

# Benchmarks of Excellence for the Nonprofit Sector

Revised



**Mollenhauer Consulting**

14 Langmuir Crescent, Toronto, ON M6S 2A7  
416-767-4059 [www.mollenhauer.ca](http://www.mollenhauer.ca) [mollenhauerl@rogers.com](mailto:mollenhauerl@rogers.com)

## INTRODUCTION

### WHAT:

*Benchmarks of Excellence for the Voluntary Sector* is an educational and evaluation tool designed to help Board and staff members to understand, measure, celebrate and improve the organization's performance. It describes the characteristics that distinguish excellent nonprofit organizations and the key ingredients required to be a strong and capable organization that is focused, accountable, productive, responsive, collaborative and effective.

Revised in February 2010, *Benchmarks of Excellence for the Nonprofit Sector* was first published in 2000. Since then hundreds of organizations have used the resource to strengthen their organizational performance. While this revision has been updated to reflect current thinking about excellent nonprofit organizations, many of the original characteristics have held up over time.

### HOW:

*Benchmarks of Excellence* can be used to:

- undertake a organizational review by Board and staff by completing a self-assessment and then holding a facilitated session lead by the author to :
  - identify your organizational strengths and areas for improvement
  - generate a targeted action plan or as part of your strategic or annual planning process or organizational/governance review.
- educate Board and staff in a customized two hour workshop about the key characteristics of excellence

It can also be used by **national or provincial organizations** as a resource to develop organizational standards for members or affiliates or as a cross reference for existing standards.

### WHY:

The benefits of participating in the *Benchmarks of Excellence* process are:

- ✓ generate dialogue between Board and staff in a learning environment;
- ✓ celebrate areas of strength to build confidence;
- ✓ identify barriers to higher performance;
- ✓ help position the organization as a good investment;
- ✓ provide a catalyst for productive change.

## EVOLUTION:

*Benchmarks of Excellence* was originally developed after an extensive research process. The ALS Society Canada spearheaded the project, with funding from the Health Program and Services Branch of Health Canada. Expertise was provided through an Advisory Committee made up of leaders from the sector, including Gordon Floyd, Suzanne Lawson, Gavin Turley and Joyce Gordon.

In 2005, it was updated and customized for Capacity Builders at the Ontario Community Support Association in consultation with an expert advisory committee.

Many other organizations and researchers have utilized *Benchmarks of Excellence* to help strengthen the nonprofit sector. It was customized for health care foundations by Ketchum Canada and by the United Way of Kitchener Waterloo and Area for its member agencies as well as used by the United Way of Calgary and Area as an evaluation tool for its agencies. The Alzheimer Society Ontario drew from the *Benchmarks of Excellence* to develop its province-wide standards.

**For more information** about *Benchmarks of Excellence for the Nonprofit Sector*, please contact:

**Linda Mollenhauer**

416-767-4059

[mollenhauerl@rogers.com](mailto:mollenhauerl@rogers.com).

[www.mollenhauer.ca](http://www.mollenhauer.ca)

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## AN OVERVIEW

There are five *Benchmarks of Excellence* areas with key indicators of success in each. The questions are designed to explore the degree to which the indicators are present in the organization. The questions focus on both quantitative and qualitative evidence.

The *Benchmarks of Excellence* are interdependent – like cogs in a wheel. They strengthen one another, but if one is weak, it has an impact on the performance of all the others. They are:



## DOES OUR ORGANIZATION HAVE A CLEAR PURPOSE AND VALUES?

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### KNOW OUR PURPOSE

- We have a written statement(s) that clearly outlines our purpose - what we do, for whom, why and how.
- This description of purpose is reviewed by the Board and staff at least every three years and if necessary, revised.
- We clearly and specifically describe who is targeted for our programs and services.
- The focus of our programs and services is supported by specific evidence of need.
- If you asked our key stakeholders (*e.g. clients, volunteers, Board, staff, community partners*) our purpose, they would give a consistent message.
- The purpose of our organization is unique; to the best of my knowledge, it doesn't duplicate or overlap significantly with anyone else's.
- We are not sidetracked by activities that do not make an obvious contribution to our mission.
- We refer to the description of our purpose when making any major decisions.

### DRIVEN BY VALUES

- We have a written description of values that outlines what the organization stands for (*e.g., beliefs or principles about how we do business or operate*).
- Our values aren't vague or philosophical so that they can be easily acted upon in day-to-day activities.
- Board and staff members live by our values in the way we manage all of our relationships and do business.
- The values statement is highly visible at planning meetings and when developing policies and procedures.
- We train our Board, staff and key volunteers in how to 'live' the values in their daily work.

