be successful)
- [ ] 7. Freemium (offering something for free while charging a premium for advanced or special features)
- [ ] 8. Pay what you can (asks customers to pay for what they feel the product or service is worth to them)
- [ ] 9. Value-added reseller (modifying something created by another business in a way which adds value to the original product or service and then selling that modified product/service)
- [ ] 10. Monopolistic business model (having a service or product that nobody else provides)
- [ ] 11. Multi-level marketing business model (paying someone a commission to sell your company's products or services)
- [ ] 12. Network effect (the value of your service or product goes up when more people use it)
- [ ] 13. Online media cooperative (joining together with other evaluators around an online media platform for mutual benefit)
- [ ] 14. Premium business model (offering high end products and services appealing to discriminating customers)
- [ ] 15. Loss leader (selling a product or service below market cost to stimulate other sales of more profitable goods or services)
- [ ] 16. Free sample (giving a sample of a product or service so the customer can try it out before committing to a purchase)
- [ ] 17. Servitization of products (having a product and attaching a service to it)
- [ ] 18. Subscription business model (customer pays a subscription price to have access to a product or service)
- [ ] 19. Some other business model (please describe)

25. Please give detailed examples of one or more of the business models you checked above. Please label your examples using the numbers listed above.

[ ]

26. Do you define your business model as: (Check one)

○ Primarily reactive (responding to RFPs or calls from prospective clients)

○ Primarily proactive (making sales calls, pitching your services to prospective clients, vendor booths at conferences)

○ Equally reactive and proactive

○ Something else (please describe)

[ ]

27. Would you define your business model: (Check one)

○ As highly dependent on a few large contracts

○ Largely dependent on securing a large number of small contracts

○ Equally dependent on both large and small contracts

○ Something else (please describe)

[ ]

28. Do you define your business model based more on: (Check one)

○ Domain/topic area (e.g., education, health, criminal justice)

○ Methodological discipline (e.g., quantitative/qualitative, survey research, big data analytics)

○ Equally on domain/topic area and methodological discipline

○ Something else (please describe)

[ ]

29. Thinking back over the last twelve months what percentage of the NEW PROJECTS you started came directly from each of the following sources? [Enter each percentage as a number from 0 to 100]

New work from existing clients

[   ]

Direct referrals from existing or past clients

[   ]

Requests for proposals

[   ]

Your firm's own marketing efforts (e.g., networking, email marketing, speaking, etc.)

[   ]

30. Below is a list of large research organizations that do considerable business with the U.S. Department of Health and Human Services. Which of these organizations EVER subcontracted work to your business on an evaluation project:

	Yes	No
Mathematica Policy Research	○	○
Deloitte	○	○
MDRC	○	○
Abt Associates	○	○
RTI International	○	○
Westat	○	○
National Opinion Research Center (NORC)	○	○
The Lewin Group	○	○
Urban Institute	○	○
RAND Corporation	○	○
American Institutes for Research (AIR)	○	○
IMPAQ International	○	○
SRI International	○	○

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31. Sometimes the market demand for evaluation services molds the business model of the organization. For example, if there is a strong demand for STEM evaluations in elementary schools (e.g. a new funding initiative from the federal government), an evaluation entrepreneur may decide to try to highlight its evaluation capacities in STEM and/or elementary education when marketing its services.

To what extent does the market demand influence the design or changes to your business model? (Check one)

◯ Not at all

◯ Somewhat

◯ A great deal

32. Please explain why market demand does or does not influence your business model:

33. To what extent do each of these market conditions influence your decisions about how to sell your evaluation services?

	Not at all	Somewhat	A great deal
Federal policies	◯	◯	◯
State policies	◯	◯	◯
Local policies	◯	◯	◯
Level of competition in your area of services	◯	◯	◯
Technology	◯	◯	◯
Level of demand for evaluation services	◯	◯	◯
Major societal trends	◯	◯	◯

34. In the prior question, if you indicated that societal trends influenced your decisions about how to sell your evaluation services, please describe which societal trends influenced you.

