

PILOTING YOUR NONPROFIT

KaBOOM! is a charity whose vision is for there to be a great place to play outdoors within walking distance of every child in America. Its major activity is getting community volunteers organized under a KaBOOM! manager to build playgrounds. The idea for KaBOOM came about in 1995 when two Washington, D.C., nonprofit workers, Darrell Hammond and Dawn Hutchinson, read about two children who suffocated while playing in an abandoned car. They started KaBOOM! to create safe playgrounds, and since 1995 the organization has built 5,000 playgrounds nationwide using donations from businesses and 200,000 volunteers, often provided by the business sponsors themselves. To keep up this pace, goals were set for the 26 KaBOOM! managers at 18 playgrounds a year to continue to meet the organization's goals.

But Kate Becker, a KaBOOM! vice president, became worried in 2005. What disturbed her was something she saw on her desktop computer. Fortunately for her, earlier in 2004, Darrel Hammond discovered a better way to provide tracking information for KaBOOM! staff. He was visiting the CEO of one of his biggest sponsors, Home Depot, and was impressed by the colorful graphics on the CEO's two computer screens. At that point, Hammond was accustomed to reviewing written reports on projects, turnover rates, and so on. But typically there was too much data not in very useful forms. Home Depot, it turned out, was using a new system called a "dashboard." Hammond decided that KaBOOM! should create its own dashboard. It was this dashboard that gave Kate Becker vivid graphics right on her desktop showing her how the organization was doing against key benchmarks. The top screen gave major tracking information on "vital signs," program efficiency, fundraising efficiency, and "build" efficiency. These top-line numbers then could yield underlying supporting data.

What she noticed was a red figure that highlighted the fact that turnover among KABOOM! managers was increasing. Further, the building projects were being rushed—6 weeks instead of the more careful 10–12 weeks. So, Becker decided to cut the number of projects expected annually from each manager to 14 instead of 18. The impact was noticeable in that the dashboard soon showed that the average tenure of project managers grew from 16 to 22 months and the number of volunteer leaders recruited for projects grew 8 percent.

The dashboard has proven very valuable day-to-day management tool and critical to long-range planning. KABOOM!'s next move is to share the dashboard information with selected donors.

Source: Debra K. Blum, "Checking the Dashboard," *The Chronicle of Philanthropy*, October 12, 2006, p. M-6.

Strategic planning in marketing is crucial in setting the nonprofit organization off in the proper direction, whether for multiple years of activities or for a specific campaign. But careful plans and detailed execution must include effective evaluation and control systems. Evaluations are essential because, as we noted in early chapters, nonprofit organizations have the peculiar characteristic that their funding (and volunteer support) is not provided—at least not in total—by the clients or other target audiences on which its offerings focus.

Control systems are equally critical. It is a planner's cliché that plans never work out! The marketing manager's objective is to learn as quickly as possible when they do not and adjust accordingly. But this takes effective control systems. In this chapter, we begin by distinguishing two types of control: strategic control and program control.

Strategic control focuses on larger issues and requires tracking changes in the broad environment, competitors' actions and plans, perceptions of the organization and its brand held by the general public, organization strengths and weaknesses, and broad trends in organization performance. *Program control* requires the development of systems for more or less continual monitoring of program performance for purposes of day-to-day fine-tuning of specific campaigns to correct for undesirable performance.

Control, however, is focused on whether the organization is going in the right direction and is on track. *Evaluation*, on the other hand, is concerned with final outcomes. Did the campaign actually work? Did it achieve its behavioral influence goals? What seemed to be the major drivers of success? What didn't work as planned? What of the organization itself? Can it boast that it is achieving its mission? What objectives are within reach? Should they abandon some? These are all questions requiring sound systems of evaluation.

As we shall note, control systems must focus in major part on the target audience as the touchstone for whether things are working. Target audiences may be several groups including potential clients, the media, legislators, volunteers, or businesses. But these target audiences are always the guideposts. Evaluation research, on the other hand, is focused more on the organization's major constituencies. Is the organization meeting the needs of its major sources of resources—donors, volunteers and staff, the board, granting agencies, and business partners—and those who may use or purchase its products and services? Is it meeting its obligations to society?

Throughout this chapter it should be remembered that not all evaluation research and control systems need be expensive or time-consuming. As we noted in Chapter 5,

there are many techniques available for doing inexpensive but good marketing research. A good example was reported many years ago by Peter Drucker, the well-known management consultant and teacher. Drucker noted that he had been teaching for over 60 years. Once a year, he takes a few days to telephone a random sample of 50 or 60 students who graduated 10 years earlier. He asks, "Looking back, what did we contribute in this school? What is still important to you?" He follows this by asking "What should we do better? What should we stop doing?" He reports that "This feedback has been absolutely essential in those areas where I had some leadership responsibility."¹ We begin with the more straightforward challenge of developing effective control systems at the campaign level.

MONITORING AND CONTROL OF CAMPAIGNS

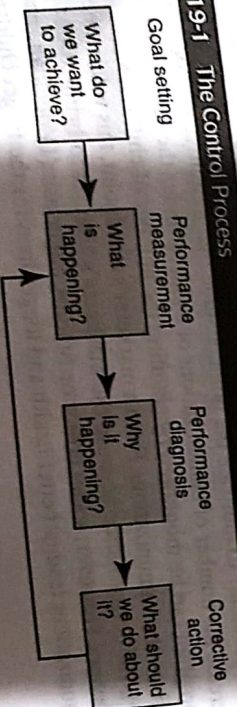
When we described the process of developing campaign plans, we emphasized the need to use the target audience member as the touchstone for every element of the campaign. And we emphasized the need for *listening* at the outset, *pretesting* before going into the field, and *monitoring* to keep track of progress. Monitoring is critical to help campaign managers know such things as:

1. Is the campaign on schedule?
2. Are we reaching all of the target segments?
3. Are we having the desired impact on each segment?
4. What elements of the campaign are working well and which ones are not?
5. What's missing from the campaign?
6. Has the competitive or social environment changed in important ways that would recommend campaign changes?
7. How are our partners (if any) responding; is their participation likely to change?
8. What do other contributors—for example, volunteers or funders—think of the campaign and its progress?