## ARE THE RESOURCES OPTIMIZED FOR IMPACT?

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### PLAN STRATEGICALLY AND SET PRIORITIES

- We have a strategic plan that is driven by information about the external environment and our past performance and addresses key opportunities and challenges.
- The Board and management review the strategic plan on a regular basis (*at least once a year*) and if necessary, revise it.
- We have a detailed annual operating plan that describes the organization's objectives and activities for the year.
- There is a clear link between our strategic and annual plans.
- The goals, strategies and/or objectives in our strategic and annual plans are measurable (*e.g. we know when they are accomplished*).
- The annual plan assigns clear resources, responsibilities and timelines.
- Our operating budget is directly tied to our goals, strategies and priorities.
- We refer to the strategic and annual plan whenever we make major decisions.
- We set organizational as well as specific program/service priorities every year.
- If we make a major change or a new priority emerges, we make adjustments to our list of current priorities.
- We take the time during planning sessions to decide what cannot be done.
- We use formal criteria to evaluate new ideas or opportunities and to help make critical decisions.
- Our decisions are based on thorough, timely, incisive and accurate information.
- (*If there is a management staff*) The focus of our Board meetings is on strategic decisions, not the details of implementation.

### FOCUS ON PERFORMANCE

#### **PROGRAMS AND SERVICES:**

- We identify the changing needs of those that we serve and monitor them regularly.
- We describe the intended outcomes/results for each of our programs and services (*these are described as changes we want to see happen, such as in behavior, not as activities, such as a support group*).
- Each of the results/outcomes is separated into the long term (e.g. increased/ maintain client independence; improved health) and short term (e.g. increased frequency of interactions).

- We have a formal evaluation process that looks at how well we deliver our programs and services.
- We have clearly stated indicators that allow us to monitor progress in achieving the intended results and activities.
- The data we collect from our evaluation is reliable, thorough and used to improve performance.
- We have the right program/service policies and procedures to be effective and efficient.
- Those affected by the policies and procedures participate/are consulted when they are developed or revised.

#### **FINANCIAL:**

- All financial data is current, accurate, timely and uses generally accepted accounting principles.
- We have a transparent and accurate system to report on our financial circumstances (*e.g. budget to actual; gross and net*).
- We have demonstrated a track record of realistic budgeting.
- We have identified specific financial performance metrics that are critical to watch.
- We have identified the direct and indirect costs for each of our programs and services.
- We distinguish between unrestricted and restricted funds in our regular financial reporting.
- We can make a credible case for the cost of our overhead expenses.
- We have the right financial policies and procedures to be effective and efficient and they are regularly reviewed and if necessary revised.
- Board members and management know how to read our financial statements.

#### **HUMAN RESOURCES:**

- There is a formal process to review the performance of the Board, each staff member and other key volunteers based on well-understood expectations.
- At least annually, we measure the performance of committees, task forces, etc. against clear expectations.
- We do a cost benefit analysis to ensure each of our partnerships and collaborations has an adequate return for the resources expended.
- We have the right human resource policies and procedures to be effective and efficient.
- We have a succession plan in place for our Executive Director/CEO and key managers.

**OPERATIONS:**

- We have a formal process to evaluate the efficiency and effectiveness of our operations (*e.g. file management, technology*).
- The right operational policies and procedures are in place for us to be effective and efficient.
- There is a cogent and flexible technology strategy in place.

**STRENGTHEN CAPACITY**

- Our organization has the right size and structure of Board to accomplish its work effectively.
- The Board composition has the right mix of skills and expertise to effectively accomplish the work of our organization.
- Our organization has the right committee's/ advisory groups to effectively deliver results.
- We have the right staff in the right positions to effectively deliver results.
- We have a detailed and current recruitment plan for the Board, staff and other key volunteers based on clearly identified needs.
- There is a formal process to review staff salary ranges on an annual basis and then staff members are compensated at levels consistent with or in excess of industry norms.
- Board, staff and volunteers receive the training, coaching and mentoring necessary to do their jobs or fulfill their roles effectively.
- Our partnerships and collaborations clearly strengthen our capacity.
- We have the right amount of technology (*e.g., computers*) to be effective and it is well utilized.
- Our information management system helps us to be more effective and efficient.

**DEMONSTRATE FINANCIAL SUSTAINABILITY**

- We have realistic financial projections for the next 2-4 years that show revenues equaling or exceeding expenses or an acceptable deficit.
- We have allocated enough resources (*e.g., human, financial and support systems*) to achieve the projected revenues.
- (*If appropriate*) There is a rational basis for establishing the levels of client fee for service contribution.
- We have a current and realistic fundraising/resource plan that utilizes a variety of fundraising methods (*e.g. direct mail, events, planned giving*).
- (*If the organization is not primarily funded by government*) We have invested in a major gift and planned giving program.



