Building Capacity to Measure and Manage Performance

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Introduction

Over the last decade, the social sector has witnessed a dramatic shift towards a results focus, with nonprofits and other mission-driven organizations[2] feeling immense pressure to demonstrate their impact. Fueling this shift, among other forces, are new intermediaries evaluating or rating nonprofits on their effectiveness (GiveWell, Coalition for Evidence-Based Policy, Poverty Action Lab, and the like) and new funding mechanisms focused on "scaling what works" (the federal government's innovation funds, impact investing, social impact bonds, and the like). And though the largest funding source for the sector, state and local government, is in the midst of fiscal crisis, the crisis may finally compel a greater focus for these funders on identifying and steering resources to nonprofits that deliver better results for the money.[3]

Against this backdrop, nonprofits appear to be woefully under-investing in measurement, particularly in their own internal capacity. A recent survey[4] of nonprofits by Innovation Network found that among nonprofits with a budget of $5 million or greater, less than a third had one full-time staff person devoted to measurement. Of all nonprofits surveyed, only 13 percent had a full-time measurement position.

Further, in naming the primary audience for their measurement, twice as many nonprofits identified funders and boards as they did their own leadership teams, staff, and constituents. And yet, by not building the internal capacity to measure performance, learn what's working, and continuously improve, we believe nonprofits greatly reduce the odds that they will ever be able to demonstrate the kind of impact that will satisfy funders and boards going forward.

In the course of our work, we've seen a diverse, albeit small, number of organizations regularly use measurement to manage performance[5]; in other words, to provide better services, innovate more rapidly, and more responsibly manage their costs. In doing so, these organizations eventually demonstrate their impact and attract resources to scale. They also embed this management discipline well

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1 The authors wish to gratefully acknowledge the enormous contributions of our colleagues Irene Chung and Carole Matthews in the research and writing of this article.

2 We use the terms "nonprofit" and "organization" throughout this piece to refer to any entity or initiative holding itself accountable to social outcomes.

3 Daniel Stid. "More Bang for the Bucks That Help the Neediest," Forbes.com, January 2012.

4 State of Evaluation 2010.

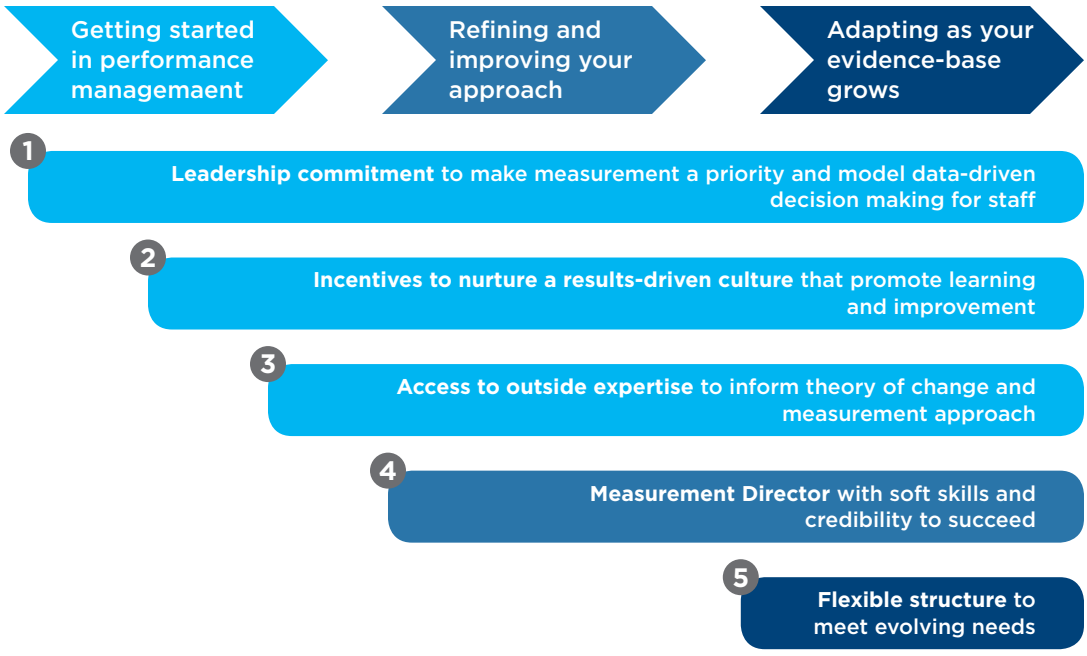
5 We will use "performance measurement" to refer to all activities an organization undertakes that involve the collection and use of data, including for purposes of compliance/reporting, learning and improving performance, proving fidelity or impact, and inspiring stakeholders. We will use the term performance management to describe the purpose of performance measurement, which is learning and improving.

beyond their programs, in functions as diverse as fund development, marketing, and human resources. The benefits, as well as lessons these organizations have learned, are described in "Measurement as Learning: What Nonprofit CEOs, Board Members, & Philanthropists Need to Know to Keep Improving."

