Unleashing Teams: A New Approach to Performance Management
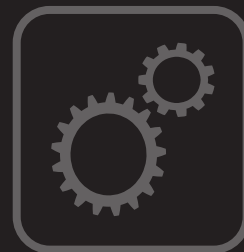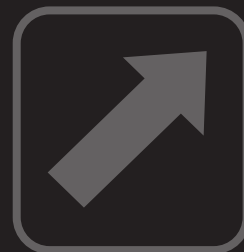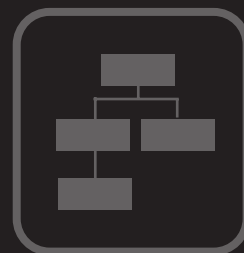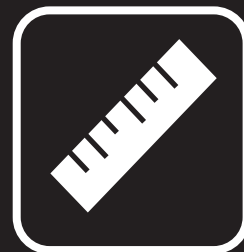
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INTRODUCTION

The Compassion Capital Fund (CCF), administered by the U.S. Department of Health and Human Services, provided capacity building grants to expand and strengthen the role of nonprofit organizations in their ability to provide social services to low-income individuals. Between 2002 and 2009, CCF awarded 1,277 grants and the CCF National Resource Center provided training and technical assistance to all CCF grantees. *Strengthening Nonprofits: A Capacity Builder's Resource Library* is born out of the expansive set of resources created by the National Resource Center during that time period, to be shared and to continue the legacy of CCF's capacity building work.

Strengthening Communities Fund (SCF), a capacity building program that succeeded CCF, was launched in 2009 to provide capacity building grants with an emphasis on economic recovery. After Strengthening Nonprofits: A Capacity Builder's Resource Library was released in 2010, the National Resource Center created and added additional resources in support of SCF grantees.

Strengthening Nonprofits: A Capacity Builder's Resource Library contains guidebooks and e-learning resources on the following topics:

1. Conducting a Community Assessment

2. Delivering Training and Technical Assistance

3. Designing and Managing a Subaward Program

4. Going Virtual

5. Identifying and Promoting Effective Practices

6. Leading a Nonprofit Organization: Tips and Tools for Executive Directors and Team Leaders

7. Managing Crisis: Risk Management and Crisis Response Planning

8. Managing Public Grants

9. Measuring Outcomes

10. Partnerships: Frameworks for Working Together

11. Sustainability

12. Working with Consultants

Who is the audience for *Strengthening Nonprofits: A Capacity Builder's Resource Library*?

Anyone who is interested in expanding the capacity of nonprofit services in their community – from front line service providers to executives in large intermediary organizations – will benefit from the information contained in this resource library. The National Resource Center originally developed many of these resources for intermediary organizations, organizations that were granted funds by CCF to build the capacity of the faith-based and community-based organizations (FBCOs) they served. As such, the majority of the resources in *Strengthening Nonprofits: A Capacity Builder's Resource Library* support intermediary organizations in their capacity building efforts. However, funders of capacity building programs (Federal program offices and foundations) and the nonprofit community (including FBCOs) at large will also find these resources helpful. In addition, individuals working to build capacity within a program or an organization will be able to use these resources to support their efforts to implement change and make improvements.

The *Unleashing Teams: A New Approach to Performance Management* guidebook will be helpful to any organization that wants to learn more about implementing or improving its procedures for developing a team-based approach to performance management.

Who developed the *Unleashing Teams: A New Approach to Performance Management* guidebook?

The guidebook was developed for the Department of Health and Human Services by the Strengthening Communities Fund National Resource Center.

OVERVIEW

Agreement On What Isn't Working

Over the past 20 years, the ability of nonprofit social service organizations to collect outcome data has grown considerably. The *Measuring Outcomes guidebook,* first published in 2004, reflects a decade of work by evaluators and United Ways in helping nonprofits measure outcomes rather than efforts. However, the quest to measure "impact" has largely been driven by funders, and many are now questioning the value of the data generated because it is not used to influence program operations.

Even advocates of outcome measurement are concerned by the amount of data that is generated with questionable utility. Mario Morino of Venture Philanthropy Partners, someone who, by his own account, is "strident in stressing the importance of outcomes and assessment for nonprofits," wrote in 2010[1]:

> I am increasingly worried that the vast majority of funders and nonprofits are achieving, at best, marginal benefit from their efforts to implement outcomes thinking. Granted, there has been some truly meaningful progress….Yet, many other efforts may end up misdirecting, even wasting, precious time and financial resources.

At the same time, many observers have complained that the paradigm of third-party evaluation, evaluation efforts conducted by an independent person or group outside of the organization, has not served the sector well. In a 2011 plea to the evaluation and funding community, *Priorities for a New Decade: Making (More) Social Programs Work (Better),[2]* Public/Private Ventures observed that third party evaluations were producing large quantities of unhelpful data.

> The wealth of new evaluators and research methods has produced volumes of information and analysis that were scarcely imaginable three decades ago. Yet even amid this flood of data, the promise of using information gleaned from evaluations to improve programs remains elusive.

This guidebook is designed to help organizations that want to stop simply generating data and start using it.

A Way Forward

Effective performance management requires the engagement of stakeholders—including those being measured and those doing the measuring—in the process of designing and implementing measurement systems.[3] Rather than dictate measures from the top down, a leader steps forward and guides the team toward the shared goal of gathering data upon which the organization or team judges its effectiveness. This idea is applied by governments at all levels in a widely replicated model of organizational learning and program improvement. The model calls for regularly reviewing and acting on data as an organization. The model, which started in the New York City Police Department (CompStat), has been widely adopted elsewhere in government starting in Baltimore (CitiStat and StateStat). The principles of the model are:[4]

- **Accurate and timely intelligence:** Know what is happening.

- **Effective tactics:** Have a plan.

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1   Morino, M. "'Social Outcomes': Missing the Forest for the Trees?," Venture Philanthropy Partners Blog, January 8, 2010, http://www.vppartners.org/learning/perspectives/corner/0110_social-outcomes.html.

2   Public/Private Ventures. "Priorities for a New Decade: Making (More) Social Programs Work (Better)," 2011.

3   Linnell, D. "Evaluation of Capacity Building: Lessons from the Field." Alliance for Nonprofit Management, 2003.

4   Godown, J. "The CompStat Process: Four Principles for Managing Crime Reduction." *The Police Chief*, vol. LXXVI, no. 8, August 2009.

- **Rapid deployment:** Do it quickly.
- **Relentless follow-up and assessment:** If it works, do more. If not, do something else.

However, what really sets the model apart from other performance management systems is the team-oriented, face-to-face nature of digestion of data.[5] Its success depends on the quality of that interaction, the engagement of the senior executive, and the follow-up that naturally occurs. The model has been replicated across the country, showing that public organizations *can* learn from and use data effectively. With the passage of the Government Performance and Results Modernization Act in January 2011, even the federal government is adopting the principles of this model.

Can medium and small nonprofits learn from this success? Some already know the formula. The TCC Group isolated six behaviors from its organizational assessment battery (more than 200 items) that predicted a nonprofit's ability to grow at or greater than the rate of inflation, three of which are reflected in the team-based approach to performance management[6]:

1. Evaluating a program to figure out what works, rather than deciding if it works
2. Gathering data directly from program recipients to determine how to improve programs
3. Engaging key leaders and staff in interpreting the client-derived data
4. Determining outcome metrics by listening to, documenting, and sharing actual client success stories and results
5. Bringing design leaders together to assess and address the resources needed to deliver programs effectively
6. Leveraging R&D insights to inform the management of program implementation

TCC's findings resonate with what observers have found compelling in the CompStat/CitiStat model. This guidebook applies the principles of change management to what it would take to implement what we will call **team-based performance management** at a small- to medium-sized social services organization. It presents a new vision, putting nonprofit staff in the driver's seat of the data discussion.

CHAPTER 1: PERFORMANCE MANAGEMENT TRANSFORMATION

Performance management systems seek continuous improvement through a cycle of goal setting, action and evaluation. The following performance management practices are common to social sector nonprofits:

- Organizations create and assess their strategic plans.
- Programs create logic models and have their effectiveness tested by social research evaluators.
- Employees and supervisors perform annual reviews.

If these processes are not delivering value commensurate with the effort it takes to create them, it is time to do something different. The **team-based performance management model** transforms these processes in an effort to create greater value throughout the organization. In transitioning to this model, you'll build on some existing processes and, hopefully, scale back on others.

There are many resources for nonprofits on strategic planning, setting goals, and measuring results at the organizational or individual level. If your organization is just beginning to put performance measurement practices in place, use the *Measuring Outcomes* guidebook and other cited resources to explain some of the concepts presented here.

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5   Knisely, R. " The Secret to StateStat's Success," Governing Blog, May 12, 2011, http://www.governing.com/blogs/bfc/secret-statestat-success.html.

6   York, Peter. *Success by Design. How R&D Activates Program Innovation and Improvement in the Nonprofit Sector.* http://www.tccgrp.com/pdfs/7-21_TCC_Briefing_Paper_LR.pdf. July 2011.

Benefits and Challenges of Team-based Performance Management

When a team of people work together to interpret data on what is going on, they are engaging in collective meaning making. The benefits of collective meaning making are based on the following key beliefs:

Results do not speak for themselves. Even after raw data has been turned into digestible information, such as a table, chart, or graph, a decision maker must draw conclusions about the "nuances, value, and implications" of the data before they turn it into action. [7]

Effective meaning making takes place in a social context. A group with diverse experiences may uncover a wider and more accurate set of possible explanations for trends than an individual analyst or executive.

Interpretation of data that is delivered at the wrong time is useless. Analysis must to be synchronized and coordinated to inform action planning. Most evaluation reports in the social sector are delivered at the wrong time to impact decision making, such as after a program cycle has been completed and the next one budgeted and planned for. A regular team meeting where the presentation of results and action planning occur together provides an effective connection between analysis and action.

Collective wisdom yields collective investment. Someone who has participated in drawing conclusions from data is more likely to follow through on an action plan. They will be more engaged and more likely to remain on the job—an important benefit in the high-turnover world of social service nonprofits.

The process of making meaning from data is strengthened when it is done as a team, versus letting the HiPPO's (Highest Paid Person's Opinion) perspective rule. A team-based approach encourages ideas from everyone involved, which means that the decision-making process has to be depersonalized. Ideas should not be based on characteristics about the individuals, but on the collective team-based knowledge and the internal and external context team members bring to the table.

DATA	6 out of 12 students improved their grade in math.
INFORMATION	7 total students had a goal to raise their math grades, and 6 of the 7 did. The after-school program had an established relationship with the math teacher of the 6 that improved.
MEANING	Communication with teachers may contribute to a student's ability to improve.
KNOWLEDGE	Comparing the plans and follow-up of the 6 that improved with the 1 that didn't reveals meaning.

7   Siemens, G. "Connectivism: Learning as Network Creation," 2005.

Despite the obvious benefits, the team-based performance management process is not appropriate for every organization. To consider the feasibility of implementing team-based performance management in your organization, consider the following challenges:

Potential culture shift. Because the process is implemented throughout the organization, this process works best in a learning organization in which staff at all levels are encouraged and willing to voice their opinions and experiences. If you do not have the characteristics of a learning organization, you may have more work to do before your organization can embrace team-based performance management.

Time commitment. Because everyone in the organization will be involved in the process, it requires a substantial time commitment. As the guidebook reviews the responsibilities of the project leader and involvement of individuals within the organization, reflect on the availability and commitment within your organization for such a process.

A Process for All Levels within a Nonprofit

Executive directors may recognize the process we recommend in this guidebook—it resembles the process followed by an ideal board of directors. The board chair presides over regularly scheduled meetings at which the executive director presents information about the operation of the organization. Effective executive directors and board chairs invest a great deal of energy into making sure board meetings are facilitated smoothly, that the data is well presented, and that motions are followed up on between meetings. The board considers the information presented and provides direction to the executive director.

This guidebook discusses how to implement a similar team-based performance management process throughout the organization. Aside from the board of directors, at least two other teams operate in a medium-sized nonprofit.

Executive leadership team. This team may include department heads and program managers.

Program/department/project teams. These teams include front-line workers and service delivery staff. They may also include evaluation consultants and project partners.

To become a truly data-driven nonprofit, this model should be implemented at all levels. Ideally, it would be replicated in the coalitions and interagency groups in which the nonprofit participates as well.

Essential Elements of the Process

This guidebook provides the basics needed to implement a process of collective assessment with a team to make data-driven decisions. The essential steps for implementing team-based performance management are:

- **Prepare for Change.** Lay the foundation for successful implementation by looking ahead. Create a change management plan that includes risk mitigation, communications, and assessment of the knowledge and skills on the team.

