Finding the Unicorn: Developing Meaningful Performance Measures  
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Ask someone who works in a nonprofit organization what they think about tracking the performance and outcomes of the work they do, and odds are, you’ll hear them say they believe in having a systematic approach for evaluating the effectiveness of their programs and services, and they want to quantify the impact those efforts have on the communities and constituents they serve. Then, if they’re like many people working in the sector, the next thing you’ll hear is a sigh. Possibly a heavy one. That’s because while the nonprofit community is abuzz with talk about program performance and outcomes, and there are literally hundreds of articles and websites explaining how vital it is to measure these efforts (believe us, we googled), there seems to be no universal agreement about what a good program outcome measure looks like. The search for performance measures feels a little like searching for a unicorn.

Understand Your “Why” (aka the Purpose of Your Organization & Programs)

Organizations are different, programs are different, constituents served are different, financial and staff resources are different, levels of experience in assessment and measurement are different. While you can find examples of program process measures (how many, how often, where, who) and progress/performance measures for areas like fundraising, HR, marketing, and financial analysis, trying to find outcome measures that match up with the specific efforts/intentions of your programs or services can feel like an impossible quest.

That’s because the best, most meaningful outcome measures are the ones that help explain the unique “Why” of your work. They tell the story of the change and impact you are working to achieve and demonstrate the tangible difference your program or service makes in the lives of individuals, families, organizations, or communities you serve. No wonder it’s so hard to find “one size fits all” outcome measures, and why writing these measures is so difficult. They need to be as unique as the organization, program and constituency served. You can interpret that as more work, or, you can embrace it as empowering—you get to define the outcome measures that are most aligned with the work you do and most meaningful to your organization.

Begin with the End in Mind

So, how to get there. Start by taking a step back and articulating what you hope to achieve in each of your programs/services/efforts. In other words, as Covey says, begin with the end in mind. The clearer you are about the ultimate intention of each effort, the easier it will become to identify the kind of data and information you could gather and present to tell the story about outcomes and impact. Consider a literacy organization. Questions they might ask include: Why do we partner with the Birthing Center at the local hospital to include reading readiness tools in the discharge package given to low income mothers? Why do we conduct quarterly reading readiness workshops for child care providers? What do we know about the current state of literacy among children entering kindergarten? When an organization understands the answers to questions like these, creating outcome measures becomes less intimidating and more relevant.

As the question of “what to measure” comes into focus, it is essential to also build alignment throughout the organization—staff, board, and with key funders as appropriate—about the measures you will track, and about the culture of performance measurement as a whole. The leadership of the organization needs to agree that the measures identified will provide evidence that meaningfully demonstrates progress and impact. Staff members need to understand why these measures have been chosen, and to recognize the role they will play gather, analyze and report data to demonstrates outcomes. Key funders and organizational stakeholders need to agree that the measures align with their expectations.
Consider the Continuum
For most nonprofit organizations defining success or failure is not an easy yes/no assessment. The challenge many organizations face in creating outcome measures is that the outcomes achieved by participants in the program/services they provide are not always linear, and even more difficult, they’re not always predictable. How do you track the impact of a relationship developed between a program participant who becomes homeless again and the program case worker who convinces that person to re-enter rehab? Your staff, your program, a distinct positive impact on person you served...how do you quantify it on a scorecard?

It’s helpful to consider measuring progress and outcome as a continuum. The activities you engage in and the outputs they generate are indicators that can help you get a sense of trends, and viewed long term, allow you to gain insight into the long term ramifications of the work you do. In order to advance your measures along this continuum it’s important to recognize the difference between outputs, outcomes, and impact. Sending out five news releases is an output. That can be a useful metric for an organization just launching an external communications effort, or for one that has struggled to meet its existing communications goals. Having at least one news release picked up a quarter is an outcome. Becoming the “go to” source for local media on topics related to your programs or services is impact. As your skill at delivering a program advances, and your understanding of the effect of that program evolves, the measures by which you track progress can also evolve along this continuum, allowing your organization to evaluate the deeper impact of your work.

Be Realistic about the What and the How
As you have these conversations it’s important to be cognizant of the difference between what you can measure, and what you should measure. As Einstein said, “Not everything that can be counted, counts; and not everything that counts can be counted.”

Finding the right balance between delivering programs and tracking, analyzing and reporting on progress and outcomes is a particular challenge in an environment where time and dollars are precious commodities. The reality is some outcomes/impact take years of data to measure, data that may not even be feasible for your organization to collect. It’s worthwhile to determine if there are evidence-based practices being employed by other organizations within your service sector, and to identify ways you can align the measures you track with these proven efforts. Even if the best data you can provide to support these evidence-based practices is limited to outputs, measures such as these are relatively easy to adopt and provide a solid case for demonstrating the effect of your work.

Reviewing an organization’s Internal resources and capacity can play a crucial role in making these decisions about progress reporting. Discussions about what to track should incorporate honest evaluation of staff capacity and the processes, systems and technology you’re currently using to gather information. Understand what you can do and align your measures accordingly. Commit to changing your processes or invest in new ways to gather information so you can expand your measurement and tracking abilities. Measures created with no understanding or acknowledgement of internal infrastructure are measures doomed to go unmet.

Measure What’s Meaningful to You
Scientifically valid evaluation and reporting of outcomes is a wonderful goal but requires more time and money than the majority of nonprofits have. Therefore, they must rely on “imperfect” measures--subjective, interpretive, based on a small sample size--that deliver trustworthy, meaningful evidence about progress or outcomes generated by a program. Identifying what these meaningful measures are begins with understanding what is really important to your organization, your staff, your board, your community.
Why are we doing this program? What is the difference we’re trying to make? What data can we gather that will help us tell this story? Answer these questions and you’re on your way to creating meaningful program measures.