HARVARD
GRADUATE SCHOOL OF EDUCATION

Transcript: James Honan, e-Lecture

James Honan: Welcome to the presentation on tools and frameworks for organizational performance improvement. I'm Jim Honan. Let me begin this presentation by stepping back from this topic and raising the question about why interest in outcomes and impact and why now? There are a number of internal and external driving forces bringing this issue to the top of the agenda of many organizations.

First, there's growing interest in general accountability among various constituents, funders, governments and even stakeholders themselves. Second, due to the economic crisis each of us is experiencing there's heightened focus on cost, quality, efficiency, productivity and outcomes assessment. Third, an interesting development is by virtue of the fact that we're experiencing constrained financial resources this is causing many organizations to focus on important strategic choices. Fourth, there's growing availability of data in terms of multiple sources and multiple uses of performance assessment data. And last but not least, not just in the education sector but in all sectors in the nonprofit and NGO sectors we're seeing developments and interest among outcomes and impact among a wide range of organizations and constituents.

So in addition to understanding why the growing interest in outcomes and impact assessment is happening, it's also incredibly important to understand the multiple uses of this outcome and impact data. I just want to say a few words about some of these potential uses for these data and analyses. First an obvious one. In some cases many of our organizations are utilizing performance data for compliance and control purposes. In a classic sense almost just like an audit we're trying to figure out if the organization actually produced the good or service or value that was intended. A second use of this performance assessment data, a more internally focused use, is that of using it to monitor mission, plan, strategy or goals. So in many cases a number of your boards and overseers are utilizing performance data to assess and monitor progress toward the goals and initiatives in your organization's strategic planning. A third use of performance assessment data and increasingly popular is actually utilizing the data for marketing and communications purposes, literally getting the word out on an important accomplishment or impact. This can be used in many ways, both for funders, for constituent and stakeholder groups and in the media.

A fourth aspect of performance assessment data use, obvious but not so obvious, is actually utilizing these data to foster institutional improvement. And while it's really important to think about the pure use of these data to improve organizational performance, we find in many cases there are great challenges in utilizing these data in these ways. And last but not least, a very powerful way in which performance data are utilized is directly related to resource allocation and budgeting. So in many cases a good number of organizations are utilizing these data to allocate both financial and human resources to the important purposes and goals of the organization.

I wanted to take a few moments and talk about some selected performance measurement and management tools and frameworks. What's interesting and challenging for many leaders is the finding that the toolbox for these various tools and frameworks is absolutely full. So let me take

a few moments and talk about some of the tools and frameworks that are being utilized at this moment. A number of you in the education sector are already using accreditation and quality standards and have done so for many years. Secondly, there's a wide range of generic management tools and frameworks. Let me say a word or two about a few of those.

Total quality management and other process improvement tools, utilized originally in the corporate sector, are now finding their way to various nonprofit and educational organizations. Rating and rankings. A wide range of ratings and rankings schemes and analyses are being produced in all sectors, including education. Here in the United States one of the most commonly used ratings and rankings schemes in higher education, the U.S. News and World Report college rankings, have become increasingly popular in recent years. Other tools and frameworks in the toolbox include the venture philanthropy partners organizational capacity model, the United Way outcome evaluation model, the Baldrige Award increasingly used in the education and nonprofit sector, various benchmarking tools that boards of trustees, funders and others are utilizing. The Learning School metrics of Peter Senge at MIT are increasingly used by organizations interested in organizational improvement initiatives.

Other corporate tools include continuous quality improvement (CQI), ISO 9000 through 9004, a range of process improvement tools and in other aspects of organizational work tools like performance budgeting, 360 degree feedback and program evaluation are also commonly used both inside the education sector and in other nonprofit spheres.

Last but not least, a couple of other generic management tools, and we'll have a chance to utilize one of them, tools like the balanced scorecard developed by Robert Kaplan of the Harvard Business School, the Kellogg Foundation Logic Model Development Guide, which we'll be using ourselves, the Drucker Foundation self-assessment tool, and last but not least, the KPMG Performance Measurement model. Suffice it to say that the toolbox is full and one of the biggest challenges facing leaders is what tool or framework to use in assessing and analyzing your own organization's performance.

