

TOUGH TIMES, CREATIVE MEASURES

WHAT WILL IT TAKE TO HELP THE SOCIAL SECTOR EMBRACE AN OUTCOMES CULTURE?

A Fifteenth Anniversary Symposium Sponsored by the
Center on Nonprofits and Philanthropy at the Urban Institute
October 5, 2011

Sparked by the publication of *Leap of Reason* by Mario Morino, this symposium was designed to explore barriers to and opportunities for making performance management more common in the social sector. The symposium was part of the Center on Nonprofits and Philanthropy's fifteenth anniversary series of events. A summary of the conversation follows. It was produced by the Venture Philanthropy Partners *Leap of Reason* team in conjunction with the Center on Nonprofits and Philanthropy. All of the participants had an opportunity to review a first draft of this summary and edit their direct quotations for clarity.

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Viki Betancourt, *The World Bank Group*
Elizabeth T. Boris, *Urban Institute*
Dan Cardinali, *Communities in Schools*
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Isaac Castillo, *Latin American Youth Center*
Carol Thompson Cole, *Venture Philanthropy Partners*
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Louis J. Erste, *Georgia Department of Education*
Anne Campbell Goodman, *Cleveland Foodbank*

Irv Katz, *National Human Services Assembly*
Bridget Laird, *Wings for Kids*
Patrick W. Lawler, *Youth Villages*
Kristin A. Moore, *Child Trends*
Mario Morino, *Venture Philanthropy Partners*
Mikaela Seligman, *Independent Sector*
Nadya K. Shmavonian, *Public/Private Ventures*
C. Eugene Steuerle, *Urban Institute*
Mindy S. Tarlow, *Center for Employment Opportunities*
Brian Trelstad, *Acumen Fund*
Mary K. Winkler, *Urban Institute*

Introduction and Overview

On October 5, Elizabeth Boris, Eugene Steuerle, Mary Winkler, and their colleagues at the Urban Institute convened a select group of twenty leaders from government, nonprofits, philanthropy, and business to discuss a challenge that has limited the collective impact of the social sector: the lack of encouragement and support in the nonprofit community for disciplined, data-driven management. As Mario Morino stated in his book *Leap of Reason: Managing to Outcomes in an Era of Scarcity*,

Despite all the right intentions, the vast majority of nonprofits do not have the benefit of good information and tools to determine where they're headed, chart a logical course, and course-correct when they're off... Only a fortunate few have a reliable way to know whether they're doing meaningful, measurable good for those they serve.

The two-and-a-half-hour symposium had two sessions. After Eugene Steuerle, Urban Institute fellow, set the stage, Mario Morino made remarks about *Leap of Reason*. Michael Bailin, senior fellow of Private/Public Ventures and former president of the Edna McConnell Clark Foundation, and William Dietel, managing partner of Dietel Partners, LLC and former president of the Rockefeller Brothers Fund, commented on the book and framed the issues it raises as a backdrop to a roundtable discussion involving all participants.

In the second session, Nadya Shmavonian, president of Public/Private Ventures, moderated a discussion about possible solutions that would advance performance management. Mindy Tarlow, CEO of the Center for Employment Opportunities, and

Mary Winkler, research associate at the Urban Institute, highlighted several new approaches, including the Outcomes and Effective Practices Portal (now called PerformWell), an online resource for nonprofits seeking assistance with identifying indicators and tools to measure their outcomes. Participants then discussed a variety of ideas, including both opportunities for and challenges to promoting more widespread adoption and use of performance measurement and management in the nonprofit sector.

There are no plans to launch major initiatives to advance the strategies floated by the symposium participants, but we hope they and others in the field will further consider and flesh out some of the ideas. We strongly encourage everyone to think about how they can lend support to help drive broader adoption of disciplined, outcomes-focused, data-driven management in the social sector. All the participants in the symposium see this as a critical next step for our sector at a time when needs are growing and resources are diminishing.

A summary of the proceedings cannot do full justice to the richness of the live discussion and interplay among the participants, but we have attempted to capture the key points and ideas that were shared. In the spirit of letting the participants speak for themselves, we feature extensive direct quotations. The quotations are organized by topic and are not always presented in chronological order.

We welcome your reactions, pushback, and suggestions at info@leapofreason.org.

Possible Inflection Moment

During the panelists’ opening remarks and subsequent group discussions, there was broad agreement that budget cuts at the local, state, and federal levels will have a major, long-lasting impact on nonprofits. There was also agreement that the fiscal crisis could be an “inflection moment”—a constructive disruption that would push nonprofits to step out of their comfort zones, take a hard look at what they’re doing well and what needs work, and look for new means of assessing and improving their performance as they adapt to the “new normal” and learn to do more with less.

Eugene Steuerle: “We’re in the midst of some dramatic changes to society, and we do not have powerful enough crystal balls to know how they are going to play out. But one thing we do know is that if we can channel that energy, if we can channel what is going on in better ways, we are going to achieve better outcomes. Not just with respect to individual charities, but with respect to new directions for our society as a whole. So, I am excited about this issue. It is extremely pressing. It is extremely timely. Thanks for the right book at the right time, Mario.”

