



The Case for Building Your Evidence Infrastructure First

Why Problem Solving, Data Collection, and Systems Thinking
Are the Foundation Every Growing Organization Needs

A Brief for Small Business Owners and Nonprofit Leaders

Navigate Complexities. Engineer Success. Measure Impact.

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The Problem No One Talks About Early Enough

Every nonprofit and small business exists to create value for someone. A youth program helps young people. A small company serves its customers. A health clinic takes care of patients. That is the work. That is why you started.

But here is the problem most people do not deal with early enough: **if you cannot show that value clearly, with evidence, then in the eyes of the people who fund you or partner with you, that value may as well not exist.**

The groups that grow are not always the ones doing the best work. They are the ones that can prove they are doing good work, with data, at the moment someone asks.

This brief makes a simple case. The most important thing a growing group can invest in is not a new hire, a new location, or a new program. It is the system that lets you find the real causes of your problems, measure what matters, and show the world what your work produces. We call this your **evidence infrastructure**. It is built on three connected skills: structured problem solving, data collection, and systems thinking.

Where These Ideas Come From

The approach in this brief comes from a proven discipline called **Lean**, which started in manufacturing but has been used successfully in healthcare, education, government, and nonprofits around the world (Womack & Jones, 2003). Lean is built on a small set of core principles:

- Define value from the customer's point of view. What matters is not what you do, but what the person you serve receives as a result (Womack & Jones, 2003).
- Identify waste. Any step, cost, or effort that does not add value for the people you serve is waste. Removing it frees up resources for the work that matters (Womack & Jones, 2003).
- Find the root cause. Do not guess at fixes. Use evidence to find the real source of a problem before spending time and money on solutions (Ohno, 1988).
- Build in continuous improvement. Measure your results, learn from what you find, and make your processes better over time. This never stops (Deming, 1994).
- Respect the people closest to the work. The staff doing the work and the people receiving the service know things that leadership does not. Go to where the work happens. Listen (Ohno, 1988).

You do not need to become a Lean expert to use these ideas. But knowing where they come from helps you see that this is not theory. These principles have been tested in thousands of organizations over decades. What follows is how to apply them to yours.

Start with Value: What Are You Actually Producing?

The first Lean principle says to start with value (Womack & Jones, 2003). There is a simple question at the heart of every well-run group: what does the person you serve actually need, and are you delivering it?

This matters because every dollar you spend and every hour your staff works either adds value for the people you serve, or it does not. Lean calls anything that does not add value **waste** (Womack & Jones, 2003). Not wasted effort. Wasted resources. Seeing this clearly helps you put your limited money and time where they do the most good.

For a small business, value might mean a product delivered on time and at the quality the customer expects. For a nonprofit, value might mean better reading scores for the children you teach, or fewer people returning to the hospital, or more families in stable housing.

Value is not what you do. It is what changes for the people you serve because of what you do. What you do are outputs. What changes are outcomes. Funders and investors care about outcomes.

Most groups can describe their activities in detail. Fewer can describe their results with numbers. Even fewer can back those numbers up. That gap between what you do and what you can prove is the gap that costs you funding, trust, and growth.

Why Solving the Right Problem Comes First

Before you build a tracking system or collect a single number, you need to understand the real problems your group is trying to solve. This sounds obvious. It is not.

Most groups jump straight to fixes. A program is not working, so we hire more people. Revenue is down, so we run a marketing push. Clients are leaving, so we add new services. Each of these might be fine. But none of them starts by asking: **what is actually causing this problem?**

How to Find the Real Cause

Lean practitioners follow a structured process called **root cause analysis** (Ohno, 1988). Here is how it works:

1. Write the problem down with numbers. Not "our program is struggling." Try "our 12-month client completion rate dropped from 78% to 61% between January and September." A clear problem tells you what to measure and what success looks like.

2. Go to where the work happens. Lean calls this "going to the gemba," the actual place where value is created (Ohno, 1988). Talk to the people doing the work. Talk to the people receiving the service. Look at the numbers. See what is really happening, not what you think is happening.
3. Keep asking "why" until you find the root. This is called the "5 Whys" technique, developed within the Toyota Production System (Ohno, 1988). For every problem, ask why it is happening. Then ask why again. Most people stop at the first answer. The real cause is usually deeper. If you only fix the surface, the problem comes back.
4. Test your answer with evidence. Once you think you have found the root cause, check it. Can you show with data that this cause creates this result?
5. Fix it and measure again. Did the problem get better? By how much? Is the fix holding? Lean calls this a continuous improvement cycle (Deming, 1994). It never ends, because there is always something to learn.

A Real Example

A small nonprofit runs job readiness training. Graduation rates have been dropping for two quarters. The instinct is to redesign the classes or hire a new teacher. But when the team digs into the data, they find something different:

The drop lines up almost perfectly with a change in the bus route that serves the training center. People are not leaving because the classes are bad. They are leaving because they cannot get to the building.

Without asking "why" and looking at the data, this group would have spent months and money fixing a class that was never the problem. With it, they found the real barrier, worked with the transit authority, and saw graduation rates bounce back in one quarter.

Making Your Results Visible with Data

Once you know the real causes of your problems, the next question is: how do you track whether your fixes are working? And how do you show your results to the people whose support you need?

