

Gaining confidence in keeping your board accountable to members, clients and beneficiaries – issues and developments

Presentation by Lyla Rogan of RPR Consulting

Thank you to the organisers for the opportunity to share some of my thoughts and experience with you today. As with many conferences I thought about the topic for my presentation some time ago, and when I came back to focus on what I would say, I wondered what I had been thinking at the time ... worried about the potential dryness of a presentation on performance and accountability I dug deep to pull up some reflections, observations and possible strategies that I hope will assist your thinking and practice in this area.

I want to acknowledge the expertise in the room and the fact that many of you will have your own strategies and processes to share. If you join my conversation group later, this is what we will try to draw out so that you get the benefit of some of collective wisdom in the room.

The experience I draw on

RPR Consulting has been around for about 11 years now and over that time I have had the privilege to work with a wide range of not-for-profit organisations, large and small. Some of this work has been governance development with Boards and their CEOs. Some has focused on strategic planning and business planning. Some has required me to review organisations and their structures and operations. Some has involved program evaluation or policy development projects initiated by government departments but involving different service sectors that they fund.

Sitting at the middle of this work is the juicy issue of how in human services we know what difference we are making in the lives of people and communities.

In the words of one board member sitting on the board of a state carers association “how do I as a Board member know what difference this organisation is making in carers lives?” This is an appropriate governance question to be asking. Yet it can be a hard question for managers and boards to answer if they have not yet developed a way to do it.

Because good intentions are not enough ... I want to talk about how Boards and senior managers need to work together to decide how they will do it in their organisations. In broad terms this requires that Boards:

- have agreed on the differences or outcomes they are trying to achieve
- know what information to look for to help establish whether this is what is happening through their programs and activities
- are able to link and analyse the way in which different programs, services

and activities are contributing to these outcomes (and when they are not)

- have access to clear and concise reports and information that allow them to monitor achievements
- have thought through how they will communicate these results to members, clients, funding bodies and the public more generally.

First some reflections on how well non-profit organisations are already doing around performance measurement, particularly around outcomes.

Then some thoughts on how Boards and senior managers can begin this work or strengthen ways they do it now.

Why is this a hard area?

In my experience boards struggle to do this well at the present time. Although I have worked with many different organisations at board level there are few organisations that have good outcome based performance frameworks in place and clear and concise reporting linked to this.

Complexity is the norm

Performance measurement occurs as part of many different management processes and there can be a proliferation of different measures or indicators that are being used. Performance measurement can be part of :

- Strategic planning
- Business planning
- Financial planning and budgeting
- Program and service evaluation
- Client feedback processes
- Performance appraisal (people) Quality improvement and assurance
- Reports to funders
- Reports to members and the public.

Sometimes the difficulty for organisations is having too many different kinds of measures which are hard to put together in any joined up way to give a clear picture to boards.

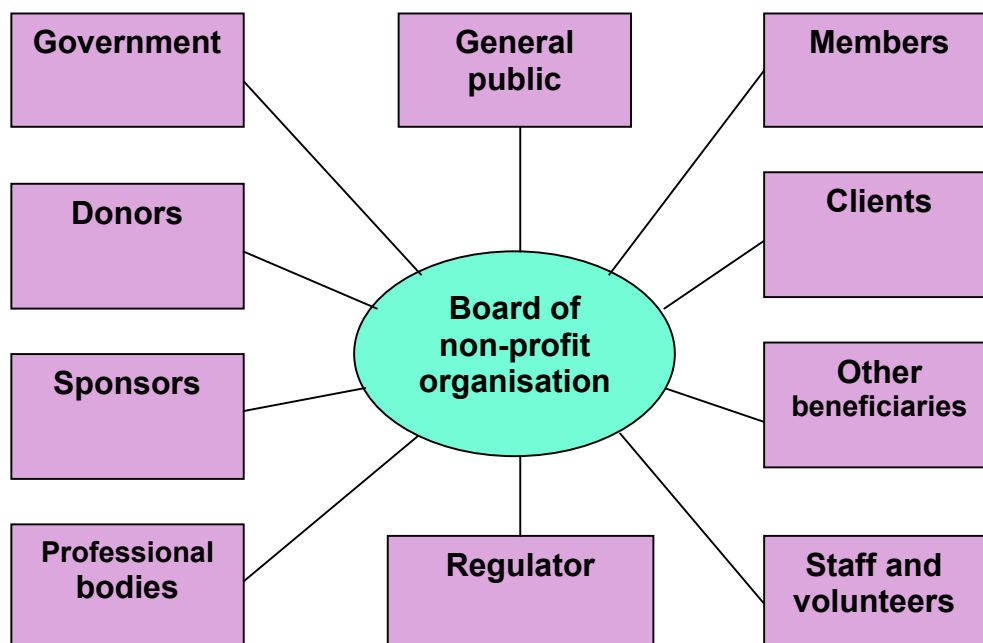
As many of you will painfully know the expectations and requirements of funding bodies sit over and around all of this making the complexity even more real. Some organisations will be managing as many as between 10 and 20 separate contracts with government all of which come with different specified outputs (and sometimes outcomes) standards and data requirements.