35. Have you been in business for 10 or more years?

○ Yes

○ No

36. Over the past decade has the focus or types of evaluation services you provide changed significantly (e.g., more developmental evaluations and fewer outcome evaluations, greater focus on interactive evaluation practices/facilitation, change in subject matter of evaluation contracts, more focus on analyzing data of the stakeholders and less focus on primary data collection)?

○ Yes

○ No

37. Please explain the changes that have occurred in the focus/types of evaluation services your organization provides from ten years ago to now.

```
┌─────────────────────────────────────────────┐
│                                             │
│                                             │
│                                             │
│                                             │
└─────────────────────────────────────────────┘
```

QUALITY MANAGEMENT

38. Do you have stated/standard processes for assuring the quality of data collection?

○ Yes

○ No

39. If you answered "Yes" please describe your processes.

```
┌─────────────────────────────────────────────┐
└─────────────────────────────────────────────┘
```

40. Do you have stated/standard processes for assuring the quality of data analysis?

○ Yes

○ No

41. If you answered "Yes" please describe your processes.

```
┌─────────────────────────────────────────────┐
└─────────────────────────────────────────────┘
```

42. Do you have stated/standard processes for assuring the quality of report production?

○ Yes

○ No

43. If you answered "Yes" please describe your processes.

[   ]

44. Do you have stated/standard processes for assuring the quality of data security?

○ Yes

○ No

45. If you answered "Yes" please describe your processes.

[   ]

46. Do you have stated/standard processes for assuring the quality of protection of human subjects in your evaluations?

○ Yes

○ No

47. If you answered "Yes" please describe your processes.

[   ]

DEMOGRAPHICS THAT WILL BE SEPARATED FROM RESPONSE DATASET

The following responses will be placed in a separate dataset, randomly sorted, and not linked to your survey responses in the final dataset that will be provided to the IC TIG leadership.

48. In what year did you formally begin your evaluation practice?

[   ]

49. What is your gender?

○ Male

○ Female

50. In what year were you born?

[   ]

51. What is your ethnicity? (Check one)

( ) Black, not Hispanic

( ) White, not Hispanic

( ) Latino or Hispanic

( ) Asian or Pacific Islander

( ) American Indian/First Nations, Alaskan Native or Inuit

( ) Multi-racial

( ) Prefer not to say

( ) Not specified above (please explain)

[   ]

52. What is the highest degree you have completed? (Check one)

( ) High school, bachelor's degree

( ) Master's degree (MS or MA)

( ) Professional degree (MD, JD, MSW, MBA, MPH, MPA, etc.)

( ) Doctorate (Phd, EdD)

53. In what field was your highest degree? (Check one)

( ) Program evaluation

( ) Social science field (psychology, sociology, economics, anthropology, etc.), a humanities field (history, philosophy, literature, etc.)

( ) Mathematics or statistics

( ) Education

( ) Public administration

( ) Public health

( ) Another professional field (business, law, medicine, etc.)

( ) Other (please specify)

[   ]

54. What is the zip code of your primary office location?

[   ]

Appendix B. Phase 2, Study 1: Instruments

Entrepreneur Focus Group Protocol

1. Let's start with introductions. Please introduce yourselves, share how long you have been in business, and why you decided to start your own evaluation company.

2. Now that we all know one another – I would love to hear the quick, 30-second "elevator pitch" for your business.

   a. I heard some notable similarities… (*summarize similarities*). What is one way you distinguish your business from other evaluation consulting firms?

3. When you are in the process of generating new business, how do you make decisions about what services to offer and promote?

   a. How do you address those challenges?

   b. What factors do you consider in your decision-making process?

4. Once you have secured a client, what goes into your decision making when you are designing and delivering services for the client? What are some challenges you face when designing and delivering services for your clients?

   a. In other words, what factors into what the actual services look like?

5. How, if at all, are your business decisions driven by other evaluation businesses?

   a. Can you share any examples?

