IMPACT & EXCELLENCE

Data-Driven Strategies for Aligning Mission, Culture, and Performance in Nonprofit and Government Organizations

SHERI CHANEY JONES

Foreword by BARBARA E. RILEY,
Former Director of the Ohio Department of Aging

Jossey-Bass
More Praise for *Impact & Excellence*

“Sheri is the BEST when it comes to measuring outcomes! You can’t manage what you don’t measure, and if you’re not measuring, you can’t communicate your nonprofit’s impact. Her book *Impact & Excellence* is a must-read for today’s executive leaders who want everyone to know the good work their nonprofit is doing.”

—*Sandy Rees*, CFRE, nonprofit coach and founder, *Get Fully Funded*

“As someone who serves as a facilitator, grant writer, and strategist with nonprofit organizations, I know that fresh, relevant data and a strategic measurement process are critical for decision-making. Sheri Chaney Jones has written a practical, easy-to-follow guide for any organization that is ready to take the next step toward excellence. This is a must-read for every nonprofit and government agency leader who is ready to chart their course toward proven, long-term success.”

—*Christy Farnbauch*, community engagement strategist, Strategic Links, LLC

“*Impact & Excellence* offers two unique insights not found in other performance management books. In addition to the theoretical, ‘What you should do,’ Sheri Chaney Jones presents very practical recommendations on how to implement performance management practices. *Impact & Excellence* also provides case studies highlighting how organizations have overcome the unique challenges found in the nonprofit and government sectors to succeed.”

—*David Childs*, PhD, City of El Paso Texas tax assessor; author of *Fit for Service*

“Stories matter—they are often the emotional bridge between a donor and the meaningful work of a social sector organization—but stories with data excel. *Impact & Excellence* provides an articulate and compelling rationale for why creating a high-performance culture is necessary for long-term and sustainable success. Using data in the way that Sheri Chaney Jones outlines is powerful. It strengthens the connection between donor and organization and gives practitioners clear guidance to make programmatic decisions that will ultimately change lives.”

—*Kerri Laubenthal Mollard*, owner and principal, Mollard Consulting
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Contents

Foreword by Barbara Riley vii

Preface xi

Introduction xv

1 Social-Sector Impact and Excellence: The Call to Be More Strategic 1

2 The Imperative Future State: High-Performance Measurement Cultures 8

3 The Reality: We Are Not as Good as We Think We Are 25

4 Nonprofits and Measurement Cultures 38

5 Government and Measurement Cultures 58

6 Letting Go of Excuses: The “Five C’s” of Easy and Effective Impact and Excellence 78

7 Culture and Leadership 94

8 Clarify Mission 119

9 Capture Impact: Getting Started 147

10 Capture Impact: The Next Steps 170
<table>
<thead>
<tr>
<th></th>
<th>Contents</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>11</strong></td>
<td>Communicate Value</td>
<td>194</td>
</tr>
<tr>
<td><strong>12</strong></td>
<td>Change and Celebrate</td>
<td>215</td>
</tr>
<tr>
<td><strong>13</strong></td>
<td>Taking the First Step</td>
<td>229</td>
</tr>
</tbody>
</table>

**Appendix A** Leadership and Culture Self-Assessment

**Appendix B** Measurement Resources’ Measurement Culture Study Results

References 251

Acknowledgments 257

About the Author 259

Index 261
Foreword

I have had the privilege of working with Sheri Chaney Jones, and I am honored to have been asked to provide a foreword for her book *Impact & Excellence*. Jones worked with me at the Ohio Department of Aging and was instrumental in developing our ability to give Ohio’s seniors an opportunity to remain in their own homes, where they prefer to be, even when receiving long-term care. In fact, her use of data allowed our state agency to persuade lawmakers that giving older adults the option to stay home and receive their care there was a significant step in curtailing the unsustainable growth of Ohio’s Medicaid budget. I only wish she had been with me throughout my career, as I believe her approach to leadership and agency operations would have resulted in improved outcomes for all those we served and in savings for Ohio’s taxpayers.

During my tenure working with nonprofit and government organizations, I often wished for a manual that laid down a path to success in the social service sector. Jones has done that and so much more. In fact, it is tempting to lay out here a summary of the key provisions captured in *Impact & Excellence*, just in case you were to decide to read no further than this. But please read on, as this is one book that every nonprofit and government leader should take in and act on. It is a practical guide to making your way through the maze of change that social-sector agencies now face. Now is the time to apply a more organized, data-driven approach to making decisions about what we do, how we do it, why we do it, and at what cost. We cannot cling to the status quo. In fact, I would posit
that there is no status quo today; rather, change is a constant—and if you do not figure out how to achieve excellence as outlined here, you or your organization may not be here tomorrow.

Jones makes a strong case for how a high-performance measurement culture can work for you. She uses a workbook approach that provides an evidence-based formula for change. Her work targets the nonprofit and government social sectors and refutes the assumption that if the social sector acted more like a business we all would be more successful. She doesn’t denigrate either nonprofit or government leaders; instead, she emphasizes the societal good that both sectors can produce, if they adapt. Adapting in the twenty-first century requires that you meet the expectations of funders, decision makers, taxpayers, and the general public, all of whom expect you to produce measurable outcomes that concretely contribute to the good of society. She clearly differentiates between the social sector and the business sector, and she lays out what it means to be mission driven rather than profit driven.

Included here are a formula for change and explicit guidelines that can position you and your organization to succeed. The journey to success begins with dissatisfaction with the current state, moves you forward to articulating your vision for the future state, and creates the model for taking the concrete steps necessary to get there. All of this builds on the foundation of collecting, analyzing, and using the right data derived by identifying your desired outcomes and knowing whom you need to persuade. Each chapter in Impact & Excellence reads like a workbook, making good use of case studies, citing available online tools, and posing end-of-chapter questions that will make you think and take action. Pay special attention to her chapters on what Jones calls the 5 C’s, as those will lead you from what you do to why you do it—the essential building block for success.

My experience with social sector organizations taught me the value of the five C’s, but that involved many years, and I believe this book may help you avoid some of the traps and pitfalls I encountered along the way. Jones believes that the hope and promise of a vital social sector begins with becoming clear on your organization’s culture and leadership, followed by being able to articulate and clarify your agency mission and link it to what is important
to those you serve. Remember, you serve not just the consumers of your direct service, but also the funders, the decision makers, the general public, and the staff who work with you and share your vision. Next, you must capture the impact and link the collected data to the agency mission in order to measure your impact on what you set out to achieve. This data must measure not only the outputs but also the outcomes of your work, and the process does not end with data collection, or even data analysis, but puts the data to use in making decisions about what you will continue to do, what you will change, and what you may choose to abandon.

In presenting her case for data measurement, Jones takes into consideration how you will use that data externally as well as internally. She emphasizes the need to communicate what you learn. Tell others why what you do is important, set forth the positive impact your data shows you can have, and share what needs to occur for you to broaden and improve on those outcomes. Finally, the C continuum concludes with change—using the data analysis to determine what needs to be done differently to move you closer to excellence. Remember, you chose to read this book because you are unsatisfied with the status quo, you aim for excellence, and you want improvement; all of that equals change, change that you must embrace and sell. And, if you have followed Chaney Jones’s outline for excellence, you will find yourself ready to celebrate your organization’s high performance, borne of creating a new performance model based on data-driven decision making.

