

How do you know if your organization is accomplishing its mission?

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FOCUS

What questions will keep you awake tonight?

- How can we cut costs?
- How can we raise more money?
- Who should we hire (or fire)?
- How can we improve our program effectiveness?

In our fast-paced, ever-changing environment, today's not-for-profit CEOs have plenty to keep them awake. But a recent research study suggests that there is one question to which they should devote more attention:

"How do my Board members decide if we are successful?"

The study, "The Excellence in Philanthropy Project," asked more than 100 not-for-profit CEOs from a diverse set of organizations how they determined if they were accomplishing their organization's mission.

It then asked if their Board members used the same criteria in making this determination.

More than 90 percent of the CEOs said that their Board used the same criteria in determining success. However, follow-up surveys with their Board members demonstrated that "two-thirds of them were wrong."

Not only were these CEOs wrong, but if they knew the criteria that some of their Board members used to determine their organization's level of success, it would indeed keep them awake at night. For example, one Board member interviewed stated:

"I go to a lot of cocktail parties and that sort of thing. I hear things about our reputation in the

community and figure if it is positive, we must be doing well."

Now, it is helpful to have a good reputation in a community. However, one would hope that Board members use more reliable criteria to determine the success of a not-for-profit, rather than relying on the "scuttlebutt" heard at a cocktail party.

The results of "The Excellence in Philanthropy Project" suggest that it would be a very valuable exercise for not-for-profit CEOs to take a written survey of the responses of their staff and Board members to the following question:

"How do you determine whether our organization is or is not accomplishing our mission? List any results, outcomes, and specific evidence you look at to make this determination."

Once staff and Board members have written their responses to the question, you'll first be interested to see what level of agreement might exist between the various respondents. Then, you can do some additional analysis of the responses which can be discussed by the group.

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Reliable Measures

First, look at the “results, outcomes, and specific evidence” listed in the responses. See if you would consider anything listed to be a “reliable measure.” That is, for any “result, outcome, or specific evidence” to be a reliable measure, an “objective observer” would have to be able to confirm it. It can’t be based on opinion or interpretation of an observation. Not-for-profits use lots of reliable measures in monitoring operations. In fact, when the responses to this question by not-for-profit CEOs were analyzed in the research study, approximately one-half listed some sort of reliable measure. (For examples, see the box on *Reliable Measures and Reliable Impact Measures*.)

“Only 14% of the CEOs listed reliable impact measures.”

Reliable Impact Measures

Once you have identified some of the “results, outcomes, and specific evidence” as being “reliable measures,” look at them again to see if the measures represent an impact/difference made on the condition of a person, place, or thing outside the organization. If they do, then these are called “reliable impact measures.” (Again, for examples see the box on *Reliable Measures and Reliable Impact Measures*.)

In the research study, only 14 percent of the CEOs listed “reliable impact measures.” More important, when further surveys were done within the organizations of the CEOs which did list “reliable impact measures,” very few staff and Board members stated that they used the same criteria in evaluating the success of the organization. So, even though the CEO had a reliable method of determining the impact the organization was making, others in the organization were largely unaware of these criteria.

So what? “What’s the big deal with having agreement on reliable impact measures?” Well, that’s a really good question. The most important part of the exercise explained above is that you will discover, for sure, how the staff and Board thinks about assessing your organization’s performance. You may find there is terrific agreement among everyone, or you may not. Regardless, you will know. The recommendation here is: *don’t assume*. Remember that nearly 75 percent of the CEOs in the research study *assumed wrong*.

If you discover that there is a lack of agreement among staff and Board members on the criteria to be used for assessing performance, you can design processes to come to agreement. Agreement on these criteria is important for a number of reasons.

Agreement on reliable impact measures is important if we agree—by definition—that not-for-profits exist to make a difference in the quality of life in the world. If the purpose of your not-for-profit is indeed to “make a difference,” then the only way for you to *reliably know* if your organization is making that difference is to have “reliable impact measures” which provide evidence of that difference being made. Any other measures listed are not evidence of a difference being made—of an impact. A not-for-profit may want to monitor other measures, such as measures of inputs—dollars spent or staff hours utilized—or they may monitor measures of activities completed, but these are not measures which demonstrate that the organization is making an impact.

