

# Measuring Impact

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Innovating Performance Measures



Why should we care about measuring  
impact and performance?

Is impact measurement possible?

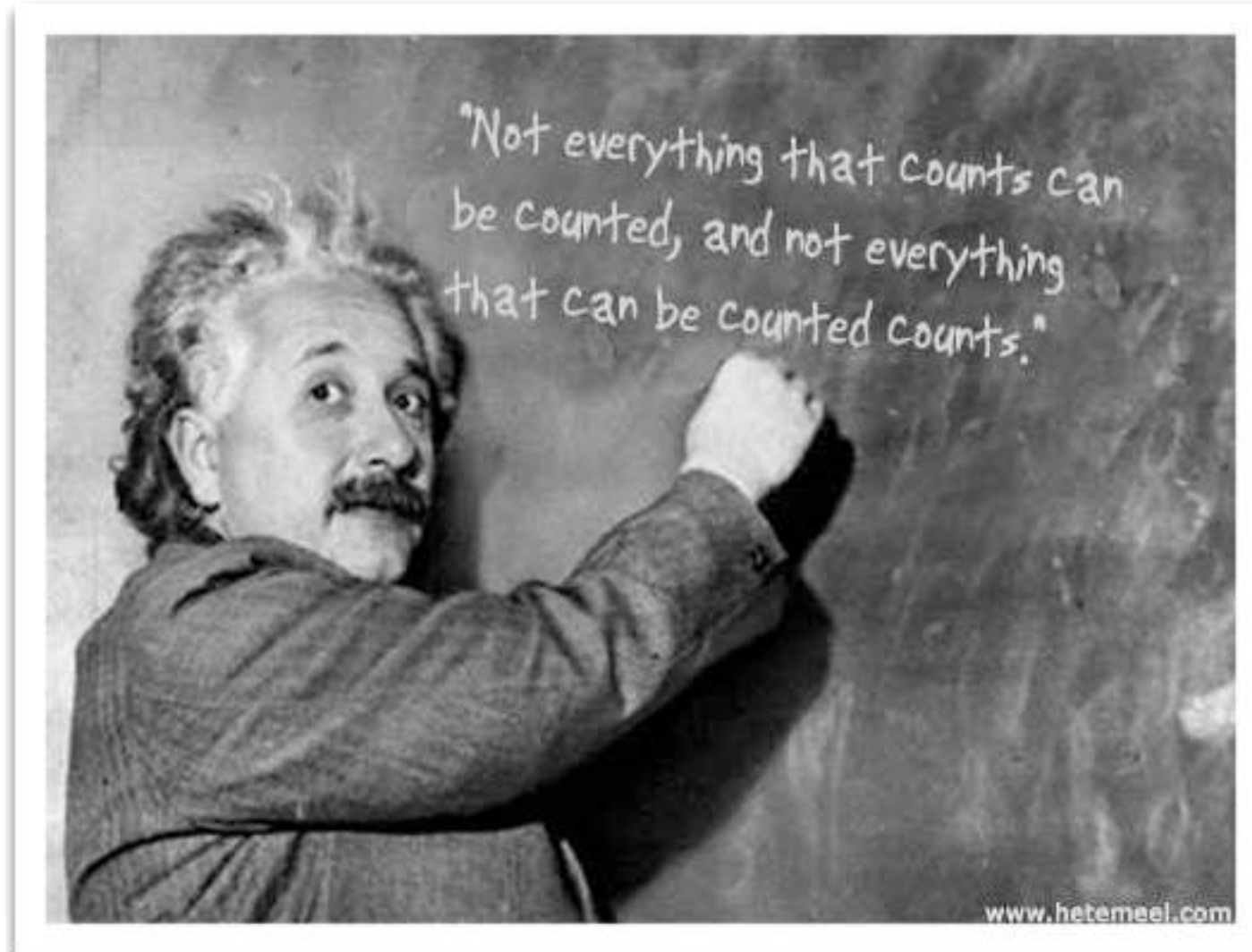
# Why do nonprofits try to measure impact?

