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Shifting Priorities in the Nonprofit Sector: Creating a Performance Management Culture

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We all want to improve ourselves. We spend much time personally and professionally looking at ways to evaluate how we do things and to progress. Sometimes we do that in a very formal manner and other times we rely on observation, feedback, and—finally—the command or delivery of a task we are trying to learn. Think back to when you learned to ride a bike or when you were learning to spell. There were mistakes, there were methods to evaluate what particular challenges you were facing, and ultimately—and hopefully—gains could be made to improve one's command of biking or spelling. Measures for improvement are all around us in formal and informal ways.

In the nonprofit sector, the ability to demonstrate effectiveness is becoming more crucial than ever. As the

President and CEO of [Congreso](#), the 17th largest Latino agency in the nation, I have made sure we are [committed to assessing performance](#) and have worked hard over the last ten years to develop a performance management culture that is reflected in a vertically-integrated approach from our clients and staff to our board and funders.

Reading the Center for Effective Philanthropy's latest report, [Room for Improvement](#), I had to reflect on my experiences both in my current capacity and in other roles I have held, including former Deputy Commissioner of the Department of Human Services administering contracts to nonprofits and board member of local nonprofits. Through these experiences, three themes came to mind when I read this report:

1. The reality of public versus private funding and the need for integrated performance management.
2. The need to develop a performance management culture versus assessing performance project by project.
3. The reality of shifts in the nonprofit service sector and why performance assessment needs support from the both the public and private sectors.

These themes are pieces of the puzzle, not direct elements of the report, and they speak to the context of performance management today in light of the challenges providers are facing.

As reflected in this report, the majority of service providers are predominately funded by the public sector, administrating state and local governmental programs via contracts. In a constrained economy forcing reductions in all major service areas, contracts have remained level-funded or have been reduced over the last several years. This means that social service providers have had to continue to try to deliver the same level of work with fewer resources, despite serving a greater number of families in need.

As a result, foundation funding is now needed just to supplement nonprofits' operating budgets in order to meet the needs of their constituents. These funding constraints often necessarily shift performance management resources to a lower priority level. In the past, foundation funding was sought and utilized to support an organization's infrastructure, innovation, and performance management efforts. Now, only a small percentage of nonprofits—the larger, more established organizations—have the financial stability to use foundation funding for these necessary functions.

And the stark reality is that the data requested by the public sector is not always in line with that sought by the philanthropic sector. As a result, organizations such as the one I lead manage multiple data streams. Congreso alone manages 13 different data systems based on contractual requirements from public and private sector funders. But, it is Congreso's own unique database that allows the organization to view a full picture of the individuals we serve and look at performance management from a holistic manner, not just from the lens of one particular project, contract, or foundation. As hinted at in the report, there is the lack of coordination and dialogue between the public sector, the foundation community, and the providers themselves to make integrated performance management a critical element of contract budgets.

The second theme for me was what it means to have a performance management culture versus simply assessing performance program by program. Improving outcomes utilizing performance management structures and data to make programmatic adjustments and enhancements cannot and does not happen in a vacuum. Organizations need to establish a culture of performance management where assessing results occurs regularly in an integrated approach at all levels of the organization, not just project- or grant-based levels. Does everyone in the agency talk about, review, and analyze data in your database? For some, the answer is yes. The next question is: Do the gains you are looking for in improving the lives of those you work with align with the questions you are asking your participants, staff, and board?

It was a ten-year process for Congreso to move to a culture of performance management and it took a commitment to investing in technology, human capital, and clarity of vision. We were incredibly fortunate to be supported by foundations that appreciated and embraced this path and invested in our infrastructure. The investments by the foundation community are what made the difference for our organization and helped move us to another level. As it relates to this report, it was not just the resources that were provided but the vision and tenacity we demonstrated over the last ten years, showing foundations that, regardless of funding constraints, we were and are committed to resourcing the technology and human capital needed to support a performance management culture.

Finally, to be a nonprofit in this day and age requires more and more from organizations to demonstrate their outcomes with little or no resources to meet that demand. The role of government and nonprofits are blurring further as organizations take on intermediary roles for major public sector work, and more nonprofits are scaling, replicating, and moving into revenue generating ventures to stay relevant and solvent. The requirement to demonstrate outcomes and not outputs has permeated a large number of funding streams, yet a number of providers lack the resources to be able to truly evaluate and show their impact. Nonprofits need foundations and the public sector to work with the provider community to establish performance management cultures. Resources to support evaluation have to be welcomed into public and foundation funding. Support from the foundation community alone is not enough because, as reflected in the report, it is only 20% of the funding equation. Funding to support performance management cultures, regardless of organization size, can result in a real impact on the social services sector.

Room for Improvement provides a great opportunity for the public sector, foundation, and provider communities to discuss performance management and everyone's roles collectively towards measuring impact. So I ask you to join the conversation about performance management. As a sector, we can work towards greater collective impact. The families and communities we serve need us to come together on this.

Cynthia Figueroa is President and CEO of Congreso de Latinos Unidos. You can find them on Twitter [@Congreso1977](#).

Join the conversation about the findings featured in [Room for Improvement: Foundations' Support of Nonprofit Performance Assessment](#) on Twitter using the hashtag [#granteevoice](#).

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