“Reliable impact measures...provide evidence of difference being made.”

Without the reliable impact measures, all an organization has to rely on for a determination of mission accomplishment are the varied opinions of Board members, staff, and other constituents. These opinions could range from “we are good-hearted people working hard so we must be accomplishing our mission” to “we are providing services which people seem to like so we must be accomplishing our mission” to “we balanced the budget so we must be accomplishing our mission.” To effectively coordinate action within an organization by *managing opinions* of Board members, staff, and volunteers is inefficient, if not impossible. Without clarity on reliable impact measures, these differences of opinion will result in a variety of misunderstandings. (Imagine a football team in which every player had his own “opinion” of the direction of the goal line.)

So, what does this mean for the organizations in the research study? For the 86 percent that listed no reliable impact measures, it means that they do not reliably know whether or not they are accomplishing their missions. They may have opinions about it or measures of activities and/or inputs, but they do not reliably know.

For the 14 percent of the organizations in which the CEOs listed reliable impact measures, it means these need to be communicated more effectively throughout the organization.

“Because they cannot tell success from failure...they cannot determine if specific programs or activities should be continued, expanded, or cut.”

The lack of reliable impact measures in these organizations is a finding similar to that reported by Osborne and Gaebler in *Reinventing Government*. They comment on the lack of impact measurements: "Because they don't measure results, bureaucratic governments rarely achieve them. They spend ever more on public education, yet test scores and dropout rates barely budge. They spend ever more on job training for welfare recipients, yet welfare rolls continue to grow. They spend ever more on police and prisons, yet crime rates continue to rise."

Reliable impact measures for not-for-profit organizations are similarly important if they are to produce results. And, particularly given the tax status of not-for-profits, many feel results are important. One can imagine that donors, volunteers, and clients of a philanthropic organization would feel the same way.

But significant implications exist for the performance of not-for-profit organizations beyond the fact that they "owe results." Because they cannot tell success from failure without reliable impact measures, they cannot determine if specific programs or activities should be continued, expanded, or cut. Perhaps most important, they cannot learn from any mistakes they may be making because they are

"Ask your staff and Board how they determine if your not-for-profit is accomplishing its mission."

unclear as to whether or not they are making a mistake—it becomes a matter of opinion. Likewise, they cannot learn from their successes. And, they cannot appropriately acknowl-

edge themselves or others for their accomplishments and successes.

Reliable impact measures can provide not-for-profit organizations with a consistent basis for determining whether they are or are not accomplishing their missions. Further, they can provide a foundation for the coherent and coordinated operation of all important organizational activities—including management, strategic planning, board operations, fund-raising, and marketing—and for the overall development of the organization.

Ask your staff and Board members today how they determine if your not-for-profit is accomplishing its mission. Analyze the results and work together to gain agreement on the most important criteria you'll use to judge the success of your organization. It may take a while to come to such an agreement, but at least you will no longer be assuming that everyone is thinking the same way. And knowing that, you *will* sleep better. ML

Examples of Reliable Measures and Reliable Impact Measures

— Reliable Measures/ No Impact —

A "reliable measure" collects evidence which could be confirmed by an objective observer. Examples of reliable measures *do not* represent an impact/difference made on the condition of a person, place, or thing outside the organization include:

- Amount of dollars raised
- Number of program participants
- Number of new volunteers
- Number of educational materials distributed
- Number of programs held
- Cost per participant

— Reliable Impact Measures —

Reliable Impact Measures are reliable measures which *do* represent an impact/ difference made on the condition of a person, place, or thing outside the organization. Because they specifically represent the difference the organization intends to make, general examples cannot be given. Some specific examples include:

- Number of program participants who complete job training program and secure a job for a year following completion of it.
- Number of program participants who complete drug rehabilitation and are "clean" for at least one year after completing program.
- Number of program participants who increase reading level after completing program.

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