Performance Measurement of Not-For-Profit Organizations

By Marc J. Epstein and Adriana Rejc Buhovac
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Executive Summary

The participation of business leaders actively managing or sitting on Boards of not-for-profit organizations has continued to increase in recent years. What they have found is that unlike for-profit organizations, not-for-profits often have difficulty staying focused on the mission and measuring performance due to multiple and, at times, conflicting objectives as members and donors of these organizations often have far more diverse interests than shareholders in for-profit organizations. Thus development of systems and measure to evaluate performance in not-for-profits can be a challenging process yet these organizations face many of the same challenges that others face in for-profit organizations – what are the relevant performance indicators, do they link to strategy, how should they be measured, how should senior management be evaluated etc.

This Guideline will provide extensive examples of performance measurement systems used in different types of not-for-profits. It will also provide best practices and a set of tools to measure and report performance that can be used by the growing number of not-for-profits throughout the world.

Introduction

The number of not-for-profit organizations has increased dramatically in recent years. They include a wide variety of organizations from charitable organizations, social service agencies, religious and fraternal organizations, health care societies and health organizations, educational organizations, environmental organizations, sports and recreational organizations, to funding foundations, business and professional organizations, political parties, etc. Their purpose is to generate improvements in the lives of individuals, members, organizations, communities, and society as a whole. Some of these organizations may be considered as purely social impact-focused not-for-profit organizations, such as charities, while others may be primarily viewed as member-focused not-for-profit organizations, such as professional organizations. However, classifying not-for-profit organizations is not easy because overlapping qualities are often found. For this reason, one should rather think of a continuum of not-for-profit organizations that span the range from purely socially-focused to purely member-focused organizations, with numerous not-for-profit organizations having dual roles of serving both their members and society.

More and more business leaders actively manage these organizations. Business leaders find themselves on boards of directors of not-for-profit organizations; and more and more we find these organizations led by professionals from the business world, including professional accountants in addition to individuals from traditional social service backgrounds. However, the challenges of managing not-for-profit organizations are (a) often quite different from those in the for-profit sector, and

Not-for-profit organization – An organization in which there is normally no transferable ownership interests and that does not carry on business with a view to distribute or use any profits for the gain of its members. They are formed usually for social, philanthropic or similar reasons.
(b) difficult to benchmark. In for-profits, the mission is typically clear, and the final outcome measure is financial performance (profit). On the other hand, not-for-profit organizations are not always successful in articulating their missions in a concise and measurable way. And whether their missions have been achieved is more difficult to measure.

The Importance of Relevant Measures for Mission Accomplishment.

Thus, the information that is often reported and compared for analysis is not always clearly related to the mission. Common current approaches focus on easier to quantify (and perhaps more objective measures), such as adherence to budget, funds raised, or the ratio of expenses to funds raised, comparing these across not-for-profit organizations. But the primary interest of a funder, a donor, a board member, the community, or any other stakeholder should be whether the not-for-profit has achieved its mission. To be able to measure that achievement requires a clearly defined mission and strategy, as well as social impact-focused measures, member-focused measures, and other non-financial performance measures (in addition to the relevant financial metrics) that measure the success of that strategy. These are often not in place.

So, the development of systems and measures to evaluate performance of not-for-profit organizations is desperately needed by most not-for-profits. Senior executives, financial professionals, and board members of not-for-profit organizations face similar challenges that others in for-profit organizations have faced or are still facing: what are the relevant indicators of performance, and how should they be measured?

Although over the past 15 years corporations have increasingly recognized the importance of appropriate non-financial performance metrics in evaluating organizational success (in addition to the more traditional financial metrics), this importance is less commonly recognized in not-for-profit organizations. In the corporate world, the examination of causal relationships and strategy maps to better understand the relationships between formulating strategy, implementing it, and developing and using the most useful measures of success is becoming widespread. Although this examination has started in some not-for-profit organizations, it is still less commonly found. But this examination is also more difficult. For example, it is often difficult to stay focused on the mission of the organization to help solve a social ill, as short-term financial considerations of fundraising or budget balancing might take attention away from achievement of the not-for-profit’s mission; and measures are often set accordingly. Also, these organizations often don’t have the necessary staff with appropriate expertise to think beyond the short term. Lastly, funders and donors often have a more active and far more diverse set of objectives than shareholders in for-profit corporations who are primarily seeking profits and increased share price.

The challenges in effectively managing not-for-profit organizations are therefore complex, and not easily compared with the for-profit sector.
This Guideline addresses these important issues and provides guidance on how to design comprehensive performance measurement systems to better manage and improve performance of not-for-profit organizations. The Guideline’s specific objectives are:

- To present existing best practices in measuring financial and non-financial performance of not-for-profit organizations; this includes performance measures and various approaches used in different types and sizes of not-for-profit organizations;
- To provide new guidance and tools, plus examples to measure and report performance of not-for-profit organizations that can be adapted and adopted by the growing number of not-for-profits throughout Canada and the United States; and finally,
- To provide suggestions for senior managers, financial professionals, and board members in improving the governance, management, and performance of not-for-profit organizations.

The target audience of this Guideline is (a) senior management, (b) accounting and financial professionals of not-for-profit organizations, and (c) accounting and financial professionals on the boards of these organizations. All must be knowledgeable about the newest approaches to performance measurement of social impacts (along with other performance measurement tools) to better evaluate success of not-for-profit organizations. It is also intended for (d) board members of not-for-profits who are reviewing the performance of their organizations.

Current Approaches and Best Practices for Measuring Performance of Not-for-Profit Organizations

Currently, funders, donors, managers, and others primarily use financial data to evaluate performance of not-for-profit organizations. Although these financial indicators are very important, they alone cannot provide comprehensive information on organizational performance.

Is My Contribution Being Used Effectively and Efficiently?

Managers of not-for-profit organizations have the fiduciary responsibility to efficiently manage resources provided by donors and members efficiently, and to act as stewards for these resources. But they are also responsible for the overall performance of the not-for-profit organization. For this reason, they should also measure whether the not-for-profit organization is using the donated money effectively and ethically to achieve its mission.
Current Practices of Financial Performance Measurement in the Not-for-Profit Sector

Some of the most appropriate financial performance measures that not-for-profit organizations use for measuring and evaluating financial performance are provided in Exhibit 1. However, many of them should not be used for comparisons across organizations because of differences in organizational missions, strategies, organizational structures, and systems.

Financial performance measures are important for managers of not-for-profit organizations and donors, but not just because they are readily available.

Exhibit 1: Examples of financial performance measures of Not-For-Profit organizations

<table>
<thead>
<tr>
<th>CATEGORY</th>
<th>PERFORMANCE MEASURES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administrative efficiency</td>
<td>• Administrative expenses divided by total expenses</td>
</tr>
<tr>
<td></td>
<td>• % of revenues spent on administrative expenses</td>
</tr>
<tr>
<td>Program efficiency</td>
<td>• Program support or charitable commitment (% of total expenses spent directly for the charitable purpose)</td>
</tr>
<tr>
<td></td>
<td>• Program expenses divided by total expenses</td>
</tr>
<tr>
<td></td>
<td>• Growth of program expenses</td>
</tr>
<tr>
<td></td>
<td>• Current spending factor (total expenses divided by total revenues)</td>
</tr>
<tr>
<td></td>
<td>• Program output index (number of units of actual physical output divided by total program expenses)</td>
</tr>
<tr>
<td></td>
<td>• Productivity rate (outputs divided by inputs)</td>
</tr>
<tr>
<td>Fundraising efficiency</td>
<td>• % of donations left after subtracting the cost of getting them</td>
</tr>
<tr>
<td></td>
<td>• % of revenues spent on fundraising expenses</td>
</tr>
<tr>
<td></td>
<td>• Fundraising expenses divided by total expenses</td>
</tr>
<tr>
<td></td>
<td>• Donor dependency (operational surplus subtracted from donations, divided by donations)</td>
</tr>
<tr>
<td>Other financial performance measures</td>
<td>• Revenue growth</td>
</tr>
<tr>
<td></td>
<td>• Working capital ratio (working capital divided by total expenses)</td>
</tr>
</tbody>
</table>

The Importance of Financial Indicators.

They provide important information on (a) the efficiency of spending valuable resources, (b) costs incurred, (c) growth in revenues, and (d) how financially successful the organization’s various programs are.

For donors, information on financial health of not-for-profit organizations is of particular importance. For this reason, the Charity Navigator, a not-for-profit organization founded in 2001, has become quite popular. It helps donors make giving decisions by providing information on the financial health of charities (Charity Navigator, 2006). Charities are evaluated based on the financial information each charity provides annually in its public disclosures. Two broad areas of financial health are evaluated:

- Organizational efficiency is analyzed in four performance categories: (a) program expenses divided by total functional expenses, (b) administrative expenses divided by total functional expenses, (c) fundraising expenses divided by total...
functional expenses, and (d) fundraising efficiency calculated by dividing the charity’s fundraising expenses by the total contributions received as a result.

- **Organizational capacity**, on the other hand, is analyzed by three performance categories: (a) primary revenue growth over four years, (b) program expenses growth over four years, and (c) working capital ratio, that is, working capital divided by total expenses.

Charities are scored qualitatively in each of the categories, assigned ratings in organizational efficiency and organizational capability, and finally evaluated on their overall financial health. From the managerial perspective, the Charity Navigator does not address program effectiveness and social impact measures. It only provides examples of financial performance measures that managers can use for evaluating their organization’s financial health.

**BBB Wise Giving Alliance** or the **Canadian Council of Christian Charities Seal of Accountability**, two other organizations that provide information on financial health of charities and other not-for-profit organizations, use audited financial statements. They give a seal of approval (when appropriate) after performing their research on audited results. The BBB Wise Giving Alliance Seal indicates that its due diligence activities have verified that the not-for-profit organization adheres to 20 standards via due diligence, while the Canadian Council of Christian Charities Seal of Accountability indicates that the charity adheres to 9 high standards of ethical and operational standards. Other organizations include GuideStar, Rockefeller Philanthropy Advisors, New Philanthropy Capital, Geneva Global, Development Ratings, and GiveWell. GiveWell, for example, also attempts to gather and disseminate exhaustive data on the effectiveness of charities, including data on the charities’ strategies and programs (Kamenetz, 2008).

Financial considerations will always remain important for not-for-profit organizations, because sustained losses can lead to the demise of any organization. This dimension of performance should, however, be supplemented by measures that relate to success in achieving the organization’s social mission.

**The Importance of Non-Financial Measures and Organizational Credibility.**

In addition, as in the for-profit sector, an inappropriate selection of performance measures may hide unethical behavior that leads to losses of massive value in terms of reputation, donations, and trust. Ethics Resource Center’s latest national survey (2007) reports on instances of fraud, including doctored financial records and lying to stakeholders, which are now about as prevalent in not-for-profit organizations as they are in the for-profit and public sectors. Charities may lose billions of dollars due to fraud. This not only impairs their current financial sustainability, but also diminishes their credibility among donors and endangers their long-term mission achievement. Whatever the mission statement outlines as the ultimate goal, the performance measurement system needs to ensure that the impact of fraudulent behavior is measured and reported.
Current Best Practices of Comprehensive Performance Measurement in the Not-for-Profit Sector

Many not-for-profit organizations have been developing new performance measurement models and performance measures to track their non-financial performance. This reflects organizational attempts to be more responsive to the need to measure performance against the strategy and social- and/or member-focused mission of the organization.

Six leading organizations with best practices in this field are KaBOOM!, Opportunity International, Boston Lyric Opera, CMA Canada, AARP, and Community Health Centers in Ontario.

**KaBOOM!** is a not-for-profit organization with the mission of creating safe places to play for children all over America, and the related goal of inspiring local residents to work together and become more proactive in revitalizing and maintaining their communities (Leonard, Epstein, and Winig, 2005). The organization created an overall performance measurement system that includes the following financial performance measures: (a) build efficiency as cost per build generated (actual vs. plan), (b) program efficiency (program expenses as a percentage of total expenses), (c) fundraising efficiency (dollars spent to generate one dollar in revenue), and (d) a number of vital signs, such as total cash available, burn rate per month, residual cash, annual revenue growth, total annual budget, and funds raised toward budget.