6. How, if at all, are your business decisions driven by clients' needs and expectations?

   a. Can you share any examples?

7. How, if at all, do you believe clients' needs and expectations are shaped by the decisions made by yourself and other evaluation entrepreneurs?

   a. Can you share any examples?

Entrepreneur Survey Questionnaire

Screener Module

1. In the past two years, have you been the primary owner, CEO, or partner of a firm offering evaluation products and services?
   1. Yes
   2. No

[TERMINATE if "No". Display message: "Thank you for your interest in participating. This survey is looking for people who are owners or partners of evaluation businesses and you indicated you are not an owner or partner. Please contact Nina at nina.sabarre@cgu.edu if you think this is in error.]

2. In your experience as the owner or partner of an evaluation firm, was your firm formally registered as an entity separate from yourself (e.g., LLC, S-Corp, C-Corp, 501c3)?
   1. Yes, my evaluation firm is registered as a formal business entity
   2. No, I am an independent consultant that primarily practices under my own social security number

[TERMINATE if B. Display message: "Thank you for your interest in participating. This survey is focused on owners or partners of evaluation firms operating as separate entities. Please contact Nina at nina.sabarre@cgu.edu if you think this is in error.]

3. Which of these best describes your evaluation firm?
   1. My firm is based in the US
   2. My firm is not based in the US

[TERMINATE if "My firm is not based in the US". Display message: "Thank you for your interest in participating. This survey is focused on evaluation firms based in the US and you indicated that your firm is based outside the US. Please contact Nina at nina.sabarre@cgu.edu if you think this is in error.]

4. In the past two years, has your firm provided evaluation services to either a non-profit organization or philanthropic foundation?
   1. Yes
   2. No

[TERMINATE if "No". Display message: "Thank you for your interest in participating. This survey is focused on evaluation firms that have provided services to either non-profit or philanthropic foundations in the US in the past two years, and you indicated that you have not. Please contact Nina at nina.sabarre@cgu.edu if you think this is in error.]

Module 1: Motivation to Start a Business

The following questions seek to identify motivations underlying your decision to start an evaluation business.

   5. Using the four-point scale below, please indicate the extent to which the following factors motivated you in starting your business.

[RANDOMIZE ITEMS]

	Does not motivate me at all	**Not very motivating**	**Somewhat motivating**	**Very motivating**	**NA**
Potential for financial growth	1	2	3	4	5
Opportunity to innovate (i.e. offer something unique or different)	1	2	3	4	5
Personal circumstances (e.g., family situation, loss of full-time job)	1	2	3	4	5
External factors outside of your control (e.g., politics, current events, economy)	1	2	3	4	5
Desire for autonomy (i.e., make your own decisions and schedule)	1	2	3	4	5
Desire to leave a lasting legacy	1	2	3	4	5
Ability to meet unique demands from clients	1	2	3	4	5

Interest in serving specific types of clients	1	2	3	4	5
Dissatisfaction with job market	1	2	3	4	5
Early success with consulting or freelancing	1	2	3	4	5

6. How, if at all, have your motivations changed since starting your business? (Open-ended)

Module 2: Identifying Your Target Market

The following questions aim to understand how you currently identify your target market (i.e., the clients you seek to serve). Although you may serve a wide variety of clients, your *target market* is the audience that you are trying to reach when marketing your products and services.

7. Using the four-point scale below, please indicate the extent to which the following factors are relevant when identifying your target market.

[RANDOMIZE ITEMS]

	Not relevant at all	Not very relevant	Somewhat relevant	Very relevant	NA
Alignment with your personal values	1	2	3	4	5
Alignment with your firm's mission/goals	1	2	3	4	5
Personal connections	1	2	3	4	5
Subject expertise or past experience	1	2	3	4	5
Increased demand from a particular type of client/sector	1	2	3	4	5

Specific needs from a particular type of client/sector	1	2	3	4	5
External factors outside of your control (e.g., politics, economy, current events)	1	2	3	4	5

Module 3: Designing Evaluation Services

The following questions examine your process when designing evaluation services for clients in the philanthropic sector, and the extent to which your approach has changed over time.

