MEANINGFUL METRICS FOR A SMART SOCIETY

The Basic Concepts of True Value Metrics

CHAPTER 8
USING TRUE
VALUE METRICS

DISCUSSION DRAFT
Peter Burgess

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www.theburgessmethod.com
www.truevaluemetrics.com
E: peterbnyc@gmail.com
Mobile: +1 212 744 6469
Landline: +1 917 432 1191
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Chapter 8-1

Dataflows From
Anyone … Anywhere

You Can Help!
There are many different ways to help
Data acquisition very important

TVM is driven by data … and designed to get data from everyone … and everywhere! The data are perhaps not very interesting in themselves … but become interesting after some organization and analysis.

TVM is designed in a modular way so that individual little bits of the system may be used and be worth doing. The system may be implemented at any scale … by anyone … and anywhere.

There first question is therefore where do you want to start? What bit of society interests you the most? What are the "low hanging fruits" … what area is success most needed … most likely?

What role do you want to play?

Do you want merely to be a casual contributor .. contributing little bits of information on an ad-hoc basis when it seems it might be useful. TVM aggregates information from all sorts of sources so that what emerges is a useful view of how well the society is working. Because of this every bit of information has utility.

Do you want to be involved in a more formal way through an organization that commits to using TVM as part of its routine performance reporting.

Do you want to be involved developing some aspect of TVM to suit a specific place or a specific part of the global economy … some specific sector.

Do you want to be involved in communicating something about TVM … whether it is the general idea that the TVM paradigm shift is needed … or whether it is some community analysis that has been done and needs to be seen.

Do you want to be involved with TVM as part of an Internet community … helping to promote TVM using "tweets" … or helping to get fans to "like" TVM … or building a web presence that makes TVM more and more visible as a new wave of relevant metrics for a modern smart society.

Paradigm shift is driven by people

A paradigm shift in the area of metrics is possible when it is driven by people. A few elite intellectuals may have good ideas, but these ideas matter little unless they are adopted by a lot of people. Everything in the area of business, politics and media has been moving in the direction of organizations become bigger and bigger. With the TVM paradigm shift … more and more people having a bigger say in the knowledge dimension of society and the economy.

Join the TVM network

Join … it is important! By joining TVM … and building a big "membership" TVM will be taken more seriously than if it has just a few members. There is strength in numbers … so by "joining" you are helping to strengthen what TVM is trying to do.

Joining is easy … there is a webpage where you may join. Very simple … very quick. The URL is TrueValueMetrics.com/join

Who you are is very important

Knowing who you are is important … in large part because the goal is to have reliable data that are agenda neutral and merely reflect facts as they seem to be. If your are known, the quality of the data that comes from you is also known by reputation.

Become a data contributor and friend of TVM

The more contributions there are the better. Joining TVM as a Data Contributor is very important for TVM since data are at the core of the TVM system. By becoming a TVM Data Contributor you become known to the TVM organization and the data you contribute gets a standing based on what TVM knows about you. Your reputation as a responsible contributor gets linked to the data you submit … and in due course the data in the TVM system has a high reliability.

A friend of TVM is more than merely signing up to join. There is a place for your profile … you can provide as little or as much personal profile information as you want. You may have your profile public or private or almost anything in between. In total, though, the more TVM and others know about you the better since everyone has a perspective on things that needs to be part of the analysis.

The quality of the data is determined to a considerable extent by the people who help with the acquisition of data. Garbage in, garbage out (GIGO) was recognized as a serious computer problem in the 1960s … and this rule still applies. Knowing something about someone's background is very useful for many reasons … this is an example:

Example

A simple example would be a person from New York making observations about a village in Haiti, and a Haitian from the village making observations about the same place. Quite likely there would be different ways to interpret what gets said.

Security … privacy

Security and privacy are important matters that are taken very seriously. It is your choice whether you are a public member or a private member … or both. Everyone has a different security and privacy need, so what the TVM system does is very flexible.

Share … collaborate

Build critical mass … build a movement?

There have always been lots of causes … lots of movements to change society. Only a relatively few have gained enough momentum to change much, but some of them have been impressive. Some of the big examples are:

1. Ghandi in India
2. Martin Luther King and the civil rights movement in the United States
3. The anti-apartheid movement against the South African apartheid regime
4. Anti-war protestors in the Vietnam War era

Most movements are not about money accounting and organizational profit but are about social value. While it may not be quantified value … it is implicit in the success of these

movements that the value proposition was favorable to society, or at least to the part of society that was engaged in the movement.