Many surprises are likely to occur during any campaign's execution that will call for new responses or adjustments. Some things will work and some won't. Marketing monitoring and control systems are an intrinsic part of the campaign planning and implementation process since they permit such crucial and timely adjustments.

As indicated in Figure 19-1, the control process is in reality a cybernetic system that will ideally function not unlike a thermostat regulating a building's temperature. Management sets a goal (the desired temperature) and puts in place a device or system

FIGURE 19-1 The Control Process



for detecting deviations from the goal (a thermometer) and ascertaining causes of the deviations (above or below ideal temperature because the space has warmed or cooled). The loop in the system is then closed by a device or subsystem that makes the necessary corrections (a trip-switch that restarts the furnace or turns on the air conditioning).

Control systems in nonprofit organizations, of course, can differ greatly in complexity, timeliness, and precision. For example, a library can simply monitor its total circulation and periodically smooth out irregularities or stimulate increased book use through radio ads, newspaper articles, web site promotions, or direct mail. Or it can look periodically at the circulation of each of its departments during different parts of the day or week and seek corrective actions that would boost lagging departments or increase patronage in particular departments during off-peak hours or days. At a more complex level, it could attempt to look not just at circulation but at *who* was taking out books, and develop program elements that would, say, bring the number of elderly or teenagers coming to the library up to goal levels.

Monitoring systems can also vary as to timeliness. The library can measure its performance daily, weekly, monthly, quarterly, or even annually. Users of web sites potentially can monitor the system moment by moment. Obviously, the faster an organization's environment changes and the more competitive the activity that takes place, the more frequently the system should be "read." Thus libraries can get by with relatively infrequent measures. Hospitals in major urban centers will want daily reports. Fundraisers in the midst of a telethon will want—and brag about—minute-by-minute totals.

Finally, it is important to remember that monitoring and evaluation are not the same thing. If the nonprofit organization relies heavily on grants from foundations or government funding, there is usually a requirement that a program be evaluated. Typically this is interpreted to mean "show us at the end of your campaign what you have achieved." This typically gets translated into a before-and-after evaluation protocol where baseline measures are taken before the program is started and then the same measures are taken at the end. Differences are then submitted as evidence that the program worked (or didn't) and that the money was well spent. Many naive nonprofit managers think that this is adequate for monitoring purposes. But such a before-and-after approach means that the campaign had no control along the way—defects would not be discovered. And, of course, neither management nor the funder would ever really know how effective the program *could* have been if adjustments were made along the way.

Monitoring systems are designed to avoid these occurrences by providing managers with along-the-way measures that provide timely adjustments and maximize program cost-effectiveness.

A Caution

It is important to note the distinction between specific behaviors and broader social impact. The marketer's job is to influence specific behaviors. It is NOT to solve some social problem! To illustrate the point, assume that a multiyear program is designed to increase the number of immunizations of children under the age of two in Ghana. Such a program can be monitored by counting the number of children showing up for—and getting—the immunizations. From a marketer's standpoint, this will be the major benchmark for performance because the marketer's "job" is to bring about these desired behaviors. However, social critics or funders might ask (1) does an increase in child immunizations lead to better health and longer lives for the target children and (2) is it

possible that immunizations would rise while general morbidity and mortality also rise? Is it possible that (1) the immunizations made the children healthier; (2) because they were healthier, parents sent them out to work at a much younger age; and therefore (3) they are getting sick and dying more often—and at a younger age—and therefore the campaign was a success but the *real* objective—what the society really sought (healthier children)—was not achieved; in fact, it was made worse.

It is *not* the marketer's responsibility to decide what the goal of a specific behavior-influence program should be. This is the responsibility of the program sponsor or the nonprofit organization's strategic planning committee. Ultimately, the marketer's task is to bring about the assigned behavior in an effective and efficient manner.² However, it is possible that the marketer could play a role in the setting of social goals and the choosing of behavioral objectives. If the marketer is properly target audience-focused and has carried out at least some audience research, he or she may be in a position to help funders decide what is feasible—given the funders' broader social goals and the staffer in the program who will be most in touch with the target audience, as a program rolls out, the marketer ought from time to time ask whether the campaign is really likely to achieve the social change outcome everyone wants.³

Types of Monitoring Tools

A monitoring system like that described in Figure 19-1 is driven by an approach called *management by objectives*. Top management starts the process by developing aggregate goals for each program (or the entire enterprise) for the planning period (for example, number of people reached, messages delivered, trial behaviors taken, relationships created, and so on). These goals can then be assigned to individual managers or supervisors.

What are the monitoring indicia that might be used by management to check on the progress of their programs in reaching their goals? Given the marketing framework of this book, it is clear that the starting point must be (1) a clear specification of *behavioral* objectives—even if they are long run and (2) an explicit road map of how the organization proposes to get there. The monitoring process then is simply a set of tracking devices for measuring progress along the road. A thorough tracking process also has the advantage of allowing complex ex post facto analyses and modeling of cause-and-effect relationships that allow managers to confirm, revise, or abandon their mental models of what it takes to achieve the behavioral outcome in future campaigns. While the monitoring system must emphasize behavioral outcomes and the steps necessary to achieve them, it is also critical to track marketing costs. Marketing managers must be tasked not only with achieving—or at least moving toward—key behavioral objectives, he or she must also be charged with doing so in a cost-effective manner. While we do not discuss this component here, it is important that marketing management be able to answer the following questions:

1. Are we over- or under-spending the budget allocated (or the one the manager asked for)?
2. Are all of the program elements cost effective—what are the benefit/cost ratios of various outlays? Was the big kickoff banquet worth it? Are we spending too much on web site development? Should we keep renting this equipment or buy it ourselves?

3. Is the budget adequate to the task? Is it excessive (few will conclude this)?
4. Is the budget appropriately allocated—are we getting equivalent performance from a dollar spent in each program component?
5. How are our marketing staff members using the money entrusted to them—are some more wasteful than others?

We begin where all good nonprofit programs ought to end—with behavior.

Tracking Target Audience Behavior

The single most important kind of measure for any nonprofit should be a measure of *behavior*. In retail and catalog ventures, the behavior is captured in sales. In other cases, marketers might look at such behaviors as (1) membership applications, (2) votes, (3) volunteering, (4) donations, (5) attendance, (6) trash recycled, or (7) letters written to legislators. In social marketing cases, they might look at the number of people in the target audience who stopped smoking or immunized their children, the number of child abuse cases reported, or the number of missing children found. In each of these cases, the experienced marketer would like to develop a tracking system to measure success both at any point in time and over time.