Along with efficiency performance measures, the KaBOOM! Board and management use other performance indicators to assess past impacts and to steer the organization toward future success. Initially, the board considered adapting the DuPont formula, which links operating profit margin, asset turnover, and leverage ratio to explain a company’s return on equity (ROE) to the KaBOOM! formula framework (see Exhibit 2). In this new formula, (a) the focus on profits (value) is redefined as value created for society, (b) asset turnover is redefined as how efficient the organization is at allocating and utilizing its internal resources to maximize its outputs (value), and (c) debt financing is redefined as the ability to gain contributions of volunteer time and donations. The modified DuPont formula was seen as a factor that multiplied the organization’s value. Finally, (d) the increase in the shareholder value was changed to incorporate incremental benefits that society receives because of KaBOOM!’s work.

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**How is Performance Measured in Not-For-Profit Organizations? Some Examples.**

Six leading organizations with best practices in this field are KaBOOM!, Opportunity International, Boston Lyric Opera, CMA Canada, AARP, and Community Health Centers in Ontario.

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Believing that downstream impacts were difficult to measure, and that the organization’s social change model (its theory of change) was sufficiently robust that it was unnecessary to prove it, the KaBOOM! board decided to abandon the formula framework. The organization didn’t want to invest the effort to measure social impacts, because its board members believed that their theory of change works. Rather, they chose metrics related to elements reasonably close to the cause-and-effect relationships chain, such as outputs in terms of playgrounds built rather than impacts on obesity, safety, etc. The board thus adopted a performance measurement system that, along with efficiency metrics, measures leverage/funding and value/output. Exhibit 3 provides KABOOM!’s performance measures for leverage and value.

KaBOOM!’s Board and management still looks at the social impact of their activities every two to three years to test their theory of change, but they don’t try to prove it.

**Opportunity International** is a large and growing microfinance network with this mission: “To provide opportunities for people in chronic poverty to transform their lives” (Leonard, Epstein, and Tritter, 2007). This is a social mission, but financial sustainability might be considered a means to this end. The network’s strategy is, therefore, based on financial sustainability, donor funding, good microfinance partners, training, enlisting business leaders, gaining massive scale and rapid growth, and empowering people locally. This not-for-profit organization uses various

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**Exhibit 2: KaBOOM! Formula Framework**

<table>
<thead>
<tr>
<th>DuPont Formula</th>
<th>KaBOOM! Formula</th>
</tr>
</thead>
</table>
| **Profit/Value** | How much value does a company capture? 

\[
(\text{Net income}/\text{Sales})
\]

| Efficiency | How efficiently a company uses its assets? 

\[
(\text{Sales}/\text{Assets})
\]

| Leverage | How well does a company leverage debt financing to increase its performance? 

\[
(\text{Assets}/\text{Equity})
\]

| Return to Shareholders | Return to Shareholders 

\[
(\text{ROE})
\]

| Return to “Shareholders” | (children, communities, corporations, foundations, etc.) |

Adapted from Leonard, Epstein, and Winig, 2005.
performance metrics to measure success and guide strategy in pursuit of financial excellence. These performance measures are then complemented by a set of non-financial performance measures that attempt to capture the organization’s success in improving its clients’ economic, social, and spiritual life (see Exhibit 4). To measure whether the strategy is working, the Opportunity International performance measurement system contains:

- Indicators of economic performance, which measure the impact that micro-lending has on clients;
- Indicators of social performance, which help understand whether the poor are better off in more fundamental ways after they became clients and
- Indicators of spiritual dimension, which is at the core of the organization’s mission.

The chosen metrics reveal that Opportunity International tries to monitor its success all the way up to its social impacts.

The Boston Lyric Opera measures performance using the Balanced Scorecard. The organization’s mission is “To ensure the long-term future of opera in Boston and New England by (1) producing the highest quality professional productions of diverse opera repertoire that are artistically excellent as well as musically and theatrically innovative; (2) developing the next generation of opera talent; (3) engaging and educating a diverse community about opera to become enthusiastic audience members, educators, supporters, and volunteers” (Kaplan and Norton, 2004). To achieve its mission, Boston Lyric Opera determined whom it aims to serve and how their requirements can best be met by:

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Exhibit 3: KaBOOM! Performance Measures for Leverage/Funding and Value

<table>
<thead>
<tr>
<th>PERSPECTIVES</th>
<th>PERFORMANCE MEASURES</th>
</tr>
</thead>
</table>
| Leverage     | • Earned income as % of total revenues  
                • Net contribution margin per activity  
                • Total number of volunteers per year  
                • Average number of volunteers per build  
                • Organizational culture:  
                  – staff turnover rate (gross)  
                  – culture rating (scale from 1 to 4)  
                • Brand:  
                  – Number of media mentions per year  
                  – Number of click-throughs per year  
                  – Number of target marketing mentions per year |
| Value        | • Number of children served within walking distance (actual vs. plan)  
                • Number of new/renewed playful cities  
                • Number of playgrounds built: started/completed  
                • Number of individuals who have taken a step beyond volunteering on a build |

### Exhibit 4: Opportunity International Performance Measures

<table>
<thead>
<tr>
<th>PERSPECTIVES</th>
<th>PERFORMANCE MEASURES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial perspective</td>
<td>• Operational sustainability (operating revenue as a % of costs)*</td>
</tr>
<tr>
<td></td>
<td>• Number of loan clients at year-end</td>
</tr>
<tr>
<td></td>
<td>• Dollars loaned per year</td>
</tr>
<tr>
<td></td>
<td>• Average loan size/Average first loan size</td>
</tr>
<tr>
<td></td>
<td>• % of loans made to women</td>
</tr>
<tr>
<td></td>
<td>• Dollars spent on client training and education</td>
</tr>
<tr>
<td></td>
<td>• % of client retention</td>
</tr>
<tr>
<td></td>
<td>• Financial sustainability (ability to cover lending expenses and the cost of capital)</td>
</tr>
<tr>
<td></td>
<td>• Portfolio quality: % of arrears over 30 days</td>
</tr>
<tr>
<td></td>
<td>• Return on equity/Incremental benefit to society</td>
</tr>
<tr>
<td></td>
<td>• Loan repayment rate, etc.</td>
</tr>
<tr>
<td>Client economic</td>
<td>• Number of new clients/businesses per year</td>
</tr>
<tr>
<td>perspective</td>
<td>• % increase in sales</td>
</tr>
<tr>
<td></td>
<td>• % increase in profits</td>
</tr>
<tr>
<td></td>
<td>• Amount of voluntary savings</td>
</tr>
<tr>
<td></td>
<td>• Number of jobs created per year</td>
</tr>
<tr>
<td>Client social perspective</td>
<td>• % of clients with increased civic/leadership involvement</td>
</tr>
<tr>
<td></td>
<td>• Training/Education: % of clients who successfully complete training/education</td>
</tr>
<tr>
<td></td>
<td>• % of clients with better nutrition</td>
</tr>
<tr>
<td></td>
<td>• % of clients with improved housing</td>
</tr>
<tr>
<td></td>
<td>• % of clients aware of HIV/AIDS</td>
</tr>
<tr>
<td></td>
<td>• Empowerment rate**</td>
</tr>
<tr>
<td>Client spiritual</td>
<td>• % of clients claiming they improved their relationship with God based on successful economic and social life</td>
</tr>
<tr>
<td>perspective</td>
<td>• % improvement in quality of life</td>
</tr>
<tr>
<td></td>
<td>• % increase in worship participation</td>
</tr>
</tbody>
</table>

* Operational sustainability does not take into account the cost to borrow the money that an organization lends at market interest rate. Financial sustainability, on the other hand, includes lending expenses and the cost of capital.

** Empowerment can be defined as the involvement of employees in the decision-making process. Empowerment rate, also empowerment level, is usually measured by an evaluative scale, such as the following, with two components: (1) degree of extent (which hierarchical level is offered the chance of collaborating or sharing influence in the decision-making process), and (2) dimensions including (a) formal or informal character of the kind of involvement, (b) direct or indirect way that employee collaboration takes place, and (c) degree of influence of employees along the decision-making process. Questionnaires are used for gathering the data.

Adapted from Leonard, Epstein, and Tritter, 2007.

- Targeting generous and loyal contributors,
- Focusing on board involvement and recruitment,
- Building a reputation for artistic and musical excellence,
- Presenting a diverse and balanced repertoire,
- Promoting collaborations,
- Building community support, and
- Focusing on educational and community programs for Greater Boston.
For each of these strategies of achieving the mission, specific activities have been selected. For example, for securing diverse and balanced repertoire, ‘best’ talent would need to be contracted for. The various activities are further supported by learning and growth drivers of success, such as providing staff with skill training or investing in strategic technologies. Finally, the financial perspective is seen as enabling customer success, but also as a constraint on the group. It is placed in the fourth quadrant of the Boston Lyric Opera’s Balanced Scorecard. The Boston Lyric Opera’s Balanced Scorecard therefore provides a broad framework for analyzing a not-for-profit organization’s performance.
**CMA Canada**, responsible for standard setting, accreditation, and the continuing professional development of Certified Management Accountants (CMAs), has this mission: “CMA drives value creation by developing professionals and resources to lead the advancement and integration of strategy, accounting and management,” and a vision “CMA is the designation of choice.” CMA Canada’s National Board of Directors and the Council of Chairs, who monitors the twelve provincial and territorial partners and the national partner, recognized the importance of measuring the progress of the initiatives in the strategic plan. A “multi-jurisdictional” balanced scorecard was therefore developed to measure the progress of CMA Canada’s initiatives, as well as the collective initiatives of all partners. Exhibit 5 presents an overview of CMA Canada’s balanced scorecard, its central vision and strategy, perspectives, and the related major success factors.

The “learning and growth perspective” is considered the most important one in the model, as it fuels the stakeholder and internal business processes. The partners of CMA Canada have implemented a number of initiatives designed to increase the reach and effectiveness of this perspective. Each staff member also has a “Personal Balanced Scorecard,” and is rewarded for achieving their learning and growth objectives. The employees have thus been provided with a greater learning focus that is directly related to the strategic objectives of the organization. To achieve the objectives for stakeholder and internal business processes, volunteers, especially the governance of the organization, have also established learning objectives to ensure effective performance of their fiduciary responsibilities. The strength of the volunteer learning objective is that the governance of the CMA partners is more focused on the strategic direction of the CMA partnership (Vieweg, 2009).

**AARP** (formerly the American Association of Retired Persons) is the largest not-for-profit membership organization for people aged 50 and over in the United States, with the mission of “enhancing the quality of life for all as we age.” Activities are carried out by the AARP and the AARP Foundation. The AARP Foundation administers various charitable programs and legal services for older Americans, including those who are not members of AARP (Datar, Leonard, Epstein, and Goodwin, 2007).

The AARP Foundation measures its performance within four perspectives: (a) “Resources and Stewardship,” to reflect the Foundation’s status and associated standards, (b) “People” perspective, (c) “Social Impact and Value,” capturing the organization’s focus on promoting social change and adding value to the lives of older Americans, and (d) “Organizational Leadership and Integration,” highlighting the Foundation’s focus on engaging AARP members, donors, volunteers, and other external constituents. Exhibit 6 provides examples of performance measures in each of the four perspectives.

Included in the types of metrics used in the AARP Foundation dashboard are input measures (i.e., dollars raised, costs, etc.), process measures (i.e., maintenance of the BBB Wise Giving Certification), output measures (i.e., on-time strategic plan), outcome measures (i.e., level of satisfaction of diverse groups of employees), and social impact measures, (such as the percentage of new age/disability employment...
Discrimination, pensions and employee benefits, financial fraud, grandparenting, and government/public benefits cases positively impacted by the AARP policy positions.

Community Health Centers in Ontario (CHCs) have established the so-called Results-Based Logic Model that highlights the most salient and distinguishing inputs, activities, outputs, and outcomes of this not-for-profit sector, as reflected in their logic model. The final outcomes sought by the CHCs in Ontario are reflected in their mission and vision statement. The CHCs’ mission is “By focusing on the social determinants of health, we provide accessible, community-governed, interdisciplinary, primary health care services, including health promotion, illness prevention and treatment, chronic disease management, and individual and community capacity building.” The CHCs’ vision is “All Ontarians facing barriers to health have access to quality primary health care within an integrated system of care.”

CHC inputs include human, material, and fiscal resources. CHC activities are the work processes intended to produce specific outputs (e.g., products and services) and are undertaken “in preparation” for service delivery. CHC activities are categorized into three types: (a) policy and governance, (b) management, and (c) learning and growth. Outputs are the types of products and services that CHCs deliver/distribute to individuals and families, and to communities. These include a mix of primary care, illness prevention, health promotion, and community/system capacity. These outputs can be described in terms of access, patient-centeredness or patient focus, coordination, comprehensiveness, and service integration, as well as the degree to which these outputs focus on social determinants. CHC outcomes can be immediate, intermediate, or final. Collectively, these outcomes represent “results for Ontarians” that are directly and indirectly attributable to CHCs.