I believe Impact & Excellence can have a profound positive impact on the societal good you can bring about as an organization, and on your ability to lead your organization to excellence.

Barbara E. Riley
public policy consultant
former director of the Ohio Department of Aging and the Ohio Department of Job and Family Services
Columbus, Ohio
Preface

In God we trust; all others must bring data.
—W. EDWARDS DEMING

Whether we recognize it or not, W. Edwards Deming changed the world when he spoke the words in our opening epigraph. The American statistician and scholar was the first to provide both a philosophy for continual improvement and a method that allowed individuals and organizations to plan for improvement. His work removes blame, redefining mistakes as opportunities for improvement. Deming first helped the world understand the power of data.

Impact & Excellence is my gift to government and nonprofit leaders, who, like Deming, want to change the world in their specific way. This book is for leaders with big dreams, those who fully embrace a mission to solve complex and challenging problems, locally and globally. It is for those who know the status quo is not sustainable and for those who are looking for practical strategies that create more effective and sustainable organizations.

Impact & Excellence is written especially for those leaders who desire to strive for excellence, those who will not stop until they have achieved the greatest degree of impact possible for the constituents and communities they serve. It is the book I wished I had more than ten years ago when I began my career as the deputy director of performance evaluation for a local government organization.

A decade into my career, I had fallen in love with the mission of the social sector. It was a privilege to use my analytical
and organizational development skills to help strengthen organizations that were providing services for the greater good. I saw firsthand the good that organizations could do when they adopted cultures built on data, information, and learning.

During this time, I held two separate positions that allowed me to lead the transformation of organizations, helping them to be more impactful by incorporating data-driven strategies. I observed firsthand so many nonprofit and government organizations struggling with how to stay alive financially and obtain the necessary funding. Many were competing for the same coveted grants and missing the power of using data and outcome measurement practices to transform their organizations. *Impact & Excellence* was born from a desire to make a difference for these organizations.

It was in many ways an exercise of courage that would motivate me to leave my stable, responsible government job to start my evaluation and research firm, Measurement Resources, and make an even greater difference. Instead of being of service to just one organization at a time, I desired to serve as many as possible and help social sector organizations to recognize and implement the data-driven strategies I saw having such a clear impact. I wanted then and still want to play some part in transforming the sector into one that is thriving and providing positive, amazing results for communities across our nations and throughout the world.

I knew the power of data and wanted solid data to back up what I had observed firsthand. I decided to launch the Measurement Culture Survey project to gather the data and information that would illustrate clearly what data nonprofit and government organizations were collecting and how those organizations were using the data they collected. My initial motivation was to determine if there was a sufficient need in my immediate community to launch my business and to gather evidence I could share in communicating with prospective clients.

Within six months, I had gathered more than thirty surveys from a variety of nonprofit and government organizations. The survey results were a clear and powerful demonstration of the need; they brought tears to my eyes. I found a strong positive correlation between high measurement cultures and important and critical organizational outcomes. Sitting on these results was not an option.
My next step was further investigation to determine if these relationships would hold up with a larger and even more diverse sample. Four years and two hundred surveys later, the relationship between a high measurement culture and the achievement of desired results within the social sector is striking. If leaders of social sector organizations want what they say they want—increased revenues, increased impact, and increased excellence—then adopting high-performance measurement cultures is the natural, proven path to success.

What really surprised and also saddened me was the low percentage of social sector organizations that had reached a level of high performance and were actively using data to achieve better organizational outcomes. The vast majority of these organizations were missing a huge opportunity to increase the results they achieved for those they served. My research also uncovered the fact that although nonprofit and government leaders knew measures were important, they rarely felt they had the expertise, time, and resources to move forward to implement these measures.

I had a personal framework that allowed me to understand this perception, as both government positions I held were a result of the respective agency directors seeking out this very expertise. My former employers had recognized that to increase their agency’s impact they needed to evaluate programs and use program evaluation data to improve program and operational efficiency; yet they did not have the knowledge to do so within the organization.

I was new to the social sector when I took the first position, and unsure of how, specifically, I would apply what I knew to institute a data-driven approach. I had a solid grasp of research methods and organizational development strategies, but the concept of program evaluation and applying data-driven strategies in the social sector was a new challenge. I accepted the challenge, conducting thorough research from as many sources as possible, using what I learned, and tweaking what did not work.

After ten years, I realized I had found the perfect combination of strategies for predictable success. Most of the strategies I have used are not new. Rather, they are borrowed from multiple fields—business, nonprofit, marketing, psychology, public performance, and management, to name a few.
My desire was to share all I had learned with nonprofit and government leaders. My goal was to share not only the theoretical evidence that demonstrated why using data mattered but also to provide resources that offered a path to developing successful, high-performance measurement cultures. I wanted to alleviate the continual searching for a solution in academic books and obscure sources. I saw the clear need for a book written specifically for the nonprofit and government practitioner seeking to master the strategies that would put their organizations on the path of greater impact and excellence.

My intention is that the reader will learn a few key strategies that will strengthen social sector organizations and ultimately drive these organizations toward greater performance. The overarching goal is to improve on how today’s nonprofit and government organizations change lives and circumstances by identifying clear steps that make your work more meaningful, more impactful, and more efficient—as well as more fun! And as you do, I believe you will change the world in your own way.
Introduction

Planning for uncertainty asks, “What has already happened that will create the future?”
—PETER DRUCKER

Change is inevitable. It is how people, organizations, and systems adapt to predictable change that determines the degree of success achieved. Successful leaders and managers must do what Peter Drucker (1992) recommends; they must constantly scan the environment and ask one critical question, “What has happened that is likely to create your future?” Major changes are brewing for nonprofit and government organizations. How well social sector organizations respond to the changes at play will directly impact the long-term strength and vitality of the communities they serve.

The economic struggles following the Great Recession of 2008–2009 have resulted in deep repercussions that have had a ripple effect throughout our society. Social sector organizations have been impacted significantly. Charitable giving fell 15 percent during the height of the recession. Although philanthropic giving is coming back slowly, as of 2013 it remained 8 percent below giving levels prior to the recession (Hrywna, 2013). Deep and lasting budget cuts have lead to the suspension of vital programs and the marginalization of needed services. Such diluted impact is not only undesirable, it is unsustainable. Without radical intervention, local communities and individuals will pay the ultimate price.

In addition to a decline in corporate philanthropy and government grant making, several other changes have occurred.
Even as social sector leaders seek to address the situation and funders justify drastic budget cuts, philanthropic leaders are urging nonprofits and even government organizations to become more entrepreneurial and strive to be more business-minded. At the local level, there are conversations about the importance of social entrepreneurship.

Meanwhile, grant makers are urging nonprofit organizations to consider how they can move away from a dependency on public funds and grants and develop for-profit arms that channel money into these organizations. One well-known organization using this model is Goodwill. The organization operates thrift stores and auto auctions in communities across the country. These profit centers support their social programs, which are designed to increase employment for several disadvantaged populations served by the organization.