Organisations may have grown through the expansion of government funding and their internal systems for data collection and reporting will have been tailored around external expectations.

Multiple beneficiaries and accountabilities

A further complicating factor is the multiple beneficiaries and stakeholders that may have different expectations and requirements for information.

Multiple accountabilities



As Tom Holland said yesterday Boards need to understand who their stakeholders are and how they are meeting their accountabilities to the important ones. You could do your own relationship map as a way of reflecting on your accountabilities and the information they need from you.

Knowing what impact you are having

- Outcomes can be hard to describe and measure, especially where programs aim to respond to highly individualised goals and circumstances.
- It can be a long time before such results or changes are evident. It sometimes requires a leap of faith to make the connection between small changes and longer-term impacts.
- Measurement needs to be combined with judgement ... we need some objective criteria or indicators to help us make those judgements more than just gut feelings.
- Different systems developed and implemented by governments as part of contract reporting mean that multiple systems can be operating for any single organisation with resulting inefficiencies.
- Within organisations programs get introduced at different times, often in response to funding opportunities. Funding or donor agreements come with different requirements meaning that organisations' data and monitoring systems develop in an adhoc and piecemeal way.
- Often, systems development does not keep pace with growth. Integration of

data and other information and processes is then hard to achieve and sometimes it has become so complex and unwieldy organisations need to start from scratch.

- Good systems for performance monitoring and evaluation cost time and money.

In discussions with Boards about how they might monitor outcomes there are three concerns that almost always get raised.

- Outcomes for our clients are not really tangible and can't be measured
- What if we fall short of delivering the outcomes we are trying to achieve?
- Even if we can show some outcomes, we can't claim that we alone caused the change.

Many organisations are reluctant to identify measures of outcomes because they feel they can't control all the variables and they believe this makes it impossible to draw any conclusions about cause and effect. This is not a good reason to exclude consideration of outcomes but it does reinforce the need for consideration of external factors to be part of the analysis of performance information.

Getting the reporting right

The final aspect of 'hardness' is getting the reporting right from the point of view of Board's using the information. In my planning and governance work with boards, the area of performance reporting is not well developed in many organisations. It can range from one extreme to the other. From no information that enlightens the Board on organisational performance to a plethora of reports that board members have to plough through and then somehow make their own deductions about what all the reports collectively tell them. Too much information and sometimes the wrong kind of information can unhelpfully distract boards, keep them busy but without much value adding.

How might boards of organisations respond to these challenges:

These challenges will not be new to most of you and there are a range of ways that board's typically respond:

- They continue to monitor what is easy to monitor
- They measure activity because that is what is currently collected
- They get overwhelmed by the hardness of it and assume the staff team know what they are doing.
- They decide to make incremental improvement to performance monitoring and reporting a priority for board work and get to grips with what is there, what is needed and how to move in that direction.

Why it matters that Boards address this issue

In case you don't already think this area is important let me share my thoughts on this.

It is a responsibility of boards to know what the organisation is achieving

Most governance literature and training will identify that one of the Board's main roles is set the mission and directions for the organisation and monitor the extent to which this is realised through the programs, activities and services run by the organisation.