Non-Behavioral Measures

Of course, behavioral impacts may take a long time to achieve (this is just one of the many profound differences in the nonprofit sector). In such cases, interim measures of progress will be important. It is critical for this task that the marketer have a good model of the behavioral determinants. In our own work, we rely extensively on the stage of change and the BCOS frameworks. Measures of knowledge, attitudes, and intentions of individuals toward the behavior (for example, reducing energy consumption) will indicate the size of the audiences at the various stages. Measures of the number of people who have formed perceptions of benefits and costs of proposed actions will give a sense of the size of the group in the Contemplation stage and other data will give a sense of untapped segmentation possibilities. These measures will also give valuable insights into what might need to be done to change these perceptions—for example, alerting management to the need to add new benefits.

It will also be useful to find out how many people are trying to change (in the Preparation/Action stage) and the number already doing the new behavior (in the Maintenance stage). Studies of those in these two stages should be designed to not only estimate the size of the groups but also to identify barriers that seem problematic for the first group and rewards that seem to be working for those in Maintenance. If upstream factors appear to be inhibiting behavior, it may be that new campaign elements will need to be introduced to address these challenges.

Simple bar charts tracking the number of people in major segments who are at each stage can be an excellent visual device on the dashboard for seeing progress and communicating it to those stakeholders inside and outside the organization.

Measuring Change

Monitoring involves the measurement of change where change is the primary goal. (Of course, some anti-drug or anti-violence campaigns want to keep people *not* changing—a more difficult measurement challenge.) To measure change, one must have the right

experiment. Researchers who wish to monitor the performance of a target market over time can choose among four basic types of change measures:

1. *Retrospectively*, by asking a single sample of target audience members what they are thinking and doing now and what they thought and did at some past point in time.
2. *Cross-sectionally*, by comparing thoughts and behaviors of a single sample of target audience members presumed to be earlier or later in a process (e.g., comparing seat-belt attitudes of and use by 21- to 30-year-olds with that of 31- to 40-year-olds, or those never exposed to a particular campaign with those exposed for two, four, and six months).
3. *Cross-sectionally over time*, by asking about thoughts and behaviors of different samples at two points in time (e.g., as in traditional political polling).
4. *Longitudinally over time*, by taking thoughts and behavioral measures of the same panel of target audience members at different points over time. Various web-based data gathering systems like SurveyMonkey are very good for this.

The value of the last approach, panel studies, as compared to cross-sectional polls, is suggested in the following hypothetical but realistic example. Suppose AARP creates a detailed report on the impact of Internet health insurance fraud on the elderly as part of a campaign to get the U.S. Congress to pass a federal statute regulating insurers who are seeking target audience members over the Web. The report is filled with dramatic examples of elderly people who have been duped into unneeded expenditures. AARP distributes the report to Congressional staffers and to the media. Further, suppose that a small survey of 100 Congressional staffers and several reporters was taken before and after the report was issued using *different* samples and that these samples showed that the proportion of individuals supporting the legislation rose from 40 to 50 percent. Understandably, AARP would be pleased with such results. But this pleasure is based on a belief that if one studied the *same* target audience members before and after the report (a panel study), the shifting of their positions over time would reveal whether it was a good or a not-so-good result—all the while yielding what would seem like overall growth from 40 to 50 percent.

As shown in the first example of good results, the AARP report added nicely to its present core of supporters. However, if the "not-so-good results" were found, the report would show that AARP alienated three-quarters of its supporters but attracted a third

TABLE 19-1 Hypothetical Panel Study Results

	Good Result		Not-So-Good Result		Total
	After Report	Oppose Legislation	Support Legislation	Oppose Legislation	
<i>Before Report</i>					
Support legislation	40%	0%	10%	30%	40%
Oppose legislation	10%	19%	10%	19%	30%
No preference	0%	30%	30%	0%	30%
Total	50%	50%	50%	50%	100%

of those opposing the legislation and all those previously undecided. If it had access to the latter finding, AARP would realize it had to move fast to win back its original supporters while at the same time trying to hold on to the possibly fickle "undecided" who have just switched over to supporting AARP. Learning this crucial information is only possible with panel data. Only panel data can show *who* changed. Such data would be absolutely crucial to an organization that wishes to move quickly and correctly in a volatile marketplace.

Panel data, however, have their problems. First, there is a serious danger that prior measures will influence later measures or interact with the intervention to foul up the results. In the previous example, people contacted before the AARP report may have been stimulated to pay more attention to the topic (and the report) and so the intervention would appear to be *more* effective than it really was. A second problem is dropouts. The previous example assumed that the panel stayed intact. But if some people drop out between waves and they are the ones indifferent to the topic, measures of those still in the panel will again overstate the effects.

The alternative, of course, is to use different cross-sections each time. One gives up the ability to understand who changed for (presumably) a more accurate measure of gross effects. This is the approach most commonly used in political tracking studies. The advantage there is that pollsters tend to take continuing polls and believe—with some justification—that any trends would eventually show up as they track knowledge and opinions about issues and candidates over time.⁴

Tracking Target Audience Satisfaction and Likely Repeat Behavior

Even when a significant number of target audience members are in the Maintenance stage, many marketing managers will want measures that indicate the likelihood of repeat transactions (i.e., regular recycling, repeated donations, recurring news stories in print or on TV, revisits to the symphony or museum, or continued participation in exercise programs). A key measure used in the commercial sector for this purpose is a measure of target audience satisfaction. Such measures should be considered as a major indicator of potential repeat behaviors. Satisfaction measures can be very helpful as control measures to track an ongoing campaign and in evaluative studies as well. They can be particularly useful in tracking satisfaction of volunteers or partners—such as businesses—in a campaign. In Cleveland, local hospitals at one time banded together to produce a twice-yearly target audience member attitude study. Patrick McIligue, President of Corbett Health Connect, noted that the research "has become a major quality-driving effort on the part of Cleveland's hospitals that are not doing well."⁵

Satisfaction is a function of what the individual expects and what he or she thinks the outcome was.⁶ Conceptually a person can experience one of three states of satisfaction. If the results *exceed* the person's expectations, the person is highly satisfied—even delighted. If the results match the expectations, the person is just satisfied. If the results fall short of the expectations, the person is dissatisfied. Satisfaction may not be the ideal for some organizations. "Customer delight" has become a mantra for many commercial marketing managers and can well apply to volunteer or donor participation in nonprofit efforts.⁷

If there is a gap between expectations and outcomes—the diet didn't work, the volunteer task was boring, the "free gift" was tacky—some target audience members will try to *minimize* the felt dissonance by imagining that performance was really better than

they must overcome or by thinking that perhaps they set their expectations too high. Still other target audience members might have the opposite reaction—exaggerating the perceived performance gap because of their disappointment—and perhaps not plan to repeat their effort. The latter case will be more of a challenge for the marketer because these audience members are more prone to reduce or lose contact with the organization and/or complain to friends and coworkers.

