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Improving Organizational Performance through Cross-Sector Learning: Lessons from Measurement

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Introduction

Leaders in the public and nonprofit sectors are moving their measurement efforts from focusing mainly on accountability, to also include learning aimed at improvement and innovation.[i,ii,iii] Funders, researchers and practitioners in these sectors have expanded the term "monitoring and evaluation" (M&E) to "monitoring, evaluation and learning" (MEL). This shift aligns with the realization that organizations should collect data that creates value for them, especially data to inform decision-making and improvement.

The increasing demand to incorporate learning into existing measurement efforts has led to a variety of approaches that vary in rigor and appropriateness for different contexts.[iv] Despite the large number of these approaches, the learning methods stemming from the Toyota Production System (TPS) such as Lean, Agile, Six Sigma, Continuous Quality Improvement have not been used much, if at all, by these sectors.[v] The TPS is based on two basic assumptions: 1) plans will not exactly match real-time needs, and 2) problems will happen.[vi] A predominant goal of TPS is to reduce waste such as overproduction and processing that does not add value.[vii]

We suggest that leaders in public and nonprofit sectors learn from the private sector as well as the other fields' use of Lean methods[viii] in order to improve financial and non-financial outcomes.[ix,x] At the same time, there are also opportunities for the private sector and other fields using Lean methods to learn from the MEL methods the public sector and nonprofit sector use, as strong MEL methods are associated with positive project outcomes.[xi,xii] Below we share ways both MEL and Lean methods can be augmented by adapting aspects of the other's practices.

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i Preskill, H. (2017). What have we learned about learning in the past 10 years? *Foundations Strategy Group (FSG)*. Retrieved March 23, 2018, from https://www.fsg.org/blog/what-have-we-learned-about-learning-past-10-years

ii McCreless, M., Fonzi, C. J., Edens, G., and Lall, S. (2014). Metrics 3.0: A new vision for shared metrics. *Stanford Social Innovation Review*. Retrieved from https://ssir.org/articles/entry/metrics_3.0_a_new_vision_for_shared_metrics

iii *USAID Learning Lab*. (2017). CLA Toolkit: M&E for Learning. Retrieved March 23, 2018, from https://usaidlearninglab.org/node/14636

iv Schorr, L.B. (2016). Reconsidering evidence: What it means and how we use it. *Stanford Social Innovation Review*. Retrieved from https://ssir.org/articles/entry/reconsidering_evidence_what_it_means_and_how_we_use_it#

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vi Svaan, E and Anupindi, R. (2013). A Note on the Toyota Production System. *WDI Publishing*. Retrieved from: https://wdi-publishing.com/product/a-brief-note-on-the-toyota-production-system/

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viii McCannon, J., Delgado, P., and Bisognano, M. (2019). 10 Lessons from health care on quality improvement. S*tanford Social Innovation Review*. Retrieved from: https://ssir.org/articles/entry/10_lessons_from_health_care_on_quality_improvement

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x *USAID Learning Lab*: Collaborate, Learn, Adapt. Retrieved November 2, 2020, from https://usaidlearninglab.org/eb4cla-learning-resources

xi Raimondo, E. (2016) What difference does good monitoring & evaluation make to World Bank project performance? Policy Research Working Paper 7726. *World Bank Group Independent Evaluation Group*. Retrieved from: https://openknowledge.worldbank.org/bitstream/handle/10986/24644/What0differenc0roject0performance00.pdf?sequence=1&isAllowed=y

xii *USAID Learning Lab*: Collaborate, Learn, Adapt. Retrieved November 2, 2020, from https://usaidlearninglab.org/eb4cla-learning-resources

How Can We Improve MEL by Leveraging Ideas from Lean?

Build Staff's Capacity

A key component of the Lean method is that learning and improvement is best done by those that do the work. Thus employees are core to the planning, doing, studying and acting (PDSA) cycle. As a result, as the organization solves its problems it is also developing its talent while deepening its knowledge. This dignifying recognition of workforce capabilities also has potential to build workforce commitment to the organization and its mission, further increasing organizational effectiveness.

Too often in the public sector, MEL activities are contracted to third parties which can leave organizations lacking critical MEL capabilities and thus lacking sustainable learning processes. Rather than outsourcing MEL activities, the public sector should follow how Lean trains all their staff to contribute to learning and improvement efforts. Staff have more skin in the game than a third party and are incentivized to work towards realistic solutions that find and fix causes of problems they face daily. They also have a much deeper understanding of the context than outsiders have, and thus can better identify root causes as well as solutions that may or may not work. Additionally, building MEL capacity internally allows organizations to design strategic data collection aligned with their needs, which can help reduce wastage resources.[xiii,xiv]

Take More Time to Understand the Problem and Process

Lean starts by clearly identifying what problem it seeks to solve and then gaining a deep understanding of the associated processes by going to the gemba, which involves observing the process firsthand and talking to the people performing the process. Before designing a MEL plan it would be beneficial to take more time to understand the problem and process. Sometimes in the interest of time, a thorough needs assessment is not conducted before designing a program or starting MEL activities. Even when needs assessments are conducted, a root cause analysis is not always done in order to fully understand the root cause of the problem (which can be done by asking "why" until the source of the problem is discovered). Furthermore, all too often program logic is based on a poorly developed theory of change which does not sufficiently detail connections, including assumptions, between inputs, activities, outputs and outcomes. MEL staff should ask to see any needs assessments and theories of change before starting their work. MEL staff could also benefit from conducting their own gemba to fill in any gaps in the needs assessment or program logic.

