

# Taking Care of Business:

Managing the Business Side  
Of Homeownership Programs

*By Evaluating Your  
Capacity & Performance*

Taking Care of  
Business:

Using Capacity  
& Performance  
Assessment  
Tools to Manage  
Your  
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Programs

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## About The Organizational Assessment Division

The Organizational Assessment Division (OAD) of NeighborWorks® America has been conducting comprehensive capacity and performance evaluations for current and potential member organizations for the last 25 years. The assessment process is designed to actively engage the organization's board and staff leadership in the design & implementation of the assessment and in providing feedback on reporting and results.

Over this time, OAD has assessed more than 450 housing, community and economic development organizations in 50 states and Puerto Rico. The majority of the Network members have received multiple assessments occurring on a 2-3 year cycle. The assessment process and results have consistently received positive feedback on its added value to the customer. Past and current work has provided significant experience and allowed OAD to develop and grow its evaluation tools to meet the needs of diverse organizations (various sizes, services, management oversight & support systems) in multiple settings (local, regional, state-wide, urban and rural).

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## About The Assessment Tools

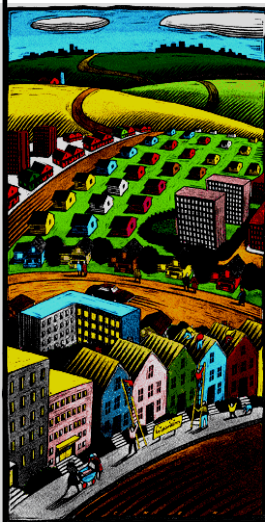
The Organizational Assessment Division (OAD) of NeighborWorks® America has experience providing the following assessments:

- Comprehensive on-site assessments using the P.R.O.M.P.T.™ model
- Targeted assessments on & off-site covering any P.R.O.M.P.T.™ areas
- Targeted assessments of capacity & performance in selected program areas:
  - Asset and Property Management
  - Lending & Homeownership Promotion & Preservation
  - Real Estate Development (SF & MF Housing & Economic Development)
  - Multi-family Loan Portfolio Management (housing & economic development)
  - Housing Preservation and Community Building & Organizing Services
- Financial Health Assessments – Single & Multi-year
- New Line of Business Capacity Assessments and Merger Risk Assessments
- Facilitated Self-assessments

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## Organizational Assessment Division Evaluating Your Capacity & Performance

### Setting The Stage For Establishing & Managing a Line of Business

- Identify Programs, Services & Targeted Goals (Performance Measures)
- Identify Target Populations (customers) and communities
- Identify Business Model (service delivery approaches & stages)
- Identify Dedicated Staffing needs (including consultants)
- Budget Operating and Capital Resource needs and Identify Sources of Funds
- Identify and recruit critical Partners and Community Support services
- Establish Cost Accounting and Fee/Revenue Generation Capacity
- Establish Customer & Service Delivery tracking and reporting systems
- Establish Board Oversight Model (structure, reporting & procedures)
- Establish Annual Operating & Multi-year Strategic Plans to Guide Efforts

*The P.R.O.M.P.T.™ Plus Model Promotes and Evaluates all these areas*

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## Important Definitions

- Capacity Assessment: An organized process for gathering information about an organization's ability to perform or facilitate key function's such as planning, resource development & financial management, governance, staffing & leadership development, program service delivery and tracking, and communications, networking and partnership building.
- Performance Measurement: An organized process for gathering information about products and services (outputs) that an organization provides in order to determine the productivity and efficiency of its services, delivery systems and strategies in relations to achieving "planned objectives".
- Outcome Evaluation: A systematic way to identify and explain the benefits that result from a program (services) for the people, organizations, neighborhoods and systems for which the program was designed. An outcome evaluation takes into account the program's external context, the reasons it is being carried out, and the human and financial resources available.

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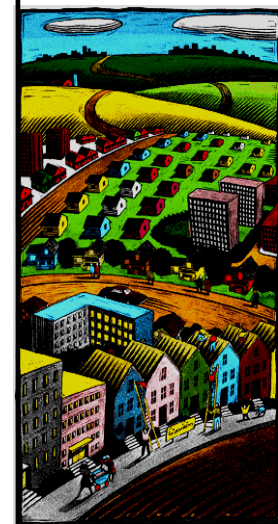
# P.R.O.M.P.T.™ Plus

## An Evaluation Model that Assesses both Capacity & Performance

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## What is a Capacity Assessment?

