SAMPLE PERFORMANCE CHALLENGE SUMMARIES
WITH A FEW WINS

Please note that performance challenge (PC) write-ups are usually several pages, including the ultimate goal, the path to reach that goal, milestones along the way, etc. These are simple summaries of some representative challenges to give an idea of what types of performance challenge AE participants undertake.

Similarly, there are many "wins", results and outcomes. For the challenges that were the basis of the examples below, we asked the participant to just note 1 or 2 "wins"—quantitative or qualitative.

The organizational names below are fictional in order to protect confidentiality.

Expand impact, financial sustainability

Alpha LLC's vision is to expand reach & impact with financially sustainable homeownership programs to meet community housing-related needs and address barriers that have reduced access for many in the community. To this end, *Alpha* seeks to create more homeowners, increase revenue and establish and/or strengthen program models to sustain these increases consistently, in a way that is true to those we serve, while also strengthening organizational financial sustainability and facilitating a more unified organizational culture.

WIN: Awarded approximately $3.5 million in new funding providing down payment assistance to 71 homebuyers within the next two years, including a commitment to reaching at least 20 homebuyers from racial and ethnic minority groups through newly formed partnerships. This funding infusion not only significantly expands our capacity to serve a larger number of individuals but also nearly triples our loan portfolio, leveraging a stable funding source accessible on an annual basis.

Position budgeting as a deliberate investment strategy in operational excellence

By the FY25 strategic budget review, *Nonprofit, Inc*. will use annual and periodic budget exercises as strategic and tactical prioritization exercises that pair resource management with programmatic impact. We will know success when the budget exercise is understood as a deliberate investment strategy in operational excellence, versus a math problem.

WIN: Implemented an organization-wide quarterly performance exercise wherein teams take greater accountability not only for performance against budget but in the timing of their resource allocation. Clarified roles, responsibilities, and decisionmakers in the budget process and have increased alignment with strategy teams to link programmatic goals to resources while leveraging new accountability mechanisms.

Launch for-profit subsidiary

Omega's performance challenge is to create a financially viable path forward through launching a for-profit subsidiary with a mid-high margin manufacturing business model, initiating a $4 million capital campaign to purchase and renovate a property and establish an endowment and develop standard operation procedures across its public-facing programs to ensure successful sponsorship and ticket sales on evergreen programs.

WIN: Launched the for-profit subsidiary, *Gamma Ltd.*, a manufacturing service, and established successful standard operation procedures. The capital campaign was delayed but the biggest win has been more fully stepping into my leadership and embracing my vision.

Organizational infrastructure

For its performance challenge, *XYZ* focused on improving organizational infrastructure. They prioritized technology systems and streamlined workflows to support a reimagined service delivery approach. Staff deepened their understanding of social and economic justice which influences their interactions with customers and customizes service delivery that effectively promotes other *XYZ* services.

WIN: A significant achievement was aligning this challenge with the FY28 strategic plan, ensuring widespread support and a path toward long-term success and scalability.

Organizational culture shift for greater impact

For its performance challenge, *Placeholder Inc.* will undertake a process to create a sustainable culture-shift based on a shared vision by practicing shared leadership, identifying needed improvements to systems, procedures, training and resources provided, and establishing accountability measures to maximize the quality of service it provides to those it serves.

WIN: Accountability measures developed and ready to launch (360 reviews for management, performance management system with work plans) and the creation of an inclusive organizational decision-making model to begin. Most importantly, leaning into my power (CEO) to lead organizational change efforts.

New ways to build and deploy capital

ABC Housing will raise $100MM that will be combined with *ABC's* equity to deploy below market capital to nonprofit lender organizations by adjusting how *ABC* measures its performance and deploys capital.

WIN: *ABC* reached its goal with $40 million funded and $60 million committed to date.   *ABC* is currently developing its Performance Challenge 2.0 which will be the development of a

revolving loan fund to provide capital to small emerging CDFIs with a $20-$30 million credit line to provide 1st and 2nd mortgages.

Community impact

By 2025, *Company X* aims to establish a community impact model to gauge its influence in fostering community power and holding institutions accountable for investments. This includes generating resources, empowering leaders, and fostering connections.

WIN: Slow and steady progress in organizational cultural change, alignment of strategies, and implementing tracking mechanisms for transparency and cross-departmental adoption.

Grow staff and infrastructure to keep up with tremendous organizational growth

In the last several years, *LMNOP Corp.* has more than doubled its staff, assets, and yearly operating budget. To support and sustain its ability to accomplish yearly goals, *LMNOP* seeks to improve the organization's technology literacy. Over the course of AE11, *LMNOP's* performance challenge is to create a digital framework to better serve its community, the impact of which will result in more housing, loans originated, small dollar lending and more students getting their GED.

WIN: In the process of hiring our first in-house IT professional, ongoing staff training is in place to increase efficiently and proficiency with new technology. Moving on to Performance Challenge 2.0 to create a streamlined Real Estate Development Department focusing on 9% LIHTCs, Historic Tax Credits and a USDA 515 Transfer Process.

Double housing development activities

Sample Organization will double overall single-family housing development activities from 12 units to 24 units annually by December 2026 through the 2023-2024 creation and launch of a contract-built single family ownership development program that builds in a 10% development fee and that intentionally engages community voice through the process.

WIN: *Sample's* team increasingly realizes the value and need of the PC and has brought excitement and energy to this Challenge. Working through "phases and gates" milestones of Conceptualization, Planning and Execution, the first contract-built home is within weeks of closing. Learnings will inform build-out and scale of this product type.

