



# Measuring Organisational Performance

Global Connections Chair's Forum – 13<sup>th</sup> June 2011



# Organisational Performance - Why?

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- ▶ Fundamentally a function of governance.

- ▶ Definition of Governance

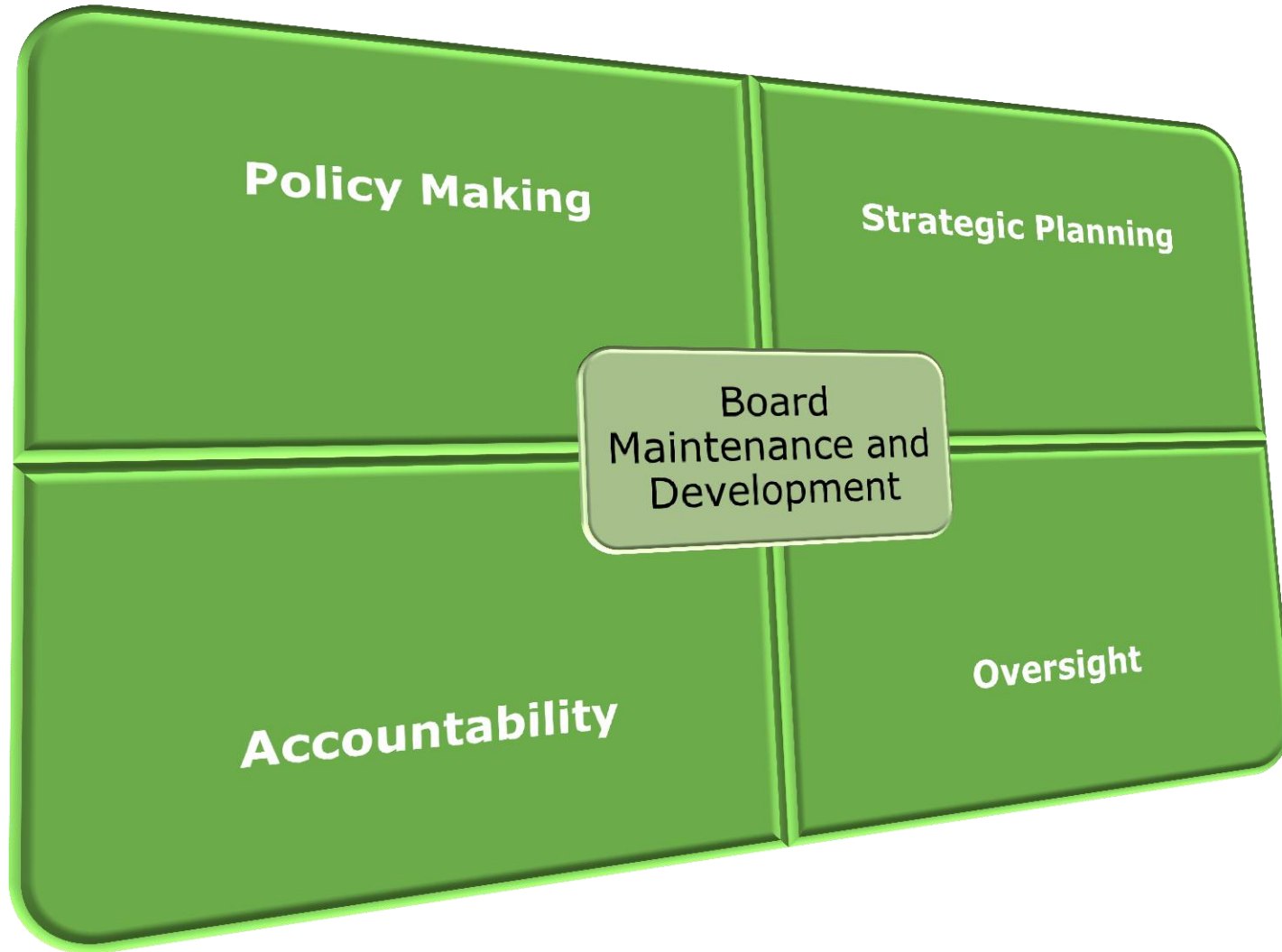
“The systems and processes concerned with the overall direction, effectiveness, supervision and accountability of an organisation”