- Examines and organization's mission & plans along with its internal resources, organizational & staffing structures and service delivery and business processes, procedures and practices.
- Measures levels of planning, management & oversight, financial and human resources, programs and service delivery, communications, technology, partnership and networking abilities (tools often vary and use other terms and measure more or fewer dimensions).
- Relies primarily on internal information from the organization's records, and interviews or surveys with the staff, board, committee and partnership members.
- The P.R.O.M.P.T.™ Capacity Assessment Model covers a full range of major capacity assessment areas and has proven successful over the last 20 years within the NeighborWorks® America Network of over 220 community development organizations.

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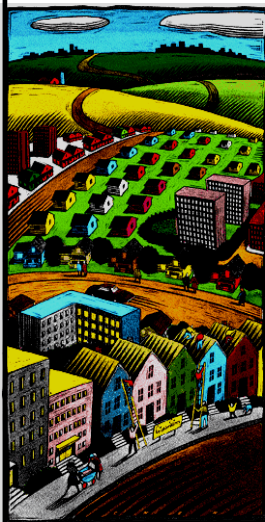
## Why Do Capacity Assessment?

- Provides an organization with information on its strengths and weaknesses leading to the identification of Noteworthy Achievements, Areas For Improvements and Corrective Actions as identified in the P.R.O.M.P.T.™ Capacity Assessment model.
- Assists an organization in promoting its Noteworthy Achievements, in prioritizing and maximizing its Areas for Improvement; and in seeking resources & technical assistance to address any Corrective Action issues.
- Provides guidance in measuring how capacity building investments and technical assistance have improved the organization's programmatic, organizational and financial capacity as monitored by the Board of Directors and Staff Leadership.
- Provides an evaluation of the adequacy of the organization's planning, staffing & resources, its organizational, financial & contract management, and its programs, service delivery & customer management systems including selected lines of business (e.g. Homeownership Promotion & Preservation, Real Estate & Economic Development, Lending, Asset/Property Management and Community Building & Organizing).

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# **P.R.O.M.P.T.™**

## **Capacity Assessment Model**

Planning (Mission, Operational Planning and Community Development)

Resource Management (Resource Development and Fundraising)

Organizational Management and Oversight  
(Corporate Governance and Board/Committee/Partnership Development)

Management –  
Financial Reporting, Accounting Systems and Procedures  
Contract Management and Compliance System  
Personnel and Administrative Management

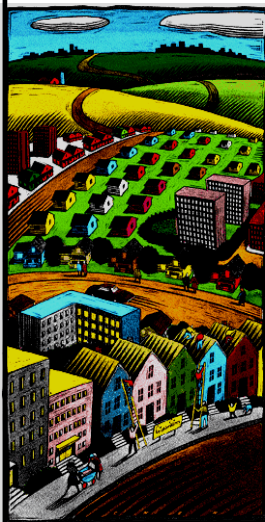
Production and Program Services (Productivity/Impact/Quality)

Technical Operating Systems (Procedures/Tracking/Documentation)

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## Planning Performance Objectives?

The organization has established a mission and annual operating/business plan that clearly identifies its primary lines of business, goals, needs (staff, funds, partners, skills, systems, etc.) and outcomes related to community revitalization and the production of affordable housing to benefit low-moderate income communities and households.

The organization has established a multi-year strategic plan to identify its organizational and line of business (service) goals, needs and outcomes. (Identifies its multi-year plans and capacity to sustain, grow and/or contract its services, staffing, partnership and resource to achieve its outcomes).

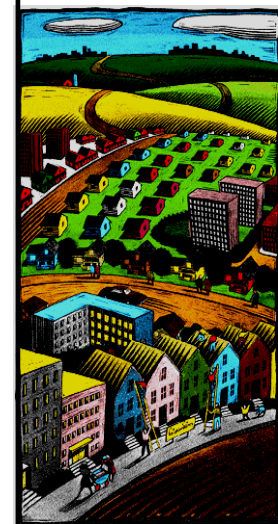
The organization has implemented a planning process that involves its board and staff leadership including adequate representation and/or information from its customers and partnership stakeholders to ensure an understanding of the community (needs and expectations), as well as the organization's capacity (accumulated to date) and its potential and/or limitations (image, track record, competition and environment) to achieve its plans.

The organization has implemented a process to evaluate the success of its plans including: achievement of goals and impact (outcomes), continued relevance to its community & partners, adequacy of resources and staffing to sustain efforts, effectiveness of service delivery strategies and the ability to adapt in a timely manner.

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## Resource Management Performance Objectives?

The organization has planned for (budgeted and accumulated reserves) and raised adequate resources to meet current year administrative & operating expenses including operating reserves and cash flow needs.