Thus to understand satisfaction, we must also understand how people form their expectations. Expectations are formed to some extent on the basis of people's past experience with the same or similar situations, messages, and statements made by friends and associates. The marketer, therefore, needs to monitor both the performance of its offerings and also the expectations they raise. The marketer needs to be careful not to raise expectations too high as this is likely to create subsequent dissatisfaction. On the other hand, setting low expectations risks lowering the number of transactions by suggesting that the behavior only promises limited benefits.

Monitoring target audience member satisfaction can be extremely helpful to management, especially if "total quality" is a major part of a strategy—for example, in hospital or education settings or in various participation programs (stop smoking, dieting, exercise).

Complaint and Suggestion Systems

One possible approach to collecting satisfactions data for service businesses like hospitals, universities, soup kitchens, and work with the homeless is to establish complaint and suggestion systems. A responsive organization makes it easy for its participants to complain if they are disappointed in some ways with the service they have received or for business partners to protest if things are not working out to their satisfaction. Management will want complaints to surface on the theory that target audiences who are not given an opportunity to complain might reduce their relationship with the organization, spread negative word of mouth, or abandon it completely. Indeed, it has been found that dissatisfied target audience members are likely to tell 9 to 12 other target audience members, whereas satisfied target audience members speak to only 2 or 3.⁸

Voicing complaints has, by itself, a potentially salutary effect. The likelihood of negative effects will be reduced substantially if dissatisfied target audience members are encouraged to voice their complaints to the nonprofit. They are more likely to continue to volunteer or donate *even if* the nonprofit does not respond to the complaint to the complainer's satisfaction. Indeed, it has been found that the faster the marketer responds to a voiced complaint, the more likely it will lead to a favorable attitude on the part of the target audience member.

Target Audience Satisfaction Surveys as Evaluation and Monitoring Tools

A major problem with volunteered complaints, as noted in a 1977 Andreassen and Best study, is that they are unrepresentative of both the types of complaints and the types of complainers.⁹ The study found that target audience members are more likely to volunteer complaints about problems in which high costs (economic, social, and psychological) are involved or by which they are seriously inconvenienced. Further, they are more likely to complain if they think the nonprofit organization is to blame and they themselves did not contribute to the problem. Finally, they are more likely to complain if the nature of the

problem and its source are manifest—that is, if the existence of a problem is not really a matter of individual judgment. For these reasons, a nonprofit is more likely to receive complaints about issues involving large monetary and time costs on the part of clients. Problems involving broken items, delayed services, and discourteous employees are more likely to surface than problems in which, say, medical care is just a bit impersonal or in which the staff of an educational seminar seems underprepared and the seminar is not taught very well. Yet it is just these more minor kinds of unreported feelings of dissatisfaction that management would like to know about. The obviously bad features of any program usually quickly become apparent without much management research. The subtle things that can truly sink a basically good program or institution through poor word of mouth, lack of repeat behavior, and, perhaps worse still, just plain apathy are the very things that don't get volunteered by dissatisfied target audience members. People must be asked.

People must also be asked because not all of them will speak up. To voice a complaint, one must not only have a problem or a dissatisfaction, but one has to understand where and how to complain and have the skills to do so and the gumption to speak up. Not everyone has these qualities. Indeed, research has consistently shown that vocal complainers are much more likely to be socially upscale and have higher incomes and better educations. They are also likely to be relatively young. Yet many nonprofit programs, such as those in social work or those requiring long-term behavioral change, like stopping smoking or exercising regularly, have downscale audiences or the elderly as their primary targets. Hearing from these people is essential to program success, yet they may be the least likely to volunteer information about their dissatisfaction.

Finally, the voicing of complaints is sometimes inhibited by the institution itself. Unless the circumstances are right and the nonprofit marketer sets the right tone, people are relatively unlikely to complain about their church, their doctor, or even their lawyer or accountant. When patients perceived problems with their medical and dental care, they were significantly less likely to speak up about them. And when they did, Andreasen and Best found the medical and dental community much less responsive than other marketers in resolving their complaints. Only one in six of those who had a serious dissatisfaction felt bold enough to speak up about it and were lucky enough to have it handled satisfactorily.

The better, more responsive nonprofits supplement the devices described earlier with direct periodic surveys of target audience member satisfaction. They send questionnaires or make telephone calls to a random sample of past users to find out how much they like the service. Some organizations also survey clients of competitors or of marketers of unrelated products and services to identify potential market opportunities on which they might capitalize. Through direct surveys, they avoid the several biases of complaint monitoring systems.

Target audience member satisfaction can be measured in a number of ways that help campaign monitoring and final evaluations. Some of the options are discussed next.

Directly Reported Satisfaction A volunteer manager can distribute a questionnaire to a representative sample of volunteers, asking them to state their satisfaction with the nonprofit as a whole and with specific aspects of the volunteer experience. The questionnaire would be distributed on a periodic basis either in person, in the mail, through the Internet, or through a telephone inquiry.

The questionnaire would contain questions of the following form:

Indicate how satisfied you are with _____ on the following scale:

1	2	3	4	5
Highly dissatisfied	Dissatisfied	Indifferent	Satisfied	Highly satisfied

Here, five values are used, although some scales use only three values and others use as many as eleven.

When the results are in, a histogram can be prepared showing the percentage of volunteers who fall into each group. Of course, volunteers within any group—such as the highly dissatisfied group—may have quite different intensities of dissatisfaction ranging from mild feelings of disappointment with the nonprofit to intense feelings of anger. Unfortunately, there is no way to make interpersonal comparisons of intensity and we can only rely on the self-reported feelings of the respondents.

