

Author(s): Neel Hajra, 2010

License: Unless otherwise noted, this material is made available under the terms of the **Creative Commons Attribution 3.0 License:**

<http://creativecommons.org/licenses/by/3.0/>

We have reviewed this material in accordance with U.S. Copyright Law **and have tried to maximize your ability to use, share, and adapt it.** The citation key on the following slide provides information about how you may share and adapt this material.

Copyright holders of content included in this material should contact open.michigan@umich.edu with any questions, corrections, or clarification regarding the use of content.

For more information about **how to cite** these materials visit <http://open.umich.edu/education/about/terms-of-use>.

Any **medical information** in this material is intended to inform and educate and is **not a tool for self-diagnosis** or a replacement for medical evaluation, advice, diagnosis or treatment by a healthcare professional. Please speak to your physician if you have questions about your medical condition.

Viewer discretion is advised: Some medical content is graphic and may not be suitable for all viewers.

Citation Key

for more information see: <http://open.umich.edu/wiki/CitationPolicy>

Use + Share + Adapt

{ Content the copyright holder, author, or law permits you to use, share and adapt. }



Public Domain – Government: Works that are produced by the U.S. Government. (USC 17 § 105)



Public Domain – Expired: Works that are no longer protected due to an expired copyright term.



Public Domain – Self Dedicated: Works that a copyright holder has dedicated to the public domain.



Creative Commons – Zero Waiver



Creative Commons – Attribution License



Creative Commons – Attribution Share Alike License



Creative Commons – Attribution Noncommercial License



Creative Commons – Attribution Noncommercial Share Alike License



GNU – Free Documentation License

Make Your Own Assessment

{ Content Open.Michigan believes can be used, shared, and adapted because it is ineligible for copyright. }



Public Domain – Ineligible: Works that are ineligible for copyright protection in the U.S. (USC 17 § 102(b)) *laws in your jurisdiction may differ

{ Content Open.Michigan has used under a Fair Use determination. }



Fair Use: Use of works that is determined to be Fair consistent with the U.S. Copyright Act. (USC 17 § 107) *laws in your jurisdiction may differ

Our determination **DOES NOT** mean that all uses of this 3rd-party content are Fair Uses and we **DO NOT** guarantee that your use of the content is Fair.

To use this content you should **do your own independent analysis** to determine whether or not your use will be Fair.



PubPol 671:
Policy & Management in the
Nonprofit Sector

Lecture 7:

Performance Evaluation & H.R.

Neel Hajra

Report from the Field:

- Ann Arbor living wage ordinance - proposed nonprofit exemption
- NEW's performance measurement

For Next Two Classes

- Monday (Governance) and Wednesday (Policy Making): Please have good questions for Diana and Tiffany

So Why Measure?

Organization:

- Attract Resources
- Management/
Strategy
- Competition
- Validation
- Alignment
- Mission!!!!

Sector:

- Accountability
- Quality and
Reputation Control
- Value and Impact
- Capital Market
- Defense to
regulation
- Best practice
standards



Business School Perspective?



Good to Great Model

Good to Great

- Huge hit in third sector (a retort of sorts to “business-types”)
- The monograph is NOT based on long-term research (some interviews and examination)
- Interesting HR perspective as well

The Great Equalizer

- Puts nonprofits and for-profits on equal footing (moves from “business concept” to “greatness concept”)

Business = Mediocrity?

- Feels good to say, but...
- True???

G2G's View on Metrics

- Collins advocates for some kind of system
- Certain level of faith in correlation
- Based on viewpoint that ALL metrics are imperfect
- Side note - HBR Article (to be posted):
 - Which results will we hold ourselves accountable for?
 - How will we achieve them?
 - What will results really cost, and how can we fund them?
 - How do we build the organization we need to deliver results?

Metrics as “Evidence”

- “Greatness” is a dynamic concept...and NOT about hitting benchmarks
- View of metrics as a compilation of evidence
- Quantitative and qualitative

Inputs vs. Outputs

- For-profit: Money is an input and an output
- Nonprofit: Money is primarily an input
- Common for nonprofits to focus on inputs/activities (the “look how busy we are” syndrome)

Big Hairy Audacious Goal



- Nice idea, BUT...
- ...there are deep implications to the BHAG approach when taken seriously



Teach for America Today: The Benefits of BHAG?

- Huge brand / generally excellent reputation
- Record applications (35,000), including 11% of all seniors at Ivy League schools

Cleveland Orchestra: The Cost of BHAG?

- June 2009: The orchestra's endowment fell by \$27 million, or 22 percent, to \$97.2 million in the year ended in June 2009.
- Median musician pay in Cleveland in 2009 was \$140,200, the orchestra said, which would drop to \$134,100 in the first year of a new contract. Benefits include 10 weeks of paid vacation.
- Jan 2009: Orchestra strikes.
 - Musicians: "We have to offer a competitive wage and benefits to maintain the stature of the Cleveland Orchestra," Boroff, Bloomberg 
 - One local TV commentator: "Bad time to strike, folks. No one is going to have any sympathy for you and your jobs are a 'nice to have' for most of the people in the city and surrounding area, not a must-have." Beres, WKYC 
- Jan 18, 2009: Tentative agreement with striking musicians after an 18-hour negotiating session.