This article adds to our previous work by exploring what it takes to build the capacity for measuring and managing performance. It is written for nonprofits (and their funders) who are ready to embark on the journey of measuring for learning and improvement, or who are somewhere along the path. Informed by interviews with a dozen nonprofit chief executive officers (CEOs)/executive directors (EDs) or measurement directors, diverse in the maturity of their organizations' programs, size, geography, and fields, the article reflects their thoughts on what worked and didn't work as they built their measurement capacity. It also draws on over 10 years of consulting and executive search work at The Bridgespan Group, in which we've had the opportunity to observe the kinds of strategies and people that have made performance measurement successful.

Figure 1 below summarizes the five key lessons that emerged as underpinnings to a successful strategy and groups them into three phases that correspond to the chronological order in which they are traditionally addressed by nonprofits.

Figure 1: Key components of internal measurement capacity, in traditional order they are addressed by organizations



Theme 1: It takes leadership commitment, more than cash, to get started

Though instituting a performance measurement system seems to be a daunting task at first, the organizations we spoke with reflected on how it was a mindset shift and commitment from the organizations' leadership, typically their CEOs, which got them started. Without a leader who is committed to measurement as a top priority, articulates how it enhances impact, and identifies someone within the organization to lead the charge, organizations will not overcome the natural reluctance among staff to embrace what seems like such an overwhelming enterprise.

The leaders we spoke with commonly defined the mindset shift as the recognition that while measurement was necessary to report results to funders, its greatest power was as a tool for improving their ability to meet their missions.

For example, several organizations cited how self-reflection, brought upon by a conference, a conversation, or even a book, was a key influence for getting started. For Youth Villages, now a $165-million nonprofit with a highly effective model for helping emotionally troubled youth live successfully with their families, founder and CEO Patrick Lawler's interest in productivity led him in the late 1980s to a business book titled *Demystifying Baldrige*, which was about a new effort to reward American businesses that improved the quality of their products and services. At the time Baldrige was not focused on nonprofits, but Lawler was mesmerized by the idea of Youth Villages becoming part of the "quality movement," learning how to measure and improve its programs, costs, and processes. Internal staff discussions Lawler spearheaded resulted in a decision for Youth Villages to join a variety of "quality groups" locally and at the state level, putting the organization on the path toward becoming more results-focused. According to Lawler, this commitment to quality "is now a big part of what we do and it has transformed our organization."

For others, like Graham Windham, a 200-year-old New York-based child welfare organization, it was a board member with private-sector experience whose simple question five years ago, "How do we know we are making a difference?" triggered a shift in the CEO's mindset about performance measurement. Realizing there was more the organization could do to answer this question, Graham Windham CEO Poul Jensen began to work in partnership with a new board committee to drive performance improvement throughout the agency.

Funder reporting requirements have led other leaders to reflect on whether measurement could be helpful as a learning and improvement vehicle. "We had to complete all of these extensive reports to donors, which made us realize we had to get much clearer about what outcomes we were trying to achieve," recalled

Natural Resource Defense Council ED Peter Lehner. "We also came to realize there was value in tracking progress even in projects where donors don't demand accountability."

Regardless of the prompt, a true commitment from leadership is what sets organizations down the right path. In fact, organizations seemed to have the most false starts in becoming results-focused when the CEO delegated the effort or when it was one of many priorities competing for attention. One senior executive charged with overseeing performance measurement said: "Yes, there were adopters, but we could only get so far without senior leadership … Only when they stepped up and our work became something to be presented to the board did we really make progress." Another organization told us it had attempted to run a measurement workshop where measurement frameworks for high-profile projects were peer reviewed. But only after the CEO became an attendee did

Will performance measurement help my nonprofit attract more funding?

A recent analysis by consulting firm TCC Group of nearly 2,500 nonprofits has found that those exhibiting multiple 'R&D behaviors', such as gathering data directly from program recipients to determine how to improve programs and evaluating programs to figure out what works rather than deciding if it works, grow revenues twice as fast as those nonprofits exhibiting few such behaviors, even after controlling for other factors[6]. And similarly, most of the organizations profiled here told us that their investments in measurement have allowed them to attract greater resources over time as their programs became more evidence-based. That said, these same organizations also told us they do work with funders who award contracts or grants based much more on other factors, such as strength of relationship or affinity to the cause. And one organization told us they are losing state government contracts in this current fiscal crisis to less evidence-based peers because those peers have better relationships with the decision makers.

Perhaps the most appropriate answer is that if you are doing performance measurement primarily to attract more resources, you are doing it for the wrong reason. While greater funding is sometimes a positive byproduct of performance measurement, first and foremost you should do it to provide greater value to your beneficiaries.

6 See TCC Group's "Success by Design" briefing paper.

measurement really became a priority across the organization: In the following two years, at least seven other workshops were initiated by the field divisions.

Once leadership makes the commitment, organizations find creative ways to manage the costs of getting started. For Roca, an $8.1-million organization that helps disengaged and disenfranchised young people move out of violence and poverty, "keeping it simple" was what allowed performance measurement to be cost effective in the beginning. Chief Knowledge Officer Anisha Chablani noted: "If you are totally committed, there is a way to do performance measurement with few resources. You don't have to create dozens of measures, a data system, and a complex set of processes to get going. We simply asked: 'What are one or two things we could look at in a more methodical way to know whether our programs are working and how they could get better?'"

