



Dashboard Driving

May 5, 2010
NSAC Resource Sharing Project

Steven Zimmerman
Spectrum Nonprofit Services



The Board Package

- What is in your monthly/quarterly package?
 - Financial statements (budget to actual, Balance sheet)
 - Committee reports
 - Executive Director report
 - More?



Budget to actual report
Balance Sheet?

How do I read these things?

Finance metrics

Figure 12. Budgeted Statement of Activity - Unrestricted
 Domestic Violence Intervention & Prevention Agency
 Budgeted Statement of Activity - Unrestricted
 For the Nine Months Ending March 31, 2005

	YTD Actual	YTD Budget	Variance \$1997	Annual Budget	% Recurring	% Remaining
Contributions	21,200	413,000	(291,800)	58,000	58,000	40%
Fundraising events - net	92,430	93,750	(1,320)	125,000	92,570	26%
Fundraising grants	92,000	86,250	5,750	115,000	23,000	20%
Total support	207,630	223,000	(15,370)	298,000	90,570	30%
Government contracts	574,382	577,800	(3,418)	770,847	190,065	25%
Interest paid/dividends	3,761	4,312	(551)	5,750	3,989	19%
Unrealized gains (loss) on investments	(2,402)	-	(2,402)	-	2,400	1%
Total revenue	975,743	804,162	171,581	774,217	206,674	26%
Net assets released from restriction	322,335	339,750	(17,415)	453,000	130,665	29%
Total income	1,100,708	1,143,912	(43,204)	1,227,217	421,509	28%
Staffer Services	505,860	502,478	3,382	669,971	164,103	24%
Support Groups	277,286	288,095	(11,809)	384,926	197,640	28%
Administration	163,168	156,025	7,143	208,019	60,063	29%
Fundraising	163,769	163,834	(65)	213,779	33,010	24%
Total expenses	1,109,693	1,109,432	261	1,476,795	364,819	25%
Change in net assets	(10,985)	34,380	(45,365)	48,508	56,890	11%
Beginning net assets	283,690	283,690	-	283,690	-	-
Ending net assets	272,705	318,070	(45,365)	332,198	56,890	17%

*B = Better than budgeted
W = Worse than budgeted*

As a Dashboard

Indicator	Target	6 months ago	3 months ago	This Month
Days of cash on hand	60	25	48	57
Net surplus or deficit YTD compared with YTD budget.	0.0	\$10,450 better	\$2,500 worse	\$5,400 better
Individual Contributions	100,000	50,250	75,000	98,290
Total expenses	On budget	\$2,500 worse	\$760 worse	On budget
Days from end of month to financial statement completion	45 days	65	52	40

Today's Agenda

- The purpose of a dashboard
- Styles of dashboards
- The process for developing a dashboard
 - What do you include?
- Implementing!
- Getting Started

A dashboard's purpose



FY1 Organization 2009 Dashboard		Key			Trend		Comments		Ranges		
Performance Indicators	Targets	Current Indicator	1 mo. ago	6 mo. ago	9 mo. ago				Monitor	Alert	Red Flag
Fundraising											
New major donors	5 or more	3					Measured against how many we want for the year. Donors who give more than \$1,000.	3 or more	3	2	
Major donors introduced by a board member	5 or more	5					Measured against how many we want for the year. Not necessarily an "ask" - may be an introduction.	3 or more	3	2	
Donors who give over \$100 last year, repeating this year	95% or more	93%	96%				Donors as a % of total donors who give \$100 or more period last year.	90-95%	95-95%	> 95%	
Fundraising event revenue - net	> \$20,000	\$ 20,000	\$ 20,000				Proportionate to time of year - desired event revenue for 08-07 is \$20,000 net	\$ 20,000	\$ 20,000	> \$ 20,000	
Finance											
Surplus / deficit compared to budget	within 5%	5%	6%				Measured as % vs. % of year elapsed	3-5%	3-5%	> 5%	
Unrestricted liquidity	> 1.0	1.8	1.2				Ratio = Current assets (Cash & Investments + Accounts Receivable - Restricted cash) / current liabilities	> 1.0	1	< 1.0	
Unrestricted contributions (funding diversity)	20% or more	22%	19%				% of individual, corporate & other contributed support to total revenue (excludes foundations)	10-20%	10-20%	< 10%	
Human Resources											
Staff retention	85%	100%	100%				% of staff with at least 1 year over total staff	85%	75%	< 85%	
Compensation study	7-Feb	Not Done	NA				next steps by 2/07	Before Feb-07	After Feb-07	After	



