

Monitoring performance with a dashboard

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Dashboards

Cars have high-tech dashboards, with complex data, representing quick analysis and computation, presented in a way that's easy to read while driving: average speed, average fuel consumption, distance to empty, etc. The idea of a management dashboard is similar: analyze and summarize the most relevant and important data ("metrics") for guiding the organization in one place, in a format that becomes so familiar that a quick scan reveals trends, patterns and potential concerns. It's a quick, one shot view of the organization's performance.

The corporate, high tech versions operate in real time on managers' desktop, constantly collecting, processing and presenting information. The more realistic application for nonprofits is a monthly or quarterly report for senior management and the board, summarized on a single sheet of paper.

A dashboard that simply reports financial performance is incomplete; it should tie to organizational goals. If, for example, a museum has as a goal increasing memberships from surrounding communities, it needs a mechanism for tracking zip codes of new members.

Creating a dashboard that really works for a particular organization is time consuming, but well worth the effort. Each of these eight steps requires thought, discussion and analysis. In the process, organizations accomplish far more than the task of creating the dashboard: they engage in generative conversations about the core measures of financial and mission success.

1. Identify the organization's most critical measures of success such as visitation, revenue per visitor, gifts to annual giving, etc. New initiatives in particular demand careful monitoring. Edit the list down to fewer than 10 indicators.
2. For each measure, decide on the appropriate reporting period. For visitation, for example, the right measure might be against the same month in the prior year while research inquiries might be measured against the prior month.
3. For each measure, decide on the most meaningful number to watch. For some measures, such as revenue raised from the annual fundraising event, the total raised from various sources may be sufficient. For others, such as number of members renewing, percentage may be more informative. Consider ratios (such as sales per visitor), comparison of two or more statistics (non-member v. member visitors), or rate of change.
4. Ideally, the organization has CASH benchmarks on these measures – how comparable organizations are doing, industry averages, strategic goals, and historical data. See below for more detail on CASH. The most relevant benchmarks will vary with the measure. Historical data from the last few fiscal years is almost always relevant except, of course, for new programs. For new programs, data on the performance of other new initiatives in their first few years may provide good context.

5. Collect the data, put it in a spreadsheet, and figure out the best way to present it. Some people can read columns of numbers, others learn better from charts and still others need words. Edit the data again so that readers focus on what's really important.
6. Format it into a single page if possible. Use color to make information easier to understand but don't allow design to distract the eye from the data. Include a section with bullet points of key observations from the data.
7. Pilot the data and format with a few key staff and board members to see if it works. Revise it, changing the information included and how it's presented as needed.
8. Use it for a few meetings to give board and/or staff time to get used to it. Then revise it again.

CASH

Kent J. Chabotaur uses the mnemonic "CASH" to capture the four ways to benchmark an organization's performance. A well-managed organization keeps track of all four in parallel because they provide a full picture of how the organization is functioning.

C – Comparables. Every nonprofit should be able to identify a handful of organizations that are comparable to its operation: organizations with similar budget, program offerings, and facility but also similar community and audience. If the set of comparable organizations are in different cities, consider creating an information sharing network to collect and compare performance data.

A – Averages. Even though the wider community of similar nonprofits includes organizations that are not directly comparable, there is value in understanding how an individual organization compares to the entire universe of similar nonprofits.

S – Strategic goals. As part of planning, an organization should set goals for performance. These goals should be challenging yet achievable.

H – History. Snapshot data is almost useless; an organization needs historical data to assess patterns and trends. If an organization does not have good data about past performance, the most critical step in developing a good management performance program is setting up systems that will efficiently and accurately collect key data.