A tendency to cling to the status quo has led to the closure of many nonprofits. Budget constraints, political pressures, shifting corporate priorities, undesirable media attention, and technological challenges are among the present-day challenges that will continue to impact the future for this sector. As of the writing of this book, the national debt hovers around seventeen trillion dollars. The question of how we will reduce this debt for future generations looms large. Intense public debate rages from all sides. Regardless of who is elected to public office, government officials will need to make difficult funding reduction decisions.

Mario Morino’s observations in *Leap of Reason* (2011) highlight the situation: “The cold reality is that in our present era of unsustainable debts and deficits, our nation simple will not be able to justify huge subsidies for social sector activities and entities without more assurance that they’re on track to realize results . . . Funders will have to make the difficult choices about what to fund and what to cut.”

The mass media’s frequent focus on the purported ineffectiveness of various charitable and government functions and their influence on the public’s perception of the social sector continues to fuel this new reality. Recent examples range from media coverage of battles over public workers’ rights nationwide to collective bargaining in Ohio and Wisconsin. The movie *Waiting for Superman* highlighted the alleged ineffectiveness of U.S. public schools.
The 2009 ACORN scandal and the debate over the effectiveness of Head Start programs have further eroded public confidence in the social sector. News coverage related to each of these has negatively influenced public debate and sentiments.

A recent conversation about this book underscores the influence of media on public perception. When I shared an early working title for this book, which included the term “social sector,” a friend expressed serious concern. “Why do you want to write a book for the social sector?” she asked. “Don’t you know that sector is ineffective and wasting my taxpayer dollars?” When I probed further, I found she had formed such strong opinions based on negative press reports during recent political debates. Regardless of whether one agrees with her assessment, my friend’s perception is one shared by many in our society. Yet she and many others are the very individuals nonprofit and government organizations rely on to fund and support their organizations.

To remain viable, today’s social sector organizations must find a way to rise above declining public confidence and stand strong on their own merits. Despite the stark reality, the future is not necessarily bleak for organizations that remain dedicated to filling the gaps where for-profit companies cannot. For communities to thrive, we must address issues such as housing, health care, education, public safety, arts, and culture.

An exciting new world awaits leaders who dare to think differently. Those organizational leaders who are willing to adapt to rapidly unfolding changes and strive for increased excellence and impact are making our world a better place. They refuse to wait on either the public or the media to make the case for funding. Such successful leaders are becoming more strategic and thoughtful as they demonstrate and communicate their unarguable value.

Even in today’s volatile economic climate, change is possible. One example: while most government and nonprofit organizations were cutting programs and services, leaders of the Ohio Department of Aging invested in and vigorously pursued excellence and impact. The organization successfully transitioned from the typical system of managing revenues and activities to a high-performance measurement culture that focused on constituents’ needs and outcomes.
As a result of this transformation, the state agency restored program funding after it was cut following an unprecedented, statewide budget crisis. The Ohio Department of Aging simultaneously held administrative overhead to less than 3 percent of its total budget and provided high-quality services that diverted seniors from nursing homes and allowed them to continue living in their own homes. These actions saved the state approximately $250 million dollars over the course of a year (Jones, 2010).

Why does this matter on a national and global scale? Imagine a world where government and nonprofit organizations are fully realizing their respective missions—eradicating disease, minimizing personal and societal hardships, and strengthening communities. What if, as a result of effectiveness throughout the social sector, the public’s tax burden decreased and our individual quality of life increased? Such a world can exist. It begins with the embrace of a culture of excellence supported by data-driven outcomes measurement within every nonprofit and government organization.

Contrary to public opinion, the answer does not begin with social sector organizations adopting the operating procedures of private enterprise. As we have seen on a massive scale in recent years, the private sector does not have it all figured out.

What is the answer? How can nonprofits and government organizations move forward? For too long our society has chosen to invest in nonprofits with our hearts instead of our heads. The secret of social sector success can be found in allowing our heads to lead us where our hearts want to go.

Data-driven outcomes measurement in the context of a high-performance measurement culture lays the foundation for repeatable, achievable results within individual organizations and rolls out a red carpet for radical transformation throughout the social sector as a whole.

As greater numbers of mission-driven organizations implement a measurement culture, our nation and our world will see the impact and excellence in an ever-increasing number of changed lives and communities. To succeed and sustain success in this time of economic and social upheaval, social sector organizations must operate more efficiently, measuring and communicating unique impact. They must become more entrepreneurial, more collaborative, and, ultimately, more strategic.
Impact and Excellence: Data-Driven Strategies for Aligning Mission, Culture, and Performance in Nonprofit and Government Organizations examines the current landscape and provides a roadmap for nonprofit and government organizations that recognize the necessity of adopting a high-performance measurement culture now so that they may ensure their continued survival and success. This book presents the case for change infused at every level of the organization, beginning internally with executive leadership and externally with the funding community that enables an organization to sustain its mission and vitality. Without consistent attention to the strategies outlined in this book, business-as-usual nonprofit organizations will become extinct, the impact gap will widen, and society will suffer.

Through the citation of statistical evidence and compelling case studies, this book lays out a clear path for the way forward, providing a roadmap for increasing efficiency in social sector organizations. Drawing on my own experience of working side by side with government and nonprofit organizations, most recently in my role as president of Measurement Resources, this book culls research gathered from a four-year study and distills the surprising findings into easy-to-digest, actionable success strategies for the leaders of today’s government and nonprofit organizations.

Despite waning public perception and real challenges, success is possible for every social sector organization. Furthermore, in stark contrast to the link between money and market success seen in the for-profit sector, there is no correlation between successful high-performance measurement cultures and budget size in nonprofit and government organizations.

Currently, a scant 23 percent of government and nonprofit organizations are fully engaged in the proven practices that lead to an increase in revenues, positive press, and improved efficiency, leaving significant room for improvement at the remaining 77 percent of social sector organizations. This book is intended to equip committed public and social sector leaders with critical information and knowledge that will allow the organizations they serve to thrive in the twenty-first century and beyond.

When leaders implement the same critical elements used by the Ohio Department of Aging and other high-performing social sector organizations outlined in this book, the result is nothing
short of the transformation of our culture. Leaders no longer need to guess what to do first. Impact & Excellence provides a proven step-by-step plan for organizations to make such a transition.

The remainder of this book combines the technical elements of outcomes management, strategic planning principles, change theory, and real-world research written from the perspective of the public servant and nonprofit leader. Through data-driven conclusions and clear strategies for rapid organizational improvement, Impact & Excellence is a contributor to the shift that is imperative to the very survival of today’s social sector organizations, providing proven practices that organizational leaders can implement immediately.

Overview

Chapter One of this book examines the call to be more strategic and presents the case for embracing change, not from a place of fear but rather with a spirit of opportunity. The funders of today and tomorrow will require organizations both to demonstrate impact and outcomes and to detail precise plans for the evaluation of efficient use of those funds. This chapter provides case studies of both government and nonprofit organizations and highlights how the new reality affords an opportunity for increased impact and excellence within, through, and among those organizations committed to the full embrace of a high-performance measurement culture.

The next two chapters draw on original research conducted with over two hundred nonprofit and government organizations. These chapters underscore the clear differences between social sector organizations content with “good enough” and those dedicated to excellence, demonstrating by the numbers that embracing an organizational culture built around performance and outcomes measurement is the defining differential between mediocre and thriving organizations.

