

Measuring Up – Benchmarking for Success

Jacqueline Eckman, CPA



CliftonLarsonAllen

CLAAconnect.com



Jacqueline Eckman, CPA

- Principal in the Nonprofit Group of CliftonLarsonAllen(CLA)
- Based in Phoenix – leads the firm’s nonprofit practice in the Southwest region
- Has worked with a wide variety of nonprofits throughout the country and is passionate about helping nonprofits deliver more impact to their communities through stronger financial performance.
- Member of the AICPA, and the Arizona Society of CPAs, where she serves on the planning committee for its annual nonprofit conference and on the nonprofit steering committee.

jackie.eckman@CLAconnect.com
602.604.3538

What questions are we going to discuss?

- Why is benchmarking necessary to stay healthy and thrive?
- What does effective and impactful benchmarking look like?
- How do you organize and manage the benchmarking process?

Benchmarking – What is it?

A systematic and continuous measurement process; a process of continuously comparing and measuring an organization's business process against business leaders anywhere in the world to gain information that will help the organization take action to improve its performance.

~ International Benchmarking Clearinghouse

Why?

- Focus on what matters
- Focus on effectiveness
- Aim for the top

The Skeptics

What “They” say

- Very corporate sounding
- Costs too much
- We’re unique

The Rebuttal

- We need to increase our mission
- Costs can vary depending on the extent you delve into the project
- Solutions need to be adapted, but often the best solutions come from differences

Getting Started

Commitment

- Tone at the top
- Culture of change
- Focus on quality and excellence
- Champion/team

Know Yourself

- Current practices and results
- Identify the gap that needs closing

Know What's Driving You

Market Drivers

- ◇ _____
- ◇ _____

Mission Drivers

- ◇ _____
- ◇ _____

Management Drivers

- ◇ _____
- ◇ _____

Decision Time – What to Analyze?

- Focus on your mission / stakeholders
- Don't try to fix it all at once
- Choose goals with achievable results

What gets measured, gets done.

Impact Areas

- Management Effectiveness
- Financial Sustainability
- Community Engagement
- Program Performance

Success Equation

$$A + B + C = D$$

To succeed at D; we must accomplish A, B and C first.

$$\underline{\hspace{2cm}} + \underline{\hspace{2cm}} + \underline{\hspace{2cm}} = \underline{\hspace{2cm}}$$

Choosing Your ABC's (Intermediate Goals)

- Brainstorm
- Map Results
 - *Controllable/Out of our Hands*
 - *Crucial/Inconsequential*
- Select
 - *Limit to approximately 3*
 - *Choose those that are Crucial and Controllable*

Time to Measure Up

- Performance Measures
 - What indicates progress/success towards your intermediate goals?
 - Should be quantifiable
 - Make sure it's the *right* things

Be SMART

- Specific
- Measurable
- Accountable
- Results
- Time

Finding your Baselines

- Determine what you already track
 - You may find gaps.
 - Information may be decentralized.
- For untracked items, work with the responsible parties
- Don't give up!

Benchmark

- Baselines determine where you are.
- Benchmarks guide you to where you want to be.
 - Stretch goals
 - You can use internal or external factors to set

True benefit to benchmarking is in identifying best practices.

Benchmarking Partners

- Internal or External
- Outcomes
- Consider Unusual Partners

Next Steps

- Collect Data
 - Informal
 - Formal
 - ◇ Surveys
 - ◇ Site Visits
 - ◇ Phone Calls
- Gap Analysis
 - Qualitative
 - Quantitative

Best Practices

- Change is hard, you need to build a strong case to adopt new practices.
- Questions to ask to validate a best practice
 - Mission centered?
 - Replicable?
 - Cost-effective?
 - Sustainable?
- Beware of false leads

Implementation

- Reset internal benchmarks
- Compare best practices to current practices
- Rollout changes
 - Develop a plan – what, when, how
 - Process champion
 - Buy-in
 - Communication

The Future

*A systematic and **continuous measurement process**; a process of continuously comparing and measuring an organization's business process against business leaders anywhere in the world to gain information that will help the organization take action to improve its performance.*

~ International Benchmarking Clearinghouse

What was once a benchmark becomes a new baseline as you achieve goals and strive for more success.

One best way until a new best way is found!

Resources

- *Benchmarking for Nonprofits: How to Measure, Manage and Improve Performance* Jason Saul
- *Measuring What Matters in Nonprofits* John Sawhill and David Williamson
- *Benchmarking: How Nonprofits are Adapting a Business Planning Tool for Enhanced Performance* Christine W. Letts, William P. Ryan, and Allen Grossman