- (If appropriate)* We have explored social enterprise as a vehicle for generating income and carefully considered the success factors and risks.
- If we accept project funding that does not cover the full costs of delivering the program, we are clear about how to address the shortfall
- We regularly communicate with funders and donors to understand their needs and engage them in our work.
- We have unrestricted operating reserves that cover a minimum of 6 months of operating costs or comply with the Ministry regulations.
- We have a policy that addresses accumulated debt, delinquent accounts and we maintain a registry of all assets (*e.g. buildings, computers*).

## SAFEGUARD OUR RESOURCES AND REPUTATION

### ***RISK MANAGEMENT PROCESS.***

- We have identified all the different sources of risk to our organization, including financial, operational, legal and reputational.
- We have estimated our potential risk exposure, the likelihood of it occurring and determined the acceptable level.
- We have developed clear and concise policies and procedures that cover all areas of significant risk and they are regularly reviewed and revised.
- Board, staff and volunteers understand and have easy access to those risk management policies and procedures that affect them.
- We have effective and efficient processes for dealing with risk related issues when they arise.
- Board, staff and volunteers have been adequately trained in the risk policies and procedures that relate to their job/role.
- We stay informed about changes and events that may impact our risk (*e.g. legislation, judicial developments*).

### ***RISK MANGEMENT IMPLEMENTATION***

- We comply with all legal and regulatory requirements.
- The Board has the right skills, structure and composition to perform its fiduciary duties and provide effective oversight.
- The Board has approved and regularly reviews and, if necessary revises, ethical standards policies (*e.g. human rights; confidentiality; use of donations*).
- We ensure that the ethical standards are enforced.
- We abide by the Canadian volunteer code.

- We have a conflict of interest policy that is enforced.
- Our fundraising activities meet with the IMAGINE Canada Ethical Code.
- There are clear controls in place that protect the organization from waste and abuse in the handling of financial resources (*purchasing practices, handling of cheques and petty cash*).
- There are policies that address the management of records and confidentiality.
- There is a system to address client, volunteer and paid staff /worker abuse and harassment.
- We maintain adequate insurance for the Board, other volunteers, staff and the organization.
- We promote a safe working environment for all staff and volunteers (*e.g. complies with current/relevant Acts and Regulations such as occupational health and safety; regulated health acts, WHMIS*)

## IS OUR ORGANIZATION ACCOUNTABLE?

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### TAKE RESPONSIBILITY FOR PERFORMANCE

- We fulfill the goals/objectives and activities laid out in our strategic and annual plans.
- Our projected budgets are usually accurate.
- Board and staff agree with the rating (*most important to least important*) of our organizational and program/service priorities.
- (*If appropriate*) We meet the requirements of our service agreement (*e.g. with funders, vendors, partners*).
- If the organization is not performing at the projected and/or at an acceptable level, we make the necessary changes to revise expectations or improve performance.
- The information received by Board and staff is timely, manageable and specifically relevant to what they need to know.
- If a Board member doesn't attend meetings for an extended period of time, he/she is asked to resign.
- If a non-governing volunteer is not performing, we take action (*e.g. provide remedies; reassign; terminate*).
- When a staff leaves, we do an exit interview and then use that information in our planning.
- There are set terms for Board members and a limit on the number of consecutive terms.
- There is a formal process for nominating new Board members.
- The Board does not get bogged down in day-to-day trivia. It focuses on the significant issues.
- There is much more time given to discussion at Board meetings than to listening to reports.
- Our Board minutes clearly capture the decisions made and relevant discussion.
- The Board and management make the tough decisions and tackle the complex issues.
- When the Board and management make a decision, they follow through on it.
- We have well attended annual meetings with lots of member enthusiasm.

### DEMONSTRATE CLEAR LINES OF RESPONSIBILITY

- There is a clearly written description of what the Board is responsible for versus the CEO/Executive Director.
- The Terms of Reference for each of our committees and task forces clearly articulate responsibilities, expected outcomes and to whom they are accountable.

- The committees that report to the Board relate directly to the Board role and responsibilities and otherwise report to staff.
- Each staff and volunteer has a job description.
- We have explicit written contracts with all consultants or other contract arrangements.
- Individual staff would say they are clear about and agree with the outcomes and goals which he/she is to achieve.
- The expectations of what each staff is to achieve are tied to outcomes (*e.g. increased resources*) not just activities (*e.g. develop a resource plan*).
- Each staff would say they understand how his/her goals and activities are directly tied to the strategic plan and annual goals.
- Each staff would say the expectations for which he/she is held accountable is achievable.
- If a manager does not achieve his/her goals and expectations, he/she is held accountable.