Partnering with another organization to drive down data warehousing, analyzing, and reporting costs helped the Cambridge-based Community Legal Services and Counseling Center get started in performance measurement. According to CEO Barbara Mitchell, "Back-office collaboration can be a powerful way for small agencies to overcome the costs of technology when they are getting started."

Additional Advice from the Field

- **Ask your peers:** If you aren't convinced that performance measurement can change your organization's trajectory, visit a peer organization that has gone through the journey.
- **Start small:** Work with one division to show staff members how measurement can improve their performance; then have that division advocate to the rest. And don't let the perfect be the enemy of the good. In the words of Sarah Hurley, director of research at Youth Villages, "You just need to start somewhere. Sometimes you just have to take off and build the plane while it's flying."
- **Be a role model:** Staff members will take their cue not from what you say but what you do. If you don't regularly use data to make decisions, why should they? If you don't ask staff members about their results, how can you expect them to prioritize data collection amid the many other priorities they have?

Theme 2: Provide incentives to nurture a culture of continuous improvement

The organizations we spoke with found leadership commitment as necessary, but insufficient by itself, to establish a culture of continuous improvement. They also needed to provide incentives for staff at all levels to begin embracing measurement. Some have used direct incentives, such as altering job descriptions and performance review criteria to reflect new responsibilities and accountabilities for performance measurement. Two organizations we spoke with made the painful decision to let go of staff who, despite adequate support and time, were ultimately unwilling to become data-driven in their work. Yet, given the psychic benefits that attract most staff to nonprofits, the most common and effective incentives are those that build staff members' comfort with, confidence in, and capabilities to use data in their work.

For example, organizations typically avoid using data to highlight failures and instead focus on opportunities for improvement and for course correction. "If staff believe they will be punished every time something doesn't work, you have no hope whatsoever of succeeding," one leader told us.

At Youth Villages, a culture of "How can we do better?" challenges staff to address and help manage challenges revealed by the data. They use the information to make positive change instead of blaming youth, other staff, or extenuating circumstances for issues they face. Chablani at Roca echoed this idea: "Our culture is to place the emphasis on what data is telling us," she said. "Our philosophy is mistakes are something to be learned from, not punished."

Additional Advice from the Field

- **Be creative in enabling the culture.** Every organization's culture is unique, so think creatively about what would work for you. One organization we spoke with created a "measurement-star-of-the-month" award, an inexpensive but highly visible way of rewarding measurement. Another took all of its staff on a field visit to learn from a peer organization that had created a culture of learning. A third has a very visible "bragging board" where staff members post their results.
- **Ensure all contributors benefit.** Map out all of the stakeholders—staff, clients, partners, etc.—that in some way contribute to your performance measurement efforts. Then check whether each of these stakeholders is getting something in return for the value they provide. Roca, for instance, provides weekly reports to staff showing the number of contacts with, and program by program attendance of, each youth with whom they work. Staff members also are equipped with progress reports that they can directly share with youth to demonstrate gains (or relapses) and discuss opportunities for further improvement. If your measurement system doesn't provide direct value to stakeholders, it may serve leadership well for the time being, but in the long run, it will likely fall apart.
- **Learning and improvement don't happen on their own.** Having high-quality data is insufficient. Nonprofits also need the right learning processes and mechanisms to ensure data (and judgment) can be interpreted and applied. Ask yourself this: Do we have formal and informal sessions where staff members share, reflect on,

and interpret data, and then propose improvements? Do these happen at the right frequency and are the right data brought to bear? Can each staff person name two significant decisions s/he made over the past year because of what was learned from data we gathered?

Another common incentive is ensuring staff receives something of value in return for data collection. "If you can't get data back to the front-line users, it is hard to get the data entered in the first place," said Chablani. "We give staff reports that can be run immediately and track their work in a useful manner." For Youth Villages, scorecards help provide value. "Our new scorecards turned those staff who saw [data collection] as a burden into believers as data review began to inform their decisions," said Youth Villages' Director of Performance Improvement Hughes Johnson. Some organizations went even further and equipped front-line staff with reports to share directly with program participants, facilitating data collection and motivating participants.

Staff members' desire to make a difference for the individuals and communities the organization assists also can be a powerful incentive. "The whole effort has to have buy-in from staff," said Asa Fanelli, president and CEO of Horizons for Homeless Children, a $10-million early childhood development organization in Boston. "It can't be seen as something they're being evaluated on but rather a tool that shows what an incredible impact they're having on children." In reflecting on early successes, Graham Windham's measurement director, Senior Vice President for Program Performance & Planning Jess Dannhauser, echoed this: "We have to make sure to help staff understand the value it has for children and families, and then we reinforce this through other means such as financial merit awards.'" (For more on transforming culture, see Bridgespan's "Four Actions Nonprofit Leaders Can Take to Transform Organizational Culture.")

