Key Steps
in Outcome Management

Key Steps

IN OUTCOME MANAGEMENT

The Urban Institute

First guide in the series on outcome management for nonprofit organizations. Other guide topics include

- surveying clients
- following up with former clients
- using outcome information

- analyzing and interpreting outcome data
- developing community-wide indicators

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Preface

This is the first in a series of guides to help nonprofit organizations that wish to introduce or improve their efforts to focus on the results of their services.

The nonprofit sector is being increasingly pressured to provide evidence that its resources have improved the lives of clients, regardless of the size of the organization. Even without such pressure, nonprofit organizations should operate and manage those resources in a way that maximizes effectiveness in helping clients. This is not a new philosophy for nonprofit organizations. However, in the past, most organizations have not relied on regularly collected feedback on service outcomes for guidance. Such information on outcomes can help managers and board members become learning organizations that constantly improve the effectiveness of their services.

This first guide, entitled *Key Steps*, provides an overview of the outcome management process, identifying specific steps and providing suggestions for examining and using the outcome information.

Other volumes in the guidebook series examine specific tasks in more detail. For example, one provides information on surveying clients to obtain feedback on the quality of the service received and changes in the clients' lives—probably the major source of outcome information for many nonprofit organizations. For many types of services, major outcomes cannot be determined until the service is completed, so another guide focuses on effective procedures that can be used to obtain feedback from former clients. Another guide provides suggestions for analysis and interpretation of the outcome data for use in making service improvements. A fourth guide outlines a community-wide approach that discusses how local community funders can work with their service providers to develop a common core set of indicators that each provider would regularly collect and provide to funders.

The editors of the series are Harry Hatry and Linda Lampkin, who are also the authors of this first guide. We are grateful to the David and Lucile Packard Foundation for their support of this series.

We hope you find this and the other volumes useful. We encourage readers to provide us suggestions for improving them.

Elizabeth Boris
Director, Center for Nonprofits and Philanthropy
The Urban Institute

Introduction

Like the leaders of private companies, nonprofit executives and managers need to know whether their programs are providing satisfactory results. Outcome management enables organizations to define and use specific indicators to continually measure how well services or programs are leading to the desired results. With this information, managers can better develop budgets, allocate their resources, and improve their services.

A successful outcome management program includes a process to measure outcomes plus the use of that information to help manage and improve services and organizational outcomes.

This is the first in a series of guidebooks from the Urban Institute. It covers the necessary steps for nonprofit organizations that wish to implement outcome management (also known as "managing for results"), and includes guidance on establishing an outcome-oriented measurement process and practices for using the information internally.

Additional guides in the series will examine in more detail some components of outcome management, such as undertaking client surveys. Please check http://www.urban.org to see what guides are currently available.

What Contributes to Success

A nonprofit should have certain characteristics to successfully develop and implement an outcome management process. They include the following:

- *Leadership support.* There must be visible support from top management in the organization.
- *Commitment of time and staff resources.* Initial development and introduction of the process often requires the time and effort of many staff members. Once the process is in place, the effort required typically decreases, as outcome management becomes part of basic program management.
- *Program stability.* Programs that are undergoing major change in mission or personnel are not good candidates for introducing performance measurement. A stable organizational environment is needed.
- *Computer capability.* Even if the organization is very small, the capacity to use computers to record data and prepare reports is very desirable. Hardware and software (even if rudimentary) as well as staff with the necessary expertise are needed.

About This Guidebook

Funders, including local governments, United Ways, and foundations increasingly ask, and sometimes require, reports that include outcome information, in order to demonstrate that their services have value. The United Way of America with its 1996 manual *Measuring Program Outcomes: A Practical Approach* became a major impetus in encouraging the measurement of outcomes. Other national service organizations have also created materials and provided resources to help their affiliates move into this area. This report and the others forthcoming in this series build on these sector-wide efforts and are intended to provide assistance to nonprofits that wish to collect outcome measurement data and use the information to help improve services to clients.

Exhibit 1 lists 13 key steps to implement outcome management that are detailed in this guidebook. The steps are grouped into four sections:

Setting Up includes steps 1 through 3, the initial organizational tasks.

Deciding What and How to Measure includes steps 4 through 9, what is needed to develop the outcome measurement process.

Analyzing the Data includes steps 10 through 12, reviewing and reporting on the information collected.

Using the Results includes step 13, the potential uses for outcome data, focusing on how outcome information can be used to improve services.

These steps can help create and maintain a meaningful outcome management process. But remember, it is impossible to measure perfectly all ideal outcomes or even any particular outcome. The goal for nonprofit organizations is to develop, at least roughly, outcome information that can be used by program managers and staff to improve services on a continuing basis. When managers make decisions based on outcomes, the result is more effective programs with increased benefits to clients and the community year after year.

EXHIBIT 1

Key Steps to Implement Outcome Management

Setting Up

Step 1: Select programs to include

Step 2: Determine who will be involved in developing the process and how

Step 3: Establish an overall schedule

Deciding What and How to Measure

Step 4: Identify the program's mission, objectives, and clients

Step 5: Identify the outcomes (results) sought by the program

Step 6: Select specific indicators to measure the outcomes

Step 7: Select data sources and data collection procedures for each indicator

Step 8: Identify key client and service characteristics to be linked to outcome information

Step 9: Pilot test the procedures, make needed modifications, and implement

Analyzing the Data

Step 10: Examine the outcome data

Step 11: Report the findings

Step 12: Seek explanations for unusual or unexpected findings

Using the Results

Step 13: Use the outcome information to improve services

Setting Up

Step 1:   Select Programs to Include

Definitions of "program" may vary. Generally, a program constitutes some set of activities with a defined objective, such as an employment training program, a tutoring or mentoring program, a sports program, or a literacy development program for youth. In some nonprofits, there may be one supervisor per program, while in others, a supervisor will oversee more than one program.