If you share data and collaborate it become possible to build a movement … and with data do some very useful things. Most movements have a fairly clear idea of what they want to change … in the case of TVM we want value metrics to be in play as much as money profit and growth metrics. We want people to be talking about socio-economic progress as much as they are talking about stock market performance and profits.

> **Media about value metrics … not only profit**
> Bloomberg News does corporate profit, stock markets and economic growth dialog 24 hours a day seven days a week on Bloomberg terminals, the radio and TV … and now in the print media as well. When every community on the planet has True Value News about socio-economic progress and performance … we will have done something!

Social networks
Social networks have emerged as movements that have gained huge followings. It is not clear that these networks are of benefit to society … though their popularity suggests that they have value to the participants though maybe not to society in the long run. The opportunity for TVM is to combine the social network movement with value data to create paradigm change around the metrics being talked about in the ubiquitous media.

Members of the TVM movement are critical to success. They must do everything … and have a computer platform and analysis routines that help. The value of TVM data lies with its uncomplicated association with facts that can be verified easily in a community buy anyone with an interest in the data and the community.

People are the basis for a "movement" … the basic for a team that will change the paradigm for socio-economic metrics. TVM is about people and metrics … not just about metrics. People change things … metrics are there to help!

Focus on things you know
Do not worry about things you do not know. Others might know about other things. Focus on things you understand. There is strength in numbers … and variety. The purpose of TVM and data acquisition is to combine the strength and knowledge of a lot of different people so that when it is all put together it gives a good profile of much of what is going on. What one person does not know and finds difficult may be something that others know about and find easy.

Linking TVM data with technology
Use easy data to make lists
TVM uses "easy data" … defined as the simplest possible data that are easily available and reflect the "facts" on the ground that are important. Maybe this data are already compiled in an alternative format … maybe in old reports … and maybe just well known by local people and not documented anywhere.

Often the information will not in a form that translates easily into the form normally used for formal reporting or academic study … but the data are available, and together with advanced "common sense" should make initial analysis and planning relatively quick.

As a broad generalization, local people know a lot. They know what they need … know what resources they have … and to a large extent know what constraints they are facing. Also in broad terms, local people may not know the possibilities there are for solutions.

The first work … get some easy data organized

The first work that needs to get done is getting some "easy data" organized. This is facilitated by the "True Value Metrics Community Workbook".

What this does is to get a first cut at a Community Value Balance Sheet … a record of the "State" of the community.

> ### Iteration … do it over and over again!
> New accounting systems … or new data systems take time to get things right. Several iterations are needed before the reports are "right" … and the process is not very pretty. Initially an iterative process merely improves the correctness of the data … maybe after six iterations the data may be used to start to measure progress and performance. If the iterations take place quickly, the sooner it is possible to have metrics that have utility.

In this process it should become possible to identify what it is important for the community, and what is not.

> ### Write down … list … the obvious
> By writing down the obvious … it also becomes clearer why the obvious has got this way. Note the time and place. Look for descriptions of the obvious from other places and other times … what other obvious connections seem to be appearing?

Start making "skinny" lists

A list is easy to make … and is a useful building block for further data acquisition later on. A list eventually may be translated into a "balance sheet" that reflects "State" … but for the moment it is simply a list. Start with "skinny lists" … these are lists that have many entries but not much detail in each one. Some of the possible lists are:

1. People … contact info … interests
2. People … to build a profile of the population … establish needs … resources
3. Organizations … contact information … interested
4. Needs … from the perspective of people and organizational capacity
5. Infrastructure …
6. Needs … from the perspective of lack of infrastructure
7. Places of importance / interest
8. Resources of importance / interest
9. Issues of importance / interest
10. Needs … from the perspective of lack of resources
11. Activities … from the perspective of potential

If the community is "new" in the TVM system these lists are a start to building the knowledge base about the community.

If the community is already a part of the TVM system these lists add to the knowledge base about the community …

1. One step is to have the lists as separate sources of data
2. Another step is to integrate the data into one comprehensive "list"

The comprehensive list is something that is widely accessible … the source lists are only accessible to "administration".

If the list already exists, improve it!

If the list for the community already exists, add to the list or improve the accuracy of the data by supplementing what is already there. The process of improving data is iteration … going back to the data and getting it better and better.

The TVM system does not "lose" old data but timestamps the data so that the information can be tracked over time … and moves forward with what will be more and more precise data as time goes by. TVM expands existing lists … moving from simple "skinny" lists to an expanded set of data that includes more facts about the more important issues.