Theme 3: Engage outside expertise early and often over time to support internal capacity

Though this article is about building internal capacity, every organization we spoke with mentioned the role of outside expertise (whether evaluators, academics, funders, practitioners, or pro bono advisors) in supporting the capabilities of their organizations to measure and manage performance. In fact, a common mistake they cited was waiting too long to turn to outside expertise, assuming such expertise would be valuable only when they were ready for a large-scale evaluation[7]. In truth, understanding the best knowledge and thinking in their fields proved to be invaluable throughout all stages of growth.

Where can outside expertise be helpful in the early stages of performance measurement? First, nearly all the leaders we spoke with pointed to its value in informing their "theories of change" or articulating what the organization seeks to achieve (its outcomes for target beneficiaries), and how it will get there (the activities or processes used, resources used, and context in which services are provided). While organizations may develop their theories of change on their own or with an outside party,[8] the leaders we spoke with especially appreciated the role of outside expertise in testing their early thinking: in other words, learning from experts (and reviewing preexisting research) to confirm whether the nonprofit's course was plausible and to suggest ways to increase the odds of success.

Abdillahi Alawy, the monitoring, evaluation, and research specialist at the $27-million global NGO Women for Women International (WWI) explained what happened when an outside consultant facilitated a theory of change exercise for the organization. "For a while, we collected data to report what funders asked for, but it wasn't until our theory of change work that we got clear on what our outcomes truly were," he said. "This work is a real challenge for nonprofits; we really benefited from having the outside counsel." The exercise allowed WWI to test whether the types of programs offered to its clients (at the intended frequencies and intensities, in the specific settings, etc.) would be expected to yield the outcomes to which the organization aspired.

7 Throughout, we use the term "evaluation" to refer to periodic studies or assessments, typically conducted by third parties, for proof (of a model's fidelity, impact, etc.).

8 Please see "Measurement as Learning: What Nonprofit CEOs, Board Members, & Philanthropists Need to Know to Keep Improving" for a deeper explanation of what theory of change is, and how to develop and anchor measurement to one; please also see Bridgespan articles "Zeroing in on Impact" and "Delivering on the Promise of Nonprofits" for examples of how organizations develop their theories of change.

Youth Villages provides perhaps the quintessential example of the power of accessing outside expertise.[9] Like most child welfare agencies, Youth Villages initially employed a congregate care model that removed emotionally troubled youth from their homes, but phone calls to youth one year after discharge revealed that roughly half experienced subpar outcomes in school attendance, juvenile justice involvement, and the like. So, in 1993 Youth Villages set out to interview a range of outside experts in child welfare and learned that intensive in-home family services were believed to be the most effective (and a lower-cost) approach. Youth Villages began using one such treatment model pioneered by researchers at the Medical University of South Carolina and saw an almost immediate improvement in outcomes. On the heels of this new model, which Youth Villages only discovered through seeking outside counsel, the organization has grown to a nationally-recognized nonprofit with among the best success rates for the youth with whom they work.

Secondly, outside expertise can be critical in helping organizations develop their measurement approaches, in particular, deciding which specific indicators to track, what data collection methods to use, how frequently to collect data, and how to report and communicate results. With seemingly unlimited possibilities, organizations can save considerable time in the long run by getting clear upfront on what the research has to say about the best ways to measure and use results.

At Roca an outside expert worked with staff to decide what it would measure (e.g., decreased substance use, improved educational engagement) and how it would measure (e.g., a battery of research-based questions where the youth worker would assign a one-to-five rating on progress). According to Chablani, "We did do our own work to get clear, but getting someone in from the outside, who wasn't vested either way and could push and challenge us was absolutely critical." In fact, one organization we spoke with lamented not having had an outside review of its work earlier on. "This probably set us back a few years," said one ED. "Had I known then what I know now, I would have pushed harder to find the funding for even a one-time contract for someone to come in, review our work, and recommend some improvements."

Finally, engaging outside expertise early on can establish relationships that bear fruit throughout the stages of growth. As measurement becomes more advanced, outside experts can provide invaluable advice in areas, such as selecting a data system and engaging in evaluation planning [see "Additional Advice from the Field" on the next page]. And for those organizations who seek to prove their models, outside experts can provide useful advice before, during, and after third-party evaluations.

9 Description is from *The New York Times*' Feb 21, 2011, article: "A Families-First Approach to Foster Care."

The organizations we spoke with connected to outside expertise in a variety of ways. BRAC, an NGO that works to alleviate poverty by empowering poor people to bring about change in their own lives, develops advisory relationships with academics, practitioners, and evaluation experts. According to BRAC USA's President and CEO Susan Davis, it has found that "enduring, one-on-one relationships with the best outside thinkers in its fields" provides a ready pathway to accessing the latest knowledge. Sometimes these individuals offer advice; other times they are engaged to do evaluation studies. Although BRAC has a large Research and Evaluation division, it finds that academics who can see across the entire field bring an understanding of best practices that complement what BRAC staff can do.

First Place for Youth, an $11-million nonprofit that helps youth build the skills they need to make successful transitions to self-sufficiency, established a formal evaluation advisory committee when it started to become more evidence based. CEO Sam Cobbs remarked, "We called it the $25,000 meeting because that's what it cost each time, but it was worth the money. They helped us figure out what to measure and how." The committee continues to operate, supporting First Place for Youth in its current efforts to commission an external evaluation for the first time.