If an organization has more than one group providing the same service, managers can use a common measurement approach for both. For example, if two offices provide adult mental health services, each with its own supervisor, then "adult mental health services" can be treated as one program—and use the same outcome measurement process.

Each different program or service will have its own set of ways to measure performance. Thus, each program will need its own outcome indicators and measurement procedures.[1]

A nonprofit can begin its outcome management program by covering only some of its programs or services. This incremental approach could make the initial effort easier and allow a focus on programs that are more interested or have started the process. A major disadvantage, however, is that full implementation by the organization will take much longer.

Step 2:   Determine Who Will Be Involved
in Developing the Process and How

A good process is to establish an outcome management working group for each program. The working group members work out the details of the outcome management process and oversee its initial implementation.

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[1] Alternatively, the organization can identify a set of general service characteristics applicable to all its programs, such as service timeliness and helpfulness. The organization can then survey clients of all its programs to obtain ratings of each of these characteristics. However, to be most useful for improving services, more detailed information, specific to individual programs, is needed.

Working groups that include representatives from the program and also other parts of the organization can provide a rich variety of perspectives on what outcomes should be measured, how outcome information can be collected, and the ways the outcome information can be used. The working group approach can also reduce the likelihood that program staff will feel that the outcome process was imposed on them by outsiders (the "not-invented-here" problem).

An alternative is to have a small number of managers and consultants develop the outcome measurement process. This puts less burden on the staff and may speed up the process. However, it is not likely to provide sufficient perspective on what should be measured and is not as likely to be accepted by program personnel. Staff support is essential for quality data collection and for use of the resulting outcome information.

Exhibit 2 lists the possible composition of the working group. The number of members will vary with the size of the organization, from a few to as many as 12 or more in large nonprofits.

Step 3:   Establish an Overall Schedule

It is important to allow enough time to work through the many issues that will arise in the outcome management process. Don't rush—it takes time to do it right!

The working group will almost certainly need many sessions to work through the issues and questions that inevitably arise. Work by one or more of the working group members may also be needed between formal meetings to help resolve specific issues.

Exhibit 3 illustrates a schedule for the development of the system from the start to use of the outcome data collected. It would need to be adapted for each organization based on such factors as the number and complexity of programs included, the experience and knowledge of the working group members, and the time that they are available to work on this process.

Exhibit 4 provides sample agendas for meetings of the working group.

EXHIBIT 2

Potential Members of Outcome Management Working Groups

- Program manager (typically the facilitator, also)

- Members of the program staff

- Representatives of at least one other program in the organization

- A measurement "expert" (in the organization, or a volunteer from outside)

- A representative of upper management to provide overall organizational perspective

- Possibly, one or two former or current clients (another option for obtaining client perspective is to hold focus groups)

EXHIBIT 3

Sample Outcome Management System Development Schedule (24 months)
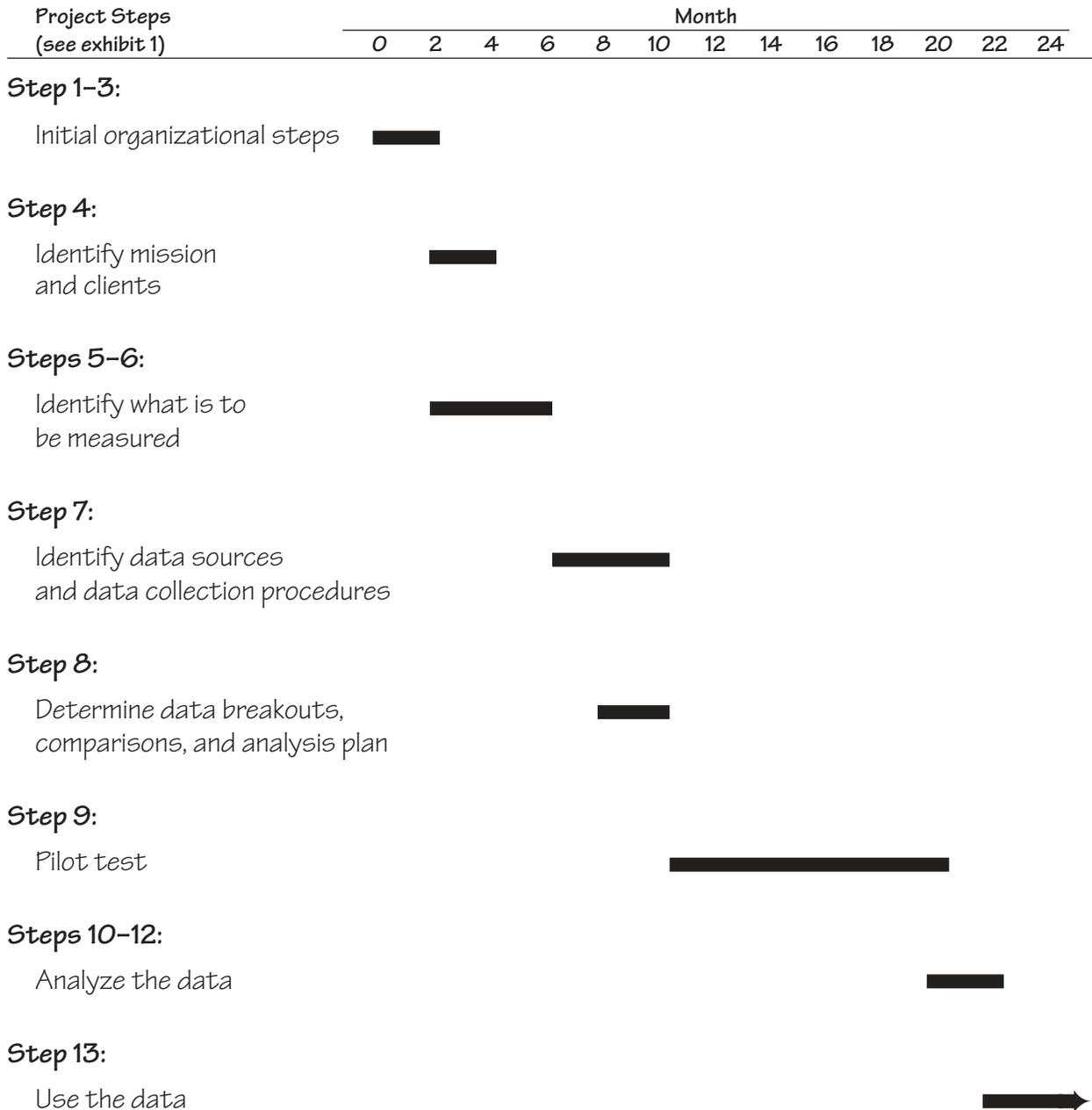
Project Steps (see exhibit 1)	Month												
	0	2	4	6	8	10	12	14	16	18	20	22	24

