THE PERFORMANCE IMPERATIVE

A FRAMEWORK FOR SOCIAL-SECTOR EXCELLENCE

Release 2.0
April 2018

leapambassadors.org

PERFORMANCE THE
IMPERATIVE

BACKGROUND AND CONTEXT

WHO DEVELOPED 'THE PERFORMANCE IMPERATIVE' (PI)?

The Leap of Reason Ambassadors Community developed the PI after a collaborative, yearlong process, culminating in the PI's first public release in February 2015. This version, our second release, includes refinements based on three years of listening to and learning from PI users and domain experts.

The Leap Ambassadors are a group of social-sector leaders working together to:
- Inspire, support, and convince nonprofit and public-sector leaders (and their stakeholders) to build great organizations for greater societal impact
- increase the expectation and adoption of high performance as the path toward that end.

For an up-to-date list of the Leap Ambassadors and more information about our efforts, please visit leapambassadors.org.

TO WHAT END? IN OTHER WORDS, WHY SHOULD YOU CARE ABOUT HIGH PERFORMANCE?

High performance leads to more meaningful, measurable change—whether it's lifting families out of homelessness, closing health inequities, preserving land, inspiring artistic expression, raising educational achievement, or any of the myriad missions that give purpose to the world's social-sector organizations. Along the journey to high performance, leaders come to master the critical disciplines they need to ensure that they're achieving net impact (results beyond what would have happened anyway) and avoiding inadvertent harm.

High performance matters more than ever. In this era of seismic social, economic, and political change, the social and public sectors can't afford to expend resources on efforts that are based primarily on good intentions and wishful thinking rather than rigor and evidence. They must increasingly steer resources toward efforts that are based on a sound analysis of the problem, grounded assumptions about how an organization's activities can lead to the desired change, assessments to determine whether hard work is paying off, and a desire to keep getting better over time. This formula is at the core of high performance—and it's just as applicable to organizations that are cutting-edge innovators as it is to institutions that are tried-and-true.

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HOW ARE LEADERS USING THE PI?

Here are some of the ways leaders are using the PI to guide their journey of continuous learning and improvement:

- **Nonprofit executives and boards** are using it to inform retreats, strategic planning, and professional development efforts. For specific examples, please see our Performance in Practice series.
- **Funders and public agencies** are using it to support their grantees' pursuit of performance. For a specific example, please see our Funding Performance profile on the Einhorn Family Charitable Trust.
- **Professors** are building it into the syllabi of management courses.
- **Management consultants** are using it to help nonprofits plan, build, grow, learn, and improve.
- **Websites for nonprofit information and ratings** are taking the PI into account as they seek to provide funders with greater insights into the performance of nonprofits.

To help make the PI accessible and useful for the widest possible array of organizations, we have created "kickstarters" introducing and adapting the PI to the needs of "Small but Mighty" nonprofits (those with budgets under $3 million), funders, healthcare organizations, churches, and other faith-based organizations.

For those who want to delve deeper into the PI and apply it to their organizational-learning needs, we have developed the Performance Imperative Organizational Self-Assessment (PIOSA). While the PI outlines organizational pillars and principles that support high performance, the PIOSA presents one or more specific practices or behaviors that represent manifestations of each principle in action.

The PIOSA is not a typical self-assessment—and that's by design. It's a vehicle for

sparking reflection, fostering dialogue, and driving continuous improvement. It's not the kind of assessment you can fill out quickly and generate a composite score. And it's definitely not a ruler for rapping anyone's knuckles. As one PIOSA user put it, using the PIOSA "is a wonderful opportunity to celebrate how far we've come... and to make sure we are considering all of the right questions and next steps to achieve our goals."

OUR OWN LEARNING AND IMPROVEMENT

We'd love to hear from you. Please email us at info@leapambassadors.org to share your experiences using the PI and/or offer your suggestions for subsequent releases. Thank you!

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THE DEFINITION AND PILLARS OF HIGH PERFORMANCE

OUR COMMON DEFINITION OF 'HIGH PERFORMANCE'

High performance is the ability to deliver—over a prolonged period of time—meaningful, measurable, and financially sustainable results for the people or causes the organization is in existence to serve.

