

Measuring Effectiveness

Exercise developed in partnership
with Peter Frumkin, Ph.D.

Measuring Effectiveness Exercise

Your organization deals with many challenges presented by internal and external accountability demands. You are always looking for ways to improve operations, to anticipate and be more responsive to competitive pressures, and to define meaningful performance goals that render your work concrete in stakeholders' eyes.

Creating a dashboard or scorecard can help. A dashboard can be an excellent tool for focusing board and CEO attention on what matters most. It can help overcome asymmetry between the precision of financial and mission measures.

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Use and disclaimer

This tool can be used to help you build a scorecard or dashboard for your organization. Indicators should be a mix of internal and external measurements. Selection of the indicators is guided by what your organization seeks to accomplish. And, measures can be grouped such as financial, mission achievement, operational excellence, and customer satisfaction to map onto the goals of the organization.

Who should be involved

Depending on your organization's size and shape, you may wish to build a dashboard by:

- using ideas from all levels of the organization and then choosing among the ideas to create the most meaningful set of measurements, or
- assigning a select team representing artistic/program, finance, operations points of views to create a prototype for review, discussion and adoption

Time to complete

This is an iterative process so allow time for the indicators to be identified and vetted before building version 1.0 of your dashboard. After you use the dashboard for a time, it is quite possible that you will want to adjust or change some of the indicators.

Video presentation

Watch the video introduction by Peter Frumkin linked below and then work through this exercise with your team.



TheChiefExecutiveProgram

How should arts and culture organizations look at measuring their effectiveness?

Peter Frumkin, Ph.D.
University of Texas at Austin

National *Arts* Strategies

The slide features a white background with a light green shadow. At the top right, the text 'TheChiefExecutiveProgram' is displayed in a green sans-serif font. The central text is a large, black, sans-serif question: 'How should arts and culture organizations look at measuring their effectiveness?'. In the bottom left, the speaker's name 'Peter Frumkin, Ph.D.' is in bold green, with 'University of Texas at Austin' below it in black. In the bottom right, the 'National Arts Strategies' logo is shown, with 'National' and 'Strategies' in black and 'Arts' in a green script font. A faint, mirrored version of the logo is visible below it.

Building your dashboard – summary of steps

1. Start with clear understanding of what your organization wants to accomplish. If you have a working logic model, use selected outputs and outcomes to define critical impact indicators
2. Choose a small number of significant financial indicators and ratios
3. Define a limited group of metrics related to governance, staff professional development, and volunteer engagement
4. Define key indicators of quality
5. Create a visual representation of the organization's performance measures – your dashboard

Step 1: Determine critical impact indicators

If you have a clear description of what your organization seeks to accomplish, use this information to guide your discussion and selection of measures you will track for your dash board.

Alternatively, you can use a logic model focusing on the outputs and outcomes. For more information on logic models, [watch this video](#).

Step 2: Choose meaningful financial indicators

Which financial indicators are most meaningful and how will you represent those? Examples include:

- Profitability measures
- Artistic or programmatic reserves
- Liquidity
- Financial vulnerability
- Efficiency
- Resource diversification

Step 3: Define your stakeholders and what measures you will track that are meaningful

Stakeholder Group	What matters that you can measure
Clients and customers	Satisfaction; frequency of attendance; use of materials...
Volunteers	Level of engagement, numbers, retention
Individual donors	Number by giving category and trend over time
Foundations	Impact on community
Corporations	Size of audience
Partner organizations	Accomplishments to date
Staff	Professional development, retention
Board members	Level of engagement

Complete your own chart.

Step 4: Determine how you will measure quality

Think about program and operations and what quality means. Some examples:

- What metrics tell the quality story?
- How good are the operational systems?
- What is the error rate?
- What operationally is the organization's strong suit?
- Where does it need to improve?

Step 5: Create your dashboard

Using your chosen indicators, create a snapshot of the organization. For examples, see:

- <http://www.blueavocado.org/content/nonprofit-dashboard-and-signal-light-boards>
- <http://www.compasspoint.org/dashboard>

Thank you for taking the time to work through this exercise with your team. These online lessons are a bit of an experiment for us. As we learn more, we will continue to adapt and refine them.

Your feedback is vitally important. Please [let us know](#) how you used this tool. What was unclear? What would you add?

We look forward to hearing from you.

Thanks,
The NAS Team