- **Identify Goals and Strategies.** Identify a limited set of initiatives for improved performance. Get input from key team members and outside resources to refine goals and strategies for each initiative.

- **Clarify and Create Accountability**. Identify the people that will take responsibility for coordinating activities related to each goal.

- **Obtain Analytical Support.** Your team will benefit from ground-level expertise in data collection, tabulation, and analysis. You may need help from someone with expertise in extrapolating results from a smaller sample of results. Find someone who can identify patterns in data and knows how to present data effectively.

- **Identify and Collect the Necessary Data.** Identify data that provides feedback on the accomplishment of your goals and that can be collected in the relatively short timeframe needed to make course corrections.

- **Analyze and Interpret the Data.** Before bringing the data to the team, create an appropriate presentation method. Preliminary analysis and interpretation is needed to create the presentation.

- **Implement Team-Based Data Reviews**. This is the heart of team-based performance management. At the data review, the person accountable for coordinating activities related to each goal reports the progress on implementing the agreed-upon strategy. The group considers the data and decides whether to continue with the current strategy or to change course.

- **Reflect and Refine.** You may find that the data you are considering is not as meaningful as you thought it would be. Or that you really need to have a larger group at the table. Don't give up! Expect that you will need to make adjustments as you move forward.

The Organization of the Team

We have written this guidebook with the executive director in mind. He or she will be critical for adopting a adopting a team-based performance management model. However, a team process conducted at the executive level may be replicated at the program or project level, trickling down through the organization. These roles should be filled by the team conducting a team-based performance management process:

Team Leader

The team leader initiates the implementation of a data-driven, team-based performance management process. It is the team leader's role to ensure alignment between strategies and mission, beginning with the identification and understanding of organizational goals.

On an executive leadership team, the team leader is the executive director. On a project/program team or department, the project/program manager or department head serves as the team leader.

The team leader is a delegator; they can delegate responsibility to ensure meetings are scheduled, timelines are in place, action items are identified, and accountability is assigned. However, they are ultimately responsible for the success of the team and their leadership and participation in the process is critical. In organizations that have multiple management levels between the chief executive and goal owners, the team-based data review provides an opportunity for meaningful face time with the executive in a context related to their day-to-day work.[8]

Goal/ Initiative Owner

The goal owner is accountable for coordinating activities related to a strategic goal for the team. The goal owners receive input from the team and direction from the team leader. They inform the team of progress in implementing previously adopted strategies. They must be able to communicate the factors that may affect performance to others involved in supporting the goal.

Analyst

The analyst provides expertise in data collection, tabulation, presentation, and analysis. In a data-driven nonprofit, a single analyst may support multiple teams. The analyst compiles collected data into a brief report that identifies the major trends and anomalies the team may need to address. The analyst may look at subsets

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8   "Performance Reviews that Work: Four case studies of successful performance review systems in the federal government."
      Center for American Progress. February 2011. See http://www.americanprogress.org/issues/2011/02/pdf/rww_case_studies.
      pdf

of clients served, employee level, or site-specific performance to identify where taking action may have the greatest impact on performance. The analyst may look at the concurrence of trends in the data with outside events or even compare performance results with benchmarks in similar organizations. The analyst will work together with the goal owners to present the most relevant data to the team for consideration.

As the process continues, the remaining team members may need to become more or less involved in order to complete specific tasks. Team members must be given clear direction and opportunity to prioritize the actions coordinated by the initiative owner.

Chapter 1 Summary:

- Today, nonprofits are under pressure to demonstrate and provide evidence that they can impact and improve their services to clients.

- The ultimate goal of of team-based performance management is to improve services by making meaning out of the information gathered. This process is strengthened when it is done as a team, versus letting the HiPPO's (Highest Paid Person's Opinion) rule the decisions.

CHAPTER 2: PREPARE FOR CHANGE

Taking steps to become a data-driven nonprofit may represent a significant change in the culture of your organization. During this transition, there is a need for effective leadership – or **change management**. Although you will leverage existing strategies, programs, and data that is already generated within the organization, implementing a new process requires substantial time. Many employees might think their time could be better spent focusing on previously assigned activities.

It is no surprise that one of the most difficult aspects of implementing change is that individuals may respond by feeling threatened. Many organizations succeed at creating a strong strategic and tactical plan for change, but fall short when it comes to understanding and addressing the human element and resistance to change. Lay the foundation for a successful team-based approach to performance management by planning for and managing the change that it will bring. The following five steps are helpful when preparing for change:

1. Identify the anticipated or desired change.

2 Assess organizational willingness and readiness for change.

3. Determine competencies and skills available and identify gaps.

4. Identify potential risk factors and intervention strategies.

5. Develop a communication plan.

1. Identify the anticipated or desired change. Craft a short paragraph or action statement. Although the general idea to implement a team-based approach to data-driven decision making is the goal, a clearly written statement specific to your organization ensures key leadership is aligned and shares the same vision.

2. Assess organizational willingness and readiness for change. You need to determine the extent to which your organization is ready to shift away from its existing operational state and current performance management practices.[9] Some questions to ask yourself include:

- Does the process support the organization's vision of its desired future?

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9   Innovation Network provides a tool for assessing the facets of learning culture and organizational commitment needed for the processes described in the guidebook. See http://www.innonet.org/resources/files/core_tool.pdf.

- Does the process align itself with the organization's belief of who it is, what it does, and how it serves?

- Does the process support the organization's approach to achieving its goals and objectives?

- Is the process consistent with the organization's guiding principles?

- Does the process align with the organization's existing beliefs, assumptions, and expectations?

- Does the organization's culture support innovation?[10]

3. Determine competencies and skills available and identify gaps. See *Appendix A: Assessment Tools and Skills Matrix* for resources to assess yourself and your team and to identify gaps in the skills and competencies needed for team-based performance management.

The first three steps do not have to be time consuming; a leader who is in touch with his or her employees should have enough information to accomplish these steps alone. However, because the ultimate goal is to create a culture of team-based decision making, you might consider collaborating with either the board chair or a senior program manager in working through the steps.

The following two steps can take more time and are described in more detail below.

4. Identify Risk Factors and Intervention Strategies. Change can be intimidating for many, especially when it involves a higher level of accountability. Employees may feel they are not adequately prepared for the change and therefore feel a loss of control and predictability about the new process. Employees may fear that they will lose their job or be unsuccessful with new responsibilities when a new process is implemented that changes the scope of their individual influence and control. As a leader, you can get ahead of these concerns. Identify the risk and create intervention strategies to avoid risk. The following definitions further clarify what is meant by risk and risk management. Reference Appendix B: Risk Mitigation Plan for more information.

Risk is any factor that might hinder an organization achieving its goals. Risks can be related to an organization's programs, finances, management, infrastructure, or susceptibility to natural disasters.

Risk management is a process for identifying an organization's risks, assessing their significance, and preparing for and treating those deemed significant in a measured, professional manner. Risk management enables organizations to cope with uncertainty by taking steps to protect their vital assets and resources.[11]

For many, the risk of most concern is the lack of adoption or outright rejection of a new way of doing things. Therefore,

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Additional Risk Considerations

Other potential risks and challenges include resource squeezes, such as staff time, consultant costs, supplies, equipment, and tools that impact the planning and budget of the new process. Most organizations include the cost of implementing a new process as part of their administrative overhead, but funding to support the work may be available from other sources. Program funders are often willing to support a portion of the cost, particularly if you have built these costs into the funding request at the front end or if the funder has placed a high priority on performance management as part of its funding cycle. Some funders specify a fixed amount or percentage of the grants that must be used for evaluation. In addition, organizations that wish to evaluate a program more deeply may seek funding specifically for that purpose.[12]

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10   California Telemedicine and eHealth Center. "Assessing Organizational Readiness: Is Your Organization Ready For Telemedicine?," 2009.

11   Nonprofit Risk Management Center. "Risk Management Tutorial for Nonprofit Managers," http://www.nonprofitrisk.org/tools/basic-risk/basic-risk.shtml. Accessed July 28, 2011.

12   Compassion Capital Fund National Resource Center. *Measuring Outcomes,* 2010.

it is important to get people involved in the team-based decision making process as soon as possible. The team should be involved in the planning of the process. As responsibility for the implementation of a project cascades down through the organization, there is more ownership and stake in the success of the performance management plan. This happens when leadership models expectations by visibly demonstrating the new approach to team-based decision making. Staff will avoid change when leaders do not demonstrate the same high level of commitment that they are asking of the staff. Keeping lines of communication open—listening to concerns, asking questions, providing information well in advance, and offering training wherever necessary—can help mitigate the risk of changes being rejected.

An organization is ready for change and the risks are minimized when the team members are involved and possess the right attitude, which includes having a shared vision of where the organization is heading and a positive outlook for change. They are realistic about the organization's strengths and weaknesses and they are willing to deal with the risks as a trade off for the benefits. Ultimately, they are committed to demonstrating their interest in improvement to stakeholders internal and external. Reference *Appendix C: Indicators of Change Readiness* for more ways to assess if you organization is ready for change.

5. Develop a Communication Plan. Communication is the process by which we assign and convey meaning in an attempt to create shared understanding. There are four different communication plans that need to be considered when developing a team-based performance management process. Information about communication plans and a plan template can be found in *Appendix D: Communication Plans and Template.*

1. **Internal communication** with all staff prior to implementing the new system, addressed here as a part of preparing for the new initiative.

2. **Team-based communication** for the team(s) that will be active in the process.

3. **Downstream communication** that will occur as the process is happening to ensure awareness and accountability related to the process.

4. **External communication** to inform the public about progress with and results of the process.

First, the leader must create a communication plan that clearly articulates the vision of where the organization should go and the benefits of doing so.[13] A critical error many leaders make is to believe their employees understand their vision as clearly as they do. Leaders must reinforce a core message that includes the benefits of team-based decision making and effective performance management. The audience for internal communication includes employees and team members and should address why performance management is important, what it consists of, and leadership's commitment to the process. For example, an internal memo or presentation by the executive director might include the following:

In the subsequent topics you will see a risk icon that looks like this. The icon is a reminder to think back to your risk mitigation strategies to ensure you have covered all the bases.

You will also see a communication icon that looks like this. The icon is a reminder to think back to your communication plans to ensure you have covered all the bases.

- **Why:** The new team-based performance management process will allow all staff to be involved in developing and refining performance improvement strategies to meet those goals. The process will

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13   Watkins, K. "5 Keys to Successful Change Management," ALLIANT's Blog, September 18, 2010, http://alliantmgmt.com/blog2/2010/09/18/5-keys-to-successful-change-management/.

contribute to continuous improvement abd employee engagementat all levels of the organization. We will make strategic decisions based on the data produced by the team-based performance management process.

- **What:** It consists of setting goals appropriate to various levels if the organization. Once a month, teams within the organization will meet to analyze progress toward those goals and collaboratively determine if progress is on track or if modifications need to be made in the strategy.

- **Who:** Everyone within the organization will be involved on a team that will monitor its own performance and progress toward goals; anyone in the organization may be called on to contribute to special projects coordinated by a "goal owner." "Goal owners" are responsible for coordinating activity around the goals assigned to them.

- **When:** The process is ongoing but we will conduct monthly meetings to monitor progress and be both proactive and responsive to real-time changes.

- **Where:** Goals will be posted on the wall in the hallway. Collected data will be recorded in an electronic database. Meetings will be held in the conference room.

- **How:** The leadership team will outline a process for implementing team-based performance management. From that meeting, the leadership team will work with program managers to implement the process within program/project teams. Contact the executive director with questions.

Tips for effective communication:

- Use your time wisely; Do not draw out the inevitable.
- Establish a clear position that addresses the "Why?"
- Be honest.
- Be concise.
- Look forward to the solution.
- Be practical and clear, thinking about the target audience and what they need to know.
- Provide inspiration that includes the potential benefits.

Ultimately, the leader is responsible for ensuring the successful implementation of any initiative, including team-based performance management. Following through is imperative to ensure that the changes stick, and staff have bought in sufficiently to the proposed changes to move forward. You can use *Appendix E: Change Leadership Checklist* as a guidepost for the entire change leadership process.

Chapter 2 Summary

- Taking steps to become a data-driven nonprofit may represent a significant change in the culture of your organization.

- An organization is ready for change and the risks are minimized when the team members are involved and possess the right attitude, which includes having a shared vision of where the organization is heading and a positive outlook for change.

- The leader must create a communication plan that clearly articulates the vision for creating a learning culture.

CHAPTER 3: IDENTIFY GOALS

Goals are the most important elements to consider when developing a performance management plan. They provide an organization's board, staff, and stakeholders with a universal blueprint to begin action. You cannot know what you need to do until you establish where you want to go.

