

Nonprofit: Measure Thyself



Doing good is not good enough for nonprofits; today they must also prove how well they're performing. It's why they should read *Building a Performance Measurement System: Using Data to Accelerate Social Impact*, a new book aimed at helping nonprofits of all sizes become more effective.

Co-authored by Andrew Wolk, CEO; Kelley Kreitz, chief knowledge officer; and Anand Dholakia, senior consultant, of [Root Cause](#), a Cambridge nonprofit that advises innovative nonprofits and social impact investors, the book translates to nonprofits performance measurement systems commonly used by the private sector.

The case for measuring performance is clear: "By helping social innovators make calculated steps toward maximizing their social impact, performance measurement brings data-driven rigor to the work of solving social problems," write the authors.

"This rigor is precisely what many of those who typically fund efforts to address social problems—individuals, foundations, corporations, and government alike—have also started to seek, as they look for ways to get the most out the money they invest in social impact."

Measuring performance pays off for nonprofits in two ways, according to the authors. Organizations become more effective because they understand how well they're fulfilling their mission. This, in turn, helps them build funder confidence.

Before embarking on the measurement journey, the authors caution, nonprofits must understand what the process demands if it is to succeed. They advise that organizations must:

- Commit to examining results critically and learn from them, particularly senior leadership.
- Devote a portion of at least one staff person's time to leading the effort, and engage several others at multiple organizational levels to contribute to the overall design, develop measurement tools, and put processes in place.
- Have a clear sense of their mission before getting started, and should articulate a vision of success that describes what the world will look like if the organization succeeds in its work, to help guide the process of choosing what to measure.

"Building a performance measurement system will likely raise questions about how you interpret your mission and which actions are most important for achieving it," they write. "Anyone involved in the process should be committed to reaching a consensus when the need to bring

your mission and vision into sharper focus arises.

They also advise that organizations which are reevaluating or revising their mission or vision should complete that process before developing a performance measurement system.

More than just providing a primer on performance measurement systems, the book offers hands-on advice on developing them, and that's where it's full value lies.

For example, the authors offer instructions on how to construct dashboards—which provide a snapshot of organizational progress according to specific, data-driven metrics—at both the management and program levels.

They also show how charts, by graphically presenting information, can guide organizations in asking the right questions about their performance *at the right time*: What has changed? What caused that change to occur? What should we consider doing about it?

All these systems are only as good as the data behind them. That's where the organization's commitment to performance measurement comes into play. Keeping data current takes effort, but it's worth it, the authors contend, because that's what “allows your organization to hold itself accountable to partners and social impact investors and to build the confidence with social impact investors that will lead to investment and re-investment.”