Performance Measures for Nonprofits

Using Performance Data to Manage Results

Dr. Deborah L. Kerr
May 13, 2021

Introduction by Dr. Kenneth Taylor
Founded in 2017, the Center operates with the belief that nonprofits are instrumental in creating opportunities for all. This happens through capable leadership, excellent governance, and engagement of stakeholders. We also recommit to the principles of public service and democracy and the value of diversity of thought and expression that have helped The Bush School since its inception.

Our Mission: The CNP supports a vibrant nonprofit and philanthropic sector in Texas and beyond, through high quality research, professional outreach and engaged learning.

Educational Opportunities

- Master of Public Service & Administration
- Executive Master of Public Service & Administration
- Certificate in Nonprofit Management
- Certificate in Nonprofit Leadership
- Certificate in Social Justice Leadership
Joined the graduate faculty of the Bush School of Government and Public Service in 1999; Professor of the Practice

Teaches graduate courses in public policy theory, organizational performance measurement, and management.

Recognized several times with the University's Distinguished Achievement Award for Teaching

Conducts research on performance measurement use in small- and medium-sized nonprofits
How performance measurement works
Cost of hiring

a) Number of employees last year

b) Estimated hires last year

c) Average Turnover Rate
   \[ \frac{b}{a} \%
   \]
d) Average Annual Salary

$\quad$

e) Average cost per placement 25%
   \% of salary

f) Cost = \(.25 \times d\) \times b

$\quad$
Cost of hiring

a) Number of employees last year ___________ 100

b) Estimated hires last year ___________

c) Average Turnover Rate ______ %
   = b / a

d) Average Annual Salary $_________

e) Average cost per placement ___________
   25% of salary

f) Cost = (.25 X d) X b $_________
Cost of hiring

a) Number of employees last year

b) Estimated hires last year

c) Average Turnover Rate
   \[ \frac{b}{a} \]

d) Average Annual Salary

\[ \$ \]

e) Average cost per placement
   25%
   % of salary

f) Cost = \(.25 \times d\) \times b

\[ \$ \]
Cost of hiring

a) Number of employees last year  __________ 100

b) Estimated hires last year
   __________ 15

c) Average Turnover Rate
   = b / a
   __________ 15 %

d) Average Annual Salary
   $ __________

e) Average cost per placement
   % of salary
   25%

f) Cost = (.25 X d) X b
   $ __________
Cost of hiring

a) Number of employees last year 100

b) Estimated hires last year 15

c) Average Turnover Rate 15%
   \[ \frac{b}{a} \]

d) Average Annual Salary $40,000

e) Average cost per placement 25%
   % of salary

f) Cost = \(0.25 \times d \times b\) $
Cost of hiring

a) Number of employees last year ___________ 100

b) Estimated hires last year ___________ 15

c) Average Turnover Rate ___________ 15 %
   = b / a

d) Average Annual Salary ___________ $ 40,000

e) Average cost per placement % of salary 25%

f) Cost = (.25 X d) X b ___________ $150,000
### American League West
**May 2, 2021**

<table>
<thead>
<tr>
<th>Team</th>
<th>Wins</th>
<th>Losses</th>
<th>Games Behind</th>
<th>Total Payroll (estimated)</th>
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<td>16</td>
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</table>
Why Measure Performance?

To improve organizational results
Why Measure Performance?

Focus attention

Support evidence-based decision-making

Validate / support operational actions
Why measure performance?

- First year retention: 91% (Best in Class), 56% (All Others)
- Employees rated highly engaged: 72% (Best in Class), 42% (All Others)
- Organizational goals achieved: 72% (Best in Class), 46% (All Others)
- New hires meeting time to productivity goals: 72% (Best in Class), 35% (All Others)

Source: Aberdeen Group, January 2014
Wine quality = \frac{12.145}{0.00117} \times \text{winter rainfall} + 0.0614 \\text{average growing season temp} - 0.00386 \\text{harvest rainfall}.
Why do we exist?

What needs and wants must we meet?

What systems are required to meet customer needs/wants?

What must we know to build effective business processes?

How do we use our budget to acquire the DLK?
The Value of Cause & Effect

- Achieve mission
- Satisfy customers
- Use effective, high quality internal processes
- Hire & train the right employees; collect the right data
- Allocate resources
Developing Objectives: Questions for Discovery

**Mission**

To achieve our mission, what client needs must we meet? How do we identify, attract, retain, and satisfy new clients?

**Customer Focus**

To satisfy our stakeholders and to meet our mission, how will we allocate our resources? How will we acquire resources?

**Internal Business Processes**

In what business processes must we excel in order to serve our clients and achieve our mission?

**Data, Learning, and Knowledge**

To achieve our mission, what must the organization know and learn? How can we develop employee skills and technology to continue adding value and improving our capacity?

**Financial Focus**

Why does my organization exist? Why are we doing this work?
A man’s got to know his limitations.

“Dirty” Harry Callahan
Played by Clint Eastwood
Magnum Force
1973
Mission Measure

Donor Retention Rate = Retained Donors ÷ All Donors

Donor retention is the percentage of donors who continue to support an organization beyond their first gift.
Client Measure

Successful Outcomes: # clients demonstrating improvement in key capacity areas
Effective Hiring System: The cost of hiring one employee
Manager Knowledge: Evaluate managers’ success helping employees reach performance goals and help the organization achieve its mission.
Financial

Full Cost of Programs and Services: Calculate all costs of running a program, both direct and indirect costs.
The man who carries a cat down the street by the tail has 10 times the experience in cat-carrying than one who watches.

Mark Twain
(Samuel Langhorne Clemens)
19th Century American Humorist, Satirist, Lecturer And Writer
1835 –1910
QUESTIONS?
UPCOMING EVENTS:

May 25th – 26th, Leadership in Public Service Program
June 9th, Certificate in Social Justice Leadership Virtual Information Session
August 11th, Nonprofit Leadership and Social Justice Certificate offerings

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