



BBB Measuring Effectiveness Standards

An organization should regularly assess its effectiveness in achieving its mission. This section seeks to ensure that an organization has defined, measurable goals and objectives in place and a defined process in place to evaluate the success and impact of its program(s) in fulfilling the goals and objectives of the organization and that also identifies ways to address any deficiencies. To meet these guidelines, a charitable organization shall:

Standard 6:

Have a board policy of assessing, no less than every two years, the organization's performance and effectiveness and of determining future actions required to achieve its mission.

Effective Date: March 3, 2004

Information Needed from Charity to Determine Compliance:

The charity provides a copy of its board policy on performance and effectiveness assessments.

Application:

The Alliance confirms that a policy is in place and that such policy calls for an assessment at least every two years. The policy need not use the words "performance" and/or "effectiveness" but should make clear that the charity intends to formally evaluate its success and impact in fulfilling its mission, goals and objectives.

Standard 7:

Submit to the organization's governing body, for its approval, a written report that outlines the results of the aforementioned performance and effectiveness assessment and recommendations for future actions.

Effective Date: March 3, 2006

Information Needed from Charity to Determine Compliance:

The charity indicates, on a form provided by the Alliance, whether its board receives and approves a written report of the assessment conducted, as described in Standard 6.

Application:

In this standard, the Alliance seeks to confirm that an assessment is carried out. The standard does not seek to evaluate the quality and content of the assessment. Therefore, the Alliance will not typically request a copy of the charity's assessment report.

The following guidance may be useful to charities in developing reports. Both the assessment and the written report may be prepared by the charity's staff, a subcommittee of the board, an outside committee of volunteer experts, a paid consultant, other professionals or any combination of these, as directed by the charity's board. Elements of the report will typically include the following:

- Identification of measurable goals and objectives. These goals will vary in number and nature from organization to organization and from time to time. A charity may have a numerical goal such as the number of individuals who receive assistance from the organization. Another may have an impact goal, such as influencing public policy on certain issues or improving the health of certain groups of individuals. Others may have financial goal(s) such as raising a certain volume of dollars for health research.
- Consideration of how well the identified goals and objectives conform with the mission of the organization.
- Description of the activities that the charity undertook in the past two years to address these objectives.
- If applicable, measurement of the satisfaction of those who benefit from the charity's programs.
- Analysis of the effectiveness of the charity's activities in fulfilling its stated mission, goals and objectives.
- Recommendations for future actions the charity might take based on the findings of the assessment. For example, if goals and objectives were not met, what might be done to improve performance? If goals and objectives were fully satisfied, what future goals and objectives might be identified?

In March of 2006, the Better Business Bureau will require that the organization conduct this evaluation and present it, in its completed form outlining the results of the assessment and recommendations for future actions, to its governing board for approval.

Why is a policy important?

An organizational assessment is an opportunity to identify ways for an organization to carry out its mission through its programs more effectively, benefiting the organization and the communities it serves. In the long run, it can contribute to program improvement and provide support for long-term planning.

From the results of this assessment, an organization can develop its own targets and

goals, look at areas of weaknesses and strengths, as well as provide direction for board and staff, and help identify training needs. Additionally, a completed assessment can serve as a ready-made resource of documented results that can be used for fundraising. The data collected can also be used as supporting documentation for potential funders. However, it should be noted that this document is not necessarily a public document, unless the organization chooses to make it public. It is generally not seen as a public relations tool, but a real chance to critically assess charity programs and operations.

BBB's standards seek to ensure that the organization's volunteer board of directors is active, independent and free of self-dealing. Having a policy that measures an organization's effectiveness is an essential and necessary indicator of a board that is active in taking steps to ensure that its organization is operating effectively and efficiently. More importantly, it is able to provide evidence that the organization and its board are working closely to develop guidelines that show how well an organization is carrying out its programs, and what steps, to be approved by the board, need to be taken with the organization. The board has the ultimate responsibility to see that the organization is running well, effectively and ethically.

The internet can provide you with a multitude of resources for finding guidelines on how to conduct an evaluation as well as external resources (such as consulting firms) that are available for these services.

Additional Guidance

The performance and effectiveness report may be produced internally or the charity may bring in an outside expert as a consultant to conduct the evaluation and write the report. To provide some guidance for the preparation and presentation of the report, C.I.N. offers these points:

- Identification of measurable goals and objectives. These goals will vary in number and nature from organization to organization and from time to time. A charity may have a numerical goal such as the number of individuals who receive assistance from the organization. Another may have an impact goal, such as influencing public policy on certain issues or improving the health of certain groups or individuals. Others may have financial goals such as raising a certain volume of dollars for health research.
- Consideration of how well the identified goals and objectives conform to the mission of the organization.
- Description of the activities that the charity undertook in the past two years to address these objectives.
- If applicable, measurement of the satisfaction of those who benefit from the charity's programs.
- Analysis of the effectiveness of the charity's activities in fulfilling its stated mission, goals and objectives.
- Recommendations for future actions the charity might take based on the findings of the assessment. For example, if goals and objectives were not met, what might be done to

improve performance? If goals and objectives were fully satisfied, what future goals and objectives might be identified?