Mario Morino: “*Leap of Reason* is—and I have to be very candid—getting far more attention than any of us ever anticipated.... As one person said, ‘The book is okay; the timing is great.’ ... I really do believe that we’re at one of those potential inflection moments in our sector’s life where something big—beyond incremental change—could take place.”

“If you pause, and you take the inputs from the private, public, and social sectors—and, for whatever it is worth, I have been doing this for two years now—it is utterly clear that socioeconomic shifts, painful disruption, and fiscal cuts will result in less public funding, heightened expectation for improved performance, and at a lower cost. And yet at the same time there will be a much greater need for services.”

“The book is ... about how does a nonprofit executive manage [his or her] organization to make a real lasting difference at a time when needs are growing and resources are shrinking?”

“Outcomes and measurement done right are vitally important, but they are not the answer. They are part of a bigger picture. Really, the vital part for me when I see this is not the systems; it is the people. It is leadership.... *Leap of Reason* is about the importance of strong leaders, leaders like [you], who have the culture and the desire to collect and use information ... as the basis for continually improving what you are doing, which I think is at the heart of what a great organization does.”

“I want to stress that this ... is not about what the funder wants. It is what you have to do to manage your own destiny. And you have to figure that out as a manager, as an executive.”

“In order to create a movement, do we need money? Yes, we do. Do we need tools and best practices? Yes, we do. I will argue that these are not the inhibitors that are keeping us from making progress. Our challenge and opportunity lies in creating a mindset, changing attitudes, and cultivating visionary leadership to develop human capital and the will to make a long-term difference.”

Isaac Castillo: “Would any of you around the table who are funders ever fund an organization that does not have a CFO or some kind of accounting infrastructure or some sort of audits for an organization? Today, in 2011, I am going to guess that most of you are going to say no. No way, not a chance. Eighty, ninety years ago when we were having the birth of the philanthropic movement, that was not the case. I think that when we are talking about performance management, when we are talking about outcomes measurement and evaluation, we need to push this same sort of thinking that exists today for finance and accounting systems and make sure that people

have the same kind of gut reaction if an organization does not have some sort of methodology to measure their effectiveness, to measure their outcomes. If we are talking truly about large-scale change, that is really the direction that we need to go.”

“The funders really need to make a commitment and come out and say, ‘If you do not have these systems in place, we are not going to fund you. We will fund you to build the capacity to build those systems if you want, but we are going to take a hard-line stance. We are not going to give money if you are not up to the commitment to do this.’ The nonprofits need to step up and say, ‘We are willing to do this with the support of the funders.’ ... I think that anyone who truly is in this line of work wants to do it to help people, and the best way to determine whether or not you are helping people or not is with performance-management systems.”

Lou Erste: “What is the imperative for action or inaction? It is ... the economy, because now the education funding is flat and heading down, and we still have lousy results. In Georgia, we are fortieth out of fifty in just about everything, and we have done a lot of great things, and now we are at the point where we have to do more with less.”

Brian Trelstad: “If you took the \$300 billion nonprofit economy and take the half away that is the expressive philanthropy that Peter Frumkin talks about—churches, values-based organizations, or universities where there is an affiliation and rational giving is off the table—and leave the remaining half, that is \$150 billion. I would bet that Mario knows better, but any system I have met could be tweaked by 10 percent. So, you are talking about a \$15 billion opportunity.”

Mary Winkler: “As Mario and others have underscored today, organizational culture and a predisposition to measurement and managing toward results is perhaps the single most important ingredient to success. A culture of continuous improvement needs to be evidenced at the top. Equally important, however, is the extent to which the culture of continuous improvement is integrated at every level of the organization.”

Paul Carttar: “Here I would absolutely invoke one of the concepts that Mario was emphasizing, which is you have to think about the cost. It is not just the outcomes or the impact. It is impact per dollar, because as a society, ultimately we only benefit when we are able to improve the balance there. Especially now, in the spirit of the times, the overarching challenge we really face is to squeeze more social impact out of the money.”

Big, Hairy Challenges

The participants agreed that there are no guarantees that the economy will force widespread introspection and change. Indeed, Mike Bailin, Bill Dietel, Nadya Shmavonian, and others expressed the view that major, systemic challenges must be addressed before we can think in terms of using this potential inflection moment to spark a broad movement focused on effectiveness.

Many participants spoke forcefully about two challenges in particular: human capital and financial capital. Mario and others noted that the practitioners in the room, all of whom have worked hard and taken big risks to nurture outcomes-oriented cultures, are outliers in the nonprofit sector. Most nonprofit leaders today are so focused on the here and now that they can't even begin to think about building a culture of managing to outcomes. And those nonprofit leaders who are predisposed to do so receive almost no financial or intellectual support from foundations for this type of approach. In fact, they sometimes get penalized for it—when nonprofits themselves reveal areas of weakness in the course of assessing and being more transparent about results.

Pat Lawler, Isaac Castillo, and Dan Cardinali reminded the group that in the current ecosystems in which nonprofits like theirs operate, the nonprofits that survive the fiscal crisis will not necessarily be the strongest performers. Today, governments' and private funders' notion of “the fittest” is influenced more by good stories and relationships than by thoughtful analysis and proven performance. Unless there's a bold, concerted effort to change that dynamic, the vast majority of nonprofits and their supporters will underinvest their time and money in taking the “leap of reason.”