Exhibit 6: The AARP Foundation Dashboard

<table>
<thead>
<tr>
<th>PERCEPTIONS</th>
<th>PERFORMANCE MEASURES</th>
</tr>
</thead>
</table>
| Resources and Stewardship | • $ raised for charitable activities  
• Fundraising costs as a % of all related contributions  
• Level of operating reserves  
• Maintenance of the Better Business Bureau Wise Giving Certification |
| People | • Level of satisfaction of diverse groups of employees  
• % of racial/ethnic, age, and gender diversity in recruiting new managers/staff |
| Organizational Leadership and Integration | • On-time strategic plan for AARP Foundation  
• Number of members donating to the AARP Foundation  
• Number of volunteers engaged |
| Social Impact and Value | • % of Senior Community Service Employment Program (SCSEP) enrollees in unsubsidized jobs  
• Number of Tax-Aide customers served  
• % of new age/disability employment discrimination, pensions and employee benefits, financial fraud, grandparenting, and government/public benefits cases positively impacted by the AARP policy positions |

Immediate outcomes are those most attributable to outputs, and for which the CHCs can reasonably assume control, responsibility, and accountability. Three immediate outcomes relate to individuals and families: (a) increased individual capacity through knowledge and use, (b) reduced risk, duration, and effects of acute conditions, particularly among vulnerable populations, and (c) reduced risk and effects of chronic health conditions, particularly among vulnerable populations. A fourth immediate outcome relates to maintaining or improving the work life and performance of the CHC workforce.

Intermediate outcomes include the following areas where CHCs have a lesser degree of control, but for which CHC outputs are still expected to have an impact: (a) enabling and empowering individuals, families, and organizations that make healthy choices and engage in healthy behaviors and activities, (b) improved distribution of health across the population/reduction in health disparities, (c) healthier communities and contexts.

Final outcomes, over which CHCs have even less control but for which CHC outputs are still expected to

<table>
<thead>
<tr>
<th>Program Goal</th>
<th>Individual, families and communities have optimal health and quality of life</th>
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<tbody>
<tr>
<td>Target Population</td>
<td>Individual, families and communities served by CHCs</td>
</tr>
<tr>
<td>Service Components</td>
<td>Primary care, illness prevention, health promotion, community / system capacity</td>
</tr>
<tr>
<td>Activities</td>
<td>Activities focused on: (a) health and well-being of individuals and families, and (b) community &amp; broader system</td>
</tr>
<tr>
<td>Process Outcome</td>
<td>Access, coordination, cost efficiency, and satisfaction</td>
</tr>
<tr>
<td>Summative Outcomes</td>
<td>Immediate outcomes: (a) improved work life/performance of the CHC workforce, (b) increased individual capacity: knowledge and activation, (c) reduced risk, duration, and effects of acute conditions, particularly among vulnerable populations, (d) reduced risk and effects of chronic health conditions, particularly among vulnerable populations. Intermediate outcomes: (a) enabled and empowered individuals, families, and organizations that make healthy choices and engage in healthy behaviors and activities, (b) improved distribution of health across the population/reduction in health disparities, (c) healthier communities and contexts. Final outcomes: (a) sustainability and equity of the health system, (b) optimal health and quality of life of individuals, families, and communities, now and into the future</td>
</tr>
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</table>

Adapted from Watson, 2007.
have an impact, include (a) sustainability and equity of the health system, and
(b) optimal health and quality of life of individuals, families and communities,
now and into the future.

Exhibit 7 provides a simplified version of the CHCs in the Ontario Results-Based Logic Model.

The Input-Impact Model for Improving Performance Measurement and Management of Not-For-Profit Organizations

The leading practices in comprehensive not-for-profit performance measurement (as just presented through the six examples) have shown that organizations can develop performance measurement systems that include social impact-focused measures, member-focused measures, and other non-financial measures, along with the financial ones. Boards and managers of not-for-profit organizations need a common framework (model) that not only counts the inputs, outputs, and outcomes of their programs and activities, but also (a) provides information on their success in generating positive social changes and/or member benefits (impacts), and (b) gives insight into the drivers of these changes. This Guideline will provide a detailed approach for developing such models and designing accompanying tools for effective performance measurement and management of not-for-profit organizations. It will also provide numerous examples of practical applications of the models, and their tools, in various not-for-profit organizational settings.

Underlying the performance measurement and management models of not-for-profit organizations is the **Theory of Change**.2 This has become a common phrase in the not-for-profit sector that is used to describe the belief system for making positive change in the lives of individuals, the community, and/or society as a whole. It relates to (a) the principles behind the design of the initiatives or programs that the organization provides, and (b) the needed inputs, activities, outputs, outcomes, and impacts used by the organization to make positive change. An organization having its own theory of change is assumed to be able to draw a picture of why its program should succeed. By laying out the sequence of outputs, outcomes, and impacts that are expected to occur as the result of planned inputs and activities, managers of not-for-profit organizations would be able to track in a more comprehensive and systematic way whether these expected impacts are actually produced. In addition, a well laid-out pathway of change would strengthen their ability to claim credit for the impacts predicted as a result of their theory. This idea motivated a number of foundations and other organizations to support the use of this technique, and also resulted in the design of program logic models.

**Program Logic Models**, introduced by W.K. Kellogg Foundation in 1998 (W.K. Kellogg Foundation, 2004), are designed as pictures of how an organization does its work. A program logic model links impacts (both short-term and long-term) with program activities/processes and the theoretical assumptions underlying a program.
As such, it shows the cause-and-effect relationships underlying the program of a not-for-profit organization. This is of great importance when trying to develop useful measures for evaluating the program’s performance. It is similar to the causal-linkage maps or strategy maps (Kaplan and Norton, 2004) in the for-profit sector. Any sound program design should be based on a set of assumptions regarding the services the program provides, the clients it serves or the cases it treats, its intended results, and the logic behind how the use of resources in particular program activities is expected to produce these results. Exhibit 8 shows a generic program logic model that can help clarify these assumptions for any given not-for-profit program.

Exhibit 8: An Example of a Program Logic Model

Inputs or certain resources are needed to operate the program of a not-for-profit organization. The principal resources used by most not-for-profit programs include personnel, physical facilities, equipment, contract services, and others. They are used to accomplish the planned activities. Program activities involve the provision of services, the enforcement of laws or regulations, or both. If the program accomplishes the planned activities, it is assumed that the organization will deliver or has delivered the amount of products and/or services planned. As a consequence, the participants should benefit in certain ways (outcomes). If the participants receive the benefits, then certain changes in the communities or society as a whole might be expected to occur (impacts).

Program logic models provide an exemplary template of how a not-for-profit organization can select the building blocks underlying its specific programs to achieve its mission and vision. The visual representation of specific elements in the logic model helps organize and systematize program planning, implementation and, particularly important, measurement and evaluation. The most difficult task, however, still remains – determining the right metrics for measuring the achievement of impacts.

From Program Logic Models to the Input-Impact Model

Having the intention of more specifically articulating other relevant inputs to the program logic models, not just resources, the Input-Impact Model puts the mission and vision statements at the core, and also places strategy, organizational structure, systems (as well as the internal environment) among the inputs. It also further specifies other elements from the program logic models, such as internal and external outputs. Exhibit 9 provides a generalized Input-Impact Model that can be applied to any not-for-profit organization. It shows elementary cause-and-effect relationships among inputs, activities/processes, outputs, outcomes, and final impacts.
Following Exhibit 9 is a thorough explanation of the various elements of the Input-Impact Model, with supporting selected short examples from its use. These practical examples evidence the importance of each of these elements for successful performance of not-for-profit organizations.

The **Input-Impact Model**: External Environment

All elements in the Input-Impact Model (inputs, activities, outputs, outcomes, and impacts), as well as their linkages, are influenced by the external environment. It is important to identify relevant external influences, because they may be critical (a) for designing an organization’s theory of change, as well as (b) in facilitating or impeding a not-for-profit organization’s success. Any factor or condition that is likely to influence program performance and which is largely beyond the control of the program managers may be relevant to track as an external influence. This includes weather, social, political, economic, and other conditions.
In particular, external influences should be carefully considered in the planning and evaluation processes. For example, performance levels should be set to consider the current business situation of the not-for-profit organization and its economic environment. A right degree of ‘stretch’ should be built into each of the performance levels (with respect to historical performance levels, recent performance trends, expected conditions in the coming year, etc.). When evaluating efforts and accomplishments, external factors should be accounted for to avoid under- or over-reporting. Although the production of outputs is largely, although not exclusively, under the control of program managers, outcomes and impacts tend to be influenced more strongly by a wider array of factors in the external environment that are beyond the program’s control.

The **Input-Impact Model**: Inputs

In the **Input-Impact Model** are various **inputs**, such as the mission statement, vision, strategy, structure, systems, resources, and internal environment.

**Mission**

The mission defines the core purpose of the organization, describing who the organization’s beneficiaries are and what they value. It may address inefficiencies and distributional issues or, more broadly, any change in individuals/members and in the society or the profession that a not-for-profit organization wants to bring about.

**The Importance of a Clear, Concise Mission Statement – Where are We Going?**

A clear, distinctive mission statement significantly determines the success of a not-for-profit organization to a major extent, because it helps (a) articulate an effective strategy for achieving desired impacts and, as a consequence, (b) develop performance measures that are consistent with that strategy. It drives the entire organization from top to bottom by declaring how it will contribute to the profession, the membership, individuals and/or society. Even financial decisions should be driven by that mission.

This dominant goal should be expressed in a way that provides answers the following questions. “Who are we? What needs do we exist to meet? “Who are our target beneficiaries?” “How do we recognize, anticipate, and respond to their needs?” “What is our guiding philosophy and culture?” “What makes us distinctive or unique?” An organization’s mission can also answer the question “How should we respond to our key stakeholders?”

For example, **Redwood**, a Canadian charity for helping abused women with children, has this mission: “The Redwood exists to support women and their children to live free from domestic abuse by providing safe, accessible services that will help them reach their goals. We operate within an anti-racist anti- oppressive
framework and are committed to social change through education and action.” The Canadian Society of Association Executives (CSAE), on the other hand, has this mission: “CSAE provides the environment, knowledge and resources its members need to develop excellence in not-for-profit leadership through education, networking, advocacy, information and research.” Its focus is to create member value and benefits that in turn contribute to creating a stronger society for Canadians.

Further guidance for designing mission statements includes the following:

• Firstly, the mission statement should reflect needs and opportunities of the outside world. The Salvation Army in Canada, for example, has a mission that states “The Salvation Army exists to share the love of Jesus Christ, meet human needs, and be a transforming influence in the communities of our world.”

• Secondly, the mission statement should clearly indicate the organization’s ultimate objective. For example, the mission of the Girl Scouts of the U.S.A. is “To help girls grow into proud, self-confident, and self-respecting young women.”

• Thirdly, a mission statement should be operational, so that it tells what actions or behavior should follow from it. A hospital’s mission should not be, for example, “Our mission is providing health care,” because hospitals do not have the competence to take care of health. Alternatively, it could be “Our mission is to take care of illness” (Drucker, 2005) as it provides direction to behavior. In this sense, it may deliver a value proposition for the organization’s members or other beneficiaries.

• Finally, a mission statement should be simple and clear. Instead of simply listing good intentions, it should be narrowly focused, but have meaning and substance. A mission statement that’s too general doesn’t lend itself to branding the organization, which can be very important when trying to raise funds. It should clearly state what makes the organization unique.

As the starting point, the mission statement influences all other elements in the model (with the exception of the external environment) and, most importantly, defines the expected impacts. The not-for-profit organization should, therefore, look all the way down along the value chain and measure whether its efforts resulted in the desired impacts.

Vision

A vision statement should specify more clearly what results or changes the organization hopes to achieve. Ducks Unlimited Canada (DUC), which focuses on conserving Canada’s wetlands, envisions Canada as a nation that can sustain use by people and wildlife without endangering the amount or functions of natural lands. DUC leads wetland conservation for waterfowl, other wildlife, and people in North America. Its specific vision statement says that the organization will “Achieve
a mosaic of natural, restored and managed landscapes capable of perpetually sustaining populations of waterfowl and other wildlife.” The Canadian Society of Association Executives, on the other hand, has this vision: “By providing relevant services and products that continuously improve, are affordable and in the forefront of not-for-profit knowledge, CSAE is recognized as the leading organization and role model by members, stakeholders and Canadians in developing excellence in not-for-profit sector leadership.”