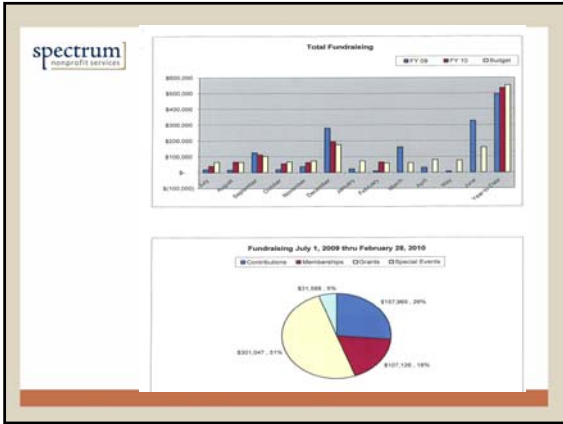
- Agreement AHEAD OF TIME on what matters
- Agreement AHEAD OF TIME on targets
- Agreement AHEAD OF TIME on when action is needed
- Ability to monitor and update strategic plan

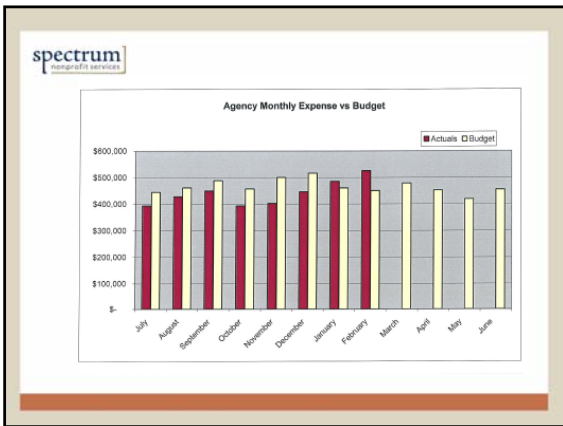


- Ease of use to read and understand
- Engaging and empowering for both board AND staff across roles and departments
- Fights incremental creep of reports and enforces some discipline

Styles of Dashboards

- Most are 1 page
- Charts, graphs, icons, colors . . .





Other Important Metrics

Metric Name	Status
Metric Name	▲
Metric Name	▲
Metric Name	▲
Metric Name	▲
Metric Name	▲
Metric Name	▲
Metric Name	▲

Alerts

Time Frame	Status
Major event pending	▲
Staff needs retraining	▲
Important recognition award	▲
Specialist Staff	▲
Event or Fund	▲

Other Notable Items

Item 1
Item 1
Item 1
Item 1
Item 1
Item 1

Key Performance Indicators

Metric Name	Status	Column 1	Column 2	Column 3	Column 4	Benchmark
Metric Name	▲	10,000	12,000	17,000	14,000	13,000
Metric Name	▲	2.54	1.86	3.85	2.34	3.73
Metric Name	▲					
Metric Name	▲					
Metric Name	▲					
Metric Name	▲					

President's Message

In this section, the chief executive officer (or appropriate person) can explain any significant changes in Key Performance Indicators or other noteworthy trends or events.

Format Considerations

- Keep it simple and easy to read.



What is on a dashboard?



- Fiduciary and governance responsibilities.
- Just because something is NOT on the dashboard, doesn't mean it isn't important.

Dashboard Dials



1. Finance
2. Program objectives and impact
3. Human resources
4. Compliance & risk management
5. Board of Directors and governance
6. Fundraising

Starting Points

- Key Questions:
 - What is the organization focused on this year?
 - What are the key drivers that will bring success?



What is a strategic issue?

“Strategic issues are . . . associated with effectiveness in . . . the few areas which are critical to the success of the institution. The key . . . for most organizations is to focus their most limited resources – the time of trustees and top administrators – on those issues which really make the difference between success and failure.”

- Carol Frances "Strategic Decision Making: Key Questions and Indicators for Trustees"

Starting Points

- How does your organization generate resources?
- Do we have a strategic plan?
- What does our community need us to focus on this year?
- What is our budget focused on?
- What key discussions is the board having?



Where do you get this information?

- Organization's strategic plan or business plan.
- Brainstorm of organization's purpose.
- Organization's mission –
 - Who do you want to serve?
 - What does success look like?
 - What is needed to achieve it?