Step 1–3:

Initial organizational steps ▬ (month 1–3)

Step 4:

Identify mission and clients ▬ (month 3–5)

Steps 5–6:

Identify what is to be measured ▬ (month 3–6)

Step 7:

Identify data sources and data collection procedures ▬ (month 7–10)

Step 8:

Determine data breakouts, comparisons, and analysis plan ▬ (month 8–10)

Step 9:

Pilot test ▬ (month 11–20)

Steps 10–12:

Analyze the data ▬ (month 20–22)

Step 13:

Use the data ➤ (month 22+)

Source: Adapted from *Performance Measurement: Getting Results* (Washington, D.C.: The Urban Institute, 1999).

EXHIBIT 4

Sample Agendas for Working Group Meetings

Meeting One
- Identify the purposes and uses of outcome data.
- Discuss working group mission, objectives, and overall schedule.
- Begin defining program mission, objectives, and customers.
- Plan for focus groups to obtain input from customers.

Meeting Two
- Complete the defining of program mission, objectives, and customers.
- Begin identifying outcomes and efficiency aspects to be tracked.
- Role-play as customers.
- Prepare outcome sequence charts.
- Work out details of customer focus groups (held before meeting three).

Meeting Three
- Review findings from focus groups.
- Finalize list of outcomes to track.
- Begin selecting outcome and efficiency indicators.
- Discuss possible data sources and data collection procedures.

Meeting Four
- Work on identifying outcome indicators, data sources, and basic data collection procedures.
- Identify desirable breakouts of indicator data.
- Plan for development of detailed data collection procedures, such as customer survey questionnaires.

Meeting Five
- Finalize outcome indicators and data sources.
- Review initial cuts at detailed data collection procedures, such as customer survey questionnaires, and develop a plan for analyzing the performance data (including specifying comparison benchmarks).
- Begin planning for pilot-testing of new data collection procedures.

Meeting Six
- Complete plan for the pilot test and initiate the test.

Meetings Seven, Eight, and Nine
- Review progress of pilot test.
- Work out test problems.
- Select performance report formats and identify needed tabulations for the outcome data coming from the pilot test.

Meeting Ten
- Review pilot test outcome data.
- Review results of pilot test procedures.
- Identify and make necessary modifications.

Meeting Eleven
- Begin documenting outcome measurement procedures for the ongoing implementation process.
- Identify specific ways to make the outcome data most useful. (This includes determining frequency of reporting, improving analysis and presentation of the performance information methods of report dissemination, and developing ways to follow up on findings.)

Meeting Twelve
- Review all aspects of the performance measurement process.
- Finalize documentation.
- Develop a multiyear schedule for full implementation.

Source: Adapted from *Performance Measurement: Getting Results* (Washington, D.C.: The Urban Institute, 1999).

Deciding What and How to Measure

Step 4:   Identify the Program's Mission, Objectives, and Clients

After the outcome management working group has selected programs to measure, the detailed work begins.[2]

First, the program's goals and constituents, customers, or clients should be identified. In many cases, organizations have already formulated mission statements for their programs. If not, they should be prepared and disseminated to all program staff. Typically, the mission and objective statements should take the following form:

To: (List the basic objectives the program seeks—and any major negative consequences the program should avoid)

By: (Describe the service that is provided to achieve those objectives)

For example, the statement for a youth development program might read:

To improve self esteem, school attendance, and learning, and reduce negative behavior for youths age 10 to 14.

By providing a variety of social and educational activities in the program's facilities.

A common error in forming the mission/objective statement is to identify the nature of the services to be delivered (the "By" part of the statement) without indicating the objectives of those services (the "To" part of the statement).

Step 5:   Identify the Outcomes of the Program

Next, the mission/objective statement should be translated into specific client and program results. These should be as specific as possible, as they become the basis for identifying specific outcome indicators.

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[2] For more information, see "Measuring Program Outcomes: A Practical Approach" (Alexandria, Va.: United Way of America, 1996); *Performance Measurement: Getting Results* (Washington, D.C.: The Urban Institute, 1999); and *Developing Useful Measures and Outcomes* (Louisville, Ky.: Community Foundations of America, 2002).

To help identify specific results, the working group can

- *examine outcomes used by similar programs.* With the increasing emphasis on outcome measurement, perhaps other nonprofits or government agencies have identified specific outcomes for similar programs that could be used as a starting point.
- *talk to program staff.* Their views about what clients need and want from the service will be a major source of information for selecting outcomes.
- *hold focus groups with current and former clients.* Focus groups are facilitated meetings that attempt to solicit information on specific questions from participants. They usually involve a small number of people (perhaps up to 12) in an informal two-hour meeting.

  At the session, participants would address such questions as "What has changed in your life because of this program?" and "What don't you like about the service?" Responses to such questions help identify characteristics of successful programs and client expectations. For more details on the focus group process, see exhibit 5.