THE SEVEN PILLARS OF HIGH PERFORMANCE

Organizations that commit to pursuing high performance generally make the most progress by cultivating seven core disciplines:

- **Pillar 1:** Courageous, adaptive executive and board leadership
  (the preeminent pillar)

- **Pillar 2:** Disciplined, people-focused management

- **Pillar 3:** Well-designed and well-implemented programs and strategies

- **Pillar 4:** Financial health and sustainability

- **Pillar 5:** A culture that values learning

- **Pillar 6:** Internal monitoring for continuous improvement

- **Pillar 7:** External evaluation for mission effectiveness

Note: We recognize that even the most exemplary high-performance organizations do not excel in all seven pillars equally or simultaneously.

THE DEFINITION AND PILLARS OF HIGH PERFORMANCE

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PILLAR 1 Courageous, adaptive executive and board leadership

PILLAR 2 Disciplined, people-focused management

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PILLAR 4 Financial health and sustainability

PILLAR 5 A culture that values learning

PILLAR 6 Internal monitoring for continuous improvement

PILLAR 7 External evaluation for mission effectiveness

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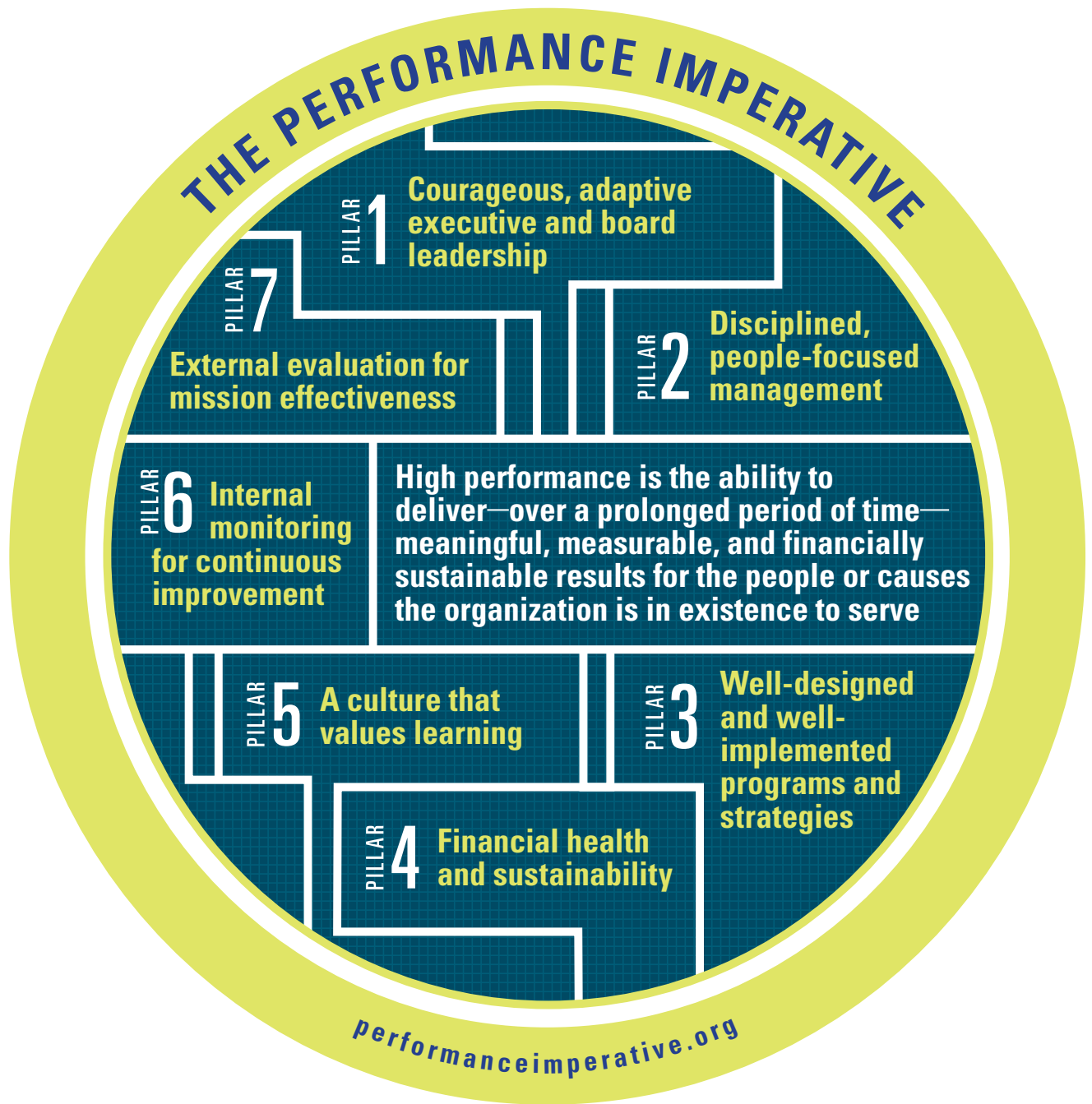
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COURAGEOUS, ADAPTIVE EXECUTIVE AND BOARD LEADERSHIP