With the growing attention on governance and board development in the community sector over the past decade, many boards do the first part reasonably well. However in my experience many boards are doing less well with the second aspectthat is, knowing what the organisation is achieving in terms of outcomes and being able to communicate this clearly and positively as part of their accountability to members, clients and other stakeholders.

Performance monitoring should be an essential part of any good strategic planning process ...

Sometimes a lot of effort goes in to developing the strategic plan and once this is done Boards and senior managers breath a sigh of relief as if this alone meets the Board's obligations in this area.

Planning and performance monitoring need to be seen as an integrated and ongoing process. Performance measurement should be as much concerned with what resulted from our programs as it is with questions like what we did, how much we did, what it cost and were clients satisfied with service quality.

Talking about your success can be a highly effective communication and marketing tool in an environment where you are competing for external recognition and resources.

Organisations that can confidently say **what** they achieved as well as what they **do** are going to have a more compelling story to tell. There are many claims about impact that non-profit service organisations have but they do not always have the data and information to back up the claims. When you look into the organisations a lot of the claims are little more than anecdotal self justification by those doing the work. While people's observations of something changing can have validity, these need to be systematically captured along with data, case studies and stakeholder feedback that together provide some evidence for the claims the staff make.

Funding bodies and sponsors are more demanding than ever about knowing what their funds are contributing to and how

While there still tends to be preoccupation with service outputs in funding

contracts government agencies have been increasingly designing an outcomes focus into their programs. Internally these tend to cascade out of high level outcomes established in the budget process. In the program context outcomes may be written into program guidelines and designed into data collection and evaluation processes. There can be issues of alignment for programs and organisations in all of this which I will come back to later..

Some ways to do it better

I want to share some ideas from the work we have been doing with community and non-profit organisations with particular attention to how you can build an outcomes focus into planning and assessment of organisational performance.

Incorporating outcomes in planning and performance monitoring

Most organisations have a strategic plan in place which aims to identify the high level vision, purpose and directions for the organisation. Typically strategic plans cover some common core content headings including vision, mission, roles or core business, values, priorities and goals for the period in question. Often these are published documents used to communicate to the outside world what the organisation is about.

Sitting underneath this high-level plan organisations will invariably have other levels and types of planning which could include:

- A business plan or operational plan for the organisation as a whole
- Team or individual work plans
- Project plans
- Financial plans

Boards should have a good grip on the planning framework that operates across the organisation and the purpose and interface between the different levels of planning.

If done well planning will identify the indicators or information that needs to be tracked to monitor organisational performance. The board should be primarily concerned with four different kinds of performance information:

- Outcomes (short and long term results for people and communities)
- Outputs (client numbers, program activity, services delivered etc)
- Financial performance (
- Reputation – client and stakeholder feedback

The manager may also provide the board with information on progress against the business plan, however the Board's interest in the Business Plan should be less about the detail of targets and timeframes and more with checking whether the plan is aligned with mission, priorities and directions established by the board and what results are being achieved. This is a different set of questions to did we do what we planned to do.

RPR recommends to organisations that a review of a strategic plan is the best opportunity to capture at an organisation-wide level the outcomes the organisation is working toward: Depending on the type of organisation it is these might be:

- client or service user outcomes
- outcomes among a group of people with similar issues in the community
- change in the community (attitudes, services, infrastructure etc)
- change in public policy and programs.

Example of one family relationships organisation that RPR worked with:

- Individuals, couples and families enjoy improved health and wellbeing and an increased capacity to manage and experience relationships positively.
- Children have stable, secure and safe relationships in their families and communities.
- People are better equipped to find and negotiate solutions to conflict and difficulties in families and relationships.
- Communities are safer, more harmonious and supportive of the diversity of individuals, relationships and families within them.
- A competent, professional and diverse workforce is at the forefront of clinical practice in relationship services.

This organisation could easily link all of their programs and activities to one or more of these outcomes – clinical services, groups, professional training and community education and advocacy. However the hard part of monitoring outcomes is how you establish that your programs and activities have contributed to the above outcomes.

