



**Center for  
Nonprofits & Philanthropy**  
THE BUSH SCHOOL • TEXAS A&M UNIVERSITY

# Performance Measures for Nonprofits

## Using Performance Data to Manage Results

Dr. Deborah L. Kerr  
May 13, 2021

Introduction by Dr. Kenneth Taylor

# Center for Nonprofits & Philanthropy



**Excellence ★ Respect ★ Leadership ★ Loyalty ★ Integrity ★ Selfless Service**

Founded in 2017, the Center operates with the belief that 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 Values**

**Nonprofits**  
**Opportunity for All**  
**Board Governance**  
**Leadership**  
**Engagement**

**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

## KERR BIO

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



**Center For  
Nonprofits & Philanthropy**  
THE BUSH SCHOOL • TEXAS A&M UNIVERSITY

**How performance measurement works**

# Cost of hiring

a) Number of employees last year \_\_\_\_\_

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 =  $(.25 \times d) \times b$  \$ \_\_\_\_\_

# 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<br>% 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 %  
=  $b / a$

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 15 %  
=  $b / a$

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 15 %  
=  $b / a$

d) Average Annual Salary \$ 40,000

e) Average cost per placement  
% of salary 25%

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 15 %  
=  $b / a$

d) Average Annual Salary \$ 40,000

e) Average cost per placement  
% of salary 25%

f) Cost =  $(.25 \times d) \times b$  \$150,000

# American League West

## May 2, 2021

|                   | Wins | Losses | Games Behind | Total Payroll (estimated) |
|-------------------|------|--------|--------------|---------------------------|
| Oakland Athletics | 16   | 12     | -            | \$76,985,833              |
| Houston Astros    | 15   | 13     | 1.0          | \$174,750,833             |
| Seattle Mariners  | 15   | 13     | 1.0          | \$67,010,000              |
| LA Angels         | 13   | 12     | 1.5          | \$171,413,094             |
| Texas Rangers     | 12   | 16     | 4.0          | \$75,833,333              |

