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Determining the Strategic Value of Applied Analytics in Mission-Driven Organizations

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Abstract

Analytics is having a moment socially and organizationally. The promise of analytics in terms of insights and efficiencies is alluring. Making rational investments in this capability requires determining its value. Such a determination, while never easy, is simplified when profit can be the metric of focus. This enables businesses to make this investment like they typically do. The situation is more complex for mission-driven organizations, that can be either for-profit or nonprofit. Without a focus on profit, mission-driven organizations benefit from assessing the value of analytics more holistically. In the process, synergy, solidarity, and efficacy emerge as points to consider when determining the strategic value of analytics.

Keywords: Analysis; Decision-making; Management; Organizations; Sensemaking

Opinion

Linkages between popularity and quality are tenuous and suspect. It seems beyond doubt that analytics is currently popular. Business analytics is being discussed in a variety of contexts. As noted by Delen and Ram, “business analytics is a relatively new term that is gaining popularity in both business and academic circles like nothing else in recent history” [1]. Observing its popularity is one thing; understanding the effect of analysis is altogether different. Assessing the value of something like analytics is complex and, potentially subjective. Any conclusion is likely reductionist. However, intentional progress benefits from such an adjudication, as the process of interrogation and articulation forms a basis for individual and organizational sensemaking. Weick explained that organizations “as open systems” benefit from an awareness and focus on sensemaking since “their greater openness to input from the environment means they have more diverse information to deal with” [2]. The popularity and potential of applied analytics calls for a determination as to its ultimate strategic value. Examining this topic further benefits from an elaboration as to what is meant by the phrase applied analytics.

In general, applied analytics refers to the use of data analysis and statistical modeling techniques to solve real-world problems and make evidence-based decisions. It involves using data to identify patterns, trends, and insights that can inform decision-making and improve outcomes. Applied analytics can be used across a wide range of industries and functions, including healthcare, finance, marketing, and operations. It can be used in traditional businesses, nonprofits, or mission-driven organizations. These varied contexts can influence the approach selected to communicate the results [3].

Whereas the focus of this effort is on mission-driven organizations, it is useful to position this understanding based on an examination of nonprofit organizations as popularly understood. Within the context of nonprofit organizations, applied analytics can be used to inform decisions ranging from resource allocation to program effectiveness. That spectrum is not altogether different from what one would observe in traditional, for-profit, businesses. The primary issue is that within the context of nonprofit organizations, effectiveness is determined without the signal provided by profit. Assessing performance analytically within nonprofit organizations necessitates the development of metrics that capture program efficacy. By analyzing data related to project outcomes, donor behavior, and stakeholder engagement, nonprofit organizations can gain analytic insights into their operations and make data-driven decisions that improve their effectiveness and efficiency even in the absence of data related to profitability. These insights, if they are going to be of consequence, need to inform organizational decisions. It is possible to examine the further complexities of organizations compelled by mission rather than profit.

Economic theory suggests that most things can be reduced to a monetary value. There are certainly things amenable to this approach. Traditional businesses, with a focus on profit, conform to this theory. Such a valuation, when it works, works well. When it doesn't work well, it doesn't work as well. Within the nonprofit space one is still able to calculate costs. As an example, one could calculate the cost associated with providing free meals to children. However, the value of such an activity is not reducible to its cost. Mission-driven organizations, either for-profit or nonprofit, produce value through its activities which transcend the cost or profit associated with their activities. Analytics within the context of mission-driven organizations requires an examination of value. Such a valuation is ultimately subjective but amenable to analysis.

Organizational decision-making refers to the process by which an institution makes choices based on available information and resources. It involves the identification of problems, the evaluation of options, and the selection of a course of action that is strategically aligned with the organization's objectives, goals, and mission. Organizational decision-making can occur at various levels within an organization, ranging from day-to-day operational decisions to long-term strategic planning. Across the spectrum of organizational decisions, analysis can be used as a source of information and insight. This places the focus not so much on analysis, per se, but rather on the consequential, organizational use of the results of analysis.

Effective organizational decision-making requires a clear understanding of the organization's objectives, goals, and mission, as well as external factors that may impact its success. It also requires access to relevant and accurate data and information, as well as the ability to analyze and interpret those data effectively. Lastly, effective organizational decision-making often involves collaboration and communication among stakeholders, including employees, board members, and external partners. In the context of mission-driven organizations, effective organizational decision-making is critical to maximizing its social and community impact. By making informed decisions based on data and evidence, mission-driven organizations can optimize their scarce resources and improve their effectiveness in serving their stakeholders. Understanding this more fully benefits from a close examination as to what constitutes a mission-driven organization and how those organizations differ from traditional, for-profit businesses.

Like nonprofit organizations, that are formed for a specific purpose other than making money [4], mission-driven organizations exist to make manifest a social good beyond profit. Mission-driven organizations are frequently dedicated to serving a particular cause or community, and surplus revenue generated by the organization is reinvested back into it to support its mission. Mission-driven organizations can take many forms, including nonprofits, charities, foundations, social welfare organizations, trade associations, and traditional businesses. Mission-driven organizations play important roles in society by providing a range of services and support to communities and individuals in need. Whereas this is not universally true, they often rely on donations, grants, and other forms of support from individuals, corporations, and government entities to fund their operations and achieve their mission. This variety complicates the ability to measure performance and apply analytic techniques.

