

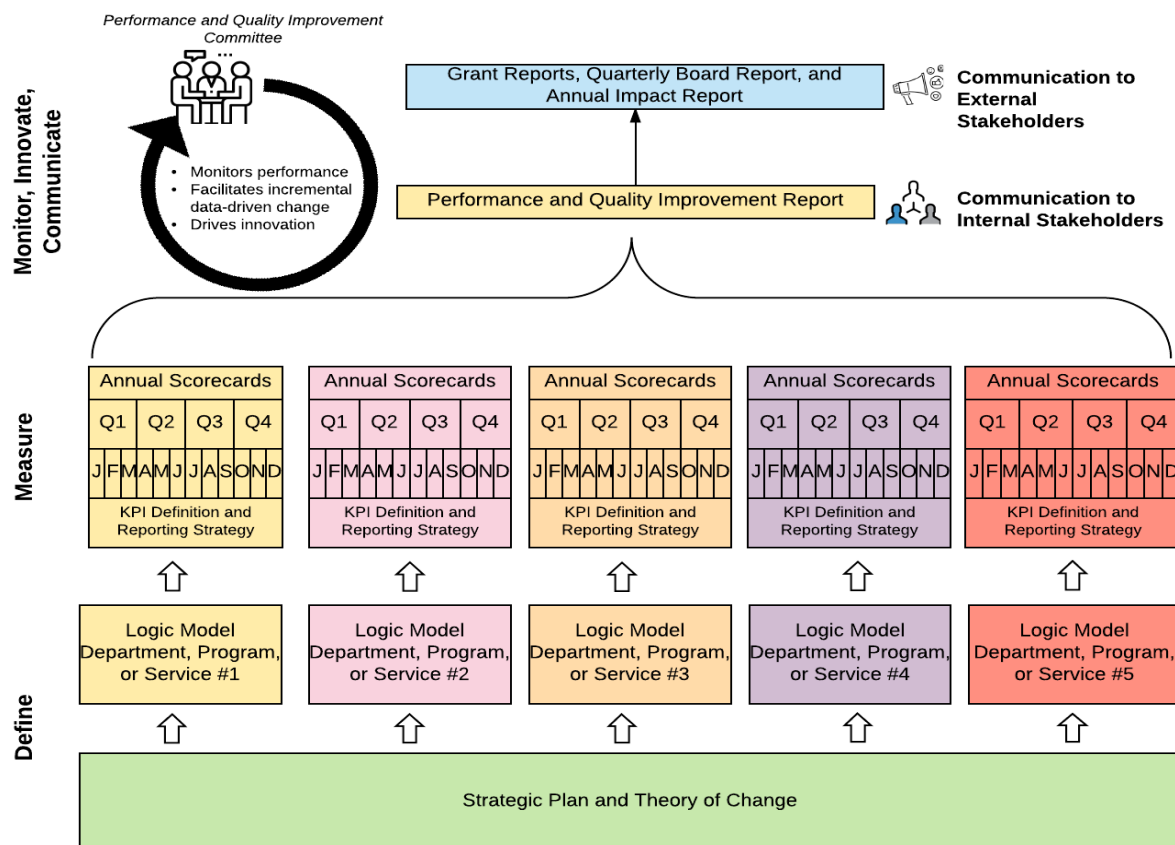
# PRACTICAL GUIDE TO DEFINING AND IMPLEMENTING A NONPROFIT DATA STRATEGY

## INTRODUCTION

Nonprofits today face increasing pressure to demonstrate impact through reporting on outcome measures tied back to their strategic plan. When TechBridge begins an engagement with a new nonprofit partner, we typically find they have developed a strategic plan but lack the remaining elements of a data strategy to integrate that strategic plan into the daily operations of their organization.

What is a data strategy? At TechBridge, we define it as the critical elements necessary for a nonprofit to define its desired impact on the community it influences. What does it mean to implement a data strategy? TechBridge describes this process as integrating the metrics defined in a data strategy into an organization's daily operations. This enables an organization to effectively monitor performance, innovate programming, and communicate results to internal stakeholders; such as, staff and board of directors, and external stakeholders; such as, community residents, grantors, donors, and volunteers.