Organizations with a high-performance measurement culture report success in terms of increased revenues, a boost in morale and efficiency, positive press, and overall impact at a much higher rate than those that have not yet embraced such cultures. Despite these remarkable findings, only 23 percent of social-sector
organizations surveyed are fully implementing the easy and impactful steps to embrace a measurement culture.

Chapters Four and Five address the similarities and differences between nonprofit organizations and government organizations that opt to develop high-performance measurement cultures. The Measurement Culture Survey research suggests that these two types of social sector organizations are more similar than different when it comes to establishing high-performance measurement cultures. However, when we consider what data to use and how to use that data, each type of organization has its own specific strengths and challenges. These chapters will discuss the different audiences for the data of government and nonprofit organizations and the types of actions that organizations need to take with data.

Chapter Six provides an overview of the exact plan any organization can follow to become a high-performance measurement culture. We will review the Five C’s of Easy and Effective Impact and Excellence and lay the foundation for greater success throughout the social sector. Chapter Six speaks directly to social sector readers’ current reality, acknowledging the real and significant barriers to developing a measurement culture, specifically those limitations related to time, resources, trained staff, and expertise within the organization. Although such limitations do exist, they can be overcome. This chapter introduces real-world success stories to inspire readers to rise above excuses and take decisive action.

The remaining six chapters, Chapters Seven through Twelve, provide detail about each of the five essential C’s, which are the elements of success and reveal the specific strategies required to catapult the social sector from one that is merely sufficient to one that is efficient and has remarkable, far-reaching influence. These are the precise strategies that can and should be implemented by every government and nonprofit agency to ensure a successful future. These proven and practical steps go beyond other “call to action” books on outcomes and performance measures. The ideas and strategies in this book are categorized into the “Five C’s”: Culture and Leadership; Clarify Mission; Capture Impact; Communicate Value; and Change and Celebrate. These substantive chapters introduce actionable, easy-to-implement solutions that often lead to sweeping change within organizations and the communities they serve.

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The final chapter invites organizational leaders to develop a unique action plan tailored to their organization’s particular circumstance, based on a proven planning framework. Readers are encouraged to work through a series of experiences and templates to identify first steps toward predictable success, impact, and excellence.

*Impact & Excellence* contains the specific leadership, organizational culture, and outcomes measurement secrets that will help any organization excel in this challenging new environment. From the all-volunteer organization to those that manage federal programs of $50 million dollars or more, organizational leaders will discover that not only is greater impact and excellence possible in today’s challenging social sector environment, but it is predictable when data-driven strategies are applied. By applying focus and determination to the process of moving toward high-performance measurement cultures, government and nonprofit organizations can and will be transformed. In turn, a thriving social sector will potentially transform whole communities and perhaps, in time, our nation.
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Social-Sector Impact and Excellence

The Call to Be More Strategic

Ask not what your country can do for you; ask what you can do for your country.
—JOHN F. KENNEDY

Over fifty years ago, American citizens took President John F. Kennedy’s ringing words to heart. In the years since, the number of registered tax-exempt organizations working to solve our country’s most serious problems has grown by an astonishing 600 percent—from 200,000 organizations in the 1960s (Hall and Burke, 2002) to over 1.4 million in 2013 (National Center for Charitable Statistics, 2013).

In recent years, these organizations have faced much higher scrutiny of their value and societal impact than ever before. National, state, and local governments can no longer afford to fund initiatives simply because they propose a viable solution. Today, both public and nonprofit organizations are being asked to articulate, justify, and defend what they are doing for the country beyond consuming valuable resources. Funders expect organizations to clearly demonstrate how programs and services are making an impact. Effective measurement and communication of outcomes are essential components of future funding success across the social sector.
What quantifiable and socially desirable changes have occurred as a result of a particular programmatic or organizational effort? How was behavior changed, knowledge increased, the community strengthened, and quality of life enhanced? In other words, did the organization and its programmatic effort fulfill its stated mission? And to what degree were the anticipated results achieved? These are the central questions that must be raised about today’s social sector organizations.

The Imperative of Managing to Outcomes

Funders are rapidly modifying grant application processes to include program outcomes along with a plan for the measurement and evaluation of those outcomes. Such expectations extend beyond government grants. Large corporate foundations are shifting requirements as well. One example: while many online grant applications had begun to shrink the physical space allowed for organizations to present the case for funding, Chase Bank now allows applicants approximately ten pages to capture the programmatic impact of previous grants and demonstrate a clear return on investment.

Some funders are providing substantial, unrestricted funding to those nonprofit organizations that align with the funder’s mission and can demonstrate clearly how programs are achieving desired results. The Edna McConnell Clark Foundation provides an example. The foundation chooses and structures its investments largely on the basis of empirical evidence that a potential grantee’s programs helps economically disadvantaged young people get an education, hold a job, or avoid risky behaviors (Edna McConnell Clark Foundation, 2013).

In order for a nonprofit to be considered for a multiyear investment designed for significant capital growth, it must demonstrate that the organization systematically collects data and verifies, on the basis of this internal data, that young people are benefiting from a particular program. Grantees must show the potential to produce a higher level of evidence through ongoing measurement, such as conducting an independent
evaluation of the program’s effectiveness within the designated investment period.

Social-sector organizations that are thriving in this new reality are communicating impact and value in a clear and compelling fashion. These government and nonprofit organizations frequently turn to numbers to make the case for the investment of both public and private funding. Those serving in key roles at such leading-edge organizations are willing to engage in difficult conversations rooted in the facts.

Demonstrating value requires more than gathering client testimonials that speak to the effective delivery of a needed service. This type of data works well for communication materials, but it does not ensure immunity to funding cuts. For an illustration of this reality, we can examine what has happened in recent years to those organizations focused on arts education.

In general, people enjoy the arts and share the view that students increase their artistic skill in such programs. Yet these organizations have suffered significant program budget cuts. Why? Funding has decreased because many of these organizations have failed to offer solid data or proof about how programs and services solve community problems or address priorities identified by funders. The lack of concrete evidence makes it easier for funders to justify the elimination of funding support to these organizations.

This reality extends to all social-sector organizations. Successful organizations remain ahead of the curve in measuring and communicating outcomes. They adopt systems that align performance measures with both the organization’s mission and the funder’s priorities. Successful government agencies and nonprofit organizations share success stories that use a combination of facts and anecdotes.

The case study that follows traces the story of how a strong Medicaid-funded organization might make the case for funding and offers one example of a success story. By focusing on relevant and important outcomes, this hypothetical organization will significantly improve its chances of obtaining adequate funding. Notice the use of hard data and numbers in this example.
Making the Funding Case: A Case Study

Our program serves ten thousand seniors, providing nursing-home level as well as long-term care services and supports to patients in their own home. Without these services, 60 percent of our clients would require care in nursing homes. The remaining 40 percent would require a child or family member to quit a job or make significant economic sacrifices were they to continue to provide care.

