

Pursuing Sustainability

Using the Matrix Map to Make Strategic Decisions



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- ✓ 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

Sustainability encompasses both:

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.)

- - Nonprofit Sustainability: Making Strategic Decisions for Financial Viability

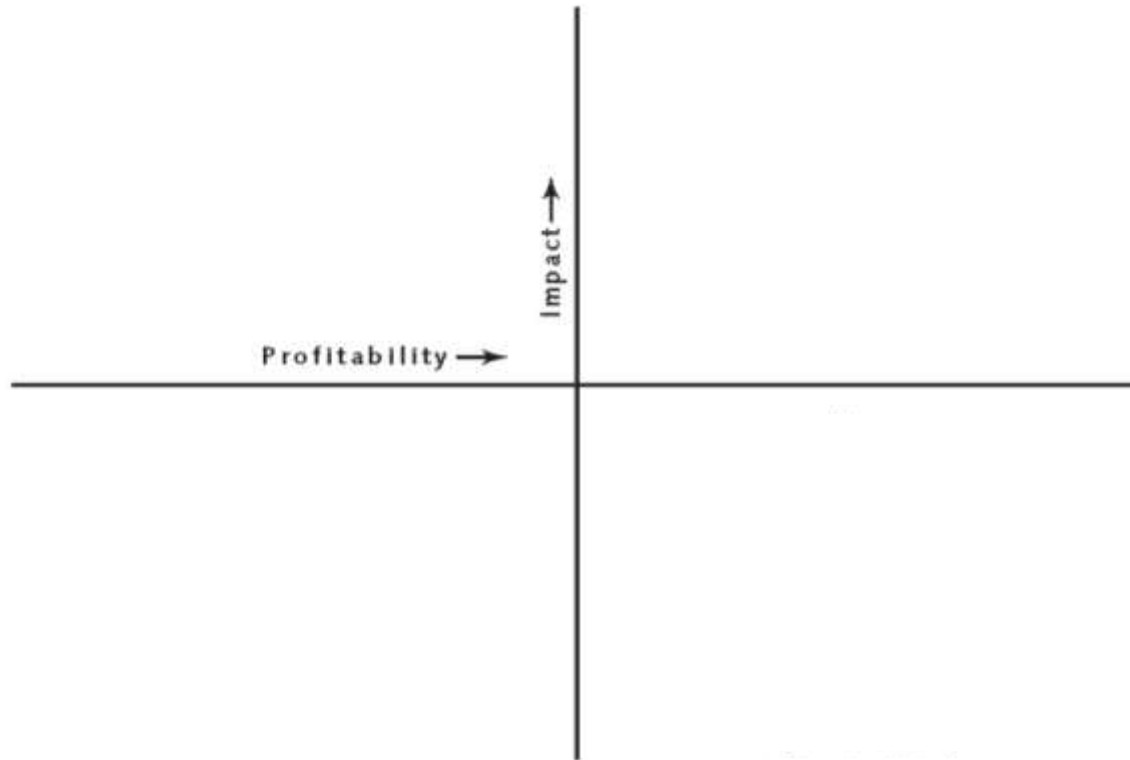
SUSTAINABILITY is an orientation,
not a destination.



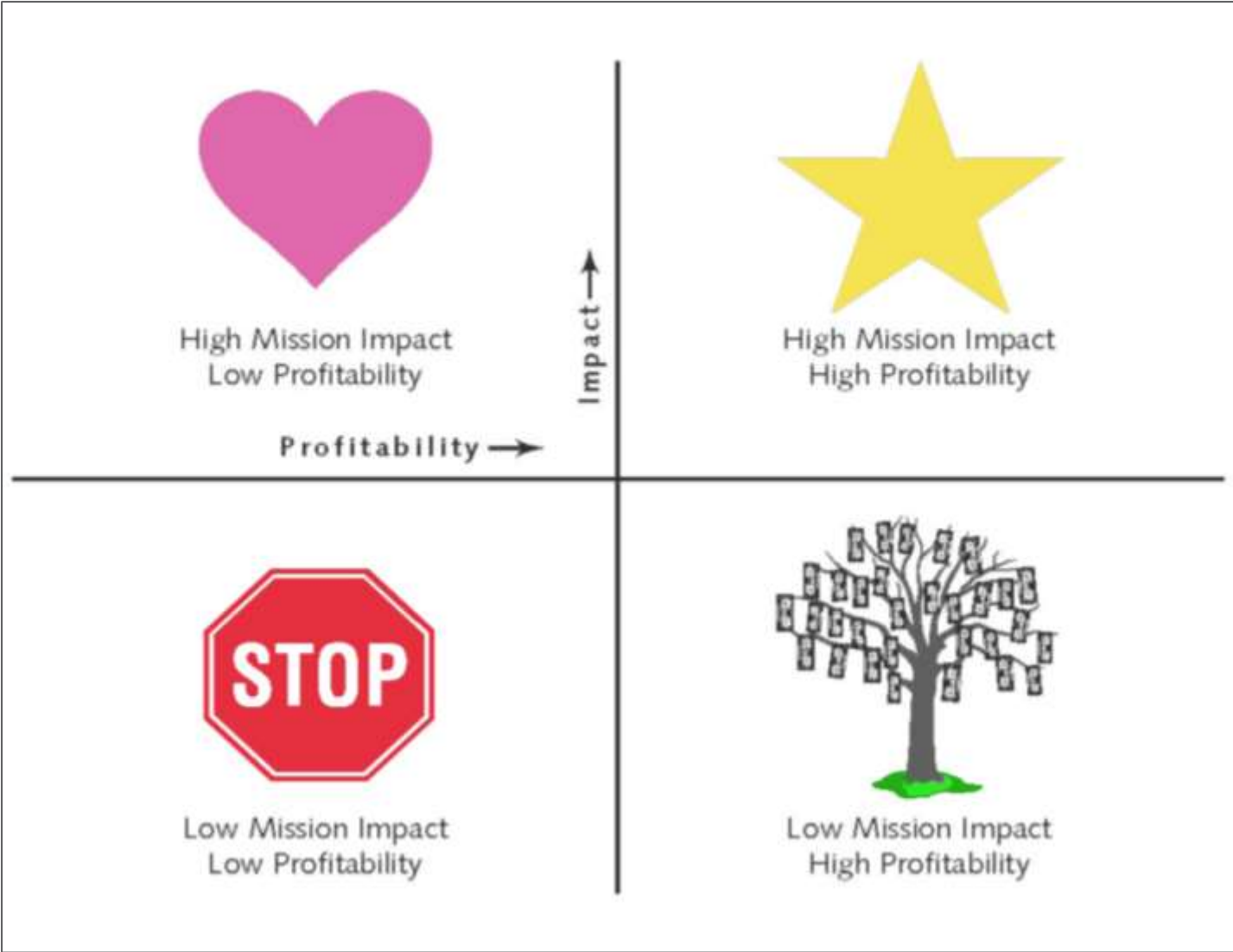
Sustainability involves ongoing decision making about your business model.