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

# Can We Measure Social Impact?

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# Performance Measurements for Nonprofits

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- Purely charitable organizations are established with a goal of creating value for society and their mission reflects their ambition to contribute to the public's welfare.
- By retaining residuals rather than passing them on to investors, nonprofit organizations seek to reassure clients and donors that their mission takes precedence over the financial remuneration of any interested parties.
- Nonprofit organizations have unclear lines of ownership and accountability. Businesses must meet the expectations of shareholders or they risk financial ruin.

# Core Elements of a Social Enterprise Dashboard

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- Financial sustainability
- Social Impact
- Stakeholder engagement



# Financial Measures

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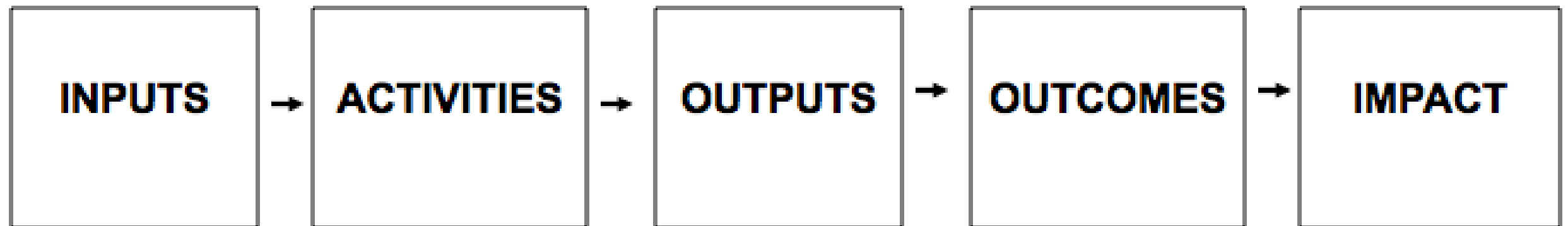
1. Profitability Measures
2. Growth
3. Liquidity
4. Financial Vulnerability
5. Efficiency
6. Resource Diversification



# Social Impact Measures

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





# Stakeholder Engagement Measures

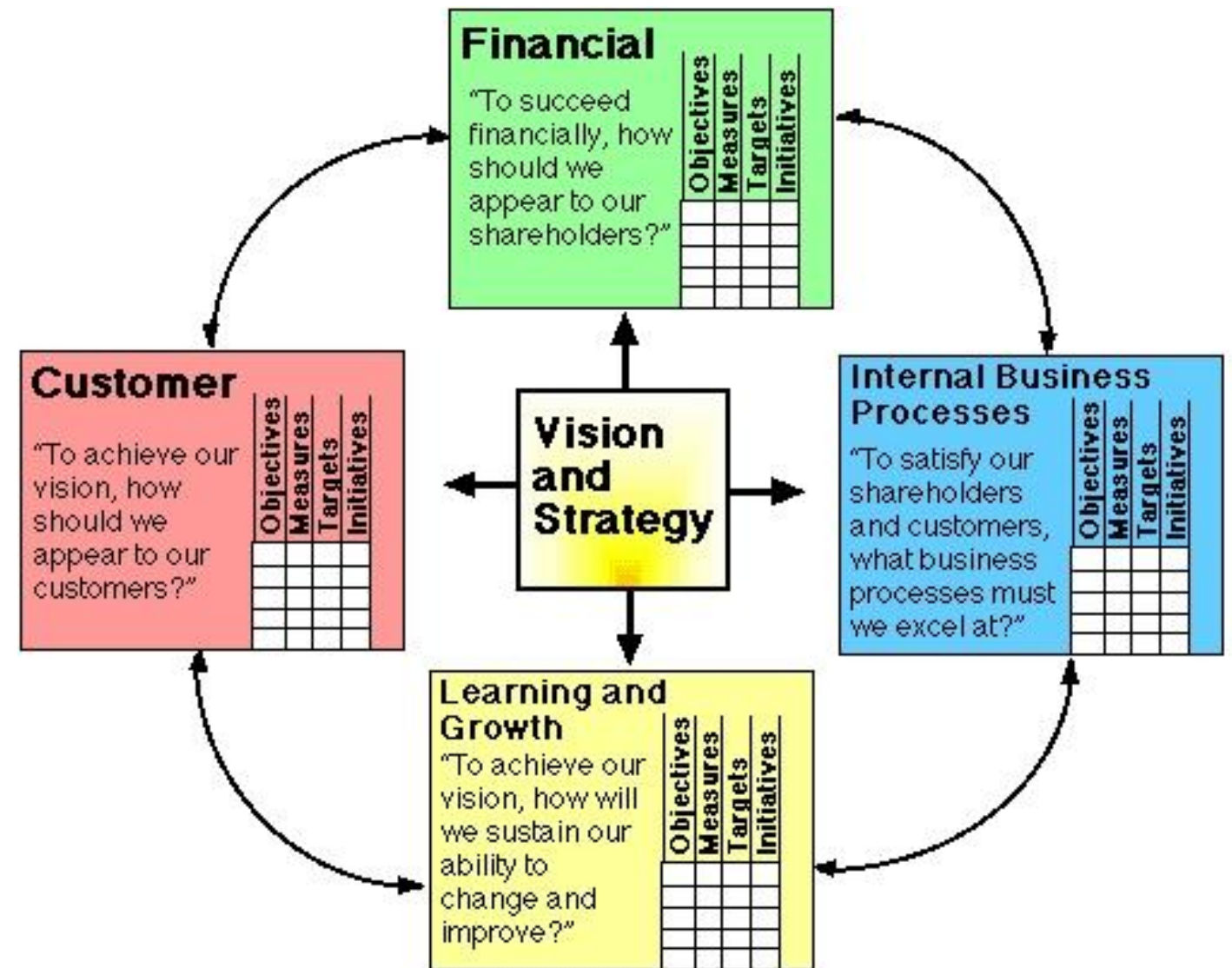
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1. Clients and customers
2. Private funders and regulators
  - Individual donors
  - Foundations
  - Corporations
  - Federated funders
3. Partner organizations (operational capacity)
4. Staff
5. Board members
6. Volunteers