FINANCE INDICATORS

Indicator	Target	6 months ago	3 months ago	This Month
Days of cash on hand	60	25	48	57
Net surplus or deficit YTD compared with YTD budget.	0.0	\$10,450 better	\$2,500 worse	\$5,400 better
Individual Contributions	100,000	50,250	75,000	98,290
Total expenses	On budget	\$2,500 worse	\$760 worse	On budget
Days from end of month to financial statement completion	45 days	65	52	40



Program

- Monitor deliverables
- Connect deliverables and dollars
- Suggest / demonstrate outcomes
- Keep mission in front of management and board

spectrum
nonprofit services

PROGRAM INDICATORS

Indicator	Target	6 months ago	3 months ago	This Month
Enrollment in training classes	85% of capacity	85%	91%	83%
Average participant satisfaction rating. Scale of 1-5 with 5 being "very satisfied"	4.0	4.2	3.8	4
GED certificates obtained	90%	70%	85%	89%
Presentations to companies, churches, neighborhood groups	5 per month	4	6	6

- spectrum**
nonprofit services
- ## People
- Connects people processes to performance
 - Reminds board to value staff retention, professional development, etc.
 - Assures non-management of organizational commitment to people

spectrum
nonprofit services

HUMAN RESOURCES INDICATORS

Indicator	Target	6 months ago	3 months ago	This Month
Staff Turnover	Less than 10%	0%	15%	0%
Staff Evaluations Completed	90% within 6 months	70%	80%	85%
Compensation Study Completed	By budget time	Not Started	In progress	Done
Diversity	70% people of color on staff	75%	60%	70%



Compliance & Risk Management

- Answers the questions the board is required to ask
- Makes critical but less visible work known to staff



COMPLIANCE INDICATORS

Indicator	Target	6 months ago	3 months ago	This Month
Form 990 Filed	On time	N/A	Yes	Yes
Evidence of insurance payments distributed to board	By May 31st	Yes	Yes	Yes
Business Continuity Plan Done	By June	Started	In progress	Done



Governance

- Makes board performance monitoring more ongoing and less personal
- Connects board performance to organizational performance
- Reminds staff of board role

GOVERNANCE INDICATORS

Indicator	Target	6 months ago	3 months ago	This Month
Percentage of last six meetings with quorum	100%	90%	95%	98%
Evaluation of ED Completed	By May 31	Started	Done	Done
Increase board size	Add 2 new members	1 identified	0 added	1 identified



- Typically a board and staff task force
- Figure out what is important?
 - Feedback from board members or staff about what they want to know.
 - Tie into plans.
- Define targets.
- Decide who will manage and update.

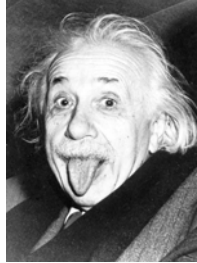
- When should we do it?
- Do we distribute just the dashboard or other documents as well?
- How often is it updated?





Sign in Einstein's Office

"Not everything that counts can be counted, and not everything that can be counted counts."





Dashboard Driving

Steve Zimmerman
Spectrum Nonprofit Services
414.226.2322
stevez@spectrumnonprofit.com
www.spectrumnonprofit.com

XYZ Organization
2010 Dashboard

Key	Red	Act Now
	Yellow	Monitor
	Green	Celebrate

Performance Indicators	Targets	Current Indicator	Trend			Comments
			3 mos ago	6 mos ago	9 mos ago	
Fundraising						
New major donors	5 or more	3	2			Mesasured against how many we want for the year. Donors who give more than \$1,000
Major donors introduced by a board member	5 or more	5	5			Measured against how many we want for the year. Not necessarily an "ask" - may be an introduction.
Donors who gave over \$100 last year, repeating this year	56% or more	53%	60%			Dones as a % of total donors who gave \$100 in time period last year.
Fundraising event revenue - net	> \$20,000	\$ 23,000	\$ 20,250			Proportionately to time of year - desired event revenue for 06-07 is \$20,000 net
Finance						
Surplus / deficit compared to budget	within 3%	5%	8%			Measured as % vs. % of year elapsed
Unrestricted liquidity	> 1.0	0.8	1.2			Ratio = Current assets (Cash & Investments + Accounts Receivable - Restricted cash) / current liabilities
Unrestricted contributions (funding diversity)	20% or more	22%	19%			% of individual, corporate & other contributed support to total revenue (excludes foundations)
Human Resources						
Staff retention	80%	100%	100%			% of staff with at least 1 year over total staff
Compensation study	7-Feb	Not Done	N/A			next steps by 2/07
Board Governance						
Attendance at board meetings	90%	100%	100%			% of board at last 4 meetings
New nominees meeting criteria	80%	75%	N/A			% of new nominees meeting at least 6 of 9 established criteria
Focus on strategy and generative issues	75%	80%	60%			% of meeting time during last 2 meetings spent on these issues
Programs						
# of outreach presentations	35	35	37			Count each session regardless of topic
Program Y Activity	500	420	390			Based on previous years' numbers and the strong emphasis on increasing #s
Program X Activity	50	60	52			Based on previous years' numbers with some anticipated growth built in.
Average client satisfaction	4.8	4.9	4.8			Out of 1-5 scale. Don't have mechanism in place for averaging all evals. Need to work on consistency between program areas.