Use technology to organize data and get it stored

When the lists exist … technology can be used to organize data and get it stored. Mobile phones, "clouds" and solid data

Many of the ideas in TVM are very old … but the ability for them to work now is that the technology to support them has become low cost and ubiquitous. Everything that once would have needed to be "on paper" now can be in "electronic form", perhaps on a mobile phone and instantly incorporated into the TVM "cloud" database system.

All the easy data and lists are designed as data input forms on the TrueValueMetrics website … accessible with a basic browser and some full screen mobile phones. All the contributors and members of the TVM network are able to join "online" and include a profile as in other "social networks".

All the issues that have an impact on a community may be shared through a TVM blog with comments and discussion.

The standard value lists are maintained online. They may be modified based on user input. Separate standard values are used for each community, each country as well as a global average.

Chapter 8-2

Getting Data About Community

Community Is Primary Focus
Choose a community
Community identification is critical

Because TVM is community centric there is a big focus throughout TVM on everything that has to do with the community. Therefore the first step is to choose a community.

Data about many communities may come from a single contributor. TVM has a simple rule that all data must be associated with a place … and every place is permitted in the analysis framework.

If the community is already identified in the TVM system, there will be a certain amount of information already in the system. The "permanent" information should be correct … but in the event there are errors you may make "comments" suggesting the needed revisions. If the community is not yet in the TVM system you may add in as much of the usual permanent information as you want. There are paper forms to guide this, or the information can be submitted using a web form.

The initial goal is to get enough data so that a value balance sheet for the community will emerge. The first step is to have data about the "state" of the community. Resources and possibilities are assets … lack of resources and constraints are liabilities for the community.

1. **What is the community identification?**
   There needs to be an easy way to identify the community … and at the same time unique. A common system is Country, State, City and Zip code commonly used in the USA or an equivalent for other countries. State may be Province in Canada or County in the UK. Zip code may be Post code or similar in other jurisdictions.

2. **What is your relationship to this community?**
   What is your relationship to this community? This community might be the community where your family has its roots, or one where you have spent some time at some point in your life, or one that you find interesting for any of many reasons. It is useful for the relationship between you and the community to be identified. Providing data about many different communities is fine. Many people know something about a community because it is where they grew up, others know the community because they lived and worked in it at some point in their lives. People who visit as tourists or on a business trip learn things about the community that add to the data. Some people have data and need data because they are engaged in the work of helping the community to progress.

More easy data about the community
What are some main facts of importance?

Many little facts rapidly define the community … from which the state of the community may be understood. Over time the state changes and the progress of the community may be understood … and then some analysis of the data and the performance may be understood. Some questions:

1. **Where is the community?**

   Where is a bigger question than a set of geographic coordinates … though these give a precise location that is useful for a computer. Some of the questions that are included in "where" include (1) Where is about how far a community is from other places; (2) Where is about the weather associated with a place like this; and (3) Where is something about the topography and the values or dangers associated with the topography.

2. **What is most important in this community?**

   There are some things that stand out about a community … that should therefore be known without much data and without much analysis. If you know anything about the community, you will know these things!

3. **What are the community's strengths … good points?**

   These are the community's strengths … good points … the things the community can build on to improve itself.

4. **What are the weaknesses … bad points?**

   These are the things that a community has to handle in order to improve itself! Which of these are in the control of the community and which are controlled externally.

5. **How big is the community?**

   There are several different ways to measure the size of the community: (1) What is the population; (2) What is the geographic area; and (3) What is the "economic product". The size of the population of the community … and the make-up of the population is a big element in the computation of need, and in the computation of resources, that is, the human resource asset.

6. **What are the main economic activities in the community?**

   A rural community may well have agriculture as a major sector, while an industrial city may have manufacturing as a major sector. Other cities might identify technology, or education or medical research as major sectors or economic activities. Economic activities are the drivers of the community … they are where wealth is created for the community … or not.

7. **What are the socio-economic assets of the community?**

   This should start with the human resource … and depends on the level of education and the skill sets of the population. The assets of the community include: (1) Human resources; (2) Natural resources; (3) Organizations; (4) Infrastructure; and (5) Production

8. **What are the main constraints?**

   What socio-economic assets are missing. What bad things are present in the community such as (1) Insecurity … crime; (2) Inappropriate governmental interventions.