Strategy

How Will the Organization Get There?

A not-for-profit strategy is the next input to the model. It relates very closely to the mission as well as the vision statement, and describes the path towards reaching this overarching goal in the long run (three to five years, for example). A couple of examples may help underline the need for better alignment between the mission, vision, and strategy:

- Not-for-profit organizations need to deal strategically with their program efficiency and effectiveness. When something no longer serves the needs of the beneficiaries, and therefore no longer contributes to achieving the mission, it has to be abandoned. Otherwise, good resources are applied without the expected results, which may endanger achievement of the mission. Guide Dogs for the Blind Association, for example, abandoned operation of hotels and a travel agency for the visually impaired due to poor profitability and lack of conformity with its mission. This change permitted it to focus on its primary mission and area of expertise: mobility training (Wei-Skillern and Marciano, 2008). Also, when their various competing programs contribute to the mission and vision, evaluations of expected programs’ payoffs can help determine where to put money.

- Strategy needs to further specify the needs the organization’s mission is striving to meet, but must also be dynamic. Along with the originally targeted segments, for example, the strategy may address areas of growing needs. For example, the Girl Scouts of the U.S.A., which originally focused on first-grade girls as the minimum age standard for entry, embarked on a new innovative offering, Daisy Scouts, a program for five-year olds. This strategic move was inspired by the growing number of working parents with “latchkey” kids.

- Lynn Community Health Center provides another example of how changing customer needs can affect a not-for-profit organization’s strategy. During a 10-year period, large numbers of immigrants were arriving first from Central America, then from Southeast Asia, and finally from the former Soviet Union. To meet the needs of these new immigrants, Lynn Community Health Center had to provide services in three and sometimes four additional languages. At the same time, the health center needed to educate its donors about these changes so that donors’ priorities would stay aligned with clients’ needs (Gottfredson, Schaubert, and Babcock, 2008).
• So, by clarifying its strategy and scope, a not-for-profit organization is also determining what it will not do. Jumpstart, a not-for-profit organization that mentors young children in Head Start programs who are falling behind, focuses on providing tutors who are well trained to support the intellectual and emotional development of their tutees. Jumpstart’s leadership wrestled with the question whether the organization should also develop programs focused on the children’s families, because families are crucial in helping children succeed in school. Given Jumpstart’s limited resources, and the fact that it couldn’t drive change on both fronts, the organization decided to stay focused on increasing the number of kids it could serve (Bradach, Tierney, and Stone, 2008).

Strategy should represent the chosen priorities that set the direction of the organization towards achieving the mission and vision for a number of years. It is useful to think of strategy as a set of hypotheses, in terms of “A is expected to lead to B”, where the final “Bs” are the impacts in the Input-Impact Model.

**Structure**

Organizational structure should fit the overall context provided by the organization’s mission statement, vision, and strategic priorities.

The Importance of Aligning Organizational Structure with Mission and Vision.

Many of the strategic hypotheses may reveal what underlying organizational structures are needed for successful accomplishment of goals. Here are some examples:

• The *Women’s World Banking (WWB)*, a micro-financing organization, was seeking to expand the economic assets, participation, and power of low-income women. To deliver on its mission, the organization decided to grow the WWB network to include more independent micro-finance institutions as partners, such as ASA in Bangladesh, and banks such as Shorebank, a community development and environmental bank in the United States. Within 18 years, WWB’s growth translated into a more than 350-fold increase in the number of clients served. At the same time, WWB’s staff barely grew, and its budget likewise did not keep pace with its impact. WWB gives its network members services such as technical and financial services, market research, and loan guarantees, and the increased scale improves efficiency. It teaches affiliates best practices and advocates better micro-finance policies (Wei-Skillern and Marciano, 2008).

• In other cases, other organizational structures might be more appropriate, such as mergers that can help drive mission delivery. The example of *Crittenton* and the *Women’s Union*, both Boston-based not-for-profit organizations serving low-income women, proves that. Crittenton had developed a strong program of service delivery for homeless and at-risk women, but lacked a diversified funding
base. The Women’s Union, on the other hand, had an illustrious history of research, advocacy, and services, along with financial resources (as a result of the 2004 sale of its headquarters building), but it lacked strategic focus. The newly merged Crittenton Women’s Union (CWU) has focused its research, advocacy, and direct-service programs on helping low-income women and their families achieve economic self-efficiency. Following the merger, CWU has raised its visibility in the community and among potential donors, and lowered its service delivery costs (Gottfredson, Schaubert, and Babcock, 2008). This has enhanced the achievement of its strategic goals.

Eager to reduce their dependence on fund-raising, many not-for-profit organizations recently launched earned income ventures and other hybrid organizational structures. Earned income ventures relate to payments received in direct exchange for a product, service, or privilege. They are considered the for-profit activities that support a not-for-profit venture. Also known as social entrepreneurship, social enterprise, mission-based venturing, and venture-preneurship, earned income can appear in several forms: fees for service (e.g., counseling, consulting, government contracts), tuition for training, leasing space, membership dues, cause-related marketing (e.g., licensing, sponsorship), manufacturing and selling products, buying a franchise, and buying an existing business. Examples of organizations that rely heavily on earned income include, for example, the YMCA, the Boys & Girls Clubs, the Salvation Army, and Ray and Joan Kroc Community Centers, where various products and services are provided to generate additional revenue for the organization. BRAC, the Bangladesh Rural Advancement Committee, now the largest not-for-profit organization in the world, reaches 110 million people annually through its health, education, and economic development programs. It generates 80 percent of its $485 million budget from its social enterprises. These include micro-lending institutions, craft shops, printing presses, and dairy projects (Jonker, 2009). In many cases, however, earned income accounts for only a small share of funding, and few of the ventures that have been launched actually make profits (Foster and Bradach, 2005). The main reason is an inadequate understanding of the challenges and returns of running a business.

To avoid mission and vision drift and wasted funds, not-for-profit organizations should impose a rigorous discipline on the evaluation of new organizational structures, including business ventures. This may entail developing a worst-case scenario for the venture, and what that scenario would mean for the mission and the organization’s finances.

**Systems**

Organizational systems should also support the mission statement, vision, and strategy. Human resource systems, for example, should be focused on recruiting, retaining, and motivating good people who can advance the objectives and mission of the organization. By linking recruiting, retention, and motivation to organizational objectives, these management systems address the needs of the clients (beneficiaries), the organization, and its employees simultaneously.
Aligning Performance Evaluation with Mission Accomplishment.

When in place, performance evaluation systems should measure not just the short-term results of employees’ work (monthly and/or yearly), but also the success of employee efforts in carrying out strategic priorities (strategic goals), so that they see and enjoy the long-term results of their work (long-term evaluations). Compensation systems should be aligned with mission, vision, and strategic priorities, and reward attainment of strategic goals. Greater Boston Rehabilitation Services, for example, used a performance-based pay system where employees who attain 80 percent of the goals they had earlier set in consultation with their managers, get a raise determined by the amount of available money (Letts, Ryan, and Grossman, 1999).

For superior results, not-for-profit organizations will also need performance measurement systems for tracking their overall and individual performance along the path to achieving their missions. For example, BlueCross Blue Shield of Louisiana, dedicated to improving the lives of the residents of Louisiana by providing health guidance and affordable access to quality care, implemented a new performance accountability system to drive organizational alignment, capability, and accountability. The organization designed a specific performance and rewards strategy that focused on (a) clearer expectations for individual contribution, (b) greater accountability for performance against expectations, and (c) greater differentiation in performance assessments and rewards. The new performance accountability system offered a significant individual incentive for top performers and broader salary ranges, with midpoints benchmarked to the competitive market median. Organizational objectives and operating goals were closely aligned (for example, the organizational objective of “financial stability” was aligned with the operating goal “statutory surplus”). Also, individuals were measured based on their daily work (job accountability), their contribution to strategic results (performance results), and the behaviors and skills the organization expected its employees to develop and demonstrate in their respective roles. As a result of the new performance measurement and compensation system, performance evaluations improved and employee behavior changed. The organization successfully reduced new-member recruitment costs and per-member administration costs (Rishell and Becker, 2004).

Information systems are also important. Rubicon Programs Inc., the San Francisco Bay Area social enterprise, which employs and aids people living in poverty, has a powerful data collection system that enables the organization to streamline evaluation and reporting to funders.

Are We Gathering the Right Information?

Rubicon can now deliver data to its myriad funders in the various forms they desire, with time and resources left over to collect the numbers it wants for itself (Conner Snibbe, 2006). Year Up, a not-for-profit organization serving young people, pays its students a bi-weekly stipend for the hours they have worked in their internships as part of its intensive training program. Historically, Year Up gathered time sheets
manually and processed the checks internally. Seeing more growth and expense in the future, the organization invested in a centralized mechanism for collecting student data at all of its sites. An automated process now translates the data into a format accessible for a payroll outsourcing partner, providing a measurable solution to a potentially expensive challenge. The organization increased its productivity by reducing its cost per output, and is now able to train the same number of young people for less cost (Neuhoff and Searle, 2008). Centralized information systems can also be used for capturing and sharing best practices that should lead to productivity gains. This sort of standardization helps to keep costs down by increasing staff efficiency.

Resources

Resources, whether financial, human, organizational, informational, or other, are critical for successful service delivery and, ultimately, vision and mission achievement. Among these, human and organizational capacity is of utmost importance. Despite the tremendous pressure exerted by influential donors to limit the amounts of funds going to fund overhead or administration, these investments are needed, in particular for innovation and continuous improvement.

Human Resources – A Cost or an Investment for Not-For-Profit Organizations?

Not-for-profit organizations should rightly view these investments as capacity investments, rather than viewing them as money lost to operations. Investing in hiring committed employees and volunteers, their training and education, appropriate management information systems, etc., will help the organization build its long-term capabilities. NetDay, an Irvine, California-based organization that uses technology to help educators and students reach their goals, offers its employees opportunities for training or to participate in conferences whenever they can. It proved to be very advantageous by increasing both the opportunities and responsibilities of their employees, which led to an increase in their commitment and efforts (Master, 2004).

Internal Environment

Internal environment plays an important role in supporting achievement of an organization’s mission, vision and strategic goals. Senior managers and boards need to build a culture that values organizational performance. Much of the not-for-profit sector is already actively committed to principles of empowerment and participation, and such internal environments are healthy. Common values shared among board members, management, employees, and volunteers ensure adherence to the not-for-profit organization’s shared mission. Habitat for Humanity Egypt (HFHE), for example, a country program of Habitat for Humanity International, shares its core values – integrity, diversity, and equity – with its networked partners as well (Wei-Skillern and Marciano, 2008). Alignment of core values was the primary criterion for selecting and continuing to work with network partners.
HFHE spent several months doing due diligence on potential partners, engaging with them in a variety of ways, interviewing past beneficiaries, etc. After partners were selected, the process of transfer of core values continued, primarily in how HFHE made decisions and treated its network partners. In some instances, they disaffiliated non-aligned partners. Over the long term, mutual trust is what enabled these networks to thrive (Wei-Skillern and Herman, 2006).

The Input-Impact Model: Program and Project Activities

Program and project activities that make up the work of most not-for-profit organizations involve providing services or enforcing laws and regulations (or both). These activities may include analyzing clients’ status, counseling and guidance, occupational and business training, etc. For example, a teen mother parenting education program operated by a not-for-profit organization has the mission to help ensure that pregnant teenagers deliver healthy babies, and that they are equipped to care for their babies. Their activities include classes for pregnant teens on pre-natal nutrition and health and infant health care, and counseling support (Poister, 2003).

The Input-Impact Model: Outputs

Outputs are the immediate products or services produced by a program. They may be divided into internal and external outputs. This division is useful, although not obligatory, because outputs either represent the amount of work performed, the volume of activities completed (internal outputs), or the number of clients or cases that have been dealt with (external outputs).

Outcomes – are the results of the outputs. Although outputs often represent the amount of work performed or the volume of activities completed, such as the number of AIDS education seminars conducted, outcomes are the consequences of these efforts. Production of outputs is no guarantee that desired impacts will result.

The Input-Impact Model: Outcomes

Outcomes are the results of the outputs. Although outputs often represent the amount of work performed or the volume of activity completed, such as the number of AIDS education seminars conducted, outcomes are the consequences of these efforts, such as, in this example, a decrease in risky behavior. Similarly, training units and hours spent in aftercare activity organized by juvenile justice boot camps may be considered outputs, while productive engagement of youths discharged from the boot camps in school or work would be considered outcomes (Poister, 2003). On the other hand, outcomes may also appear as economic results of a not-for-profit’s program, such as an increase in family income as a result of engaging in micro-enterprises.