Ranges		
Celebrate	Monitor	Act Now
5 or more	3	2
5 or more	3	2
> 56%	40-55%	< 30%
> \$20,000	\$18,000-20,000	< = \$15,000
w/in 3%	3-10%	>10%
> 1.0	1	< 1.0
>= 20%	10-20%	< 10%
80%	70%	60%
Before Feb-07	Before Feb-07	After Feb-07
90%	80%	70%
80%	70%	60%
75%	60%	< 50%
35	< 30	20
500	375-500	<= 375
50	< 45	35
4.8	4.3 - 4.0	< 4.0



www.blueavocado.org

731 Market Street, Suite 200, San Francisco, CA 94103
editor@blueavocado.org 415.722.4703

A Nonprofit Dashboard & Signal Light for Boards

A REPRINT FROM *BLUE AVOCADO*

By Jeanne Bell and Jan Masaoka

The dashboard in a car gives an instant update on many important factors: speed, gas left in the tank, engine temperature, whether the air conditioner is on. If your dashboard isn't working, it's unnerving and upsetting. But at the same time, when it is working, you glance at it from time to time but you don't look at it constantly.



A nonprofit dashboard is similar: it gives important information to decision makers such as executives and boards in a quick-read way. But a dashboard has limitations: it doesn't tell you if you're taking the right road to Chicago, or more importantly, whether you should be going to Chicago at all!

The idea of making data -- especially financial data -- easily readable for board members is not a new one. Building on that basic idea, we've added two critical features:

- **Action lights:** When the oil pressure red warning light goes on, we know we need to do something. By adding Red, Yellow and Green lights, this Dashboard is oriented towards actions for the board to consider.
- **Changes over time:** A dashboard is useful if it just shows where things stand at this moment. But it becomes far more powerful when board members can see a trend line: Are things getting better or worse?

Let's start by looking at financial reports. Nonprofit board members can be bewildered by complex financial presentations, and as a result, tend to ignore them. If, instead of the usual spreadsheets, think about what the reaction might be to the following instead:

1. Finance			
	Target	6 months ago	Now
Days of unrestricted cash on hand	45 days	65 days	18 days
Net surplus or deficit YTD compared with YTD budget	Within 25K or better	\$42,500 worse than budget	\$28,000 worse than budget-to-date
Government funding year-to-date (52% of budget)	Within 3%	\$39,000 worse than budget	\$3,200 worse than budget, 24 days
Days from end of month to financial statements	24 days	87 days	48 days

Board members would quickly turn their attention to the areas needing attention, and praise staff where progress has been made. The use of Red/Yellow/Green helps the board interpret the material, and the inclusion of prior information provides a feeling for direction.

The metrics in these examples may not be appropriate for your organization. In one Dashboard workshop, a participant noted that they try to keep their outstanding line of credit to below 5% of investments. It was easy to convert this unusual measure into a dashboard: Above 5% was red; 4 - 5% was yellow; Under 4% was green. This was far more useful for the board than their previous reporting only of the outstanding balance.

Fast reporting on program metrics

In contrast to finance, one of the least discussed metrics on boards is typically program implementation: the information is often unintentionally buried in multiple staff reports. Instead, consider adapting the following examples of human service, theatre, and advocacy programs:

2. Program and Impact			
	Target	6 months ago	Now
Number of first-time clients enrolled	360 this year	160	205
GED certificates obtained	90%	70%	82%
E-petition signatures	5,000	Not started yet	6,400
Paid seats per theatre performance	90% of performance space	85%	75%
Presentations to churches, companies, neighborhood groups	15 for year	7 YTD	7 YTD

A dashboard for "our greatest asset"

While it's commonly said that "our people are our greatest asset," board members often are unsure how to pay attention to the area of human resources without inappropriate meddling in management matters. As a result, the area is too often ignored all together, but an HR Dashboard can help reassure the board that the area is being handled well:

3. Human Resources			
	Target	6 months ago	Now
Performance evaluations completed on time	90%	Had not started counting	82%
Truck accidents per year	0	3	1
% People of color in exempt positions	55%	20%	32%
Open workers compensation claims	No more than 8	15	6

Using a dashboard for board accountability

It's often difficult for volunteer board members to keep track of what needs to happen from year to year. Having a dashboard for the board makes it easy to communicate yearly responsibilities to a new board chair, and for her to keep it updated for the rest of board, thereby reminding everyone.