9.   What seem to be the top five priorities

Write down the top five initiatives that will improve the quality of life in the community … preferably matters that can be done locally and quickly. The goal is to find actionable initiatives that have the potential to improve matters … and to obtain some simple data that shows two key facts about the initiatives: (1) how much resources were used; and (2) how much benefit was created. In this process it should become possible to identify what it is important for the community, and what is not.

Digging deeper … about progress

Progress is improvement in the quality of life … improving opportunity … making a sustainable future more likely … satisfying more needs … being more secure … and others

1.   What is most important in this community?

Take these important items and see what is known about this items in the past. Is there progress? Are things getting better or not? What are the issues that need to be addressed.

2.   What are the community's strengths … good points?

Do the same

3.   What are the weaknesses … bad points?

Do the same … are bad points being addressed?

4.   How big is the community?

Focus specifically on the population. Is the population growing or declining. Is there inward migration or outward migration? What changes are there in the profile of the population. This might lead to analysis of health, education and employment opportunities.

5.   What are the main economic activities in the community?

A rural community may well have agriculture as a major sector, while an industrial city may have manufacturing as a major sector. Other cities might identify technology, or education or medical research as major sectors or economic activities. Economic activities are the drivers of the community … they are where wealth is created for the community … or not.

6.   What are the socio-economic assets of the community?

Comparing these over time provides a lot of information about community progress. The assets of the community include: (1) Human resources; (2) Natural resources; (3) Organizations; (4) Infrastructure; and (5) Production. What are the activities that have caused material changes.

7.   What are the main constraints?

Compare these over time and reasons for socio-economic performance becomes apparent. What changes have there been around the bad things in the community such as (1) Insecurity … crime; (2) Inappropriate governmental interventions; etc.

8.   What seem to be the top five priorities

What has been done in the past to address the top five priorities that have been identified … or is it nothing. If it is nothing, what are the constraints.

Data ... simple analysis
Needs, resources and constraints

Needs are driven by the people ... basic needs are universal, but other needs are determined by socio-economic standing, by culture and a variety of other determinants. Basic needs must be satisfied for people to live. Higher level needs and wants are based on a variety of quality of life considerations. Most needs are satisfied by the workings of a functioning sustainable economy ... the "invisible hand" of Adam Smith, and the efficiency of a working market economy. Needs are satisfied by the purchase of goods and services in a marketplace. Much of the global economy functions with markets using money as a medium of exchange.

But there is a critical assumption inherent in this which is that the buyers have money to buy and the sellers have products and services to sell and there can be an equilibrium between the parties. The market system breaks down when those with needs do not have money ... and the system breaks down when the suppliers do not have products and services that are affordable. A more comprehensive market mechanism is needed that links needs with suppliers that can satisfy needs.

The resources and socio-economic activities of the community should satisfy the needs of the community ... but clearly have not done so in the poor communities around the world. In many cases the shortage of resources is not the issue, but how the resources are being used. There may be a shortage of available resources even when there are abundant resources but in the control of people and organizations that do not allow their use for community benefit?

Other constraints relate to the capacity of people in the community to participate fully in economic activity. Are there deficits in health and education that constrain performance? Are there limitations in all the asset classes of the community balance sheet that constrain performance? Are there externalities that constrain community performance?

Data will help and simple analysis and connecting the dots along the lines below:

1. **What is the need for food?**
   Where does food come from? Is it local agriculture, agricultural products from another part of the country or imported products.

2. **What is the need for water?**
   What is the source of water and how accessible is it?

3. **What is the need for sanitation?**
   What toilets and waste disposal is available?

4. **What is the need for shelter ... housing?**
   What is the state of housing?

5. **What is the need for healthcare?**
   What is the state of healthcare? What clinics and hospitals? What staff? What medicines and cold chain?

6. **What is the need for education?**
   What is the state of education? What schools? What teachers? What supplies?

7. **What is the need for religious organizations?**
   What churches, synagogues, mosques, temples? What staff? What programs?

8. **What is the need for youth activities?**
   What youth programs?

9. What is the need for entertainment?

What entertainment facilities and events?

10. What is the need for hotels and restaurants?

What exists?

11. What is the need for transport?

What exists?

12. What is the need for road infrastructure?

What exists? How long does it take to get to various places?

13. What is the need for energy?

Whats are the sources?

14. What is the need for jobs

What jobs exist? What jobs exist but not for the people and skill sets that are available?

15. What is the need for elder care?

What support services exist?

16. What seem to be the top five priorities

What has been done in the past to address the top five priorities that have been identified … or is it nothing. If it is nothing, what are the constraints.

