

Measuring Impact

Innovating Performance Measures



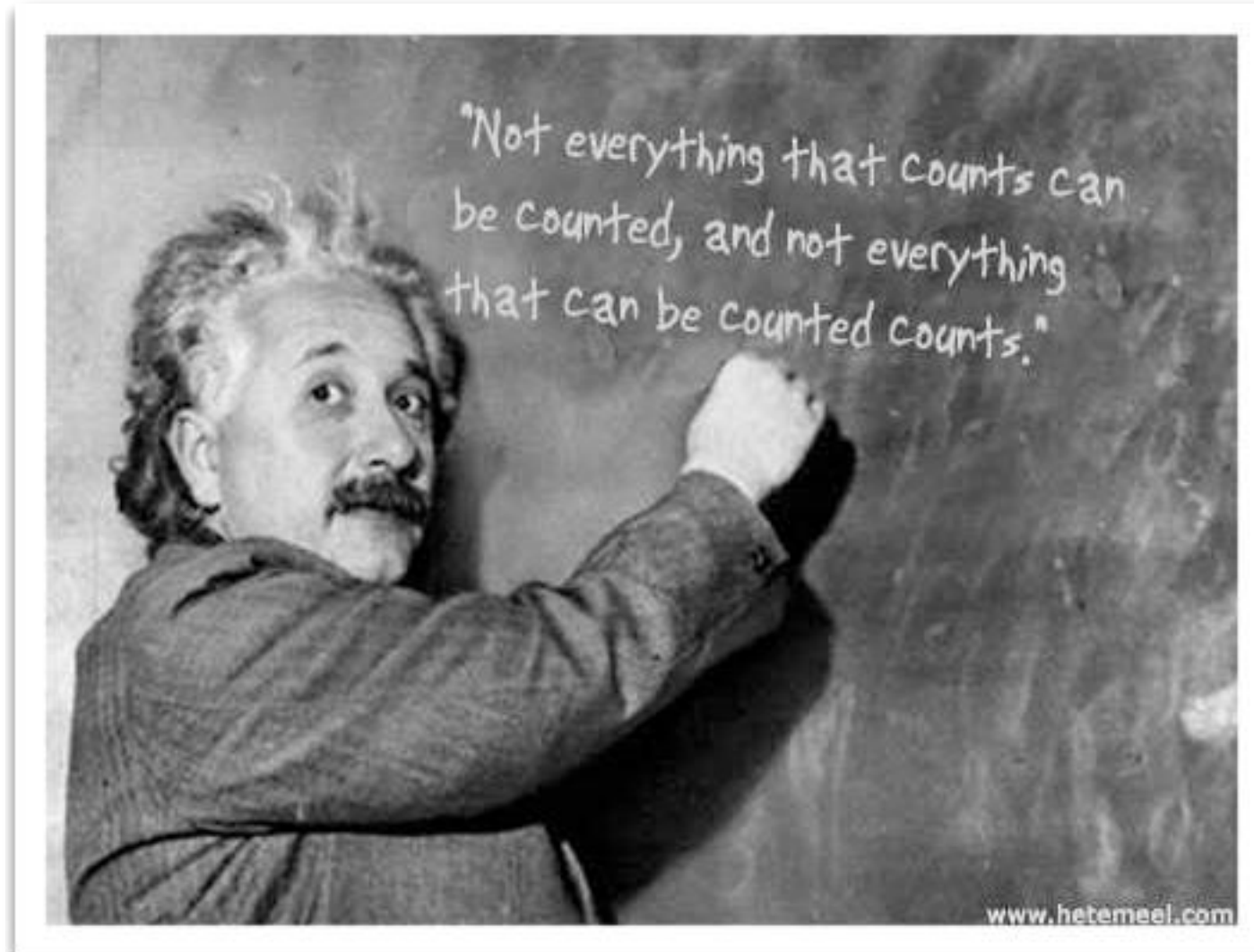
Why should we care about measuring
impact and performance?

Is impact measurement possible?

Why do nonprofits try to measure impact?

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

Can We Measure Social Impact?



