

Introduction

It's been said that "if you don't know where you're going, any road will take you there." But knowing the destination — even having a road map — while essential, is not enough. What if there were no road signs, speed and fuel gauges, and warning light indicators? No external signals to indicate progress along a chosen path and internal signals to keep the driver aware of the vehicle's speed, condition, and performance?

Like the instrument panel on the dashboard of an automobile, dashboard reports present a quick, comprehensible overview of an organization's status and overall direction. Instead of speed, RPM, and engine temperature, the dashboard typically displays preselected, critical measures of organizational performance and mission effectiveness. With dashboard reports that present key indicators in consistent formats, board members can readily spot changes and trends in these measurements. And like the dashboard inside a car, these reports often display the equivalent of warning lights that only flare up when there is an impending problem or when certain variables stray outside of predetermined limits.

Ultimately, dashboard metrics convey the big picture and yet are sensitive to both negative and positive changes in performance. The dashboard serves as an early warning device alerting the board and senior staff when it might be important to dig deeper for greater insight.

WHY CREATE A DASHBOARD?

Board members and senior staff may wonder why they need another report adding to the already overwhelming array of documents disseminated to the board in thick meeting binders, attached to e-mail messages, and on Web sites or intranets. What does a dashboard report give them that any number of other reporting formats doesn't already accomplish?

The answer, of course, is that governing boards *do not* need more reports or more information. What they do need is more meaning — and the dashboard report is one practical tool for conveying meaning directly and succinctly to hard-pressed board members. The dashboard report helps nonprofit leaders focus their attention on what matters most in their organizations, and, in doing so, gain greater insight and ascribe greater meaning to other available data. The learning opportunities gained from defining key performance indicators and tracking, reviewing, and evaluating them allow nonprofit leaders to improve and further fulfill the mission of their organizations. Learning is the major driver for this kind of information — why do it if not to learn from it, act upon it, and, ultimately, make better decisions about the organization's future?

At a time when governance has come under increased scrutiny by the media, regulatory agencies, and the public at large, the board's ability to quickly access critical outcome and performance information is being encouraged as never before. More and more, the board's information resources are being viewed as vital to

effective governance — from general oversight and monitoring of performance to making strategic decisions and raising red flags. And yet, board members claim that as they receive more data than they can handle, they continue to receive less meaningful information.

Dashboards also provide a great opportunity for partnership between board and staff. Creating these reports is largely a staff-driven process in support of the board's oversight role. The reports themselves help in maintaining both staff accountability and board focus on overall organizational performance rather than operational detail.

ABOUT THE BOOK

Chapters 1 and 2 address boards that are interested in making dashboards part of a regular board reporting process. These chapters provide board members with the framework for how dashboards fit into the context of effective governance practices, discuss how information is shared with the board, and help the board (along with senior staff) define the kind of information that will be represented in the report. Chapters 3 and 4 are intended to help staff with the nuts and bolts of designing dashboard reports and describe the process board and staff may undertake to develop an ongoing dashboard program. Chapter 5 discusses how dashboards are used in the context of board meetings and decision making.

Remember: No two organizations are exactly alike. The information an organization chooses to display in a dashboard should be reflective of its strategic plan, goals, and mission. Each organization that undertakes this process needs to pick and choose the key indicators, report design format, and board-staff collaboration process that works best for its particular circumstances. This book is not intended to be a one-size-fits-all instruction book that gives a nonprofit an exact blueprint for developing, designing, and maintaining a dashboard reporting system. It does, however, present the options, offer detailed illustrations and considerations, and provide a template from which to start.

USING THE CD-ROM

To help organizations get started with their own dashboard reports, the accompanying CD-ROM includes dashboard generator files, using Microsoft® Excel, with templates for creating customizable dashboards and how-to instructions for working with the files (see Chapter 5 for more guidance).

Also included on the CD-ROM is a board information survey for creating a baseline assessment of how the board views the kind of information it currently receives and the way in which it receives it. The information gathered is intended to help staff identify how it can communicate more effectively with the board and assist in developing the dashboard (see Chapter 4 for more detail).