# Balanced Scorecard: A Simple Solution to a Complex Problem

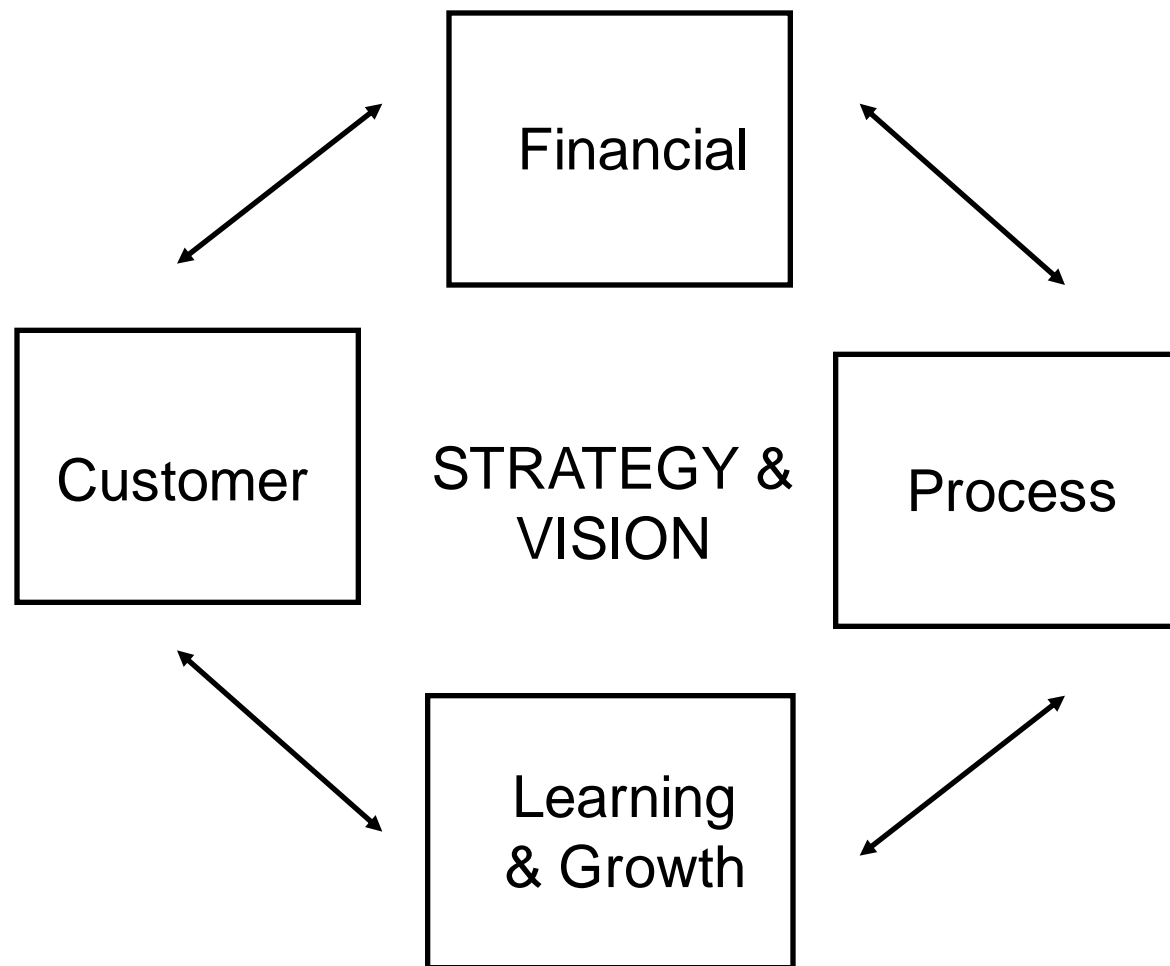
- ⑩ A tool that suggests that performance has multiple dimensions and meanings
- ⑩ Adapted by nonprofits from corporate sector where it has caught on quickly
- ⑩ Focuses on more than financial measures of performance, adds customer, learning & growth, and internal process perspectives