In some cases, there is a thin line between outputs and outcomes. One might think of services provided as outputs, but services consumed as outcomes. For example,
The number of training programs offered might be considered as a program’s output, and the number of participants completing these programs might be seen as the outcome. What really matters is to identify the sequence of accomplishments that must occur to achieve the final impacts. The more precise the sequence from outputs to impacts, the easier it is to control and increase the chances of success in this value creation chain. This identification is even more important, because the production of outputs is no guarantee that desired outcomes and impacts will result. It is important, therefore, to directly measure outcomes and impacts to monitor a not-for-profit organization’s performance. Organizations need specific performance measures for tracking outcomes and impacts.

The Input-Impact Model: Impacts

Social impacts and constituents’ benefits are the ultimate criteria for gauging a program’s performance, or the overall performance of the not-for-profit organization. Social impacts represent the substantive social changes, improvements, or benefits that (a) result from the program, and (b) have affected targeted individuals, members (constituents), communities, or society or a profession as a whole. The social impacts of AIDS prevention programs, for example, would include a percentage reduction in persons with HIV. Juvenile Justice Boot Camps’ social impacts, on the other hand, would mean that fewer youths were engaged in further criminal activity. In general, impacts may include improved housing conditions, an increase in health, higher education, improvement in spiritual life, etc. Measures of impacts should reflect the value of benefits flowing from a not-for-profit organization’s activities. Often, the assessments of impacts require surveying the perception and experience of stakeholders.

The Robin Hood Foundation, Acumen Fund, and the William and Flora Hewlett Foundation calculate the expected social return on their philanthropic investments. In particular, for not-for-profit organizations, funding foundations, and philanthropists, estimating the expected social return on investments can be helpful in deploying their dollars more effectively. The predicted benefit can be calculated as the impact a grant or other philanthropic investment would have if everything went according to plan, and if the funder were solely responsible for the impact, corrected by (a) the probability of that impact occurring, and (b) a weight that represents the portion of the philanthropic contribution. To calculate the expected return, the predicted benefit is compared to the cost of a grant (i.e., the grant plus administrative costs). The following equation provides the formula.

\[
\text{Expected Return} = \frac{\text{Outcome} \times \text{Probability of the Outcome} \times \text{Philanthropic Contribution}}{\text{Cost}}
\]
The Robin Hood Foundation, for example, measures impact in terms of the personal benefits that accrue to its grantee organizations’ low income clients or their families (Brest, Harvey, and Low, 2009).


The Input-Impact Model has two supporting tools: The Causal Linkage Map of Impact Drivers and performance measures for tracking performance along the causal linkage map.

The Causal Linkage Map of Impact Drivers

What has so far been absent in many of the measurement approaches in the not-for-profit sector (except for well-designed strategy maps – for examples of strategy maps in not-for-profit organizations, see Scholey, 2008), or in program logic models, is a framework that can demonstrate that investments in capacity (inputs and activities) have a direct and positive impact on (a) service delivery and, ultimately (b) the ability of the not-for-profit organization to achieve its mission and vision.

Clearly laid-out cause-and-effect relationships between the inputs, activities, outputs, outcomes, and impacts would allow any organization to persuasively display how their investments, such as in employee training and education or benchmarking best practices, yield tangible benefits for beneficiaries and other stakeholders. Logically designed linkages among the various drivers of success of a not-for-profit organization help managers understand, monitor, manage, and communicate many other cause-and-effect relationships, such as those between the internal and external outputs, or between the outputs, outcomes, and impacts.

Exhibit 10 displays a typical structure of a causal linkage map for not-for-profit organizations. It consists of five levels of interrelated elements, including inputs, activities, outputs, outcomes, and impacts. The example in Exhibit 10 has been taken from the next section, where we describe the application of the Input-Impact Model to various not-for-profit sectors. A detailed analysis of the elements and their interrelationships included in Exhibit 10 will therefore be provided in the example, where we show how the Input-Impact Model and its supporting tools can be applied to microfinance institutions.

A Causal Linkage Map of Impact Drivers implicitly states that it is helpful to monitor more immediate measures relating to issues such as (a) the amount of work conducted, (b) the timeliness and quality of that work, (c) the efficiency with which it is conducted, (d) the degree to which it is seen as being responsive to clients, and (e) the extent to which it is completed within budget. But it is also critical to measure actual results. Impacts – although difficult to measure – are particularly important, because donors want to know that their money is being used effectively, and might donate more generously if a not-for-profit organization is succeeding.
Causal Linkage Models – Lay out cause-and-effect relationships between the inputs, activities, outputs, outcomes, and impacts. They persuasively display how implementation of strategies yield tangible benefits for beneficiaries and other stakeholders. Logically designed linkages among the various drivers of success help managers understand, monitor, manage, and communicate many other cause-and-effect relationships, such as those between the internal and external outputs, or between the outputs, outcomes, and impacts.

Therefore, one may say that non-financial (social- or member-focused) success may, in the end, also drive financial success.

When designing a Causal Linkage Map of Impact Drivers, one should strive to use only the most relevant drivers of success, rather than create a complex and difficult-to-communicate scheme. Strategic priorities should be followed which, if clearly laid out and focused, will lead to a smaller number of critical drivers of success. That will allow the organization to narrow its various efforts to a manageable number of activities. One should select and measure only those processes that lead to improved outcomes for beneficiaries, and ultimately allow the organization to work towards its mission and vision.

All of the cause-and-effect relationships should, at some point, be tested for underlying assumptions of their correlations in the model, as well as the metrics chosen for tracking the elements in the chain of relationships. If the underlying logic is flawed, i.e., the assumptions behind the causal connections between inputs, activities/processes, outputs, and outcomes don’t hold up in reality, then the desired outcomes and impacts will not materialize, at least not as a result of the program.
Developing Appropriate Performance Measures

The purpose of developing a not-for-profit organization’s Input-Impact Model and the Causal Linkage Map of Impact Drivers is, first, to clarify the mission (vision), who the beneficiaries are, and what services the organization needs to provide. Further, the model helps to clarify how the strategy, structure, and systems support achieving that mission (vision), and what specific investments are needed (financial, human, organizational, etc.) to generate expected outputs, outcomes, and impacts. Finally, the model clarifies what the not-for-profit organization should look at to find out whether all its efforts are leading to (a) improvements in the social status of the beneficiaries and their families, or (b) the professional advancement of constituents. After this logic has been articulated in a schematic, in a narrative, or in both, the organization can identify the most relevant measures of performance very systematically. Here, financial or efficiency measures would typically be viewed as important intermediate measures, but not measures of ultimate success of the not-for-profit organization.

Still, whenever meaningful and possible, performance measures should be expressed in monetary terms. In many cases, social impacts or constituents’ benefits can be expressed as monetary results, such as increased lifetime earnings of students who have been able to afford the cost of college education based on successful micro-enterprise businesses. Another example is the decrease in public welfare assistance payments as a result of successful placements of hard-core unemployed.

The use of monetary performance measures for social value or other impacts offers several practical benefits. First of all, this allows linking various performance measures from the Input-Impact Model to measure of efficiency and effectiveness. For example, social impact/cost ratios can be calculated to evaluate a not-for-profit organization’s long-run viability and performance. Or social impact/outcome ratios can be calculated to measure a not-for-profit organization’s management efficiency. Examples of various social impact/cost and social impact/outcome ratios are provided in Exhibit 11.

Exhibit 11: Examples of Social Impact/Cost Ratios and Social Impact/Outcome Ratios Expressed as Monetary Performance Measures

<table>
<thead>
<tr>
<th>RATIOS</th>
<th>PERFORMANCE MEASURES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social Impact/</td>
<td>- Increased life-time earnings of micro-enterprise family members based on higher education/costs of servicing micro-enterprise clients</td>
</tr>
<tr>
<td>Cost Ratios</td>
<td>- Decrease in public or private health care payments of micro-enterprise family members/cost of servicing micro-enterprise clients</td>
</tr>
<tr>
<td></td>
<td>- Decrease in public welfare assistance payments/costs of placing hard-core employees</td>
</tr>
<tr>
<td>Social Impact/</td>
<td>- Increased lifetime earnings of micro-enterprise family members based on higher education/number of micro-enterprise clients investing in education</td>
</tr>
<tr>
<td>Outcome Ratios</td>
<td>- Decrease in public welfare assistance payments/number of clients successfully placed</td>
</tr>
</tbody>
</table>
With monetary performance measures, it is also easier to align and integrate performance management systems with the accounting systems. Performance measures aid communicating with stakeholders, especially those responsible for finances and resource allocation, and with those who donate funds.

**Practical Applications of The Input-Impact Model and Its Supporting Tools in the Not-for-Profit Sector**

This section provides general examples drawn closely from the Input-Impact Model as exemplary new solutions to the challenges of measuring performance of not-for-profit organizations. These examples are divided into two tracks:

1. **Social impact-focused not-for-profit organizations**, with three specific examples of the Input-Impact Model application: (a) for microfinance institutions, (b) for not-for-profit organizations that provide safe places and accessible services to women and their children, and (c) for church groups, and

2. **Member-focused not-for-profit organizations**, with two specific examples: (a) for professional associations, and (b) for educational organizations.

This division of not-for-profit organizations should only be viewed as illustrative. Many not-for-profit organizations have dual roles of serving both its members and society, and would therefore be looking for models, causal linkage maps, and performance measures that relate to both tracks, social impacts and member benefits.

**Applying the Input-Impact Model – Two Tracks/Five Examples.**

The five specific examples have been designed as guidance in how to develop comprehensive performance measurement systems in various not-for-profit organizational settings. Along with specifying the critical elements in the model, we provide (a) a Causal-Linkage Map of Impact Drivers for each of these examples that outline the cause-and-effect relationships between the drivers, as well as (b) a selection of appropriate performance measures for monitoring and reporting on the drivers’ performance. The Input-Impact Model, its supporting tool, the Causal Linkage Map of Impact Drivers, and corresponding performance measures can also be readily applied to other types of not-for-profit organizations.

**Track 1: Social Impact-Focused Not-for-Profit Organizations**

Examples of social impact-focused not-for-profit organizations would typically include the following: charitable organizations, environmental organizations, health care societies (such as the Red Cross, the Cancer Society), health organizations, religious and fraternal organizations, social services (such as civic organizations,
community development agencies, food banks, homeless shelters, and voluntary health and welfare organizations), microfinance institutions, etc.

Example 1

Practical Application of the Input-Impact Model to Microfinance Institutions

Exhibit 12 provides a practical application of the Input-Impact Model in the microfinance sector. From a broader perspective, the example can be applied to a variety of other not-for-profit organizations whose missions entail alleviation of poverty.

For microfinance institutions in particular, the ultimate goal is often to alleviate poverty, although many such organizations do not explicitly state this goal. Instead, they say that their goal is to give poor people access to credit. Exhibit 12 shows that increased access to loans should actually be viewed as the external output rather than a social impact. An appropriate sequential specification of the critical

Exhibit 12: The Input-Impact Model for a Microfinance Institution

<table>
<thead>
<tr>
<th>INPUTS</th>
<th>ACTIVITIES</th>
<th>OUTPUTS</th>
<th>OUTCOMES</th>
<th>IMPACTS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Internal</td>
<td>External</td>
<td></td>
</tr>
<tr>
<td></td>
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</tr>
</tbody>
</table>

"To provide opportunities for people in chronic poverty to transform their lives"

Strategy, Structure, Systems, and Resources

Service on the Front End
Money and Loan Services
Services after Lending

Number of Programs and Services Actually Provided

Clients’ Participation in the Programs
Oncreased Access to Loans
Establishment of new businesses

Cost Control, Increase in Micro-enterprise Revenues and Profits, Loan Repayment Increase in Family Income

Improved Nutrition, Housing, Health & Education of the Poor
elements in the model starts with the mission and vision statements, supported by the strategy, structure, and other inputs that enable the provision of (typically) three types of services: (a) the services at the front end (such as analysis of client economics), (b) money and loan services, and (c) services after the loan (such as training and support). The resulting internal outputs include the number of programs and services actually provided to the beneficiaries. On the other hand, external outputs include clients’ successful participation in the programs, an increase in access to loans, and establishment of new micro-enterprises. As a consequence, the following outcomes may be expected: improved cost control in micro-enterprises, an increase in micro-enterprises’ revenues and profits, an increase in the micro-finance institution’s loan repayment rate, and an increase in clients’ family incomes. Finally, social impacts include improved nutrition, housing conditions, health, and education of the clients’ family members.