That is where a tracking system becomes essential. Not because a funder makes you do it. But because it is how you make your work visible and your decisions reliable.

What a Good Tracking System Does

A good system answers four questions on an ongoing basis:

Question	What It Tells You
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Are we doing what we said we would do?	Tracks whether your activities are happening as planned.
Is it making a difference?	Measures whether those activities are producing the results you wanted.
Are we getting better over time?	Shows trends, not just snapshots. This is how you see real progress.
Can we show this to someone who was not there?	Produces proof that is clear and shareable with funders, boards, and partners.

Groups that can answer all four of these questions have something most of their peers do not: **trust backed by proof**. That trust opens doors.

How Proof Builds on Itself

Here is what happens when a small group invests in tracking early, even when money is tight:

- You win the first grant because you can clearly describe the problem, your approach, and what results you will track. Most applicants describe what they will do. You describe what will change.
- You keep the funder because you deliver on what you promised. Your reports show results, not just good intentions.
- You attract new funders because your track record speaks for itself. Each strong report becomes proof the next funder can check.
- You make better decisions because you can see what is working and what is not. You stop spending money on things that are not producing results.
- You build a name as a group that delivers and can prove it. That name grows stronger over time.

Groups that feel they cannot afford to track data are the ones that can least afford to go without it. Without proof of impact, every funding conversation starts from zero. With proof, each one builds on the last.

Connecting It All: Thinking in Systems

Problem solving finds the real causes. Tracking makes the results visible. But what holds it all together? What keeps you from fixing one thing while breaking another?

The answer is **systems thinking**, the principle that every part of your organization is connected (Senge, 2006). It means looking at your group as a whole, not a set of separate programs or departments. It means understanding that:

- Your hiring affects your program quality, which affects your outcomes, which affects your funding, which affects your ability to hire. These are connected loops.
- A change in one part of your group (like losing a key staff member or a data source) can ripple through other parts in ways you do not expect.
- How your group is set up, how work flows, how decisions get made, shapes your results just as much as how hard your people work.

There is a well-known principle attributed to W. Edwards Deming: every system is perfectly designed to produce the results it currently produces (Deming, 1994). If you do not like the results, you need to change the system, not just work harder inside it.

How the Three Skills Connect

Skill	What It Does	What You Get
Problem Solving	Finds the real causes of your biggest challenges.	You fix the right things. You stop wasting time on the wrong ones.
Data and Tracking	Makes your work visible by tracking who you serve, what you do, and what changes.	Funders trust you. Boards trust you. You make better decisions.
Systems Thinking	Connects everything into one picture so improvements last.	A group that learns, adapts, and keeps getting better.

The Funding Story: Two Groups, Same Grant

Picture two groups doing similar work. Both apply for the same \$200,000 grant.

Group A writes a strong proposal. It explains what the group does, how many people it serves, and why the community needs its work. But it has no outcome data, no trend lines, and no tracking plan for the new project.

Group B covers the same ground but adds baseline data on the problem, outcome numbers from last year, a clear plan for tracking the new project, and a record of using data to improve. Its proposal is not fancier. It is more believable.

Group B gets the grant. Not because it does better work, but because it can prove its work matters. And once it has that grant, its tracking system delivers strong results, which makes the next application even stronger. After three years, Group B has a track record. Group A is still starting from zero every time.

Three Steps You Can Take This Month

Step 1: Pick your biggest problem and write it down with numbers.

Not a vague worry. A specific statement. "Our six-month completion rate is 42%, and we need it to be at least 65%." A clear problem focuses your energy and tells you what to measure. Spend one hour with your team just defining the problem. Do not talk about fixes yet.

Step 2: Name the three to five results that matter most.

Not everything you do. The three to five results that, if you could prove them, would make the strongest case for your group's value. For each one, ask: do we have data on this right now? If not, what would we need to start collecting?

Step 3: Draw how your group actually works.

Take a big piece of paper and draw how a client or customer moves through your group from first contact to final result. Include every handoff, every decision point, every place something could go wrong. In Lean, this is called a **value stream map** (Womack & Jones, 2003). It is your first systems picture. It will show you where things break down and where tracking would help the most.

These three steps cost nothing but time. They create immediate clarity. And they lay the groundwork for everything that comes next.

Ready to Put This into Practice?

The Herron Group's Measuring What Matters Workbook walks you through a real case study, helps you turn your mission into outcomes you can track, and gives you templates for collecting, analyzing, and reporting your data. It is the hands-on companion to this brief.

Preview and purchase at theherrongroupllc.net

The Bottom Line

You started your group to make a difference for the people you serve. That has not changed. What has changed is what people expect you to show for it. Funders want proof. Partners want data. Boards want results they can see.

The groups that do well are not always the ones with the most money. They are the ones with the clearest view of what they produce and the systems to show it.

Problem solving makes sure you are working on the right things. Data tracking makes your results visible. Systems thinking connects everything so improvements last. These are not extras for groups that have already made it. They are the foundation that helps groups get there.

Schedule a Free Consultation

The Herron Group helps organizations build this foundation. We design tracking systems, lead structured problem solving, and help teams think in systems. If you are ready to make your group's value visible and your growth sustainable, we would welcome the conversation.

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