

Governance

# A Holiday Gift for Your Board: A Refreshed Dashboard

Refresh your dashboard to better inform your board's decisions.

By **Matthew Forti** | Dec. 19, 2011

**W**ith the holiday season in full swing, we suggest one gift that will keep your wallet intact and bring much cheer to your board members: a refreshed dashboard with more insightful data, shared in a more pleasing format that better informs your collective decisions.

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Now, in truth, developing a great dashboard takes many iterations, and reaching consensus about what to include in it can be a challenge, but that shouldn't stop you from trying. The more clarity you can bring to the way that senior staff gauge your organization's success, the less time you will spend at board meetings endlessly debating metrics and the more time you will spend on substantive discussion.

Here are three top insights, gleaned from dozens of dashboards we've helped nonprofits rework:

**Choose your metrics wisely.** The best dashboards use as few metrics as possible to communicate the organization's performance. While program and functional staff often track dozens of indicators to understand whether their work is on track (they may therefore need their own dashboards), most boards want to discuss the vital few metrics across these units that keep the executive director up at night. Though metrics such as number of beneficiaries reached and outcomes generated are—and should be—dashboard mainstays, consider adding these:

- *Cost per primary outcome.* Most direct service organizations have a primary or ultimate outcome they seek to achieve. Reducing your **cost per outcome** ([http://www.ssireview.org/articles/entry/more\\_bang\\_for\\_the\\_buck](http://www.ssireview.org/articles/entry/more_bang_for_the_buck)) over time (through greater effectiveness, efficiency, or both) is the hallmark of a successful program.
- *Proportion of incoming beneficiaries with intended characteristics.* A good **theory of change** (<http://www.bridgespan.org/now-what-exactly-should-we-measure.aspx>) specifies who or what the organization

intends to serve. Knowing whether you are veering from this intended profile is critical for leadership and the board alike.

- *Stakeholder loyalty.* Research from the private sector shows that customer loyalty is the best predictor of long-term growth and profitability. Ask your key stakeholders—staff, board, and beneficiaries—one simple question each quarter: How likely is it that you would recommend our organization to a friend or colleague? Separately calculate and report your “**net promoter score** (<http://www.netpromoter.com/np/calculate.jsp>)” for each stakeholder group and discuss with the board.
- *Cash reserves.* The private sector expression “cash is king” should ring true for nonprofits as well. Cash reserves (cash divided by average monthly operating expenses) will help board members assess the fiscal health of the organization.
- *Financial sustainability.* We think of financial sustainability as the proportion of revenue comprised of reliable and renewable sources. By working through which primary funding source (for example, earned income, high net worth giving, or government contracts) is the most natural match to their mission, organizations can **define their funding model** ([http://www.ssireview.org/articles/entry/ten\\_nonprofit\\_funding\\_models](http://www.ssireview.org/articles/entry/ten_nonprofit_funding_models)) and measure how much revenue they are raising from this core source as they grow.
- *Progress against key initiatives.* Dashboards do not need to include quantitative metrics only; in fact, board members will want to know whether implementation of key initiatives (for example expanding to new communities, improving major gifts fundraising capacity, or developing succession plans for key leaders) is proceeding on track. As with other metrics, indicate what the target was and whether you’re on track, and briefly describe why.

**Format matters.** Having the right metrics is necessary but not sufficient. Studies show that people remember 10 percent of what they hear but 80 percent of what they see. A visually pleasing dashboard is critical to engage a busy board member. If your dashboard needs a sprucing up, check out some of these examples from **Year Up** ([http://www.givewell.org/files/04-3534407/B/Dashboard assessment.ppt](http://www.givewell.org/files/04-3534407/B/Dashboard%20assessment.ppt)), **Indianapolis Museum of Art** (<http://dashboard.imamuseum.org/>), and **One Acre Fund** ([http://www.oneacrefund.org/our\\_results/program\\_dashboard](http://www.oneacrefund.org/our_results/program_dashboard)) (full disclosure: I am on One Acre Fund’s board). Again, no single format is appropriate for every organization, but mock-up a few options that improve your dashboard’s design and see what sticks.

**Don’t forget the stories.** The best dashboards still can’t bring to life the organization’s work in quite the way that a beneficiary story can. Amidst all the numbers, demonstrating how a beneficiary worked through the program to change his/her life (or how wildlife are returning to an area that is now being protected, or some other real illustration of change) is powerful and informative for board members. That said, be clear as to whether you’re sharing an extreme or representative example, lest board members misinterpret extreme success as what the organization is holding itself accountable to for each beneficiary.

What insights have you gleaned from your dashboards? And what might an ideal dashboard look like for your organization?

Read more stories by [Matthew Forti](https://ssir.org/bios/matthew_forti) ([https://ssir.org/bios/matthew\\_forti](https://ssir.org/bios/matthew_forti)) .



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