Michael Bailin: “Mario catalogs the obstacles, the barriers, impediments that need to be overcome—and they are many, and he names them. Then [he] provides some down-to-earth, very practical wisdom in a way most books have

not, with advice and encouragement for those who are brave enough to give this a try. The challenge for today is to have an initial discussion about whether there are tangible actions that can be taken to spark a movement—to make managing to outcomes more the norm, in hopes that this will increase the effectiveness and the impact of the not-for-profit sector.”

“Most people still do not really fully understand what management to outcomes really is, nor what it takes to get it done right and how gritty the process can be.... If you have not done it yourself or you have not spoken to people who have done it, you probably have no idea of what it really looks like on the ground nor how fundamentally it can change an organization's operations—and not always for the better if you are not absolutely committed to making it work.... So, there is a lot of educating that is going to be needed to be done on what it is really like.”

“Are not-for-profits really aboard? I would suggest that there are a good number of them who are just feeling very much pressured by funders or complying with what the trendsetting foundations seem to want.... I can tell you from my experience that there are a lot of people who are doing this right now who are very sullen about it ... and not getting into this for the purposes for which you hope they would be able to get into this.”

Bill Dietel: “Unless there is radical change in how we find the human talent required, unless there is radical change in how we get this sector funded, and unless we find a way to access experience and information that does exist but we cannot get our hands on it, then there is very little hope.”

“If philanthropy is going to help ... the donee community solve these problems, then it has to stop asking questions about evaluation and needs to start asking ... ‘What can we do to help you?’ Not provide from on top the wisdom and the answer to the problems of the sector and of the individual donee

organizations. We have had enough of that. We have people who are in the trenches, doing the work, and they would be much more effective at it if they had the wherewithal to get the job done, and that wherewithal does exist. We have not had the will to go and get it.”

Nadya Shmavonian: “I am stunned at the still head-in-the-sand perspective of many foundations. Generally, I don’t think they’ve begun to face it with a sense of requisite urgency about what we are going to see in the next year or two.... I think the carnage has barely begun.... When it does, foundations are going to have to face the music. They are going to have to look at probably contributing to what would otherwise not necessarily be a Darwinian process—helping to ensure that the strongest programs survive—as I am not sure that the fittest [nonprofits] are going to be the ones that survive. And by fittest, I mean people who are running effective programs and who have the data and the research and the evaluation evidence to know they are making an impact.”

Irv Katz: “We are at a juncture where something great can happen or devastating things can happen, but the great things will only happen if we recognize that we need to measure to results collectively across the arts field, across the education field, across the human service field, and so forth.”

Viki Betancourt: “What I see ... is that nonprofit leaders feel that it is not right to have this [outcomes orientation] because it does not fit with passion. And I would say that is a crock. I think that in fact if you are really passionate about what you believe in, this actually would be the approach you would take, because you know you would be getting the best outcomes for your people that you are serving, and you might actually get to a point where you can make a difference in how many children are achieving, and instead of how many meals get prepared, how many people no longer need those meals.... So, I think that that human-capital challenge totally resonates with me. Helping people understand that ... they absolutely

have to change the culture of their own organizations, and that is a difficult conversation, because it does not feel right for this community, I think.”

Mindy Tarlow: “Around performance management time and again, you hear ... it is somehow antithetical to passion and mission. Or that no one is ever going to understand the impact of what you do if you talk about numbers. They are only going to understand it if you talk about stories. And I would submit that that is just not true. You have to really be able to talk about both.... I think it is not so much about numbers; it is about facts. If you actually just use that word—instead of saying ‘numbers,’ ‘performance,’ ‘outcomes,’ you just used the word ‘facts’—I think most people would agree that you would rather know facts than fiction. That you would rather push yourself toward something that you actually know than something that somebody just told you and so you are running with it. So, I think that is a language issue that we would be well served to think about.”

Nadya Shmavonian: “We took the plunge this summer and actually worked with David Hunter, and I know that many of you have already been through the ‘David Hunter boot camp.’ We did live to tell the tale, and I just want to say it was an incredibly powerful process.... It ignited passion in the organization, as people actually could now understand what they were working toward with greater clarity, direction, and priorities. If anything, managing to outcomes has increased our passion and belief in our core mission of working with young people in poverty. It really has ignited some serious change at P/PV.”

Anne Campbell Goodman: “Speaking to Nadya’s earlier point about passion and outcomes ... when outcome measurement and evaluation is a way of exercising your passion, and your organization gets more successful all the time from doing that, you can see that success in a concrete way, and there is no greater organizational reward. If it is our passion

for our missions that gets us to do what we do and work many hours—too many hours—then excellence and achievement are naturally our goals. It should be our passion for our missions that gets us to measure to outcomes to realize excellence. The success of our organizations and the importance of what we do will bring a great deal of satisfaction to those who need our services.”

Paul Carttar: “I think in some respects you could argue that the majority of both funders and nonprofits ... actually have a stake in a situation where there is bad measurement. Many funders relish the freedom of going wherever the next fad carries them or supporting whatever they choose to want to pursue and defining success however they choose to define it. That is one of the great things about being an endowed foundation; you have freedom that is unparalleled in any other aspect of our society. And similarly we have a nonprofit community where the rules of success have been defined without respect to data that demonstrates impact, and therefore transitioning to an environment where success is defined by actual proof holds enormous risks for a lot of organizations.... That reality is [very limiting] and needs to be changed.”