The organization has planned for (budget and/or pro forma and accumulated reserves) and/or raised (or arranged through partnerships) capital resources to adequately support current year program services (for each separate major line of business).

The organization has prepared adequate financial planning and oversight reports (budget, budget-to-actual comparison, cash flow projection, operating and development pro forma and capital needs projections) and implemented an on-going process to effectively monitor its resource development progress and financial health.

The organization's financial planning and resource development strategies (operating & capital) are clearly documented, with specific goals, timetables and responsibilities, and reflect a goal of achieving a broad base (grants, contracts, contributions, fees, earnings, etc.) of continued support.

The organization has accumulated adequate operating and capital reserves and net assets to sustain the organization beyond the current year and to potentially expand its activities.

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## Organizational Management Performance Objectives?

The organization has established and documented a governance model and structure that clearly identifies board, affiliated partnerships, committee and executive management roles & responsibilities for establishing and fulfilling its mission, and for safeguarding its resources and partnership obligations.

The organization has established, documented and maintains meeting and reporting practices in a manner that is consistent with its governance model and results in timely and appropriate decisions to sustain the organization's health, internal operations and services.

The organization has established and maintains a volunteer recruitment and leadership development program that provides knowledgeable board and committee members to direct, plan and oversee corporate internal functions and each line of business.

The board of directors has established, documented and maintains a process for the annual evaluation of its paid executive leadership in fulfilling defined roles and responsibilities. The board of directors has established, documented and implemented a process for evaluating the performance and capacity (to carry out roles and responsibilities) of the board (as a whole), its members and designated committees (and/or task groups) and any significant related & affiliated corporations.

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## Financial Management Performance Objectives?

The organization has established, documented and maintains an accounting structure and financial recordkeeping procedures and practices that safeguard its resources and produce accurate & timely records for operating and program services (major lines of business).

The organization produces and reviews financial reports on a regular basis (monthly) to assure that the board and executive leadership have clear & sufficient information about a) Administrative/operating financial transactions and resulting health and/or potential risks for sustaining staffing and operations, b) Program service and capital related financial transactions and resulting performance status, health, needs and potential risks associated with sustaining each major line of business and c) Fulfilling resource provider reporting and use of funds expectations and requirements.

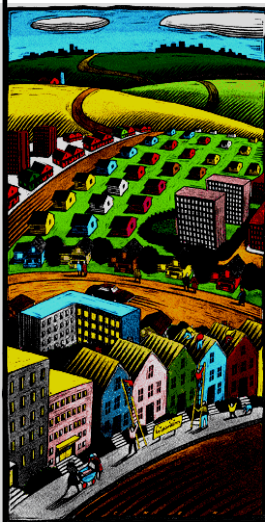
The organization has established, documented and maintains an on-going financial oversight process (for the organization and related entities) that clearly identifies responsibilities and assures timely results to safeguard the organization's resources & obligations.

The organization has established and maintains a recruitment and/or training program to ensure that those assigned (volunteers and staff) to perform financial oversight functions (operating and major lines of business) are adequately prepared (knowledge and availability).

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## Contract Management Performance Objectives?

The organization has established, documented and maintains a contract information system (contract summary notebook) that identifies management and oversight responsibilities (volunteer and staff) to ensure compliance with a) all resource and program service contracts (lines of business), b) all professional service agreements (accounting, audit, legal, property management, loan servicing, specialized assessment and plans, training & technical assistance, computer support, etc.) and c) all affiliated entity service agreements and capital resource transactions

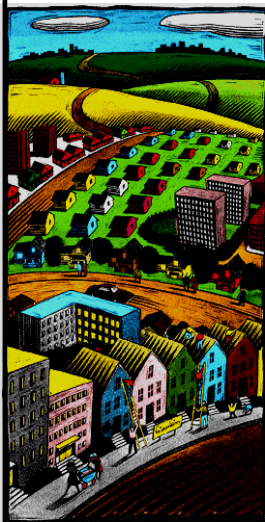
The organization has establish and maintains a process to review all contracts and agreements prior to approval to ensure that the obligations and impacts on the organization (internal operating and management systems, staffing issues, budget & cash flow implications, potential trade-offs, program service policies & procedures, board & committee participation, changes in partnership expectations and community image) are clearly understood and appropriately integrated into its business/strategic plans.

The organization has established and maintains a system to periodically review its contract management records, reports, procedures and related insurance needs to ensure that its performance has stayed current with applicable regulations, contract requirements and good business practices.

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## Personnel Management Performance Objectives?

The organization has established and documented a staffing model and structure that clearly identifies functional units, employee titles & responsibilities and professional service agreements for fulfilling the organization's mission, program services, internal operation & partnership obligations.