8. Thinking about the past two years, which of the following factors have been most important when designing evaluation services for non-profits or foundations (e.g., deciding on an approach, methodology, types of deliverables, etc.)?

    Select the three most important.

[RANDOMIZE ITEMS]

My firm's technical and methodological capacity
My personal values
Previous experience with similar projects
Business brand or reputation (i.e., what you are known for)
Evaluation purpose (e.g., type, questions, use)
Budget
Timing/timeline
External context (e.g., politics, sector-specific trends)
Client's needs
Scope of work outlined in a Request for Proposal (RFP) or Terms of Reference (TOR)

9.

10. Thinking back to when you first started your business, how much, if at all, has your approach to designing and delivering evaluation services for non-profits or foundations changed over time?

   1. A great deal
   2. A lot
   3. A moderate amount
   4. A little
   5. None at all

11. [IF CHANGED] Why do you think your approach to designing and delivering evaluation services for non-profits or foundations has changed over time? (Open-ended)

Module 4: Confidence in Business Operations & Development

The following questions gauge your confidence in your abilities as a business owner to manage day-to-day operations and develop new business.

12. Using the four-point scale below, please indicate the extent to which you feel confident in the following activities related to business operations and development.

[RANDOMIZE ITEMS]

	Not confident at all	Not very confident	Somewhat confident	Very confident	NA
Managing finances (e.g., accounting, bookkeeping, invoicing)	1	2	3	4	5
Managing employees or contractors	1	2	3	4	5
Systematizing internal processes (e.g., project management, administrative tasks)	1	2	3	4	5

Networking with potential clients	1	2	3	4	5
Developing business partnerships	1	2	3	4	5
Engaging in thought leadership activities (e.g., publishing articles, blog posts, guest speaking)	1	2	3	4	5
Marketing your services to potential clients	1	2	3	4	5
Establishing a recognizable brand	1	2	3	4	5
Maintaining relationships with past clients	1	2	3	4	5

Module 5: Influence on/of Supply & Demand

For the following set of questions, you'll be asked to consider whether different aspects of your business are *more* influenced by "supply" or "demand."

Evaluation "supply" includes you and other evaluators who deliver and provide evaluation services to clients (e.g., entrepreneurs, consultants, external or internal evaluators, big evaluation firms, academics)

Evaluation "demand" includes those who "demand" evaluation services (e.g., commissioners, clients, users, stakeholders, funders, decision-makers).

13. How, if at all, do you think the choices you have made in the past two years with respect to the following aspects of your business have been influenced by *supply* or *demand*?

[RANDOMIZE ITEMS]

	More influenced by supply	**Equally influenced by supply and demand**	**More influenced by demand**	**Neither influenced by supply or demand**	**I am not sure**	**Not Applicable**
Approaches or methods you use to carry out evaluation services	1	2	3	4	5	6
Price you set for products and services	1	2	3	4	5	6
Skills you look for in hiring employees or contractors	1	2	3	4	5	6
How you market your services	1	2	3	4	5	6
How you brand your business	1	2	3	4	5	6

For the following set of questions, you'll be asked to consider how, if at all, your role as an entrepreneur allows for opportunities to influence supply and demand.

14. To what extent do you believe your *business decisions* (i.e., how you manage and market your business) directly influence the following:

[RANDOMIZE ITEMS]

	Does not influence at all	**Influences a little**	**Moderately influences**	**Greatly influences**	**I am not sure**

How my firm delivers evaluation services (e.g., approach, methodology, process, products)	1	2	3	4	5
The way my collaborators (i.e. other firms or consultants) deliver evaluation services (e.g., approach, methodology, process, products)	1	2	3	4	5
The utility of my evaluation services	1	2	3	4	5
My clients' perceived value of evaluation	1	2	3	4	5
My clients' evaluation capacity	1	2	3	4	5
My clients' future expectations for evaluation	1	2	3	4	5

Module 6: Entrepreneurial Reactions & Adaptations

This survey has asked you to consider aspects of your business that may ultimately impact your evaluation services. However, a major aspect of entrepreneurship requires responding to external factors in the world outside of typical market forces (i.e., supply and demand). This final module asks you to consider the ways your business has been impacted by our rapidly changing world and how you adapt to such changes.