“The real challenge is to build a funder community that demands results, but they have to be results that make sense and they have to be measured in a practical way.... I think it is just critical that we recognize the disproportionate role that funders play. [And we should not] underestimate the challenges and the risks that are out there really for all of the players that are involved in this.”

Dan Cardinali: “There is a smaller group of funders that are in the place where they have ... done their theories of change, and you are really a widget in the execution of their box in their complicated theory.... There is like a curtain that you do not have access to about a set of understandings that

they are trying to prove, instead of joining with you and ... empowering you.... For organizations like ours, we get drawn into that and away from the capacity building.... It is the unintended consequence of theories of change in the philanthropic sector.”

Anne Campbell Goodman: “We do not want to define our outcomes by what funders say they should be, but by what we say they should be. So, when we talk about funders who want to build capacity, capacity looks really different for all of us. And I think that we have a responsibility to share with the funders, to engage them in conversation, to bring them into our organization, not just to submit a proposal or accept or not accept their guidelines.”

Eugene Steuerle: “I think that one of the major barriers to managing to outcomes is figuring out how to set up the process. Really good managers can live with [performance-management systems] because they are doing so well usually on one front that they are unlikely to look bad overall even when measuring on other fronts. But for the average nonprofit, it is not quite so clear that a good measurement system will make them look good. Yet in the end, all organizations have good things and bad things going on, and we need to figure out a way to make sure that the culture is such that they can generate information to improve without it necessarily becoming an external threat.”

Lou Erste: “Our charter schools do better on average than traditional schools, but only because they are free to go ahead and ignore Title 20, which is the education law, which tells us something about innovation. What we are trying to do now is figure out how to give that same freedom to all the school districts in the state. And before we go ahead and do that, we want to come up with a way to measure their outcomes in a way that is going to matter, because we do not want to start with compliance. We want to start with freedom and innovation.”

Potential Strategies

Kristin Moore: “I think everyone, programs and funders alike, are eager to do random-assignment studies and quasi-experimental studies, which I happen to think is a wonderful thing and it is a really good trend, but the idea has come up that these are somehow in contradiction. The fact is, you really need to have a performance-management system in place and use it in order to get the kind of program that warrants one of these outsider evaluations, a random-assignment or quasi-experimental study. They are complementary.”

Mikaela Seligman: “I think in some cases nonprofits are saying, ‘Yes, have funders require it and we will do it,’ and other people are saying, ‘If they require it, it is just going to become another thing that we do as part of our application or evaluation and not really meaningful.’”

“We are still not having honest conversations about managing to outcomes, and that prevents us from getting to deeper change. We created a tool called Charting Impact, which asks five deceptively easy questions to get a shared sense of results and what we fundamentally need to focus on.... We’re seeking to encourage all sides of this marketplace—nonprofits, funders, volunteers, et cetera—to understand the results organizations are seeking and how they know they’re making progress. From that common base of information may come greater sophistication in approaching outcomes and impact.”

Encouraged by Elizabeth Boris and Nadya Shmavonian, the group offered a diverse array of top-down and bottom-up ideas for overcoming the systemic barriers standing in the way of broad adoption of more-disciplined, data-driven management.

After reviewing the diagnoses and prescriptions offered by participants, we see that they can be categorized into six strategic “buckets.” We define each of the buckets below and present them in roughly the order of the “energy” they generated in the meeting (from greatest to least).

- **Human Capital**—attracting, cultivating, and intellectually supporting leaders who have the predisposition to value information and create a performance culture within their organizations.
- **Advocacy**—using powerful voices inside and outside the social sector to push for broad change in the way our sector thinks about nonprofit performance and the way that nonprofits and private funders (foundations and individuals) allocate their resources.
- **Financial Capital**—creating pools of capital to financially encourage and reward those who take on the very difficult work and risks associated with transitioning to a performance culture.
- **Tools/Systems**—supporting the creation, adoption, and effective use of scalable solutions that make it easier for nonprofit leaders to create performance cultures and less likely that nonprofits “reinvent the wheel.”
- **Standards**—developing and promulgating sector- or subsector-wide standards to encourage nonprofits to adopt more rigorous management practices.
- **Research**—collecting and analyzing data to understand current practices in different fields, study models that appear to be working, and inform policy proposals.

Human Capital

Bill Dietel: “I was a schoolmaster. I ran a girls’ school, a girls’ boarding school. I realized that while I was a pretty good teacher and I handled faculty pretty well, I was an ignoramus when it came to organizing and running an organization. Nothing in my Ph.D. training prepared me for this. Fortunately, I had a trustee who, when I confessed to my problem, called her brother, who was the CEO of the Cummins Diesel Engine Company in Columbus, Indiana, and said, ‘Irwin, we have got to help this young man. His instincts are good, he wants to do right, but he does not know anything about running a school.’ They flew me to Indiana. They gathered people from the Cummins Diesel Engine Company, from the family philanthropies, from the family business office, an investment office.”