The organization has established, documented and maintains staff meeting and reporting practices in a manner that is consistent with its staffing model and results in timely and coordinated activities & decisions to sustain the organization's health, internal operations and services.

The organization has established and maintains a staff recruitment and skill development program that provides and retains a knowledgeable and committed staff (for unified vision, corporate internal functions and each line of business) that is representative of the communities and populations being served.

The executive leadership has established, documented (personnel policies and/or administrative manual) and maintains a process for the management and annual (or periodic) evaluation of its paid staff and professional service contract employees in fulfilling defined roles and responsibilities. The executive leadership has established, documented and implemented a periodic process for evaluating the performance of its major functional units (to improve coordination, effectiveness and capacity) and its managers (to identify and increase leadership depth).

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## Production/Program Services Performance Objectives?

The organization has identified and implemented programs and services (lines of business) that are consistent with its mission & plans (community needs, partnership interests, funding source expectations, and established capacity).

The organization has developed and implemented staff, professional service, partnership and volunteer (board & committees) support to adequately implement (sustain and/or expand) its programs services (lines of business) plans.

The organization's programs and services have produced added value to the organization and/or community and provides a base and/or track record to sustain and/or expand its efforts.

The organization has established a process to regularly compare current progress and capacity with future expectations and challenges to ensure that services are in place to meet (sustain) multi-year obligations.

The organization has implemented policies, procedures, documentation and monitoring systems to ensure its programs and service delivery practices are consistent, and sufficient to meet partnership expectations and funding source requirements (for mission, type, eligibility, quantity and quality).

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## Technical Operating Systems Performance Objectives?

The organization has established service delivery procedures and practices and automated (computer) and/or manual service and customer tracking, documentation and reporting systems to: adequately support each line of business, meet funding source & partner expectations, maximize staff efficiency & coordination and support management & organizational oversight responsibilities

The organization has established and implemented a process for periodically evaluating its service delivery policies, procedures, and practices to keep them current with organizational changes, applicable regulations and good line of business practices.

The organization has established a process for evaluating the effectiveness and consistency of its service delivery operating systems to continue to maintain & build its service delivery capacity & efficiency.

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## What is Performance Measurement?

- Measures quantity of services, products, and activities (outputs), such as the number of people achieving homeownership, receiving loans, participating in training, attaining jobs, and/or number of units rehabbed, built and sold or managed.
- By relating outputs levels to time and resources used to achieve them, it examines the productivity and efficiency of activity, service delivery approach, line of business or organization.
- Often incorporates “target output goals”, standardized measures or “benchmarks” that allow comparisons over time within an organization or comparisons with peer organizations.

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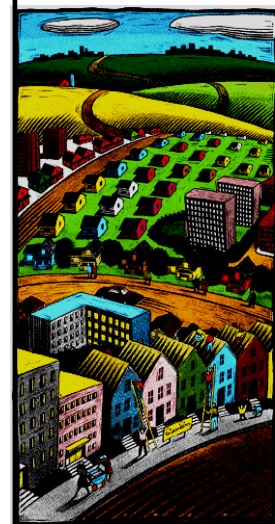
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## Why Do Performance Measurement?

- Provides an organization with documentation of types and levels of services provided and the numbers and types of peoples and units receiving those services and programs.
- Incorporates an analysis of productivity and efficiency within an organization (often tracked over time, or with different delivery approaches or target populations) as well as comparisons with “peer groups” or agreed upon standards.
- Often used to inform decisions about programming (what, how, where and for whom), and human and dollar resource allocation.
- P.R.O.M.P.T.™ Plus is designed to enhance Performance Measurement within the NeighborWorks® America capacity assessment and on-going monitoring and analysis models.



# **P.R.O.M.P.T.™ Plus**

## **Performance Assessment Model**

Provides a Framework (PLUS) for establishing and monitoring Key Performance Measures & Standards for each Significant Line of Business (LOB) in order to compare performance to “planned goals”, “peer groups” and/or “industry benchmarks” in the following areas:

- **Productivity/Volume**
- **Leveraging/Efficiency**
- **Utilization/Deployment**
- **Sustainability/Profitability**

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## P (Productivity/Volume)

### PRODUCTIVITY:

Compares units/products/activities to human and dollar resources used to produce them. Can further compare over time, among different service delivery approaches or populations/neighborhoods or with established standards or “peer groups”.

### VOLUME:

Refers to the quantity of services, products and activities being measured like # of rehab loans, # of new homeowners, # of jobs created, # of residents participating in neighborhood events, # of affordable rental housing units being managed; and number of new homeownership or rental units developed compared with number projected this year or compared over time or compared by population, neighborhood served or service delivery approach.