Finally, organizations may build out external capacity by adding the necessary expertise to their boards. Natural Resources Defense Council (NRDC) describes its board as a diverse group of scientists, funders, activists, and private-sector leaders who

Additional Advice from the Field

- **Engage staff in developing a 'first draft' theory of change to test with experts.** As aforementioned a theory of change articulates what the organization is aiming to achieve and how it will get there. Have each staff member write down the following on paper: In what context should your model be offered[10], who (or what) are you trying to benefit, with what resources, with what processes or activities, and with what benefits in the short and long term? Encourage staff to be very specific. Discourage statements like: "We work with disadvantaged youth"; instead encourage more specific statements like: "We work with youth ages 10-16 who are living with a single parent, below the poverty line, and at least one grade level behind in school." Check whether staff members have the same belief in how change happens.
- **Choose the right initial investment in outside expertise.** If your staff and board are in consensus on your organization's theory of change and measurement approach, and someone internally is deeply versed in the existing knowledge base, then 'testing' could be achieved through short (often pro bono) consultations with several experts in your field. But for organizations just starting out or with little awareness of the existing evidence, a multi-day, externally facilitated workshop with staff and potentially board members may be more appropriate. In either case be sure to leverage high-quality, freely-available resources, such as PerformWell, which provides research-based indicators, assessment tools, and program design practices for a variety of common interventions in human services work.

10 Context could include the specific geography, economic conditions, regulatory environment, presence of partnerships, etc. that would influence whether or not your model will work.

add tremendous value to performance measurement. Because NRDC works in the hard-to-measure field of environmental advocacy, its diverse group of directors provides a useful sounding board for what the organization has done well and what could have gone better. Similarly, Graham Windham leverages its board for performance measurement. According to Dannhauser, a Program Performance board committee "keeps us honest about measuring against outcome goals rather than compliance goals and keeps us from staying attached to things that don't work out."

- **Engage in evaluation planning as early as possible.** Most nonprofits should invest in their internal measurement before external evaluation, first using internal data to demonstrate they can deliver their models well and generate the outcomes they seek. Following this sequence will avoid the common mistake of spending significant time and money in a failed evaluation to prove one's model works[11]. That said, engaging outside experts early to develop an evaluation plan, or strategy, is incredibly beneficial as it can help an organization understand all the steps it needs to take over the intervening years to prepare itself for evaluation later.

11 See "Seven Deadly Sins of Impact Evaluation" blog entry.

Theme 4: Your first Measurement Director[12] needs more than just data skills

Nonprofits that grow beyond a certain size[13] will eventually confront the question of whether to create a full-time role to lead performance measurement (including performance management, evaluation, and related functions such as knowledge management). Among the organizations we spoke with, there was no common budget or staff size but rather a sense that the current arrangement (for example, an employee devoting a third of his/her time or a contractor balancing work with several other nonprofits) became inadequate given the growing size and complexity of the organization. Further, these organizations indicated that because their programs and measurement approaches weren't yet fully refined when they created the role, a key responsibility of the first Measurement Director was to communicate with and motivate staff and leadership to do the hard work of testing what's working, analyzing the data, and making improvements. And they had to further the work of nurturing a culture of continuous improvement.

Horizons for Homeless Children hired its first Measurement Director in 2011, when the organization shifted from measuring performance by counting outputs to talking about child and family *outcomes*, according to Director of Evaluation and Innovation Nathan Hutto. Though the need for a director was clear, the role was not easy to fill.

"We struggled with the right job description," said CEO Fanelli. "We thought: 'Should it be someone who has been doing [measurement] for years?'" However, as the hiring process progressed, it became clearer that strong interpersonal and strategic skills were critical characteristics for the role. As Hutto said, "I have a strong background in statistics and econometrics, but I don't think this is the most important thing. Especially when you're starting up, it is more important to have someone who is good at designing measurement around the vision for the organization and building relationships with the staff, children, and families to ensure measurement is helpful to them. In my role, I bridge different departments and need to be able to speak to people at all different levels."

WWI's Alawy, who took on the Measurement Director role four years ago and has grown his department to 17, concurred: "[Beyond] the technical and

12 We will use the term 'Measurement Director' to refer to the leader of the organization's performance measurement work. Other titles we've seen include Director of Evaluation and Learning, Director of Performance Improvement, and Chief Knowledge Officer.

13 Certain nonprofits, particularly community-based organizations, may never be able to afford a full-time Measurement Director. That said, we hope and believe the advice in this section is still valuable to whomever is formally or informally involved in coordinating measurement.

programmatic expertise, people skills, getting buy-in, and showing M&E [monitoring and evaluation] could be a useful tool, were the most valuable [skills for the role]."