“We need something like an executive service corps for not-for-profits. My own sense of what is going on out there is that we need more of those that are regionally based rather than national, made up of people who know the region, know the situation that we are in. In England there is something called the Kilfinan Group, and that is a wonderful model for us. To the best of my knowledge, we do not have any such. That is a coaching operation where these very successful people out of the business world, the commercial world, the investment world, are volunteering their time to be coaches to help nonprofit organizations become much more effective in the way in which they manage their affairs.”

Elizabeth Boris: “Could we develop a talent bank? For example, the National Executive Service Corps provides professional volunteers for nonprofits. Maybe we could create a talent bank of folks who can do performance-management coaching to facilitate that exchange of information. I remember in DC we used to have a technology circuit rider. No one organization at the beginning of the technology revolution could afford their own dedicated tech person, but a couple of foundations came together and funded a person who went around to all the nonprofits and helped them get up to speed.

Maybe we could do something similar to assist nonprofits with performance-management systems.”

Viki Betancourt: “I think where people like Mario would have phenomenal impact is to have a roster of board members that have professional management expertise, that know the performance-management culture, that are willing to sit on boards and bring that phenomenal expertise to boards. I mean, I do a lot of informal consulting with organizations, and nine times out of ten, what it comes down to is they have an ineffective board that cannot help the leadership structure deliver on their outcomes and cannot help those leaders, the nonprofit leaders, really be able to think through problems. But sometimes you just need an extra brain that knows this stuff. So, developing a roster that would be available to top-performing nonprofits to be able to tap into I think would be a phenomenal gift.”

Irv Katz: “Maybe we are at the point of segmenting our audience better and acknowledging that large tier of more-sophisticated, for lack of a better term, organizations ... that are [managing to outcomes] at some level and that could take it to another level. I would use the example of the National Collaboration For Youth. The researchers of those organizations have gotten together and are working on common outcomes. I am sure the same thing could, should, probably is happening in other sectors relative to the environment, health, the arts, etc. So, if we want to have major influence, we need to look at the major systems and the communities that exist that have already defined themselves around various types of outcomes.”

Mary Winkler: “There are a number of performance-management consortiums across the country that have developed common measures and tools. Although initially time-consuming and labor-intensive, these groups ultimately create efficiencies around measurement, reporting, and benchmarking. A notable example is the International City/County Management Association’s Comparative Performance Measurement Consortium. This is an example of a project that

the Urban Institute helped to incubate in the mid-'90s with support from a major foundation. This has now gone to scale, and over 250 local governments are reporting performance measures in dozens of service areas. And most importantly, the participating members are fully supporting this effort financially.”

Pat Lawler: “I agree about bringing sectors of people together in certain fields, and we would be happy to help in the field of child welfare, juvenile justice, and mental health. We have about seventeen or eighteen people in our research department. The lead there is connected to people all over the country in our field, and they have some common measures. I think that might be a good place to start.”

Brian Trelstad: “If you looked around at what was happening at IRIS and OEPP and the Cultural Data Project and used the moment of the book and the power of your convening of the Urban Institute to get those networks of networks together, you would be surprised at how much outcomes work is happening at the systems level and how much benchmarking is on the cusp of being possible, just not been pushed down into the organization.”

Isaac Castillo: “Those of us in the room that are leaders in this topic and that can inspire and motivate and train others, we need to be sensitive in how much we are asked to do that, because I think the last thing you want to do is create a situation where our organization, Latin American Youth Center, suffers because of the fact that I, my colleagues, or people in similar situations are doing too much of the leadership on this work. I could come up with six to eight people that I could call during the cocktail hour and come up with a capacity-building group. I bet you we can hit probably at least a hundred organizations every year to train on how to do this work, but we would only ever commit to that with someone, somewhere, providing funding to backfill capacity for our organizations so our organizations would not be hurt in the process. So, please

keep that in mind when you are thinking about the capacity-building issues. You do not want to hurt the good organizations while they are leading the charge for this work.”

Viki Betancourt: “Is there a way to have a pool of people that can help Isaac, who is drowning right now, quite frankly, at LAYC? He is not drowning because of his work at LAYC necessarily; he is drowning because everybody is calling on Isaac to be at the table, because he has done it. So, is there some way that as a community we can come up with a pool of very talented folks that could go out on loan maybe for a couple of weeks to an organization and fill in so that our leaders can take some time off?”

Brian Trelstad: “The number of calls that I have gotten from foundations to find practical performance-management-oriented evaluators is off the charts.... Develop a line of service that will [help foundations] not to invent it on their own, but to bring best practices to it in the near term.”

Mary Winkler: “Funders can also adopt a more partner-like approach with their grantees and engage in more participatory or empowerment strategies, such as pairing a consultant knowledgeable about performance management with an organization. The consultant would serve as a guide or coach; decisions would ultimately be made by the nonprofit—ideally with input from stakeholders and clients.”

“We need to come up with more creative strategies and solutions for building a pipeline of nonprofit leaders who understand performance management. Every school of nonprofit management should offer a core course in this area. Not only would graduates of these programs be better equipped to hit the ground running; they would also, while still enrolled, serve as a free or low-cost resource and help nonprofits tackle some of the day-to-day measurement tasks as volunteers or through internships.”

Mindy Tarlow: “You have to train new hires in how to manage their workflow to achieve performance goals up front, which is the easy part, and invest in training capacity up front, that is the easy part; the hard part is sustaining it over time. Training people up front and then training them over time in documenting their work and in using performance-management systems, I think is a difficult thing not just to get money to do but also to keep your focus while managing so many other competing demands.”

