

## Summary:

# The Action Implications

Performance is the ultimate test of any institution. Every non-profit institution exists for the sake of performance in changing people and society. Yet, performance is also one of the truly difficult areas for the executive in the non-profit institution.

I'm always being asked what the differences are between business and non-profit institutions. There are few, but they are important. Perhaps the most important is in the performance area. Businesses usually define performance too narrowly—as the financial bottom line. If that's all you have as a performance measurement and performance goal in the business, you are not likely to do well or survive very long. It's too narrow. But it's very specific and concrete. You don't have to argue about whether we are doing better because results within terms of profitability or market standing or innovation or cash flow are easily quantifiable and very hard to ignore.

In a non-profit organization, there is no such bottom line. But there is also a temptation to downplay results. There is the temptation to say: We are serving in a good cause. We are doing the Lord's work. Or we are doing something to make life a little better for people and that's a result in itself. *That is not enough.* If a business wastes its resources on non-results, by and large it loses its own money. In a non-profit institution, though, it's somebody else's money—the donors' money. Service organizations are accountable to donors, accountable for putting the money where the

results are, and for performance. So, this is an area that needs special emphasis for non-profit executives. Good intentions only pave the way to Hell.

Nonetheless, non-profit institutions find it very hard to answer the question: What, then, are "results" in our institution? It can be done, however. Indeed, results can even be quantified—at least some of them. The Salvation Army is fundamentally a religious organization. Nevertheless, it knows the percentage of alcoholics it restores to mental and physical health and the percentage of criminals it rehabilitates. It is highly quantitative. For many organizations in the non-profit sector, to be specific about results is still odious. They still believe their work can only be judged by quality—if at all. Some of them still quite openly sneer at any attempt to ask: "How well are you doing in terms of the resources you spent? What return do you get?" One sometimes has to remind them of the Parable of the Talents in the New Testament: Our job is to invest the resources we have—people and money—where the returns are manifold. And that's a quantitative term.

There are different kinds of results. First, you have immediate results. Then, you have the long-term job of building on those first results. Maybe it's not easy to define precisely what results you have, but it's got to be done in such a way that one can ask: "Are we getting better? Are we improving?" And: "Do we put our resources where the results are?"

We need to remind ourselves again and again that the results of a non-profit institution are always outside the organization, *not* inside. Results for the Salvation Army are among the alcoholics and the prostitutes and the hungry. Results for the schoolteacher are kids who learn.

And can good intentions and hopes ever justify non-results? A few Jesuit Fathers managed to sneak into China as missionaries in the seventeenth and early eighteenth centuries. They were brilliant men; they endured persecution and hardships and dangers. They worked terribly hard and they stayed in China year after year after year—with no results. Yet they kept on hoping, kept on trying to find a few people who would be receptive to Christianity. In the

process they became very respected men in China—astronomers, mathematicians, painters. But it was a misallocation of very scarce resources to work that produced no results. In Heaven there is joy over one sinner who repents. But in Heaven, there is also, I am sure, joy over the right allocation of resources to the mission, to the goals, to results. And the Jesuits long ago stopped wasting brilliant members of their order on hopes.

One starts with the mission, and that is exceedingly important. What do you want to be remembered for as an organization—but also as an individual? The mission is something that transcends today, but guides today, informs today. The moment we lose sight of the mission, we begin to stray, we waste resources. From the mission, one goes to very concrete goals.

Only when a non-profit's key performance areas are defined can it really set goals. Only then can the non-profit ask: "Are we doing what we are supposed to be doing? Is it still the right activity? Does it still serve a need?" And, above all, "Do we still produce results that are sufficiently outstanding, sufficiently different for us to justify putting our talents to use in that area?" Then, you can do the *next* important thing, which is every so often to ask: "Are we still in the right areas? Should we change? Should we abandon?" The Salvation Army began, 128 years ago, by building shelters for the streetwalkers of London. Nobody cared then about those unfortunate women, any number of whom were poor country girls adrift in the big city. The Salvation Army still has a program to look after prostitutes. But it has given up providing hostels to shelter innocent and ignorant country girls. Those country girls now come equipped with employable skills, and they are by no means ignorant anymore; they are just as sophisticated as anybody else. So, the Salvation Army abandoned this mission even though it was the original activity.

One needs to define performance for each of the non-profit's key areas. Think through the key performance areas for this organization—not for *an* organization—for *this* one, and focus on each of them.

In a non-profit institution, where people want to serve a cause,

you always have the challenge which Max De Pree discussed in his earlier interview: getting people to perform so that they grow on their own terms. They are then accomplished and fulfilled, and that makes its way down to the performance of the organization. This is essential.

Results are achieved, too, by concentration, not by splintering. That enormous organization the Salvation Army concentrates on only four or five programs. Its executives have the courage to say, "This is not for us. Other people do it better." Or, "This is not really what we are good at." Or, "This is not where we can make the greatest contribution. It does not really fit the strength we have." One of the most important things for a non-profit executive to be able to acknowledge is that "there we are not competent; we can only do harm. Need alone does not justify our moving in. We must match our strength, our mission, our concentration, our value."

Good intentions, good policies, good decisions must turn into effective actions. The statement, "This is what we are here for," must eventually become the statement, "This is how we do it. This is the time span in which we do it. This is who is accountable. This is, in other words, the work for which we are responsible." Effective organizations take it for granted that work isn't being done by having a lovely plan. Work isn't being done by a magnificent statement of policy. Work is only done when it's done. Done by people. By people with a deadline. By people who are trained. By people who are monitored and evaluated. By people who hold themselves responsible for results.

The ultimate question, which I think people in the non-profit organization should ask again and again and again, both of themselves and of the institution, is: "What should I hold myself accountable for by way of contribution and results? What should this institution hold itself accountable for by way of contribution and results? What should both this institution and I be remembered for?"