In high-performance organizations:

- Executives and boards **embrace their responsibility to deliver meaningful, measurable, and financially sustainable results.**

- Executives and boards **clarify the mission** of their organization and passionately push to keep getting better at pursuing it.

- Executives and boards **clearly define their respective roles and expectations.** They hold each other accountable for delivering on their commitments.

- Boards are **strong, assertive governors and stewards**, not just supporters and fundraisers. They recruit, advise, and hold accountable the lead executive (CEO). They ask probing questions about whether the organization is living up to its promises and acknowledge when course correction is needed.

- Executives and boards **listen and respond to the needs of the people they serve** (i.e., their primary constituents). This means systematically collecting, synthesizing, and using constituent feedback to inform decision-making.

- During the ongoing and iterative process of assessing effectiveness, executives and boards constantly ask: **What do our constituents need to make their lives better? Is our program helping them get it? If not, what should we do differently**?

- Executives and boards constantly assess not only what the organization should be doing but also **what it should stop doing.**

- Executives and boards are humble enough to **seek and act on feedback on their own performance and that of their organization.** Even the highest performers acknowledge that they still have a lot to learn.

- Executives and boards **recruit, develop, engage, and retain the talent** necessary to deliver on their mission. They know that great talent is a huge differentiator between organizations that are high performing and those that aren't.

- Executives and boards **marshal the external partners and resources** necessary to deliver on their mission.

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COURAGEOUS, ADAPTIVE EXECUTIVE AND BOARD LEADERSHIP (CONTINUED)

In high-performance organizations:

- Executives and boards **cultivate trust-based relationships with key policymakers**. They keep policymakers informed about their work; advocate for policies and funding that can benefit constituents; and advocate against proposals that could adversely affect constituents.

- Executives and boards **engage in succession planning** for CEO, board chair, and other senior leadership roles. They place leaders in roles to challenge and prepare them for greater responsibility.

- Executives and boards **cultivate diversity and inclusion at every level of the organization**, because a wide array of backgrounds, experiences, and perspectives contribute to an organization's creativity, empathy, and effectiveness.

- Executives and boards **treat internal and external communications as a strategic function** that is essential for delivering great results and not just good PR.

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DISCIPLINED, PEOPLE-FOCUSED MANAGEMENT

In high-performance organizations:

- Managers **translate leaders' drive for excellence into clear work plans and incentives** to carry out the work effectively and efficiently.

- Managers' **decisions are data informed** whenever possible.

- Managers, like executives and boards, **recruit, develop, engage, and retain the talent** necessary to deliver on the mission. They help staff get the tools and training they need in order to deliver the desired results.

- Managers **provide opportunities for staff members to see how their work contributes to the organization's mission**. Managers know that doing so helps staff members find meaning and purpose in their work—and generally leads to higher motivation and performance.

- Managers **establish accountability systems that provide clarity** at each level of the organization about the standards for success and yet **provide room for staff to be creative** about how they achieve these standards.

- Managers **provide continuous, candid, constructive feedback** to team members and augment it with periodic performance reviews. They view performance reviews as an opportunity to help staff improve.

