



## Association Management, Consulting & Evaluation Services

*Helping associations exceed member expectations.*

### **Is your association's accountability program making the best use of metrics?**

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Don't answer too quickly. This is a complex question. Accountability practices have been changing as not-for-profit associations are being influenced by trends and challenges that have occurred in the private sector, new legislation, member demands for value, changing stakeholder interest, and technology.

#### ***Private Sector***

There has been a litany of financial scandals and problems in the private sector over the past decade – Enron, WorldCom, Nortel, AIG, Bernie Madoff, default credit swaps, the banking and mortgage crisis. All of these have led to more focus on accountability, increased regulations and governance oversight in both the private and not-for-profit sectors.

#### ***Governments***

The *Federal Government's Canada Not-For-Profit Corporations Act* and its regulations contain provisions that will require changes to by-laws to enhance accountability. Other legislative changes pertaining to associations need to be constantly monitored, such as those related to lobbying and changes to the Canada Revenue Agency's regulations dealing with charitable activities.

Provincial Governments are also making legislative changes related to labour requirements on a regular basis, and some are making changes in their Society Acts or equivalents.

Voters, the media, Parliament and the Auditor General provide strict oversight regarding how taxpayers' dollars are spent. They want "*bang for buck*" or value-for-money. Consequently, Results Based Management (RBM) programs are in place, which use performance metrics to help determine value. Metrics are established for inputs (resources invested), outputs (products/services provided) and outcomes (benefits to society or key groups). These are all measured, reported and evaluated. Governments now expect that not-for-profits who receive public funding will follow a similar type of process and provide metrics to support evaluation.

#### ***Stakeholder Interest and Expectations***

While a definition of accountability is often clear and simple, what can make accountability

complicated is the fact that associations have different types of stakeholders, each with different interests and expectations. Accountability requirements are not limited to providing members with an audited financial statement or reports at the Annual General Meeting. Some examples of the expectation differences are:

- Members are looking for quality services provided at a reasonable cost in a timely manner based on current and future needs.
- Members must be in compliance with ethical or other standards that are linked to membership requirements.
- Governments are expecting compliance to legislation.
- Boards are expecting the Chief Staff Officer and other staff to accomplish specific strategic outcomes and comply with established policies.
- There are expectations between the Board and committees and the Chief Staff Officer and other staff.
- Some volunteers may be focused on ethical and moral accountability in the organization.
- Donors are interested in results achieved and the link to financial accountability.
- Staff are expecting leadership from Boards.
- Funders may be looking at an association's capacity to deliver results.
- Partnering organizations are looking to ensure agreements are respected.

### **Technology**

Changes in technology are also impacting accountability. Technology makes it easier to obtain, track and share information. As a result, associations have privacy and other issues to be concerned about. For example, is your data stored on a U.S. server? If so, there may be implications regarding the U.S. *Patriot Act*. While technology assists in tracking members and their activities through improved databases, it is important the association's privacy policy and specific accountability to members is constantly top of mind. This is also applicable to the use of online surveys and website analytics.

Other technological improvements are in place to support feasibility reviews, decision-making, and measuring metrics. Accessing information to support benchmarking is easier and helpful in decision-making. Metrics can be tracked whenever there is a need to monitor the status of an indicator.

Communications to support accountability have moved well beyond the annual report and monthly newsletter as social media supports wider and faster communications. However, accountability must be provided at a level well beyond that which is necessary. And we need to also determine if we are sharing information that may pose a potential risk or liability for the association.

### **Accountability Program**

Accountability programs need to meet the expectations of various stakeholders. Having a checklist of key questions and/or using metrics will help to determine if accountability expectations are

being met. Activities undertaken to support an accountability program need to indicate the conditions for each stakeholder relationship. For example, what is to be done to meet accountability expectations in terms of: applicable related by-law provisions, policies and procedures; government legislative requirements; roles and responsibilities for those who will be involved; monitoring and timing; reporting requirements; use of metrics and performance management.

Ideally, associations should have an accountability program that is consistent, transparent, systemic and proactive, and one that is responsive to any problems that might occur.

## **Metrics**

If you don't have an accountability program that outlines activities and the integrated use of metrics, you may be at risk. Metrics are a key part of an accountability program. They can be used to help set performance targets for each key expectation and to monitor progress.