Data are powerful when they are well organized … and when there is a structure for the data to be used. The socio-economic system is complex even at the community level. Rigorous data about people that have needs, resources that may or may not be used to satisfy needs and all sorts of constraints is an impossible dream … but enough data to improve decision making and stop gross misallocation of resources is perfectly feasible. Improved data and the organization of data to inform decision making and public accountability is the basis for an important paradigm change.

Time and place information

A piece of information that lacks time and place information has very little utility. When the place stays the same, and information about the place changes over time, there are is data that show trend. Very simple … very basic … very powerful.

Make notes … time and place

The Upper East Side in New York City is a wealthy community by almost any measure … but not immune to economic events. Madison Avenue, one of the prime retail locations in the world, there are empty storefronts where retail businesses have folded and not been replaced by others. Few businesses are seeking these prestigious expensive locations. The situation is very different in 2010 than it was in 2007 before the real estate and banking sectors imploded.

Commuting

At what point does congestion make a commute 3 hours and not 1 hour … each way? At what point do fuel costs make the commute too expensive? At what point are mass transit fares too high to be affordable?

Acquiring Data About Organizations
What organizations operate where?
And what do they do?

There is surprisingly little information about what organizations operate where … but recent improvements in technology are making it possible to improve this significantly, and this will enable TVM analysis.

Contributors can help by providing simple data based on their knowledge and observances.

Part of the TVM data are (1) the simple list: "What organizations are in the community and what do they do?" and, (2) an expanded list: "What were these organizations like in the past … is the impact better or worse now compared to the past?"

If the organization want to participate
Extending Corporate Social Responsibility

If the organization wants to participate there are some simple data and dataflows that would be very useful. Most organizations have considerable data about what they are doing, but usually not well organized to present as a set of value reports nor with any analysis relevant to community reporting.

What is the business model for the organization … in other words how does it earn its money? This may be quite well organized since it is related to the money accounting.

Usually less organized, is the value proposition for the organization. What is the "purpose" of the organization beyond just being in existence to make money profit. What value does the organization consume? What value does the organization create. The money profit may approximate to the money value adding of the organization … but what else does the organization achieve.

These data should be part of a dataflow from a participating organization into the TVM community database.

There are various ways to help. One is to help so that key people in the organization understand the goals of the TVM initiative and how to participate.

If the organization does not want to participate

If you are employed by an organization, we do not want to encourage you to share "insider secrets" and confidential information … but we would like to get help with data that are public knowledge but not easily accessible without considerable research and effort … and usually with considerable delay.

Typically an organization knows where it is operating … and this very simple information helps in the TVM framework because much of the analysis and study is to do with the place and what is going on in the place.

Some organizations are proud of what they are doing to help communities … and this information if often publicized in internal literature but not visible to TVM. The TVM data wants to be more than just the "one story and picture" that gets into an article, but something that is more substantive. Some big corporate organizations have $billion of profit, but the value data that they publish suggests that this dimension of their work is tiny … though not explicitly stated anywhere in the reporting.

Big business and its impact

Some big organizations will not want to have anything to do with the TVM initiative. Accordingly TVM has been designed so that organizations that do not want to be active are included anyway in the assessment of the state, progress and performance of the

community … so while it is good to have the participation of big organizations it is not needed.

In due course there will be utility for a big business to have their value performance assessed favorably and for this performance to be accessible to the interested public. Big business needs investors, staff, and customers … not to mention the approval of authorities to carry on their business and favorable value assessment should be woth something. For some business organizations, they may prefer that their value performance is unreported and inaccessible … their choice!

Ordinary people may submit information about what they see of the organization … and this information will be aggregated so as to give a picture of all the elements that impact on community state, progress and performance.

Not for profits … their impact
Are you part of a church … religious organization?

Churches … religious organizations have to pay attention to a money budget, their revenues and their expenses. There is normally a struggle to keep the money accounts in balance and pay all the bills. But that is not the main business of the organization … a church, and other religions have, as their main business, something to do with faith and spirituality. It seems that every society gets value from a religion … and it is the value of the activities of the religious organization that is important, and not the money budget. What is the value being delivered by a church, a synagogue, a temple, a mosque, a pagoda? It is big, but it is not part of the economic statistics of society … which does not make a whole lot of sense.

Value in the church

I know that value is not part of the financial report of my church … but I also know that the work done by the priests has inestimable value. It is hardly recognized by most of the congregation most of the time … including me! When I was in hospital … the priests were there. When people are in trouble … the priests are there. This has value … way more than the money flows of the church. The church rituals are available for every important family event … births, weddings, sickness and death … huge values and huge contributors to quality of life.

