Pursuing Sustainability
Using the Matrix Map to Make Strategic Decisions

Steve Strang
sstrang@spectrumnonprofit.com
Understanding nonprofit sustainability

Using the matrix map to see your business model
  - Articulating Intended Impact
  - Assessing Mission Impact
  - Determining profitability

Analyzing and strengthening your business model

The keys to long-term sustainability
Financial sustainability (the ability to generate resources to meet the needs of the present without compromising the future) and Programmatic sustainability (the ability to develop, mature, and cycle out programs to be responsive to constituencies over time.)
SUSTAINABILITY is an orientation, *not* a destination.
Sustainability involves ongoing decision making about your business model.
The Matrix Map
The Matrix Map

- **High Mission Impact, Low Profitability**
- **High Mission Impact, High Profitability**
- **Low Mission Impact, Low Profitability**
- **Low Mission Impact, High Profitability**
Matrix Map Process

1. Introductory Meeting
   - Articulate Intended Impact

2. Defining Programs
3. Assessing Mission Impact
   - Determining Profitability
4. Plotting Your Map
5. Analyzing Your Map
   - Developing Key Messages
   - Program-Level Strategic Inquiry
6. Making Strategic Decisions
Matrix Map Overview

✔️ What we do (bubbles)

- English / Spanish Plays
- After-School Drama Workshops
- Special Events
- Newsletter

Impact vs. Profitability

- 1.00
- 2.00
- 3.00
- 4.00

(100,000) (80,000) (60,000) (40,000) (20,000)
Matrix Map Overview

✓ **Mix of Mission-Specific (Blue) and fund development programs (Green)**

- What we do (bubbles)
Matrix Map Overview

✓ Where we are investing our resources (size of bubbles)

- What we do (bubbles)
- Mix of mission-specific (blue) and fund development programs (green) (color of bubbles)
Matrix Map Overview

- The net financial results of each activity (horizontal axis)

- What we do (bubbles)

- Mix of mission-specific (blue) and fund development programs (green) (color of bubbles)

- Where we are investing our resources (size of bubbles)
Matrix Map Overview

✔ Relative mission impact of each activity (vertical axis)

- What we do (bubbles)

- Mix of mission-specific (blue) and fund development programs (green) (color of bubbles)

- Where we are investing our resources (size of bubbles)

- The net financial results of each activity (horizontal axis)
Matrix Map Process

1. Introductory Meeting
   - Articulate Intended Impact
2. Defining Programs
3. Assessing Mission Impact
   - Determining Profitability
4. Plotting Your Map
5. Analyzing Your Map
   - Developing Key Messages
   - Program-Level Strategic Inquiry
6. Making Strategic Decisions
Matrix Map Process

1. Introductory Meeting
   - Articulate Intended Impact
2. Defining Programs
   - Determining Profitability
3. Assessing Mission Impact
4. Plotting Your Map
   - Developing Key Messages
   - Program-Level Strategic Inquiry
5. Making Strategic Decisions
A statement or series of statements about what the organization is trying to achieve and will hold itself accountable for within some manageable period of time. It identifies both the benefits the organization seeks to provide and the beneficiaries.
<table>
<thead>
<tr>
<th>Mission</th>
<th>Intended Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improve the lives of poor children in America’s most devastated communities.</td>
<td>Harlem Children’s Zone (HCZ) will focus on children aged 0 to 18 living in the HCZ making a successful transition to an independent, healthy adulthood, reflected in demographic and achievement profiles consistent with those in an average middle-class community.</td>
</tr>
</tbody>
</table>
Mission

To guide the growth of at-risk youth in order that they reach their potential and live responsibly.

Intended Impact

Youth and young adults up to age 26 and their families with a lack of formal support and resources who have experienced trauma and exhibit maladaptive behaviors will be productive members of society as measured by being:

- Financially stable
- Connected with community
- In healthy relationships
- Law abiding.
Questions to Consider

- What issue are we trying to address?
- If we went away today, who would it matter to and why?
- Who are the primary direct beneficiaries of our organization?
- What is the geographic region of our impact?
- What does success look like?
Matrix Map Process

- Introductory Meeting
- Articulate Intended Impact
- Defining Programs
- Assessing Mission Impact
- Determining Profitability
- Plotting Your Map
- Analyzing Your Map: Developing Key Messages Program-Level Strategic Inquiry
- Making Strategic Decisions
Determining Programs

What are your core activities?

