

Identifying High-Performing Organizations

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In selecting organizations to support, funders should consider strategic factors like the role groups play within the progressive infrastructure and how potential grantees fit with the funders' own areas of interest. Beyond broader strategic considerations, though, funders need to look closely at the performance of the organizations themselves and their ability to deliver consistently outstanding results over time. We believe that funders should seek out and fund organizations that are, or have the potential to become, truly high-performing organizations, and they should leave the rest behind.

We have worked with numerous nonprofit organizations, including some included in this guide¹. This experience has highlighted several key characteristics shared by high-performing organizations:

- *Leadership* that focuses on results rather than appearances and that exhibits relentless determination in the pursuit of impact;
- *Concrete goals* to set a meaningful measuring stick against which progress is judged;
- *Strong management for execution* to turn goals and plans into reality and to minimize the gap between what is supposed to happen in theory and what actually happens in practice;
- *Rigorous people practices* to attract and retain the very best employees and, importantly, to lose the rest; and
- *Performance-oriented cultures* to set a high bar for performance and a premium on learning from experience and improving over time.

Groups don't have to be perfect in all these dimensions, but the more evidence you see of strength in these areas, the more likely it is that the organization is a high-performing one – that is, an organization that will make meaningful change, now and in the future.

What follows is a brief description of each of the areas we have seen to be key. Also, to the extent that you as a donor will conduct further research beyond this book to make your funding decisions, we include quick ways we might try to gauge the extent to which organizations demonstrate each dimension if we were a donor with limited time.

THE PREREQUISITE: RELENTLESSLY DETERMINED LEADERSHIP

We have yet to see an organization thrive in the long run without a leader who brings an intense, even obsessive, determination to get results. This determination then exhibits itself in a number of ways. Effective leaders constantly worry about the real impact of their work, rather than appearances. They are often perfectionists and, until they learn how to delegate effectively, may be described by others (or themselves) as control freaks,

¹ [1] We should note, though, that we have had no hand in choosing groups for inclusion here.

because they can't stand to see things not go as well as possible. When they run into roadblocks that might deter the average person, they persist – and persist, and persist – until they find a way past the obstacle. Because they are determined to be successful, they make hard decisions that may be unpopular (such as abandoning a strategy that isn't producing results) or personally painful (such as letting go a loyal but lower-performing subordinate). They are also fairly ruthless when it comes to identifying ways the organization could perform better, and, again because they are so committed to results, they tend to model a deep commitment to learning from experience and adapting their approach to make it as effective as possible. Leaders need to have other traits – they must be reasonably strong critical thinkers, they must be able to communicate orally and in writing in a way that inspires the confidence and “followership” of others, they must exercise good judgment, and they must have at least some ability to see the forest beyond the trees in order to establish a vision for the future – but in our experience, the quality that best differentiates truly effective leaders from the rest is their absolute determination to make an impact.

What to ask to assess leadership:

- What led you to start (or come to lead) this organization?
- What are you trying to achieve this year? What are you worried about? What are you doing about it?
- What are some of the biggest obstacles you've hit in the last couple of years? What did you do to address them?
- Tell me about a difficult decision you had to make recently.
- How would the people around you describe you?

THE FOUR PRACTICES

Even with the relentless drive and other leadership prerequisites in place, great leaders rarely start out as great managers. However, with a bit of help they can put into place four important management practices that we've seen help translate their drive and determination into strong results over time.

Practice #1: Adopting Ambitious Goals and Clear Plans

High-performing organizations establish concrete goals for what they will accomplish and then develop plans for how they will get there. Their goals are neither vague (“promote better housing for low-income residents”) nor unrealistic (“secure high-quality health care for all residents by the end of next year”). Rather, strong goals establish a clear finish line that lies at the intersection of ambition and realism (“by the end of 2008, double the number of on-the-record supporters for our housing bill in the state senate from 12 to 24 so that we are in position to get it passed in 2009”).

Plans stem from the goals and focus the attention of the staff so that everyone knows where energy should and should not go (“we will mobilize at least 5 influential citizens in each of our target 18 state senatorial districts; we will not conduct direct mail campaigns to build our base”). At the more detailed level they establish who will do what by when

(“Kathy will meet with heads of each allied organization to develop list of targeted ‘influentials’ to pursue by Feb. 1”). Plans also change over time in light of progress, whereas goals generally remain fixed. (“We realized we also need broader pressure to get additional senators on board, so we will focus on generating editorials in both of the statewide newspapers.”) Finally, organizational goals and plans align with more specific ones assigned to heads of departments, and those goals and plans then translate to the individual staff member level.

Having seen organizations with goals that sounded impressive but real-world results that were not, we’d add one final note: goals are only as powerful as they are genuinely-held. That is, goals need to represent what the leaders of the organization truly believe would represent meaningful progress. They should not merely predict results that would have come about no matter what, having been put on a page simply to satisfy funders. Rather, goals need to represent serious growth in impact, and leaders of the organization must be deeply committed to doing what it takes to reach them.

What to ask to assess goals:

- What were your goals for last year? To what extent did you achieve them?
- What will success look like for you this year? Why is that important? How hard will it be to get there?
- How were those goals developed? Were there targets you considered setting, but ultimately rejected? (*You’re looking for rigorous back-and-forth and debate, not just pro forma process.*)
- What’s an example of a goal you didn’t meet? (*A group that truly stretches itself likely won’t meet all goals, but you’re looking for evidence that it re-strategizes in such a case.*)
- If I were to ask your head of communications (for instance) what her goals are, what would she say?