Exhibit 13 provides an example of a Causal Linkage Map of Impact Drivers for a micro-finance institution with the critical drivers being social impacts.

Exhibit 13: The Input-Impact Model: The Causal Linkage Map of Impact Drivers for a Microfinance Institution
The cause-and-effect relationships outlined in Exhibit 13 reveal how the various drivers of success are interrelated on the path to achieving this mission statement: “To provide opportunities for people in chronic poverty to transform their lives” for example. The mission statements are the driving force behind this theory of social change. It influences employee commitment, and requires a strategy to determine priorities.

As shown in Exhibit 13, strategy influences (a) the external organizational structure (a network in this example), (b) the priority activities (analyses of client economics, enterprise-specific training, business training, loan repayment training, health-care and other social services, and value-chain support), and (c) the content of performance measurement. From here on, the causal linkages also reveal that client front-end analyses impact the actual amount of other services provided. Organizational and financial value-chain support (such as linking clients to customers and suppliers, conducting regional economic analyses, and standardizing production to enable bulk sales and export), leads to the establishment of value-chains or cooperatives. Other services provided by the micro-finance institution (assuming that they are well executed) lead to a greater degree of client participation. As a consequence of their participation and the knowledge and skills acquired, the number of loans increases, as does the number of newly established enterprises. Additionally, successful programs in business training additionally increase the micro-enterprise success in obtaining loans, opening new businesses, as well as successful operations of these businesses.

The increase in overall revenues of the micro-enterprise is the expected outcome, which should lead to increased loan repayments and, assuming that the micro-enterprise is also successful in containing costs, to increased profits. With increased profits, the owners of micro-enterprises can increase their family income. Finally, increased family income should improve their social lives through investments in proper housing and better nutrition of their families, which is expected to lead to their improved health (as well as added life expectancy). In addition, investments may include education for family members. These social impacts are at the core of the microfinance institution’s mission.

Exhibit 14 provides sample performance measures for inputs, activities/processes, outputs, outcomes, and social impacts for a microfinance institution. Not all performance measures presented here need to be used. Instead, those selected should only be those that closely relate to a not-for-profit organization’s specific causal linkage map or program logic model.
Practical Application of the Input-Impact Model to Not-for-Profit Organizations Providing Safe Places and Accessible Services to Women and their Children

The Input-Impact Model provided in Exhibit 15 can be used for not-for-profit organizations providing safe places and accessible services to women and their children who want to be safe from domestic abuse. In addition, the Causal Linkage Map of Impact Drivers is provided (see Exhibit 16), along with performance measures (see Exhibit 17). This specific model and accompanying tools can easily be adapted to not-for-profits that provide homeless shelters as well as many other organizations.
Activities and programs typically provided by these not-for-profit organizations include offering shelters (a safe place to stay, nutritious meals, and other basic needs); one-on-one counseling; providing therapeutic and educational support (i.e., art and play therapy and after-school tutoring for children, and workshops and groups for women); providing recreational activities; employment training and job support for women; help in finding affordable housing; setting up a new home, etc. If these activities are actually provided (internal outputs) effectively, it is expected that women and children would actually participate in the offered programs and also start socializing with other similarly families. As a result of these outputs, a number of outcomes should occur, such as regaining self-esteem, women leaving their abusive partners, and re-establishment of their families in the community. Lastly, the following social impacts are expected to result: improved patterns of living and improved health of these families.

Exhibit 16 further specifies suggested relevant drivers of social impacts of these types of not-for-profit organizations, and visualizes their relationships. As already mentioned, the causal linkage map could also be called a strategy map or a program logic model.
The most difficult to measure elements in the *Causal Linkage Map of Impact Drivers* are those reflecting social impacts. For not-for-profit organizations providing safe places and accessible services to abused women and their children, we provide a number of performance measures that measure social impacts. Exhibit 17 includes, for example, (a) the percentage of beneficiaries reporting a reduced incidence of violence, and (b) the percentage of beneficiaries reporting a reduced impact of injuries and violence. Both reflect short-term social impacts of the programs of the not-for-profit organization. On the other hand, long-term impacts may be measured by the percentage of beneficiaries who do not drink underage (this indicator relates to children involved in abuse), the percentage of beneficiaries safe from alcohol abuse, the percentage of beneficiaries safe from abuse and illicit use of drugs, as well as the percentage of beneficiaries reporting major improvement in their quality of life. Alcohol abuse and abuse and illicit use of drugs, again, may relate to children involved in abuse in their later stages of life.
Exhibit 17: The Input-Impact Model: Examples of Performance Measures for Not-for-Profit Organizations Providing Safe Places and other Services to Abused Women with Children

<table>
<thead>
<tr>
<th>CATEGORIES</th>
<th>PERFORMANCE MEASURES</th>
</tr>
</thead>
</table>
| Inputs     | • % alignment of strategic priorities with the mission statement  
             • % of employees committed to achieving the mission  
             • % increase in staff employed organization-wide  
             • Operational sustainability (operating revenue as a % of costs)  
             • % increase in financial sustainability |
| Activities | • Dollars spent providing safe places to stay  
             • Dollars spent on women-related activities  
             • Dollars spent on children-related activities  
             • Dollars spent on family-related activities  
             • Employee productivity |
| Outputs    | • Number (%) of women participating in the offered programs  
             • Number (%) of children participating in the offered programs  
             • % of families socializing with similar families |
| Outcomes   | • % of women leaving their abusive partners  
             • % of women successfully entering new jobs  
             • % of abused families setting up a new home  
             • % of children re-establishing themselves in their communities |
| Impacts    | • % of beneficiaries reporting the reduction in the incidence of violence  
             • % of beneficiaries reporting the reduction in the impact of injuries and violence  
             • % of beneficiaries safe from alcohol abuse  
             • % of beneficiaries safe from underage drinking [Comment: See comment earlier.]  
             • % of beneficiaries safe from abuse and illicit use of drugs  
             • % of beneficiaries reporting major improvement in quality of life |

Exhibit 17 provides sample performance measures that support the elements in the causal linkage map or the program logic model.

Example 3

Practical Application of the Input-Impact Model to Church Groups and Other Religious Not-for-Profit Organizations

The Input-Impact Model can also be applied to church groups and other religious not-for-profit organizations that strive to meet human spiritual and other needs (see Exhibit 18). Exhibit 19 provides the Causal Linkage Map of Impact Drivers, while Exhibit 20 lists potential performance measures. All of these exhibits merely provide examples of potential solutions to measuring performance of a religious not-for-profit organization. They do not try to dictate the inputs, activities, and outputs, let alone the most appropriate outcomes and social impacts.
Activities (programs) provided by church groups and other religion-based not-for-profit organizations typically include church services, summer camps for children, street youth services, and other community activities such as pilgrimages, counseling, bookstores with religious and spiritual items, and thrift stores with donated items. Internal outputs relate to the number of programs and services actually provided; external outputs, on the other hand, include the increased participation of beneficiaries in these activities, increased sales of books and donated items (if applicable), and increased amount of volunteering and ministries. Expected outcomes as consequences of these outputs, include stronger faith, spiritual growth, and changes to or enhancement of appropriate values of the beneficiaries. Lastly, the social impacts relate to increased respect for life and others.

Exhibit 19 provides a visual representation and further specification of the cause-and-effect relationships between these elements.
The Causal Linkage Map of Impact Drivers provided in Exhibit 19 reveals a number of potential outputs resulting from appropriately organized and executed activities and programs. For example, these outputs include (a) increased children and youth participation in activities provided for them, (b) increased adult participation in church services, pilgrimages, counseling, and other activities, (c) increased sales of religious books and donated items (thrift stores), and (d) an increased level of volunteerism and ministries helping to execute strategic and operational activities. In turn, these outputs lead to stronger faith and spiritual growth of beneficiaries, as well as changes in values or enhancement of appropriate values. The final social impacts, however, may reflect an increase in love and respect for life (which may be considered from the perspective of a decrease in the number of abortions, suicides, etc.) and an increased respect for others (for example, a decrease in the number of divorces, a decreased incidence of racial violence, and a decreased incidence in various forms of discrimination).
Exhibit 20 provides examples of performance measures that support the elements in this cause-and-effect relationship scheme or the program logic model.

Because numerous other not-for-profit organizations struggle with the challenge of properly measuring their social impacts, Exhibit 21 provides various other social impact performance measures classified according to selected types of not-for-profit organizations. These performance measures, however, can be applied in other organizational settings as well if they properly reflect the mission and vision statements.

Measuring social impacts will always be a challenge, but is achievable. It has been shown in some of the leading practices presented in the first section of the Guideline (see, for example, KaBOOM!, Opportunity International, and the AARP Foundation), but also through the examples that were based on the Input-Impact Model. Managers should develop meaningful and credible performance measures. It is important to determine both appropriate performance measures (indicators), as well as establishing a consistent method of assessing an organization’s results, then tracking the performance with rigor.

### Exhibit 20: The Input-Impact Model: Examples of Performance Measures for Church Groups

<table>
<thead>
<tr>
<th>CATEGORIES</th>
<th>PERFORMANCE MEASURES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inputs</td>
<td>• % alignment of strategic priorities with the mission statement</td>
</tr>
<tr>
<td></td>
<td>• % of employees committed to achieving the mission</td>
</tr>
<tr>
<td></td>
<td>• % increase in employees employed organization-wide</td>
</tr>
<tr>
<td></td>
<td>• % increase in volunteers employed organization-wide</td>
</tr>
<tr>
<td></td>
<td>• Operational sustainability (operating revenue as a % of costs)</td>
</tr>
<tr>
<td></td>
<td>• % growth in donated items for thrift stores</td>
</tr>
<tr>
<td></td>
<td>• % growth in financial donations</td>
</tr>
<tr>
<td>Activities</td>
<td>• Diversity of activities and offered programs</td>
</tr>
<tr>
<td></td>
<td>• % increase in dollars spent on various activities</td>
</tr>
<tr>
<td></td>
<td>• % increase in dollars spent for bookstores and thrift stores</td>
</tr>
<tr>
<td>Outputs</td>
<td>• % increase in church membership</td>
</tr>
<tr>
<td></td>
<td>• % increase in children participation in summer camps</td>
</tr>
<tr>
<td></td>
<td>• % increase in youth participation in street youth activities</td>
</tr>
<tr>
<td></td>
<td>• % increase in adult participation in services provided</td>
</tr>
<tr>
<td></td>
<td>• % increase in sales of religious and spiritual books and donated items</td>
</tr>
<tr>
<td></td>
<td>• % increase in volunteerism and professional ministry</td>
</tr>
<tr>
<td>Outcomes</td>
<td>• % of beneficiaries who changed their values</td>
</tr>
<tr>
<td></td>
<td>• % of beneficiaries who enhanced their religious and spiritual values</td>
</tr>
<tr>
<td></td>
<td>• % of beneficiaries who claim to have stronger faith (based on persistent prayer, worship, studying religious books, self-denial, etc.)</td>
</tr>
<tr>
<td></td>
<td>• % of beneficiaries who claim to have grown spiritually (based on disciplined meditation, etc.)</td>
</tr>
<tr>
<td>Impacts</td>
<td>• % decrease in overall incidence of abortions</td>
</tr>
<tr>
<td></td>
<td>• % decrease in overall incidence of attempted suicides</td>
</tr>
<tr>
<td></td>
<td>• % decrease in overall incidence of committed suicides</td>
</tr>
<tr>
<td></td>
<td>• % increase in the number of marriages</td>
</tr>
<tr>
<td></td>
<td>• % decrease in the number of divorces</td>
</tr>
<tr>
<td></td>
<td>• % decrease in the incidence of racial violence</td>
</tr>
<tr>
<td></td>
<td>• % decrease in racial (other type) of discrimination</td>
</tr>
</tbody>
</table>
An illustrative list of member-focused not-for-profit organizations may include the following: business and professional organizations (such as labor unions, chambers of commerce, professional associations, and trade associations), arts and cultural organizations, educational organizations (such as colleges, private schools, and universities), funding foundations, political parties, research and scientific organizations, sports and recreation organizations, etc. Again, these organizations could have been classified differently, as some have the dual roles of serving both their members and society. They would, therefore, be looking for performance measures that relate to both, the social impact-focused performance measures that we just discussed, as well as the member-focused performance measures. To show how the Input-Impact Model can be applied to member-focused not-for-profit organizations, two examples have been chosen: professional associations and educational organizations.
Example 4

Practical Application of the *Input-Impact Model* to Professional Associations

Exhibit 22 provides an illustrative example of an *Input-Impact Model* applied to professional associations, but the model can also be applied to other business or professional organization, such as labor unions or trade associations. Exhibit 23 further shows the *Causal Linkage Map of Impact Drivers*, and Exhibit 24 lists potential performance measures.