15. Using the four-point scale below, please indicate the extent to which the following external factors have directly impacted your business (positively or negatively) in the past two years.

[RANDOMIZE ITEMS]

	Great impact	Some impact	Little impact	No impact at all	I am not sure
COVID-19 pandemic	1	2	3	4	5
Social justice issues (e.g., racial equity, human rights)	1	2	3	4	5
Domestic politics	1	2	3	4	5
International politics	1	2	3	4	5
State of the economy	1	2	3	4	5
Environmental concerns (e.g. climate change)	1	2	3	4	5

16. [ASK IF '1' OR '2' IN Q13] You mentioned that [INSERT ITEM] has directly impacted your business in the past two years. Which of the following aspects of your business, have changed as a result of [INSERT ITEM]?

   [SELECT ALL THAT APPLY, REPEAT FOR ALL ITEMS IN Q13]

   1. Personal business motivation
   2. Target audience (i.e., the clients you seek to serve)
   3. How you design and deliver services
   4. Internal business operations
   5. Business development and marketing
   6. Other (please specify)

17. Please provide examples of how your business has adapted to external factors (e.g., COVID-19, social justice issues, political climate, economy, environment, trends in the field).

Demographics

18. Regardless of how long ago you started your business, how many years have you worked in the field of evaluation?
    1. 0-5 years
    2. 6-10 years
    3. 11-15 years
    4. 16-20 years
    5. 21+ years

19. In what year did you formally start your evaluation business? (Drop down menu of years)

20. What gender do you most identify with?
    1. Male
    2. Female
    3. Prefer to self-describe: _____
    4. Prefer not to say

21. In what year were you born? (Drop-down menu)

22. What is your race/ethnicity? Select all that apply.
    1. White
    2. Black or African American
    3. Hispanic or Spanish
    4. Asian or Pacific Islander
    5. American Indian/First Nations, Alaskan Native, or Intuit
    6. Prefer to self-describe:_____
    7. Prefer not to say

23. What is the highest degree you have completed?
    1. High school
    2. Bachelor's degree
    3. Master's degree (MS, MA, MSW, MBA, MPH, MPA, etc)
    4. Professional degree (MD, JD, etc)
    5. Doctorate (PhD, EdD, etc)

24. In what field was your highest degree?
    1. Program evaluation
    2. Social science field (e.g., Psychology, Sociology, Economics, Political Science, Anthropology)
    3. Humanities field (e.g., History, Philosophy, Literature)
    4. Mathematics or statistics

5. Education
6. Public Administration
7. Public Health
8. Another professional field (e.g., Business, Law, Medicine, etc.)
9. Other (specify)

25. In what state is your primary office located? (drop down of states)

Entreprenuer Interview Protocol

INTRODUCTION:
Thank you so much for participating in my survey and agreeing to participate in an in-depth interview. As you know, this interview is part of the data collection for my dissertation research on evaluation entrepreneurship. The purpose of this research is to understand the role of entrepreneurship in shaping the supply of and demand for evaluation services.

When I say supply, I'm interested in how decisions and business practices from entrepreneurs, like yourselves, influence the quality and delivery of services. When I say demand, I'm particularly interested in learning how your decisions and business practices may influence the experiences and expectations of clients, which may of course, have a ripple effect on demand across the marketplace.

If it is OK with you, I will be recording this session to ensure an accurate transcription of our conversation. I will delete the recording as soon as the interview has been transcribed and analyzed. Is it okay with you if I record our conversation?

I invite you to speak freely in this discussion. Most of what I learn will be reported anonymously and in aggregate. If there are direct quotes with your name attached that I would like to include in my dissertation, I will invite you to review them beforehand, and you can always request that I edit it, leave your name out, or not use it at all.