Practice #2: Managing for Execution

Even the most compellingly articulated goals and plans can fail to drive action unless they’re accompanied by strong day-to-day management practices. In order to ensure that goals are translated into action and lead to results, organizations must carry out the day-to-day work effectively – which often leads managers to adopt a relatively hands-on management style. This means they reach agreement with their staff about outcomes on the front-end, they get their hands dirty and check in periodically (before it is too late) to see how work is proceeding along the way and to help their staff adapt tactics as needed, and they reflect on lessons at the end and hold staff accountable for results.

What to ask to assess management for execution:

- Tell me about a project you undertook recently.
 - What was the vision for it?
 - What happened?

- How did you ensure that happened? (*You're looking for managers who leave little to chance: either they have good reason to rely on the person in charge of the project, or they keep their hands on things enough to ensure success.*)
- How do you know it happened?
- What lessons did you take away?
- (Depending on the above) Tell me about a particularly unsuccessful (or successful) project you undertook. What went wrong (or what worked)?

You can also get information about an organization's ability to execute by how it handles its interactions with *you*. Do staffers get back to you, and do what they say they're going to do? If you ask them to send you something, does it arrive promptly and in the form you requested? Is it well organized? While these may seem like small details, you can often extrapolate from these sorts of things into how the group operates on a larger level.

Practice #3: Committing to Great People

Rigorous people practices are critical for building a team of talented staffers who can propel organizations to the highest levels. This means that rather than simply posting openings on popular websites and selecting the best from whoever happens to apply, organizations proactively identify and aggressively recruit individuals who would be outstanding. It also means going to great lengths to retain high-performers, often offering them rapidly-increasing responsibility over time. Finally, and least commonly, it means quickly transitioning out staff who don't meet a high bar for performance – not only the egregiously weak (like those who can't get to work on time or who miss critical deadlines) but also the mediocre, like the communications director who can draft a press release but can't do anything beyond the basics to actually get a story placed.

What to ask to assess people practices:

- How would you describe the bar for performance here?
- Who are your best people? What are you doing to retain them?
- Tell me about your most recent high-level hire. How did you go about searching for the person? *You're looking for active headhunting, not just mass marketing and taking whatever applicants come along.*
- When was the last time you fired someone or coached someone out? How many people have you fired in the last two years? Why? *You're looking for an organization that fires people who don't perform at a high standard.*

Note that the lesson above about judging an organization from your own interactions applies here as well. Beyond the leader, are you impressed with the caliber of the staff with whom you come into contact?

Practice #4: Inculcating Cultures of Performance

In high-performing organizations, messages about "how we do things here" come through loud and clear, beginning at the top with the organization's leadership. These messages are transmitted through the hundreds of daily signals that managers send in their actions and words. While each organization will have its own unique values, top-performing organizations place a heavy emphasis on achieving results and on constantly improving over time.

What to ask to assess culture:

- How would you and other people who work here describe the culture? *Listen to references to high standards and a constant striving for excellence.*
- What are some examples of how that plays out? *For instance, a high-performing organization might tell you that staffers know that if they do a mediocre job on a project, they'll need to redo it, that halfhearted work won't be accepted, and they'll be held accountable for their performance.*
- What's an example of when something happened that wasn't consistent with the culture, and what happened?
- What kind of person wouldn't fit in here?

WHAT YOU'RE NOT LOOKING FOR

Just as we have found certain characteristics and practices to be essential, we have also found a number of traits that, contrary to conventional wisdom, do *not* differentiate high performing organizations from others. Given that, we would caution against letting either the presence or absence of these have a significant impact on your funding decisions. Among others, beware of being overly swayed by the following:

Charismatic leader. Strong leaders do not need to be charismatic, as long as they are able to inspire "followership," meaning that people in and around the organization respect their determination, judgment, and ability to get things done.

Formal staff development programs: At strong organizations, staffers get developed and grow significantly. Rather than through formal programs, mentorships, or large investments in "on the side" staff training, the real growth most commonly happens via pursuit of ambitious goals and reflection with a manager who holds staff members to a high standard and gives feedback based on what is and is not leading staff members to reach their goals.

Low staff turnover: Strong organizations believe in "good turnover," the coaching out of employees who aren't meeting a high bar and the retention of high performers. Often, in fact, little or no turnover is a bad sign, since no one is perfect in hiring, and no turnover can mean that an organization does little to correct hiring mistakes.

Hands-off management and an emphasis on employee autonomy. At strong organizations, managers are likely to be hands-on in making sure that they're on the same page as their staff, in monitoring the execution of the work, and in creating accountability -- because,

frankly, things need to get done. Staff empowerment comes from having great people with clear responsibility for ambitious goals who are held accountable for reaching those goals, but “empowerment” is often not an end in itself.

CONCLUSION

As you make your funding decisions, we encourage you to look for evidence of the factors we describe here, and then to take one final step – consider what can be changed and what cannot in an organization and its leadership. We have seen that it is possible for leaders to learn skills like developing solid goals and plans, delegating well, recruiting top talent, and having tough conversations with low performers. We have also discovered that there are certain qualities that simply cannot be taught – caring that goals represent meaningful progress and not merely nice-sounding deliverables for a donor, being motivated by results and working hard to achieve them, modeling and holding others to high standards, and regularly reflecting on and learning from experience. In making your decisions, look first for evidence of the non-teachable qualities. Then, support these organizations and their leaders as they develop the skills they need to get great results over time.