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MANAGING TO OUTCOMES IN AN ERA OF SCARCITY

Managing to Outcomes: Mission Possible

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I have implemented performance-management systems in both for-profit and nonprofit settings. As counterintuitive as this sounds, I'm convinced that most nonprofits are just as well suited to manage to outcomes as their for-profit counterparts.

Why? The simple answer is that nonprofits are highly mission-driven.

Most nonprofits attract people who have self-selected based on the mission of the organization. As a result, the nonprofit professionals' passions and interests usually align directly with their organization's reason for existence. Such an alignment gives these professionals intrinsic motivation. (Daniel H. Pink explores this concept beautifully in his book [Drive: The Surprising Truth About What Motivates Us](#).)

The assumption underlying the typical performance-management system in the for-profit world is the need for *extrinsic* motivators. If I can reward or reprimand you based on the outcomes, the team will be aligned around the goals we are trying to achieve.

This is not to say that people who work in the private sector don't love their jobs or aren't motivated! It's just that what motivates them about their job is often the what and the how of their role in the company rather than the company's overall mission. A software engineer, for example, might be more motivated by the elegance of the technology he or she is developing than by the company's impact on its customers or in the marketplace.

In my experience, building a performance-management system that taps into intrinsic motivation involves three essential ingredients:

- Creating a feedback culture
- Becoming bilingual
- Relieving the pain.

Creating a Feedback Culture

The nonprofit industry attracts incredibly passionate people who bleed mission. Nonprofit employees are usually underpaid and under-resourced, but many still find time on the weekend to stop by a client's home or walk door to door collecting signatures on a petition to change a policy affecting their constituents.

Performance-management evangelists often say things like “Nonprofits that truly care about their mission will embrace data collection and analysis.” This is a huge mistake. In fact, this approach, while harmless in intention, has derailed more performance-management initiatives than I care to think about. Most nonprofit professionals find such statements offensive and may respond defensively, saying something along the lines of “I don't need an expensive IT system to tell me what needs to be fixed” or “These issues are so complex that there's no data that can possibly capture the nuances.”

Therefore, before any system is even discussed, the first step is to create a feedback culture.

This does not have to be an extensive exercise. It can start with weekly staff meetings where people share “plus/deltas” (what went well, what should be changed). It is very difficult to tell someone who is working weekends that his or her efforts are not leading to the outcomes that align with the mission. But by building an organizational culture around shared feedback and change, people will be more mentally prepared for what happens when

data are at everyone's fingertips. Ideally, feedback should include the perspective of clients, since client feedback underscores the connection to the mission and may diffuse tension.

In order to produce true culture change, the leader must be both vulnerable and committed to change based on staff feedback. [Gerald Chertavian](#), Year Up's founder and CEO, uses town halls with staff across the country not only to gather input on what to do differently but also to publicly acknowledge mistakes he has made. "We owe it to the young adults we serve to be relentless in learning from our mistakes so they can continue to have the opportunities that are commensurate with their talent," he says. By both acknowledging his mistakes and using language that centers on our ultimate goal, Gerald creates an environment where the team wholeheartedly embraces feedback.

Becoming Bilingual

If you put for-profit and nonprofit professionals in a room together, there's often a big cultural divide. For-profit professionals often unintentionally use language that may come across as patronizing and condescending to their nonprofit counterparts. On the other side, nonprofit professionals can display holier-than-thou self-righteousness.

To be successful at performance management, both sides must seek to understand before asking to be understood. As I reflect on my first years as a board member of a nonprofit theater company (soon after I left a Fortune 500 company), I cringe when I think about how I often fell into this trap. My fellow board members and I pushed the theater staff for data on return on investment for set design. We graphed which types of performances were most profitable. And we even began inserting ourselves in program selection. The staff often considered us "corporate outsiders" who did not exhibit heart for the mission.

Instead of getting riled up about statistical significance and trends, we would have been better served by trying to understand

what the executives got riled up about. Eventually we learned that what was important to them was the role that the theater's art played in creating dialogue in the community and representing the voice of a systematically underrepresented demographic.

What drives the passion in your nonprofit? Perhaps it's the light in a child's eyes when she grasps a new concept or the beauty of seeing an abandoned landscape converted into a family-friendly park. If you can tap into that passion and then *translate* the wonky world of data into the language of mission, it is far more likely that nonprofit professionals will buy in to the need for performance management. Don't believe me? Which of the following messages would resonate more with you?

Building a performance-management system is critical to enhancing sustainability to ensure that you fulfill your organization's mission.

OR

Please help me understand what it takes to serve your clients well. With your coaching, we can find ways to ensure that we consistently fulfill the mission we're both passionate about.

This may not seem like a breakthrough concept, but it's amazing how many outcomes initiatives fail simply because of language.

Relieving the Pain

Of course, it's easy to say that data and analysis are the panacea for all nonprofit woes. But let's face it: We have many standardized tests and data systems that create additional work with very little change in outcomes. These systems often fail because they stay at the macro level. Imagine the consternation of the nonprofit professional who witnesses the investing of millions of dollars in an IT system to produce a report that says, "Our analysis has shown that schools are

failing.” The response is usually “You needed millions of dollars for that? I could have told you that for free!”

The real need is to go deeper—to gauge not just whether something is working or not, but to understand *why*. To get more granular, you must first establish credibility with the service providers by making their lives easier, not harder.

If you are working within a feedback culture and speaking in authentic, mission-focused language, it will be easy to spot opportunities for reducing pain for service providers. At most organizations the wish list is a mile long. If you address a few of the big concerns, you’ll soon find that the outcomes initiative has transitioned from a “push” to a “pull.”

When Year Up set out to implement the [Salesforce](#) enterprise data system, for example, COO Sue Meehan engaged our admissions teams from the beginning. Team members were initially skeptical that Salesforce could make their lives easier. With their help, however, Sue built out our Salesforce system not only to make the admissions process smoother and quicker but also to help the admissions teams identify the students who, based on key indicators from previous classes of students, were most likely to benefit from our high-support, high-expectations culture. We’ve now seen a subtle but hugely significant shift from “Why do we need Salesforce?” to “Why doesn’t Salesforce have everything we need?”

Conclusion

Performance management is not easy. It takes a rare (and sometimes at odds) combination of tenacity and sensitivity to pull it off. But when it’s done right—when it truly taps into the intrinsic connection to mission that so many nonprofit professionals bring to their jobs day in and day out—then the results can be profound. Passionate people, empowered with data, can do remarkable things to drive performance—and, more important, transform lives.