Most associations have many initiatives underway in the services area that, with the use of metrics performance, can be tracked and accountability expectations can be met. Take the example of educational events and/or conference programs. These services are provided to support goals and strategies such as: increasing revenues; educating members; improving the association's image; and sharing its message with key stakeholders.

A service performance metric can be simple. e.g. Did we hold the targeted number of events this year? There are financial metrics. e.g. Did our non-dues revenues increase by five percent over the prior period? Service performance metrics can also be developed based on attendance, i.e., the number of members, media representatives and government officials that attend events per annum. Surveys can be used to ensure that member satisfaction indicators are being met

This type of information not only provides for accountability, it also helps association leaders evaluate services and make better decisions. Metrics will draw attention to areas not living up to expectations, and will identify opportunities to make improvements. Corrections can be made in a timely manner, before real problems occur and resources are wasted.

Metrics information can be incorporated into measurement tools such as Results Based Management or Strategic Management Models, Balanced Scorecards and Dashboards. High performance associations also benchmark their metrics to other organizations to identify areas where improvements can be made and to identify best practices to achieve those improvements.

We all subscribe to accountability, so why can't we get past doing merely the basics (financial statements and annual reports with limited metrics)? Why is implementing an accountability framework with useful metrics so difficult?

Many respond by suggesting they don't have time or have too many issues to manage to take on more work. However, many times these same organizations are wasting time and energy putting out fires instead of getting to the root cause of what is causing them. An accountability program

with metrics will address these issues.

Others indicate that the metrics they use do not provide them with useful information. In this case, they may not be using the right metrics or focus, responsibilities may not be clear, and/or targets may not be realistic or relevant.

The use of metrics calls for leadership. The best place to start is with the Board and the association's strategy. This will set the stage for demonstrating the use of metrics and enhanced accountability, not just to improve performance, but also to improve the work environment and meet various stakeholder expectations. Using metrics will make it much easier to establish an accountability program.

There are many benefits to demonstrating accountability with the use of metrics. Showing targets and results makes it easier for stakeholders to determine if their specific expectations are being met. This, in turn, may support: volunteer and staff recognition; membership recruitment and retention; being asked to the table; increased funding; increased participation; and being viewed by members and stakeholders as a leading organization really that gets things done.

What gets measured gets done. Metrics, as part of an accountability program, will reduce risk and improve strategic decision-making. If you think you are a high performance association and do not have an accountability program, perhaps now is the time to develop one.

#### **Essential Accountability Practices**

- Strategic Plan with organizational priorities
- Annual reporting out to membership through AGM and Annual Reports, which should include reports from CSO, Board Chair and Treasurer (i.e. Financial Statements/Budget)
- Financial controls identified in bylaws and other financial policies (e.g. signing authority, reporting, purchasing, conflict of interest)
- Orientation process that identifies roles/responsibilities as well as duties and legal obligations (e.g. fiduciary duty of Directors)
- Job descriptions that identify work objectives and performance evaluations that are linked to those objectives
- Update reports at each Board meeting outlining progress on strategic initiatives
- Policy for external compliance reports

## Better Accountability Practices

- Strategic Plan with desired outcomes
- Adopt a Strategic Management model to link association activities to meeting strategic objectives and outcomes that includes Business Plans (budget resources), Work Plans and staff training
- Monitoring/measuring progress of meeting objectives/outcomes using performance metrics
- Regular reporting of this information to senior management and Board with explanations of variances and evaluations with proposed improvements
- Use activity plans so staff can report on their progress in meeting their responsibilities under work plans
- Committee activities linked to strategic objectives with annual progress reports to the Board as well as to membership through AGM/Annual Report update, quarterly website/e-letter updates, or if necessary special events
- Annual performance evaluation of CSO based on progress on Strategic Plan
- In camera annual performance reviews of Board and Committees
- Annual reviews of Directors and Committee members – including self-assessments
- Ongoing member surveys on various aspects of association business, positions and priorities
- Independent evaluation survey of membership every few years that is linked to Strategic Plan review
- Independent evaluation of internal operations every few years that is linked to Strategic Plan review
- Monthly/quarterly member updates on strategic plan progress
- Board review of compliance reports of outside parties (e.g. regulators/funders)
- Complaints policy which includes reporting out on issues, redress and how similar problems will be avoided in the future
- A process to obtain feedback from staff (e.g. surveys, meetings)
- Developing a Code of Ethics for staff and Directors
- Using Audit Committees and independent financial audits – especially for larger associations
- Conduct risk management assessment regularly