If your organization has a strategic plan in place, consider that the first place to look in identifying your goals. If you don't have a strategic plan in place, the board can start by identifying long-term goals for the organization which can be further broken up into shorter-term goals. Teams should identify goals that can be tracked on a weekly, monthly, or quarterly basis. These goals should be appropriate to the level of activity of the team and the frequency with which the team is able to meet in order to accomplish its work.

Defining Goals

Goals should, first and foremost, be aligned with an organization's mission and strategy for achieving that mission. If you are considering a goal that would force your organization to creep from its mission, the goal should be reconsidered and most likely altered or deleted.

Be intentional about the type and variety of goals you set. Are you seeking to alter your impact? Are you seeking to improve your organizational processes? The Results-Based Accountability (RBA)™ framework makes a useful distinction between **population level results and indicators** (e.g. healthy children), which can rarely be influenced by any single organization, and **performance measures**, which relate specifically to the persons served by the organization.[14] In most cases, the only way to achieve population level results will be to participate in a coordinated strategy with other organizations that reaches a significant proportion of the population. Stakeholders and funders will value distinguishing between the two types of goals and coordinating strategies with other organizations so that population level impact can be clearly tied to the activities of your organization.

Goals at Each Organizational Level

For a board of directors that meets quarterly or semi-annually, goals are appropriately stated at high-level and long-term. For nonprofits, the strategic plans start by asking the question: "What do we want for the population we serve?" As the Charting for Impact tool puts it:

> Clearly and concisely state your organization's ultimate goal for intended impact. Identify the groups or communities you aim to assist, the needs your work is addressing, and your expected outcomes. Examine how your goals for the next three to five years…fit within your overall plan to contribute to lasting, meaningful change.[15]

This process will produce a statement such as, *"By 2020, our organization will serve **X** people and will influence the direction of a key piece of legislation."*

By contrast, for a project or program team that meets weekly, goals are more appropriately formulated for shorter terms, such as, "We will increase the attendance rate of students served every month by **X** points." Goals for an executive leadership team that meets monthly will likely be somewhere in between, perhaps with a quarterly measurement timeframe. "We will increase the number of volunteer hours obtained every year by **X** points." The more the goals at each level of the organization are aligned with one another, the greater chance of success overall programmatic success.

There are many ways to define goals for an organization and the process of defining short-term goals, medium-term goals, and long-term goals is fitting for team-based performance management. The long-term goals exist at the board and executive level, the medium-term goals exist at the leadership team level, and short-term goals exist at the program or project level. However, as mentioned, if you have an existing strategic plan or other format in which you have already defined goals that meet the criteria stated here, start with that rather than recreating the process.

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14   Fiscal Policy Studies Institute. "The Results-Based Accountability™ Implementation Guide," http://www.raguide.org/1_1. shtml. Accessed July 28, 2011.

15   Charting for Impact is a framework and communications tool developed jointly by the Independent Sector, GuideStar USA, and Better Business Bureau Wise Giving Alliance. For more information, visit www.chartingimpact.org.

SMART Goals

As the goals become more finite or short-term, the more crisply defined they must be. They are the link between the long-term goal and the measurable actions that your team will take to meet that goal. In order to be effective, they must be aligned with the organization's mission statement and with the goal that it falls under. It must also follow the SMART criteria:

<u>Specific:</u> Short-term goals are a method for breaking down a large goal to focus on a particular activity or measure. Do not combine multiple activities into one short-term goal.

<u>Measurable:</u> While each factor of the SMART criteria is important, this one deserves emphasis. The short-term goal must be assessable for it to be useful later in the performance management process.

<u>Achievable:</u> Create a measure and a measurement that can be feasibly reached given the organizational or programmatic activities, timeline, and staffing.

<u>Relevant:</u> The goals and measures should be directly related to the work the team or the organization is doing. The team should be able to influence the outcomes against which they are measured.

<u>Time-based:</u> The short-term goal should include an end date and/or benchmarks for progress and completion. And because they are "short-term," it should be a reasonably short time frame.

Some possible medium-term goals for a leadership team whose board has adopted the long-term goal of "By 2020, our organization will serve **X** people" include:

- Identify seven local neighborhoods that lack our services within three months.

- Launch a new program in X community within one year.

- Expand referral services to include ten additional agencies within one year.

Developing Strategies

Strategy is how the team expects to achieve the goals identified. Development of strategies to meet these short-term goals will be a fluid process. As described later in the Team-Based Review Process section, your team will meet regularly to review data and progress with the goals. If the team determines that the strategy being used to meet the goal isn't working, the team may decide to alter the strategy. Depending on the goal, the strategy may be expressed in a few sentences or it may be helpful to fully consider the assumptions how the strategy works to produce desired outcomes. For more information on the latter, see appendix F, *Creating a Logic Model*.

As discussed earlier, communication is a key to success, especially while the individuals align with the strategic goals of the organization. The goals must be communicated throughout the organization, ideally in a setting that allows for open communication with the team that developed the plan.

Chapter 3 Summary

- Goals should, first and foremost, be aligned with an organization's mission and strategy for achieving that mission. Be intentional about the type and variety of goals you set. Goals should follow the SMART criteria: specific, measureable, achievable, relevant, and time-based.

- There are many ways to define the goals of an organization and the process of defining short-term goals, medium-term goals, and long-term goals is fitting for team-based performance management. The long-term goals exist at the board and executive level, the medium-term goals exist at the leadership team level, and short-term goals exist at the program or project level.

CHAPTER 4: CLARIFY AND CREATE ACCOUNTABILITY

Once goals are identified, assign each goal to an individual on the team who will be responsible for coordinating the strategies and activities of various individuals in support of the identified goal. This person will be the goal owner. Accountability and responsibility must be clearly defined for each aspect of the team-based performance management plan. Additionally, anyone who is given responsibility and accountability must be given the necessary authority relevant to financial and human resources.[16]

Dysfunctional and ineffective organizations emerge when people are held accountable without the authority to take the actions necessary to enhance performance.

Work through assignments as a team. Some of the goals may be very clear, as they align directly with a program; however, others may cross between programs or cross between departments. Work through the assignments together and discuss the pros and cons of the individual assigned. Ensure that each team member feels adequately prepared to take on the goal. Ideally, assign only one individual responsibility and accountability for each goal. If necessary, identify a second individual who is considered support. If possible, avoid a situation in which two individuals are assigned to co-lead, as that can create confusion for staff to whom tasks are delegated tasks and can often cause additional effort and time to accomplish tasks.

Delegate Tasks

Once assignments are documented, the individual goal owners are responsible for creating plans to reach their goals. This includes spending time with work teams to further refine and identify the specific outputs and outcomes necessary to fulfill the goal.

Goal Owners will work with their teams to define and clarify roles and identify additional "point people" for tasks. In this relationship, work team individuals are responsible for their tasks, goal owners for coordination, and team leaders for direction, guidance, and resources.

Building Accountability

There are many methods at the disposal of the team leader to ensure accountability among goal owners and team members carrying out specific tasks. Consider the tools your organization or team already uses and how accountability for the team-based performance management can be integrated into existing systems.

- **Documents.** Strategic plans ensure employees understand how they align with the organization's mission. Performance plans, often created by the board of directors as part of the strategic plan, outline what managers should accomplish. Performance agreements, created in partnership between managers and individual team members, form the basis of performance reviews—specific individual accountability for team-based performance management should be documented here. Self-assessments, both formal and informal, are also useful mechanisms to monitor individual performance.

- **Displays.** Post the strategic plan in a public place to provide a constant reminder to team members about the organization's direction. Internal blogs on the company's intranet, check lists on white boards in meeting rooms, or otherwise tracking progress in a public forum helps individuals feel connected to the goals of the team.

- **Meetings.** Accountability meetings, conducted by the team leader, increase and improve future performance. When working on a joint goal with various tasks assigned, these meetings should occur as a team. It helps those with tasks that have interdependencies to talk through progress or concerns. Each individual should conduct their own self-assessment prior to the meeting using the following three questions:

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16   Training Resources and Data Exchange Performance-Based Management Special Interest Group. "Establishing Accountability for Performance," 2001.

1.	What did I accomplish this week?

2.	Do I have any on-going problems?

3.	What do I plan on accomplishing next week?

As each team member provides an update to the team, they should take the time to identify the barriers that need to be removed or plans that need to be put in place to keep things moving if they have stalled. Ultimately, these meetings should facilitate communication and ensure accurate and timely documentation of actions.

Chapter 4 Summary

- It is important to work through assignments as a team. Some of the goals may be very clear, as they align directly with a program; however, others may cross between programs or cross between departments. Work through the assignments together and discuss the pros and cons of the individual assigned. Ensure that each team member feels adequately prepared to take on the goal.

- There are many methods at the disposal of the team leader to ensure accountability among goal owners and team members carrying out specific tasks. Consider the tools your organization or team already uses and how accountability for the team-based performance management can be integrated into existing systems (including, documents, displays, and meetings).

For some strategies, the goal owner may need to collaborate with others on the same team to accomplish the objectives. For example:

- A program manager is responsible for starting a newly funded program works with executives responsible for finance, facilities, and human resources.

- A case manager implementing a new referral system works with peers to develop the necessary tools and relationships.

In other situations, the goal owner is a team leader at another level of the organization and she or he would work with subordinates on the project/program team to delegate tasks relevant to the goal.

- A program manager is responsible for incorporating new research into an existing program.

CHAPTER 5: OBTAIN ANALYTICAL SUPPORT

The role of the analyst in the team-based approach to performance management is unique and important. A goal owner needs to be able to focus entirely on executing strategies effectively, and may be tempted to cut corners or gather, analyze, and present data in a favorable light. The analyst is able to focus purely on the integrity of data collection and analysis. It is essential to include an analyst on the team from the beginning to ensure they are involved in plans to identify and collect data. They will help to ensure elements of the collection plan are applied by the responsible people, creating a sense of continuity throughout the cycle. The analyst's appreciation for the "big picture" contributes to more accurate and comprehensive data collection.

As you move forward, the role of the analyst will be to conduct a preliminary data review before any data is analyzed. If the data collected is significantly different from the originally agreed upon measures, it is the responsibility of the analyst to bring this information to the appropriate team members.

The analyst may use a wide variety of data analysis tools and techniques to characterize the collected data and find actionable information within the data set. The analyst should seek to perform data analysis clearly and transparently so that anyone familiar with the analysis can replicate it and reach comparable conclusions. Since performance management is an ongoing

process, analysts in future cycles should be able to avoid reinventing the analysis procedure and avoid any concerns regarding the accuracy of the results.

Often, smaller organizations feel that they do not have the staff capacity to do the analysis. It is possible to contract out for help. You can hire an individual experienced in evaluation to design and/or implement your efforts. Or you may have someone on your board with the expertise you need. You may be able to seek assistance from a local university or community college or advertise for a volunteer with evaluation skills. You may not need help for the entire evaluation; perhaps you only require an outside person to assist your staff with some of the more technical aspects of the data analysis.

However, to turn evaluation and performance measurement into a driver of continuous improvement and part of an organization's culture, nonprofits should look within their staff to identify and potentially build internal competencies around as many aspects of performance management as possible, including the analysis.

Considerations for an On-staff Analyst

In the first year of conducting a data-driven, team-based approach to performance management, you might have a staff member that has the aptitude for analysis, but has additional responsibilities as well. This can be a good starting place for an organization that does not have the resources to dedicate to a full-time analyst. When considering using an existing staff member, consider whether or not you have sufficient time to develop the competencies, if you have the necessary resources to support their development, and if the skills required are easy to learn and do not require years to acquire.[17]

This individual may be able to gain the skills they require through online resources such as Lynda.com or from a local university or community college course. While it is important to be able to test for statistical significance for drawing certain conclusions, the analyst must always be able to objectively consider how to organize the data and implement data quality controls. Make a list of the required skills and determine a specific educational path to acquire each skill. Ideally, because funders often require evaluation, you could consider using grant funds to train an internal analyst.

When and How to Consider a Consultant

When you cannot identify an internal individual that has or can acquire the skills required, you may consider hiring a consultant. This is especially true if the skills required are of a high degree of difficulty or if you believe your strategies will change dramatically in the future and thus your needs will change.[18]

Working with a consultant is very different than an onsite staff member. Typically a consultant is "a person in a position to have some influence over an individual, a group, or an organization but who has no direct power to make changes or implement programs."[19] It is a nonprofit's staff that has the power to make changes and implement programs. Consultants bring specialized skills, experience, knowledge, or access to information, but lack the power to make decisions. Universities, businesses, and government agencies often have a group of consultants they work with and tap for various projects. Ideally, a consultant will bring an independent perspective to an organization.[20]

Because of the collaborative nature of analyst/goal owner relationships, develop a close, long-term relationship with a consultant, and integrate him or her as much as possible into relevant teams. Alternatively, a

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17   Camden Consulting Group." Closing Leadership Gaps," 2007.

