How a Performance Dashboard Can Engage and Inform Your Board: One Nonprofit’s Story

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Speakers

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Webinar Objective

- It is our goal to have participants walk away with an understanding of the:
  - Benefits of a performance dashboard
  - Process undertaken in creating a performance dashboard
  - Relevant elements of a performance dashboard
  - Approaches to overcoming some of the perceived challenges of creating a performance dashboard
Polling Questions

- Are you satisfied with the current level of financial and/or mission-specific performance reporting provided to you?
  - No – 40%
  - Yes – 49%
  - No answer – 11%

- If No, Why? Lack of:
  - Time
  - Accurate data or data collection limitations
  - Appropriate systems
  - Resources/expertise
  - Board involvement/engagement
At first glance, driving a car and overseeing and managing the operations of a nonprofit organization might not seem to have much in common. But look closer...

One important tool all drivers rely on is the dashboard. As a trustee or leader of a nonprofit, a tool comparable to a car’s dashboard would prove invaluable to “drive” performance and guide your organization toward the fulfillment of its mission.
What is a Dashboard?

A way to present a quick, comprehensible, overview of an organization’s status and overall direction

- Displays preselected, critical measures of organizational performance and mission effectiveness.
- Reports that present key indicators in consistent formats, board members can easily spot changes and trends in measurements.
- These reports often display the equivalent of warning lights that only flare up when there is an impending problem or when certain variables stray outside of predetermined limits.
Why Create a Dashboard?

- Governing boards do not necessarily need more reports or more information...They need more meaning.
- Helps leaders focus attention on what matters the most.
- Allows nonprofit leaders to improve and fulfill the mission of their organizations by learning opportunities gained from defining key performance indicators and tracking, reviewing and evaluating data.
- Improve the quality of information reported to donors, regulatory watchdog groups (e.g., Better Business Bureau, Charity Navigator, etc.) and the general public.
An Overview of Big Brothers Big Sisters of Northern NJ

- Big Brothers Big Sisters of Northern NJ ("BBBS-NJ") provides mentoring services to over 1,400 “at risk” children living in seven northern and central New Jersey counties.
- Operating budget of $1.3 Million.
- 14 full-time staff; 27 Board members.
- Single program – Mentoring Services.
- Limited dependence on grant/United Way funding (< 10%).
Our Management Information “Gap” and Requirements

Traditional means of presenting data and information were not efficient. The Board and CEO determined we needed a reporting tool that was:

- Simple and visual
- Relevant and meaningful
- Efficient in use
- Promotes discussion of strategic imperatives and what’s working and what’s not
- Flexible and extensible
Lessons Learned

- K.I.S.S. (Keep it simple and visual).
- Focus on the measures and metrics, and how best to present them. Not on the mechanics of producing the dashboard.
- Don’t try to do too much, too soon. Do it in stages or phases.
  - Leverage data that’s already available, while working on identifying/developing other desired data sources.
  - Start with your mission-critical “activities” and key financials.
  - Consider reporting on “outcomes,” after establishing the baseline.
- Assign responsibility for the project to a core team (6-8 max.).

*The journey of a thousand miles begins with one step.*
Lao Tzu

*The greatest enemy of a good plan is the dream of the perfect plan.*
von Clausewitz
1. Identify who should be involved.
2. Identify what’s most important to measure and how best to do it.
3. Identify the most important measures to be reported on in the short term; expand/enhance reporting over time.
4. Determine how best to present the data.
5. Obtain full board approval.

Step 1: Determine who should be involved

- Created a project team comprised of 8 individuals with the necessary skill sets and understanding of the agency’s operations and finances.
  - 4 board members with strategic/business planning, performance management and reporting experience
  - CEO
  - VP of Programs
  - VP of Development
  - Director of Finance
Step 2: Identify what’s most important to measure

Identified the mission-critical “activities” for current reporting and potential “outcomes” for future reporting: Providing children facing adversity with strong, enduring, and professionally supported one-to-one relationships that change their lives for the better.

- Current “mission-specific” reporting is further described in Steps 3 and 4.
- Potential “outcomes-oriented” reporting may include measures of:
  - Academic performance – e.g., grades, graduation rates, etc.
  - Avoidance of risky behaviors – e.g., truancy, substance abuse, juvenile delinquency, etc.

Shorter-term: Mission-Specific Activities

Longer-term: Outcomes

What can be measured today vs. should be tomorrow?

What’s most important to the health and well-being of the agency?

How do we know we’re on the right track?

What do we need to do to successfully deliver on our mission?
Step 3: Identify the important measures for the short-term

Key measures that could be supported and reported on in the near-term (Phase One) included:

1. The number of children served against plan.
2. The average time a child spends on the wait list.
3. The average duration of each active match.
4. Completing match support activities.
5. Income and expenses against plan; allocation of revenue and expenses.
6. Cost per child served.
7. Cost to raise $1.
8. Day’s cash available; “rainy day” fund.
9. Stakeholder outreach and development efforts.
Step 4: Determine how best to present the data

Depending on the nature of the data being presented, consider one or more of the following formats:

- **Data Tables** for presenting key financial results.
- **Bar Charts** for presenting period over period statistics.
- **Pie Charts** for presenting allocations or distributions by transaction type.
- **Red Amber Green ("RAG") Charts** highlighting above average, average or below average performance.

Step 4: Determine how best to present the data (cont’d)

Some examples of BBBS-NJ’s performance measures:

- **Impact measures** reflect the important measures associated with carrying out the organization’s mission.

  - Establishing and maintaining mentoring relationships in compliance with national BBBS match support and reporting guidelines.
Step 4: Determine how best to present the data (cont’d)

- **Foundational measures** reflect the important measures impacting the organization’s ability to sustain its mission and efficiently deliver its services.
  - Revenue and expense performance
  - Expense allocation
  - Cost per child served
  - Cost to raise $1
  - Days cash reserve
  - Partnerships formed
Step 5: Obtain full board approval

Presented the draft dashboard to the full board for review and approval, incorporating changes and suggestions as appropriate.
Step 6: Periodically revisit Steps 1 – 5

- Programs, stakeholder expectations, financial performance, and legal and regulatory requirements are likely to change over time.
- Periodically revisit and adjust the system of performance measures and metrics.
- At BBBS-NJ,
  - The dashboard will be formally reviewed at least every two years.
  - Board and senior management will be assessing “readiness” to initiate Phase 2 – Outcomes-related reporting.

Are you ready to get behind the wheel?
Questions?
Thank you!

To receive a complimentary copy of Friedman’s Dashboard Checklist, please contact Amish Mehta or Peter Manzetti.

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GuideStar Nonprofit Profiles

Basic information such as contact information, mission statement, etc.

Financial information

Impact and effectiveness information

Quantitative results
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