How Dashboards Can Help Your Nonprofit Achieve Its Goals

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Principal

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Today’s Presenter

Andrea Mills
Principal

FISCAL STRENGTH FOR NONPROFITS
Nonprofit Dashboards

Dashboards & Performance Management

What makes an effective dashboard and how can it be used as a performance management tool?

Dashboards & Business Models

How can a dashboard help you understand your nonprofit’s business model?

Building a Dashboard

How do you build an effective dashboard?
Dashboards & Performance Mgmt

Dashboards as a performance management tool can help you:

• Be strategic with time and resources by focusing on **key performance indicators** that need attention

• Understand your organization’s performance to **better** course correct

• Focus conversations with stakeholders to drive **strategic decision-making**
Effective dashboards are user-friendly, relevant & action-oriented

- Few, high-level **metrics**
- Snapshot of **current status** against targets
- Illustrate **trends**
- Highlight **unexpected results**
Dashboards & Business Models

Dashboards can help you understand your business model

- What are the strategic priorities for your organization?

- What types of revenue drive your business model? (e.g. contributed, earned income, government)

- What are major cost categories to monitor? (e.g. personnel, facilities, supplies)

- What aspects of program delivery are driving results? (e.g. enrollment levels, member/subscriber/customer engagement, process efficiencies)
Building Your Dashboard

Things To Consider

Who is the Audience?

What Should You Measure?

How Should You Visualize the Data?
Building Your Dashboard  Who is the Audience?

Identify your audience and purpose of the dashboard

Questions to ask:

- What does this audience need to know?
- How will you engage this audience to select metrics?
- How will this audience use the dashboard to drive action?
- How will you get feedback from this audience?
Building Your Dashboard What Should You Measure?

Key Performance Indicators

Represent business model drivers

Reflect progress toward intended outcomes

Are actionable and drive decisions

A set of KPIs isn’t forever: periodically reassess for relevance
Building Your Dashboard: What Should You Measure?

KPIs can be defined across all areas of your organization:

- Financial Health
- Fundraising & Development
- Programs & Service Delivery
- Human Capital
- Marketing & Communications
- Outreach & Advocacy
- Information Technology
- Risk Management & Governance
- Facilities & Capital Projects
Things to consider when selecting KPIs

- KPIs for the entire organization
- One or more priority areas
# Building Your Dashboard

## What Should You Measure?

### Things to consider when selecting KPIs

<table>
<thead>
<tr>
<th>Data Source</th>
<th>Alignment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Where is the data source?</td>
<td>What does the KPI tell us?</td>
</tr>
<tr>
<td>Who reports on the data?</td>
<td>What questions will the KPI answer?</td>
</tr>
<tr>
<td>Is the data consistently</td>
<td>What will be done as a result of</td>
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<tr>
<td>available?</td>
<td>measuring the KPI?</td>
</tr>
<tr>
<td>Can the data be objectively</td>
<td>Will it help us reach our objectives?</td>
</tr>
<tr>
<td>measured?</td>
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- Will it help us reach our objectives?
Building Your Dashboard

What Should You Measure?

Timeframe for measurement

Measure **current status**

Measure **trend over time**

Measure **against plan**
Building Your Dashboard  Visualizing the Data

Examples of data visualizations

<table>
<thead>
<tr>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
</tr>
</thead>
<tbody>
<tr>
<td>30</td>
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<td>10</td>
<td>20</td>
<td>30</td>
<td>40</td>
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</tbody>
</table>

95%  66%  45%

C

Category 1 Category 2 Category 3 Category 4

Category 7 Category 5 Category 3 Category 1

F

Q1 Q2 Q3 Q4
Dashboard Examples

Timeframe for Measurement

- Current Status
- Trend Over Time
- Against Plan
Dashboard Examples

KPIs can be defined across all areas of your organization

- Financial Health
- Human Capital
- Information Technology
- Fundraising & Development
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- Outreach & Advocacy
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### Sample KPIs for Financial Health

<table>
<thead>
<tr>
<th>KPI</th>
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<tbody>
<tr>
<td>LUNA</td>
</tr>
<tr>
<td>Months of LUNA</td>
</tr>
<tr>
<td>Net Asset Composition</td>
</tr>
<tr>
<td>Months (or Days) of Cash on Hand</td>
</tr>
<tr>
<td>Organization-wide Operating Surplus / Deficit</td>
</tr>
<tr>
<td>Operating Surplus / Deficit by Program</td>
</tr>
<tr>
<td>Operating Revenue Mix</td>
</tr>
<tr>
<td>Expense Mix</td>
</tr>
<tr>
<td>Days Receivables</td>
</tr>
</tbody>
</table>

*Note: These financial metrics are often trackable via an organization’s nonprofit accounting software.*
Sample Issue Area: **Liquidity** (as of current status)

- Months (or Days) of Cash on Hand
- Cash Flow Projections
- Age of Receivables
- Age of Payables
- Available Credit Line

*Note: These financial metrics are often trackable via an organization’s nonprofit accounting software.*
Dashboard Examples  Sample Issue Area Metrics

Sample Issue Area: **Strength of Balance Sheet** (trend over time)

- LUNA
- Months of LUNA
- Months (or Days) of Cash on Hand
- Net Asset Balance & Composition

*Note: These financial metrics are often trackable via an organization’s nonprofit accounting software.*
**Organization ABC**

**STRENGTH OF BALANCE SHEET METRICS**

### Liquid Unrestricted Net Assets (LUNA) Balance

![Graph showing the LUNA balance from FY16 to FY18 with values: $675,000, $950,000, $1,050,000.]

