

# KPIs That Actually Matter

Your nonprofit served 5,000 people last year. Your educational program reached 200 students. Your advocacy campaign generated 10,000 petition signatures. These numbers look impressive in annual reports. They're the kind of metrics that donors and boards want to see. And they might be telling you almost nothing about whether you're actually succeeding.

This is the problem with how most organizations measure impact. They track what's easy to count, not what matters. They optimize for metrics that look good rather than metrics that reveal whether they're actually moving the needle on the problems they're trying to solve. And then they wonder why, despite all this data, they don't have clarity on what's working.

The issue isn't that organizations don't care about measurement. It's that most haven't done the harder work of figuring out what to measure in the first place.

## Why Vanity Metrics Feel Safe

A vanity metric is something that looks impressive but doesn't actually tell you anything meaningful about impact. It's easy to measure, it goes up predictably, and it feels like success. The number of people served is a classic vanity metric. So is the number of social media followers, email subscribers, event attendees, or website visitors. These metrics measure activity, not outcomes.

The reason organizations gravitate toward vanity metrics is understandable. They're easy to track. You don't need to wonder if they're real—you either served someone or you didn't. There's no ambiguity. They're also easy to report. Boards and donors understand what it means to reach more people. And they tend to go up, which feels like progress.

But here's what they don't tell you: whether the people you served actually got what they needed. Whether your program actually changed anything about their situation. Whether you're reaching the people who need your help most or just the easiest people to reach. Whether the outcomes you're achieving justify the cost. Whether people actually stay engaged with you or never come back after their first interaction.

A food bank can report serving 10,000 meals, but that metric doesn't reveal whether the people receiving those meals are any closer to food security. A mentoring program can report

serving 500 young people, but that doesn't tell you whether the mentoring relationships actually improved those young people's lives. A policy advocacy organization can report generating thousands of petition signatures, but that doesn't tell you whether those signatures actually influenced policy or were just feel-good activism that went nowhere.

Beyond vanity metrics, there's another trap: measuring too much. When you can track anything, organizations often do. You end up with spreadsheets of forty-seven different metrics that no one actually looks at, because looking at all of them would take longer than running the actual program. Metric fatigue sets in. Data collection becomes a burden rather than a guide to decision-making.

## **What Actually Good Measurement Looks Like**

Here's the counter-intuitive truth: organizations that have the clearest sense of whether they're succeeding usually measure fewer things, not more.

Good measurement starts with clarity about what you're actually trying to achieve. Not the vague mission statement, but the specific outcomes you're working toward. If you're a youth program, are you trying to increase high school graduation rates? Improve academic performance? Build job-readiness skills? Increase sense of belonging? These are different, and they require different metrics. A program trying to build job-readiness skills will measure something different than a program trying to increase sense of belonging. Yet many youth programs try to claim they're doing all of these things and measure all of them equally, which means the data doesn't actually clarify which one they're succeeding at.

Once you're clear on the actual outcome, the next step is understanding the logic of how your work leads to that outcome. What has to be true for your intervention to work? If you're a mentoring program trying to improve academic performance, your logic might be: mentors build trust with young people, which increases their sense of belonging, which increases their engagement in school, which improves their grades. Each of these steps is testable. You can measure whether mentors are actually building trust. You can measure whether young people feel a sense of belonging. You can measure whether they're more engaged. And finally, you can measure whether grades improve.

This approach requires fewer metrics, but they're better metrics. Instead of measuring how many young people you served (activity), you're measuring the specific changes you're trying to drive (outcomes). And you're measuring the intermediate steps, which tells you whether the theory is actually working.

Good metrics also need to be actionable. A metric is actionable when it tells you something you can actually do something about. "Revenue per program hour" is actionable—if it's low, you know you either need to increase revenue or decrease program costs. "Community trust in our organization" is actionable if you break it down into specific dimensions: Do people believe we're competent? Do they believe we have their interests at heart? Do they think we follow through on commitments? Then you can measure each one and know which area to focus on.

Finally, good metrics need to be honest. This means not gaming them or collecting data in ways that make them look better than they are. It means acknowledging what you don't know. It means being willing to measure whether your work is actually working, even if the answer is "not as well as we hoped." An organization that measures honestly—and adjusts based on what the data shows—learns and improves. An organization that manipulates metrics to tell a story of success stays stuck.

## How to Move Toward Better Measurement

Start by getting clear on your actual theory of change. Why does your organization believe your work will lead to the outcomes you care about? What are the intermediate steps? What has to happen along the way? Write it down. Make it visible. This becomes your guide for what to measure.

From there, identify three to five key metrics that track whether each step is actually happening. This is hard because you have to choose. You have to say no to other data that might be interesting. You have to accept that you're not measuring everything. But that's the point. Your metrics should be so focused that leadership can remember them, understand them, and actually use them to make decisions.

For each metric, ask: Is this measuring activity or outcome? Can I actually do something with this information? Am I measuring this honestly, or is there a way I'm gaming it? If the metric is measuring activity or if you can't act on it, reconsider whether you should be tracking it at all.

Then establish a rhythm for looking at the data. Don't wait for annual reports. Review key metrics quarterly, or at minimum bi-annually. And when you review them, ask real questions: Are we moving the needle? If not, why? Should we adjust our approach? Should we adjust our target? Should we double down because we're still in the early stages? This isn't about celebrating the wins—it's about learning what's actually working.

Finally, be willing to let go of metrics that aren't serving you. If you've been tracking something for a year and it hasn't changed how you make a single decision, it's not a key metric. It's data collection for its own sake.

## The Power of Knowing What Actually Matters

When an organization gets clear on what truly matters and measures it honestly, something changes. Data stops feeling like an administrative burden and starts feeling like useful information. You actually know whether your work is making a difference. You know which programs to expand because you can see where you're creating real change. You know where to focus development energy because you're not confused by vanity metrics that look good but don't reflect impact.

Your leadership team uses data to make decisions instead of using intuition to argue. Your team members understand what they're trying to achieve because the metrics are clear, specific, and connected to their work. Donors and boards see honest data and are more likely to trust you and invest in you, because you're obviously thinking rigorously about impact.

This clarity—about what you're trying to achieve, how you think you'll achieve it, and whether it's actually working—is one of the strongest forms of organizational discipline. And it almost always starts with the unglamorous work of figuring out what to actually measure.

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*VaiNow Strategy helps organizations move beyond metrics theater toward measurement systems that actually drive learning and improvement. Whether you're building your first impact framework or transforming how an existing organization thinks about data and outcomes, we help you get clear on what matters, measure it honestly, and use it to make better decisions. Let's build measurement that serves your mission.*