If the histogram shows more answers skewed to the left, then the nonprofit volunteer program is in deep trouble. If the histogram is bell shaped, then it has the usual number of dissatisfied, indifferent, and satisfied volunteers. If the histogram shows more answers to the right, the nonprofit can be very satisfied that it is a responsive organization meeting its goal of delivering high satisfaction to the majority of its target audience members.¹⁰ Finally, if the distribution is bimodal (i.e., two peaks), the organization may need to develop a second offering to meet the needs of the dissatisfied market while retaining the present offering to serve the satisfied group.

Derived Dissatisfaction The second method of satisfaction measurement is based on the premise stated earlier that a particular volunteer's satisfaction is influenced by the perceived performance and his or her expectations. The individual is asked two questions about each component of the volunteer experience, for example:

The challenge involved in the volunteer experience:

a. How much was there?
(min) 1 2 3 4 5 6 7 (max)

b. How much did you expect?
(min) 1 2 3 4 5 6 7 (max)

Suppose the volunteer circles 2 for part (a) and 5 for part (b). We can then derive a "performance deficiency" score by subtracting the answer for part (a) from part (b), here 3. The greater the performance deficiency score, the greater the degree of dissatisfaction (or the smaller the degree of satisfaction).

This method provides more useful information than the previous method. By averaging the scores of all the respondents to part (a), the researcher learns the average perceived performance. The dispersion around the average shows how much agreement there is. If all volunteers see the volunteer experience as approximately 2 on a 7-point scale, this means the program is pretty bad. If volunteers hold widely differing perceptions of the program's actual quality, further analysis is needed of why the perceptions differ so much and what individual or group factors it might be related to.

It is also useful to average the scores of all the respondents to part (b). This reveals the average volunteer's view of how much quality is expected in the experience. The measure of dispersion shows how much spread there is in volunteer opinion about the desirable level of quality. This is, in effect, a good measure of how clear the institution's brand image is.

Problem Rates A third approach is simply to ask respondents three major questions: (1) Have you engaged in some transaction with us in the last 12 months? (2) If yes, did you experience any problems with it? (3) If no problems are mentioned, was there any way in which it could have been better for you? There are several advantages to this approach. First, specific problems or deficiencies can be identified, including many that management may not have anticipated. These can then be the subject of immediate corrective action, especially if respondents indicate how serious a problem it was for them.

Second, respondents reporting problems can be asked about their subsequent actions, including whether they complained to the nonprofit, spoke with friends, or took other actions. This would yield data on how well the organization's complaint-generation system was working. Those who complained to the organization could also be asked how this process turned out so that management could monitor the effectiveness of its complaint-handling operation.

Doer-Ex-Doer-Non-Doer Analysis

A useful way to track performance both for evaluations and control is to compare three groups. First, there are those currently performing as your campaign or the nonprofit intended. They continue to volunteer; they are repeat donors; their corporation stays involved in a partnership. Then there are the "ex-doers"—those who used to do each of these things but dropped out, often recently. Finally, there are the target audience members who did not act in the first place but should have. The latter could be those solicited for a gift or for participation in a cause-related marketing program or a volunteer event who did not follow through.

Comparison of the three groups—or at least the first and second—can be very illuminating in showing the nonprofit organization what it is doing well and what it needs to change. Did ex-doers find their experience unsatisfying or, worse, annoying or unpleasant? Is the case with non-doers that they say that you are simply missing ingredients that they were looking for? Finally, a comparison between doers and non-doers can suggest where the organization might be at risk of losing doers if programs are only marginally satisfactory on dimensions that appear to have driven non-doers away.

Relation Between Target Audience Member Satisfaction and Other Goals of the Organization

Many people believe that the marketing concept calls upon an organization to *maximize* the satisfaction of its target audience members. This, however, is not realistic, and it would be better to interpret the marketing concept as saying that the organization should strive to create a high level of satisfaction in its various target audience members about recommended behaviors, though not necessarily the maximum level. The reasons are several.

First, target audience member satisfaction can always be increased by accepting additional cost. Thus a university might hire better faculty, build better facilities, and charge lower tuition to increase the satisfaction of its students. Obviously, however, a university faces a cost constraint in trying to maximize the satisfaction of this particular public.

Second, the organization has to satisfy many publics. Increasing the satisfaction of one public might reduce the satisfaction available to another public. The organization owes each of its publics some specific level of satisfaction. Ultimately, the organization must operate on the philosophy that it is trying to satisfy the needs of different groups at levels that are acceptable to these groups within the constraints of its total resources. This is why the organization must systematically measure the levels of satisfaction expected by its different constituent publics and the current amounts they are, in fact, receiving.

The organization hopes to derive a number of benefits as a result of creating high satisfaction in its publics. First, the staff of the organization will work with a better sense of purpose and pride. Second, the organization creates loyal publics and this reduces the costs of market turnover, for example, among donors or volunteers. Third, the loyal publics say good things to others about the organization, which attracts new target audience members without requiring as much direct effort on the part of the organization.

Determining Causation

The social sector has a problem rarely found in the commercial world. In the latter, corporation marketers know when behaviors happen and—usually—whether their campaign (new ads) led to the recorded outcome (increased market share). In nonprofit campaigns, this is often far from the case. That is, it is often very hard to determine if a campaign is effective for the following reasons:

1. Outcomes may take a long time to appear—for example, developing lifetime healthy eating habits
2. Outcomes may not have observable indicators—for example, not smoking or not doing drugs
3. Typically, many (friendly) competitors are seeking similar behavioral outcomes—for example, reducing unsafe sex practices in HIV/AIDS campaigns
4. Target audiences may be unaware of which marketer caused which behavior

Experimental designs or cross-sector comparisons can often minimize these challenges.

