



10 Common Benefits of Dashboard Reporting

From Board Source

There are probably as many ways to work with dashboards to realize these benefits of critical thinking and board engagement as there are board members. The following are 10 common ways that have proven in practice to be valuable.

1. Save time by reviewing highlights

Dashboards are not meant to be a substitute for all of the information available to boards, but rather are designed as high-level overviews that combine an array of key indicators on a single page or on sets of pages. This allows them to fit naturally in board books as cover sheets that may appear on top of more detailed reports or online as a top-level link in an increasingly detailed nest of links, thereby permitting the user to drill down to greater levels of detail as needed.

Just as with any logistical or navigational tool, dashboards can help the time-constrained board member employ his or her time more efficiently by using highlighted items in the dashboard as prompts to seek more detailed information residing beneath.

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2. Track progress toward goals

Dashboards can be used as tools for monitoring progress toward agreed-upon goals. The scorecard dashboard style (samples in The Nonprofit Dashboard) explicitly incorporates actual performance versus goals or benchmarks. Another example of this is a vision dashboard created in the context of strategic planning. Each strategic initiative from the plan will have a set of measures that tell the board whether the intended effects of that initiative are being realized. A vision year is selected (maybe five or 10 years into the future) and the anticipated values for the various measures on the dashboard are set for that year. Depending on the time sensitivity of the measures in question, the board can request this dashboard at appropriate intervals (annually, semiannually, quarterly, etc.) and will be able to quickly gauge the progress (or lack thereof) that has been achieved in approaching the vision year value. Faced with inadequate progress, the board can ask some good questions as to underlying causes, which may result in changing certain policies and practices that will better ensure attaining the vision year goal in question, modifying the goal itself, or some combination of both.

3. Understand system dynamics

A dashboard brings together a set of key ratios and other metrics in a way that conveys to the board the internal system dynamics of the organization. For those board members who have a limited understanding of how one factor can affect another in producing certain bottom line results, using a dashboard can become a valuable board education tool.

4. Spot potential problems

Dashboards can be designed specifically as exception reports that alert the reader when certain performance metrics stray outside of acceptable ranges. These warning light reports and the scorecard dashboards that use traffic light icons (samples in The Nonprofit Dashboard) are only as good as the metrics and ranges selected. When these reports are well-constructed, boards can use them secure in the knowledge that certain critical factors are being closely monitored. If the board, for whatever reason, lacks confidence in an exception or icons-only style of reporting, dashboards that are more complete and yet structured around critical metrics (such as risk factors) can still serve to alert boards to potential problems in a timely manner.

5. Identify patterns and anomalies among similar entities

One of the most common uses of dashboards is to array on a single page the performance results of multiple programs or business operating units. This enables the user to efficiently discern any patterns that all programs or units share and/or any anomalies that may call out for explanation.

The use of small multiples is a good example of how a series of graphic displays that all employ the same scales quickly reveal which units have experienced positive or negative performance over the course of a year. Analyzing the same numbers in tabular form would be considerably more difficult and time consuming.

6. Identify patterns and anomalies among diverse factors

The same sort of rapid recognition of patterns and relationships can result from using dashboards that display on the same page a variety of factors or variables relating to a single entity.

7. Expand board member comfort zones

If the board member asking the above questions is a member of the finance committee, one might assume that his or her special interest in the museum's financial condition prompted these queries, with the dashboard merely serving as a touchstone. But the board member might well have been a member of the curatorial committee who is typically far more interested in issues of an artwork's provenance or quality. When a dashboard's readily accessible metrics and graphic displays result in a board member expanding his or her comfort zone and becoming more fully engaged, then it's a gain for the entire board and organization.

8. Bring all board members up to speed around a shared knowledge base

The more board members are conversant with multiple aspects of the organization's operations, the more effective the board can be as a governing team and the more valuable the board can be to the organization. Dashboards by themselves will not supply the shared knowledge base the board needs, but they can serve as a recurring reminder of the key factors at play and thereby equip all board members with a basic understanding of what makes the place tick. Incorporating the most recent set of dashboards in each new board member's orientation packet, coupled with an opportunity to review them under the guidance of a fellow board member serving as mentor, would be an excellent way to begin the process of sharing this knowledge base.

9. Maintain a governance perspective

When a dashboard is designed with a governance perspective (gauging things like mission impact and outcomes, strategic effectiveness, and fiduciary oversight), it helps to encourage the board to perform its essential governance role rather than derail into some form of surrogate management role. In other words, dashboards can help to instill an organization-wide, policy-level perspective and reduce the tendency to micromanage from the boardroom. In a sense, the very process of defining dashboard metrics can be viewed as a collaborative exercise between board and senior staff that serves to clarify the domains of governance and management.

10. Reinforce board oversight by linking structure and process

Finally, boards should be encouraged to use dashboards not only as stand-alone reports but also as key components in a more complete governance structure that also includes committee structure and meeting schedules and agendas.

<https://boardsource.org/resources/10-common-benefits-of-dashboard-reports/>