18   Ibid.

19   Block, P. *Flawless Consulting: A Guide to Getting Your Expertise Used*, 2nd ed. San Francisco, CA: Jossey-Bass/Pfeiffer, 2000.

20   Compassion Capital Fund National Resource Center. *Working with Consultants,* 2010.

consultant can perform smaller, discrete analysis tasks such as developing data collection instruments or testing for statistical significance of data gathered.

Hire a Consultant to Coach the Staff

An intermediate step between having a full-time staff member dedicated to analysis and hiring a consultant to do the work is to team with a consultant to coach staff through the first few rounds of performance management. With this arrangement, you can define the degree to which they are involved depending on the type of gap identified.

Use the *Partnerships: Framework for Working Together* guidebook for additional information about building a positive working partnership. The guidebook addresses many partnership topics such as the key components of partnership development, creating norms, developing strong communication, collaborative work plans, using technology and the monitoring of the process.

Chapter 5 Summary

- The role of the analyst in a data-driven, team-based approach to performance management is unique and important. The analyst is able to focus purely on the integrity of data collection and analysis. They will help to ensure elements of the collection plan are applied by the responsible people, creating a sense of continuity throughout the cycle.

- Small organizations may find it difficult to support a dedicated staff member to analyze performance data. Nonetheless, organizations that are able to build analysis skills into their staffing plans will find it worth the effort.

- When you do not have an internal team member capable of acquiring the skills required, you may consider hiring a consultant. This is especially true if the specific skills required are of a high degree of difficulty and/or limited nature. If a consultant is to fulfill the entire analyst role described in this guidebook, he/she will need to be able to form stable, long-term relationships within the organization.

Use the following list of question to help you determine the need to use outside support:

- Do we need specialized expertise to carry out the performance management tasks? What specific expertise do we need?

- How much control should this individual have as compared to our performance management team? How flexible is this person going to be?

- Who has the expertise and is available to help us—universities or other research institutions, consultants, students, or other volunteers?

- Do we know any other organizations who have obtained outside help? Can they provide any recommendations?

- What exactly do we need help doing? What specific tasks should we contract out?

- For more information, see the guidebook, Working with Consultants, on www.strengtheningnonprofits.org.

CHAPTER 6: IDENTIFY AND COLLECT THE NECESSARY DATA

Up to this point, you have been in the preparation of team-based performance management, becoming strategically aligned and designing the necessary measures to assess meaningful outcomes within specific subordinate work teams. These steps should lead to consistency across the organization.[21] Now, it is time to translate the plan into action through identification and collection of the data for analysis.

Define Outputs, Outcomes, and Measures

With a goal and strategy in hand, the goal owner should first work with relevant team members to identify the associated outputs and outcomes. Outputs are the products and services that are created or conducted by the organization. Outcomes are the effects and changes that are a result of the outputs and should be aligned with the work done in achieving the goal. Outcomes can be divided into short-term, intermediate, and long-term outcomes. A logic model is one tool for documenting outputs and outcomes. Guidance for completing a logic model can be found (in brief) in *Appendix F: Developing a Logic Model* or (in detail) in the *Measuring Outcomes* guidebook. *Appendix G: Creating Performance Measures from a Logic Model* shows how to create performance measures related to the outputs and outcomes identified.

The following table shows that there are no "silver bullet" performance measures. Every type of measure has benefits and drawbacks. Make sure your performance measures yield the kind of information that you need. Sometimes customer feedback can yield timely, actionable information better than gathering information on end outcomes of customers.

Type of Performance Measure	Benefits	Cautions
Critical characteristics of products and services (e.g., response time)	Evaluates factors in direct control of producers Can be relatively inexpensive	There may be many critical characteristics – too many measures can lead to a loss of focus Does not assess changes in beneficiaries
Output levels / efficiency	Provides a measure of staff productivity Can be relatively inexpensive	Outputs are less relevant to external stakeholders than results and outcomes as a measure of the return on investment
Participation or usage levels	Provides concrete evidence of utility of products and services by consumers Can be relatively inexpensive	Does not assess changes in beneficiaries or other impacts on society in direct relationships to program objectives
Customer satisfaction	Evaluator can learn what aspects of products or services customers did or did not find useful Can be relatively inexpensive	Does not assess changes in behavior or the impact on society as it relates to the overall goals and objectives of the program

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21   Training Resources and Data Exchange Performance-Based Management Special Interest Group. "Collecting Data to Assess Performance," 2001.

Type of Performance Measure	Benefits	Cautions
Initial or intermediate outcome measures	Measures early efficacy—the influence of products and services on customers or beneficiaries in social services Can be a good indicator of early success if end outcomes require a long-term investment	May not adequately reflect the ultimate goal of the funder
End outcome measure	Reflects the fulfillment of the mission of the program Most relevant to external stakeholders (funders, public)	Changes in condition of individuals, organizations, and communities are the result of complex factors; some may be outside the program manager's control and the program activities may represent only some of the factors Program managers must understand the logic model relationships in terms of contributions, not total control of cause and effect relationships

Considerations for Setting Outputs, Outcomes, and Measures as a Team

Setting ambitious targets for performance measures can be an effective way to motivate program staff. If staff and partners not only know the purpose of the program and how it measures success, but also have a target toward which they can strive, they are more likely to have a sense of motivation and accomplishment. It is good practice to set targets as a team and to identify targets that are both realistic and ambitious. There is a fine balance to be struck by the team leader, pushing the team when their targets are below their ability and controlling the team when their measures are not realistic.

As a team leader, you want to help the team keep the number of measures as small as possible to ensure everyone stays focused and avoids information overload. Sometimes it is better to let the first few rounds of data collection prompt questions that can be answered with expanded collection, rather than to try to collect everything in the first iteration. If the number of measures for a short-term goal exceeds six, consider the possibility of creating an **outcome index**. Indexes combine several measures into one value, providing a single number that encapsulates program performance for that period. Or, consider splitting the goal into two different goals that can be completed independently, one after the other.

It is critical that all members of a team assess the feasibility of collecting data on each performance measure. Each team member will have a different perspective about the intricacies of the client and the feasibility of collecting data. The analyst assigned to the team should have a working knowledge of the tools available to collect and analyze the data. The team should ask themselves:

- In the next phases of performance measurement, what resources will be required to collect data for each outcome?

- Are there other constraints on data collection, such as the federal Paperwork Reduction Act, or obstacles to following up with participants?

- Do reliable sources of data already exist for this measure?

As this step develops, it is important to remember to document the results and communicate the agreed upon information in a team-based performance management plan. Documentation should occur throughout the process, but a final plan should be completed soon after the final decisions are made. Ask team members to write up measures for assigned tasks or nominate a team note taker to document decisions. Either way, the final document should ensure consistency in language and alignment with the final measures. The document should be posted in an easily accessible location.

Data Collection Plan

The integrity of the performance management process relies on having a solid data collection plan. Start crafting a data collection plan by considering what data is needed based on the measures defined. It may be tempting to conduct an audit of available data before developing a data collection plan. First, decide what data you need without being influenced by what data you already have. Later, you can determine how the data you currently collect fits into the plan. The data collection plan should include the type of data to collect, how to collect it, and how to store it. The team must take "the time to define the purpose of the data collection and reporting effort up-front [to] yield benefits down the road."[22]

> **For each specific metric identified, the team should develop a data collection worksheet that includes the following:**
> - Owner for the metric
> - Short-term goals related to the metric
> - Metric title and description
> - Frequency of collection and data source
> - Period of collection and dates for reporting
> - Instructions for data entry into the collection system
> - Associated instructions for updating comparable target data, when applicable

When the team develops specific, narrow requirements that might impact the day-to-day operations of the organization, pushback will be less likely because of the clear steps that were taken to prepare for data collection.

A sample data collection worksheet is provided in *Appendix H: Sample Data Collection Plan*. There are two options to fill out the data collection plan template when doing the work as a team:

1. Each individual who is the lead for a particular measure can fill out the data collection worksheet on their own and then review it as a team.

2. The team can meet to talk through each measure and the data collection worksheet together. This process can be completed in a single meeting.

Completing the worksheet as a team reduces overlap of the data collected, creates synergies between data collected for different measures, and encourages thoughtful consideration of the metrics being defined for each measure. As with any activity within an organization, the need for leadership support is critical to the success of the data collection activity.[23]

Collecting the Data

To collect the data, the team must decide on what source and method to use in collecting the data, develop the tools, identify existing data that can meet the needs of the data collection plan, and ensure quality control.

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22   Training Resources and Data Exchange Performance-Based Management Special Interest Group. "Collecting Data to Assess Performance," 2001.

23   Ibid.

Evaluate Data Sources and Methods

Data sources are as varied as the methods of data collection and the methods can apply to multiple sources. Select sources that are credible, reliable, and that have accurate data available on a timely basis. Major sources include:

- Stakeholders

- Relevant organizations (schools, courts, community centers, faith-based organizations, etc.)

- Beneficiaries

- Control groups

- Performance reports (e.g., periodic grantee progress reports)

- Data records (from reputable, valid, and credible sources)

- Third party evaluators

It is often easier to gather data provided by program implementers rather than gathering data directly from the program recipients. However, this source can be highly biased and may compromise the validity of program outcomes.[24]

Leverage Existing Data

Through the data collection plan, you identified what data you need and the potential sources and methods to collect the data. The next step is to identify existing data you already have. Many nonprofits have program data they routinely record for administrative purposes that serve as demographic and characteristic data to provide breakdowns of outcomes. There is also typically a significant amount of information about inputs, such as dollars spent and employee time.

The teaming aspect of this step involves working with individuals who have been with your organization for considerable time and know what information is on hand and where it is stored. These staff members may also be able to tell you how it was collected and any possible issues that occurred during collection.

Using existing data has both its advantages and disadvantages. Since the data is readily available, it will be initially considered low-cost; however, agency records are rarely holistic and are often missing elements, which reduces the quality of the data and requires additional modifications to be made to ensure validity and reliability. However, if staff members are familiar with the information, the way it was collected and any nuances about the information, the modifications may be minimal. If the decision is made to move forward with obtaining missing data or records from other sources, there should be consideration given to the administration cost of collection and the risk of confidentiality, reliability and validity. Don't fall into the trap of using data just because it is available.

As a team leader, consider the additional work required to gather new data. Consider reducing the burden in other areas of an employee's work load to compensate accordingly.

Ensure Quality Control

Each team member should understand the necessary requirements for data collection to ensure quality control. Develop and implement a systematic quality control and assurance plan, to include the means of confirming data accuracy, validity, and reliability while also exercising control over the use of that data through well-defined analysis processes and controls over access and distribution.

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24   TCC Group. "Research and Development a New Form of Evaluation," webinar presented March 23, 2011, http://www.tccgrp.com/pdfs/Research_and_Development_A_New_Form_of_Evaluation.pdf.

Validity and reliability are two critical concepts in implementing effective measurement systems.

- **Validity is the accuracy of the information generated.** The validity of a data collection instrument is how well it measures what it is supposed to measure. Putting in the time to create good instruments, carefully considering what is being measured, and pre-testing the instruments will help increase their validity.

VALID

- **Reliability refers to consistency, or the extent to which data are reproducible.** Do items or questions on a survey, for example, repeatedly produce the same response regardless of when the survey is administered or whether the respondents are men or women? Bias in the data collection instrument is a primary threat to reliability and can be reduced by repeatedly testing and revising the instrument.
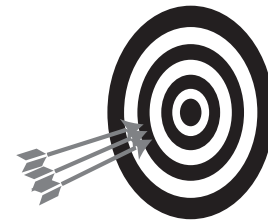

RELIABLE

An instrument is not valid if it is not reliable. However, you can have a reliable instrument that is not valid. Think of shooting arrows at a target. Reliability means getting the arrows to land in the same place each time you shoot. You can do this without hitting the bull's-eye. Validity means getting the arrow to land on the bull's-eye. Lots of arrows landing on the bull's-eye means you have both reliability and validity. Pre-testing is critical to ensuring that your data collection instrument will produce valid and reliable results.

VALID AND RELIABLE

As a team, conduct a preliminary data review before it is analyzed. Solid planning, communications, training, and pre-testing reduce errors, waste, and rework in the process.
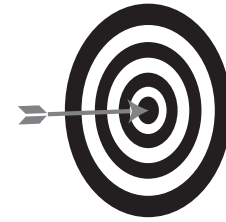
To pre-test, try out the tools with a small group of people who are representative of those you intend to include in your data collection efforts. Elicit help to check the wording of questions, the content, the clarity of the instrument, and the layout and format. Note how long the pre-test took and whether testers had problems completing it. Most importantly, you want to see if you get the responses you expect and the information you need.