Performance Measurements for Nonprofits

- 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

- Financial sustainability
- Social Impact
- Stakeholder engagement



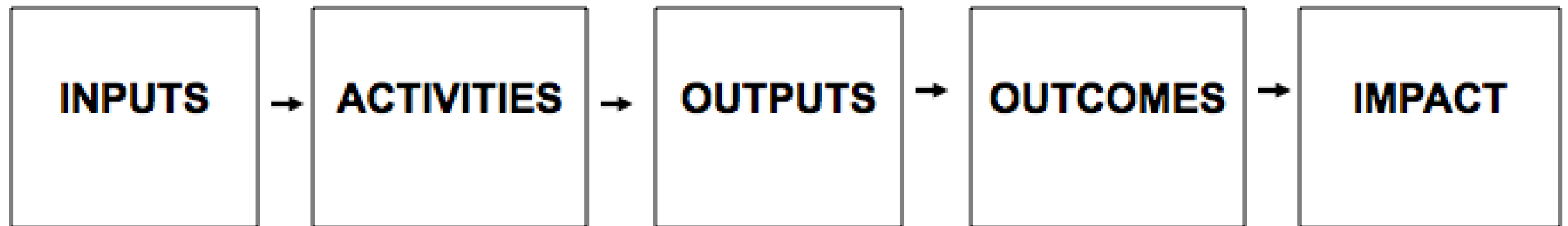
Financial Measures

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



Social Impact Measures