“It is very difficult to practice what you preach when it comes to making performance management a top priority. You may have line staff who, let’s say, are doing a really good job about, in my case, making job placements. A job developer is knocking it out of the park. He is making his placements. They are verified. They are really good. He just will not document his work. He just will not do it.... You keep calling him in, but he will not do it. What do you do? Do you fire him and lose the placements that go along with it and then have to explain that to your stakeholders? Or do you look the other way and just kind of hope that it gets better? That kind of thing happens all the time, and I am here, on the record, to tell you that.

Advocacy

Pat Lawler: “I will tell you, we work in eleven states and the District, and most people that I talk to about outcomes at the state level—I meet with secretaries and commissioners of child welfare and juvenile justice, meet with them all the time—they do not care anything about [outcomes]. Their words say they do, but their actions say they do not.... I will say, ‘Well, you know these are terrible programs.’ And they say, ‘I know that, but I have got this commissioner. I have got this legislator. I have got this board member. I have got this friend. I have got this relative that works for that organization or knows that organization.’ We have got to give them political cover [to make evidence-based decisions].”

“There is only one state that we work in that it’s made any difference whatsoever, and that is Tennessee. That is because they had a commissioner that supported the governor and had the political will. And a lawsuit that pushed her along as well—that helped.... In a matter of months, the system began changing. Bad providers went away. Good providers got more business. The number of kids in state custody dropped dramatically, because [the providers] were rewarded for length of stay and cost and outcomes. We have found until you do that, you are never going to change the system.”

“Not one time, other than Tennessee, has any auditor asked what happens after the kids left our organization. I said, ‘That is what you ought to be caring about, not what the temperature is in the refrigerator. What happened to kids six months or one year or two years down the road?’... I think we have to be bold and say, ‘This is a screwed-up system. This is not working. You should not be giving money to this sector or this organization or this kind of program or service.’ Until we do that, I think we will be sitting at this table a long time having these conversations.”

“We need to [wear] those guys out and [tell] them a better way to manage the government.... You know, we need somebody to stand up, and we are pretty low on the totem pole when it comes to priorities in terms of the federal government and state government. We need somebody that has a strong voice that speaks loudly about this and starts changing policy and funding.”

Dan Cardinali: “So, we have done this longitudinal evaluation, and we had a similar longitudinal evaluation done in the state of Texas. We have had two massive pieces of really positive data developed with a comprehensive program design that goes behind it and then performance metrics that the state picked up and used for our affiliates. So, really a dream of what I think we are talking about in Texas. But with the budget

crunch we were zeroed out—\$22 million. We are the only evidence-based dropout-prevention program in Texas. Naive as we were, we built an advocacy strategy, and we thought it was merely a matter of going to policymakers and making our case. No.... The results were a necessary but certainly not sufficient condition to get us to 75 percent restoration of our funding. So, the point in bringing this up is that [we need] a public relations component of getting this work out into the marketplace and giving policymakers political cover to use results to make good decisions. There is a huge gap and we see it in all of our work. I cannot tell you the conversations I have had when I heard folks say, ‘We do not believe in new programs.’”

Isaac Castillo: “A local government agency, which I will not name, had me come in and train their grantees on how to do performance management. They paid our consulting fee and had me train them. Six months later, they did not renew our funding, and the reason that we were told that we were not getting our funding renewed is because we did not score high enough. The evaluation and outcomes section of the proposal was only weighted at 10 percent. To me, that was just shocking to us that a government agency would literally come to us as the expert in doing this work, have us train their other grantees, and then would not fund us.”

Mindy Tarlow: “We spend a lot of time and energy and money on finding outcomes that we could actually have access to without having to spend time and energy and money if we would just get the government to give us access to that data. In our case, it would be wage-reporting data. They have it. I need it so that I can accurately report who’s working. It is frustrating to have to spend precious resources on something that could be made available to us for free.”

Paul Carttar: “The funders have to take the lead, for a lot of pretty obvious reasons. If we think about the challenges the nonprofits face, there is no guarantee, absent a willing funder, that any efforts to improve performance are rewarded.... That

only happens if you have funders who respect and value the fact that you are improving performance and [if they] themselves are impact-oriented.... The fact of the matter is that the federal government is the single largest funder of nonprofit services in the country, but any of you who have dealt with federal government appreciate, as Dan and others have alluded to, that the decision criteria that motivate ... federal departments oftentimes have nothing to do with the underlying impact generated by the money.”

“The Social Innovation Fund is not the answer, [but] it is an answer, because in fact it was constructed to work multiple dimensions of the problem. It is based on an assumption that you find the willing, then you enhance their ability. You need willing funders and willing nonprofits. So, that is what we have been constructed to do—start with the \$50 million that the Congress can actually spare to dedicate to outcomes-based investment and try to leverage that by finding other willing funders who invest in willing nonprofits.”

Brian Trelstad: “As the federal government rethinks the charitable deduction and tax policies are in play, I would suggest that we say that you have a 6 percent payout for foundations that do not have robust outcome measurement, and 5 percent for those who do, and the 1 percent difference goes into a fund that rescues those organizations which may not have the funding to survive the crisis. Because it would be a national tragedy to lose organizations that have evidence-based effectiveness.”