Any questions before we dive in?

1. I'd love to start by understanding more about your business and how you started it.

Let's jump into the discussion about the evaluation marketplace, starting with supply…

2. To what extent is your work influenced by other suppliers?
a. Can you provide me with a specific example of how your work has been influenced by other suppliers?

3. How, if at all, do you think your work influences other suppliers who also serve nonprofit or foundation clients?

OK - now moving onto demand…

4. To what extent is your work influenced by your nonprofit or foundation clients?
a. Are there any differences in the type of influence you just described when you consider clients who are not from the nonprofit/foundation sector?
b. Can you give me an example of how this looks different in practice?

5. How, if at all, do you think your work influences the expectations or perceived value of evaluation among nonprofit or foundation clients?

Now, I'd like to chat about evaluation entrepreneurship more broadly…

6.   **[OPTIONAL IF 10 MINUTES REMAINING]** How have entrepreneurs responded to the uncertainty of the global pandemic and social unrest in 2020?
   a.   What kinds of innovations or trends have you seen?
   b.   Where are the trends coming from, and who is driving them?
   c.   How do you think these trends will persist over time?

7.   Reflecting on your own experiences and our conversation thus far, do you have any additional thoughts about the role entrepreneurs play in the field of evaluation?

Appendix C. Phase 2, Study 2: Instruments

Commissioner Focus Group Protocol

1. Let's start with introductions. Please introduce yourselves, share the role you play within your organization, and briefly describe your exposure to evaluation.

2. Now I'd like you to think about the most recent evaluation that you commissioned. Please tell me about the context – what were you trying to evaluate and what was the purpose of the evaluation?

3. How was the evaluation team identified?

a. What factors were considered when selecting the team?

4. How, if at all, did your view of the evaluation process change after working with the evaluation team?

5. How, if at all, did the experience influence the decisions you make when commissioning future evaluation studies for your organization? {ask for an example}

Commissioner Survey Questionnaire

Screener Module

1.   Do you currently work for either a non-profit organization or philanthropic foundation primarily based in the United States?
   a.   Yes
   b.   No

[TERMINATE if "No". Display message: "Thank you for your interest in participating. This survey is looking for people who work at a non-profit organization or philanthropic foundation. Please contact Nina at nina.sabarre@cgu.edu if you think this is in error."]

2.   In the past two years, has your organization commissioned an evaluation project using a third-party, external evaluation firm?
   a.   Yes
   b.   No

[TERMINATE if B. Display message: "Thank you for your interest in participating. This survey is looking for people who have been part of commissioning an evaluation study with a third-party, external evaluation firm. Please contact Nina at nina.sabarre@cgu.edu if you think this is in error."]

3.   Were you involved in commissioning the evaluation on behalf of your organization (e.g., developed the request for proposal or initial scope of work; reviewed proposals and helped select the firm; collaborated with the firm to complete the evaluation study)?
   a.   Yes
   b.   No

[TERMINATE if "No". Display message: "Thank you for your interest in participating. This survey is looking for participants who played a role in commissioning an external evaluation conducted by a third-party firm. Please contact Nina at nina.sabarre@cgu.edu if you think this is in error."]

Section 1: Context

> For the following sections, please think about the ***most recent*** external evaluation that your organization has commissioned. If more than one evaluation comes to mind, please select one that you are most knowledgeable about.

Which of the following best describes your organization?
1.   Non-profit organization
2.   Philanthropic foundation

Thinking about the **most recent external evaluation** that your organization has commissioned…

Has the evaluation been completed or is it currently ongoing?
1.   It has been completed

2. It is currently ongoing

What was the primary subject of the evaluation?

(Randomize except other)

1. Program
2. Policy
3. Partnership, coalition, collaborative
4. Organization
5. Strategy
6. Portfolio
7. Other (please specify): _____

Why did your organization decide to commission the external evaluation?
Select all that apply.