Our programs are provided at one-third the cost of nursing home care, saving an estimated $180 million annually in state Medicaid spending. We achieve this by keeping approximately six thousand seniors out of nursing homes. With federal and state Medicaid dollars received, we employ one hundred people and reinvest more than $3.5 million back into our communities through salaries. In addition, we contract with nine local home care agencies, which collectively employ more than 270 direct care workers who provide critical care to the seniors in our communities.

These relationships result in the infusion of an additional $6.7 million back into our local community in the form of salaries. Because employees no longer need to take off from work to provide care for their loved ones, employers save an additional $40 million in annual turnover and absenteeism costs. In addition, our programs reduce the length of hospital stays and readmits for those served by a full 30 percent compared to those who do not receive our services, saving an additional $50 million annually in Medicare spending.

A Closer Look. This case statement clearly demonstrates this program’s unarguable impact. A cut to this program could result in more than 370 individuals becoming unemployed and consequently result in the likely tapping of unemployment resources. Ten local businesses would face significant economic trouble should funding be discontinued. Cutting funding to this organization would also result in an increase of over $180 million dollars in state Medicaid spending for nursing home care and a possible additional $50 million in Medicaid spending due to extended hospital stays.
Furthermore, without the continuation of funds, approximately six thousand seniors would be forced to leave their homes and move into nursing homes. Approximately four thousand families would suddenly need to cope with the stress of determining how to manage and afford care for their loved ones, resulting in a potential $40 million burden on local employers.

This organization brings indisputable value to many stakeholders—area employers, aging seniors, individuals caring for loved ones, policy makers, politicians, and employees. The organization has successfully demonstrated its program’s benefit to the community with numbers that correspond to issues of primary concern to funders. These numbers also track back to the specific problems the funder wishes to solve and are tied to the specific communities the funder desires to serve. Crafting this type of narrative may not make an organization immune to funding cuts, but it will ensure that decision makers and taxpayers alike understand the true consequences of their investment decisions.

**Embracing a Measurement Culture**

While the preceding illustration is inspiring and provides a goal for today’s social-sector organizations to strive for, it is important to avoid being fooled by the simplicity of the result. Creating an organizational culture that consistently measures and communicates impact and value is far more complex than simply hiring an evaluator or analyst to consolidate and crunch numbers. To truly achieve and sustain impact, organizations must shift the underlying organizational culture and make deep, systemic changes.

Change is difficult for all involved. But the sweetness of sustained success often more than compensates for the temporary inconvenience of embracing such change. The research and evidence needed for today’s social-sector leaders to take the first step toward a new future is available now. The chapters that follow provide a step-by-step, strategic plan for those government and nonprofit organizations that seek to attract the investment of time and dollars and lead the sector to a higher level of impact and excellence.
Three Critical Components of Sustained Change

The motivation to create and sustain real change is a function of three factors. The first of these is dissatisfaction with the current state. This is followed by the articulation of a clear vision that includes a statement of what is possible. Finally, an organization must take the first concrete steps toward achieving the stated vision (Beckhard, 1969). All three factors must be present in order for an organization to overcome its natural resistance to change.

If we are to realize the vision of a thriving social sector composed of highly effective, efficient, and impactful government and nonprofit organizations, executives, program leaders, and staff must work in concert to adopt high-performance measurement cultures. High-performing social-sector organizations not only measure and communicate outcomes but also effectively use collected data to retain employees, attract donors, win grants, and secure positive press. They expand services and operations. The work these new and improved social-sector organizations do will change lives and strengthen communities in an unprecedented and unparalleled ways. Results not yet seen within the sector will soon be realized when high-performance measurement cultures become the norm rather than the exception.

The journey to impact and excellence requires more than a set of metrics and spreadsheets. Specific leadership skills and strategies will ensure that the ideal measures and tactics empower organizations to become more effective and efficient. However, rushing to action without a full understanding of the situation at hand could prove detrimental. Before adopting a plan to move from the current state to the desired state—one where impacts are clearly communicated and social-sector organizations are richly rewarded for achieving such impacts—crucial elements must be put in place.

The Next Step

Social-sector organizations must first understand where they currently stand in terms of reaching their desired goal of impact and excellence. The next two chapters take an in-depth look at the desired future state and the current reality of many government
and nonprofit organizations and in the social sector as a whole. Chapter Two includes a thorough examination of the barriers that keep organizations from the success they desire and demonstrates how it is possible for organizations to overcome common barriers to success.

**Impact & Excellence**

Chapter One Discussion Questions

1. What changes in your organization’s environment have already occurred and are likely to impact your organization’s future? Consider the following areas:
   a. Funding changes
   b. Emerging “best practices”
   c. Federal and state policy changes
   d. Public interests and opinion
   e. Population shifts
   f. Other changes

2. What is the public’s current perception of your organization’s effectiveness? Do individuals in your community have an awareness and opinion of your organization? If given an opportunity to do so, can you prove, defend, or debunk the prevailing attitude or perception?

3. What is your organization’s inarguable value? What would happen if your organization closed its doors tomorrow? Who would be impacted? What absence would be felt? What gap might be experienced? Would anyone care or notice?
The Imperative Future State

High-Performance Measurement Cultures

Culture is one of the most precious things a company has, so you must work harder on it than anything else.
—HERB KELLEHER, FOUNDER, SOUTHWEST AIRLINES

Significant change in the social sector will occur only as each individual organization embraces a culture of excellence. What are the potential rewards of high-performance measurement cultures throughout the sector? The creation of more jobs. Quality-of-life improvements at every level of society. Children, families, and communities thriving as organizational programs and services meet their stated goals. This is the promise of the desired future state of our nation’s social sector fulfilled.

The economic impact is equally significant. As more organizations implement the operational standards of high-performance measurement cultures, reliance on government funds will decrease. Social service organizations funded by government dollars will effectively address the problems that are most on the hearts and minds of taxpayers. As organizations adopt the principles of a high-performance measurement culture, they will naturally divert participants from costly programs and services to more desirable, more effective, and more affordable services.

Similarly, nonprofits will easily attract private, corporate, and government funding as a result of the proven impact of high-quality programming. Churches, civic groups, and volunteers will
gladly support and assist these vital organizations in communities nationwide. Newspapers, television stations, and social media channels will consistently highlight successful organizations as positive forces for good in their respective communities. Similar organizations will look to increasingly effective programs as models to be emulated, and elected officials will be more inclined to invest public dollars in support of these programs.

As more and more organizations navigate the shift toward a high-performance measurement culture, the limitation of resources and struggles with staff morale that plague so many nonprofit organizations and government agencies will begin to dissipate. Likewise, when organizations embrace measurement cultures, quality staff will flock to them, recognizing these government and nonprofit organizations as places of real change and impact. The vital contributors to the organization will be thrilled to apply their individual and collective talents and skills to make a difference. Perhaps most important, the resulting motivated social-sector workforce will attain the consistent levels of excellence, quality, and innovation that will drive individual organizations to provide even greater value on a streamlined budget.

**The Path Forward: Toward the Desired Future State**

The realization of this larger vision depends upon individual organizations. Changes within those organizations originate from leaders equipped to articulate a clear vision and common course for the future. Today’s social-sector organizations can find a new way forward as they engage in dialogue and conversation focused on two critical questions:

What does it mean for our organization to embrace a culture of impact and excellence?

What will happen when we achieve a culture of impact and excellence?