Acquiring Data About Activities
Without activities there is no progress
What is going on in your neighborhood?

A simple list about the activities that are going on in your neighborhood tells a lot about the neighborhood … and maybe has the clues to what could be done so that the place could have a better quality of life. Simple questions and simple answers can be the basis for some strong analysis

1.   **What is the nature of the activity**
     Describe the activity … what is it trying to do? What is the need being satisfied and what are the resources being deployed?

2.   **Where is it … what is the address?**
     What is the source of water and how accessible is it?

3.   **What organization is doing the work?**
     What toilets and waste disposal is available?

4.   What benefit for the community?

What is the benefit to the community … what does the activity try to do to bring benefit to the community?

5.   What is the benefit to the organization?

Is the benefit for the community or is the benefit only for the organization?

6.   What staff are employed?

Who is employed … with what skills … at what wage rates and benefits?

7.   What equipment is deployed?

What equipment … owned by whom … at what price?

8.   What negative impact on the area?

What was planned … what was agreed … what has happened?

9.   How long has this been going on for?

What progress is being made?

10.   When will the activity end?

Will the activity have achieved its goals/

11.   What value chain impact is associated with this activity?

Maybe this activity is very good for the organization … but not very good at all for the community!

Maybe nothing is going on in your neighborhood … and maybe this is good. If your neighborhood has a great quality of life, why would you want to change anything? The idea that there are "no activities" is a data point!

But it still makes sense to be observant … and maybe think a little beyond what might be only superficial tranquility. Maybe the neighborhood is a prosperous suburban community … a commuter community. The community is stable not because of its inherent local resources, but because of the population's income and the value chain of business that is at the other end of the daily commute. The community has a quality of life that suits the residents … but might be value destroying in a broader context.

Chapter 8-3

Establishing Standard Values

Building the Standard Value Database
Standard Value is a Key Element
Many people need to engage with this

Everyone has a different perspective about value and value quantification … an important characteristic that is respected in the TVM approach to value and value quantification.

TVM uses a standard value database. This is a list of things that have value and data about how these items have been assigned quantitative value. TVM keeps value quantification separate from money quantification in order to emphasize that money and value are two totally different concepts or measurement although in some ways related and sometimes overlapping. In certain specific situations it is possible to use money as a proxy for value … but this may not be used generally.

TVM works with multiple sets of standard values reflecting location and culture. Each community has its own profile … usually only one, but it may be more than one. Each country has a value profile … usually one, but there may be more than one. There is a global profile, an average of every part of the world. There are five separate sets: (1) the individual may have their own set; (2) another set specifically for a community; (3) another set that is an average for the nation; and, (4) finally a global average.

An individual will default to the location they are identified with … but this should be modified to reflect personal views … and this in turn will update the community profile.

Building the standards

It will take time for every item of value to be quantified. The time it takes will be reduced by having a large number of people engaging with the process which is quite simple:
1. List as many items as you want
2. Set one of the items to 100
3. Set all the others to have a value relative to the first 100 value item you picked.

The TVM organization will combine the data so that there is an evolving set of standards for the community, country and world.

Chapter 8-4

Data About People

Building Data About People
People have many different roles

People are the most interesting dimension of almost anything. In the case of TVM there are many different roles that people play. Sorting this out is a big challenge. The focus of media has been mainly stars and scandal … preferably together. There is a lot of coverage of high profile people, often doing outrageous things and little or no coverage of people doing things that are really worthwhile.

In the TVM structure there are people who are helping to make TVM successful … people who have joined TVM and are contributing data to the system.

Another group are the people who are making decisions … allocating resources and are in the TVM framework because they should be subject to performance accountability and maybe complimented on good performance or asked to explain themselves. Many people making big decisions are hiding behind organizational structures … but these links have to be understood and on the record. All of this gets completely overwhelming unless there is a community focus … but also a way to link impact at the community level with external decisions and the people responsible for them.

A further group are those that are doing things … the activities in the community and need to be known so that their performance might be enhanced with help. Many good people are doing good things without anyone knowing who they are, what they are doing and how many people they are helping. TVM wants to move beyond the few dozen people that are internationally recognized to the millions of people working at the community level and presently unknown., unhelped in their work, and unrecognized for what they are achieving.

People … the key resource

People are the key to success. Nothing of any substance will be accomplished without the right set of people working for success. People need to get "organized" rather like the data needed to be organized … by sector within community. A people team is needed for each community, with people in the team having an ability to understand data from a variety of sectors. Data about people is a starting point.