## IS OUR ORGANIZATION INNOVATIVE AND RESPONSIVE?

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### DEMONSTRATE CREATIVITY AND FLEXIBILITY

- We regularly (*e.g. quarterly*) monitor the environment in which we operate for any significant changes, opportunities or threats.
- We continuously network with people and organizations in the communities in which we operate.
- The Board and management have good insights and transformative ideas.
- We are comfortable with different points of view and heated debate at meetings.
- People feel that they can constructively challenge the status quo.
- Criticism is given in a way that is constructive and leads to positive changes.
- People are open about their mistakes and vulnerabilities.
- We tackle problems creatively and get at the root issue.
- There are lots of brainstorming opportunities.
- We regularly seek out “new blood” for committees and Board membership.
- We actively promote the notion that change is healthy.
- We don’t have barriers (*e.g., negative attitudes or rules beyond those that are required*) that get in the way of adopting new ways of doing things.
- At the completion of a project, we discuss what we did well and poorly; what we learned; and how we can do it better.
- We regularly experiment with new responses and approaches in the way that we do our work.
- When considering a new idea or opportunity, we weigh the risk involved against the benefit received.

### REACH OUT

- We make it a priority to collaborate and partner with other organizations and networks in the community.
- There is a strong mutual trust and respect between our organization and our funders, donors, and community partners.

- The people we serve have a clear voice in our direction and priorities.
- Our Board composition is diverse enough to best represent our constituents and advance our mission.
- We articulate mission- and strategy- driven arguments for diversity, not just moral reasons (*e.g. about who we serve, the makeup of our staff and Board*).
- (*If appropriate*) Our programs and services are accessible to diverse groups (*e.g. language, culture, race, spiritual beliefs, socio-economic status, sexual orientation*).
- We have identified barriers to accessibility (*e.g. physical, attitude*) and implement strategies to remove or mitigate them.
- (*If appropriate*) We work in partnership with each of our consumers/clients to build on his/her strengths, abilities and requirements.
- We are flexible and creative in planning and implementing community resources in serving the needs of consumers/clients.
- The people we serve regularly provide us with reliable and comprehensive feedback through formal and informal mechanisms.
- We reach beyond our own volunteers/Board to other community leaders for input on how to address issues and solve problems.
- We are good at communicating to key targets in the community what we do and why so that they become engaged in our efforts.
- We have explored the possibilities of using social media and other new technologies (*e.g. blogs, twitter, podcast*), and considered which will best serve our mission and strategies.
- We recognize that in order to capitalize on these new technologies we must rethink how we communicate and engage people in our mission.

## DOES OUR ORGANIZATION HAVE A PRODUCTIVE AND POSITIVE WORK ENVIRONMENT?

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### VALUE VOLUNTEERS AND STAFF

- We commit an appropriate amount of time and resources to attract and keep the best possible Board, staff and volunteers.
- The CEO/Executive Director has hired as strong and capable a staff as possible.
- Our organization rewards competence (*not necessarily in a monetary way*).
- We invest in training and continuous learning for Board members, staff and volunteers.
- We have a formal program to recognize the efforts of volunteers.
- We regularly ask our Board members, staff and volunteers whether they are satisfied and about their expectations.
- (*If you have a significant number of volunteers*) We have a Manager of Volunteers (or equivalent title) or it is a formal component of a staff's responsibility.
- There is a great deal of respect among our Board, staff and volunteers.

### NURTURE A TEAM SPIRIT

- Our programs and services don't operate in silos.
- Both the Board and CEO/Executive Director view their relationship as a partnership.
- There is no "them and us" dynamic between the Board, other volunteers and/or staff.
- We actively engage volunteers in meaningful work for the organization by leveraging their skills and interests and treating them as a partner, rather than another set of hands.
- There are regular interdepartmental meetings.
- There are clear ground rules about how meetings will be run and how the staff and the Board will act at them (*e.g. when someone is talking, others listen*).
- Everyone participates at meetings.
- There is an atmosphere of supportiveness within our organization.
- We make time to laugh and have fun, no matter how intense our work.
- We recognize when volunteers and staff are feeling stress and help them to cope.
- Conflict is handled appropriately and resolved in a timely fashion.
- We regularly celebrate our successes.

- We effectively manage the expectations of funders and the people we serve so that volunteers and staff aren't burned out.
- Many of our management are good coaches and mentors.
- Our human resource procedures and processes (*e.g., working hours; performance evaluations*) are seen by staff as fair.
- We have little employee turnover, absenteeism and complaints.
- There is an open and honest exchange of information between the Board and the staff.
- There are many formal opportunities to communicate concerns, issues and ideas.