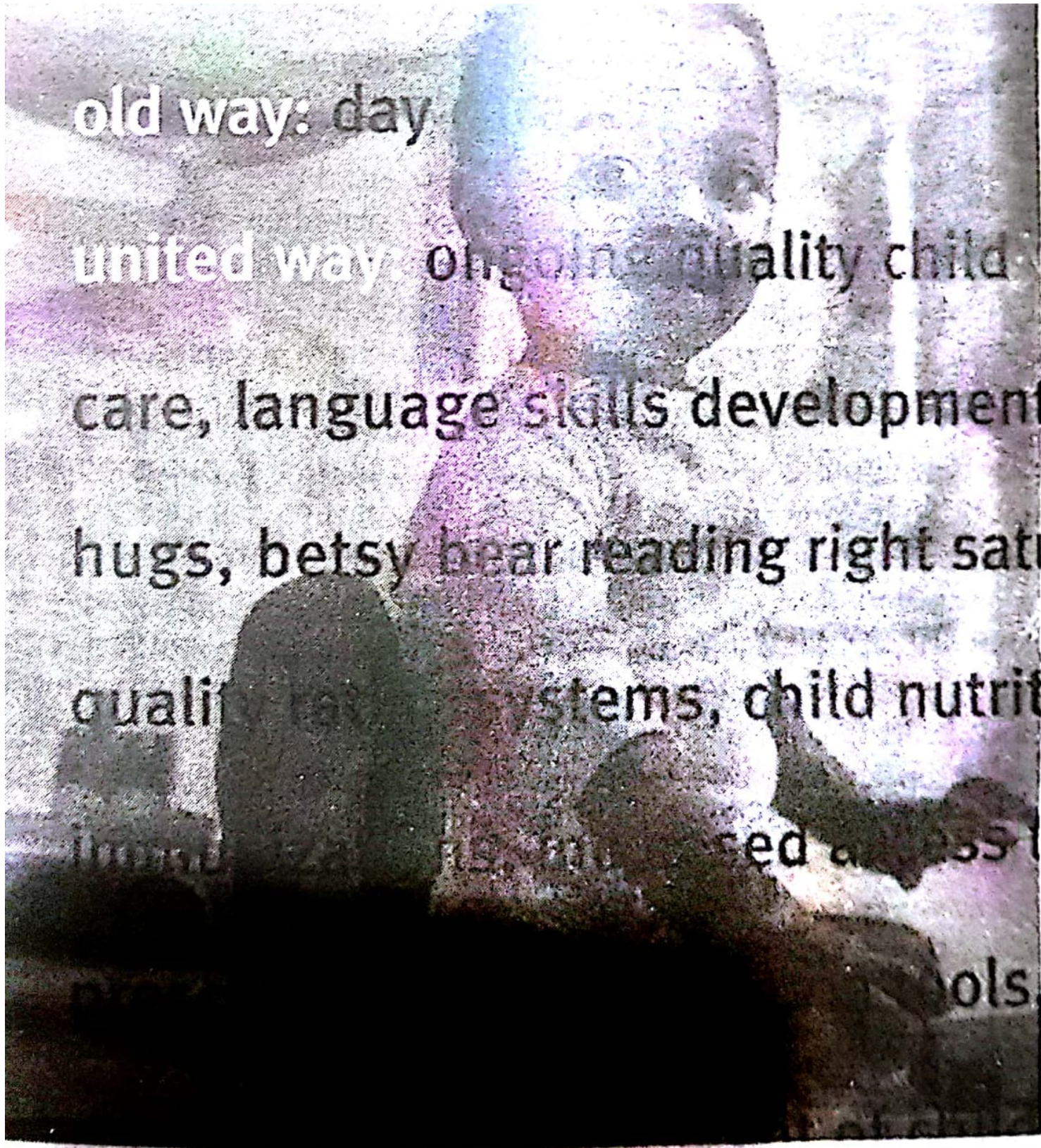
COMPREHENSIVE MONITORING SYSTEMS

In recent years, several general tracking systems have been developed for nonprofit organization senior managers and staffers. One of the approaches, championed by Robert Kaplan, is called the Balanced Scorecard (BSC). In his work with the private sector, Kaplan was frustrated by the dominance of financial performance measures in business and believed that they neither told the full story of performance nor indicated how the company was improving itself to compete better in the future.¹¹ Kaplan later adapted the BSC to nonprofits.¹² The Balanced Scorecard recommends diagnostics that continually track four measures:¹³

1. Financial performance—Is the organization generating increased revenues? What sources are growing? Are competitors more effective with funding sources?
2. Target audience perceptions—How is the organization seen by key constituencies (clients, donors, volunteers)? What features of the organization are most critical to each group?
3. Core competencies—What should the organization be especially good at, and how is it performing? How are employee skills? What is turnover? Do partnerships add value or not?
4. Innovation—Is the organization improving its ability to provide new offerings, to do things in new ways? Are staffers encouraged to be innovative, to think outside the box?

In the commercial sector, financial performance is central. Stockholders are the key constituency. But in nonprofit organizations, finances are mainly an enabler. Further, financial performance is not always linked to performance on the mission. Funding may be subject to other factors and factors beyond the organization's control, for example, government appropriations decisions or the stock market. Other kinds of resource contributors such as volunteers and corporate partners may be equally important resources. Balance among the multiple resources is critical. The ideal balance will vary by organization and—often—over time.

Another challenge for the application of this approach is recognized by Kaplan. Nonprofit organizations have decisions to make about *whose* needs and wants are going to drive the organization. For years, the United Way considered its charities to be its major “customer group.” The charities had social problems they needed to address and United Way strove to fund their ability to tackle them. In the 1990s, United Way switched to a target donor focus. They argued that, if they did not generate adequate and growing donations, the charities could not perform. Then, in the twenty-first century, the new CEO Brian Gallagher switched the focus a third time, saying that United Ways were really community organizations and



old way: day

united way: ongoing quality child

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vol.

- Increase investments in these agendas by expanding and diversifying our own development efforts and supporting those of others
- Measure, communicate, and learn from the impact of our efforts
- Reflect the diversity of the communities we serve¹⁴

Another global tracking system that has been adopted by many nonprofit organizations is "the Dashboard"¹⁵ that we saw KaBoom! using in our vignette at the start of the chapter. Blackbaud, a commercial organization that markets software to nonprofit organizations, offers a Performance Dashboard system. Its web site uses an automobile metaphor to describe its Information Edge System as:

"A flexible solution that can create a custom performance dashboard for your organization to help you monitor:

- **Fuel**
Easily monitor revenue sources from fundraising campaigns and other events so you know how much can be invested in your mission programs
- **Speed**
Assess the performance of your people and programs so you continue your successes and eliminate nonproductive activities
- **Signals**
Empower your staff with accurate, up-to-date accountability measures to manage, track and analyze key performance indicators, so everyone is pulling in the same direction to meet your goals
- **Warning Lights**
Set up simple warning signs to let you know when you fall short or surpass predetermined performance benchmarks"¹⁶

The notion of the Dashboard is that it is like that in an automobile. It is always visible, and it provides real-time (or as close as possible) measures of how the system is doing. These real-time data allow organizations to potentially adjust campaigns on the fly or step back and assess overall performance against longer term goals. Setting up the Dashboard and deciding what should be measured is, of course, a critical challenge that deserves wide involvement of those to be affected. Discussions about these issues (as with Balanced Scorecard issues) can be an extremely important organization-building exercise itself. Organizational conflicts can often be resolved, misperceptions identified, and staffers and other key resource people can come to agreements about where the organization is going.