- All Programs
- Site
- Approach
- Method
Matrix Map Process

Introductory Meeting
Articulate Intended Impact

Defining Programs

Assessing Mission Impact
Determining Profitability

Plotting Your Map

Analyzing Your Map
Developing Key Messages
Program-Level Strategic Inquiry

Making Strategic Decisions
1. Contribution to Intended Impact

Relative to other programs, how well does this program contribute to what the overall organization aims to accomplish?
2. Excellence in Execution

Is this program something that the organization delivers in an exceptional manner?
Criteria to Consider

1. Contribution to intended impact
2. Excellence in execution
3. Scale
4. Depth
5. Significant unmet need
6. Community building
7. Leverage
### Example

On a scale of 1 to 4 with 4 being the highest, please rate each business line below on the following criteria. As you complete the survey, remember that there is no "right" answer in the survey and take into account all the information you have from your experience with the organization.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental Education</td>
<td>4</td>
<td>4</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>Restoration &amp; Reforestation</td>
<td>4</td>
<td>3</td>
<td>1</td>
<td>4</td>
</tr>
<tr>
<td>Nursery</td>
<td>3</td>
<td>1</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Resource Library</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Direct Mail</td>
<td>2</td>
<td>2</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Major Donors</td>
<td>2</td>
<td>3</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Annual Event</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Site Rentals / Birthday Parties</td>
<td>2</td>
<td>2</td>
<td>1</td>
<td>1</td>
</tr>
</tbody>
</table>
Matrix Map Process

1. Introductory Meeting
   - Articulate Intended Impact
2. Defining Programs
3. Assessing Mission Impact
   - Determining Profitability
4. Plotting Your Map
5. Analyzing Your Map
   - Developing Key Messages
   - Program-Level Strategic Inquiry
6. Making Strategic Decisions
Profitability

Understanding Your True Program Costs
Nonprofit Expenses

- Specific Program Costs
- Shared Costs
- Administrative Costs
Profitability

Understand Your Finances

Expenses    Revenues
## Allocating Revenue

### Allocated to Mission-Specific Programs

- Government contracts
- Restricted foundation grants
- Fee for service

### Allocated to Fund Development Programs

- Unrestricted contributions by individuals or foundations
- Special events
Matrix Map Process

- Introductory Meeting
- Articulate Intended Impact
- Defining Programs
- Assessing Mission Impact
- Determining Profitability
- Plotting Your Map
- Analyzing Your Map
  - Developing Key Messages
  - Program-Level Strategic Inquiry
- Making Strategic Decisions
Strategic Inquiry

What's next?
What’s the story within your matrix map?
The Big Picture

Environmental Education

Restoration & Reforestation

Nursery

Resource Library

Direct Mail

Site Rentals

Annual Event

Major Donors

Profitability

Impact

(250,000) (200,000) (150,000) (100,000) (50,000)

(250,000) (200,000) (150,000) (100,000) (50,000)
Stars: High Impact / High Profitability

The Star Quadrant
- Do we understand the needs and motivations of stakeholders who make the star possible?
- Are there opportunities to expand the program’s impact and revenue?
Strategic Inquiry

Hearts: High Impact / Low Profitability

The Heart Quadrant

- Can we envision this program achieving the same impact with a different cost structure?
- Is there a different revenue strategy to consider?
Strategic Inquiry

Money Trees: Low Impact / High Profitability

The Money Tree Quadrant

• Can the net surplus be increased and if so, what investment will that growth require?
• Are there means to reducing the program’s costs and improve the margin?
• Are there ways to achieve greater impact by making the program stronger?
Stop Signs: Low Impact / Low Profitability

The Stop Sign Quadrant

- Can we innovate this program to move out of this quadrant?
- How long will we give ourselves to move the stop sign?
- Is that the best use of resources?
Strategic Inquiry

- High Mission Impact, Low Profitability
- High Mission Impact, High Profitability
- Low Mission Impact, Low Profitability
- Low Mission Impact, High Profitability
The Detailed Picture

- Environmental Education
- Restoration & Reforestation
- Nursery
- Resource Library
- Site Rentals
- Direct Mail
- Annual Event
- Major Donors

Profitability vs. Impact

- Profitability: (250,000) to (200,000) to (150,000) to (100,000) to (50,000)
- Impact: 4.00 to 3.00 to 2.00 to 1.00
Matrix Map Process

- Introductory Meeting
  - Articulate Intended Impact
- Defining Programs
- Assessing Mission Impact
  - Determining Profitability
- Plotting Your Map
- Analyzing Your Map
  - Developing Key Messages
  - Program-Level Strategic Inquiry
- Making Strategic Decisions
Leadership

Financial Strategy

Impact Strategy
What decision could you make *today* to *strengthen* your *sustainability*?
Steve Strang
sstrang@spectrumnonprofit.com
www.spectrumnonprofit.com