  A program staff member might attend but should remain silent, to ensure that the participants are not inhibited or influenced.
- *use outcome sequence charts (often called logic models).* These diagram the steps from "inputs"—of dollars and staff—that lead to "activities" that lead to "outputs." Outputs lead to "intermediate outcomes" that are expected to result in "end outcomes"—the ultimate goal of the program. See exhibit 6 for basic definitions and exhibit 7 for an example of an outcome sequence chart.

Using these sources, the working group should be able to identify the program outcomes that should be tracked.

Step 6:   Select Specific Indicators to Measure the Outcomes

After program outcomes are defined in general terms, the next step is to translate the statements into specific indicators that will be measured.

For each outcome, the working group needs to identify one or more outcome indicators that could be measured to track progress toward the outcomes. Key criteria are the feasibility and cost of measurement.

Outcome indicators should almost always begin with words such as "The number of . . ." or "The percent of . . ."

Exhibit 8 illustrates the relationship between a program's mission/objectives, outcomes, and outcome indicators.

Although data sources and collection procedures are discussed in step 7, the final selection of the specific outcome indicators should not occur without considering the source of that data and the likely data collection procedure. Thus, steps 6 and 7 overlap.

EXHIBIT 5

Focus Group Steps

■ Plan the sessions. Determine the information needed, the categories of participants, the timing, location, and other administrative details of the sessions.

■ Select a facilitator who is experienced in conducting focus groups to manage the meeting and a person to take notes on the information provided by participants.

■ Invite 8 to 12 current and former clients to each focus group meeting. Members can be chosen from lists of clients without regard to the statistical representation of the selection. The main selection criteria are that the participants be familiar with the program and be at least somewhat varied in their characteristics.

■ Set a maximum of two hours. Hold the meeting in a pleasant and comfortable location. Soft drinks and snacks help provide a relaxed atmosphere.

■ Begin with introductions and an overview of the purpose of the meeting.

■ The facilitator can then ask the participants three questions:

○ What do you like about the service?
○ What don't you like about the service?
○ In what ways has the service helped you?

■ The facilitator can ask these questions in many different ways. The fundamental requirement is to establish an open, nonthreatening environment and to obtain input from each participant.

■ The recorder and the facilitator should work together to provide a meeting report. The report should identify outcome-related characteristics raised explicitly or implicitly by one or more participants. The program should consider tracking these characteristics.

Source: Adapted from *Performance Measurement: Getting Results.*

EXHIBIT 6

Some Basic Definitions

Inputs

Indicate the amount of resources applied; for example, the amount of funds or number of employees. When related to output or outcome information, the combined information will provide indicators of efficiency/productivity.

Outputs

Show the quantity of work activity completed. Outputs are expected to lead to desired outcomes, but by themselves do not tell anything about the outcomes.

Intermediate Outcomes

Events or results that are expected to lead to the end outcomes, but are not themselves "ends." Also include characteristics relating to the quality of the service provided to clients, such as accessibility, response time, and overall satisfaction.

End Outcomes

The consequences/results of what the program did, not what the program itself did. These are likely to be aspects of the client's condition or behavior that the program seeks to affect.

Benchmarks

Data that can be used as targets for outcomes or as a comparison with observed outcomes.

EXHIBIT 7

Outcome-Sequence Chart: Parental Involvement in Dropout Prevention Program
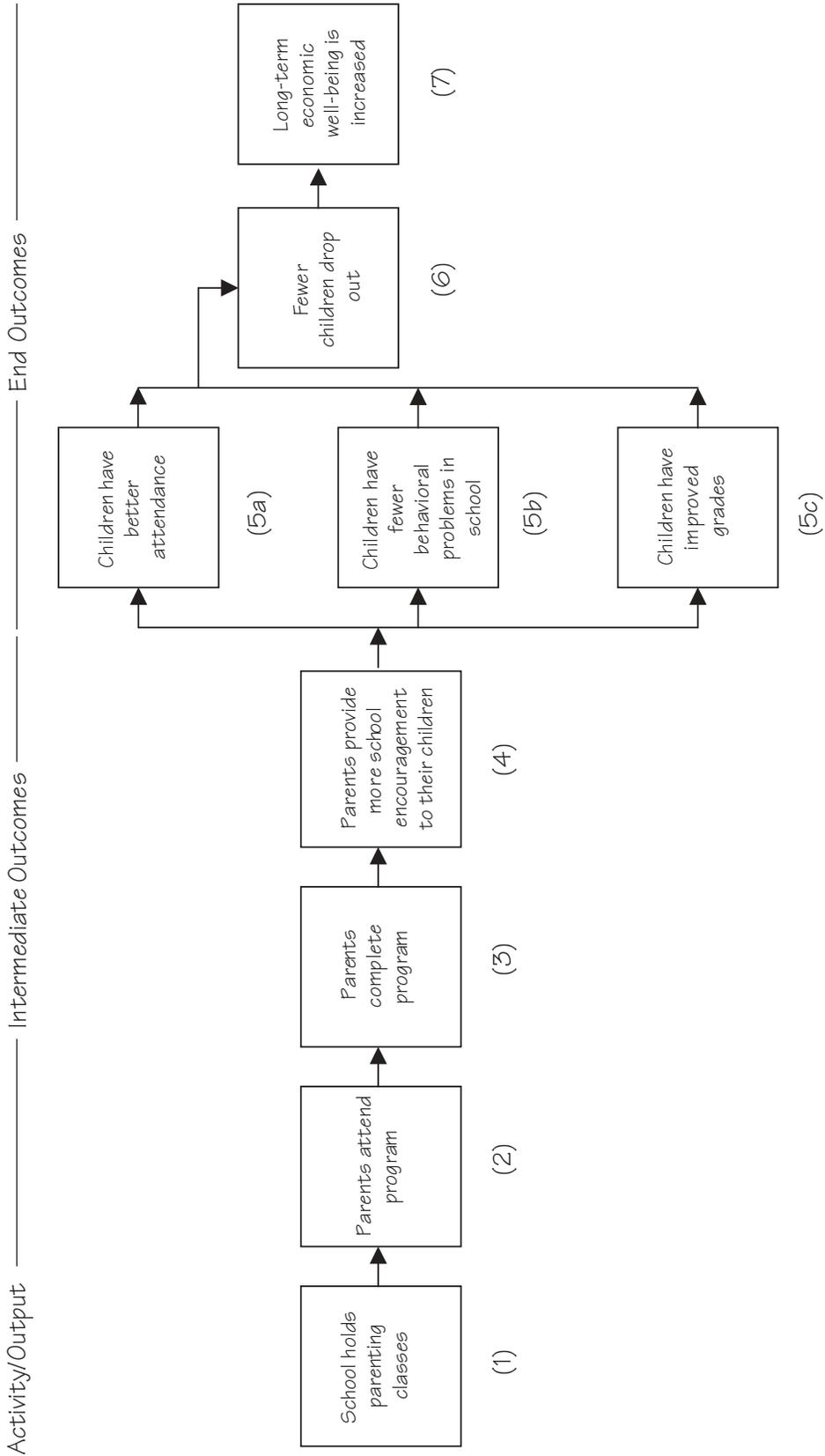
Activity/Output ———— Intermediate Outcomes ———— End Outcomes ————