Getting the right people involved is best done as an organic process … not something that is mechanical. Some people can work together … others cannot. The best team will not necessarily come together in the first attempt … in fact the first team may turn out to be totally ineffective.

> **If at first you don't succeed, try, try and try again!**

Building data about people and organizations

People and organizations are a focal point that determines the success or failure of a community.

Knowledge about people has varying levels of depth and different perspectives … thus for example, there will be people who have a high profile in the community, are engaged in its activities, but have nothing to do with the TVM initiative. There will also be people who are contributing data about the community who do not have a high profile, but are invaluable to the success of the TVM initiative … and yet again there will be others who have a low profile and are doing amazing things for the community in a very quiet way that nobody knows about.

There will also be something similar for organizations. Some well known organizations will not want to cooperate with an initiative like TVM, and others that will. There will be organizations that essentially exploit the community and give little back … and there will be other organizations that make contributions to the local economy in all sorts of ways.

The aim here is to get enough data so that the "state" of the community is well documented … with as many important facts about the community as possible.

Who make decisions … who are responsible?

This is a big question … and the easy answer may not be the right answer! The performance of a community depends on a lot of factors … and who is responsible usually cannot be answered with a single simple answer.

The head of a government structure … or the head of a tribe … is usually not the correct answer to the "who is responsible?" question. Usually there is some sort of collective responsibility with nobody really responsible for either success or failure!

Data do not answer this question directly nor immediately … but they help. The analysis of data may start to show where there are problems and constraints and where there is success and progress. The data may also start to show what people and organizations are connected to good things and what people and organizations are connected to bad things. Some of this is obvious … some is subtle. Some will matter a lot … be material … and some will not be particularly important.

Organizing local teams to deploy TVM

A data team for the community should be established as soon as possible … as soon as there is some basic knowledge about the profile of people and organizations. It is important that the data team are independent with respect to the data that are compiled … though it is likely that members of the data team will have some important affiliations that could influence their perspectives. There needs to be vigilance that the data are not distorted because of the affiliations of members of the data team.

Everyone can contribute data. Every community has people … activists who want to change things more to their liking. Sometimes activists become community leaders, and sometimes activists remain independent of the decision making process and the allocation of resources. Everyone can help to get FACTS on the record so that: (1) there can be better decision making; and, (2) there can be more accountability concerning the decisions that get made and the activities that consume resources.

Building a network of local data users is important. People and organizations are usually not enthusiastic about data that makes them accountable … but they welcome data that makes them look good. The whole purpose of TVM is to facilitate socio-economic progress and performance and this requires that socio-economic actors use the data so that they not only look good, but deliver high productivity progress!.

The Basic Concepts of True Value Metrics

Building a network of local data analysts is way better than having remote academic analysis. The more local people become involved in the analysis of the data, the more useful the data will become. Analysis should serve a variety of purposes including identification of the activities that work and those that do not, and identification of people and organizations that contribute to the community and those that do not. This is not about politics and ideology … but about data and facts about progress and performance.

> ## Who are the best people?
> It depends … the best people usually part of a team where there are people having a variety of unique competences. They are better than a set of people who all know the same thing and only have one modus operandi or agenda. The key is to have a set of people who can together make efficient progress with limited resources.

Chapter 8-5

Mobilizing Resources

Resource Allocation Paradigm Shift
Should be performance based

At this point in history there is a lot of talk about social impact investing and there are estimates that the pool of social capital is very substantial … many billions of dollars according to some experts.

While this may be true, the process for the allocation of resources to facilitate progress is dominated by methodologies that have not worked well ever since they were introduced many decades ago.

Decision making is never easy … but it is far worse when there is no subsequent measure of performance. Corporate business performance is systematically recorded in an accounting system and the results reported … some decisions are seen to be good and others not so good. In most allocation of resources in the public sector and in the not-for-profit community is based on projections that justify decisions, but hardly any subsequent review of performance to assess the outcomes.

The role of the monitoring and evaluation process in the not-for-profit community, though expensive, is hardly robust enough to serve as a management tool to justify some very large expenditures … and some academic studies to show performance are equally inadequate.

There is more PR than there is hard performance data … and this is a very unsatisfactory state of affairs. TVM starts to address this by having a focus on the community … and how resources allocated to a community may be expected to have specific impact … and if not what was it that went wrong.

When resources go to a place it is possible to get feedback from the place about what the resources were used for … and what impact there has been from the deployment of the resources. Many people can go to the place and validate the data and the reporting.