As indicated, one of the main challenges in measuring the performance of mission-driven organizations are the complexity and diversity of their missions and activities. Unlike traditional, for-profits, in which success can be reduced and measured primarily through financial metrics, mission-driven organizations often have multiple goals and objectives that are not easily quantifiable or are considered more important than financial metrics of performance. As an example, a mission-driven organization focused on providing education may have goals related to improving literacy rates, increasing access to educational resources, and promoting lifelong learning. Alternatively, a mission-driven organization focused on reducing poverty might have goals related to increasing shared prosperity, improving employment rates, and ensuring access to adequate food, shelter, and safety. Each of these goals requires different types of data and metrics to measure success, and it can be difficult to determine which metrics are most relevant and meaningful within a given organization and operational context.

All organizations struggle measuring performance in a meaningful way. Even when profit is available to use as a performance metric, there are issues associated with linking individual contribution to organizational performance. This issue is complicated further when various time horizons are considered for linking performance to outcomes. Along with these concerns, another challenge in measuring the performance of mission-driven organizations is the limited resources available for data collection and analysis. Many mission-driven organizations operate on relatively tight budgets and may not have the staff, technology, or expertise needed to collect and analyze data effectively. This can make it difficult to track progress towards goals and make evidence-based decisions about program design and implementation challenging. Finally, there is often a lack of standardization in how mission-driven organizations measure and report their performance, which can make it difficult to compare results across organizations or sectors. These situations can lead to confusion and skepticism among stakeholders, including donors, board members, and employees, about the overall effectiveness of a mission-driven organization and their programs. This situation can be improved through the strategic application of analytics within mission-driven organizations. Such a claim is bolstered through an articulation of its contribution to organizational synergy.

In traditional businesses, profit becomes a focal point for

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organizational discussions and decisions. Analysis can contribute to synergy in mission-driven organizations by providing a common language and framework for understanding and addressing complex challenges. By using data and evidence to inform decision-making, mission-driven organizations can align their efforts and resources towards shared goals and objectives. This can contribute to a sense of shared purpose and collaboration among stakeholders, leading to greater synergy and impact. One way that analysis can contribute to this synergy is by identifying areas of overlap and strategic alignment across different programs and services. By analyzing data related to program outcomes, donor behavior, and stakeholder engagement, mission-driven organizations can gain improved insight into how different initiatives are working together (or not) to achieve shared goals. This can help identify opportunities for further collaboration and resource-sharing, as well as areas where adjustments may be needed to align better organizational efforts.

By using data and evidence to inform discussions and decision-making, mission-driven organizations can create a shared understanding of the challenges they are facing and improve ways to address them. This can help build trust within the organization and community as well as improve performance. Since these improvements occur across multiple stakeholders, there is potential for the synergy to contribute to a deeper sense of solidarity among those involved. This concern is particularly relevant to mission-driven organizations, as solidarity contains both communal [5] and organizational [6] components. This aspect of solidarity calls for a closer examination as it is outside the technical aspects of analytics but resides at the core of its effective organizational enactment.

Solidarity can be conceptualized as an awareness and cultivation of the sense that those within an organization are in “this” together. It is not simply about being employed by the same organization or being in the same department, but rather solidarity is a deeper connection that goes beyond the obvious and superficial elements of employment. Solidarity is about building understanding, respect, connection, and a sense of shared contribution to efforts transcending self and can be designed intentionally within an organization. Within mission-driven organizations, analytics can contribute to the building and maintenance of solidarity by providing a replicable and more objective way of measuring impact and progress towards the organization’s mission.

By using data and analytics to demonstrate the effectiveness of the organization’s programs and services, it can build trust and credibility with stakeholders, including but not limited to its employees, donors, volunteers, and serviced community. This can help create a sense of shared purpose and connection among those involved in the organization and foster a greater commitment to the organization’s overarching mission. Additionally, analytics can help identify areas where the organization may be falling short or where it could improve its impact, allowing for continues learning and improvement towards achieving the organization’s goals. In short, analytics can provide a credible basis for focus, understanding, and impact. Individually and collectively, these elements hold the potential to contribute to an informed commitment to the mission-driven organization based on its demonstrated efficacy.

Analytics can contribute to measuring efficacy by providing a replicable, objective way of measuring the impact and effectiveness of a mission-driven organization’s programs and services. By analyzing data and metrics related to organizational activities, analytics can help identify patterns and trends that indicate whether the organization is achieving its goals and objectives. Analytics can be used to track website traffic, social media engagement, and email open rates to determine the effectiveness of marketing campaigns of mission-driven organizations. Similarly, analytics can be used to track program outcomes in ways other than profitability, such as the number of people served or the percentage of participants who achieved specific outcomes, to determine the impact of the organization’s programs. By using data and analytics to measure efficacy, mission-driven organizations can make evidence-based decisions and continuously improve their programs and services to meet better the needs of their target communities and society.

Mission-driven organizations should not adopt analytics due to its current popularity. It is beneficial for organizational leaders to distinguish between fads and enduring capabilities [7]. Despite its current moment of notoriety, the promise of analytics in terms of insights and efficiencies is both alluring and legitimate. Analytics can deliver the goods, but the benefits are not derived simply from “doing” analysis. Mission-driven organizations benefit from assessing the value of analytics more holistically in terms of its contributions to organizational synergy, solidarity, and operational efficacy. Capturing the lasting benefits of applied analytics in mission-driven organizations requires those involved to appreciate that its ultimate value isn’t derived from the robustness and objectivity of its rigorously calculated answer but from the quality of the radically democratic and open discussions that ensue as stakeholders make sense of situations more transparently, intentionally, and in greater solidarity with each other.

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