

Cultural Leadership Summit 2012

CHANGING THE GAME

Development of a KPI Framework of a non-profit-distributing organization

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The Cultural Environment

- ❑ The Government is reviewing its arts development policy.
 - ❑ A new funding body and policy will be implemented and a new assessment criteria will be set among the performing arts groups.
 - ❑ Same professional norm of the business nature should be shared by cultural leaders, decision makers as well as all stakeholders.
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Key Performance Indicators 績效評估

Not everything that can be counted counts, and
not everything that counts can be counted
– Albert Einstein

Rolex or Patek Philippe or Swatch
in order to assess the value of something, we
need to understand the value system

Cultural or entertaining?

What

measures should be used, what type of KPI Framework will be an objective one?

How

to evaluate the intangible contribution?

What is NPDO?

Non-profit organization is no longer a charity but a NPDO – reinvest the profits to support its mission

– Alceste Pappas

NPDO is “mission-oriented business”

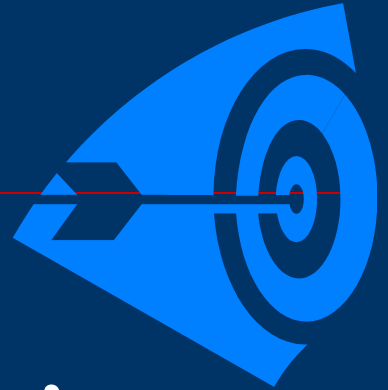
- Peter Brinckerhoff

Measuring System

Peter Druckers : A self assess-tool

Melbourne Theatre Company :
self assess-tool, artistic, access, financial
and governance accountability

Objectives of KPI



To provide reference to review development, to set targets and develop growth strategies; set clear directions for to head for.

Research Questions

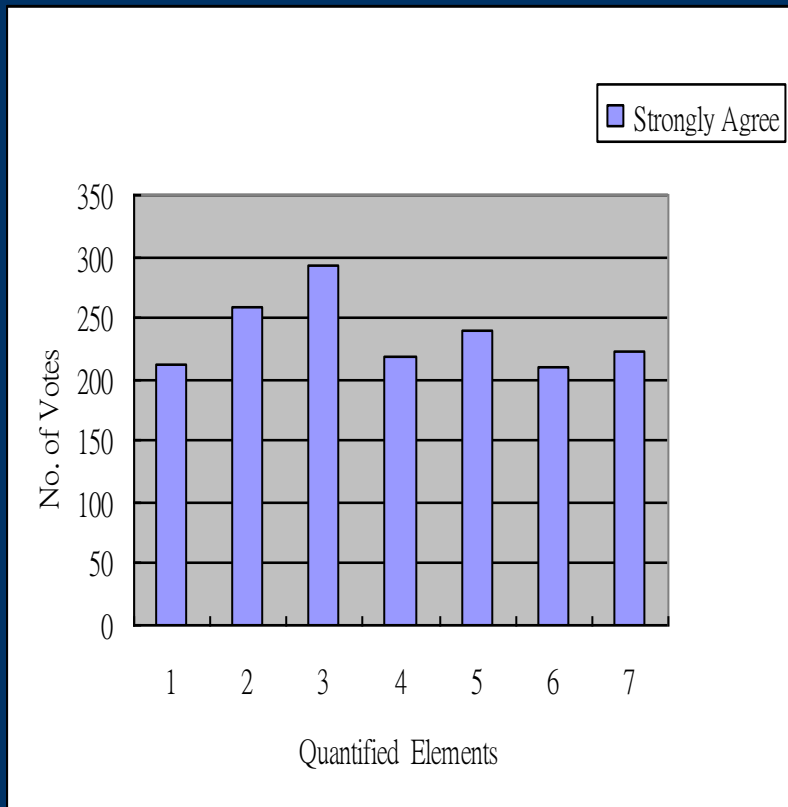
- ❑ **HOW DO WE MEASURE**, should the KPI Framework include both quantified and non-quantified elements?
 - ❑ **WHAT** should be the **indicators** for a non-profit-distributing organization?
 - ❑ WHAT should be considered as the **quantified elements**?
 - ❑ WHAT should be considered as the **non-quantified elements**?
 - ❑ Are the four perspectives of Kaplan's Balanced Scorecard applicable to HKCO?
 - ❑ WHAT INDICATORS could be considered in each perspective?
 - ❑ What is the ORDER of importance of the four perspectives?
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Project Results (conducted in 2006)

Questionnaire (a sample size of 1,000) :