(Randomize except other)

1. To build evaluation capacity (e.g., provide training/coaching so we can do our own evaluation activities)
2. To support our internal evaluation function (e.g., our internal staff was limited in terms of time or capacity)
3. To provide an independent assessment
4. To demonstrate our impact
5. To track progress on outcomes
6. To build buy-in from leaders/funders/stakeholders
7. To help us improve or make changes
8. To provide accountability to leaders/funders/stakeholders
9. To help us better understand the needs of our beneficiaries
10. To help us design a program/policy
11. To help us make decisions
12. To meet a requirement
13. Other (please specify): _____

What was the approximate total budget for the evaluation project?

1. Less than $50,000
2. $50,001-$100,000
3. $100,001-$500,000
4. $500,001-$1,000,000
5. $1,000,000+
6. I am not sure

Section 2: Experience Working With the Evaluation Firm

Please continue to think about the **most recent external evaluation** that your organization has commissioned.

How did you find the external evaluation firm to conduct the project? Select all that apply. (Randomize except other)

1. Public RFP process
2. Selective RFP process (i.e., invite only sent to short-list of firms)
3. Direct referral from my network
4. Past experience working with the firm
5. Searched specifically for firms based on location or niche
6. Connected with firm after a presentation or training session
7. Other (please specify)

Were you involved with selecting the evaluation firm?
1. Yes
2. No

What were the _most_ important factors when selecting the evaluation firm?
Select up to three.

1. Past experience working on similar projects
2. Positive referrals from other organizations
3. Relationship with leader of evaluation firm
4. Alignment with our organizational values/culture
5. Technical and methodological capacity
6. Subject matter expertise
7. Experience working with communities we serve
8. Budget
9. Availability given the timing of the project
10. Other (please specify)
11. I don't know

How would you describe your experience of working with this external evaluation firm?
1. Extremely positive
2. Positive
3. Neither positive nor negative
4. Negative
5. Extremely negative

[If extremely positive/positive] In a sentence or two, please briefly describe what made the experience positive.

[If extremely negative/negative] In a sentence or two, please briefly describe what made the experience negative.

Would you recommend the evaluation firm to other organizations in your field engaging in similar work?
      1.   Yes
      2.   No
      3.   It depends on the context

Would you consider working with the evaluation firm for future evaluation activities for your organization?
      1.   Yes
      2.   No
      3.   It depends on the context

Section 3: Outcomes of Working with the Evaluation Firm

Now, I'd like you to think about how, if at all, your organization has changed as a result of the most recent evaluation that you commissioned.

Because of the work completed by the external evaluation firm, my organization was able to…
Select all that apply.

1. Better explain what we do and why
2. Demonstrate our impact
3. Respond to the needs of communities
4. Conduct internal evaluation activities
5. Ask more or better questions (e.g., think more critically about our work)
6. Attend to cultural responsiveness
7. Attract more funding opportunities
8. Increase our impact
9. Make better decisions about our programming
10. Make better decisions about future evaluations
11. Justify funding for future evaluations
12. Meet accountability requirements
13. Other (please specify): _____
14. None of the above

[IF EVALUATION IS COMPLETE]

Now, I'd like you to consider how, if at all, your personal knowledge of evaluation changed because of your most recent experience working with the external evaluation firm.

First, you will be asked to think about your level of knowledge before engaging with the external evaluation firm. Then, you will be asked to consider how, if at all, your level of knowledge has changed after working with the external evaluation firm

	Not knowledgeable at all	Slightly knowledgeable	Knowledgeable	Very knowledgeable	Extremely knowledgeable
Before *engaging with the external evaluation firm, how would you have described your level of knowledge about the evaluation process?*	1	2	3	4	5
After *working with the external evaluation firm, how would you describe your level of knowledge about the evaluation process?*	1	2	3	4	5

[IF EVALUATION IS COMPLETE] Now, I'd like you to consider how, if at all, your perceived value of evaluation has changed because of your most recent experience working with the external evaluation firm.