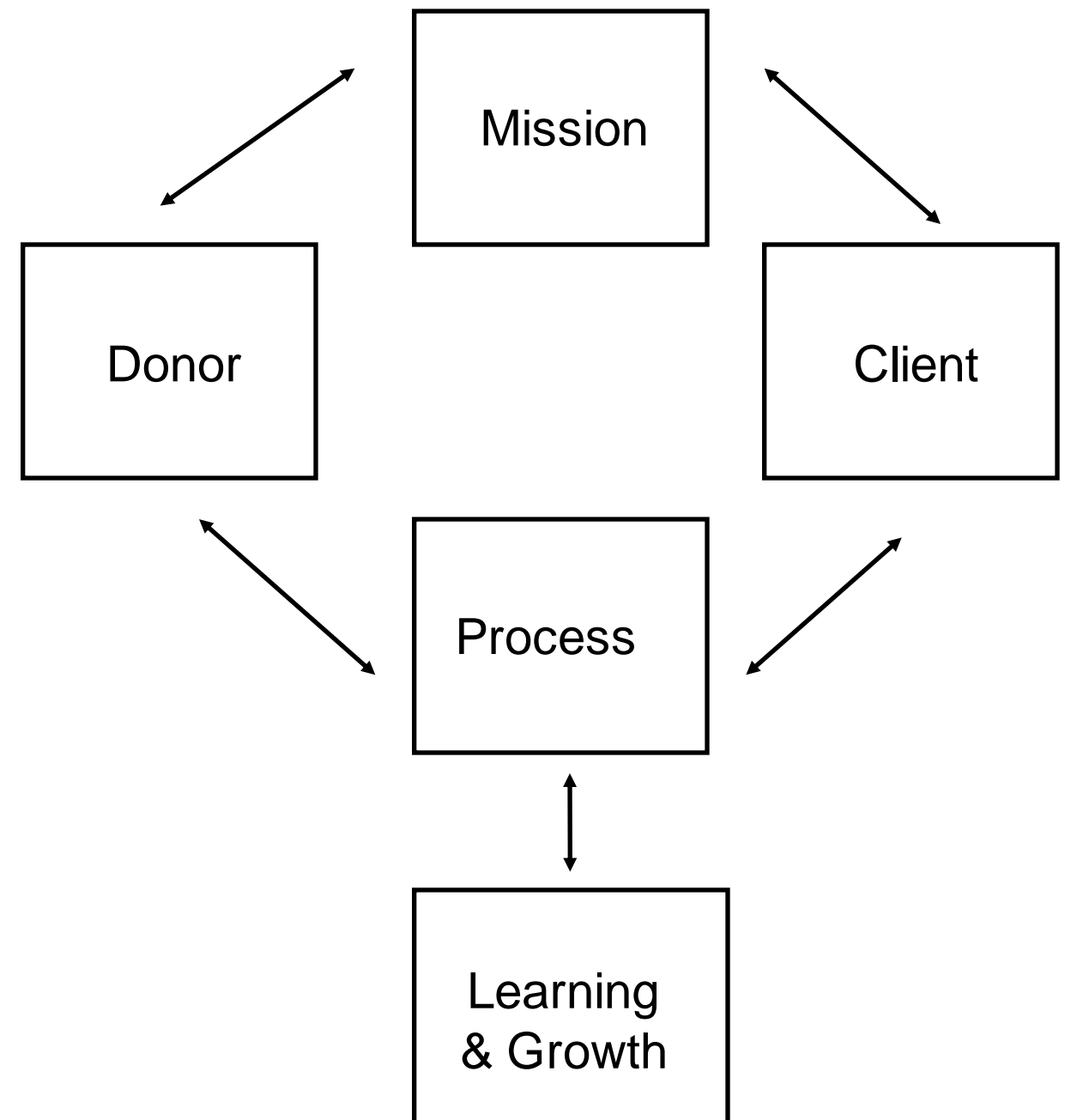
# Kaplan and Norton's Balanced Scorecard