— *Good Governance: A Code for the Community and Voluntary Sector*



# Governance Framework

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# The bridge between strategy, oversight and accountability



- ▶ Strategy turns vision and mission into tangible focus
- ▶ Oversight involves using the evidence that tells you the extent to which strategy is being delivered
- ▶ Accountability is about being held to account by those who have entrusted you with realising vision and mission

# Strategy

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- ▶ The answer to the question:  
“What services to which people in which places with what resources in which order of priority.”
  
- ▶ Strategic (SMART) objectives:
  - ▶ Specific
  - ▶ Measurable
  - ▶ Achievable
  - ▶ Realistic
  - ▶ Time - related





# What evidence?

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- ▶ Key performance indicators:  
Enough of the story to tell you that the mission is being fulfilled and the strategy is being delivered
  
- ▶ Critical Success Factors:  
The things that must be in place in order for the organisation to perform



# KPI's – an example

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- ▶ People In Aid - a membership organisation which is raising standards in people management in the humanitarian and development sector
- ▶ Quality and quantity
- ▶ Outputs, outcomes and impact
- ▶ KPI's
  - ▶ No. of new members
  - ▶ Percentage of overall members progressing to kite mark 1
  - ▶ Percentage of overall members progressing to kite mark 2

# CSF's - an example

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- ▶ A charity providing services to the marginalised and disadvantaged, funded by contracts, seen financial performance shrink over last 5 years. Supports 75% more clients than are paid for through the contracts
- ▶ Critical Success Factors:
  - ▶ Financial
    - ▶ Contract management - % return on contracted income
    - ▶ Ratio of income in excess of expenditure
    - ▶ Reserves – ratio of free reserves to unrestricted costs and costs of unsupported services



# Group Task

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## *The Gospel to the World*

**Vision** - a world in which everyone has access to the gospel

**Mission** - to make the gospel accessible in every nation

### Strategic Objectives

By 2015

- ▶ To establish gospel distribution centres in 5 countries we are not currently working in
- ▶ To translate the gospel into 5 new languages that do not yet have gospel translations
- ▶ To increase distribution of our gospel publications by 100%
- ▶ To increase access to our online gospel resources by 100%
- ▶ To remove legal restrictions on gospel promotion in 2 countries



# Group Task

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- ▶ Identify 10 KPI's for "Gospel to the World" which will give the board of trustees sufficient evidence that the strategic objectives are being met
- ▶ Identify 10 CSF's measures which will tell the board that the essential things required to meet the strategic are in place

# A "Simple" Balanced Scorecard



	<b>Internal</b>		<b>External</b>
<b>Resources</b>	<b>Finances</b>	<b>Services</b>	<b>Stakeholders</b>
	<b>People</b>		<b>Beneficiaries</b>



# But Why? - accountability

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- ▶ **Accountability:**
  - ▶ to fellow board members
  - ▶ to the CEO
  - ▶ to other staff and volunteers
  - ▶ to the regulators
  - ▶ to the outside world
  - ▶ to the beneficiaries
  
- ▶ And to enable better governance



# Key points

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- ▶ Measuring organisational performance is a key function of governance
- ▶ It is the bridge between strategic planning, oversight and accountability
- ▶ The board needs to consider Key Performance Indicators and Critical Success Factors
- ▶ Organisational performance is about outputs, outcomes, impact, quantity and quality
- ▶ The balanced score card is a way of organising the evidence in a usable format
- ▶ The evidence is to enable accountability, improve performance and enhance governance