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A Nonprofit Dashboard & Signal Light for Boards

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The dashboard in a car gives an instant update on many important factors: speed, gas left in the tank, engine temperature, whether the air conditioner is on. If your dashboard isn't working, it's unnerving and upsetting. But at the same time, when it is working, you glance at it from time to time but you don't look at it constantly.



A nonprofit dashboard is similar: it gives important information to decision makers such as executives and boards in a quick-read way. But a dashboard has limitations: it doesn't tell you if you're taking the right road to Chicago, or more importantly, whether you should be going to Chicago at all!

The idea of making data -- especially financial data -- easily readable for board members is not a new one. Building on that basic idea, we've added two critical features:

- **Action lights:** When the oil pressure red warning light goes on, we know we need to do something. By adding Red, Yellow and Green lights, this Dashboard is oriented towards actions for the board to consider.
- **Changes over time:** A dashboard is useful if it just shows where things stand at this moment. But it becomes far more powerful when board members can see a trend line: Are things getting better or worse?

Let's start by looking at financial reports. Nonprofit board members can be bewildered by complex financial presentations, and as a result, tend to ignore them. If, instead of the usual spreadsheets, think about what the reaction might be to the following instead:

1. Finance			
	Target	6 months ago	Now
Days of unrestricted cash on hand	45 days	65 days	18 days
Net surplus or deficit YTD compared with YTD budget	Within 25K or better	\$42,500 worse than budget	\$28,000 worse than budget-to-date
Government funding year-to-date (52% of budget)	Within 3%	\$39,000 worse than budget	\$3,200 worse than budget, 24 days
Days from end of month to financial statements	24 days	87 days	48 days

Board members would quickly turn their attention to the areas needing attention, and praise staff where progress has been made. The use of Red/Yellow/Green helps the board interpret the material, and the inclusion of prior information provides a feeling for direction.

The metrics in these examples may not be appropriate for your organization. In one Dashboard workshop, a participant noted that they try to keep their outstanding line of credit to below 5% of investments. It was easy to convert this unusual measure into a dashboard: Above 5% was red; 4 - 5% was yellow; Under 4% was green. This was far more useful for the board than their previous reporting only of the outstanding balance.

Fast reporting on program metrics

In contrast to finance, one of the least discussed metrics on boards is typically program implementation: the information is often unintentionally buried in multiple staff reports. Instead, consider adapting the following examples of human service, theatre, and advocacy programs:

2. Program and Impact			
	Target	6 months ago	Now
Number of first-time clients enrolled	360 this year	160	205
GED certificates obtained	90%	70%	82%
E-petition signatures	5,000	Not started yet	6,400
Paid seats per theatre performance	90% of performance space	85%	75%
Presentations to churches, companies, neighborhood groups	15 for year	7 YTD	7 YTD

A dashboard for "our greatest asset"

While it's commonly said that "our people are our greatest asset," board members often are unsure how to pay attention to the area of human resources without inappropriate meddling in management matters. As a result, the area is too often ignored all together, but an HR Dashboard can help reassure the board that the area is being handled well:

3. Human Resources			
	Target	6 months ago	Now
Performance evaluations completed on time	90%	Had not started counting	82%
Truck accidents per year	0	3	1
% People of color in exempt positions	55%	20%	32%
Open workers compensation claims	No more than 8	15	6

Using a dashboard for board accountability

It's often difficult for volunteer board members to keep track of what needs to happen from year to year. Having a dashboard for the board makes it easy to communicate yearly responsibilities to a new board chair, and for her to keep it updated for the rest of board, thereby reminding everyone.

4. Board of Directors			
	Target	6 months ago	Now
Attendance at board meetings	75%	75%	85%
Executive Director performance evaluation completed on time	By February 15	Not applicable	Done by February 13!
New board members	4 new board members by Sept 30	2 new board members by June 30	August 15 still the same 2

Fundraising Dashboard

Fundraising metrics are frequently reported to boards, but this makes them easy to see in a consistent way:

5. Fundraising			
	Target	6 months ago	Now
New foundations or corporations	10 this year	5	6
New individual donors	100	11	18: need to re-think

Dashboard for easily overlooked compliance and risk management

Few organizations have compliance or risk management committees on either the board or the staff, and it's often easy to overlook these important matters. Adding a simple dashboard for these matters helps remind the staff of them, and reassures the board that these areas are getting enough attention.

6. Compliance and risk management			
	Target	As of January 30	As of November 1
Form 990 filed on time	By November 15	Not applicable	Applied for extension 10-25
Annual safety drill conducted	By March 31	Not applicable yet	Not applicable

The engineering behind the dashboard

In the car, when your gas indicator points to "Empty," you probably don't know exactly how much gas is left. Behind the scenes, an engineer has decided that, for instance, that it will point to Empty when there is one gallon left. Similarly, board committees can work with staff to determine what will be classified as Red, Yellow or Green. This calibration is crucial: by changing it you can make any situation look terrific or terrible. Most of the time the reader will trust the calibration choices behind the dashboard, so be sure that it is reviewed annually.

For instance, the Finance Committee might decide that having less than \$90,000 in unrestricted cash puts payroll at risk, so they classify that as Red. A year later after layoffs, the staff might be smaller so that having \$50,000 is actually enough: \$50,000 becomes Red, while \$90,000 becomes Green.

Summing up

What makes this Nonprofit Dashboard powerful are some key features that many organizational dashboards lack:

- **Signal lights:** showing red, yellow and green rather than simply numbers helps board members focus on potential actions
- **Trend lines:** by showing the Dashboard over a period of time, improvement or decline is easily seen . . . often more important than simply the current status. When you start your Dashboard, don't try to go back and fill everything in. Just keep the data going forward.

And finally . . .

Imagine getting a dashboard like this at every board meeting. With a glance, board members could see how the organization is doing and start asking the important questions. The board would also be able to discuss what indicators should be added to the dashboard and which might not be necessary. Board committees and task forces could develop their own dashboards for particular projects.

And remember the limitations of a Dashboard: it may not be helpful on bigger matters such as: Has X Program become stale? Should we be considering a merger? What does our constituency need us to be doing right now?

It's hard to imagine driving a car without quick, ongoing access to a speedometer, fuel gauge, or gear position. An organizational Dashboard can be the same, fast way to check in on basics . . . so you can pay more attention to where you're going.

About the authors

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- [A 360-Degree Look at the Organization: Seeing Ourselves as Others See Us](#)
- [The Nonprofit Board's Role in HR](#)
- [A Board Member's Guide to Nonprofit Insurance](#)
- [Finance Fear Factor Ratios](#)

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