Before any organization can implement change, it must articulate and embrace a shared understanding of mission and future goals. The organization’s stakeholders must rally around a compelling vision for the future. Later chapters lay out a step-by-step
plan for embracing a data-driven approach, exploring The Five C’s of Easy and Effective Impact and Excellence:

1. Culture and leadership
2. Clarify mission
3. Capture impact
4. Communicate value
5. Change and celebrate

Before we turn to these specific strategies, we will lay a firm foundation for a high-performance measurement culture.

Skeptics often dismiss the vision just described as nothing more than a pipe dream. Despite their disbelief, success is possible. Throughout the book, we will examine organizations of every scope and size that have successfully navigated the transition to a high-performance measurement culture. The following case study illustrates that such radical change is, in fact, achievable.

Dallas County Tax Office: A Case Study

Like many social-sector organizations in the past decade, the Dallas County Tax Office saw the demand for their agency’s services triple during a short time frame in recent years. In spite of this dramatic increase of work, the organization found ways to operate with a smaller staff, improve morale, and control budget growth, all while substantially increasing customer satisfaction. By adopting a high-performance measurement culture, this government organization was able to reach impressive milestones. The number of staff was reduced from 234 to 230 and the annual budget growth held steady at 3.3 percent, less than inflation with the standard cost-of-living adjustment. In contrast, two other county departments experienced an average growth of 10.93 percent and 11.47 percent respectively during the same time frame (Childs, 2010).

While similar organizations experienced even more dramatic staff reductions, the Dallas County Tax Office minimized the effect of staff cuts as it simultaneously increased both morale and productivity. As administrator Dr. David Childs focused his team on providing quality services, staff
A Closer Look. The Dallas County Tax Office case study offers proof that organizations can rise above the stereotypical stressed-out, overworked, underpaid, and underappreciated social-sector model. Government agencies do not have to be inefficient bureaucracies with low morale and poor service. If success is possible for one organization, it is possible for any organization willing to invest in its future and make the necessary shifts. The inevitable response to what philanthropist and social-sector advocate Mario Morino (2011) has called the “era of scarcity” does not have to involve program shutdowns and staff layoffs.

The Secret to Success

What did Dr. Childs’ team and the leaders of similar organizations do differently to achieve success? The success of these organizations corresponds to an internal culture shift. These organizations established high-performance measurement cultures marked by innovation, strategic thinking, and consistent management to outcomes.

Organizational culture constitutes the shared values that guide an organization’s decisions and actions. Culture is composed of and influenced by an organization’s rituals and rewards along with its stories and legends. Together, these provide staff and stakeholders with clear—though often unspoken—guidelines on what behaviors are acceptable and unacceptable for the organization as a whole and for individual contributors to the organization.
Why does culture matter? In high-performance measurement cultures, shared assumptions, actions, and decisions revolve around consistently striving for greater success and quantifiable improvement. There is a belief that the quickest path to greater impact comes through seeking objective performance data and using that data to effect change. There is a “doing whatever it takes to achieve our mission” attitude among organizational leaders and staff.

In successful social-sector organizations, the culture is consciously planned to align every process, system, and resource to maximize effectiveness. The success of high-performance measurement cultures is often built on a desire on the part of leaders and staff members to exceed expectations and obtain remarkable results. Mediocrity is unacceptable in organizations that embrace a high-performance measurement culture. Instead, a shared culture of excellence drives members to higher and higher standards of performance.

Revenues and Expenditures

In the private, for-profit sector, higher standards of performance are typically equated with reducing costs and increasing sales. Systems and structures typically are built to achieve outcomes that lead to higher profits. By contrast, high performance is not measured by sales and profits in nonprofit and government organizations that have truly adopted cultures that lead to greater impact for clients and communities.

How nonprofit organizations define “high performance” greatly influences the results the social sector will obtain. Because many nonprofit boards are composed of successful for-profit executives, social-sector organizations often attempt to run the nonprofit like a corporation and manage to higher profits. This is often a fatal mistake.

Taxpayers and funders support social-sector organizations for specific reasons. Almost always, funders are investing in desirable social change. When a social-sector organization focuses solely on increasing revenues and decreasing expenditures, it often fails to focus on the core of its mission, such as the provision of services to an aging population, children, addicts, and individuals in local communities. Decisions to maximize revenues often adversely
affect the very populations that organizational leaders seek to serve. When nonprofit organizations revert to for-profit thinking models, they often fail to successfully deliver on their mission, and they quickly lose support from their donor base.

Instead of seeing the desired end result, revenues are merely inputs adopted to achieve the organization’s mission. Instead of managing only to revenues, social-sector leaders with successful high-performance cultures establish measures linked to organizational outcomes. Those outcomes are defined by the organization’s unique impact and value to society. Success measures are discussed more thoroughly later in this book.

### Components of Outcomes Management

High-performance cultures and outcomes management go hand in hand in the social sector. Funders require outcomes and strategies aligned to those outcomes, and high-performance measurement cultures built on a solid strategic foundation require outcomes measurement to increase performance. Too many leaders believe that managing to outcomes is simply a matter of establishing performance metrics and running reports. While these activities are a vital part of the solution, embracing a successful culture requires more than surface changes.

When the measures aligned to the organization’s unique mission are combined with the right culture, organizations begin to realize drastically different results from those achieved by peer organizations—even those with the almost identical resources and workforces. Driven and supported by organizational leaders, the value of such measures are communicated clearly and embraced at every level of the successful social-sector organization.

High-performance organizations go a step further, leveraging data and information to influence employee decisions and invite actions consistent with organizational expectations. Measurement systems bring together staff and stakeholders and make each contributor feel part of the organizational experience. Leaders use such systems to help employees and stakeholders to both track what happens in an organization and also evaluate why things happen.

In addition, a robust measurement culture includes an adaptive culture that has its finger on the pulse of both internal
and external factors. An organization with a robust and high
performance measurement culture will continuously refine its
approach based on new information and changing conditions.

**Individual Performance Standards**

As highlighted earlier in this chapter, the Dallas County Tax
Collector’s Office achieved a high-performance measurement
culture by implementing a straightforward and cost-effective per-
formance measurement system. After identifying the right mea-
sures for the organization as a whole, the leadership team created
timely, positive, and motivational performance measures to assess
individual performance on a monthly basis. When individual
performance measures were achieved, staff members received
monthly performance bonuses funded through resources that had
previously been allocated for a vacant position. Targets were rea-
sonably set at the desired level of performance, and organizational
leaders communicated a clear desire for each employee to meet
these goals and receive the bonuses.

The staff was motivated to achieve higher levels of success.
Employees valued the bonuses and understood they were provid-
ing high-quality services and helping citizens as a part of targeted
outcomes. They received monthly feedback on how they were
achieving these goals relative to the organization’s mission. They
also could review comparison data in relation to peer performance.
This motivated them to work harder and achieve even greater suc-
cess (Childs, 2010).

The Dallas County Tax Collector’s Office’s performance
measurement system proved successful precisely because it
was used for positive reinforcement. The focus was on improve-
ment. Employees were not punished for unmet targets. Rather,
small and predictable rewards came to those who reached identi-
fied targets.