Bill Dietel: “I think one of the areas of funding that we are not paying attention to in this country [is] individual funders and small family foundations. And people like ourselves who are in the advisory world, we are building coalitions all the time and are jointly funding. But that knowledge is not widespread. If you do not happen to run into one of us, or one of the organizations we fund, you don’t know that this coalition exists. Those are growing by leaps and bounds as ...

money pour[s] into the commercial charitable donor funds. Fidelity is the most dramatic example. That money is huge. By the end of the year, they expect to have something close to \$8 billion, and the world knows very little about this. The donee world knows very little about how to access what is there.”

Mario Morino: “There are a lot of wealthy families today that are not foundations. They are sitting there waiting to act. How do we engage them?”

Financial Capital

Mary Winkler: “Both nonprofits and funders need more help developing their capacity to measure and manage performance, but the question is, who is going to pay for it? The approach used by the World Bank and also Venture Philanthropy Partners is to make deeper and longer-term investments.... In a funders’ briefing I attended in the spring, several major national foundations were represented and they stated unequivocally that if we are serious about developing the capacity of nonprofits to manage to outcomes, we need to foot the bill.”

Mindy Tarlow: “We talk about capacity building a lot, which really sounds like one-time funding: ‘We are going to give you this money to build this big system and we are out.’ So, I think a lot of us spend a lot of time rather than saying, ‘I just need you to continue this baseline funding for this thing that I built,’ we try to couch it as something that has to do with growth or it is not really the baseline, it is something new. Why are we doing that? It feels like if we are really investing in building this foundation, that has an ongoing cost to it, and it would be really nice just to be up front about that and not to have to hide the fact that we all have ongoing needs around baseline funding.”

“I honestly do not believe that we can fund what we need to fund without a public/private partnership. I just do not see how it is possible for the private community to replace government. So, whether it is the Social Innovation Fund or other kinds of public/private collaboratives, to me, that is really the future. When you take things like the kinds of performance outcomes we are talking about, a lot of those things have an impact in addition to helping people and serving them well; they save money. Whether it is keeping somebody out of prison, or whether it is keeping somebody out of an emergency room, it really matters.”

Carol Thompson Cole: “I truly believe in public/private partnerships and the work that is being done, especially with the government as a driver of innovation. I think this is a movement that will become more and more powerful over time. When you look at what VPP is doing with Social Innovation funding for our youthConnect initiative, it is really starting a buzz way beyond our individual investment work in this community. What we are seeing is people coming together to really think through how they must work together and all the different pieces of work to be done.... So yes, I think continuing programs like this and bringing all the sectors together is important, but also making sure that we, as direct service providers, the philanthropic community, evaluators, the government, and other engaged stakeholders provide resources for building the pipeline. When VPP did its open competition, there were so many organizations that were good, but they had nothing really in the evaluation area. And if we do not invest resources to build it, it is just not going to happen on its own.”

Elizabeth Boris: “Maybe we need a bank, a fund, or several funds that are created with money from foundations, corporations, or other networks to provide resources and technical assistance for nonprofits that want to develop performance-management systems but need assistance. Foundations that do not have the expertise to provide guidance to

their grantees might contract with such an entity to do that work. There are many consultants that work with individual organizations, but I think we have to think about larger-scale solutions for different kinds of problems. I think we have to be risky and get some big ideas out there.”

Nadya Shmavonian: “When you talk about the 5 percent payout rule, maybe there needs to be a 6th percent, which could be dedicated toward core support to strengthen their anchor agencies. What a concept it would be to provide an extra percent of foundation endowments toward core support for those organizations, because there is no way you can do what we are talking about here without that investment in human capital.”

Tools/Systems

Mary Winkler: “The Outcome and Effective Practices Portal [now called PerformWell] ... is intended to be a free online resource that provides practical, performance-based information to help nonprofits run effective and high-performing programs. It is a collaborative effort with Urban Institute, Child Trends ... and Social Solutions, a performance-management software company. The portal’s goal is to synthesize information in one place. It will include strategies for improving service delivery. It will include outcomes, indicators, measurement tools, and related performance-management guidance. We have currently developed six program areas: after-school programs, mentoring, nutrition and physical activity, school-based bullying prevention, sex education, and tutoring, and we have several more about to come online later this year.”

Bill Dietel: “I did not know about OEPP and [I’m] very eager to hear some more about it.... Let’s assume that this works. Where along the way do you get the funding community to say, once you have demonstrated that this is effective, that they will agree to use this instead of fifteen hundred other measuring devices that drive the poor

not-for-profit—particularly the smaller ones with a few staff people—crazy? Now is the time, it seems to me, before it is finished, to begin an effort to get some of these people who are funding in this area to the table and get them committed to it.”

Nadya Shmavonian: “Part of the P/PV Benchmarking Project in the workforce development experiment over these past seven years has been to engage practitioners in defining the common measures, outcomes, and standards across a field. ‘What are the outcomes in your field, and how are you going to measure that?’ Having a common platform and a shared comparative database that people can use to benchmark their performance against their peers has been quite valuable, and in the next year we will hopefully engage funders in at least two communities to use these measures for common reporting. What I think is most striking is even though this is another layer of work for the organizations that are participating, there are over 330 programs that have now voluntarily submitted their data and are participating in this. Not just in providing the data, but in the hard collective definitional work. They are not required to do this, but it is giving them an opportunity to look at outcomes, where they are clustered against their peers, and what they need to do to improve their practices for better outcomes through a collaborative learning environment stemming from a common database.”