Internal cultural shifts following fast growth

Impact Inc.'s tremendous growth elevated the need to address talent challenges, administrative burdens, operational challenges, and culture impacts through a focused and inclusive approach

to evaluating internal systems, processes and software for efficient, appropriate usage. A critical outcome will include a shift from a culture of "scarcity" to an adaptable culture.

WIN: In FY24, building on staff and leadership satisfaction survey feedback, cross-departmental leadership teams are identifying collective solutions; sharing challenges/solutions with *Impact Inc.'s* board and staff; implementing "easy wins" across the organization; and crafting a FY25 work plan and budget for implementation of more complex solutions, requiring financial investment and outside support.

Influence policy & other organizations to have greater positive community-wide impact

Through data, policy engagement and increased external presence, *Help Inc.* will unlock its potential to significantly enhance long-term, individual, family, and community-wide impact such that substance use disorder, mental health, criminal justice and housing systems adapt how they respond and work to prevent emerging and complex community needs.

WIN: Through reconfiguring executive leadership, motivating the Board of Directors and leaders throughout the organization, acquiring a mental health organization, launching a withdrawal management program, and building organizational awareness via media and cultivating relationships, unlocking the potential to expand impact is happening!

Expand housing and resident services while becoming more financially resilient

By December, *Apple Corp.* will be more financially resilient while expanding our impact serving communities across *Apple County* and throughout our state with housing and resident services. Recent growth will continue in a financially and organizationally sustainable way, with project and pipeline decisions made according to an evaluation of financial health, impact, and equity.

WIN: Created a stronger, more resilient real estate development team and strategy that achieves new housing impact and revenue goals in alignment with a new Strategic Business Plan; building new programs and resources for property acquisitions, leadership planning, partnerships, and resident-centered design. Advancing a new Community Impact Fund to transform how resources are deployed to create community impact spaces, support community-based partners, and advance strategic goals.

Develop planning systems for greater efficiency and greater long-term capacity

Nonprofit Ltd.'s PC seeks to integrate thoughtful, systematic, intentional and methodical longer term capacity planning into *Nonprofit's* culture, systems, and practices, leading to having adequate capacity (people, skills, financial) to sustain our work. The five-part PC strategy covers the following areas: Fundraising, Business Planning, People Development: Workload Assessment, and Accountability Systems.

WIN: *Nonprofit* completed a restructure of our senior leadership team to increase efficiency and maximize capacity given our rapid growth. This included elevating several directors to vice presidents, and a new C-team role (Chief Program Officer), along with revamped reporting structures. This restructure will allow us to better plan for the future and meet existing capacity needs.

Use technology to better accomplish goals and increase revenue

Accomplish a 10% increase in 2023 revenue representing $5.5 M in funding using technology assistance to accomplish the organization's program goals, total assets, and diversity percentages served, and establishing a process template to build revenue and create sustainable and healthy programs that operate well into the future years.

WIN: Achievement of the PC and objectives has been terrific! Positive, inclusive culture building began with the PC and tools learned - the biggest win and will continue into the future.   Teams are engaged, motivated, and involved in the mission in ways never seen before. Our organization is now ready for any project.

Scaled growth in multiple areas for increased impact and revenues

By July 2024, develop/implement a plan of scaled growth in the areas of Capitalization (capital funds), Operational Performance (efficiency and outcomes), and Leadership (build the bench) that will lead to an increase of revenues by 100% ($6M) and increase community services over the next three to five years.

WIN:
- Infused leadership team with the learnings from Achieving Excellence
- Smaller performance challenge evolved into a broader organizational challenge
- New funding of $2,260,000 ($11.3M over five years)
- Hired a new Director of People and Culture
- $4,000,000 in new Broadband funding for capital project
- Building the Bench: The Ongoing Growth of the Leadership Team

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Integrate processes of evaluation, planning risk management for greater efficiency

Increase operational effectiveness through a model of evaluation, assessment, planning, risk management, and pivot strategies. Operations will support the division to identify what success is for the activity, create and embed evaluation tools, identify risk, and create pivot and mitigation strategies to inform future planning.

WIN:
- Division senior leadership buy-in achieved.
- The Operations team is engaged and actively building assessment and evaluation tools.

- Engaging with division for input of the model towards a target implementation of FY25.
- Risks impacting operational effectiveness in FY24 identified and prioritized.
- Mitigation strategies deployed as evaluation strategy in FY24.
- Engaging C-Suite.

Decrease turnover in rental properties in order to serve more families and improve finances

Housing, Inc. will shrink the organization's unit turnover rates from 98 days to 30 days and project vacancy loss by 50% in an effort to serve more families, improve internal processes and reverse financial losses.

WIN:
- Development of new tools for accurate vacancy tracking.
- New centralized method of leasing using specialists for increased efficiency.
- Improved relationship between the property management and asset management teams.

Develop workforce housing program

Community Company will establish a new region-wide workforce housing program to help address growing housing affordability issues. *Company* will convene key leaders, raise public awareness, and champion new zoning rules and procedures in municipalities across the region to spur more development in key locations. *Company* will also establish a workforce housing fund to provide workforce housing projects and preserve land for future projects.

A few wins to highlight:
- Established and staffed new workforce housing program
- Implemented region-wide branding and marketing campaign to highlight need for more workforce housing.
- Worked with key municipalities to update zoning rules and development processes.
- Funded first workforce housing project in the region and partnering with one municipality on the first 3-D printed homes in our area to demonstrate new construction possibilities.
- Began process of establishing CDFI to support future workforce housing and land acquisition projects.