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## Corporate Model



## Nonprofit Model



# AARP Consolidated Dashboard: 2005 Measures of Success

## Member Value

People 50+ join and stay with AARP because we deliver meaningful values and play a unique role in their lives.

### Number of Household Accts

	2004 Actual	2005 Goal
Total	21,720,280	22,220,260

### Acquisition and Retention

Enrollments	3,130,937	3,500,000
Renewals	9,266,348	10,300,000
Total Account Activity	12,397,285	13,800,000

### Mix of Membership

1st Time Renewals	61.70%	62%
Boomers	5,492,835	6,187,000
Hispanic	*	*
African-American	*	*

### Member Engagement

Total member service product relationships	10,524,045	10,805,000
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New member service product relationships	1,428,936	1,435,000
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# of AARP households participating in a HCO SHIP Product	3,030,000	3,030,000
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# of AARP households in financial service product	3,880,000	3,920,000
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AARP members joining via service provider program	118,742	150,000
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Member discount usage	10,980,404	11,762,000
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AARP.org visits (members and non-members)	23,930,776	27,000,000
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AARP magazine readership**	46%	48%
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Bulletin readership**	49%	53%
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Increase the # members engaging in AARP opps (baseline= 2,816,497)	N/A	TBD
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\*goals of every 3 years next set of 2005

\*\*average of entire year

## Social Impact

People 50+ will have independence choice and control in ways that are beneficial and affordable to them and for society as a whole.

### ECONOMIC SECURITY

Social Security: Block legislation for private accts within Social Security as we make progress toward long-term solvency

#### Older Workers:

+ Increase # employers adopting older worker friendly policies from X to Y (baseline)

+ Increase # AARP featured employers from 12 to 20.

+ Increase # people visiting employer resource center at AARP.org from 70,000 to 160,000

#### Financial Management:

+ Finalize AARP financial Center incl partners & pilot test phase  
+ Increase # Tax-Aide customers served to 1.925 million

+ Establish 401k plans automatic enrollment to indicate improved defined Contribution plan utilization

### HEALTH AND SUPPORT SERVICES

#### Rx Affordability:

+ Increase to 59% individuals reporting they can afford to buy the drugs they need

+ Modify 15 state Pharmacy Assistance Programs with Part D  
+ Increase to 15 # states using evidence based Rx info

#### Coverage Quality, Medicare (MMA) and other Health Care:

+ Secure regs to maximize # people with Part D benefits  
+ 32% of individuals report AARP accurate & helpful Part D info  
+ Increase by 400,000 # low-income trans assist benefit

#### Medicaid:

+ Prevent significant cuts to federal and/or state Medicaid  
+ Maintain Medicaid eligibility  
+ Develop and support recs for improved effectiveness