These examples illustrate a universal insight shared by the organizations with whom we spoke: While talented individuals can be secured from multiple sources (e.g., an internal promotion, an external hire through networking or an executive search, or sometimes a full-time contractor), the most important success factor in finding a first[14] Measurement Director is the interpersonal, change management, and consultative skills necessary to shift the organization's mindset and behavior around measurement at all levels. These "soft skills" proved more valuable than the "hard skills" (e.g., analytical horsepower to run sophisticated models) and programmatic expertise (which helps build credibility with staff). While the ideal hire would possess all three, and indeed a base-level quantitative skill set is a "must have," organizations found they could compensate for these gaps over time—for example, by using contractors, additional hires, or even pro bono assistance from graduate students as the organization's measurement needs became more sophisticated. They also felt programmatic skills could be learned along the way, so long as the Measurement Director was mission-driven and eager to learn.

Graham Windham's Dannhauser noted, "The leader [of performance measurement] needs to be facile with data—to be able to read a spreadsheet, but first and foremost, they need to be a strategist and communicator." Over

Additional Advice from the Field

- **Invest whatever time it takes to clarify the role.** Most organizations err in believing the key is to get the job description out as soon as possible. It's critical to invest the time up front to gain clarity on what success will look like for this role. Also, ensure your staff and board agree with your vision for the role. (See "Finding a Measurement Director" in the appendix.")
- **Ask the right questions during the interview process.** The boilerplate questions you usually ask in interviews for open positions are not going to be enough. For each must-have skill set or experience you identify, make sure you have a corresponding question. (See "Finding a Measurement Director" for several of our favorites). And remember—through interviews and professional reference checks—to look for instances of motivating staff to engage in measurement and learning, facilitating a shift to data-driven decision making among senior leadership, and so on. A Measurement Director at a global organization that is already 10 years into becoming more results-focused recently told us he has spent 70 percent of his time on change management!
- **Approach the right sources to fund the role.** The highest probability targets are private-sector board members, individual donors, or corporations who have seen firsthand the role data played in the success of their organizations. That said, the nonprofits we spoke with acknowledged it was a challenge to fund

14 Organizations hiring Measurement Directors at later stages of development may indeed have different needs that require prioritizing other skill sets (e.g., analytics, writing, speaking, external credibility, etc.) See Theme 5 for more details.

time Graham Windham has added analysts, who spend part of their time doing heavy data analysis, managing IT systems, etc.

Several of the organizations we spoke with hired the wrong Measurement Director the first time around. As one senior leader said, "He was a classic researcher and statistician with a great technical background but an inability to be flexible." The Measurement Director wanted to use the most rigorous methods possible to evaluate impact, but the organization needed to focus first on improving its model, which called for a different kind of measurement. Within a year, the Measurement Director was replaced by an internal hire who truly understood the needs of the organization; another individual provided the technical skills that the director lacked, and the arrangement has proven successful ever since.

the role, and more than half made the difficult decision to dedicate unrestricted funds. Regardless, not one organization regretted the decision in hindsight. As one ED told us, "You can only build up your development [fundraising] department so much if you don't have good data with which to 'sell' your program."

Additionally, organizations pointed out several common ways that Measurement Directors were particularly helpful in building capabilities and confidence. One such example is helping staff better understand measurement terminology and purpose. Craig Groves, director of Conservation Methods and Learning at The Nature Conservancy, said, "Too much of the communication around measurement was in scientific terms and not plain English." Things improved when the director helped make the language of measurement more accessible to staff. A second way was by facilitating the use of measurement data systems, a perennially frustrating experience for staff at their organizations. Whether it was creating manuals, further customizing the data system, or simply sitting with staff until they became more facile with the system, Measurement Directors were uniformly appreciated for their support in this area.

And finally, it is worth repeating that no Measurement Director can succeed without the full buy-in, and strong and demonstrated support of the CEO.

Theme 5: Evolve the measurement function as the organization grows and priorities shift

Ideally, organizations that aspire to grow and are able to demonstrate promising program results will attract the resources they need to grow their measurement teams. As they do, these organizations face some critical questions, such as whether a centralized measurement function should be established to complement measurement staff directly supporting programs, where such a measurement function should be housed in the organization, and how to create peer networks among a larger group of measurement staff.

Many of the organizations we spoke to moved to a hybrid structure over time, although at different paces and with different proportions of where staff were located. While some measurement staff members remain embedded in and reporting through program divisions, where they support data-driven decision making, other measurement staff join a centralized measurement function to take on new roles that arise as the organization grows: most notably, setting measurement standards, policies, and frameworks; aggregating data across the program and non-program divisions to develop high-level assessments; conducting objective audits, research, or evaluation studies at the request of the CEO or division leaders; overseeing external evaluations; and leading learning efforts, including sharing findings back with the field. These latter roles become particularly important as organizations attempt to prove their models work to attract resources, inform the field, and replicate.

For global nonprofits, the hybrid structure is almost a necessity given the geographic distance between headquarters and operating units. For BRAC, there are local measurement staff in each of its 10 countries, helping program managers monitor, manage, and improve performance. A centralized Research and Evaluation group conducts program-driven research, undertakes impact assessments to build BRAC's evidence base, and oversees knowledge management. BRAC believes this structure leverages the best of both worlds—local measurement support for learning and improvement but centralized expertise for research and evaluation. Women for Women International also prioritizes having staff at the field level to drive local decision making; staff report with a dotted line to a much smaller measurement and evaluation team at headquarters.