- Managers provide frequent **opportunities for staff to provide feedback to their supervisors**. Supervisors are not only open to receiving this feedback; they encourage it and are willing to act on it.

- Managers **acknowledge and take action when staff members are not doing their work well**. They give these staffers help to improve or move them to more suitable roles. If it becomes clear that staff members are unable or unwilling to meet expectations, managers are **not afraid to make tough personnel decisions** so that the organization can live up to the promises it makes to constituents, donors, and other key stakeholders.

Note: We recognize that an organization with a very small staff usually can't afford to draw a distinction between leaders and managers. In our experience, this distinction starts to be meaningful as an organization grows in size and/or adds sites—making planning, organizing, and coordinating more important and more challenging to do.

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WELL-DESIGNED AND WELL-IMPLEMENTED PROGRAMS AND STRATEGIES

In high-performance organizations:

- Leaders and managers who run programs that are intended to produce meaningful life changes **hold themselves accountable for helping participants achieve desired outcomes**. Programs intended to provide important but not life-changing products or services, such as food for homeless families, are not accountable for outcomes but must deliver high-quality outputs.

- Leaders, managers, and staff **treat constituents with respect, authenticity, and empathy**.

- Leaders and managers select or design their programs and strategies based on a **sound analysis of the issues and evidence-informed assumptions** about how the organization's activities can lead to the desired change (often referred to as a "theory of change").

- Once programs and strategies are up and running, leaders and managers continually ask: **Are we collecting the information we need to ensure we're effectively meeting the needs of our participants? Are we reviewing and acting upon the latest evidence in our field? Are we open to counter-evidence that suggests we should be doing things differently**?

- Leaders and managers **implement their programs in a high-quality manner** using rigorous implementation standards.

- Leaders and managers are **sensitive to the cultural, racial, and political dynamics in the communities they serve** and are open to making adjustments to their programs and strategies when these dynamics shift.

- Leaders and managers **establish and rigorously apply clear criteria for who is in their target population**.

- Leaders and managers **do a good job of recruiting, retaining, motivating, listening to, and learning from their program participants**.

- In the case of direct-service organizations, all management and staff **seek to build strong relationships with those they serve**. This relationship is often the single biggest determinant of whether participants will stay engaged in programming and thereby achieve the desired results.

- Leaders and managers **guard against the temptation to veer off course** in search of numbers that look good in marketing materials or reports to funders.

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FINANCIAL HEALTH AND SUSTAINABILITY

In high-performance organizations:

- The board and senior management **take charge of their organization's financial destiny.** They articulate the value they deliver and develop overall strategies, tightly aligned with their mission, to support and sustain the organization.

- The board and senior management **nurture the external financing relationships** required to support their organization's operations.

- The board and senior management establish **strong systems for financial stewardship** and accountability throughout their organization.

- The board, management, and staff build and participate in **budget processes that are oriented toward achieving results** and not just conducting activities. This means allocating adequate resources for monitoring and evaluation. And it means making hard choices, especially in tough financial times, to direct money where it needs to go to drive the intended results.

- Senior management **uses financial modeling to make clear and transparent the organization's financial condition** and, at any given point, predict how it will end the year (and what will make the prediction more or less reliable).

- The board and senior management **share financial results transparently** with key stakeholders at regular intervals.

- The board and senior management **treat fundraising/fund development as a strategic function that requires focus, management, capital, and specialized skill sets.** They craft clearly defined roles and goals for the board and staff.

- The board and senior management **operate their organization at a surplus** that allows them to build a strong balance sheet with appropriate reserves.

- The board, management, and key staff **understand their organization's cost structure**, which aspects of it are required to produce high-quality programs and/or services, and how it aligns with reliable revenue sources for funding it year in and year out. They are relentless in making necessary investments with an eye to costs and benefits while being equally relentless in reducing unnecessary costs.

- Senior management instills an organization-wide discipline of **compliance with all regulatory requirements.**

A CULTURE THAT VALUES LEARNING

In high-performance organizations:

- The board, management, and staff **understand the organization's mission and desired results and review them periodically to ensure that they are still relevant**.