### Access to HCBS and Quality in LTC Setting:

+ Maintain 45% individuals receiving long-term care in setting of their choice

#### Healthy Behaviors:

+ Increase to 40% individuals who report walking more due to AARP's 10-week program

+ Establish 2006 campaign on consumer & prescribed wise use of medicines

### LIVABLE COMMUNITIES

#### Housing:

+ Maintain 16% individuals modifying home to age there

+ Quant objectives for evaluation tool that assesses replicability and

#### Mobility:

+ Preserve or increase federal funding for mobility options

+ Determine effectiveness of Driver Safety Program

+ Increase to 698,257 # drivers 50+ participating in the AARP driver Safety Program

### GLOBAL AGING

+ Increase recognition among intl leaders of AARP expertise  
+ Complete assessment plan for Intl membership & commercial opps

### NAVIGATION

+ Develop full analysis and make recommendations

## Financial

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

### Consolidated AARP Budget

2004 Actual	2005 Goal
<b>Revenue</b>	<b>Revenue</b>
\$877,600,000	\$873,847,630
<b>Expense</b>	<b>Expense</b>
801,700,000	866,563,494
<b>Fund Balance</b>	<b>Fund Balance</b>
\$75,900,000	\$7,284,137

## People

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.

% employees engaged & satisfied with their jobs

2004 Actual	2005 Goal
70%	72%

+ Diverse employees report satisfaction comp to mean

% state-appointed volunteers engaged & satisfied with work

2004 Actual	2005 Goal
85%	87%





















% other volunteers engaged & satisfied with their work























2004 Actual	2005 Goal
96%	96%

+ Diverse groups of volunteers (diversity defined as race/ethnicity, age, and gender) report levels of engagement/satisfaction comparable to the overall mean



Financial			Mission		People	
Total	2007 Actual	Goal	2007 Actual	2008 Goal	2007 Actual	2008 Goal
<b>Key Indicators</b>			<b>Clients</b>		<b>Staff and board</b>	
			# of Client Sessions			
Revenues					# New board members	
Expenses			% of Repeat Clients			
Months of reserves					# Engaged board members	
			<b>Client Demographics</b>			
<b>Ratios</b>			# 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			<b>Client Impact</b>		% of Staff working towards an advanced counseling certification	
			Average GAF score improvement			

Financial		
	2008	2009
<b>Cash</b> KPI: Cash Balance Positive		
<b>Capital</b> KPI: Capital Capg. On Budget		
<b>Budget</b> KPI: Positive VOP to Budget		
Academic		
	2008	2009
<b>Standard Testing</b> KPI: Exceed private school scores		
<b>School feedback</b> KPI: No negative High school feedback		
<b>Technology</b> KPI: No issues (laptop, technology use/training)		
<b>Spiritual Life</b> KPI: positive Catholic presence and feedback		
Advancement		
	2008	2009
<b>Key Donor Engagement</b> KPI: Touch Top 15 monthly		
<b>Donor Activity</b> KPI: Activity plan on track		
<b>Gift Progress</b> KPI: Variance to Plan		

Community		
	2008	2009
<b>Board Retention</b> KPI: No open seats		
<b>Staff retention</b> KPI: No unwanted departures		
<b>Parent Retention</b> KPI: No unwanted departures		
<b>Volunteer Presence</b> KPI: 100% of volunteer needs met		
Growth		
	2008	2009
<b>Enrollment</b> KPI: attendance at 90% capacity		
<b>Inquiries</b> KPI: 10 inquiries per month		
<b>Admissions/Retention</b> KPI: Maintain (net zero change in enrollment)		
<b>Marketing</b> KPI: Execution of marketing plan		
Strategic Plan		
	2008	2009
<b>Board Engagement</b> KPI: Update/Working the plan?		
<b>Staff Engagement</b> KPI: Update/Working the plan?		
<b>Community Engagement</b> KPI: Update/Working the plan?		

# So, Where Are We Today?

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- 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

# Getting started on your scorecard

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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
- Define a limited group of metrics related to governance, staff professional development, and volunteer engagement



# Scorecards, in sum

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- 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