If the outcomes are identified in this way, the next step is to consider:

- what you would look for to know whether any change had occurred
- how this information could be collected (data collected during service delivery, feedback, case studies)
- how the information can be collated and reported in a simple accessible way for the board.

The stumbling block at this point is that the current data collection system may need enhancement, for example to pick up pre and post intervention information from clients.

Client feedback processes may need to be improved. There is often a need to shift from a focus on “satisfaction with service processes” to “satisfaction that they gained some benefit”. Invariably when boards begin to look at monitoring outcomes there is work to do to adjust the systems and processes being used to

the new information needed.

We generally advise that organisations try to identify a small number of headline indicators that are systematically tracked through data collection, client feedback or program monitoring. We also encourage organisations to think about strengthening research and evaluation within their program design. Boards and managers could for example identify one priority program to be evaluated in more depth within the course of that year, using this experience to improve the way action research and evaluation is being used. (I could do a whole presentation on the importance of evaluation to outcomes monitoring but this is for another day.)

The value of stories and case studies (Afghanistan anecdote)

In terms of other kinds of results information it can help if the business plan is structured in a way to capture the priority results and the information that will be tracked to assess whether the results have occurred.

For most organisations there will be between 3 – 5 broad result areas that speak to the core business and priorities of the organisation. One result area will normally be about organisation development and management. Others could be direct services to clients, community education and development, workforce training etc.

This way the performance information that is given to the board can be set against the priority results not the detailed activity. The trick is to identify the results information that is most relevant and useful in painting a picture of the organisation’s success.

For me the most important aspect of planning is the dialogue about what is important in terms of results ie what your success will look like if things go well. Its not about mapping out a rigid gameplan.

How you capture this in the plan can be important .

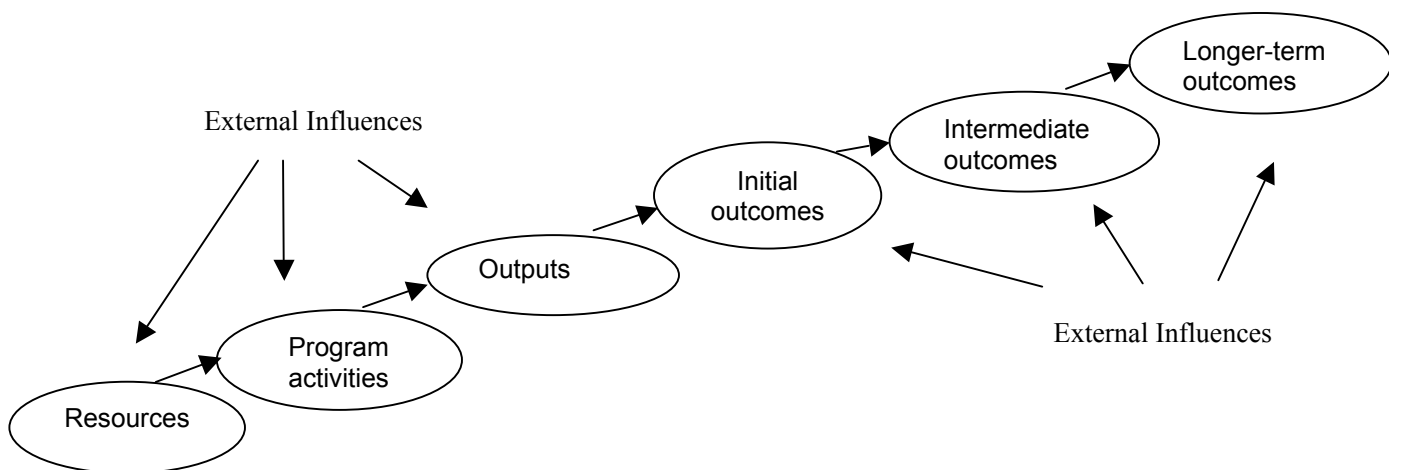
Key result area 1: Influencing public opinion and policy

Priority results	Indicators (most important information to monitor) <i>Small number of key result indicators that form a basis for reports to the board</i>		
Action/strategy	Targets and timeframes	Responsibility	Resources

Developing a program logic for the organisations combined activities and programs

Another tool or approach that some of our clients are embracing with enthusiasm is the use of program logic maps.