School holds parenting classes	Parents attend program	Parents complete program	Parents provide more school encouragement to their children	Children have better attendance	Fewer children drop out	Long-term economic well-being is increased
(1)	(2)	(3)	(4)	(5a)	(6)	(7)

Children have fewer behavioral problems in school (5b)

Children have improved grades (5c)

EXHIBIT 8

Linking Outcomes to Outcome Indicators to Data Sources

Example: Foster Home Services

Mission/Objective: Ensure the physical and emotional well-being (safety) and normal development of children, by placing them into stable, safe, high-quality foster homes.

Outcome	Outcome indicator	Data source
Child safety		
Physical well-being	Number and percent of children with serious health problems at follow-up.	Agency records; trained observer ratings
Repeated abuse and neglect	Number and percent of children identified as either abused or neglected by time of follow-up.	Agency records; trained observer ratings; client survey
Safety concerns	Number and percent of children removed from foster home by time of follow-up for other than permanent placement.	Agency records; trained observer ratings
Child development		
Physical development	Number and percent of children who met normal growth curves and height/weight expectations at time of follow-up.	Agency records; trained observer ratings
Social development	Number and percent of children who displayed "age-appropriate" social skills at time of follow-up.	Trained observer ratings; client survey
Educational development	Number and percent of school-age children who were progressing satisfactorily in school at time of follow-up.	Agency records; client survey

While the working group should be responsible for selecting indicators, or at least providing specific recommendations, organization management should review them to ensure that the indicators chosen are comprehensive and do not neglect important outcomes.

Step 7: Select Data Sources and Data Collection Procedures for Each Indicator

Advice from someone experienced in outcome measurement or program evaluation is helpful for this step, possibly someone from a local university or community college, a volunteer expert, or a consultant. Volunteer faculty members may have students in a policy analysis, economics, engineering, or statistics course willing to help as part of a class project.

Data collection procedures need to be selected carefully so that the program obtains quality information. Basic data sources include the following:

- Organization records or records from other similar organizations
- Client or customer surveys
- Ratings by trained observers (for example, of client's ability to perform the activities of daily living or of environmental conditions)
- Tests of clients (usually of knowledge)
- Observations using equipment, such as chemical tests to track quality of water and air

The first three are likely to be the sources used by most nonprofit organizations and are described more fully below.

Organizational Records

Most programs can use their own records to obtain outcome information for at least some of their outcome indicators. For example, homeless shelters can track the number of overnight uses of their facilities. Food distribution programs can track the number of meals they provide or the number of different people they serve. And most programs should be able to use their records to track their response times from client request to service provision.

Many programs can also use their own records to obtain information on other intermediate outcomes, such as the percentage of youth who completed the scheduled program, and on the performance of youths while in that program, such as their scores on knowledge and attitude tests.

Some programs, such as drug and alcohol abuse programs or family counseling programs, may want to track "recidivism," the number of clients that had to return for further help (to indicate the lack of complete success of prior participation).

Some programs seek outcomes that can only be measured by obtaining information from *outside* sources. For example, youth development programs may seek to

improve youth learning in school and reduce juvenile delinquency. To obtain information on the success of these outcomes, the programs need data from schools (such as grades, test scores, or records of disturbances) and the criminal justice system (such as arrest information).

If measuring an outcome indicator requires data from another organization or government agency, cooperative agreements may be needed, probably with a guarantee of confidentiality for information on individual clients.

Requirements for Quality Information

■ Keep records up-to-date. Entering client information directly on the computer is likely to enhance the quality of record keeping.

■ Have clear and complete definitions and instructions so data are entered properly.

■ Record information on important client characteristics and the type and amount of service received by individual clients. This means that outcomes can be related to this information and used to improve programs.

Client or Customer Surveys

Most nonprofit health and human service programs will need to obtain information from clients on service outcomes. For example, outcome indicators may call for counting the number and percentage of clients whose condition or behavior was as expected at a time after services were provided. To obtain credible information, a formal client-survey process will probably be necessary.

Organizations should consider seeking the following types of information from surveys:

■ Information on the client's behavior and/or condition, and the client's perception of the degree of improvement, since entering the program

■ Ratings of service timeliness, accessibility of staff and service facility, condition and safety of facilities

■ Ratings of staff competence and courtesy

■ Overall satisfaction with the services provided

■ Reasons for any poor ratings given

■ Suggestions for improvements

Client surveys can provide a wealth of information that can help in improving services, gauging success levels, and planning new programs. They are often an essential part of a successful outcome management process.