As potential employees learned about departments that
rewarded employees for their efforts and performance, more
highly qualified applicants began to apply for positions. Dallas
County departments attracted and retained self-motivated, con-
scientious employees. This cycle of improvement led to greater
success, improved cohesion, and increased efficiencies for agen-
cies countywide.
Preparing for Lasting Success

What has worked for one organization does not always equate to success for all organizations. Chasing the latest management fad can prove to be an unwise practice. As a general rule, it is unadvisable for leaders to change course and invest in new practices based solely on the perceptions of another organization’s success, as systemic change is both difficult and expensive. One organization’s experience does not provide enough evidence to guarantee universal success. Success is often specific to the particular conditions in the organization that achieved a desired result.

Throughout my career, I had worked closely with several forward-thinking government and social-sector leaders who had adopted high-performance measurement cultures based on the foundation of strong measurement. These organizations were implementing systemic and meaningful data systems to catapult their success. Although strikingly different in terms of mission and activities (for one organization, a focus on public safety, juvenile justice, child abuse, and divorce; for the other organization, on increasing choice, independence, and quality of life for seniors), the results achieved by two of the organizations were quite similar. In the case study that follows, we examine this in greater detail.

Two Organizations Embrace a Measurement Culture: A Case Study

At the outset of their respective projects, both organizations had few management practices for performance improvement that used measures and outcomes well. There was no clear process for collecting and using data. Like many other organizations, both of these had access to databases that contained information on clients and services. Yet each lacked a system to analyze and use the collected data.

In the course of working with leadership and program staff to identify the best data to collect and analyze, we needed to confront what author Jim Collins (2001) has called “the brutal facts.” As the respective leadership teams acknowledged the less-than-desirable existing situations and began to embrace a culture of change, both experienced significant results and improvement. As a result of instituting a data-driven approach, one
organization identified which of its programs were achieving outcomes and which were not. Leaders began to highlight successes, then asked for and received increased grant funding for programs that were working well. They successfully implemented changes to improve those programs that were not functioning to the highest level.

Through these efforts, the organization discovered that a program that released youth early from juvenile confinement and provided intensive wrap-around services to youth and family members was having tremendous success in decreasing recidivism and costs. Evaluation data was used to lobby for another staff person, thereby expanding capacity and allowing the organization and its staff to serve an even greater number of at-risk children while at the same time reducing government expenditures that flowed to the organization’s programs and services.

In a few cases, evaluation data revealed that, even after significant changes, a program was not an effective solution for the identified problem. When leaders were unable to make the appropriate changes and yield quantifiable results, they made the difficult decision to discontinue underperforming programs. Although painful, such decisions allowed the organization to reinvest an ineffective $240,000 into programs that achieved far greater success and met identified outcomes.

In another case, evaluation data revealed that one program was unintentionally harming the very children it sought to serve. The program introduced lower-risk juveniles to negative peers whom these first-time offenders might not otherwise have encountered. Shockingly, program leaders discovered that this court-ordered program was actually doing damage rather than improving the situation. These findings allowed appropriate changes to be made. Lives were improved and, in some cases, potentially saved.

Within a government agency focused on an aging population, data and outcomes were quickly becoming the norm due to the director’s strong leadership capacity. Data was evaluated and acted upon, resulting in significant savings to the state’s Medicaid program. Thanks to the strong leadership and the adoption of a high-performance measurement culture, this department was able to progress beyond only reporting on activities performed.

As department leaders shifted their focus to outcomes, they were able to calculate their positive impact on the citizens, using data to demonstrate how these programs saved taxpayer dollars. In just a few years, the results of data-driven efforts led to increased positive press and a boost in confidence and pride in the significant impact of their work. This created space for the free flow of information needed to establish successful, collaborative partnerships.
A Closer Look. The positive experiences of these two organizations seemed atypical to the leaders of similar agencies and organizations. In reality, these organizations had made a shift and were taking action in a manner different from that of the organizations around them. As a result, they experienced more favorable results. Their success called attention to the struggles shared by similar organizations. The majority of nonprofit organizations and government agencies implement strategies without ever examining the data, so they cannot communicate clear outcomes. In some cases, the decisions of organizational leaders negatively impacted their organization’s success.

As I witnessed the cycles being perpetuated in the other organizations, I began to consider how I might help more nonprofit and government organizations realize what was missing and determine the blocks to the achievement of greater success. The skeptics’ questions lingered. Was it truly the transformation to a data-driven culture that made the most significant difference for social-sector organizations seeking greater impact and excellence? Would it have been possible for these two organizations that I served to have received new funding, improved their productivity, increased staff satisfaction, and demonstrated significant taxpayer savings without performance measures and clear evaluation systems?

I set out on a quest to validate my life’s work and to disprove both my internal skeptic and the many external voices claiming that a turnaround for the social sector was not only improbable but impossible. I did what every good organizational researcher does. I conducted a study.

A Journey to Truth: Collecting the Data on Data-Driven Cultures

The Measurement Culture Survey Project arose from a desire to statistically demonstrate that high-performance measurement cultures were more than just the latest fad. After more than a decade of experience assisting nonprofit and government agencies as they incorporated a data-driven approach and used the information they collected to improve services and operations, Measurement Resources set out to verify that measurement
cultures were the determining factor correlated to social-sector success.

The survey project was designed to examine the extent to which government and nonprofit organizations were currently embracing a measurement culture and to discover how such a culture impacted organizational outcomes. Some evidence already suggested an important link between a strong measurement culture and programmatic success. Before designing a survey instrument, Measurement Resources Company turned to the literature.

In his research for the best-selling *Good to Great*, Jim Collins (2001) found that great organizations “gather and use the brutal facts” in their decision-making process. Collins’ assertion seemed to support my theory that the organizations with which I had been working were realizing different outcomes due to their embrace of a measurement culture. When compared to other organizations that were not engaged in fact gathering and analysis, these organizations certainly stood out as exemplary. Their effectiveness or “greatness” was directly linked to efforts that created a culture in which decisions were based on specific and ongoing outcome measures and evaluations.

A successful culture does more than collect data, however; it also adopts a system for synthesizing, using, and communicating the collected data. This second step is a crucial differentiator. Two published articles influenced the design of the questions that would appear on the final Measurement Culture Survey. The first was an important study conducted by Jo An Zimmerman and Bonnie Stevens (2006). Funded by the W.K. Kellogg Foundation, this study examined the use of performance measurement in South Carolina nonprofit organizations. A second study, conducted by Joanne Carman and Kimberly Fredericks (2010), examined the evaluation capacity of nonprofit organizations. Questions gleaned from the results of these two studies informed the creation of Measurement Resources’ Measurement Culture Survey.

The Measurement Culture Survey sought to measure the type of data organizations collected, determine how often they conducted evaluations, and identify how they used collected data to effect change within the organization. These three factors defined the strength of an organization’s measurement culture. The survey also assessed the relationship between having a high-performance
measurement culture and important organizational outcomes. Questions focused on the following organizational results:

- Increased revenues
- Implementation of organizational change
- Improvement in internal relationships
- Improvement in staff morale
- Improvement in external relationships
- Improvement in positive press
- Increased operational efficiency
- Strengthening of organizational culture

The survey captured the demographics of the organizations, including size, budget, and growth rate over a two-year period as well as projected growth in next two years. The survey also collected information on the type of organization as well as data on the organization’s focus and mission.