EVALUATION: PROBLEMS AND SUGGESTIONS

Because nonprofit organizations are—at base—supported by the public through tax dollars, donations, grants, subsidies, and the like, they are routinely challenged to prove their merit. Are they making society a better place? Are they making progress on key issues? What can they say about their work that justifies their continued existence? Inevitably, this means that there must be some kind of public evaluation

of the organization and its work. The BSC and Dashboard approaches help address the organizational competence and performance issues. However, it is important to both internal and external constituencies that specific campaigns and projects (e.g., a new web site or a new patient information base) be formally evaluated once completed.

Evaluation studies for organizations are very difficult to do for a number of reasons. The simplest evaluation model is one that takes a set of baseline measures on key variables and then revisits them when the campaign or project is completed. At the organization level, the equivalent would be annual reviews. There are a number of problems that such a seemingly sensible approach can evidence:

1. Environmental measures may be incomplete. For example, a study of economic programs in India may neglect to track the level of environmental hardships or tribal feuding which may explain disappointing outcomes to a much greater degree than any program element.
2. Competition may be ignored. Nonprofit organizations often do not like to think that they have competitors except when it comes to funding. But a program failure may be as much attributable to a parallel program's innovative approach and success as to the nonprofit's own actions.
3. Change may be observed but, as noted above, its cause or causes are unclear or hidden.

Robert Hornik has long studied the evaluation of social programs, particularly focusing on their educational and communications components. In a recent essay,¹⁷ he reviewed a number of attempts to measure the impacts of health interventions and noted a number of challenges to explanations:

1. Some effects may simply be the result of historical trends. Declines in smoking rates in developed cultures today may be less due to specific health education programs and other interventions than to sweeping changes in social norms.
2. Campaigns may have their effects not by directly influencing target audiences but in changing those social norms through increased media coverage the campaign generated. In effect, the influence of the "Other" factor in the BCOS model dominates the Beliefs and Cost components.
3. Institutional policy changes separate from program components may affect change. For example, increased cigarette taxes in California and no-smoking ordinances and building restrictions may be the real cause of smoking declines. These may or may not be traceable to the nonprofit marketing campaign.
4. In a similar sense, changes in institutions may liberate behaviors. Thus if the activity and publicity surrounding a campaign leads to the city building a park or making streets safer, poor kids will exercise more and be less often obese. The target audiences already knew the Benefits and Costs and recognized (but maybe temporarily ignored) what Others wanted them to do but simply lacked Self-assurance because institutions really did not make the desired behavior easy. The behavior then became easier although institutional change was not a direct objective of the nonprofit organization.
5. Interventions themselves may simply not have been "large enough"—for example, the target audiences may not have had enough exposure to campaign elements for them

to have a result. This would not mean that the approach was basically faulty, only that expenditure levels and persistence over the long-term were simply inadequate.

Hornik's reflections suggest a number of factors that need to be monitored, such as seasonal trends and changes in norms, policies, and institutional structures. Evaluations should also find ways to assess whether there is a scale problem. A number of programs have made use of experimental designs at the community level to provide some of these answers. Doubling the budget in one community and halving it in another can provide some evidence as to whether *scale* is an issue. Such experiments were common in the HealthCom projects that focused on child health in developing countries in the 1980s.¹⁸ These interventions allowed for a conclusion by Hornik that the level of exposure to messages is perhaps the strongest explanation for why some programs worked in some provinces in some countries and not in other provinces in the same or other countries. It may not be *what* the campaign did, but *how much* it did!

A COMMENT ABOUT GOVERNANCE AND ETHICS

A growing phenomenon in the nonprofit sector is the amount of public monitoring of the ethical behavior of organizations in the field.¹⁹ This is partly a result of the recent scandals in the sector, but it is also a result of more and more outside organizations and philanthropists demanding measures of performance beyond just effectiveness and efficiency. Formal regulation is exercised by the Exempt Organizations Division of the Internal Revenue Service. Outside the government, the Better Business Bureau's standards (found at its web site, www.give.org) provide ethical and operational guidelines that are perhaps the most extensive. The Better Business Bureau describes its approach as follows:

The BBB Wise Giving Alliance Standards for Charity Accountability were developed to assist donors in making sound giving decisions and to foster public confidence in charitable organizations. The standards seek to encourage fair and honest solicitation practices, to promote ethical conduct by charitable organizations and to advance support of philanthropy.

The Alliance sets out a detailed list of 18 standards for both behavior and reporting by charities in the following areas:

- Governance and Oversight
- Measuring Effectiveness
- Finances
- Fundraising and Informational Materials

The last-mentioned is of most relevance to marketers. The BBB specifically urges the dissemination—including through web sites—of accurate, truthful, and candid information; full and clear annual reports; and information on any cause-marketing alliances and how they benefit the charity. It also recommends careful attention to privacy concerns that might arise and urges the availability of effective compliance systems.

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There are a number of other watchdog groups with which the nonprofit marketer should be familiar. These include:

GuideStar (www.guidestar.org)
Charity Watch (www.charitywatch.org)
Charity Navigator (www.charitynavigator.org)

These groups and the popular press are especially sensitive to malfeasance from excessive salaries to wasteful spending on campaigns. They also pay attention to special treatment given to organization staff (e.g., loans at low interest) or non-arms-length contracting to friends and relatives.