- The board, management, and staff **continually seek to do even better for the people or causes they serve**.

- The board, management, and staff are **open and transparent about their results**—whether the results are positive or negative—to fuel learning and improvement.

- People in all parts of the organization have **high expectations of themselves** and of their peers.

- The board, management, and staff **take on the challenge of collecting and using information**, not because it's a good marketing tool, and not because a funder said they have to. They believe it is integral to ensuring material, measurable, and sustainable good for the people or causes they serve.

- The board, management, and staff recognize they can't fully understand the needs of those they serve unless they **listen to and learn from constituents** in formal and informal ways.

- The board, management, and staff take the time to **benchmark themselves against, and learn from, peer organizations** that are at the top of their field.

- Senior management leads by example and encourages people throughout the organization to **be curious, ask questions, and push each other's thinking** by being appropriately and respectfully challenging. High-performance cultures are innovative cultures, mindful that every program and process eventually becomes dated, even obsolete.

- Senior management creates an environment in which staff members **feel safe acknowledging when there are problems**. They use what others might deem "failures" as an opportunity to listen, learn, and improve.

- Even the busiest leaders, managers, and staff members **carve out formal and informal opportunities to step back, take stock, and reflect**.

INTERNAL MONITORING FOR CONTINUOUS IMPROVEMENT

In high-performance organizations:

- The board, management, and staff work together to **establish quantitative and qualitative indicators** tightly aligned with the results they want to achieve, for each program and for the organization as a whole.

- Management and staff **produce frequent reports on how well the organization is implementing its programs and strategies.** Management and staff use these reports to chart course corrections and make operational adjustments and programmatic improvements on an ongoing basis.

- Management and staff **make the collection, analysis, and use of data part of the organization's culture and daily operations.** They ensure that people throughout the organization understand the key metrics. And they invest in training and coaching to help staff gain comfort in working with data as a natural part of the job.

- Management and staff **deploy systems to collect and analyze constituent feedback**, drawing on existing tools whenever possible. The best systems not only help staff understand constituents' views; they also help ensure that constituents play a role in creating needed improvements.

- Management and staff **prioritize collecting information that's relevant for determining how well they are achieving the desired results**, understanding what mix of efforts is critical to achieving those results, and continuously improving their results over time.

- The board, management, and staff **draw extensively on lessons from organizational assessments and evaluations of programs serving similar causes or populations.**

- Management and staff of direct-service organizations **put special emphasis on data about recruitment and engagement of their target population**, so they can find out if they're reaching the people they aspire to serve and engaging them in activities long enough to make a difference.

7 EXTERNAL EVALUATION FOR MISSION EFFECTIVENESS

In high-performance organizations:

- Leaders **complement internal monitoring with external evaluations conducted by highly skilled, independent experts**.

- Leaders commission external assessments to **learn more about how well their programs are being run, what these programs are or are not accomplishing, who is or is not benefiting, and how the programs can be strengthened.** Leaders do not use external assessments as a one-time, up-or-down verdict on the organization's effectiveness.

- Leaders recognize that there are many different types of external assessments, and **no one type is right for every organization or for every stage of an organization's development.** Independent evaluators who understand how different methodologies fit different contexts can help leaders **match the tool to the task**.

- Leaders draw a clear distinction between outputs (e.g., meals delivered, youth tutored) and outcomes (meaningful changes in knowledge, skills, behavior, or status).

- Those who are working to improve outcomes **commission evaluations to assess whether they are having a positive net impact.** In other words, they want to know to what extent, and for whom, they're making a meaningful difference *beyond what would have happened anyway.*

- Leaders who plan to expand significantly any programs aimed at improving outcomes have **a special obligation to commission a rigorous evaluation that can assess net impact.**

- Even those leaders who commission the most rigorous of impact evaluations do not stop there. They **commission additional assessments to gauge their impact in new settings** (or for new populations) and achieve greater positive impact for the money they spend.

- Leaders **share the methodology and results of their external assessments** to help others learn and avoid mistakes.

Note: We crafted this pillar with a special focus on organizations that provide services, but we believe the core concepts are relevant for other types of nonprofits as well—from those that advance human rights to those that protect ecosystems.

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