I wanted to say a few words about the challenges and opportunities around the utilization of performance assessment tools and frameworks. Let me start with the challenges. If there's a lack of shared vision, organizational strategy or institutional perspective regarding outcomes and impact -- in many cases this can present tremendous leadership challenges around the utilization of a particular framework to assess performance. Second, a given in our sector is the challenge of imperfect or inadequate data and measures and the question on the table becomes how do we measure the magic that we think all of our organizations produce? Third, there's always the possibility of misuse or misinterpretation of performance data and I'm sure each of you can come up with examples of that particular challenge in your own work. A fourth challenge is resistance to change and fear of the unknown. In many cases performance assessment tools unearth challenging aspects of an organization's performance and the unknown or unpredictable of these findings can cause some fear and resistance among a range of stakeholders. A fifth challenge, the misalignment of our governance and decision making processes from assessment processes, presents real challenges on how data can or cannot actually be used to improve organizational performance.

Two others. The unit of analysis challenge presents an interesting puzzle for all of us. The question on the table is what unit of performance are we trying to assess? This can range from individual performance of particular employees or leaders, can move toward program or initiative level assessment, from there to think more systemically about department or unit performance and last but not least moving toward both the organization-wide level and/or the sector, field or domain level, literally the education sector at large. And the highest level of aggregation in terms of our unit of analysis challenge is then the more institutional or societal level of thinking about the impact that goes well beyond the boundary of particular organizations or sectors. And a last challenge we face in this domain is how to go to scale with successful programs or initiatives once they are determined to be successful through our performance assessment initiatives.

Let me turn to some of the opportunities we find in this particular domain with the hope that some of you as leaders will have a chance to move forward in this work in this module and beyond in this program. First, there's a high sense of urgency and interest in performance assessment data and we don't need additional sources of sense of urgency or motivation to do this work. For most of us it is clear that there's a very high degree of interest and a high urgency for what it is we hope to do. Secondly, as discussed in the list of tools and frameworks we just talked about, there's ample data and technology and other analytic tools available to do this work. Literally the toolbox is full. We also have a wide range of resource allocation and planning models and processes to include performance data in overall organizational performance measurement and strategy exercises. Again, the short supply of tools is not a problem in that domain either.

Fourth, in many cases utilization of performance assessment management tools can help us make the case for additional financial support. Showing that our organizations are having impact can actually improve our chances of gathering and garnering financial support in a tightly constrained environment. Fifth, the use of these data can help us focus or refocus the organization's strategy and resource allocation on the issues that matter the most. Literally, the performance data can reframe questions of mission, plan and budget. Sixth, in some cases utilization of performance assessment data can respond to concerns on the parts of funders, boards, citizens and the media to respond to some of these concerns that they are expressing. And last but not least, obvious I hope in this work in both the design and utilization of performance is an opportunity to exercise leadership at the highest levels of an organization.

I wanted to say a few words about some of the horizon issues and questions I think we're facing in the performance assessment domain. What I find interesting is there's an ever increasing interest in outcomes and impact data and the question on the table is will there be continued growth in this way? My sense is the answer is yes. Second, it's interesting to think about the possibility that the various data measures and tools will become even more refined in the coming years. My sense is the tools are becoming increasingly sophisticated and increasingly comprehensive. Third question deals with you, the leaders of organizations, to say what would it mean if you become more accountable and are held accountable for outcomes and impact to a

greater degree? My sense is both boards and funders will continue to push us in these directions and present a number of leadership challenges for you and your colleagues.

A fourth puzzle and potential question and concern is the extent to which financial funding will become more outcomes- or impact-oriented. If that's so, if we have increasing funding based on performance and impact, what impact will that have on our own budgeting and resource allocation processes inside education sector organizations? I suppose the haunting question that I leave this area with is to say will all of the increased growth and use in performance assessment data actually lead toward better outcomes and impact in our sector? That's the hardest question to answer, I think, to say what difference will all of this work make? I hope as you engage in this work, both in this module and beyond the program, you'll have an opportunity to grapple with these and other questions moving forward.