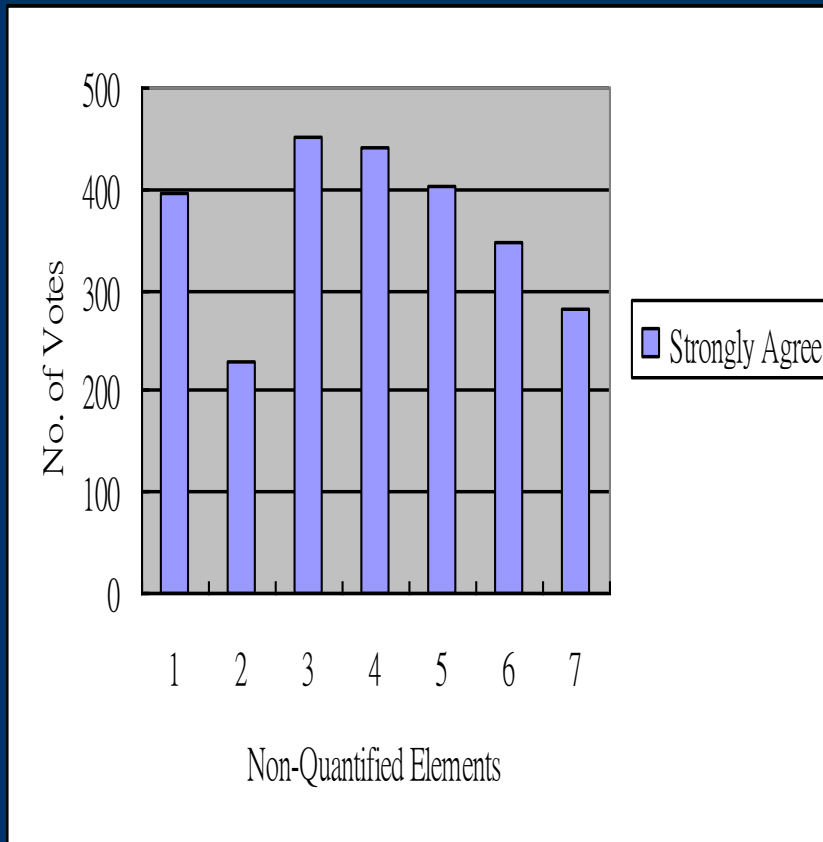
KPI Framework should include	
quantified elements	75%
non-quantified elements	80%
both elements	67%

WHAT should be considered as the *quantified elements*?



In order of highest vote
Attendance
No. of performance
Attendance of outreach activities
No. of new commissioned pieces
No. of outreach activities
Income, Expenditure and other financial figures
No. of overseas tours

WHAT should be considered as the *non-quantified elements*?



In order of highest vote
Artistic excellence
Promotion and development of local arts scene
Enhance arts appreciation standard of the public
International status in the industry
Participation in arts education
Management standard
Social impact

List of quantified and non-quantified elements, in order of highest votes

- Artistic Excellence (NQ)
 - Promotion and development of local arts scene (NQ)
 - Enhance arts appreciation standard of the public (NQ)
 - International status in the industry (NQ)
 - Participation in arts education (NQ)
 - Attendance (Q)
 - Management standard (NQ)
 - No. of performance (Q)
 - Attendance of outreach activities (Q)
 - Social Impact (NQ)
 - No. of new commissioned pieces (Q)
 - No. of outreach activities (Q)
 - Income, expenditure and other financial figures (Q)
 - No. of overseas tours (Q)
-

Are the four perspectives of Kaplan's Balanced Scorecard applicable?

The Four Perspective

Learning and Growth

Customers

Internal Business Process

Finance

This question was discussed in focus group discussion and interviews

Interviews

- All interviewees agreed both quantified and non-quantified elements should be included
 - However, the two types should NOT be of equal importance
-

What is the ORDER of importance of the four perspectives?

- | | |
|--|-----|
| <input type="checkbox"/> Learning and Growth | 34% |
| <input type="checkbox"/> Customers/stakeholders | 30% |
| <input type="checkbox"/> Internal-business process | 20% |
| <input type="checkbox"/> Finance | 16% |
-

WHAT INDICATORS could be considered in each perspective?

Interviewees agree:

Kaplan's Balanced Scorecard is applicable

Artistic Value is important for arts company

it is Learning and Growth

Conclusions and Recommendations

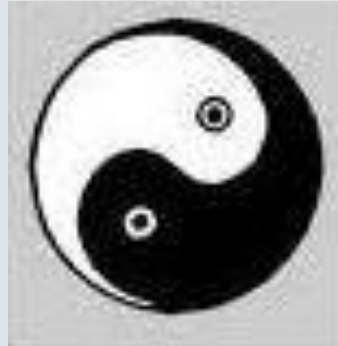
- ❑ Both quantified and non-quantified elements should be included in the Framework
- ❑ Investment in the arts is long-term and intangible
- ❑ It could not be simply assessed by economic indicators
- ❑ NPDO is a mission-oriented business, reinvest profit for its further development. Never subordinate your mission because of money

**MOVEMENT /
STILLNESS**



Taichi energy in a state of acceleration, causing the center to slow down condense and become still, while the outside is in continuous motion.

**BALANCE /
HARMONY**



Taichi energy in a state of harmony and balance, evenly melding into one another and mutually supporting each other's distinct forces.

**BUILDING /
STORING**



Taichi energy in a state of opposition and struggle, separately building and storing power, yet still remaining connected and untitled.

Thank You