Consider the Problem from the Customer (or Beneficiary) Perspective

When mapping a process to develop a product or service, Lean notes all value-add and non-value-add steps beginning to end from the customer's perspective. Doing so helps keep the focus on improving the process for customers. It also helps identify areas of mura (variability), muri (overburden), and muda (waste) that could be improved. MEL could benefit from ensuring it fully understands the process from the customer (or beneficiary) perspective before designing a MEL strategy. Doing so would help ensure MEL activities are centered around tracking and improving value delivered to the customer/beneficiary.

Share Information More Succinctly

Lean prides itself on sharing the problem, goal, recommendation, plan and follow-up on a single sheet of paper called an A3. See **Figure 1** for how essential elements of MEL relate to A3 categories. On the other hand, traditional MEL often results in long reports (which are read by a few). Considering this MEL should shift to

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xiii McCreless, M., Fonzi, C. J., Edens, G., and Lall, S. (2014). Metrics 3.0: A new vision for shared metrics. S*tanford Social Innovation Review*. Retrieved from https://ssir.org/articles/entry/metrics_3.0_a_new_vision_for_shared_metrics

xiv Edens, G., and Lall, S. (2014). The state of measurement practice in the SGB sector. *Aspen Network of Development Entrepreneurs*. Retrieved March 23, 2018, from http://c.ymcdn.com/sites/www.andeglobal.org/resource/resmgr/Files/The_State_of_Measurement_Pra.pdf

FIGURE 1

A3 Template with MEL Equivalent For Each Component of the A3

Background

(MEL equivalent: Context analysis, Stakeholder Analysis)

Current Situation

(MEL equivalent: Needs assessment)

Goal

(MEL equivalent: Theory of Change)

Analysis

(MEL equivalent: Risk matrix, Root cause analysis)

Recommendations / Countermeasures

(MEL equivalent: MEL questions)

Plan

(MEL equivalent: Key performance indicators, Methods of data collection)

Follow-up

(MEL equivalent: Analysis plan)

producing more succinct MEL reports, or creating a one page summary to accompany longer MEL reports. Sharing information in a more concise manner will increase understanding and use of MEL findings. Doing so could be especially helpful when engaging non-technical MEL staff and working across sectors in order to ensure everyone is on the same page.

How Can We Improve Lean by Leveraging Ideas from MEL?

Strengthen Analysis of Qualitative Data Collection

Although Lean relies on observation and unstructured interviews during gemba visits, there is not much guidance on how to rigorously process the qualitative data gathered. Lean could benefit from using structured qualitative coding practices in order to systemically process any qualitative data gathered. Qualitative coding and analysis allows users to see the collected data in a new light. Team qualitative coding processes also help to avoid bias in interpreting the information.

Consider What Perspectives Are Missing

The processes Lean focuses on improving often require participation from all stakeholders involved in the process. However sometimes a key perspective is not included due to oversight. To avoid this it could be helpful to conduct a stakeholder analysis before collecting data in order to map all key stakeholders to ensure a critical perspective (such as a customer or naysayer) is not left out of the process mapping or solution development.

Other times an important perspective is not included due to lack of engagement on the individual's behalf. In such situations, it is beneficial to put in the extra time to include their perspective by using creative data collection techniques to capture information from such individuals in a targeted manner.

Include Holistic Set of Key Financial and Social Metrics

TPS has three key goals: best quality, lowest cost, and shortest lead time. Metrics related to these three goals are often tracked as part of Lean. As a result, sometimes financial metrics such as profit or revenue are not captured. Collecting such financial data could allow Lean to highlight its impact on the financial bottom line. Private sector users of Lean could also learn from the social and public sector by tracking key social metrics that influence the bottom line. Indeed, when companies and organizations track both financial and social metrics their performance thrives.[xv]

Leverage Learning Agendas to Organize Learning

MEL uses learning agendas to prioritize learning questions. Learning agendas are living documents that leverage feedback loops to adapt learning questions and their associated activities and products based on new evidence.[xvi] Lean could consider using learning agendas to prioritize and organize learning questions based on the company's broader strategy and needs. Although Lean uses learnings to inform what they do next; Lean largely operates in a piecemeal fashion and thus using learning agendas to integrate learnings across a business could provide value. Lean could also use learning agendas to systematically ensure knowledge gained from the completion of each A3 is disseminated, which would also reinforce a learning culture.

xv Interview with Frank DeGiovani: Reflections on 10 years of social performance task force. (2016) Retrieved on March 23, 2018 from https://us12.campaign-archive.com/?u=8c812b797a2f9ded471a394cd&id=a8e21f1a69&e=c17028a1b1

xvi Baker, M. (2017). Learning agendas: The five most important things you need to know. *USAID Learning Lab*. Retrieved from: https://usaidlearninglab.org/lab-notes/learning-agendas-five-most-important-things-you-need-know

Conclusion

As one can see, there is value in sharing and adapting measurement and learning practices across sectors. We hope other sectors and fields using MEL or Lean add their insights to ours in order to further increase the value organizations can gain from applying these methods.

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