The Measurement Culture Survey was offered on the Measurement Resources website (www.measurementresources.com) over a two-year period and was shared with various online groups serving social-sector organizations. Each respondent who provided and validated an organizational name, title, and e-mail address received a complimentary Benchmark Report. To date, data has been collected from more than two hundred organizations across the United States and Canada.

**The Survey Says**

Examples similar to the case study presented earlier were replicated again and again in the Measurement Culture Survey research. The bottom-line determination of this seminal study was this: *Success is possible for every social-sector organization, and that success is directly correlated to the full embrace of a high-performance measurement culture.*

Data-driven organizations find success with greater speed and efficiency than those organizations that fail to collect data and accurately respond to it. The following results make this much clear: government and nonprofit leaders no longer have an excuse to resist the investment in time and resources required to
transform their organizations to high-performance measurement cultures.

The survey grouped organizations into three categories: high, medium, and low measurement cultures.

**High-Performance Measurement Culture Organizations**

About a quarter of the organizations surveyed (23 percent) were categorized as having a high-performance measurement culture. These organizations had established performance measures and evaluation processes throughout their organizations. In addition, these organizations had adopted a system for using this data regularly in a majority of management activities.

**Moderate-Measurement Culture Organizations**

The majority of the social-sector organizations surveyed (64 percent) fell into the moderate-measurement category, suggesting that they had instituted some formalized evaluation and performance measurement practices and also used data for some management activities.

**Low-Measurement Culture Organizations**

The remaining 13 percent were categorized as low-measurement cultures. These organizations rarely implemented established performance measures and evaluation systems. Organizations with a low-measurement culture were not using data regularly for key management decisions.

The comparisons between organizations with high-, moderate-, and low-performance measurement cultures revealed interesting differences. The more frequently and consistently an organization’s leadership team used performance measures in their management decisions, the more effective they were at increasing revenues ($r = .63, p < .01$), improving external relations ($r = .61, p = .01$), improving internal relations ($r = .63, p < .01$), increasing organizational efficiencies ($r = .59, p < .01$), strengthening organizational culture ($r = .57, p < .01$), and implementing organizational change ($r = .60, p < .01$).
High-performance measurement culture organizations provide an example of the desired future state for a thriving social sector outlined at the beginning of this chapter. Table 2.1 displays the variances in the percentages of each group reporting levels of success achieved in various organizational outcomes.

Successful organizations viewed program evaluation and outcomes measurement as more than just an external requirement. Rather, measurement efforts became the very lifeblood of high-performance organizations. Many types of data were gathered and used in organizations with a high-performance measurement culture, including process, outcomes, and customer satisfaction measures. In addition, excelling organizations incorporated measurement and evaluation into everyday practices.

**Table 2.1.** Comparison of Frequent Users and Infrequent Users of Performance Measures and Evaluation in Operational Decision-Making Organizations and Effective Accomplishment of Organizational Outcomes

<table>
<thead>
<tr>
<th>Organizational Outcomes</th>
<th>High-Performance Measurement Culture</th>
<th>Moderate-Performance Measurement Culture</th>
<th>Low-Performance Measurement Culture</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organizational Efficiencies</td>
<td>88%</td>
<td>50%</td>
<td>18%</td>
</tr>
<tr>
<td>External Relations</td>
<td>82%</td>
<td>48%</td>
<td>7%</td>
</tr>
<tr>
<td>Internal Relations</td>
<td>76%</td>
<td>23%</td>
<td>7%</td>
</tr>
<tr>
<td>Increased Revenues</td>
<td>66%</td>
<td>18%</td>
<td>4%</td>
</tr>
<tr>
<td>Strengthening Organizational Culture</td>
<td>98%</td>
<td>55%</td>
<td>26%</td>
</tr>
<tr>
<td><strong>Successful Organizational Change</strong></td>
<td><strong>72%</strong></td>
<td><strong>26%</strong></td>
<td><strong>11%</strong></td>
</tr>
</tbody>
</table>

*Source: Measurement Resources Company Measurement Culture Survey.*
Well-crafted performance measurement and evaluation systems were used to make decisions that improved staff and program performance.

Excelling organizations also used data to communicate with staff and remain accountable to stakeholders. Collected data was evaluated, interpreted, and applied to manage operations, prepare budgets, and establish critical contracts. High-performing organizations turned to the data to ensure compliance through quality assurance programs. They benchmarked performance against the results of other high-performing organizations. Lastly, data was used as an essential ingredient of long-term strategic planning.

Performance management and evaluation systems were also linked to broader management systems. Survey results indicated that the boards of directors of excelling organizations were regular consumers of performance measurement and evaluation, using these regularly to make budget and other strategic decisions within their organizations. Results achieved were used to promote the organization to external stakeholders, create quality annual reports, and write grant applications.

The data was clear: organizations that created high-performance measurement cultures were the most likely to excel and thrive in this new era of managing to outcomes. What sets an organization that has embraced a high-performance measurement culture apart from similar organizations? What qualities do these organizations have in common? Contrary to a frequent assumption in the social sector, size does not determine success.

Size Doesn’t Matter

Surprisingly, the Measurement Culture Survey results showed no significant correlation between organizational size and budget and success achieved. This stands in marked contrast to a common excuse cited by many social-sector leaders as to why they cannot move towards data-driven cultures: lack of access to monetary resources and limitations due to the organization’s size. Greater access to money and larger size were not the key ingredients of high-performance measurement culture. The extent to which
organizations used measurement and evaluation was the only key differentiator between excelling and average organizations.

The budgets of successful organizations ranged from under $100,000 to greater than $5 million (the maximum category). Results showed that 41 percent of successful organizations had a budget less than $2 million. Similarly, the size of organizations that self-reported success ranged between those with single employee to organizations with more than forty-one thousand full-time staff members. A complete summary of the Measurement Culture Survey results can be found in Appendix A.

**Hidden Success Factors**

Until the social sector chooses to invest in high-performance measurement cultures, government and nonprofit organizations will continue to struggle to obtain funding, achieve organizational health, and be perceived positively by the general public. Board members, organizational leaders, and stakeholders must begin to have critical conversations around culture and outcomes management. Such discussions impact every area of success, from capacity building and fundraising to decisions related to technology, policies, and procedures.

A thorough and honest review of organizational culture paves the way for strategic and tactical plans that engage all stakeholders in systemic and cultural changes. Only then can underlying problems begin to self-correct. Until more organizations adopt the practices of high-performance measurement cultures, the social sector will continue to miss the mark. Currently, many nonprofit organizations and government agencies are overlooking the hidden success factors that can help them fully realize their missions, achieve success, and thrive in a challenging future.

**The Next Step**

Now that we have outlined a desired future state, we will assess the current state of the social sector. We will examine common practices and see what the data shows.
Impact & Excellence

Chapter Two Discussion Questions

1. What is your organization’s ideal future vision?
2. What does success look like in terms of effectiveness, efficiency, staff morale, stakeholder relations, and client impact?
3. What outcomes could your organization achieve if it had more money, resources, and volunteers?
4. How is your organization currently using data and information? What difference is this making?