

Measuring Impact

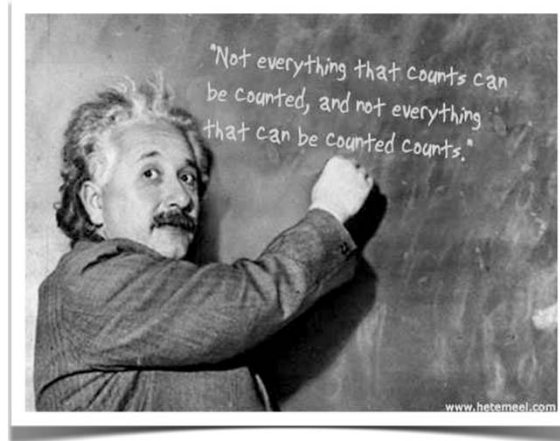
Innovating Performance Measures



Why do nonprofits try to measure impact?

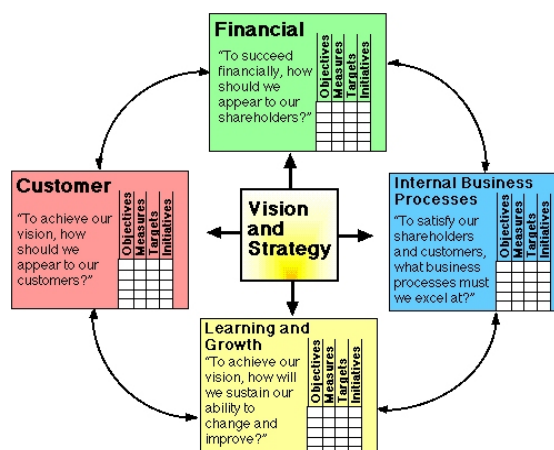
- Drive toward operations improvement
- Internal and external accountability demands
- Competitive pressures
- Define goals and render work concrete

Can We Measure Social Impact?

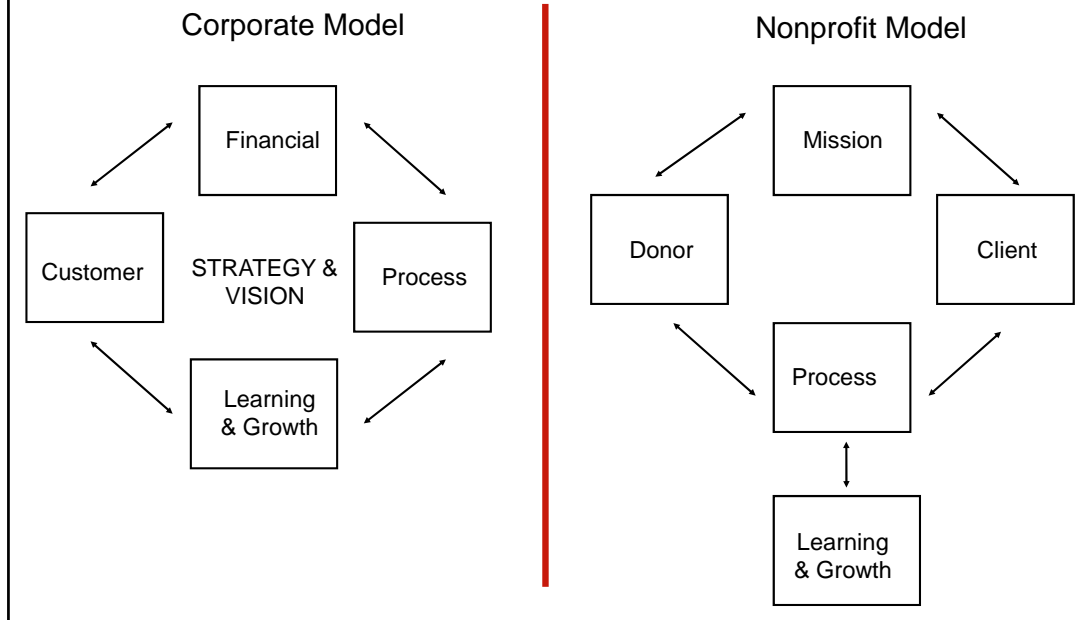


Balanced Scorecard: A Simple Solution to a Complex Problem

- ⑩ A tool that suggests that performance has multiple dimensions and meanings
- ⑩ Adapted by nonprofits from corporate sector where it has caught on quickly
- ⑩ Focuses on more than financial measures of performance, adds customer, learning & growth, and internal process perspectives