At this time, natural disasters are driving!

At this time, the way fund raising is done in the not-for-profit sector is hardly legitimate … a big disaster permits full scale fund raising … and in due course some may be used for the current disaster, but much of the money raised will be used to support the organization and be ready for tomorrow's disaster. The amount of money used to support the ongoing administration of the organization and retain staff is mobilized mainly when disaster is in the news. Organizations do fund raising in a very opportunistic manner. Each time there is a natural disaster … these organizations are ready to do fund raising that keeps them running until there is another disaster. Rather little of the funds raised actually get delivered to the beneficiaries in need arising from the disaster.

The present paradigm for fund raising is mainly about some "story" that "tugs at heartstrings" and makes people part with their money. The story is what counts …

nothing about performance is in play! This is not a serious approach, and needs to be changed.

> ### Social investing … and value returns
> It has been estimated that the funds available for "social investing" may be as much as $150 billion. Muhammad Yunus has called for something like True Value Metrics to account for social business and to drive a stock exchange for social investment. Others talk about the need for the conversation to move from the scale of charitable contributions to the effectiveness … the value returns … from a charitable investment portfolio!

Fund raising is a specialty
It is no accident that the CEO of many of the best known iconic cultural institutions in the past few years have been specialists in fund raising. Major not for profit organizations depend on philanthropic donations in order to keep their doors open. This goes for great museums, art galleries, orchestras, operatic companies, ballet, zoos, botanical gardens and others. Fund raising has become a high stakes professional activity.

There is other competition. Beyond culture there is fund raising for hospitals, medical research and for education at all level. Big money has been committed by philanthropies to health and education.

Fund raising for social progress is just one part of a big market … with a lot of participants, many with very professional fund raising teams. The problem is not easy to address because the market is not driven by metrics but by perception. Many organizations have built up their reputation by hard work and good PR. Others have achieved fund raising success by being quite crass with their advertising, PR and story telling quite removed from any reality about their operations. It is difficult to tell the difference without hard metrics with independent validation!

Using impact and effectiveness metrics
Differentiating between various organizations
Fund raising should be done using impact and effectiveness metrics that are compiled and accessible based on recognized value analysis methodology. The organization should be able to demonstrate that the data are correct based on participation in the TVM movement. Potential funders need to know what organizations are doing really good work, and which are merely doing the PR to market themselves to donors. In time the TVM network will provide the information needed to make this differentiation.

Reporting aggregates is not enough
Big organizations have accounting systems that aggregate data and permit financial reporting about the organization as a whole. Some organizations have good internal systems to analyze performance, but this information is usually not accessible to interested outsiders … nor is it value based.

Some external analytical work has been done by Charity Navigator and others to create some simple metrics about program performance based on simple financial reporting. In general these metrics are inadequate and virtaully nothing about program performance is easily accessible.

Program effectiveness
Program effectiveness may be assessed at the community level where activities may be observed and judgments made.

Small organizations that are doing good work … valuable work at low cost … may be listed from a community view. Independent validation of their work may be done by anyone who visits the community. In as many cases as possible, the performance of the organization will be validated within the TVM system by multiple dataflows that report similar information.

Big organizations that are doing good work are only going to be recognized for their performance when there are data about programs and the places where program activities are located. This information exists for operational purposes, but is not usually organized to provide program performance information on a routine basis … but it can be done, and should be done.

Chapter 8-6

Some Last Thoughts

As Good as the People
Data are powerful
Kept secret because of what they reveal

> **The world is full of good people**
>
> My experience has been that almost everywhere in the world ordinary people are perfectly nice and would like to have a better quality of life courtesy of their own hard work. None of the nice people are waiting for a 'hand out" but they would like to have more opportunity. The problem is that relatively few people are making big decisions and have positions of power and wealth that is perpetuated while nice ordinary people are trapped at the bottom of the pyramid. The time series data about concentration of economic wealth shows how serious this problem is … and how ineffective the progress out of poverty programs have been. But with data there can be major paradigm shift … and hopefully soon

Refining the TVM methodology
There will always be a lot of work to do to keep the TVM methodology relevant and robust and useful in all situations. The Open Source movement is a model for fast development and progress in the IT space … and something similar is needed for TVM data, its acquisition and use. There will always be room to improve the way TVM works.

Training
Training is going to be a part of the process of adopting the TVM methodology. Training will be required for individuals looking to push the methodology into new areas and also for people looking to be helpful at any level of the process.