Chapter 6 Summary

- With a goal in hand, the goal owner should first work with relevant team members to identify performance measures related to the goal. The best performance measures are ones that yield actionable information.

- It is good practice to set targets as a team to identify targets that are realistic without being overly ambitious.

- Completing the worksheet as a team reduces overlap of the data collected, creates synergies between data collected for different measures, and encourages thoughtful consideration of the metrics being defined for each measure.

- A data collection plan must include means of confirming data accuracy, validity, and reliability while also exercising control over the use of that data through well-defined analysis processes and controls over access and distribution.

CHAPTER 7: ANALYZE AND INTERPRET THE DATA

Analysis is the stepping stone to interpretation. Data is most valuable when it can inform and influence a particular decision.[25] The purpose of analysis is to make informed judgments and improvements that align with an organization's strategy. Individuals can perform trending analysis and correlations to indicate findings, but the value and purpose of this step is to ultimately turn it into performance information and knowledge. This information and knowledge is ultimately used by the organization to make informed assumptions and decisions about what has occurred and how they would like to adjust their approach for corrective action.

The steps in this section are conducted twice to varying degrees: once by the analyst and program manager in preparing to bring the data to the team and again by the team participating in the team-based performance management. At each stage of the process, do what makes sense for you and your organization: the analyst and program manager can analyze and interpret at surface-level or they can do a very thorough job of analyzing and interpreting prior to the team meeting. Likewise, the team can have more or less analysis and interpretation responsibilities depending on how much time they can commit to the process.

Analyze the Data

The initial analysis is conducted by the program manager responsible for the goal and the analyst. The analysis process should be conducted with the same degree of discipline and consistency as the data collection process. The analyst will most likely have the necessary information about the connectivity of the entire performance management process, but the program manager brings the strategic value and client knowledge that will help organize the data into meaningful presentations. Ideally, the program manager will provide the analyst a series of data views or statements that will guide the analyst to determine the statistical method to use. For example:

- A strong correlation between training participation and performance improvement:

- Programs who participated in at least X webinars related to partnership development were X% more likely to reach their partnership target than programs who attended fewer.

- Programs who participated in at least X webinars related to recruitment were X% more likely to reach their match target than programs who attended fewer.

- A strong correlation between academic support and improved grades:

    o Students who received daily after-school academic support improved their grades by X%, compared with a X% improvement in students who did not.

- A strong correlation between a mentor relationship and positive youth development.

    o Children who received two hours interaction each week with a consistent mentor experienced X% gain in positive youth development skills and a X% increase in confidence.

A wide variety of data analysis tools and techniques should be used to characterize the collected data and find actionable information within the data set. Excel can be used to rigorously analyze the data and to draw tactical meaning from raw data.

Typically, nonprofits want to be able to do two things with the data:

- Describe **the current situation and reflect the relationships** between outputs and outcomes in quantifiable terms. Descriptive statistics can be used to summarize the data, either numerically or

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25   Microsoft. "Insight & Analysis: Drive Business Performance," http://www.microsoft.com/canada/business/peopleready/ performance/strategic_analysis.mspx. Accessed July 28, 2011.

graphically, to describe the sample. Basic examples of numerical descriptors include the mean and standard deviation. Graphical summarizations include various kinds of charts and graphs, including Pareto charts and histograms.

- **Make inferences** about a larger population or future performance. Inferential statistics are used to model patterns in the data, accounting for randomness and drawing inferences about the larger population. These inferences may take the form of answers to yes/no questions (hypothesis testing), estimates of numerical characteristics (estimation), descriptions of association (correlation), or modeling of relationships (regression).

The scope of these analyses are addressed below; methods and tools are described in more detail in *Appendix I: Performance Data Analysis Methods and Tools*.

Data analysis should be performed clearly and transparently so that anyone familiar with the analysis can replicate it and reach comparable conclusions. Since performance management is an ongoing process, analysts in future cycles will be able to avoid reinventing the analysis procedure and avoid concerns as to the accuracy of any results.

For a guide to practical multivariable analysis for the non-scientist, see *Analyzing Outcome Information: Getting the Most from Data* (Urban Institute, 2004).

Interpret the Data

Knee-jerk reactions to a single data point are ill advised and can lead to actions that are neither appropriate nor beneficial. Additionally, data without a source of comparison lacks context and does not provide users the ability to make meaning from the information. Use reliable and credible sources of comparable data and ensure it is current as a basis for analysis. Analysis should seek actionable information within the data by identifying trends and outliers related to beneficiary subgroups, program sites, and/or time periods. Analysts are likely to uncover actionable information by comparing performance data from different program sites, time periods, or beneficiary groups. Trends are patterns discerned within the data. The most obvious trends occur from time period to time period. However, in order for comparisons between time periods to reflect changes in program implementation, the procedures for collecting data need to remain relatively consistent. It may take several data collection cycles for the process to become stable enough to begin drawing conclusions.

Potential sources for comparison include:

- A "control group" that is demographically comparable the beneficiary group, but is not impacted by the program activities. For example, two groups of program staff, the key difference between which is that one group attended training and the other did not.

- Population performance. In contrast to a control group, this basis for comparison does not, by design, limit impacts on the total population, but recognizes that the small group impacted by the program is part of a much larger group. For example, efforts to improve employment will yield results in the targeted group that can be compared against the employment level in the total population in which the targeted group operates.

- Historical baseline. In many cases, the objective is to change outcomes of an entire population; however, it may be premature to establish specific performance standards. In those cases, the initial goals may be limited to improving performance, so each measure of performance must be compared to the status that existed prior to program implementation or intervention.

Outliers are pieces of data that are not consistent with a pattern found in the rest of the data. Suppose, for example, most program sites produce success rates within a certain range, but one of the sites is considerably less successful. The program may wish to determine if the beneficiaries of this site have different characteristics than most sites.

Performance data can also provide insight into the viability of the relationship between outputs and outcomes. If the relationships are strong, increases in performance related to outputs, initial outcomes, and intermediate or end outcomes will occur together. If not, then the team may need to re-examine the assumptions behind the model and make changes to the design. For example, a program whose primary activity is training may decide that it also needs to help consumers implement what they have learned so that the training has the desired impact. A homeless program that is successful in getting people into transitional housing may decide that it also needs to consider how to support clients in obtaining and maintaining permanent housing in order to have the long-term impact they seek to have.

The process of analyzing and interpreting data should result in findings and observations that form the basis of discussion in the next step, implementing team-based data reviews.

Chapter 7 Summary

- Analysis is the stepping stone to interpretation. The purpose of analysis is to make informed judgments and improvements that align with an organization's strategy.

- A wide variety of data analysis tools and techniques should be used to characterize the collected data and find actionable information within the data set. Data analysis should be performed clearly and transparently so that anyone familiar with the analysis can replicate it and reach comparable conclusions.

- Analysis should seek actionable information within the data by identifying trends and outliers related to beneficiary subgroups, program sites, and/or time periods.

CHAPTER 8: IMPLEMENT TEAM-BASED REVIEWS

Implementing team-based reviews is at the crux of implementing team-based performance management. This section lays out a process for implementation: select a means for delivering the information to the team, make meaning of the data as a team, and then collaboratively make decisions based on that meaning. The team-based reviews can be done at each level of the organization, as goals at each level are addressed by the appropriate team.

Analysis must lead to action. Performance data provide an organization with the information they need to continuously improve policies, processes, procedures, and alignment of resources for more effective and efficient programs. Based on comparability and trend analysis discussed above, decisions may be targeted to specific activities or programs. Conversely, changes may be applied universally throughout the organization if the data shows problems that are more systematic. In either case, the team must work toward transforming the analysis into productive decision-making opportunities.

The Baltimore Office of CitiStat, a "small, performance-based management group responsible for continually improving the quality of services provided to the citizens of Baltimore City is a great example of a systematic approach to performance management as a team."[26] The CitiStat approach is a data-driven approach to decision making featuring regular meetings of the chief executive and leadership team and one or more business unit leaders to review data related to key objectives and/or problem areas. In each meeting the team follows up on the results of previous decisions--using data trends--and establishes future objectives.[27]

Following the steps laid out in this guidebook will help organizations move beyond traditional performance management models and embrace data-driven processes focused on strategy and execution. Looking forward,

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26   City of Baltimore public website, http://www.baltimorecity.gov/Government/AgenciesDepartments/CitiStat.aspx. Accessed July 28, 2011.

27   Daughtry-Weiss, D. "A Performance Management Trend Hits 'Prime Time,'" In The Arena blog post, http://inthearena.daremightythings.com/Item.aspx?id=78, November 8, 2010.

the ability to make strong, data-driven decisions may be the single greatest predictor of organizations' success.[28]

Select the Means of Delivery

Typically, a combination of written and oral presentations, along with graphic displays, is the right approach for most audiences. Regardless of the audience and the means of delivery, every presentation of data and information should reduce complexity and stick to simplicity to increase comprehension. However, not all data is simple. Edward Tufte, a professor at Yale University has spent much of his career dedicated to the presentation of data and visual evidence. He states that "excellence in statistical graphics consists of complex ideas communicated with clarity, precision, and efficiency."[29]

Tufte describes the various elements of creating a successful graphical display:

- Show the data

- Introduce the views to think about the substance rather than about methodology, graphic design, the technology of graphic production, or something else

- Avoid distorting what the data have to say

- Present many numbers in a small space

- Make large data sets coherent

- Encourage the eye to compare different pieces of data

- Reveal the data at several levels of detail from a broad overview to the fine structure

- Serve a reasonably clear purpose: description, exploration, tabulation, or decoration

- Be closely integrated with the statistical and verbal descriptions of a data set

In general, he focuses on not only the statistics, but also the design. Tufte focuses on "how to communicate information through the simultaneous presentation of words, numbers, and pictures."[30]

For purposes of the team-based review, the organization should create a consistent data template that can be used by all goal owners to report on their goals and performance measures. The team-based review begins with the presentation of these reports. At CitiStat, a single analyst combines these templates into a single report that becomes the backbone of the meeting's discussions.[31] During the team-based review, goal owners are questioned about their performance by their team members. They are given suggestions about how to

More Information

A table of methods for displaying information graphically can be found in *Appendix J: Graphic Data Presentations.*

Scorecards and dashboards are one method for displaying information to your team. *Appendix K: Scorecards and Dashboards* has more information about scorecards and dashboards, including a visual display of a successful dashboard that is easy to read and requires little or no additional explanation.

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28   Reich 2008, 1

29   Tufte, E. *The Visual Display of Quantitative Information*, 2nd ed. Cheshire, CT: Graphics Press, 2001.

30   Ibid

31   City of Baltimore public website, "CitiStat / Process / Learn The Process," http://www.baltimorecity.gov/Government/AgenciesDepartments/CitiStat/Process/LearnTheProcess.aspx. Accessed July 28, 2011.

improve their efforts through strategies identified and formulated during a meeting, done through collective meaning making and collaborative decision making.

From Collective Meaning Making to Collaborative Decision Making

The team's challenge is to collectively make meaning of the data presented to them, leading to a collaborative decision-making process. The decision-making process will address any concerns with the data, providing new directives and strategies to meet the outcomes where little progress is being seen. Throughout the process, all members should feel understood and valued. They should be able to freely express their opinions, thoughts, and feelings openly and should actively listen to others. This process is not easy, as the time commitment is longer and requires a high degree of skill by each individual.[32]

A key to building consensus in meaning making and decision making is that the group must support the decision 100 percent. Collective decision making that is arrived at through consensus is one of the most effective and fair processes. This does not mean that the group has to be in full agreement; rather they must agree that the decision is the best one in the particular circumstances.[33]

This process, used by CitiStat, provides an example of how to approach team-based data review and decision-making:

- Programs submit customized data templates on a bi-weekly basis that focus on key performance measures determined by the leadership team. These may include data analysis, field research, interview quotes from program recipients and staff, etc. A single analyst combines these templates into a single report that becomes the backbone of the meeting's discussions.[34]

- During the bi-weekly meetings, the data within the templates and reports is carefully reviewed and monitored for trends.

- Questions are asked by team members and answers are provided to the best of the ability of the individual presenting the data. Any questions that cannot be answered are documented for follow-up at the next meeting.

- Additional information is also reviewed such as monthly budget updates.

- Strategies are discussed as a team to improve performance.

- Following the meeting, a comprehensive briefing, usually about one page long is prepared and delivered to each business unit or program manager lead that highlights open ended questions, follow-up data requests to address any concerns and discussed recommendations.[35]

- Any follow-up is discussed at the next meeting along with any new data results.