Programs should seek feedback from clients as a regular part of their activities. For nonprofits with large numbers of clients, program administrators might choose to draw samples of clients, perhaps seeking feedback from every fifth client.

Exhibit 9 lists a number of basic tasks most nonprofits will need to take to implement a client survey process. Additional guides in this series provide details on the survey process and following up with former clients.

Nonprofit organizations should seek expert advice when starting up a client survey process, on such issues as the wording of the survey questions.[3]

Trained Observer Ratings

This data collection procedure can be used for those outcomes that can be assessed by visual ratings of physical conditions. It requires a detailed rating guide that staff or program volunteers use to rate the relevant conditions in a consistent manner over time. That is, different trained observers rating a particular condition should each give the condition approximately the same rating and rate the same condition found in future reporting periods approximately the same.[4] For example, if a community development program tries to keep neighborhoods attractive and clean, trained observers could be used to assess the physical appearance of the neighborhoods served. After the program identifies the specific characteristics important to local citizens (such as cleanliness of the streets; physical appearance of buildings, houses, and yards; absence of unwanted rodents and insects; and adequacy of traffic and street signs), trained observers can rate these characteristics for inclusion in the outcome reports. Trained observers might rate the condition of animals, and shelter facilities, in periodic assessments of animal shelters.

For environmental programs such as water clean-up programs, trained observers might assess water visibility. For hiking and biking trail programs, trained observers might assess various physical conditions such as the condition of the trails and their cleanliness.

A form of trained observer procedures has been used to assess the progress of clients of various rehabilitation and physical care programs, for example, to rate the ability to undertake activities of daily living.

Exhibit 10 lists the basic tasks for implementing trained observer measurements. Program staff or volunteers (perhaps students from nearby high schools or colleges) might be used. For example, the Near Northside Partners Council in Fort Worth, Texas, trained more than a dozen 12- to 18-year-old volunteers to rate neighborhood conditions. When using volunteers, however, it is important to consider that the outcome management process needs to have the trained observer ratings done on a regular basis.

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[3] For more information, see *Customer Surveys for Agency Managers: What Managers Need to Know* (Washington, D.C.: The Urban Institute, 1997); and Don A. Dillman, *Mail and Internet Surveys: The Tailored Design Method* (New York: Wiley, 2000). Numerous other publications are available on various aspects of surveys, but most of them are focused on more in-depth, one-time surveys and surveys of a community's households, rather than the regular surveying of clients of a particular program.

[4] For more detailed information, see *Performance Measurement: Getting Results*; "Use of Ratings by Trained Observers," chapter 10 in *Handbook of Practical Program Evaluation* (San Francisco: Jossey Bass, 1994); and "Rating Street Level Conditions Using Handheld Computers: Reference Guide for Neighborhood Raters," available at http://www.urban.org.

EXHIBIT 9

Basic Tasks in Implementing a Regular Client Survey Process

1. Identify the specific information needed.

2. Develop the questionnaire, with help from an expert if possible. Each question included should provide information related to one or more of the outcome indicators.

3. Decide when to administer the questionnaire. For example, if a program seeks to help clients sustain an improved condition, then each client might be surveyed 6 or 12 months after completing the service. In other programs, clients could provide outcome information at the time the services are completed. Institutionalized clients might be surveyed periodically, for example, at one-year intervals.

4. Determine how the questionnaire will be administered. Common options include:

   ■ Mail, if addresses are available and most clients are literate (a low-cost method);

   ■ Telephone interview, if clients have telephones (a more time-consuming and expensive method);

   ■ In-person interviews, which will likely be too costly unless the questionnaire can be administered at the program's offices; and

   ■ A combination of these methods.

   Consider low-cost incentives (free meals, movie tickets, or a chance to win a TV or other items) to improve the response rate.

5. Assign staff to track which clients should be surveyed and when, and to oversee the survey administration and ensure completion, including arranging for second or third mailings or telephone calls to nonrespondents.

6. Enter and tabulate survey information, preferably using a computer to prepare reports.

7. Provide and disseminate easily understood reports to staff and interested outsiders at regular intervals. Usually, it is not appropriate to report on the responses of individual clients (and some programs may provide clients with a guarantee of confidentiality).

8. Encourage use of the survey information to identify program weaknesses and improvement needs.

EXHIBIT 10

Basic Tasks in Implementing Regular Trained Observer Measurements

■ Identify what specific information is wanted.

■ Develop the trained observer rating guide. Test with a number of raters to make sure the rated items and rating categories are clear.

■ Decide when the ratings will be made and how frequently they will be reported during the year.

■ Select and train the observers.

■ Assign staff to oversee the process, including (a) making sure the ratings are done on schedule; (b) periodically checking the ratings to make sure that each trained observer is still providing accurate ratings; and (c) providing retraining when necessary and training new observers.

■ Arrange for the ratings to be entered and tabulated, preferably electronically and using a computer to tabulate that information and prepare reports. (In recent years, many organizations have begun using hand-held computers to record the ratings. The use of such computers can greatly reduce data entry, tabulation, and reporting time.)

■ Provide and disseminate regular reports on the findings to staff and interested outside organizations. The reports should be clear and understandable.

■ Encourage use of the rating information to identify program weaknesses and improvement needs. (See later section on using outcome information.)

Step 8: Identify Key Client and Service Characteristics to Link to Outcome Information

The outcome data should not only be totaled for all the program's clients but also be tabulated for specific groups of clients, where appropriate. This information will enable the program manager and staff, as well as upper management, to assess the extent to which the program has been, or has not been, successful in helping individual client groups and to determine if changes are needed. For example, health and human service programs are likely to find it useful to report outcomes by one or more of the following:

- gender
- age group
- race/ethnicity
- income group
- type of disability
- educational level
- housing type

The working group should identify client characteristics that may be related to outcomes. Then, when the data collection procedures are established, the information on the selected characteristics for each client can be obtained. Many of these demographic characteristics would be obtained at intake. Another way to examine outcome data is to link the outcomes to one or more of various service characteristics, such as

- specific office or facility, if more than one
- specific caseworker or clinician (usually should not be reported outside the program)
- key characteristics of the service, such as type (such as whether group or individual counseling was used, mode of delivery, location, etc.) and amount of service (such as the number of hours or visits)

Such information can help identify staff who need training or technical assistance and help identify successful service procedures that may be transferable to other staff. Exhibit 11 provides an example of the reporting of breakout information by service unit and client race/ethnicity.