To help our nonprofit partners better understand the elements critical to defining and implementing a successful data strategy, TechBridge developed the visual below.



As a nonprofit ourselves, TechBridge understands how critical it is to not just define your organization's desired impact but effectively measure and communicate it as well.

The following guide provides an overview of the three critical steps to defining and implementing a data strategy:

1. **Define** a strategy through developing an organizational theory of change, strategic plan and logic models for each department, program, and service.
2. **Measure** your strategy through developing a Key Performance Indicator (KPI) definition and reporting strategy; as well as monthly, quarterly, and annual scorecards.
3. Continually **monitor performance** and **innovate programming** based on data insights to **communicate** performance to internal and external stakeholders.

## DEFINE

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**Define** a strategy through developing an organizational strategic plan, theory of change and logic models for each department, program, and service. If a nonprofit does not already have a strategic plan, TechBridge recommends developing one first before developing a data strategy.

### Critical Elements:

- **Strategic Plan:** An effective strategic plan sets the direction and establishes priorities for the entire organization. It provides a mechanism that aligns organizational staff and resources toward achieving organizational goals and programmatic outcomes. It facilitates both internal and external organizational communications, simplifying decision-making with regard to specific goals and priorities. (Source: Community Foundation for Greater Atlanta)
- **Theory of Change:** A theory of change is the description of the community problems your organization is attempting to address and the change strategy that your programming supports. It involves application of best practices and research that support your change strategy. (Source: W.K. Kellogg Foundation Evaluation Handbook)
- **Logic Models:** A framework to demonstrate the relationships among the resources your organization has to operate, the activities you provide, and the results your organization hopes to achieve for clients and/or the community your organization serves. (Source: W.K. Kellogg Foundation Evaluation Handbook)

## MEASURE

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**Measure** your strategy through developing a KPI definition and reporting strategy; as well as monthly, quarterly, and annual scorecards.

Developing the tools below will help your organization answer the following questions:

- How are you going to measure the outcomes/KPIs identified in your logic model?
- Who is responsible for inputting, collecting, and reporting on the data?
- When will you collect the data and how often will you report on it?
- What tools and technology will be used to measure the data?



### Critical Elements:

- **KPI Definition and Reporting Strategy:** This strategy helps your organization to marry its outcome metrics as defined by your logic models with the reporting capabilities of your databases. Specifically, this strategy will define terms for all metrics tracked by the organization, including how these metrics are calculated; who is responsible for data entry and reporting; how frequently data is entered and reported on; as well as, data sources and collection methods.
- **Monthly Scorecard:** This scorecard requires each program and department in your organization to list the metrics they need to review monthly to achieve compliance with grant reporting and ensure the organization is tracking the metrics necessary to drive continual performance and quality improvement in their department.
- **Quarterly Scorecard:** This scorecard requires the Board of Directors and agency leadership to determine the most important metrics (or key performance indicators) to track across the entire organization. The key performance indicators are often contained in four categories: (1) financial metrics; (2) fundraising metrics; (3) strategic plan implementation metrics; and (4) client, programmatic, and community impact metrics.

- **Annual Scorecard:** Think of the Annual Scorecard as the organization's "audited" program data. This scorecard requires the agency leadership to determine the metrics to share with external stakeholders and provides a foundation for the organization's annual impact report, which can be used by a nonprofit's fundraising and marketing teams to share the community impact the organization has demonstrated. (See Annual Impact Report under "Communicate" below).

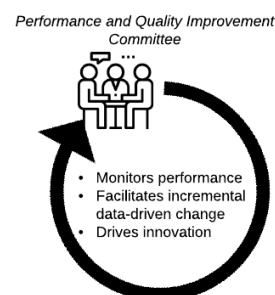
## MONITOR, INNOVATE AND COMMUNICATE

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Continually **monitor performance** and **innovate programming** based on data insights to **communicate** performance to internal and external stakeholders.