Kaplan and Norton's Balanced Scorecard



Challenges to Full Translation

- Mission added to nonprofit model, but not obvious how to measure
- Financial measures removed from nonprofit model but need to be considered
- Tracking donor and client perspectives can be difficult and expensive

Getting started on your scorecard

- Use selected outputs and outcomes from logic model to define critical mission or social impact indicators
- Choose a small number of significant financial indicators and ratios
- Define a limited group of metrics related to governance, staff professional development, and volunteer engagement
- Think about key quality indicators

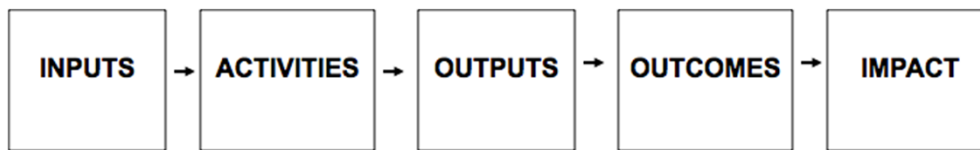
Core Elements of a Social Enterprise Dashboard

- Social Impact
- Financial Sustainability
- Stakeholder Satisfaction
- Quality



Social Impact Measures

- **Logic model** is first step in defining the critical metrics that will provide information on whether social impact has been achieved.



Financial Measures

1. Profitability Measures
2. Growth
3. Liquidity
4. Financial Vulnerability
5. Efficiency
6. Resource Diversification



Stakeholder Satisfaction Measures

1. Clients and customers
2. Private funders and regulators
 - Individual donors
 - Foundations
 - Corporations
 - Federated funders
3. Partner organizations (operational capacity)
4. Staff
5. Board members
6. Volunteers



Quality Indicators

- How good are the operational systems?
- What is the error rate?
- What metrics tell the quality story?
- What operationally is the organization's strong suit?
Where does it need to improve?

Mix and match these metrics


- Which metrics are appropriate for my organization?
- What is useful to me?
- Do I need 3 or 4 or 5 baskets?
- How do I prioritize in selection of metrics

Financial			Mission		People	
Total	2007 Actual	Goal	2007 Actual	2008 Goal	2007 Actual	2008 Goal
Key Indicators			Clients		Staff and board	
			# of Client Sessions			
Revenues					# New board members	
Expenses			% of Repeat Clients			
Months of reserves					# Engaged board members	
			Client Demographics			
Ratios			# of Clients with HIV or AIDS		Staff turnover rate	
			# of Clients who are LGBTIQ			
Unrestricted / restricted funds			# of Clients who are adolescents		Therapist job satisfaction level	
Income generated by counselors as a % of salary paid to them			Client Impact		% of Staff working towards an advanced counseling certification	
			Average GAF score improvement			

