

# Is Outcome Measurement

# Dead?

Not at all. It's your best hope to create a strong future for your organization. But be careful. You need to take a new approach.

BY JEAN A. VOGT

**f**or many years, nonprofit organizations (and those funding their services) have focused on "process measurement"—collecting information about the number of persons served, units of service provided, and cost per unit of service. Yet, these same people have often been frustrated by the numbers, because human needs keep increasing, while resources to meet them keep diminishing. This frustration often yields reduced cooperation between you (the service provider) and your supporters (service buyers).

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Nonprofit World • Volume 17, Number 4 July/August 1999  
Published by the Society for Nonprofit Organizations  
6314 Odana Road, Suite 1, Madison, WI 53719 • (800) 424-7367

At the same time, there's a mushrooming need for reliable data upon which to base decisions. The concept of managed care has entered non-medical service delivery areas, and service buyers have become far more cautious about spending their dollars. People want to know what's being accomplished with their money.

The solution is to break away from the old-style "bean-counting" or process measurement described earlier and embrace a new kind of outcome measurement. This tool will answer that all-important query: Are people "getting better" because you're intervening in their lives? It will also help you with other problems, such as diminishing resources, increasing demand for your services, and the need to redesign your service delivery systems. There are six steps to a well-designed outcome measurement system:

## Step 1: Commit Yourself.

First, you need to commit yourself to a new approach to outcome measurement. This approach differs from old-fashioned process measurement in several ways:

- It is based on actual results of individual service activity.
- It is immediately responsive to change.
- It measures effectiveness, efficiency, and consumer satisfaction, on an ongoing basis.

If you've been using process measurement, you needn't worry that all the time you've spent "bean counting" will be lost. The descriptive information you've collected—age, gender, education, employment, receipt of public assistance, living arrangement, transportation needs, cost, and so on—is still important. It will be helpful when you come to Step 5, analyzing your results.

## Goals Are More than Actions

Goals should say *why* you want to do something. If they don't, they're just actions. *Action example:* "We'll hire two more salespeople." *Goal example:* "We'll hire two more salespeople so we can generate more income."

—From *Empowering Leadership* by Larry W. Dennis, noted in *Communication Briefings*, 1101 King Street, Suite 110, Alexandria, Virginia.

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This new type of outcome measurement goes far beyond such descriptors, however. A few of its benefits:

- It increases results for the people whom you are committed to serve.
- It improves community support for your services.
- It increases the efficiency of the services you provide. It helps assure that you're offering services cost-effectively.

## Step 2: Visit Your Mission Statement.

An effective outcome measurement system starts with a broad mission statement. Your mission statement should answer three questions:

- To whom do you provide services?
- What services do you provide?
- What is the end or goal toward which you deliver these services?

In other words: What kinds of services does your organization provide to what population so that these people may achieve what outcome?

In refining your mission statement, be sure to focus on the people you serve. Remember, concern for these people is what created your organization and what continues to sustain it.

## Step 3: Create Program Objectives.

This is probably the most critical part of outcome measurement. With this step, you clearly and precisely answer the question: What will this program achieve for the people you serve?

You should create program objectives for three types of outcome measures. Here are sample objectives for each of the three kinds of measures:

**1. Effectiveness Measures:** What will people do differently *while* or *after* they receive your services?

The solution is  
to embrace a new kind  
of outcome measurement.

**Sample Objectives:**

- Increase skills in self care and money management.
- Increase wages earned and hours worked.
- Maintain regular medication management appointments.
- Obtain employment.
- Move to a less restrictive living arrangement.
- Maintain sobriety.

**2. Efficiency Measures:** How will you provide services with a minimum of effort, expense, and waste?

**Sample Objectives:**

- Minimize the cost per person served.
- Minimize program length.
- Minimize waiting list for selected population or for certain services.

- Minimize the length of time from service initiation to completion.

**3. Consumer Satisfaction Measures:** How will you assure that people are satisfied with your services and the personal outcome of those services?

**Sample Objectives:**

- Maximize positive responses to consumer satisfaction survey.
- Minimize complaints received by advocacy agencies.

## Step 4: Devise Goals & Criteria.

For each program objective you establish, you must develop goals for its achievement. In these goals, describe the programs and services you provide, the results you and those you serve wish to achieve, and the characteristics of the people you serve. Explain how you'll know if you've reached your objective. For instance, how many people must achieve the outcomes you have established?

## What's Next?

For more on outcome measurement, watch *Nonprofit World* for upcoming articles in our series:

- Getting Started: Beginning Steps in Designing an Outcome Measurement System
- Developing Your Outcome Measures
- Using the Results of Your Outcome Measurement System

If you have any questions you'd like answered in future articles, please contact Jean Vogt, c/o *Nonprofit World* 6314 Odana Road, Suite 1, Madison, Wisconsin 53719 (fax 608-274-9968).

You should also develop criteria for meeting these goals. Give each criterion a different weight depending on how important it is to the accomplishment of the goal. Be sure to include admission criteria for each of your programs—not to screen people out, but to assure that the people being served are those for whom your services are intended.

## Step 5: Analyze Results, and Suggest Changes.

Take time periodically—two to four times a year—to gather and analyze the data on how well you're meeting your objectives. Create a management report in which you describe what objectives you achieved, exceeded, or didn't meet—and why. Based on your results, recommend program changes. Examples of changes you might suggest:

### 1. Increase outcomes for people served.

#### *Examples:*

- Change admission criteria.
- Hold staff accountable for expressed results.
- Change the outcome measurement system to yield additional information.

### 2. Add or delete programs.

#### *Examples:*

- Define additional service needs.
- Reduce risk in developing or deleting programs.

- Eliminate programs that don't achieve the desired results.
- Use “sunset” strategies to identify resources for a new, needed program.
- Replicate programs which have a positive impact on people.

### 3. Contain costs.

#### *Examples:*

- Define and disseminate cost information.
- Make sure that programs are efficiently used by referral or funding agencies.
- Add new cost control elements to the outcome measurement system.
- Outsource parts of programs.
- Select new vendors.

### 4. Prepare marketing strategies.

#### *Examples:*

- Sell programs in terms of results they can achieve or insights into a population's special needs.
- Develop new markets or funding sources.
- Maintain a cost-effective rate of referral.

### 5. Meet third-party requirements.

#### *Examples:*

- Obtain any necessary licenses or accreditations.
- Cultivate relations with consumer groups.
- Develop new contracts or working relationships.
- Collaborate and plan jointly with other community groups.

### 6. Secure and maintain community support.

#### *Examples:*

- Help elected officials and taxpayers to understand, support, and take pride in your program.
- Develop and monitor strategic plans.
- Raise additional funds.

## Step 6: Put Changes into Effect.

Now it's time to make the changes you've identified. You must be willing to use the information you've gathered in ways that will satisfy not only your organization's mission but the goals of the people you serve. Following through with this final step will go a long way toward helping you deal with shrinking resources, growing demand for your services, the

need to redesign your service delivery systems, and the key question: Are your services achieving the desired results? ■

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\*Starred publications are available through the Society for Nonprofit Organizations' *Resource Center Catalog*, included in this issue, or contact the Society at 6314 Odana Road, Suite 1, Madison, Wisconsin 53719 (800-424-7367).

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