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



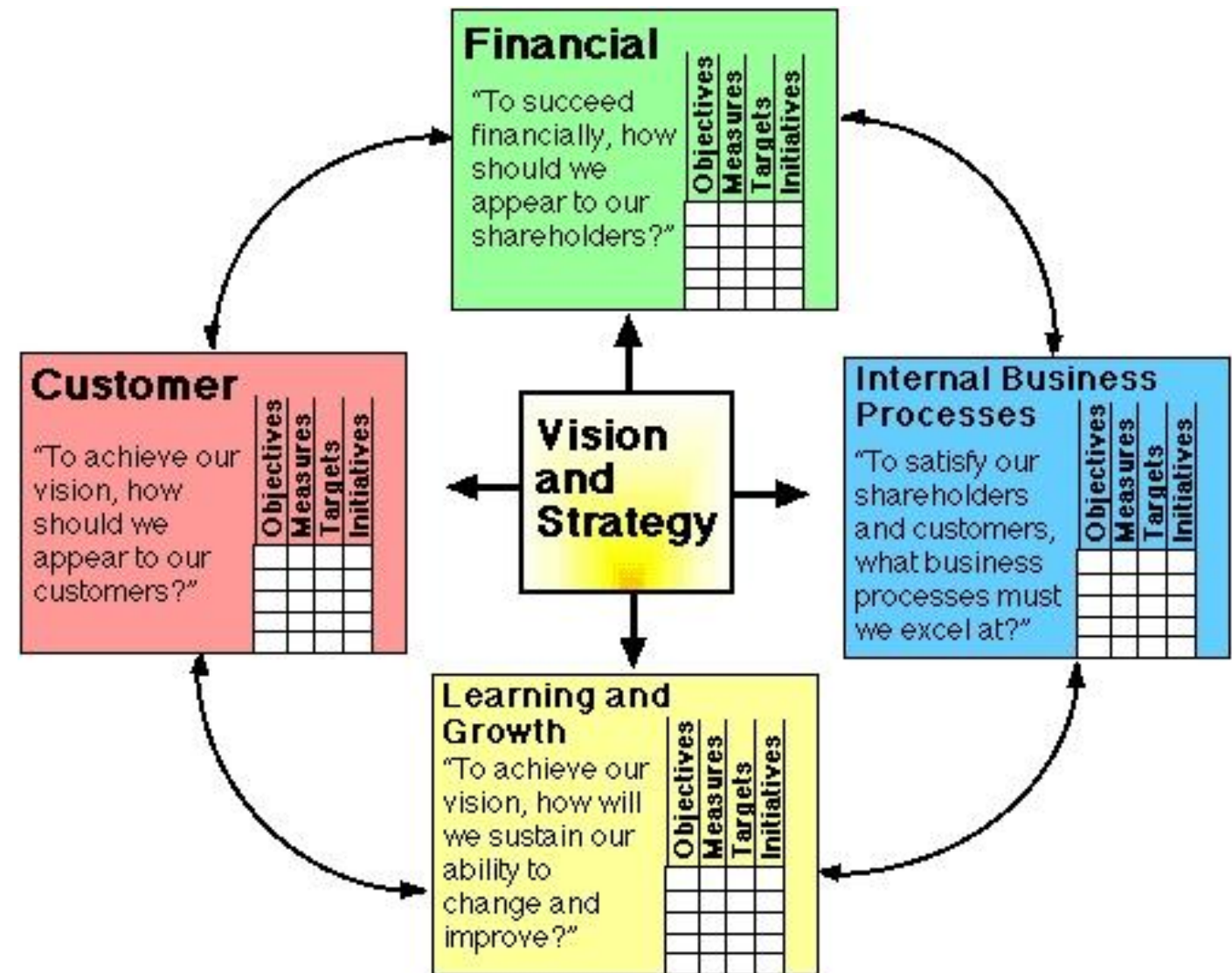
Stakeholder Engagement Measures

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



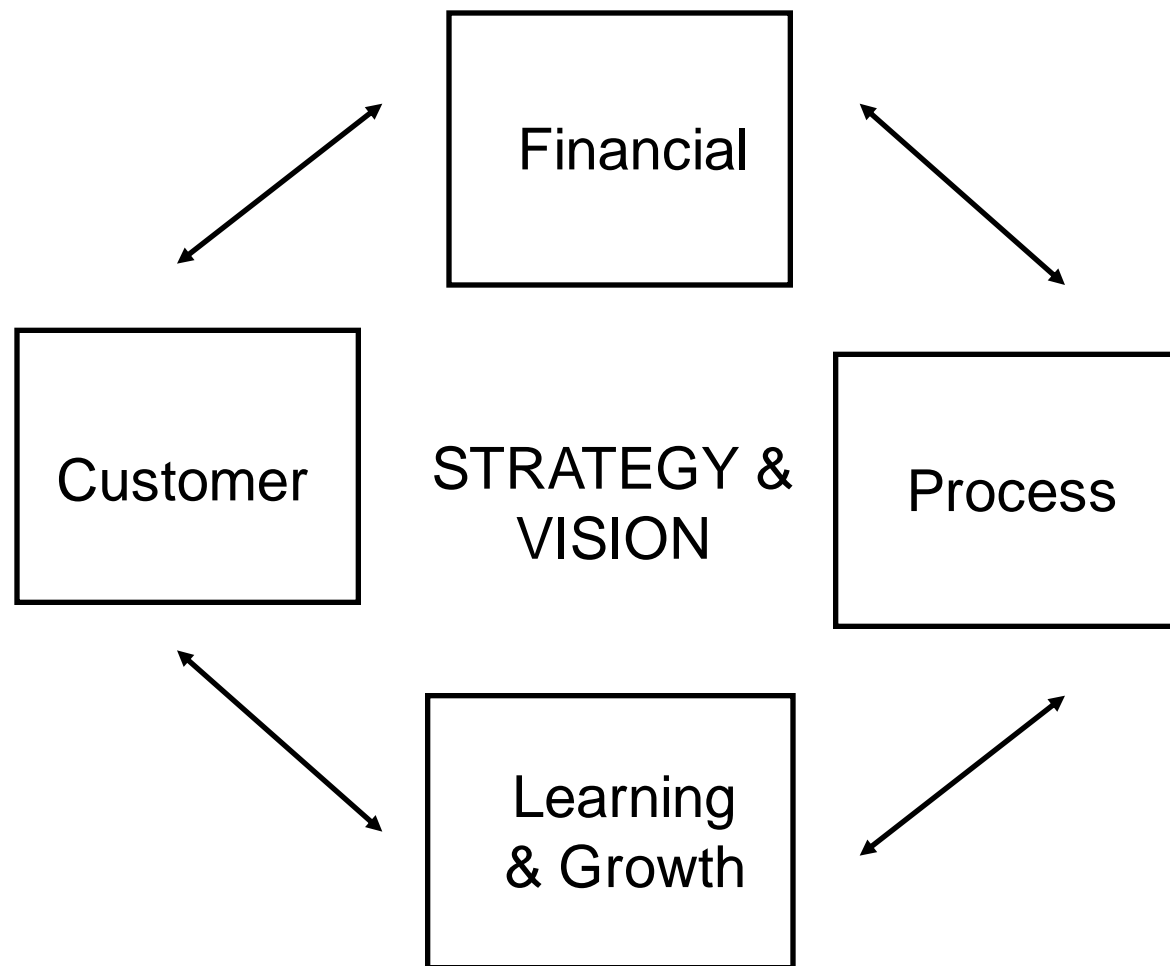
Balanced Scorecard: A Simple Solution to a Complex Problem