Program logic models try to make the connections between the resources or inputs that go into a program, the program activities and outputs, and the short and longer term results or outcomes that are achieved. A generic model is captured below taken from *Measuring Performance in Public and Non-profit Organisations* by Theodore H Poister (Jossey Bass 2003).



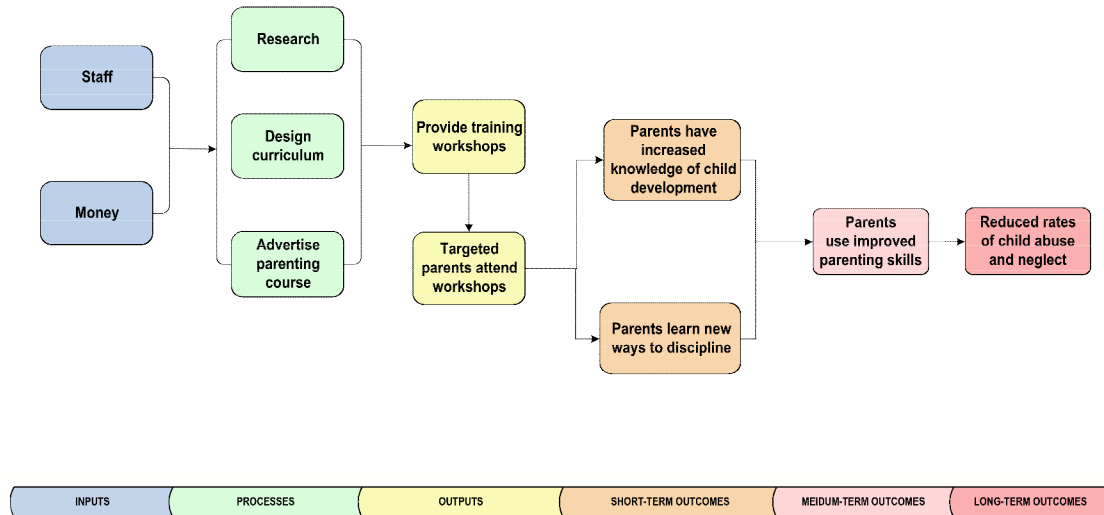
Program logic provides a picture of your program/s or interventions

- What resources are invested?
- What are the processes used?
- What are the outputs?
- What are the outcomes (short term-long term)

Importantly it shows the logic for how the resources, processes and outputs contribute to the outcomes. It acknowledges the reality of external influences and hence the need for judgement and interpretation in how the organisations influence is understood.

I want to illustrate this with an example and then talk about how developing the map helps you consider how program and organisational performance can be monitored.

Parenting Education Program



As a shorthand picture of a complex story it can help organisations to better understand and communicate how their various programs and activities contribute to the outcomes they are trying to achieve. As a tool to reevaluate the way different programs and activities link to outcomes, it can be a good way to look for mission drift (ie are there some things we are doing that we don't really fit the difference we are trying to make)

RPR Consulting has been working with the Department of Family, Communities and Indigenous Affairs to develop the program logic and performance frameworks for a number of their youth and family services programs. Doing this work across a number of programs has enabled the department to identify commonalities between programs and to design more performance and data collections systems within a consistent framework.

More recently we have been using this tool with organisations that are seeking to develop more integrated data and performance management systems. Developing the program logic map is the first step in this process.

Using a program logic map to help you design an integrated performance management system.

The program logic model aims to move practice in performance monitoring beyond just counting activities and outputs, to gathering information about outcomes. Doing this requires the identification of indicators and it is necessary to think in terms of immediate, medium term and longer-term outcomes a group of programs may be directed to. A good data system can look at key

indicators before and after intervention to track individual outcomes and collate these for a single program or group of programs. Tools and processes can then be designed to support performance monitoring against inputs, outputs and outcomes.