Step 9: Pilot Test the Procedures, Make Needed Modifications, and Implement

Any new data collection procedures, such as client surveys or trained observer ratings, should be pilot tested. Inevitably glitches and problems will occur that need to be corrected. Any data collected in the first round of data collection should be used with caution.

EXHIBIT 11

Report Format: Outcomes by Organizational Unit and Race/Ethnicity

Percent of Clients Whose Adjustment Level Has Improved 12 Months after Intake[a]

Race/Ethnicity	Family Services Unit 1	Family Services Unit 2	Family Services Unit 3	All Units
Black	52	(35[b])	56	47
Hispanic	35	30	(54[c])	39
Other	58	69	61	63
Total	**48**	**44**	**57**	**50**

a. Tables such as these should also identify the number of clients in each cell. If a number is too small, the percentages may not be meaningful.

b. The outcomes for Unit 2 black clients are considerably poorer than those for the other units. Unit 2 should look into this (such as identifying what the other units are doing to achieve their considerably higher success rates), report on their difficulties, and provide recommendations for corrective actions.

c. A substantial proportion of Unit 3 Hispanic clients showed improvement. The program should attempt to find out what is leading to this higher rate of improvement so Units 1 and 2 can use the information. Unit 3 should be congratulated for these results.

Analyzing the Outcome Information

Step 10: Examine the Outcome Data

Both the aggregate outcome data and the breakouts by client group and service characteristics should be reviewed. The findings can be compared to benchmarks, such as

- most recent data to those of previous time period (the traditional comparison)
- targets established for each outcome indicator for the time period
- outcomes by characteristic of each identified client group, such as outcomes for males to those for females
- outcomes by the different offices or facilities, if appropriate (for meaningful and fair comparisons, sites should be providing approximately the same services to similar types of clients)
- outcomes by individual caseworkers/clinicians (for meaningful and fair comparisons, staff should be providing similar services to similar types of clients)
- outcomes by service delivery (if variations in types or amounts)

Substantial differences between the latest findings and the benchmarks should be identified for later consideration and possible action.

A note on setting targets, the second comparison listed above: For some programs, funders may require such targets as part of the grant application. Even if not required, setting targets is a good management practice. If the outcome indicator is new, for example, one whose data are to be obtained from a new client survey procedure, probably only a reasonable "guesstimate" can be made of what can be achieved. After the program has gained experience, however, more reasonable targets for the outcome indicators can be set.

When setting outcome targets, programs should consider the following:

- *Outcome data from previous reporting periods*. This information will likely be the single major factor in establishing targets for the next reporting period.

■ *Expected budget and staffing levels.* Any anticipated changes in funding or staff (including volunteers) that may affect service levels and thus expected outcomes, should be considered;

■ *The range of recent outcome values reported among the various customer groups, offices, and/or caseworkers/clinicians.* A program pushing for high outcomes might set targets for all groups equal to that achieved for the client group with the best outcomes. A more conservative approach is to use past average values of the indicator;

■ *External factors.* These include anything that might affect the program's ability to achieve outcomes during the next reporting period, for example, predicted changes to the local or national economy or changes in demographic characteristics of the community served;

■ *Changes in the program's procedures or processes.* Planned or recent changes that can be expected to alter future outcome levels should be considered.

Most often targets are set for one-year periods. However, nonprofits will likely find it useful to establish targets for each reporting period, such as by quarter or month, to provide more timely information and to reflect expected seasonal variations.

Step 11:   Report the Findings

Presentation is critical in making the information useful, and is often neglected. Reports should be clear, understandable, and meaningful. Even if all other steps in the outcome measurement process have gone well, poorly reported information will discourage use or provide misleading information.

Outcome information can be reported in a variety of ways, as shown in exhibits 11, 12, and 13.

Exhibit 11 (see page 19) presents data on one outcome indicator for a given reporting period broken out by individual service unit and race/ethnicity. Any two characteristics can be readily "cross-tabulated" and reported in such a format.

Exhibit 12 illustrates a format for displaying two types of comparisons for a number of outcome indicators. In this case, the report compares outcomes for two different time periods and reports actual values against targets for each time period.

Exhibit 13 is a one-page format that compares outcomes for one outcome indicator for a number of client demographic characteristics. This format enables program personnel to quickly assess which categories of clients had successful or poor outcomes for the reporting period and the extent to which the outcomes varied by characteristic. This type of examination can assist program staff in identifying potential problems and in planning improvements.

To make the outcome reports user-friendly,

- include full and clear labels.

- keep it simple—don't clutter up reports with too much information.

- highlight what is particularly important (see exhibit 11).

- use bar charts to illustrate major comparisons.

Step 12: Seek Explanations for Unusual or Unexpected Findings

This *explicit* step requires the program to seek explanations for unusually high or low outcomes on each indicator. The organization should establish a routine process for examining the findings from the latest outcome reports. For example, exhibit 11 compares outcomes for three family service units on one particular demographic characteristic. The two outlying values circled in the exhibit indicate unusual outcomes that a program manager will likely want to investigate.

To implement a follow-up process, program managers should take actions such as the following:

- Identify those key outcome values that appear to represent unusually positive or negative outcomes;

- Hold "How Are We Doing?" sessions with program staff shortly after each outcome report becomes available. Such sessions are one way to obtain staff input after outcome reports have been issued. Ask staff for their interpretation of why outcomes outperformed or underperformed expectations.