- 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

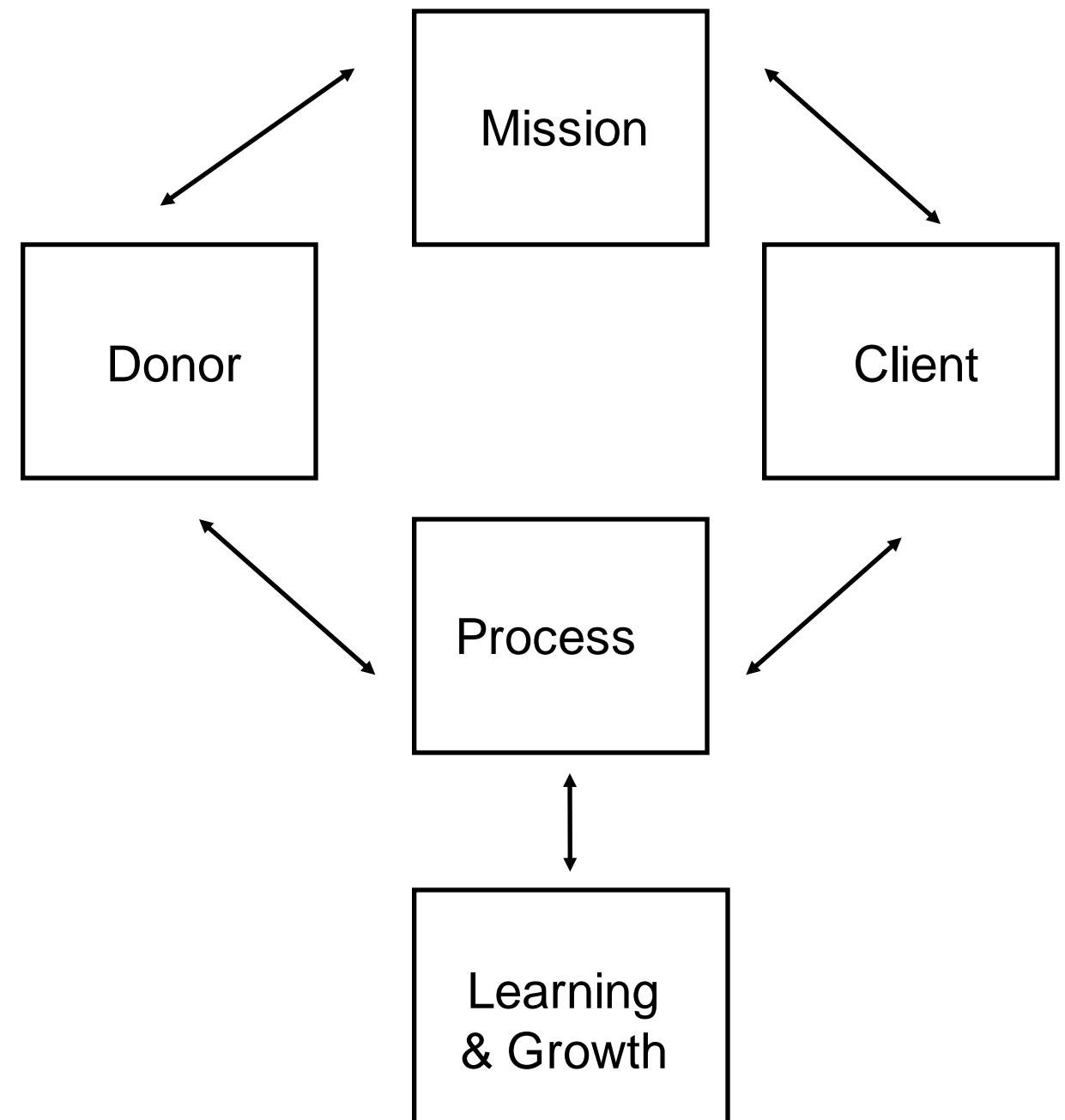


Kaplan and Norton's Balanced Scorecard

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
Revenue	Revenue
\$877,600,000	\$873,847,630
Expense	Expense
801,700,000	866,563,494
Fund Balance	Fund Balance
\$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
Key Indicators			Clients		Staff and board	
			# of Client Sessions			
Revenues					# New board members	
Expenses			% of Repeat Clients			
Months of reserves					# Engaged board members	
			Client Demographics			
Ratios			# of Clients with HIV or AIDS		Staff turnover rate	
			# of Clients who are LGBTIQ			
Unrestricted/ restricted funds			# of Clients who are adolescents		Therapist job satisfaction level	
Income generated by counselors as a % of salary paid to them			Client Impact		% of Staff working towards an advanced counseling certification	
			Average GAF score improvement			

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

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

So, Where Are We Today?

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

Getting started on your scorecard

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

Scorecards, in sum

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