Activities provided by professional associations and other business and professional not-for-profit organizations typically include educational services, networking, advocacy, information, and research. Internal outputs relate to (a) the number of programs, services, and products actually provided, such as newsletters and magazines published, (b) continuous access to online resource libraries and member directories, and (c) seminars, courses, and other organized events. External outputs include the increased participation of members in these activities,

Exhibit 22: The *Input-Impact Model* for Professional Associations

![Diagram of the Input-Impact Model for Professional Associations](image-url)
increased sales of publications, increased number of professional designations, etc. Expected outcomes as consequences of these outputs would typically include the following individual benefits: knowledge and skills improvements, improved on-the-job problem solving, career advancement, etc. In some cases, such as when members receive professional designations, even higher salaries may be considered as the outcome. Lastly, the impacts relating to the profession as a whole may include the advancement and improved status of the profession, membership growth, and an overall increase in the quality of professional practice.

Exhibit 23 provides a visual representation and further specification of the cause-and-effect relationships between these elements. Again, the causal linkage map could also be called a strategy map or a program logic model.

The Causal Linkage Map of Impact Drivers provided in Exhibit 23 reveals a number of potential outputs resulting from appropriately organized and executed activities and programs, outputs such as increased knowledge and information sharing that,
in turn, lead to improvements in knowledge and skills of organizational members. Similarly, member participation in educational programs and courses are expected to lead to an increase in the number of professional designations. This increase should, in turn, lead to an individual’s career advancement. The final impacts, however, reflect (a) an increase in the number of good practices applied in the member organizations, (b) an advancement of the profession as a whole, (c) growth in the respect and status of the profession, and as a consequence, (d) a growth in the number of professional members.

Exhibit 24 provides examples of performance measures supporting these cause-and-effect relationships (the program logic model).

**Exhibit 24: The Input-Impact Model: Examples of Performance Measures for Professional Associations**

<table>
<thead>
<tr>
<th>CATEGORIES</th>
<th>PERFORMANCE MEASURES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inputs</td>
<td>• % alignment of strategic priorities with the mission (vision)</td>
</tr>
<tr>
<td></td>
<td>• % growth in the number of full-time employees</td>
</tr>
<tr>
<td></td>
<td>• Employee commitment to achieving the mission (vision)</td>
</tr>
<tr>
<td></td>
<td>• Operational sustainability (operating revenue as a % of costs)</td>
</tr>
<tr>
<td></td>
<td>• Dollars available for IT infrastructure investments</td>
</tr>
<tr>
<td></td>
<td>• % of activities documented and measured</td>
</tr>
<tr>
<td>Activities</td>
<td>• % realization of the planned activities</td>
</tr>
<tr>
<td></td>
<td>• % increase in dollars spent on various activities</td>
</tr>
<tr>
<td></td>
<td>• % employees actively involved in activities</td>
</tr>
<tr>
<td>Outputs</td>
<td>• % increase in member participation in various activities/events</td>
</tr>
<tr>
<td></td>
<td>• % of participants satisfied with the overall quality of provided activities</td>
</tr>
<tr>
<td></td>
<td>• Site traffic (number of visits) and functionality of website (click-through rate or stickiness) for resource library, member directories, etc.</td>
</tr>
<tr>
<td></td>
<td>• % increase in sales of publications</td>
</tr>
<tr>
<td></td>
<td>• % increase in staff consultations and advocacy</td>
</tr>
<tr>
<td></td>
<td>• % of members using networks for their career advancement</td>
</tr>
<tr>
<td></td>
<td>• % increase in the number of professional designations</td>
</tr>
<tr>
<td>Outcomes</td>
<td>• % of members who advanced their careers based on professional designations acquired</td>
</tr>
<tr>
<td></td>
<td>• % of members who claim to have improved their on-the-job problem-solving</td>
</tr>
<tr>
<td></td>
<td>• % of members who claim to have acquired significantly new professional knowledge</td>
</tr>
<tr>
<td></td>
<td>• % of members who claim to have acquired useful new skills for their profession</td>
</tr>
<tr>
<td>Impacts</td>
<td>• % members who applied new practices in their organizations</td>
</tr>
<tr>
<td></td>
<td>• % of members who claim to have improved their organization’s performance based on implemented good practices</td>
</tr>
<tr>
<td></td>
<td>• Number of successful interventions by the professional association’s members in determining relevant new legislation % change in the association’s status rating</td>
</tr>
<tr>
<td></td>
<td>• % increase in the number of members of the association</td>
</tr>
</tbody>
</table>
Example 5

Practical Application of the Input-Impact Model to Educational Organizations

The final practical application of the Input-Impact Model relates to educational organizations, such as colleges, private schools, and universities. Exhibit 25 provides an illustrative Input-Impact Model for a university, Exhibit 26 further provides the Causal Linkage Map of Impact Drivers for these kinds of not-for-profit organizations, and Exhibit 27 lists potential performance measures.

Exhibit 25: The Input-Impact Model for Universities

University educational organizations primarily provide teaching, research activities (basic and applied research), libraries, university press (such as monographs and textbooks), electronic journals, alumni benefits, administrative support, etc. Internal outputs relate to the actual number, diversity, and quality of the programs, services, and products provided. They include, for example, graduate and undergraduate programs and courses offered and taken, research projects completed, books published, continuous access to online resources, and other organized events. External outputs include an increase in student, faculty, and researchers’ involvement in these activities, as well as their performance, increased sales of publications, etc.
As a consequence, expected outcomes would typically include an increase in the number of successful student first-job applications, career advancement of alumni, successful faculty tenures, and an increase in applied research achievements. The final impacts relating to the not-for-profit organization's mission and vision may include (a) contribution to the sciences (from faculty and researchers, as well as from alumni as scientists and inventors), and to society (from the alumni as academic and business leaders, government officials, artists, actors, journalists, writers, etc.), (b) an increase in faculty and university reputation, and, finally, (c) an increased demand from students and faculty applying for positions.

Exhibit 26 provides an illustrative Causal Linkage Map of Impact Drivers to further specify the cause-and-effect relationships between these elements.

The Causal Linkage Map of Impact Drivers provided in Exhibit 26 reveals a number of potential outputs, such as (a) increased student graduations, resulting from successfully provided teaching programs (courses), (b) activities (such as alumni
Exhibit 27: The *Input-Impact Model*: Examples of *Performance Measures* for Universities

<table>
<thead>
<tr>
<th>CATEGORIES</th>
<th>PERFORMANCE MEASURES</th>
</tr>
</thead>
</table>
| Inputs     | • % alignment of strategic priorities with the mission (vision)  
            | • % growth in the number of administrative support  
            | • % growth in endowments  
            | • Dollars available for IT infrastructure, hardware, and software investments  
            | • Dollars available for research and teaching  
            | • % of faculty and administration who are compensated based on individual or group performance  
            | • Employee commitment |
| Activities | • % realization of planned programs/courses  
            | • % realization of planned research projects  
            | • % realization of planned publications  
            | • % realization of planned investments in library resources  
            | • Hours of website down time (in a year)  
            | • % increase in dollars spent on various activities |
| Outputs    | • % increase in student involvement in various programs, courses, and events  
            | • % increase in student satisfaction  
            | • % increase in student graduation  
            | • % increase in researcher involvement in research projects  
            | • % increase in on-time completed research projects  
            | • % increase in sales of university press  
            | • % increase in sales of on-line articles  
            | • Click-through rate (stickiness) for on-line resources |
| Outcomes   | • % of students who successfully applied for their first job  
            | • % of students who advanced their careers based on acquired graduation, completed management programs, etc.  
            | • % of faculty with successful tenure  
            | • % researchers who were granted research awards for their research contributions |
| Impacts    | • % of successful participations of the faculty and researchers in designing new legislation, rules, frameworks, etc.  
            | • % of faculty with distinguished reputation (based on endowments and other grants received)  
            | • % change in the university's status rating  
            | • % increase in the number of high quality student applications  
            | • % increase the number and quality of faculty applications |

An increase in successful student graduations is expected to lead to successful student first-job applications and their career advancements as alumni (outcomes). These may, in turn, lead to several contributions to the sciences or to society as a whole (impacts), with students holding prominent positions as business leaders, academic leaders, scientists, artists, etc. Similarly, an increase in sales of university press and electronic journals (output) may be expected to lead to successful faculty tenures (outcome), assuming that these researchers and professors have contributed to these publications. This may, in turn, lead to an increase in their individual reputations and the university’s reputation (impact). As a final impact, an increase in student and faculty demand for programs may be expected to follow.
Although social impact-focused not-for-profit organizations are primarily focused on the social changes they are expected to effect, the member-focused not-for-profit organizations, along with the member benefits or professional advancements, may also be interested in the social impacts, too. The impact level in their causal linkage maps or logic models may thus be dual (see, for example, the “contribution to the science and the society” element in Exhibit 26).

Exhibit 27 provides examples of performance measures supporting these cause-and-effect relationships (the program logic model).

### Sources of Performance Data for Measuring Impacts

The data used in performance measurement systems will come from a variety of sources, and this has important implications for the cost and effort of data collection, as well as the quality of collected information. Sources of data for measuring social impacts and constituents’ benefits will in many cases have to be collected specifically to measure performance.

### Where Can Not-For-Profit Organizations Find Social Impact Measures?

Many government agencies compile data on demographics, economy, housing, crime, health, education, etc. that could be effectively used to track performance of a specific not-for-profit organization’s programs. Their impacts, however, should, in the first place, be collected for the beneficiaries that the not-for-profit organization has actually served. This way, the not-for-profit organization can better evaluate the extent of improvements it generated.

In terms of measurement approaches, three levels of measuring impacts can be identified (Emerson, 2009): apparent effectiveness, demonstrated effectiveness, and proven effectiveness.

- Organizations operating at the first level of measuring impact – apparent effectiveness – can assume that their beneficiaries benefit as intended from participation in a specific program, if supported by systematically collected data. Usually, every program participant is given an identification number, and the organization then collects basic demographic data from program participants (baseline information). For measuring changes over time (impacts), the organization will track these impacts for all program participants.

- At the second level of measuring impact – demonstrated effectiveness – an independent external evaluator reviews the program and services, target population, desired impacts, and indicators measuring success. That evaluator systematically collects data that compare program participants with a similar population not receiving the same services. The organization can thereby substantially conclude that the beneficiaries involved are benefiting from program participation.
• At the third and highest level – proven effectiveness – a program’s impact on participants or the society has been scientifically confirmed through experimental research, such as a randomized controlled trial. Organizations using this approach should be able to show a statistically significant difference in impacts for their program participants compared with people in a randomized control group. Some not-for-profit organizations also implement program logic models already tested and proven by others (with randomized controlled trials). Local affiliates of the Boys & Girls Clubs of America, for instance, are implementing Project: LEARN, an educational program proven to boost educational attainment. The key, of course, is ensuring that the program is implemented with thoroughness and high quality so that impacts correspond.

In many cases, follow-up contacts with beneficiaries will be very useful. Often this can be accomplished through follow-up services. For example, after abused women and their children leave the shelter and re-establish their lives in the community, the not-for-profit organization may provide after-program services. Through these services, counselors work with these women and children to (a) encourage them to engage seriously in their new job or school, and (b) try to help them avoid further abuse. In other cases where follow-up contacts are not a part of normal program activity, former beneficiaries can be contacted or surveyed via telephone, e-mail, or personal visits, exclusively for the purpose of collecting information on measures of (social) impacts.

Not-for-profit organizations should also do pre-tests before programs are launched, and post-tests to measure changes in expected outcomes and impacts. These tests may include surveys of attitudes or observations of behavior.

Well-designed surveys can help avoid or at least control some of the main sources of systematic bias. Surveying the whole target population, where possible, can avoid the first source of bias, sample bias. When a smaller number of people will be surveyed to represent the target population, the sample should be selected by a probability method that gives equal probability to each individual in the target population. Even if sample bias is eliminated through a proper survey design, some individuals will still not (want to) respond. Non-response bias can be solved by emphasizing the legitimacy of the survey or by offering incentives. Or, non-response that is purely random can be offset by increasing the size of the sample population and testing non-response bias. The third source of bias, interviewer bias, only occurs when respondents perceive that the interviewer prefers a particular answer. To avoid this source of bias, careful training of the interviewers is important. Or, surveys can be conducted by mail or e-mail (Epstein, 2008).