Domestically, nonprofits also see value in the hybrid structure as they grow. Youth Villages, which operates in multiple states, has distinct Performance Improvement and Research departments to meet both program improvement and research needs of the organization. According to Youth Villages' Johnson, "We made a conscious decision from the beginning to decentralize measurement; this makes

sure it is everybody's data. However, we do have a few folks who provide central support that lets us go up or drill down to whatever business unit we want to examine."

Graham Windham also uses a hybrid model. As Dannhauser explained: "It has been beneficial because it allows for a somewhat outside perspective and lets us see what's working, what's not, and what issues could benefit from cross-divisional collaboration." He added, "The structure follows our management philosophy, which is that the program heads—not the performance measurement staff—are best positioned to make decisions about how to drive improvement in their programs."

On the equally critical question of where to place the function, organizations were clear that measurement needed to be given a powerful voice from within—and the best way to ensure this was for the Measurement Director to report to the CEO or to another top leader. "Usually, performance measurement sits as an analytical engine but not as a driver of change and strategic thinking," Dannhauser said. "I came in with a title equal to the division heads, not below them, putting performance measurement in a decision-making capacity; both the division heads and I report to the CEO and go into him together, which is how it should be," he added.

For similar reasons, The Nature Conservancy has now placed performance measurement directly under the chief conservation officer, a move that recognized how challenging it was for measurement to influence the organization's direction when it was too many layers below the CEO.

Additional Advice from the Field

- **Regularly revisit why you are measuring and whether you have the right team and structure in place.** It is quite natural for performance measurement to evolve as programs become more mature, refined, and ideally generate better results. In particular organizations may want to begin measuring not only to improve results but also to prove that their models work. This may require skill sets and experiences, such as credibility in the evaluation community, that do not exist in your current staff, board, and outside advisors. In some cases, back filling for missing skills will do the trick; in other cases, you may need a new Measurement Director (or to create a new leadership role within the measurement function) that can take the organization to the next level.
- **Create a "community of practice" among measurement staff.** As the numbers of measurement staff grow and become more geographically dispersed, nonprofits run the risk of their measurement staff not staying current with the latest measurement thinking (from outside) or with tools and frameworks being used by certain divisions (inside). Therefore, nonprofits should invest in communities of practice, where measurement staff members meet regularly, share internal and external best practices, and undertake coordinated initiatives that will improve measurement across the organization. Such communities of practice should complement learning communities of measurement and non-measurement staff that work hand in hand to interpret data and plot out course corrections and improvements.

Finally, larger organizations develop internal peer networks to maintain connections and free-flowing knowledge exchange among measurement staff. During the annual budget and planning process at NRDC, for example, individual program managers are responsible for assessing impact in their respective areas—benchmarking performance compared with goals and compared with peer organizations. However, given the many challenges of calculating the numerical impact of the organization's advocacy, NRDC regularly convenes internal forums to bring program managers together to share in-house expertise for best practices on assessment. When asked why NRDC relies on internal expertise, Lehner replied, "The knowledge resides here."

Particularly in the US, nonprofits face a precarious future. Government funding in the forms of grants and contracts are slowly eroding to perhaps a permanently lower level as fiscal austerity sets in. Yet, by almost every measure, the needs of society's most disadvantaged are only growing.

Measuring for learning and improvement, once an option for nonprofits, has become a necessity. It is one of the few really powerful levers nonprofits have to improve services, manage costs, and attract the resources they need to do more good in the world. The experiences of the organizations we spoke with point to mindset and culture shifts among both leaders and staff as the most important enablers of measuring for improvement. Equipping everyone in your organization to use measurement to improve his or her work and make better decisions is a powerful way to advance your mission. Perhaps Anisha Chablani from Roca summed it up best: "There's a lot of belief that measurement takes away from thinking about your clients, when in fact, I think it is the very thing that demonstrates the level of respect you have for them."

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How can funders support nonprofits in performance measurement?

The organizations we spoke with acknowledged the difficulties they faced in enticing funders to support performance measurement of any kind, and in particular, internal capacity investments for performance management. Their experiences point to four ways that funders can best support their grantees in this area:

1. **Let the grantee drive what and how to measure.** The indicators a grantee collects for its own learning and improvement should be the same set of indicators the funder cares about. Imposing metrics from the outside can exacerbate tendencies to over measure.
2. **Diagnose what the grantee needs to improve measurement.** What does the grantee see as the two to three greatest opportunities to get better? What would it take to realize these opportunities?
3. **Consider capacity investments earlier in a grantee's evolution.** Recognize the need to build internal capacity to strengthen programs in advance of, and to be ready for, impact evaluations. Consider funds to engage outside facilitators in informing theories of change and measurement approaches, to purchase and implement a data system, and even to search for and hire a Measurement Director.
4. **Consider non-financial supports to grantees on measurement.** Measurement experts inside or connected to your organization can advise grantees on what and how to measure. For example, as a member of a grantee's evaluation advisory committee, someone from your organization can help in this effort.

Appendix

Finding a Measurement Director

How do you describe the role?