The process may be slightly different for each team, but the overall goal is to identify actionable information through consistent review of available information. An example of information that should result in action is concern about a goal being met. If the goal isn't being met, the collective meaning making will identify potential causes and the best action to obtain better results in the future.

Each organization has the capability to adjust the approach of the team-based reviews to meet the specific needs of the organization. As you work through building your own framework in your organization,

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32   Foundation Coalition website, "Methods for Decision Making," http://www.foundationcoalition.org/home/keycomponents/teams/decision2.html. Accessed July 28, 2011.

33   Kelsey, D. and Plumb, P. *Great Meetings! Great Results.* Hanson Park Press, Inc., 2004.

34   City of Baltimore public website, "CitiStat / Process / Learn The Process," http://www.baltimorecity.gov/Government/AgenciesDepartments/CitiStat/Process/LearnTheProcess.aspx. Accessed July 28, 2011.

35   O'Malley, M. "State Stat: Maryland," PowerPoint presentation, www.dnr.state.md.us/pdfs/statestat.ppt. Accessed July 29, 2011.

remember that the process is not quick and the time it takes to implement can be significant. There are many variations of consensus decision making such as the consensus oriented decision making model, whose steps are rather straight forward:

1. Frame the topic

2. Open discussion

3. Identify underlying concerns

4. Collaborative proposal building

5. Choosing a direction

6. Synthesizing a final proposal

7. Closure

For additional resources on facilitating collective meaning making and collaborative decision making during a team-based review, see *Appendix L: Facilitating Collective Meaning Making and Collaborative Decision Making*. Additionally, Robert Kinsely wrote in an online blog on May 12, 2011 about his experience attending the meeting of the Maryland StateStat team. His impressions provide an outline for implementation and are included in *Appendix M: StateStat Team Meeting*.

Recognize

Recognition can be a very powerful tool to motivate and improve the performance of staff members. In the nonprofit environment, monetary rewards are not always possible; however, there are many other ways to recognize employees that are just as effective. The goal of recognition may be different for different leaders and it can impact staff members in a variety of ways. It can increase their productivity, can build feelings of confidence and satisfaction, or increase an employee's desire to stay with an organization.

Ideally, the best reward systems are clearly stated and closely aligned to the organization's strategies. For a nonprofit, the strategy may be to reduce costs in a certain area, thus encouraging ideas for minimizing or eliminated overhead.

You can reward your team individually, or as a whole. While individual rewards should be an element of the performance management process, team rewards should also be considered given that this process is focused on a team-based approach. **Individual rewards** can have a dual benefit to the employee and the organization. These ideas motivate employees to gain new experiences, build their skills, demonstrate their abilities, show the organization trusts in them

As with any work team, you define expectations upfront as part of the process. To assist in encouraging strong behaviors, recognize the early wins to reinforce the expectations. This is especially important to the change management process. An early win helps an individual get on board to support the new process. It can also help to transition the employees with skeptical attitudes.

As you move forward, remember that rewards should clearly state the specific reason for the recognition and also communicate the expectations for the same level of effort going forward. The continued effort to set clear expectations while providing timely and informal feedback help to shape staff behaviors all while building confidence as the process moves ahead.[34]

36   Watkins, K. "5 Keys to Successful Change Management," ALLIANT's Blog, Septemeber 18, 2010, http://alliantmgmt.com/blog2/2010/09/18/5-keys-to-successful-change-management/.

and add to an employee's overall variety of work tasks. Individual rewards might include taking on more enjoyable tasks, opportunities to attend training or professional development activities, assignment to special projects, an increased role in decision making, and public recognition in front of peers at meetings.

Providing **team-based rewards** is a great opportunity to foster team bonding. Team rewards can come in a variety of forms. One of the most common is team events. These types of reward and recognition events help to foster team unity and provide useful perspective on individual personalities. Other ideas include team-building events, such as retreats or community service activities, or a peer-to-peer recognition program, which can motivate team members and promote teamwork. A key to team-based rewards is considering the various personality types on the team. Vary the events and keep everyone in mind as you plan activities. Promote the reward through weekly updates during team meetings, newsletters or memos, or even short-term incentives that help gain momentum toward the long-term reward. If possible, make the reward fun and creative by posting a prominent visual of the progress or countdown to the reward.

Chapter 8 Summary

- Implementing team-based reviews is at the crux of implementing team-based performance management. The approach implemented by the Baltimore Office of CitiStat is a data-driven approach to decision making featuring regular meetings of the chief executive and leadership team and one or more business unit leaders to review data related to key objectives and/or problem areas.

- Collective decision making that is arrived at through consensus is one of the most effective and fair processes. This does not mean that the group has to be in full agreement; rather, they must agree that the decision is the best one in the particular circumstances.

- Recognition can be a very powerful tool to motivate and improve the performance of staff members.

CHAPTER 9: REFLECT AND REFINE

All performance assessment activities must include an evaluation of the effectiveness and efficiency of the process for future improvements. Programs must continuously improve the team-based performance assessment process to make it more efficient and valuable to current and future clients. The key is not only "lessons learned," but more importantly "lessons to be used."

Evaluate the Performance Measurement System

At the end of the cycle, everyone involved in the process should be involved in an evaluation of the system. The evaluation of the process primarily examines the relationship between what happened to what should or could have happened and how effective and efficient the performance management process has been in meeting the organization's goals and objectives.

At the end of the cycle, the leader should collect feedback from everyone involved and assess and reflect on the individual concerns of the team. For example, the analyst can record their observations regarding the disconnect between the original data definitions and the data that was actually presented for review. Once this information is collected, the project leader should lead the team in a discussion to identify areas of waste and potential improvements in the process. Direct the team to focus on the positive changes rather than the negative experiences.

Implement actions to make necessary adjustments to the process and the support systems in a timely and accurate way. The recommendations and rationale should ensure the entire system continues to serve the interest of all stakeholders and beneficiaries.

Beyond the process, reflect on results and associated improvements. Each execution of steps in the cycle yields

"lessons learned" that must be converted to "lessons used" for better performance management in the future. When metrics cease to be useful, when comparison data is no long applicable, or when alignment is broken due to changes in policy, adjustments must be made in a timely manner. Monitoring the effectiveness of the performance management plan is as important as monitoring the effectiveness of the programs it reflects. Address the need for changes in metrics, criteria, and comparable standards, as well as the collection process and tools for storage and reporting.

Chapter 9 Summary

- Programs must continuously improve the team-based performance assessment process to make it more efficient and valuable to current and future clients. The key is not only "lessons learned," but more importantly "lessons to be used."

- When metrics cease to be useful, when comparison data is no long applicable, or when alignment is broken due to changes in policy, adjustments must be made in a timely manner.

CONCLUSION

A data-driven decision making nonprofit uses its evaluation efforts to guide the organization, with an eye toward what works and the effective and efficient use of funds. Implementing a team-based performance management process is one way to create an environment of data-driven decision making within an organization. Benefits of the approach include an engaged staff and an innovative and responsive organization.

APPENDIX A

Assessment Tools and Skills Matrix

In general, most leadership assessment tools focus on broad leadership qualities, such as decision-making skills, collaboration, planning, communication, and teamwork. You may want to use a tool that has both general leadership topics as well as topics focused on project management, such as the Kirton Adaptive Inventory (http://www.kaicentre.com) or the Ken Blanchard Preferred Leader Assessment (http://www.kenblanchard.com). See below for additional tools. In a nonprofit environment in which you are trying to implement a team-based performance management process, it is also important to consider other key factors, such as facilitation skills, analysis capabilities, and action planning.

If self-assessments do not provide enough information regarding performance management skill sets, you might conduct a 360 degree feedback survey that asks peers and staff member's specific questions about performance management skills and your abilities and the abilities of your team to meet those requirements. You can also learn more about leadership styles, team management, and performance tools in the *Leading a Nonprofit Organization* guidebook.

Once a solid understanding of the necessary competencies and skills are identified and the corresponding leadership abilities are aligned, the gaps should be clear. Use a matrix to clarify gaps. A matrix assigns a high, medium, or low to each skill and need. This tool can help you to lay out a clearer picture of the gap as seen in the below illustration.

Current Skills				
	Low			GAP
	Middle			
	High			
		Low	Middle	High
	Current Need			

Ask these questions to clarify the steps you need to take to close the gaps:

- Are there mentoring opportunities through your board members?

- Are there other affinity organizations and nonprofits that you can work with to better share limited talent, core skills, and expertise?

- Are there staff members who have the skills that you can leverage and learn from?

A long-term plan should also be a part of identifying the desired competencies and skills of future leaders. Based on your need and timeframe, you can conduct succession planning to identify the characteristics of individuals that you would like to see brought into the organization during future hiring. Additionally, succession planning can identify a strategy if you experience personnel losses to ensure the seamless transition of certain tasks to new individuals. This topic is typically of importance for nonprofits when it comes to analysts. In a later section, there are considerations for how to find the right individual for the important and critical phase of analysis.

Tools for leadership assessments:

- The **Educational Leadership Toolkit** includes a leadership self-assessment and a team climate survey. http://www.nsba.org/sbot/toolkit/LeadSA.html

- **Leadership Self-Assessment Tool** by R.E. Brown and Associates can be used for an assessment from your own perspective or from the perspective of others – a 360 degree look at one's leadership strengths and potential. http://rebrown.com/assessments_transition.htm

- Other tools are available from the *Free Management Library* website on their webpage entitled **Various Needs Assessments to Help Identify Leadership Development Goals.** http://www.mapnp.org/library/ldr_dev/assess/assess.htm

APPENDIX B

Risk Mitigation Plan

Risk mitigation planning helps organizations provide possible solutions and answers to potential issues before they occur. The planning is designed to address the all different types of scenarios. The goal is to establish collective processes and approaches to guide the team's decision-making and the staff responses.

First, create a set of planning scenarios that represent a broad range of potential situations the organization could plausibly face during this time of change. Then, take the time to determine a flexible set of ways that can be combined to deal with unexpected scenarios. For example, do you need different communication channels to help during this time of transition if people are responding negatively, or do you need town hall meetings where people can voice their concerns openly? Once these potential responses are matched with the risk scenarios, have the team determine a designated chain of command that provides a unified team message. The response plan should always include a communication plan. Clear communication is the key to addressing issues and reaching a broad group of people.[37]

You can use the tools below to help analyze risk and document actions to mitigate potential risk. The risk management plan template can be used to brainstorm risks as a team and discuss their probability, potential impact, and contributing factors (those events that increase the likelihood and impact of the risk). Finally, determine actions for mitigating the risk and assign someone responsibility for carrying out those actions.

Use the risk management matrix to plot your risks according to their probability and potential impact. Each risk will then fall with one of four quadrants:

- High Impact, High Probability. These are the priorities when it comes to ensuring completion of risk mitigation actions.

- High Impact, Low Probability. While these risks have a low probability, the potential impact requires leaders to be prepared to mitigate them.

- High Probability, Low Impact. These might be considered low-hanging fruit. The risks will likely occur, but their impact is low and may be easily mitigated. Do not let these risks fall through the cracks, as small problems can easily become big problems without proper mitigation.

- Low Probability, Low Impact. These scenarios are not likely to occur and would have a low impact. Leaders should monitor the contributing factors that might increase either impact or probability.

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37   Managing Crisis Guidebook

Risk Management Plan Template

Risk	Probability (Likelihood of occurrence)	Impact (Rank on a scale of 1-5, with 5 as the most severe)	Contributing Factors	Risk Mitigation Actions
Failure to get team buy-in to new process	25%	5	Have had trouble implementing new initiatives in the past Success requires everyone's participation Leaders/program managers are instrumental—others will follow	Engage potential critics in the planning process Frequent, consistent communication emphasizing intentions and goals Encourage/reward team contributions Hold program managers accountable consitentconsistent communication emphasizing intentions and goals Encourage/reward team contributions Hold program managers accountable

Risk Management Matrix

Failure to get team buy in
Probability:25%
Impact: 5
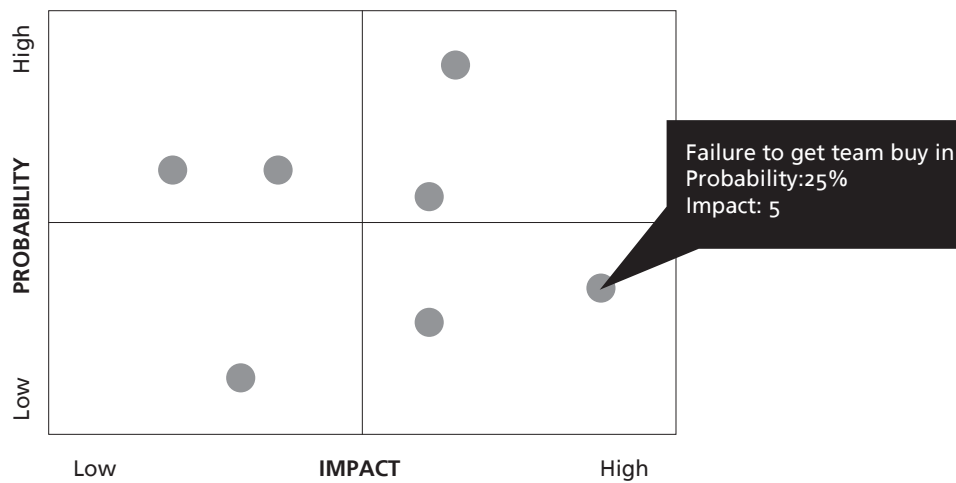
APPENDIX C

Indicators of Change Readiness

Indicators of change readiness are traits you can look for in organizational documents or by interviewing organizational leaders. Not all of the indicators must be present in order for an organization to be ready for change, but several of them should be.