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## L (Leverage/Efficiency)

### **LEVERAGE:**

Compares the total human and dollar resources used to deliver a product or services to the amount directly provided by the organization. Also can compare resources used to “measurable outcomes” for the target population, other organizations and the surrounding community. Many community based organizations strive for high leverage measures – like leveraging 1<sup>st</sup> mortgage resources from partner banks while providing smaller “down-payment and closing cost assistance loans”.

### **EFFICIENCY:**

It helps to establish some efficiency measures like knowing the average days for significant stages between intake and closing, or to compare the costs/FTE for # produced for various target groups versus total served, or the % of time stages/services are completed within target dates or budget estimates.

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## U (Utilization/Deployment)

### UTILIZATION:

How much of the total designated or available resources (staff & dollars) are allocated compared to the total available. How much of the designated \$ are used in a specific time frame or against projected or contracted goals. The organization convinced partners it needed a \$5 million loan pool but used only \$1 million in the timeframe expected. What % of available assets are available to deliver services versus % invested in long term or fixed assets.

### DEPLOYMENT:

How an organization is “spending or investing” its human and dollar resources for various services, or directed towards target areas or benefiting target populations in its mission. This includes % of direct \$ lent to \$ available or % of direct \$ invested in long term receivables or property to total \$ available.

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## S SUSTAINABILITY & PROFITABILITY:

Compares what it costs in time and resources to what is “earned” or has to be raised from other sources. Also compares “what is currently available” to “what is needed”. In other words an organization may have only 50% of the resources it needs to meet its commitments or target goals. Some ratios may be:

$$\text{Sustainability/Profitability Ratio} = \frac{\text{LOB earned \$}}{\text{LOB Costs}}$$

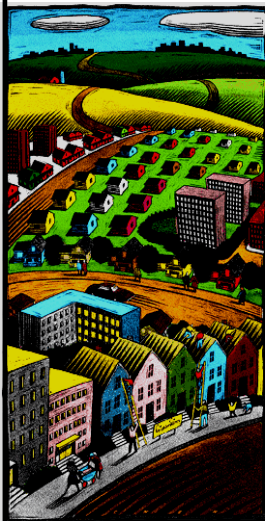
$$\text{Average Earnings Ratio} = \frac{\text{LOB earned \$}}{\text{\# units completed}}$$

Has the organization had to set or achieve reduced target goals due to limited resources or due to poor liquidity or access to renewable capital \$

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# **NeighborWorks® America Network Sample Lines of Business**

**Homeownership Promotion & Preservation**

**Asset and Property Management**

**Real Estate & Economic Development**

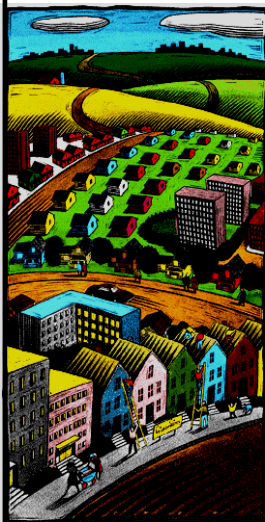
**Lending & Portfolio Management**

**Community Building & Organizing**

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## Homeownership Promotion & Preservation Sample Performance Measures

# of new homeowners or homes rehabbed/preserved to goals or per FTE

# of new homeowners per \$\$ budgeted and/or spent

% of new homeowners to # of applications or HBE graduates

Average days from intake to completion or various stages

% of HBE graduates receiving a minimum of 8 hours of training

% of capital directly invested to total capital deployed and/or leveraged

% of services/\$ used for target groups/community to total services/\$ used

% of budget or staffing for HBE, lending or foreclosure intervention % of \$ capital used to total available or % held in reserves

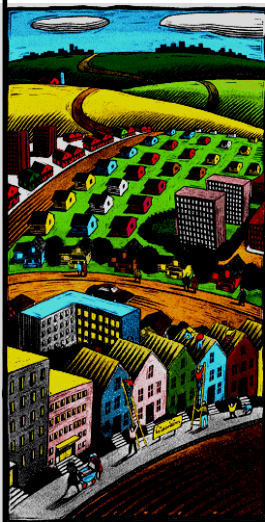
Loan performance by product (# & \$ of loans delinquent or written-off)

Self-Sufficiency ratio and Average Earnings ratio

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## Organizational Assessment Division Evaluating Your Capacity & Performance

Thank You  
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If You Are Interested in Learning More About  
The NeighborWorks® America's  
Organizational Assessment Division  
and its Evaluation Tools

Please contact  
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