TechBridge recommends creating a **Performance and Quality Improvement (PQI) Committee** to monitor results and innovate programming based on data insights. This committee meets regularly to review the PQI Committee Report and PQI Plan, prepared in advance by the committee coordinator.

TechBridge recommends the organization's leadership, fundraising, and marketing team develop Board Reports and Annual Impact Reports to **communicate performance** to internal stakeholders (such as organization staff) and external stakeholders (such as Board of Directors, donors, volunteers, grantors, and community members).



### Critical Outputs:

- **Performance and Quality Improvement Plan:** Determines which metrics from the monthly scorecards should be reviewed by the PQI Committee as well as other information that the PQI Committee should review, such as risk management reports (critical incidents and safety reports), funder and regulator site visit reports, client and staff satisfaction surveys, and case file record review reports.
- **Performance and Quality Improvement Report:** Report prepared prior to each PQI Committee meeting by the PQI Committee coordinator. This report will include a compilation of relevant information necessary for the committee to review organizational performance and provide data driven recommendations to achieve continual improvement and innovation in each program and department.
- **Board Report:** Every organization should take the most important KPIs for monitoring quarterly organizational performance as defined by the quarterly scorecard and present measurements of these outcomes regularly to its Board of Directors. These KPIs should include metrics related to finance, fundraising, strategic plan implementation, and client and program outcomes.
- **Annual Impact Report:** Just as each organization releases their annual financial audit and 990, the Annual Impact Report should contain programmatic information the organization wants to share with their external stakeholders. The Impact Report is based on the metrics defined by the annual scorecard and can be utilized by the organization's fundraising and marketing teams to share the community impact demonstrated. This report would include information on organizational outputs (# of clients served, # of units of services provided, etc.), client demographics, and outcome measures.

## TECHBRIDGE DATA STRATEGY CAPABILITIES AND RESOURCES

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### TechBridge Consulting Services:

- TechBridge Transformation Assessment
- Theory of Change review and development
- Logic Model review and development
- Monthly, quarterly, and annual scorecard development
- Quarterly Board Report and Annual Impact Report Development
- Client Management System needs analysis, selection and implementation
- Comprehensive Reporting/Business Intelligence needs analysis, selection and implementation
- Custom database build, implementation and support

### Technology Resources:

- **Data Visualization Tools:** Provides an easy to use canvas for writing a professional Annual Report fit for marketing to external stakeholders. Leading technologies for nonprofits include *Infogram* and *Canva*.
- **Client Management Systems:** Provides a central database to track an organization's client and program related data in a single location. Cloud-based solutions enable staff to securely access, update and report on data in the office or remotely. Leading technologies for nonprofits include *Salesforce.com*, *Microsoft Dynamics*, *ETO by Social Solutions*, and *Case Worthy*.
- **Comprehensive Reporting/Business Intelligence Tools:** Provides a solution for organizations needing to report on information living in several different databases (such as accounting systems, multiple client management databases/spreadsheets, and donor management systems). Leading technologies for nonprofits include *Microsoft Power BI*, *Qlik*, and *Tableau*.

### Additional Resources:

- **Community Foundation for Greater Atlanta** has a wealth of resources to help nonprofits better serve their communities, including the [Nonprofit Toolbox grant](#) which can provide assistance with developing a strategic plan.
- **Council on Accreditation** equips nonprofits with training, resources, and best practices for delivering programs and services, including guidance on developing an effective [performance and quality improvement program](#).
- **The W.K. Kellogg Foundation** provides [three essential resources](#) to help nonprofits incorporate program evaluation into their regular operations; (1) Step-by-Step Guide to Evaluation: How to Become Savvy Evaluation Consumers, (2) W.K. Kellogg Foundation Evaluation Handbook, and (3) W.K. Kellogg Foundation Logic Model Development Guide.
- **United Way** provides a [helpful Practical Guide to Outcome Measurement](#).