Indicators

Mission/Vision/Values

- The organization has clear values that define the way they interact with the community and within the organization.

- The organization has a vision and mission statement in which employees, board members, and all other organizational stakeholders are invested.

- There is a clear plan for growth, in a strategic plan or other written document.

- The executive director, board of directors, and other leadership is committed to and directly involved with the change.

Organizational Alignment

- Leadership and staff recognize the need for change.

- Leadership and staff mostly agree about what change is needed.

- Leadership and staff are prepared to support the change.

- There is cross-functional communication; leadership and direct service staff effectively communicate with each other.

Culture and Infrastructure of the Organization

- The mood of the organization is optimistic and positive.

- Conflict is dealt with openly, with a focus on resolution.

- Innovation within the organization is rewarded and taking risks is allowed.

- Infrastructure is flexibly and easily adapted to possible role changes in the future.

- Leadership is aware of trends in the nonprofit sector, particularly new and emerging practices.

Past Experiences

- The organization has had positive experiences with change in the past.

- The organization is relatively comfortable with transitions.

APPENDIX D

Communication Plans and Template

Team Communication

The communication that occurs within the specific team responsible for performance management should be related to training, timelines, decision-making processes, and delegation authority, to name a few.

Depending on your leadership style and the style of your team, adjust your communication approach accordingly. Some people prefer written communication when they are delegated a task, whereas others prefer a face to face communication.

Whichever approach you take with individuals, establish a centralized location where all decisions, timelines, and assignments are documented and shared for full disclosure to the team. As important aspect of team-based decision making is collectively holding each other accountable for the items that have been agreed upon. Knowledge management systems that facilitate collaborative documents, such as wikis, are a great place to house these documents.

Downstream Communication

This initial communication is valuable to set the stage, but additional communications need to occur between levels of the organization throughout the process. These communications include both reminders of the reasons for implementing team-based performance management and specific task-oriented communication. Communication should be both informal and formal between levels of the organization. Formal communication occurs in a set format, including conferences, meetings, written memos, and letters. Formal communication is usually straightforward and direct, whereas informal communication is not restrained and usually can occur at any time or place. Informal communication can help those who are less comfortable speaking in large audiences voice their opinion in a comfortable setting.

It is the responsibility of the individual who is a part of the initial team and accountable for specific tasks to communicate with those that are downstream of the changes being implemented. For example, the program leader that might sit on the initial team is responsible for communicating task level information to their staff. As the communications trickle down through the organization, champions can be identified for leading the charge to ensure timely and consistent messaging about specific tasks.

External Communication

Some of the other target audiences to consider are program partners and the public, who are most likely concerned about program results. Keep their interest in mind as you communicate either the goals of performance management or the outcomes. Program staff and partners may be motivated in trying to reach a certain performance target. Funders and the public will be assured that the program is accomplishing its purpose and that management is collecting meaningful information that it can use to improve. Of course, wider dissemination to the public and other stakeholders may be warranted, but should not take place without leadership's involvement, coordination, and approval.

Communication Planning Template

Use a communication plan template that clearly spells out the objective, audience, specific message, who will deliver the message and the means of the delivery for all communication. This will help to ensure that all essential elements of information are covered and nothing is forgotten.

Audience analysis will help to determine the best means to deliver the message. A combination of written and oral presentations, along with graphic displays, will be the right approach for most audiences.

A communication plan may be as simple as this template:

Objective	Target Audience	Message	Messenger	Means, Mechanisms, and Sources
Increase fundraising potential through increased community awareness	Community Leaders (External Stakeholders)	Program outcomes display a positive trend, leading to reductions in crime and improvements in quality of community life	Program director with recent beneficiaries	Clear text with associated graphic displays suitable for community group meetings

APPENDIX E

Change Leadership Checklist

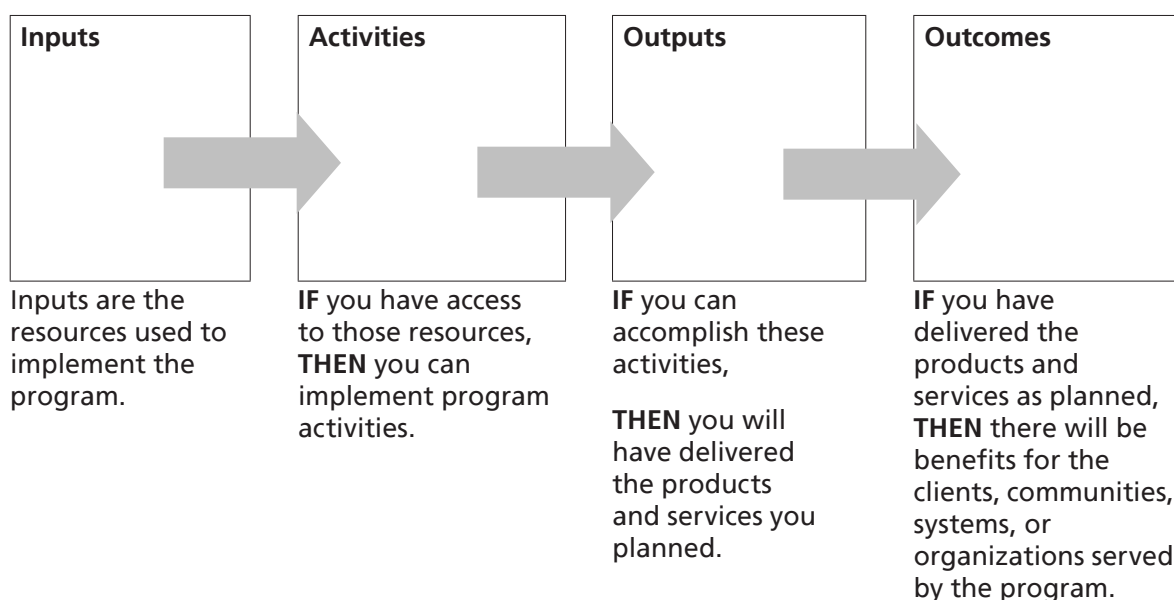| Action	Rating (Scale of 1-5, with 5 as the most positive or favorable	Comments or Recommendations for Improving Change Implementation
Preparing for Change		
1. Is there a clearly developed change strategy based on organizational culture, objectives to be accomplished, and lessons learned from the past?		
2. 2. Does the strategy gain positive leverage from current strengths and recent successes?		
3. 3. Have risks been identified – risks involved in the transition and risks associated with the new policies, programs, processes, or procedures?		
4. 4. Has a communications plan been developed to ensure all stakeholders are enrolled in the change process?		
5. 5. Have leadership and management skills necessary for successful change been assessed, with near-terms plans to fill gaps?		
Implementing Change		
6. Are organizational leaders taking an active role in providing the vision, resources, and process for implementing change, including coordinating with external stakeholders?		
7. Are leaders at all levels able to communicate effectively both inside and outside the organization?		
8. Are leaders able to manage risk? Have risk mitigation actions been put in place to minimize the adverse impact of risks?		
9. Are the appropriate people receiving training and is it effective – training on the change process as well as training on the new policies, programs, processes, or procedures?		

10. Does the organization recognize and reward individuals and team who proactively support the change objectives and take extra steps to ensure success?		
Institutionalizing Change – Making it Stick		
11. Have leaders taken specific steps to involve everyone in the change process – to ensure people at all levels of the program/organization have the opportunity to contribute to success?		
12. Have all elements of the organization been addressed to ensure alignment during and after implementation? Alignment should address people, processes, technology, customer service, objectives, and outcomes.		
13. Do leaders consolidate victories, publicize them both internally and externally, and build on momentum?		
14. As change becomes embedded in the organization, do leaders promote infrastructure alignment to ensure new policies and procedures become a "way of life" until the next opportunity for improvement?		
15. Does the organization capture lessons learned through after action reviews and the development of knowledge assets that are readily available for others to use in future change strategies?		

APPENDIX F

Developing a Logic Model

Each team assigned to a specific task can work together to create a logic model for each goal they have been assigned. This will help to flesh out the activities that can be tracked in a performance management plan to determine if the organization's performance management model is on track. Depending on the size of the team and the number of tasks, this process can occur in small sub teams, but should be reviewed as a larger team to ensure alignment and reduce overlap. A more detailed process flow is described below.

Logic models take a wide variety of forms, but the most commonly used model uses the following terms and assumptions.

Inputs	Activities	Outputs	Outcomes
Inputs are the resources used to implement the program.	**IF** you have access to those resources, **THEN** you can implement program activities.	**IF** you can accomplish these activities, **THEN** you will have delivered the products and services you planned.	**IF** you have delivered the products and services as planned, **THEN** there will be benefits for the clients, communities, systems, or organizations served by the program.

As solid, goal-based outcomes are identified, it is easier to trace the steps backward to the necessary outputs, associated activities, and required inputs (resources) for success. Each element of the logic model should include critical indicators (metrics) that will guide decisions within individual programs. They must be meaningful, measureable, and credible. The following definitions will help to further define these concepts:

Output. An output is the product or service produced by a process or activity. Examples include the number of people trained or the number of mentors recruited. Outputs help track the progress toward implementation of our plan; they also help to further understand outcomes when they vary from what was expected. Ultimately, they assist in helping the team to adjust and monitor actions.

Outcome. An outcome represents the effects and changes that are a result of the outputs in both the short-term and longer term. The term "impact" is used frequently to describe changes that would not have occurred in the absence of the program. In most cases, funders and staff are most interested in long-term outcomes. Long-term outcomes can be influenced by many activities outside of the program; therefore, it may be difficult to establish a direct cause and effect relationship.

A logic model clarifies the intended results of the program activities and should include, at a minimum, outputs, as well as initial, intermediate, and end outcomes. Follow this process for creating a logic model. Begin with the goal that has been set by the strategic plan developed by the leadership team.

1. Confirm the goal statement that has been approved by the board.
   Sample statement: To break the cycle of poverty for at-risk youth.

2. Restate the performance goal as an outcome statement (i.e., what kind of change, for whom). This is the end outcome.
   Sample outcome statement: To improve the long-term economic well-being of youth growing up in poor households.

3. Identify the products and services that are delivered to customers or program beneficiaries. These are the outputs.
   Sample output: Parenting classes to parents of children at-risk for dropping out of school.

4. Identify the critical activities that are necessary for producing these outputs. Include outreach activities that are the first contact of the program with program customers or beneficiaries.
   Sample activities: Recruit parents. Design classes. Provide classes.

5. Create a series of "if…then…" statements, working backward from the end outcome to the direct result, or initial outcomes that are anticipated after the delivery of products and services. These statements represent your assumptions, or theory, about how the activity leads to the desired result. Significant end outcomes often have many dependant outcomes that must occur before the desired outcome. Missing or tenuous links in the chain will weaken your ability to identify performance measures and diagnose performance concerns.

   Example if…then sequence:

   IF parents are convinced of the benefits of changing their behavior,

   > *THEN they will have the motivation to change their behavior.*

   IF parents learn about and practice new behavior,

   > *THEN they will have the skills required to change their behavior.*

   IF parents have the skills and motivation to change their behavior,

   > *THEN they will provide appropriate encouragement to their children.*

   IF parents provide appropriate encouragement to their children,

   > *THEN children will be motivated to participate appropriately in school.*

   IF children are motivated to participate in school,

   > *THEN fewer children will drop out.*

   IF fewer children drop out,

   > *THEN long-term economic well-being of at-risk youth will increase.*

A complicated series of interacting outcomes may be more easily manipulated in a flow chart diagram with arrows between each outcome. However, when using arrows, be sure to ask if there is a reasonable "if…then" relationship between each outcome, to ensure that no intermediate outcomes are left out.