And, of course, some nonprofit specific sectors have their own challenges and watchdog groups that track campaign spending and the truthfulness of political marketing. Among the sites involved are the following:

- Center for Public Integrity
- Judicial Watch
- Black Box Voting
- Citizens For Legitimate Government
- Free Speech in the USA
- FAIR—Fairness & Accuracy in Reporting
- Institute for Public Accuracy

Other sites tracking and evaluating on approaches through the media include:²⁰

- Accuracy in Media—Conservative watchdog group for fairness, balance, and accuracy in news reporting.
- Adbusters—Foundation with the goal of changing the way society and the mass media interact.
- Alternative Media Watch—Media group showcasing underreported news stories and issues.
- American Journalism Review—National magazine covering all aspects of print, television, radio, and online media.
- Center for Media and Public Affairs—Nonpartisan, nonprofit research organization in Washington, D.C., conducting scientific studies of the news and entertainment media.
- Columbia Journalism Review—Publication serving as a watchdog of the press in all its forms.
- Fairness & Accuracy In Reporting (FAIR)—National media watchdog group advocating independence and criticism in journalism.
- Global Media Monitoring Project—A twice-a-decade study of the media's news coverage to be undertaken worldwide with the aim of documenting the participation and portrayal of men and women in the world's news media.
- Independent Press Councils (IPC)—Containing details of press councils that have successfully adapted the idea of self-regulation to their own cultural and political context, to facilitate the exchange of views and information, and to self-regulation.

- Media Monitors Network (MMN)—Nonprofit, non-partial, and non-political platform for serious media contributors and observers.
- Media Research Center—Conservative group founded to bring political balance to the news media and responsibility to the entertainment media.
- Media Talk—Wisconsin Public Radio show looking at current issues inside network television, cable, newspapers, magazines, the Internet, and radio. Hosted by Dave Berkman. Audio archives link included.
- Media Transparency—Watchdog organization tracing funding sources of many media and political organizations.
- Media Watch—Organization focusing on media literacy and the challenging of stereotypes commonly found in the media.
- Media Watch (ABC TV)—A leading forum for Australian media analysis. Summary, news, bungled stories, and viewable episodes of the weekly program, plus archive of previous coverage.
- MediaChannel.org—Nonprofit site dedicated to the political, social, and cultural impacts of the media.
- Morality in Media—Established in 1962 by Father Morton A. Hill, S.J. (1917–1985), to combat obscenity and to uphold decency standards in the media. MIM maintains the National Obscenity Law Center, a clearinghouse of legal materials on obscenity law.
- National Institute on Media and the Family—Providing research and education on the media's effect on families and children.
- On the Media—Site representing weekly, one-hour National Public Radio program devoted to media criticism and analysis.
- The Pew Research Center for the People & the Press—Independent opinion research group studying attitudes toward the press, politics and public policy issues.
- PR Watch—Investigative reporting on the practices of public relations and public affairs industry, from the Center for Media and Democracy.
- Project Censored—Locating stories about significant issues of which the public should be aware, but is not, for one reason or another.
- Stats—Weblog and articles highlight abuses of science and statistics regarding policy issues.
- Tyndall Report—Monitoring the American television networks' weekday nightly newscasts.

Some of these sites are unbiased and objective. However, observers should recognize and make allowances for the political biases of some of the sources.

Summary

Nonprofit managers must have in place carefully designed measurement systems in order to track organizational performance and make appropriate adjustments. There are two broad categories of control systems. Strategic control systems monitor the organization's environment, competitors, publics, strengths and weaknesses, and performance. Tactical control systems monitor day-to-day performance for the purposes of fine-tuning current marketing efforts. New comprehensive approaches such as the "Dashboard" and the Balanced Scorecard are now more commonly used.

Two types of tactical control systems are those that measure organization influence on behavior and those that measure target audience member satisfaction. 483
behavior requires formal monitoring systems. Panel studies are useful vehicles for accomplishing this. However, nonprofit organizations face major challenges in tracking many behavioral outcomes and linking them to organizational marketing.

Target audience member satisfaction should also be a major objective of all nonprofit. Complaint tracking systems provide one way of assessing this satisfaction over time. However, complaint measures are typically biased both as to the types of complaints and persons affected. Periodic direct surveys of target audience members do not suffer from these biases. They can measure satisfaction directly as simple ratings, indirectly as derived dissatisfaction, or as problems. Studies of problems can be particularly helpful if they also track performance of the organization's complaint-handling activities.

External evaluation is a growing concern for nonprofits in the twenty-first century. As the result of recent scandals involving charitable organizations, many media watchdogs and citizens groups are asking whether nonprofits are meeting their social responsibilities. One outgrowth of this increased scrutiny has been the rise of codes of ethical conduct. The Better Business Bureau has produced an extensive code that can serve as a model for many nonprofit organizations.

Questions

1. Your nonprofit provides support to nonprofit organizations in South Korea that help migrants from North Korea adjust, find homes, and find work. You worry that the Patriot Act may cause you to be targeted for prosecution for indirectly—or even directly—supporting “axis of evil” regimes. What mechanisms would you put in place to minimize your risk?
2. Your Girl Scout region has 348 troops spread throughout a three-state area. You want to set up a Dashboard system to track indicators that are important to both the regional office and to individual troop leaders. What components would you include?
3. You are conferring with your administrative assistant and notice on her screen an e-mail message to the person who is the supplier of cleaning and maintenance services to your three-state facilities. Since this is not an area of her responsibility, you ask what this is about. She says that it is a personal e-mail because the recipient is her cousin. This troubles you. What are the ethical issues here and what should you do next?
4. You run a soup kitchen and think that having some “client satisfaction” data would be very helpful in indicating which offerings are valuable and which are not. However, you recognize that many of your clients have low literacy skills and sometimes mental problems. In addition, you suspect that many will simply tell you that everything is great because they fear losing a service they might someday need. How would you proceed?
5. As the manager of the performing arts center in Des Moines, you would like to learn more about customer satisfaction that would someday allow you to segment audiences. What data would you collect and how? To what use would you put it?

Notes

1. Peter F. Drucker, “The Nonprofit Bottom Line,” *NonProfit Times*, February 1994, pp. 44–45. See also Kevin P. Kearns, “The Strategic Management of Accountability in Nonprofit Organizations: An Analytical

- Framework,” *Public Administration Review*, March/April 1994, pp. 185–192.
2. It is, of course, a personal ethical decision as to the nonprofit marketing professional as to whether he or she wishes to use his or her