For the FaCSIA Programs, once the program logic framework was developed, a number of integrated tools and systems were designed. Guidance manuals were developed for service providers and training provided in the new systems. Data is collected electronically and collated by the department, which then produces reports for the service provider.

The system has the following components.

- Electronic data collection system with separate forms and processes for
 - new client requests (supports identification of met/unmet need)
 - client and service data (who, services given, before and after picture of need/issues)
 - data on other beneficiaries (eg. family or person cared for)
 - group work
 - education and training
 - community development work.
- Case studies
- Client feedback form
- Stakeholder feedback form
- Organisational capacity checklist (Linked to quality standards)
- Risk assessment
- Annual performance report to funding body

To allow assessment of performance a number of targets and performance criteria have been established as benchmarks for the program. This provides a basis for assessing how individual service providers are performing (self assessment tool) and data for the program overall (tied in with reports to funders).

The beauty of this system for the organisations receiving funding is the fact that government has resourced some of the development work and organisations get a system that produces a range of performance information and reports efficiently and often.

How this can work with a single organisation

RPR recently worked with the Registrar of Aboriginal Corporations, a national statutory agency with responsibility for incorporation and regulation of Aboriginal and Torres Strait Islander organisations and a range of other services including incorporation advice, governance training and information services.

This is an organisation with around 50 staff with strong corporate and business planning processes in place. At the recent team planning retreat we developed a program logic map for ORAC.

The program logic map is still being refined but the exercise demonstrates that it is possible to represent the work of the organisation in a single map linking the processes and program activities to outcomes – short term and longer term. In this case ORAC needed to show how its programs contributed to the FaCSIA strategic outcomes.

Staff were excited at being able to see how the various processes, activities and programs linked to the outcomes that had been established through their corporate plan. The map helped to show the interrelationships between different activities and provided a basis to reflect on the information that needed to be collected to establish whether the short to medium term outcomes were being achieved. Like many other organisations ORAC had good systems in place for monitoring activity and service levels, but less well developed systems and processes for monitoring and evaluating outcomes.

A number of my clients are interested in how this tool can assist them to refine their performance monitoring and reporting processes. I am convinced program logic mapping is a useful tool in the context of government funding programs and for organisations that want to improve their own systems and processes.

Making progress in this area

Clearly the development of good systems for data collection, qualitative feedback, action research and evaluation will fall to staff. One of the barriers I see is that organisations often lack management and staff skills to design these systems and processes in an integrated way. Larger organisations fare better than smaller organisations in this regard, simply because of the resources they have available. Organisations should be calling on major government funding bodies to invest in capacity and infrastructure development that assists the non-profit organisations they fund get the systems and skills they need. The mutual benefit from such an investment is clear.

What can boards do?

Reflect on what is done now – is the organisation clear about the differences it is trying to make? Are the current planning processes results focused? Is the board getting information on outcomes as well as service and activity levels and financial reports? Does the organisation have evaluation processes in place? Is the board getting the right information and in a form that helps them to analyse trends, review performance and celebrate achievements?

If yes, consider whether there are ways to strengthen these?

If no, or don't know ... talk with the management team about the importance of developing better systems and reporting.

Ask that information comes in a usable format for your purposes.

Think about your responsibility to be able to communicate your success and achievements to your stakeholders, especially the people the organisation is there for and members.

Don't get overwhelmed at the hardness of it. Start small and aim to make incremental improvements ... rather than aiming for the most sophisticated approach and systems. Understand that this work takes time and requires a commitment of resources.

Get outside help if there is not strong expertise in the organisation.

I hope that this presentation has given you hope and confidence that there are ways to get better information about the difference your organisation is making and for Boards to be actively engaged with assessment of organisational performance.

A quote from Peter Drucker works for me around this topic:

No institution can possibly survive if it needs geniuses or supermen/women to manage it. It must be organised in a way as to be able to get along under a leadership of average human beings”.

For the most part that is who makes up boards... but they are there because they want to make a difference. Boards need to be able to know if that is what their organisations are doing. But I agree with Allan H that its an imperfect science and you won't know it all ... but trying to understand outcomes should be part of the mix.