6. Examine the assumptions that underlie each "if…then" statement. Some of them are likely to be reasonably "safe" assumptions. Others may be supported by research. Still others may involve leaps of faith by program designers. Make note of these assumptions because you will want to collect adequate data to assess the validity of these aspects of your program theory.

7. Begin putting the program theory into an easily digestible graphic or table format. For communication, a table format like the one below that simply lists outcomes as "initial," "intermediate," and "end" may be preferable.

Logic Model Worksheet

Outputs	Initial outcomes	Intermediate outcomes	End outcome
Products and services delivered.	An outcome expected at the time program products and services are delivered (during program activities).	Outcomes expected after products and services have been consumed (after program activities), but which do not represent the desired end result of the program.	An outcome that represents the desired end result of a program.

APPENDIX G

Creating Performance Measures from a Logic Model

After creating a logic model, identify performance measures using the outputs and outcomes. Performance measures are critically important for conveying "what matters" and must be meaningful and relevant to internal and external stakeholders. The diagram below uses examples to show how outputs and outcomes can be converted into a set of measures. Note that the measures under the "activities" column are labeled "process measures" rather than "performance measures." The process measures are not directly related to the impact of the organization, whereas the performance measures typically deal directly with the outcomes or results of activity.

Activities	Outputs	Initial Outcomes	Longer-term Outcomes
▪ Design and develop mentor training curriculum ▪ Recruit mentors ▪ Plan for learning event	▪ Classroom training ▪ E-learning modules	▪ Mentors gain knowledge and understanding of productive relationships ▪ Dosage and duration of mentoring relationships ▪ School attendance	▪ Academic performance ▪ Children have fewer behavioral issues ▪ Graduation rates ▪ Post-school placement (job, military, further training/education)
Process Measures	**Performance Measures**		
▪ Curriculum produced IAW ANSI/IACET Standard ▪ # of mentors recruited ▪ Event is held on schedule and within budget	▪ # of mentors completing e-learning ▪ # of mentors attending training event ▪ # of hours of training delivered	▪ % of mentors exceeding minimum required score on post-test ▪ # of matches meeting or exceeding standards for monthly dosage and longevity ▪ % school attendance compared to non-participating students	▪ # of children with better grades (average increase in grade point average) ▪ # of behavior reports on participating children compared to others ▪ % of youth graduating compared to others ▪ % of post-secondary placements (increase over baseline or compared to non-participating youth)

APPENDIX H

Sample Data Collection Worksheet

This worksheet will ensure that your data collection plan is complete, and aligns to the goals initially developed.

Goal	Performance Measure/ Metric	Data Source	Period of Collection	Dates for Reporting	Instructions for Data Entry	Person Responsible

APPENDIX I

Performance Data Analysis Methods and Tools

Descriptive statistics

Data	Description	Purpose
Total	Self-explanatory; the total is simply the sum of all data related to a specific element.	The total has limited use, except to explain the size of the population being measured or number of observations; however, it can be sub-divided into categories for additional insight (see various graphing approaches below).
Arithmetic Mean ("Average")	The arithmetic mean is the sum of the observations divided by the number of observations. It is the most common statistic of central tendency and when someone says simply "the mean" or "the average," this is what they mean.	The arithmetic mean works well for values that fit the normal distribution. It is sensitive to extreme values, which makes it a poor match for highly <u>skewed</u> data.
Median	When the numbers (Ys) are sorted from lowest to highest, this is the value of Y that is in the middle. For an odd number of Ys, the median is the single value of Y in the middle of the sorted list; for an even number, it is the arithmetic mean of the two values of Y in the middle.	The median is useful when dealing with highly skewed distributions. For example, if you were studying acorn dispersal, you might find that the vast majority of acorns fall within 5 meters of the tree, while a small number are carried 500 meters away by birds. The arithmetic mean of the dispersal distances would be greatly inflated by the small number of long-distance acorns.
Mode	This is the most common value in a data set. It requires that a continuous variable be grouped into a relatively small number of classes, either by making imprecise measurements or by grouping the data into classes.	It is rarely useful to determine the mode of a set of observations, but it is useful to distinguish between unimodal, bimodal, etc. distributions, where it appears that the parametric frequency distribution underlying a set of observations has one peak, two peaks, etc.

Data	Description	Purpose
Ratio	The ratio is the relationship between two pieces of data, usually expressed as one over (or divided by) the other. This also provides the opportunity to present the ratio as a percent. For example, 40 of a total of 100 students are boys or 40/100=40% are boys. It can also be presented as the number of boys compared to the number of girls (e.g., 40:60).	Ratios are helpful in describing the relative size of a portion of the population or one category of data to another or to the whole.
Standard Deviation	The standard deviation is the most common measure of statistical dispersion, measuring how widely spread the values in a data set is around a central point, usually the mean.	Standard deviation can indicate the degree of homogeneity of a population—how similar or different all the occurrences are. It may also serve as a measure of uncertainty. If measures should be close to the same, a large standard deviation could indicate an error in the method of measurement or inability to predict results.

Inferential statistics

Technique	Description	Purpose
Estimation	Estimation is the calculated approximation of a result that is usable even if data may be incomplete. Estimation can be useful if based on statistical analysis, such as extrapolation of a least squares regression line to predict future trends, but estimated data should also be highlighted to preclude any false interpretation.	Estimation is helpful in "filling in the gaps" where not all data is available due to the cost or inability to collect. Future projections in conjunction with regression analysis (see below) are one of the common uses of estimation.
Correlation	In statistical analysis, correlation, (often measured as a correlation coefficient), indicates the strength and direction of a relationship between two variables. In general statistical usage, correlation, or co-relation, refers to the departure of two variables from independence. In other words, one is dependent on the other.	Statistical analysis of a data set may reveal that two variables tend to vary together, as if they are connected. For example, a study of annual income and age of death among people might find that poor people tend to have shorter lives than affluent people. The two variables are said to be correlated (which is a positive in this case).

| Regression | The first objective of regression analysis is to best-fit the data by adjusting the parameters of the model. Of the different criteria that can be used to define what constitutes a best fit, the least squares criterion is a very powerful one. | Linear regression is widely used in biological, behavioral and social sciences to describe relationships between variables. It ranks as one of the most important tools used in these disciplines. A major product is a trend line. It represents a trend, the long-term movement in time series data after other components have been accounted for. It indicates whether a particular data set has increased or decreased over the period of time. A trend line could simply be drawn by eye, through a set of data points, but more properly their position and slope is calculated using statistical techniques like linear regression. |

APPENDIX J

Graphic Data Presentations

Graphical Display	Description	Purpose
Bar chart/ histogram	The horizontal axis provides the responses or response categories. The vertical axis is the frequency of a response (or a range) within the data set.	Used to display the frequency of responses or response categories (called bins). Assessments are often requested to be subdivided by categories (e.g., all girls, all urban areas, all former prisoners), and a bar chart or histogram is often the first display of data by category.
Pareto chart	As above, but categories are arranged in descending order of frequency. The underlying concept is that 20% of the activities or events lead to 80% of the results (the Pareto Principle).	Used to identify the most frequent responses for follow-up/action. This enables the analyst to focus on the "critical few" factors that have the greatest influence.
Box plot	On a single axis, this graph shows where the top quarter and bottom quarter of responses lie, the total range of responses, and the mean, or average.	Used to display the range and dispersion of data on a particular variable.
Two variable plot	Axis represents two variables of analysis (e.g., outcomes and beneficiary characteristics) with individual data points represented as dots.	Used as an input to the identification of a linear or curvilinear trend that represents a correlation of two variables (see inferential statistics below).
Statistical process control chart	The horizontal axis represents time and the vertical axis represents an output variable. Horizontal lines represent acceptable boundaries of variation, usually calculated using standard deviation.	Used to monitor the variation in the outputs in a process where inputs are consistent and some variation in the characteristics of outputs is expected within limits.

APPENDIX K

Scorecards and Dashboards

The goal of performance management is not only to report to funders, but also to support the efforts of the nonprofit. The two audiences, funders and nonprofit staff, may have very different needs and desires when it comes to the delivery of information. The use of dashboards and scorecards has been of great value over the last several years as people are inundated with data, but lack the knowledge to know what to do with the data. As mentioned in the introduction, this guidebook is designed to help organizations that want to stop simply generating data and start using it.

Tom Gonzalez, the Managing Director of BrightPoint Consulting, Inc., describes the difference between the two means of delivering data information: "The goal of a scorecard is to keep the business focused on a common strategic plan by monitoring real world execution and mapping the results of that execution back to a specific strategy. A dashboard falls one level down in the business decision-making process from a scorecard, as it is less focused on a strategic objective and more tied to specific operational goals."[38]

The distinction between the tactical and strategic information feedback is of primary importance, regardless of the terminology used. Tactics are going to be of less relevance to outsiders and board members who meet a few times a year. Tactics are the daily concern of frontline staff.

Ultimately, for the staff at the front line, the questions should not be, "Are we on track with our strategic plan?" and "Did we meet the quarterly/annual performance target?" but rather, "How can we improve this week/month?" and "Did what we tried last week/month make a difference?" Front line staff and managers need different measures and fewer targets that allow them to experiment with the impact of their approach on immediate results.

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[38] Becher, J. "Scorecards vs. Dashboards," Manage by Walking Around blog post, August 15, 2006, http://alignment.wordpress.com/2006/08/15/scorecards-vs-dashboards/.

APPENDIX L

Facilitating Collective Meaning-Making and Collaborative Decision-Making

Skills Required for Collective Meaning Making

In addition to understanding each team members' style, there are additional skills that will enhance and smooth the collective decision-making process. The lead for the team should practice and demonstrate these skills as well as discuss these with the team at the outset.

- **Practice active listening** – Each individual has something to say.

- **Manage uncertainty –** Many facts may not be known.

- **Embrace complexity –** You have to consider many interrelated factors.

- **Understand high-risk consequences** – Impact of the decision may be significant.

- **Consider alternatives –** Each idea has its own set of uncertainties and consequences.

- **Release interpersonal issues –** It can be difficult to predict how other people will react.[39]

For some groups, a team charter may help to identify collective rules of engagement that are agreed upon and enforced by the entire team to create a constructive environment. Since this exercise could actually be the first time the team uses the collective decision-making process, it should result in a formal written follow-up and be revised if there is anything that hinders the process or needs to be added. Some good group questions to discuss include the following:

- What level of participation do members expect of each other?

- What does "on time" mean?

- What level of attendance is expected?

- How will absent people be informed?

- Who has to be present for decisions to be made?

- What disruptive behaviors should be avoided?

- How will members respond to one another?

Facilitation

As a facilitator, your goal is to help a team create a solution that works for all members. The decision should be supported by all team members and meet their criteria and expectations for a positive result. Facilitation is an art form to many because it requires the proper use of rational and structured methods, which often tend to become conflicted with emotion.

As a facilitator, you can use a flow or process to reach a decision. In theory, the process is pretty straight forward: the group identifies a decision goal, generates ideas, clarifies them, evaluates the ideas, narrows down the various ideas and comes to a decision. Each step should be thought of as a funnel, with the group narrowing down the list of goals and ideas and coming to agreement on a final solution.

For purposes of data-driven decision making with a team, the most important decision goal is truly around what is or is not working when it comes to meeting the performance measure.[40]

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39 Mind Tools website. "Decision Making Skills – Start Here!" http://www.mindtools.com/pages/article/newTED_00.htm. Accessed July 29, 2011.

40 Kelsey, D. and Plumb, P. *Great Meetings! Great Results.* Hanson Park Press, Inc., 2004.

A few facilitation techniques for brainstorming include:

- Get the group to agree on a timeframe for each step in the process.

- Write down ideas on a flipchart as people discuss them, so everyone can see them.

  o Encourage participants to express whatever comes to mind.

  o Don't monitor, censor, or criticize ideas and do not discuss ideas as they come up.

  o Do not remove duplicate ideas until discussion starts.

  o Encourage ideas that build from other ideas.

  o Ask clear and open-ended questions to clarify ideas and comments.

- Encourage others to contribute.

  o "What other ideas are there?" "Do others have any ideas to add?"

- Invite experts to comment.

  o "Karen, you have worked on this topic. What are your ideas?"

- Confirm ideas are sound and accurately reflected, once all new ideas have been discussed.

- Open the floor for discussion and reflection.

- Provide time for small group discussion.

Allow time for individual thought and reflection on information presented.[41]

Overall, the role of a facilitator is to ensure that the team uses a process and structure to accomplish the best work possible.

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41   Rees, F. *The Facilitator Excellence Handbook*. Pfieffer, 1998.