



PENNSYLVANIA ASSOCIATION OF NONPROFIT ORGANIZATIONS'

# Standards for excellence

## Executive Summary on Impact Evaluation Report

**Certification.** In the latter part of 2010, the Pennsylvania Association of Nonprofit Organizations (PANO) undertook an Impact Evaluation study of its *Standards for Excellence: An Ethics and Accountability Code for the Nonprofit Sector*<sup>®</sup>. The *Standards for Excellence*, which was developed by the Maryland Association of Nonprofit Organizations, was launched by PANO in September, 2002 as the first ethics and accountability education and certification program in Pennsylvania. By early 2011, 5,500 nonprofits leaders had participated in the *Standards for Excellence* educational programs and 55 nonprofit organizations have achieved *Standards for Excellence* certification.

**Methodology.** An evaluation sub-committee developed a qualitative methodology to investigate the program's impact. Committee members constructed an interview protocol that probed four domains of the Balanced Scorecard, a tested framework employed in the nonprofit sector that focuses on Learning and Growth, Operations and Processes, Customer and Financial elements. Ten nonprofit executives representing organizations of different sizes (based on budget categories) from across the state were randomly selected to participate in telephone interviews. While the study is limited in the organizational and leadership variables it addresses, it nevertheless provides PANO with valuable information about the impact of its program.

**Evaluation Results.** Overall, the evaluation provides evidence that the *Standards for Excellence* has resulted in a number of positive impacts and offers directions for areas in which the program can improve.

Positive impacts. The nonprofit executives described an array of learning and growth opportunities that resulted from achieving accreditation. These included the level of engagement and empowerment of the board and how the board conducts its business, an increase in demonstrating best practices and improved evaluation approaches. Executives reported the following impact in the area of operations and processes: improved fiscal oversight by the board and strengthened management, financial and human resources practices. Smaller organizations improved their policies and practices while larger organizations refined and institutionalized their practices.

In regard to serving customers (or clients, as they are more commonly called), executives reported a stronger clarity of mission as well as an ability to focus on client needs. In the financial operations domain, they experienced a demonstrable impact; a deeper understanding of issues of compliance, legal and financial requirements; and improved reporting and communication of financial information.

Areas for improvement. The evaluation identified three areas for improvement. First, there was no consensus that accreditation had a specific impact on organizations' program and service delivery. Second, although accreditation enabled organizations to structure and focus their fundraising operations more effectively, there was little clarity of its impact on fundraising outcomes. Third, it was noted that all levels of staff were not fully engaged in the accreditation process.

Additional learnings. Executives indicated that organizations were motivated to pursue accreditation out of a desire for accountability and excellence. Some of the most important changes that resulted from accreditation included greater confidence of the board, staff, and community served, a stronger focus on strategic planning, the institutionalization of best practices and a more forward-thinking orientation. The executives' responses also clarified that the impact of obtaining accreditation varied by organizational context, with factors such as the following acting as influences: organizational life cycle, budget size, leadership experience and length of the certification process.

**The impact.** As with all good research, the first *Standards for Excellence* evaluation surfaced ideas and questions for future study. However, its results indicate that there has been significant impact on the operations of the nonprofits that have pursued accreditation, and that PANO is building the credibility and effectiveness of the nonprofit sector through the *Standards for Excellence* program.