A clear and comprehensive job description is critical to attracting candidates who fit well with the role you're working to fill. Without aligning your leadership team around the specific responsibilities of the role, and the qualifications and experience level of the optimal candidate you want to attract, even the best written job descriptions and interview process will fail.

Bridgestar.org's Hiring Toolkit offers guidance not only on how to develop the job description but also how to process applications, screen resumes, conduct successful interviews, conduct reference checks, extend offers, and manage new employees' transitions.

Here are a few recent job descriptions you might view as examples for this specific role:

- Horizons for Homeless Children—Director of Evaluation and Innovation (March 2011)
- Latin American Youth Center—Director of Learning and Evaluation (January 2012)
- The Mission Continues—Research Director (November 2011)
- ORBIS International—Director of Monitoring and Evaluation (October 2011)

Where do you look?

There are three main channels for finding a Measurement Director. We've listed these in order of affordability.

Using your networks: According to the US Bureau of Labor Statistics, 70 percent of all jobs are now found through networking! Use your own networks and those of your staff, board members, funders, partners, and so on. Also consider local performance measurement affinity groups in your area. New York, for example, has an Alumni in Performance Measurement and Management Group led by Patrick Germain of Project Renewal; Boston has an Outcomes WorkGroup led by Jennifer Lowe of Crittenton Women's Union; and San Francisco has a San Francisco Bay Area Evaluators group.

Posting the job: Here are a number of websites and resources we've seen organizations use to post Measurement Director positions; some of the websites require membership to post a job but most serve as public resources that organizations can use to find qualified candidates.

- American Evaluation Association
- Bridgestar (Bridgestar is an initiative of The Bridgespan Group)
- *The Chronicle of Philanthropy*
- The Foundation Center
- LinkedIn Groups focused on performance measurement (Performance Measurement, PMA-Performance Management Association, etc.)
- Leading private or nonprofit evaluation firm alumni job portals or LinkedIn groups (e.g., Abt Associates, Mathematica, MDRC, P/PV). *Some of these are membership-based.)*
- Leading strategy consulting firm alumni job portals or LinkedIn groups (e.g., McKinsey, Bain & Company, Booz Allen Hamilton). Some of these are membership-based.
- Leading academic evaluation group job boards *(Specific universities to target should depend on what field you are in and where you are located. For example, for public health, leading institutions include: Columbia University Mailman School of Public Health, Harvard University School of Public Health, Johns Hopkins University Bloomberg School of Public Health. For global development, they include: Harvard Kennedy School's Master of Public Administration-International Development program, University of California Berkeley's Center for Effective Global Action, MIT Poverty Action Lab.)*
- Diverse candidate job boards: HBCU Network, African-American Nonprofit Network, Hispanics in Philanthropy, Latino Professionals Network
- For global postings: Devex (social enterprise targeting international development through recruiting and business information services). Regional or country evaluation societies: Canadian Evaluation Society, European Evaluation Society, Eastern Evaluation Research Society, etc. *(See the IOCE website for a full list.)*

Hiring a search professional/firm: This will be the costliest option but given the short supply and high demand for qualified Measurement Directors, organizations are increasingly finding this to be a valuable route—particularly if you are looking for a seasoned candidate. A search firm will help you draft the job description, post on appropriate job boards, conduct outreach through their and your networks, review resumes, conduct screening calls, ideally deliver three to four leading candidates for your consideration, and then conduct professional reference checks on your top candidates. Search firms structure their fees differently. For example, some will charge based on the complexity of the search while others will charge based on some fixed percentage of the Measurement Director's first year salary; some will charge to be retained regardless of the outcome of the search while others will charge contingent on a successful placement. When deciding whom

to choose, start with professionals or firms you know, either through your own experiences or those of others you trust. Since there are few, if any, search firms that focus only on Measurement Director searches, you will need to do a thorough job of learning about their experience and expertise. (See Bridgestar.org's article "A Guide to Engaging an Executive Search Firm" for more on how to evaluate a search firm.)

What do you ask?

The precise questions you ask during an interview will depend on what you are trying to achieve with the role. But here are some of our favorite questions based on executive searches we've done for measurement and evaluation directors:

- Could you briefly share why you are interested in this role?
- What would be your approach to learning about our program work and performance measurement strategy?
- In your experience, what are the top two challenges of doing performance measurement in our field? How would you overcome them?
- Who do you think is particularly good at performance measurement in our field, and why?
- Please describe a situation where you performed a quantitative analysis to answer a particular question of interest for an organization.
- What components of performance measurement do you find most interesting or exciting?
- Please describe your best illustration of how you've used measurement findings to influence the strategic direction of a program or initiative.
- Based on what you've read about our organization, what are two or three ways you think we need to improve our performance measurement?
- Please describe your experience working directly with staff members to help them use data to improve their work.
- Could you share an example of a report or article you've written, a presentation you've given, or another example of sharing knowledge? What was the topic and how did what you shared influence the audience? Could you provide a copy after the interview?
- What needs to be in place organizationally and culturally for you to be able to do your work effectively? Where was this most true in your career so far?
- Tell me about a situation where you thrived in an environment that was *(describe your work environment to test the candidate's cultural fit)*.