Brian Trelstad: “The opportunity is for somebody ... to come up with ... a light-touch performance-management system that could be deployed across domains and sectors and return some earnings to a for-profit ... or hybrid company.”

Standards

Mindy Tarlow: “You know, for nonprofits committed to performance management, it is lonely out here, when you are the ones who are reporting the good and the bad and doing it for real in a field where a lot of people do not think it is in their interest to do so.... I think that makes it more and more difficult for people who are trying to really use facts and really use data, warts and all, to feel confident doing that.”

Bridget Laird: “I think it will be really important that there is due diligence done on the nonprofits to ensure that they are not just jumping on that bandwagon and saying, ‘Yes, we are outcomes-oriented’ [when they are not]... I think we all need to be cautious that due diligence is done as far as what outcomes you really are seeking and if you truly are working towards them.”

Research

Mario Morino: “Now, [consider what would happen] if we actually were able to do a thorough landscape. A thorough landscape is not a study. It means you have to go out in the communities. You have to work the organization like a community organizer to figure out where those are at. Imagine what the power would be if we could show them what was going on nationally in this space. Why? Because you have to influence people. Policymakers. Funders.”

Elizabeth Boris: “There is a research agenda here. We need to know more about who is out there and what they are doing. I like the policy angle; I am a political scientist by training. What can we learn from Tennessee’s activities? How can we get that model spread to some other states? I know that, for example, New York is looking at its government contracting with nonprofits to see how they can improve and save money. There is a lot of redundancy as well as wasted resources that could be better used.”

Eugene Steuerle: “We need some attempt to do some macro-level analysis, which would not be very expensive, to say, ‘Well, how are we allocating money within this community? Within the foundation sector?’ Measuring some outcomes as a whole, over and above what each of the individual organizations are doing. Suppose some efforts only produce a 3 percent rate of return, but that ideally, if they are managing the outcomes, they could produce 10 percent.... That result may not be ideal, but suppose at the same time that other organizations and other efforts are producing negative rates of return.

Then, shifting this portfolio around to those things that are having a more positive rate of return [could] have a powerful impact. Information systems that informed that more macro-level might have such a substantial impact even when they never brought every organization toward some ideal.”

Related Ideas

Community of early adopters, across fields: Several participants suggested cultivating a network of “positive outlier” practitioners—to create a community of support/encouragement, learn from each other’s successes and failures, create some efficiencies (e.g., jointly commission research/analysis that would be too expensive for any one organization to commission itself). This network should have both virtual and in-person components.

Field-specific networks: Irv Katz suggested investing in strengthening networks that are working in health, arts, education, and other fields and are already on the path of helping their members manage to outcomes.

Network of networks: Brian Trelstad felt that there is much outcomes work going on within networks. He suggested creating a network of networks to bring together all of this thinking and practice.

Expand and improve consulting capacity: Elizabeth Boris mentioned the need for more hands-on help, at an affordable price, for nonprofit leaders who want to make the leap.

Infuse outcomes thinking into academic curricula: There are approximately 200 different nonprofit management programs in the United States. These programs are a good way of reaching young nonprofit professionals and some mid-career professionals.

Distance learning: Several participants mentioned providing education in an Open University model, using case studies that feature the most compelling practitioners.

Target state governments: Advocate at the state level for rewarding nonprofits that take the risk to manage to outcomes and can demonstrate results.

Target federal government: Advocate for a charitable deduction that rewards risk-taking and results. Advocate for performance-based funding by the OMB and agencies. Encourage experiments like the Social Innovation Fund.

Target individual donors: Build awareness of these issues among newer donors who are not set in their ways and understand the value of performance management and management effectiveness.

Target nonprofit boards: Proselytize with nonprofit boards about the need for and value of performance management.

Pools of capital: Follow the lead of the Edna McConnell Clark Foundation and aggregate capital for organizations that are adopting effective management practices. The Clark Foundation focuses on the field of youth development. There are many other fields in need of this approach. Ventures between public and private funders could be part of the mix.

Awards: Create financial awards and shine a spotlight on those who are taking big risks and producing great results.

Grants for serious theory-of-change and planning efforts: Emulate the Edna McConnell Clark Foundation, Venture Philanthropy Partners, and others in providing funding to help grantees engage consultants of their choosing to help them start down the path of clarifying their mission, intended outcomes, and strategies.

Self-audits: Mario Morino suggested developing a way of surveying an organization’s management process, which might be used to advance a broader survey and facilitate self-audit or assessment.

ISO-9000 for the nonprofit sector: Mario Morino suggested developing a voluntary program of management standards, based on the core principles of managing to outcomes. Enlightened funders would provide funding for nonprofits to go through the certification process and to train staff in how to apply these practices.

Data standards: In order for the data collected and reported by nonprofits to be meaningful and comparable across organizations, it is important to develop common definitions and quality standards.

At the end of the symposium, participants agreed that change is necessary and that the time is ripe for trying to achieve it.

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