Performance Management for Improving Success of Not-For-Profit Organizations

To use performance measures most effectively, performance measurement systems should be designed and supported with appropriate information systems, so that managers can track performance at regular time intervals and respond accordingly. A good performance measurement system is very important, as it provides confidence that the chosen causal linkage model is actually working.
It provides proof of achievement of the desired impact, and helps convince donors to further support expansion of the not-for-profit organization. It also aids resource allocation decisions, so that the most meaningful projects get funded. From the managerial perspective, it assists managers in keeping them focused on what is truly critical and should be monitored.

On many occasions, baseline information will be needed. That information answers the question “Where am I starting from?” That is, this information establishes a baseline for current performance, forming the basis for all subsequent measurements.

**Performance Measurement: Getting Started.**

Collecting initial baseline information may be hard work, especially for those elements that have never been measured before. But such initial efforts are critical to the success of any performance measurement system or performance improvement effort. A lack of baseline information essentially means that there is no performance measurement system, because you cannot improve what you cannot measure. Therefore, not-for-profit organizations should always start with collecting baseline information, establishing a starting point for comparison with subsequent changes or improvements.

Defining useful performance measures can be a challenge, implementing measurement systems effectively can be difficult, and incorporating them in management and decision-making processes in meaningful ways requires both deliberate effort and sustained commitment and appropriate information systems. But experience shows that performance measures can be designed and implemented successfully and used effectively to improve decision-making and enhance performance.

In the not-for-profit sector, where big incentives, or compensation (if any, in the case of volunteers) are not possible, selecting the right people is most vital. Still, there is a role for employee compensation systems, but such practices should be adjusted to ensure that workers are not driven by measurements per se, but rather by more fundamental considerations of mission and vision. It is important for employees to understand (a) how they contribute to an organization’s success, and therefore the need for completing performance reviews. These evaluations should, however, be done fairly. This means sharing reviews with employees before they are made final. This is usually done through one-to-one meetings.

**Employee Performance: Sharing Expectations.**

Employees can contribute immensely in this process, such as by being proactive about developing performance expectations that are aligned with department objectives (performance measures) and other goals. When asked, they should clarify their expectations. They should also seek performance information, and inform managers of successes, challenges, and needs. Together with managers, they should identify and discuss the resources required to achieve goals and expectations.
The importance of on-time and open communication of mission, vision, strategic objectives, key drivers of success, and performance measures to performance improvement cannot be overstated. There are several ways to achieve that communication, ways that depend on the size, organizational structure, and organizational culture of the not-for-profit organization. One way to communicate is to set up division- and department-level meetings where senior management (a) shares the overall mission, vision, goals, initiatives, and performance measures with the middle-level managers, and (b) explains how these are aligned. The team highlights the goals for which the division/department has shared accountability, and what can be done to impact the performance of the shared goals. Individual expectations of middle managers held by the senior management team also should be clearly communicated. But, senior managers also need to ensure ongoing feedback. Other means of communication may include, for example, broadcast e-mails, organizational newsletters, letters from the CEO, and intranet sites capturing information on goals and their achievements.

Suggestions for the Roles of Board Members, Senior Managers, and Financial Professionals in Improving the Governance and Management of Not-For-Profit Organizations

Performance measurement is not a solution for all problems and challenges that confront effective not-for-profit organizations. Available resources alone are often inadequate to address them effectively. In addition, decisions regarding strategies, priorities, and goals are often made in heavily politicized contexts, characterized by competing interests at different levels. Thus, although the purpose of measurement systems is to help improve performance through influencing decisions, they cannot be expected to dictate what those decisions will actually be.

The not-for-profit boards of directors operate at the intersection of public trust and organizational performance. It is up to the board, working with senior managers, to (a) define the organization’s mission, (b) develop a strategy for delivering on it, and (c) hold the organization accountable for results. In fact, both not-for-profit senior management and board members are primarily responsible for assessing and responding to external demands for accountability. They should continuously concentrate on alignment of mission, strategy, and internal performance. They are also responsible for (a) implementing contemporary tools and approaches to performance measurement, as well as (b) institutionalizing and sustaining performance measurement systems. Board responsibilities, therefore, include overseeing strategy, ensuring accountability, and evaluating performance of the organization.

An Effective Performance Measurement System is Only One Critical Component of a Successful Not-For-Profit Organization.
In order to achieve results, **senior managers**, too, are more likely to influence people over whom they don’t have direct power, rather than merely making an executive decision and expecting others to follow. In the social sectors, multiple constituencies, such as boards of directors, staff, volunteers, and the community all have the power to help drive change or to prevent undesirable change. To be effective, not-for-profit managers not only need executive skills and the ability to influence people through motivation and persuasion, they also need managerial tools to support management decision-making. Performance measurement systems represent one of the most effective tools for effective decision-making.

Regardless of the size of not-for-profit organizations, senior managers and members of the board are also responsible for establishing ethics and compliance systems. Board members in particular have important roles in shaping the perceptions of employees with regard to ethics. They should take advantage of their influence to set clear ethical standards. **Ethics Resource Center** offers a tool for leaders of not-for-profit organizations, the Ethics Risk Index™, to relate the incidence of various types of misconduct to employee reporting. Other tools and guidance on risk management and risk reporting are also provided, and should be incorporated in not-for-profit management systems (for more see Epstein and Rejc Buhovac, 2005, Epstein and Rejc Buhovac, 2007). In short, to minimize risk exposure, not-for-profit organizations should make a comprehensive list of potential organization-wide risks. Listing potential organizational risks could increase the attention managers and employees pay to events that might indicate risk. Each organization can then develop a combination of techniques and supporting tools to identify risks, such as (a) internal analysis, (b) process flow analysis, (c) discovery of leading event indicators, and (d) facilitated, interactive group workshops, interviews, and brainstorming sessions. Developing these techniques and tools will likely ensure identification of all relevant risks, and determination of their sources. All risks identified as potentially important should be assessed for magnitude and probability of occurrence. In addition to assessing the potential cost of a risk materializing, benefits accruing from an appropriate response to the risk should also be assessed. Having identified the various risks and measured their potential impact, the not-for-profit organization must then decide how to respond. Various approaches and techniques for preventing, mitigating, transferring, and sharing organizational risks are available. Finally, managers should make sure that organizational risks and the risk management process are appropriately included within the performance measurement system, and communicated internally and externally and reviewed annually.

**Chief Financial Officers** (or financial professionals volunteering for smaller organizations) view aligning operational goals with desired financial objectives as a natural outgrowth of their responsibilities. In not-for-profit organizations, however, they also have a role in establishing appropriate performance measurement systems and promoting an overall sense of accountability. In addition, CFOs are responsible for maintaining such internal control procedures and techniques as are necessary to achieve the not-for-profit organization’s financial objectives ethically.
Specific Directions for Performance Measurement in Small Not-For-Profit Organizations

Small not-for-profit organizations have some specific attributes that make performance measurement particularly challenging. Scarce resources, such as the number of available full-time employees and volunteers, financial resources, and information system support represent merely one aspect of their uniqueness.

Challenges in Implementing Performance Measurement Systems in not-for-profit organizations.

The following directions might be useful in helping small not-for-profit organizations design the performance measurement systems suggested in this Guideline:

- Firstly, the Input-Impact Model with its supporting tools – the Causal Linkage Map of Impact Drivers and the accompanying performance measures – is applicable to any not-for-profit organization regardless of its size. However, the model should be simplified so that it reflects the actual complexity and diversity of a not-for-profit organization’s activities, and their expected consequences (outputs, outcomes, and impacts).

- Secondly, when designing a Causal Linkage Map of Impact Drivers, one should strive to include only the relevant drivers of success rather than a complex and difficult-to-communicate scheme. Only those activities that are considered strategic priorities should be displayed in the cause-and-effect relationships scheme; this focus will lead to a smaller number of critical impact drivers. That will allow the small not-for-profit organization to limit use of its scarce resources and efforts to a manageable amount of activities.

- Thirdly, the development of a causal linkage map is not a very complicated task and should not be necessarily outsourced to a consulting company. Instead, the management of a not-for-profit organization, together with a selected group of competent employees, can design one themselves. Examples provided in this Guideline may be helpful for this particular task, but should be made simpler and less complex, because small not-for-profit organizations focus on a narrower set of programs and activities. The main logic behind the causal linkage maps is the hypothesized interrelatedness of various elements. One should ask oneself, what is this activity expected to lead to? Is there only one expected consequence (output) of this activity or are there several? Are the selected activities related to one another? Are the outputs interrelated, and if so how? What are the expected outcomes of suggested outputs, etc.? The causal linkage map flow of arrows should be directed upwards and should, ideally, be without any intersections.

- Fourthly, when developing performance measures for tracking the drivers of impacts in the causal linkage map, the indicators provided in the examples throughout the Guideline may again be helpful. It is important, though, to choose only the most relevant performance measures rather than have too many, causing a lack of focus. One should collect only those performance measures that provide the greatest information and are most usable. Performance
measures expressed as percentage changes are more informative than absolute numbers. Performance measures expressed in monetary terms, when applicable, are also considered very informative. Ideally, good metrics should also (a) provide evidence that the causal linkage map is/is not working, (b) provide donors with proof of the impact to convince them to help the small not-for-profit organization expand, and (c) assist in keeping the organization focused as its activities evolve.
Conclusion

Of the most unique challenges in the not-for-profit sector, performance measurement is surely a critical one. In recent years, the urge to improve performance measurement of not-for-profit organizations increased for several reasons, among which management decision-making and the organization’s external credibility are the most important. Social impacts and constituents’ benefits are much more difficult to measure than purely financial results, because they are often intangible, hard to quantify, difficult to attribute to a specific organization, and best evaluated in the future. This difficulty often presents obstacles to making optimal managerial decisions, in particular, how much to invest in pursuing a particular means of creating social value, at the same time also making it difficult to produce compelling evidence of impact and mission achievement.

Not-for-profit organizations are accountable to donors for using donated money to accomplish mission-related results. But they are also accountable to other constituencies (beneficiaries in particular) for achieving their missions. In the Guideline, we presented some of the best practices in measuring financial and non-financial performance of not-for-profit organizations, and how successful these approaches can be in measuring their impacts. In addition, we developed a program-logic-model-based Input-Impact Model that specifies exactly what elements particular types of not-for-organizations should monitor for comprehensive and systematic performance measurement. As an accompanying tool, the Causal Linkage Map of Impact Drivers is provided. It visually outlines the cause-and-effect relationships between specific drivers of success. Additionally, this tool enhances the development of the most appropriate performance measures.

Several practical examples are further provided that highlight the universal applicability of the Input-Impact Model and its supporting tools to various not-for-profit organizations. In particular, we provided sample performance indicators for measuring impacts that can be adapted and adopted by the growing number of not-for-profits throughout the world. As outlined in several places throughout the Guideline, good mission and vision statements, well communicated and understood throughout the organization, is of great importance.

The increasing interest among not-for-profit organizations in improving performance is very encouraging, and reveals the desire to improve performance and management in these organizations. It also reveals a desire for greater accountability. With continuous and committed efforts toward developing and implementing contemporary performance measurement systems, as presented in this Guideline, managers of not-for-profit organizations will be able to improve performance of their organizations. This Guideline will also help similar not-for-profit organizations successfully partner on developing accurate or informative benchmark measures in order to allow comparison with their peers. And finally, this kind of measurement can help solidify and document the importance and impact of not-for-profit organizations to donors, funders, communities and governments.
The DuPont formula breaks down Return on Equity (ROE), that is, the return to equity that investors have contributed to the organization, into three distinct elements: (a) operating efficiency or profit margin, (b) asset turnover, and (c) financial leverage. This analysis enables the analyst to understand the source of superior (or inferior) return by comparison with companies in similar industries (or between industries). The DuPont formula is:

\[
ROI = \frac{\text{Net Profit}}{\text{Sales}} \times \frac{\text{Sales}}{\text{Assets}} \times \frac{\text{Assets}}{\text{Equity}}
\]

The Theory of Change can also be described as the pathway to change, engine of change, or roadmap. Theory of change techniques include Logic Models, Narrative and Diagrams of Working Assumptions, “So That” Chains, and Outcome Maps. For more, see Bickman (1987).

Ethics Risk IndexSM categorizes 18 different types of misconduct by their incidence and whether they would be likely to be reported, and assigns a value to that type of misconduct. Although the Index presents data in a continuum, the projected risk of various types of misconduct falls generally into three categories: severe risk (happens frequently and usually goes unreported), high risk (happens often and often goes unreported), and guarded risk (happens less frequently and may go unreported).


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