**Calculation:**
Unrestricted Net Assets - Fixed Assets - Illiquid Board Designated Reserves = LUNA

**Key Questions and Interpretation:**
- Is the balance negative or positive? Is it increasing or decreasing over time?
LUNA is also known as reserves. It consists of the portion of unrestricted net assets that can be converted to cash with relative ease. Reserves act as a "cushion" to weather downturns, cover expenses, or act on opportunities.

### Months of LUNA

![Graph showing the months of LUNA from FY16 to FY18 with values: 5.4, 7.1, 7.5.]

**Calculation:**
LUNA / (Total Expenses (excluding Depreciation) / 12) = Months of LUNA

**Key Questions and Interpretation:**
- How many months of operations could the LUNA balance cover?
This graph considers the LUNA balance in relation to average monthly operating expenses. If the balance is negative then months of LUNA are effectively zero.

### Net Assets Balance and Composition

![Graph showing the net assets balance from FY16 to FY18 with values: $400,000, $280,000, $350,000.]

**Calculation:**
Unrestricted Net Assets; Temporarily Restricted Net Assets; Permanently Restricted Net Assets

**Key Questions and Interpretation:**
- Is the Unrestricted Net Assets balance increasing or decreasing?
Long-term sustainability depends upon an organization's ability to maintain a healthy unrestricted net assets balance.

### Months of Cash-on-Hand

![Graph showing the months of Cash-on-Hand from FY16 to FY18 with values: 2.5, 1.5.]

**Calculation:**
(Cash + Cash Equivalents) / Average Monthly Expenses (excluding depreciation) = Months of Cash-on-Hand

**Key Questions and Interpretation:**
- Is Cash-on-Hand adequate to cover receivable turnover or funding delays?
- Are Months of Cash-on-Hand increasing or decreasing?
Sample Issue Area: **Operating Results** (against plan)

*Note: These financial metrics are often trackable via an organization’s nonprofit accounting software.*
**Dashboard Examples**  
Sample Issue Area Metrics

*This dashboard template is available to download online. Check out [www.Strongnonprofits.org](http://www.Strongnonprofits.org) and search for “Dashboard”*
**Dashboard Examples**

**Sample Issue Area Metrics**

### Fiscal YTD Operating Results

- **Revenue**
- **Expenses**
- **Surplus/Deficit**

<table>
<thead>
<tr>
<th>Millions</th>
<th>YTD Actual</th>
<th>YTD Budget</th>
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<tbody>
<tr>
<td>$2.8</td>
<td>(2.5)</td>
<td>(2.2)</td>
</tr>
<tr>
<td>$0.2</td>
<td>0.3</td>
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</table>

### Youth Program: Enrollment

- **2015 Enrollment**
- **2014 Enrollment**
- **2015 Budget**
- **Maximum Capacity**

<table>
<thead>
<tr>
<th>Class</th>
<th>2015 Enrollment</th>
<th>2015 Budget</th>
<th>Maximum Capacity</th>
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</thead>
<tbody>
<tr>
<td>Class 1</td>
<td>9</td>
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<td>Class 2</td>
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<td>Class 4</td>
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<tr>
<td>Class 5</td>
<td>44</td>
<td>42</td>
<td></td>
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</table>
Questions?
Resources
Models & Components of Nonprofit Dashboards

Webinar with NPQ:

Models and Components of Great Nonprofit Dashboards
A Tutorial with Hilda Polanco, FMA

Article at NPQ:


FMA Sample KPIs for these categories can be found at [https://fmaonline.net/kpis](https://fmaonline.net/kpis)
Resources

Sample Key Performance Indicators for Nonprofit Organizations
https://fmaonline.net/kpis

Sample Dashboard Reporting Template
(on www.StrongNonprofits.org)
www.StrongNonprofits.org

In collaboration with the Wallace Foundation, FMA has created a library of tools and resources to help organizations become “fiscally fit”

Four Topic Areas: Planning | Monitoring | Operations | Governance

Free Live Webinar: Guided tour of www.StrongNonprofits.org

January 21, 2020
11AM -12PM PT
2-3PM ET

March 24, 2020
11AM -12PM PT
2-3PM ET
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