AARP Consolidated Dashboard: 2005 Measures of Success

Member Value			Social Impact			Financial			People								
People 50+ join and stay with AARP because we deliver meaningful values and play a unique role in their lives.			People 50+ will have independence choice and control in ways that are beneficial and affordable to them and for society as a whole.			AARP will assure that the financial resources required to address strategic priorities will be available. This will include an adequate and diversified base of revenue, cost savings and increased productivity			AARP is an exemplary "WORLD CLASS" organization that recruits, develops & retains a dedicated, diverse, & high performing workforce of staff & volunteers committed to and capable of achieving our mission and delivering value to members.								
Number of Household Accts			ECONOMIC SECURITY			Consolidated AARP Budget											
Total	2004 Actual	2005 Goal	Social Security: Block legislation for private acts within Social Security as we make progress toward long-term solvency			2004 Actual	2005 Goal										
	21,720,280	22,220,260	Access to HCBS and Quality in LTC Setting:			Revenue	Revenue										
			+ Maintain 45% individuals receiving long term care in setting of their choice			\$877,600,000	\$873,847,630				% employees engaged & satisfied with their jobs						
Acquisition and Retention			Older Workers:			Expense	Expense				2004 Actual			2005 Goal			
Enrollments	3,130,937	3,500,000	+ Increase # employers adopting older worker friendly policies from X to Y (baseline)			\$801,700,000	\$866,563,494				70%			72%			
Renewals	9,266,348	10,300,000	+ Increase # AARP featured employers from 12 to 20.			Fund Balance	Fund Balance										
Total Account Activity	12,397,285	13,800,000	+ Increase # people visiting employer resource center at AARP.org from 70,000 to 160,000			\$75,900,000	\$7,284,137										
Mix of Membership			Financial Management:			LIVABLE COMMUNITIES											
1st Time Renewals	61.70%	62%	+ Finalize AARP Financial Center incl partners & pilot test phase			Housing:											
Boomers	5,492,835	6,187,000	+ Increase # Tax-Aide customers served to 1.925 million			+ Maintain 16% individuals modifying home to age there											
Hispanic	*	*	+ Establish 401k plans automatic enrollment to indicate improved defined Contribution plan utilization			+ Quant objectives for evaluation tool that assesses replicability and											
African-American	*	*	HEALTH AND SUPPORT SERVICES			Mobility:											
Member Engagement			Rx Affordability:			+ Preserve or increase federal funding for mobility options											
Total member service product relationships	10,524,045	10,805,000	+ Increase to 59% individuals reporting they can afford to buy the drugs they need			+ Determine effectiveness of Driver Safety Program											
New member service product relationships	1,428,936	1,435,000	+ Modify 15 state Pharmacy Assistance Programs with Part D			+ Increase to 698,257 # drivers 50+ participating in the AARP driver Safety Program											
# of AARP households participating in a HCD SHIP Product	3,030,000	3,030,000	+ Increase to 15 # states using evidence based Rx info			GLOBAL AGING											
# of AARP households in financial service product	3,880,000	3,920,000	Coverage Quality, Medicare (MMA) and other Health Care:			+ Increase recognition among intl leaders of AARP expertise											
AARP members joining via service provider program	118,742	150,000	+ Secure regs to maximize # people with Part D benefits			+ Complete assessment plan for Intl membership & commercial opps											
Member discount usage	10,980,404	11,762,000	+ 32% of individuals report AARP accurate & helpful Part D info			NAVIGATION											
AARP.org visits (members and non-members)	23,930,776	27,000,000	+ Increase by 400,000 # low-income trans assist benefit			+ Develop full analysis and make recommendations											
AARP magazine readership**	46%	48%	Medical:														
Bulletin readership**	49%	53%	+ Prevent significant cuts to federal and/or state Medicaid														
Increase the # members engaging in AARP opps (baseline= 2,816,497)	N/A	TBD	+ Maintain Medicaid eligibility														
			+ Develop and support recs for improved effectiveness														

*goals of every 3 years next set of 2005
**average of entire year



Financial			Community		
2008 2009			2008 2009		
Cash			Board Retention		
KPI: Cash Balance Positive			KPI: No open seats		
Capital			Staff retention		
KPI: Capital Capp. On Budget			KPI: No unwanted departures		
Budget			Parent Retention		
KPI: Positive VOP to Budget			KPI: No unwanted departures		
Academic			Volunteer Presence		
2008 2009			KPI: 100% of volunteer needs met		
Standard Testing			Growth		
KPI: Exceed private school scores			2008 2009		
School feedback			Enrollment		
KPI: No negative High school feedback			KPI: attendance at 90% capacity		
Technology			Inquiries		
KPI: No issues (laptop, technology use/training)			KPI: 10 inquiries per month		
Spiritual Life			Admissions/Retention		
KPI: positive Catholic presence and feedback			KPI: Maintain (net zero change in enrollment)		
Advancement			Marketing		
2008 2009			KPI: Execution of marketing plan		
Key Donor Engagement			Strategic Plan		
KPI: Touch Top 15 monthly			2008 2009		
Donor Activity			Board Engagement		
KPI: Activity plan on track			KPI: Update/Working the plan?		
Gift Progress			Staff Engagement		
KPI: Variance to Plan			KPI: Update/Working the plan?		
			Community Engagement		
			KPI: Update/Working the plan?		

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- Use selected outputs and outcomes from logic model to define critical mission or social impact indicators
- Choose a small number of significant financial indicators and ratios
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- Define key indicators of operational quality

So, Where Are We Today?

- Scorecards have focused attention on multiple dimensions of nonprofit performance, but challenges remain:
 - Connect to logic models
 - Customize to fit organization
 - Commit time and money to collecting data
 - Implement evenly across perspectives in nonprofit context
 - Keep it simple

Scorecards, in sum

- Excellent tool for focusing board and CEO attention on what matters most
- Imperfect tool because of asymmetry between precision of financial and mission measures
- Still, a good starting point for getting started on performance measurement