4. Board of Directors			
	Target	6 months ago	Now
Attendance at board meetings	75%	75%	85%
Executive Director performance evaluation completed on time	By February 15	Not applicable	Done by February 13!
New board members	4 new board members by Sept 30	2 new board members by June 30	August 15 still the same 2

Fundraising Dashboard

Fundraising metrics are frequently reported to boards, but this makes them easy to see in a consistent way:

5. Fundraising			
	Target	6 months ago	Now
New foundations or corporations	10 this year	5	6
New individual donors	100	11	18: need to re-think

Dashboard for easily overlooked compliance and risk management

Few organizations have compliance or risk management committees on either the board or the staff, and it's often easy to overlook these important matters. Adding a simple dashboard for these matters helps remind the staff of them, and reassures the board that these areas are getting enough attention.

6. Compliance and risk management			
	Target	As of January 30	As of November 1
Form 990 filed on time	By November 15	Not applicable	Applied for extension 10-25
Annual safety drill conducted	By March 31	Not applicable yet	Not applicable

The engineering behind the dashboard

In the car, when your gas indicator points to "Empty," you probably don't know exactly how much gas is left. Behind the scenes, an engineer has decided that, for instance, that it will point to Empty when there is one gallon left. Similarly, board committees can work with staff to determine what will be classified as Red, Yellow or Green. This calibration is crucial: by changing it you can make any situation look terrific or terrible. Most of the time the reader will trust the calibration choices behind the dashboard, so be sure that it is reviewed annually.

For instance, the Finance Committee might decide that having less than \$90,000 in unrestricted cash puts payroll at risk, so they classify that as Red. A year later after layoffs, the staff might be smaller so that having \$50,000 is actually enough: \$50,000 becomes Red, while \$90,000 becomes Green.

Summing up

What makes this Nonprofit Dashboard powerful are some key features that many organizational dashboards lack:

- **Signal lights:** showing red, yellow and green rather than simply numbers helps board members focus on potential actions
- **Trend lines:** by showing the Dashboard over a period of time, improvement or decline is easily seen . . . often more important than simply the current status. When you start your Dashboard, don't try to go back and fill everything in. Just keep the data going forward.

And finally . . .

Imagine getting a dashboard like this at every board meeting. With a glance, board members could see how the organization is doing and start asking the important questions. The board would also be able to discuss what indicators should be added to the dashboard and which might not be necessary. Board committees and task forces could develop their own dashboards for particular projects.

And remember the limitations of a Dashboard: it may not be helpful on bigger matters such as: Has X Program become stale? Should we be considering a merger? What does our constituency need us to be doing right now?

It's hard to imagine driving a car without quick, ongoing access to a speedometer, fuel gauge, or gear position. An organizational Dashboard can be the same, fast way to check in on basics . . . so you can pay more attention to where you're going.

About the authors

Jeanne Bell is CEO of [CompassPoint Nonprofit Services](#), and co-author of [Financial Leadership: Guiding Your Organization to Long-Term Success](#). **Jan Masaoka** is Editor-in-Chief of [Blue Avocado](#) and author of *Best of the Board Cafe* (Second Edition to be released in August, 2009).

See also at <http://www.blueavocado.org>:

- [A 360-Degree Look at the Organization: Seeing Ourselves as Others See Us](#)
- [The Nonprofit Board's Role in HR](#)
- [A Board Member's Guide to Nonprofit Insurance](#)
- [Finance Fear Factor Ratios](#)

This article was originally published by Blue Avocado on July 15, 2009; it can be found online at <http://www.blueavocado.org/content/nonprofit-dashboard-and-signal-light-boards>



Blue Avocado is a practical, provocative and fun online magazine for people who work and volunteer in community nonprofits. Published on the 1st and 15th of every month, each issue includes at least one practical article, at least one thought-provoking article, and at least one fun article. Subscribe free at www.blueavocado.org.