# Why Measure Performance?



To improve organizational results



**Center for  
Nonprofits & Philanthropy**  
THE BUSH SCHOOL • TEXAS A&M UNIVERSITY

# Why Measure Performance?



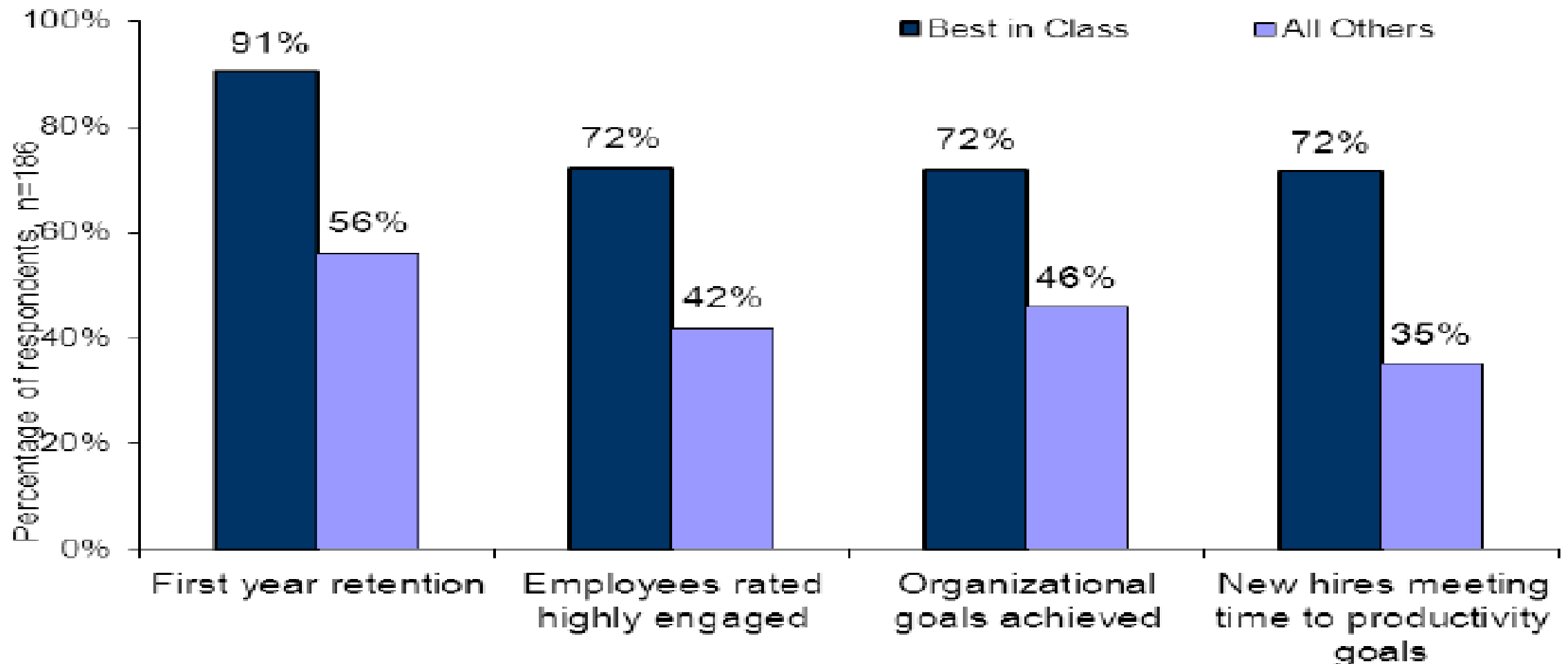
Focus attention

Support evidence-based decision-making

Validate / support operational actions



# Why measure performance?



Source: Aberdeen Group, January 2014

# Data v. Human Judgment: Bordeaux



Wine quality =  $12.145 / 0.00117 * \text{winter rainfall} + 0.0614$   
average growing season temp – 0.00386  
harvest rainfall.



# Measurement Logic Model



Why do we exist?

Mission

What needs and  
wants must  
we meet?

Client /  
Customer

What systems are  
required to  
meet customer  
needs /wants?

Internal  
Business  
Processes

What must we  
know to build  
effective business  
processes?

Data,  
Learning,  
Knowledge

How do we  
use our budget to  
acquire the DLK?

Financial  
Focus





# 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



Mission

Client Focus

Internal Business  
Processes

Data, Learning,  
& Knowledge

Financial Focus

# Developing Objectives: Questions for Discovery



Why does my organization exist? Why are we doing this work?

Mission

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

Customer Focus

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

Internal Business Processes

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

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





**A man's got to know his limitations.**

**"Dirty" Harry Callahan**  
**Played by Clint Eastwood**  
**Magnum Force**  
**1973**



**Center for**  
**Nonprofits & Philanthropy**  
THE BUSH SCHOOL • TEXAS A&M UNIVERSITY

# 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**



# Internal Business Processes



**Effective Hiring System: The cost of hiring one employee**



# Data, Learning, Knowledge



**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



**Center for  
Nonprofits & Philanthropy**  
THE BUSH SCHOOL • TEXAS A&M UNIVERSITY

# QUESTIONS?



**Center *for***  
**Nonprofits & Philanthropy**  
THE BUSH SCHOOL • TEXAS A&M UNIVERSITY

## UPCOMING EVENTS:

May 25<sup>th</sup> – 26<sup>th</sup>, Leadership in Public Service Program

June 9<sup>th</sup>, Certificate in Social Justice Leadership Virtual Information Session

August 11<sup>th</sup>, Nonprofit Leadership and Social Justice Certificate offerings

**BUSH.TAMU.EDU/NONPROFIT**



**Center *for***  
**Nonprofits & Philanthropy**  
THE BUSH SCHOOL • TEXAS A&M UNIVERSITY