- Form a small working group to examine the reasons for unusual outcome levels.

- Convene a client focus group to explore why those outcomes occurred.

- Recruit an outside organization, such as a local university or community college, to study the reasons behind the outcomes.

EXHIBIT 12

Report Format: Actual Outcomes versus Targets; Two Time Periods

Outcome Indicator	Last Period			This Period		
	Target	Actual	Difference	Target	Actual	Difference
Percent of children returned to home within 12 months	35	25	–10	35	30	–5
Percent of children who had more than two placements within the past 12 months	20	20	0	15	12	–3
Percent of children whose adjustment level improved during the past 12 months	50	30	–20	50	35	–15
Percent of clients reporting satisfaction with their living arrangements	80	70	–10	80	85	+5

This format compares actual outcomes to targets for each of the two periods.
Plus (+) indicates actual is better than target; minus (–) indicates actual is worse than target.
The actuals for each period can also be compared to each other to show trends.

Source: Performance Measurement: Getting Results.

EXHIBIT 13

Report Format: Responses to Client Survey Questions Broken Out by Demographic (or Program) Characteristics

Respondent Characteristics	Total Responding (N = 625)	Clients Reporting Change in Their Problem Condition from the Time They Entered Service to Time of Measurement			
		Extent of Improvement (%)			
		None (N = 50)	A Little (N = 83)	Somewhat (N = 429)	Considerable (N = 63)
Sex and race					
White male	265	7	11	71	10
White female	284	8	13	68	11
Nonwhite male	36	11	30	53	6
Nonwhite female	40	10	17	65	8
Age					
18–34	272	13	16	58	13
35–49	125	6	11	75	8
50–64	105	3	11	80	5
65 and over	123	6	11	74	9
Family income					
Less than $20,000	150	12	22	55	11
$20,000–$49,999	286	9	15	66	10
$50,000 and over	189	2	6	83	9
Total	**625**	**8**	**13**	**69**	**10**

This format enables program staff to identify what categories of clients show unusually positive or negative results on a particular outcome indicator.

Source: Adapted from *Performance Measurement: Getting Results.*

Using the Results

Step 13: Use the Outcome Information to Improve Services

The major impetus for the collection of outcome information for many nonprofit organizations is probably funder requirements. However, regularly collected outcome information has many other vital uses, including the following:

■ Identify where improvements are needed—for which client groups, which offices, and which staff. This is likely to be the single most important use for most nonprofits.

■ Determine how effectively program modifications improved services. This will help identify whether further changes are needed.

■ Motivate staff to continually strive for service improvements.

■ Identify offices and staff that have performed well and deserve recognition.

■ Encourage innovation.

■ Improve fundraising and community relations by including outcome information in communications.

Program Improvement and Evaluation of These Program Changes

Probably the major ultimate use of outcome management is program improvement. The data provide the starting point for identifying problems, such as the information broken out by key client and service characteristics. The analysis can identify which particular client groups, which particular offices, or which particular caseworkers or clinicians are doing well, or not well. This starts off the dialogue about where problems exist, or about major accomplishments achieved.

The search for explanations will provide information as to why the problems occurred. And "How Are We Doing?" sessions will help identify causes and action plans.

A plan to improve outcomes based on analysis of the data might include

■ who is responsible for each component of the improvement plan
■ list of actions for those responsible

■ deadlines for the completion of the actions
■ list of expected results

Subsequent outcome reports should be used to assess the extent to which the improvements have led to the expected results. This will help determine whether further actions are needed.

Motivating Employees

Most nonprofit personnel are clearly dedicated to helping their clients and communities. Outcome management, however, can encourage nonprofit staff (and volunteers) to maintain an explicit, continuous focus on results (outcomes) and program improvement. Outcome measurement is intended to provide an independent and objective assessment of the extent to which clients have been helped and to identify problem areas.

To encourage staff to pursue continuous learning and continuous improvement efforts, the following actions might be considered.

■ Provide recognition awards to individual and/or groups whose outcomes have met or exceeded targets and/or have significantly improved.
■ Disseminate each outcome report to all interested employees, and post it in each office, if appropriate. Values that represent greater-than-expected, as well as worse-than-expected, outcomes (such as the items circled in exhibit 11) could be highlighted.
■ Hold "How Are We Doing?" sessions with managers and staff using the latest outcome report as a basis for discussion. The group should be asked why certain functions have been going well and what is needed to extend successful strategies to underperforming areas. For problem areas, the group should attempt to identify why outcomes are not as expected and suggest ways to improve the situation.

In subsequent "How Are We Doing?" sessions, the group should assess whether the actions previously taken have led to the expected improvements.

This process—used constructively, rather than as a finger-pointing opportunity—can be one of the best ways to motivate personnel. Such sessions held regularly after the release of each outcome report will also show management's commitment to outcome management and continuous improvement.

Encouraging Innovation

Having outcome information available on a regular basis can also encourage managers and their staff to identify and try innovative approaches to service delivery. For example, a program might test different lengths, and numbers, of sessions with clients, or use different ways to present information to clients, and use the out-

come measurement process and resulting data to compare the old and new service delivery procedures. This would provides strong evidence on the merits of the innovation, compared to the previous procedure.

For example, if program staff want to try different ways of presenting information to clients, clients coming into the program could be assigned on an alternating basis to the different presentation approaches. After sufficient time to show results has gone by, staff could then compare the outcomes for each of the two groups. This type of experiment would only require a minor modification (to identify which clients received which service approach) to the ongoing outcome measurement process. Subsequent outcome tabulations would identify the outcomes for each group. While not yet widely implemented, this use of outcome information appears to have considerable promise.

Improving Fundraising and Communicating with the Public

Outcome information can also be used in proposals and other materials seeking funding. It is assumed that organizations that can document the beneficial outcomes of programs to clients and the community are more likely to receive support. Such information can also encourage potential clients to use the services of the nonprofit.