First, you will be asked to think about your perception before engaging with the external evaluation firm.

Then, you will be asked to consider how, if at all, your perception has changed after working with the external evaluation firm.

	Not valuable at all	Slightly valuable	Valuable	Very valuable	Extremely valuable
Before *engaging with the external evaluation firm, how would you have rated the value of evaluation for your organization?*	1	2	3	4	5
After *engaging with the external evaluation firm, how would you rate the value of evaluation for your organization?*	1	2	3	4	5

[ASK ALL] How influential was this particular evaluation firm in shaping your organization's expectations for evaluation studies in the future?

1. Not influential at all
2. Slightly influential
3. Somewhat influential
4. Very influential

5.   Extremely influential

Demographics

How would you describe your gender?
1.   Male
2.   Female
3.   Non-binary/non-conforming
4.   Transgender

In what year were you born? (Drop-down menu)

What is your race/ethnicity? Select all that apply.
1.   White
2.   Black or African American
3.   Hispanic or Spanish
4.   Asian or Pacific Islander
5.   American Indian/First Nations, Alaskan Native, or Intuit
6.   Prefer to self-describe:_____
7.   Prefer not to say

What is the highest degree you have completed?
1.   High school
2.   Bachelor's degree
3.   Master's degree (MS, MA, MSW, MBA, MPH, MPA, etc)
4.   Professional degree (MD, JD, etc)
5.   Doctorate (PhD, EdD, etc)

Commissioner Interview Protocol

INTRODUCTION:
Thank you so much for participating in my survey and agreeing to participate in an in-depth interview. As you know, this interview is part of the data collection for my dissertation research on the role of entrepreneurship in shaping the supply of and demand for evaluation services.

As someone who has commissioned evaluations for your nonprofit/foundation, I am interested to learn more about how, if at all, working with external evaluation firms has influenced your thinking about evaluation. Specifically, I'm interested in your experience working with small evaluation businesses.

If it is OK with you, I will be recording this session to ensure an accurate transcription of our conversation. I will delete the recording as soon as the interview has been transcribed and analyzed. Is it okay with you if I record our conversation?

I invite you to speak freely in this discussion. Most of what I learn will be reported in aggregate. When I use direct quotes in my research, I will not be ascribing your name to these quotes.

Any questions before we dive in?

1. I'd love to start by understanding the purpose of evaluation for your organization and your role in commissioning external evaluations.

2. How, if at all, have your experiences working with external evaluation firms (specifically small evaluation businesses) impacted your perception of evaluation (positively or negatively)?

   a. Can you think of any examples?

3. In the survey that you recently completed, when asked how your organization has changed as a result of working with small evaluation businesses, you mentioned… [READ RESPONSES ALOUD]. Can you tell me more about these outcomes? It would be great to hear about specific examples.

4. To what extent has your experience working with small evaluation businesses influenced how you think about commissioning evaluation projects?

   a. *(Probe if needed) For example, the type of questions you ask, what you look for in evaluation firms, evaluation approaches and deliverables, the scope/budget/timeline…*

   b. (Probe if not answered) Have your experiences changed the way you think about the budget for evaluation projects?

5. Are you aware of any recent trends in evaluation? If so, what comes to mind?
   a. How did you learn about these trends?

   b. To what extent, if any, has working with small evaluation businesses played a role in your use of these approaches?

6.	[IF UNAWARE] For example, in recent years, evaluators have started adopting more culturally responsive approaches with an orientation towards social justice. Some evaluators have started practicing more collaborative approaches that involve more stakeholders in the process. There have also been trends towards more developmental approaches and systems-thinking. Have you been engaged in commissioning any of these types of evaluations?

a.	[If yes] How did you learn about these approaches?

b.	To what extent, if any, has working with small evaluation businesses played a role in your use of these approaches?

7.	Do you have any concluding thoughts about the role of small evaluation businesses in shaping the quality and delivery evaluation services, or the expectations or perceived value of evaluation among nonprofit organizations and foundations?