Performance Measurement Take-Aways

- Hard to measure mission achievement
- Often confusion between outputs and outcomes
- Strong performance doesn't always correlate to strong support
- Response to accountability concerns
- Exposes lack of nonprofit capital/infrastructure

Policy Implications

- Government contract culture and Foundation program focus are anathema to mission-driven sector
- Difficult to establish national standards
- Lack of rational capital markets
- Perhaps application of for-profit concepts in this arena is counter-productive?



Human Resources



Introduction

1. What's HR like?
2. What are common HR traps?
3. How might this be magnified in the nonprofit world?

The Bus

- Great illustration of issue
- Finding the right riders is HARD
- Nonprofit culture sometimes makes it harder to expel the wrong riders
- But: When done correctly, the mission alignment magnifies performance!

G2G's NYPD Story

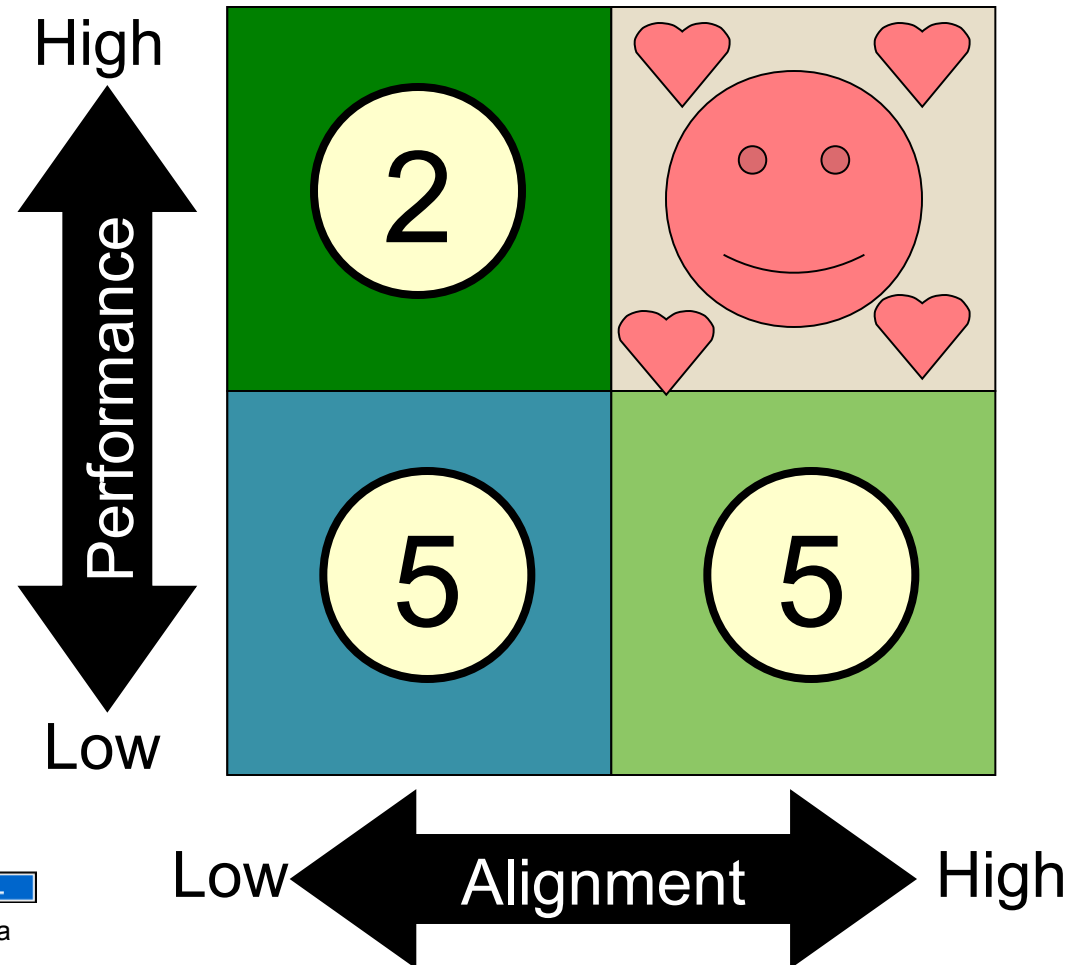
- Feels good, BUT...
- ...what are implications on:
 - Morale
 - Leadership transition
 - Goodwill

Science Department Story

- Denying tenure to “good” teacher made space for “great” teacher
- Put your self in the shoes of a department head... what are the implications of this G2G example?:
 - Patience: Do we have the time?
 - Feasibility: Is this a realistic standard?
 - What about other strategic implications??

Illustration: NEW's Bus

- In eight years: 9 terminations, 3 timely departures
- Implications on:
 - Hiring
 - Culture



HR Policy Implications

- HR critical for sector success, but finding, competing for, and retaining talent is hard
- Talent still tends to gravitate to money, but nonprofit sector does have some advantages
- Compensation can be a no-win situation
- Reputation of sector is a problem, but changing
- Huge issue with the “next generation”

Activity Part II: Mission Metrics

- In the same group that created your mission, devise five success metrics that demonstrate mission achievement.