

## 5 Key Nonprofit Outcome Metrics and How to Use Them

By Stan Reiff, Partner

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Many nonprofits struggle with knowing what data is significant and what is best left on their financial statements. The data that matters in the for-profit sector may not be relevant in the nonprofit world, making it difficult to know what is impactful enough to calculate and use to guide future decisions.

Let's begin with some important definitions that can help your organization make the best use of your data:

- **Measurement** – A data point at a single point in time
- **Metric** – A data point in context when compared to previous measurements
- **Outcome metric** – A metric that looks back at what has already happened to help change behaviors for the future
- **Performance metric** – A metric that measures the key activities that lead to successful outcomes; analyzed on an ongoing basis to track progress towards a goal
- **Output or activity** – Raw data that tells the story of your organization's activities (such as the number of people served or number of projects completed)
- **Impact or result** – The level of performance or achievement that occurred because of your organization's activities

Keeping in mind the differences between measurements and metrics as well as outcome and performance metrics, nonprofits of all sizes can get an accurate picture of their organizational health and growth. This insight can also provide the perspective needed to plan effectively for future growth.

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### 5 Key Nonprofit Outcome Metrics

If your nonprofit is wondering how to best analyze outcomes and results, consider starting with these outcome metrics:

- **Fundraising Efficiency** =  $\text{Fundraising Expenses} / \text{Contributions}$
- **Operating Reliance** =  $\text{Unrestricted Program Revenue} / \text{Total Expenses}$
- **Program Efficiency** =  $\text{Program Expenses} / \text{Total Expenses}$
- **Donor Attrition** =  $\text{Lapsed Donors} / \text{Total Number of Donors}$
- **Social Return on Investment** =  $\text{Social Impact Value} - \text{Initial Investment Amount}$

These metrics are important for recognizing your organization's outcomes compared to similar nonprofits. And tracking these metrics consistently — such as every month or every quarter — can provide decision-makers with the tools they need to set goals and see the specific steps needed to reach them.

This clarity filters down to all employees, creating a more collaborative work environment where everyone is aiming for the same ultimate goal of serving people well and the same smaller goals focused on increasing overall efficiency.

### How to Use Outcome Metrics

Being aware of outcome metrics and able to track progress over time can help your organization gauge growth and show stakeholders exactly how funds are being used. This open and honest communication can build your organization's credibility and reputation, encouraging both new and existing donors to support the cause financially.

With a clear understanding of the effectiveness of various processes that contribute to these outcome metrics,

decision-makers can streamline and simplify inefficient processes, increasing your organization's growth potential and impact on the populations you serve.

### Interested Stakeholders

In addition to your organization's decision-makers and employees, there are several other groups of stakeholders with a vested interest in your outcome metrics:

- **Board members** are responsible for holding the organization accountable, so outcome metrics are a key component of their guidance. They could mandate benchmarks that certain outcome metrics should reach by a certain time.
- **Potential donors** want to know if your organization is reputable, trustworthy, and efficient. They want to be able to see and approve of the impact your organization is making before they start or continue to donate.
- **Charity evaluators** provide information that potential donors often rely on heavily when choosing where to give. Having current and accessible outcome metrics is important not only to the evaluators themselves but also to the people viewing your information on their websites. It is important for them to be able to compare your organization with others in your niche.
- **Community members** pay attention to your organization's outreach efforts. This is particularly true for churches. The positive impact that nonprofits strive to make often extends beyond the populations they serve and into the community at large.
- **Other nonprofits** notice when your organization is performing well. They may reach out to learn more so that they can serve their populations as well as you are.

As you can see, there are many benefits to using outcome metrics at your nonprofit. If you have any questions or would like to discuss how CapinCrouse can help empower your nonprofit, please contact us at [info@capincrouse.com](mailto:info@capincrouse.com).

*Learn more about this topic when you watch our [Maximize Your Impact recorded webcast](#).*

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## About CapinCrouse

As a national full-service CPA and consulting firm devoted to serving nonprofit organizations, CapinCrouse provides professional solutions to organizations whose outcomes are measured in lives changed. Since 1972, the firm has served domestic and international outreach organizations, universities and seminaries, foundations, media ministries, rescue missions, relief and development organizations, churches and denominations, and many others by providing support in the key areas of financial integrity and security. With a network of offices across the nation, CapinCrouse has the resources of a large firm and the personal touch of a local firm. Learn more at [capincrouse.com](http://capincrouse.com).

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