The Matrix Map



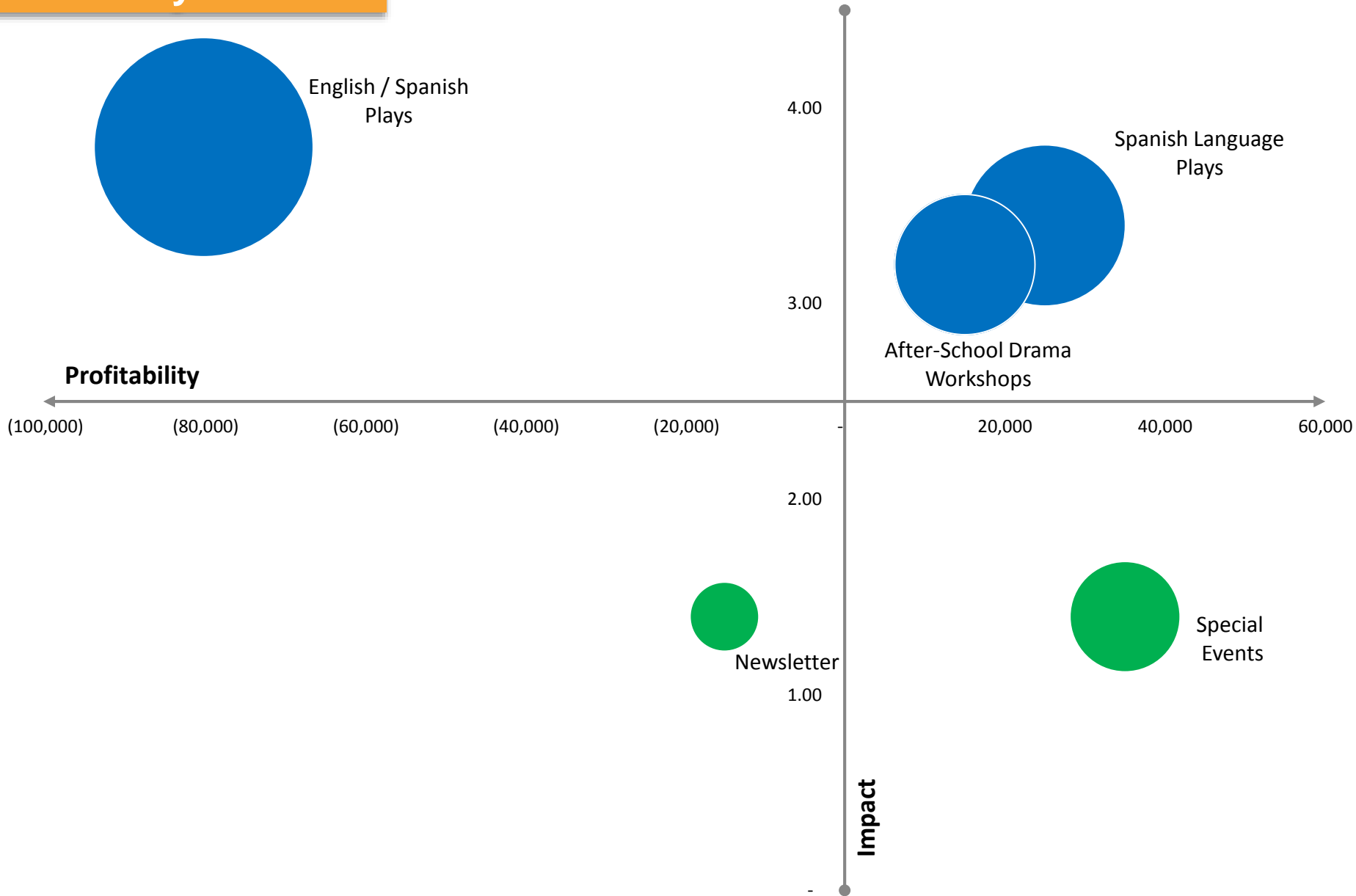
The Matrix Map



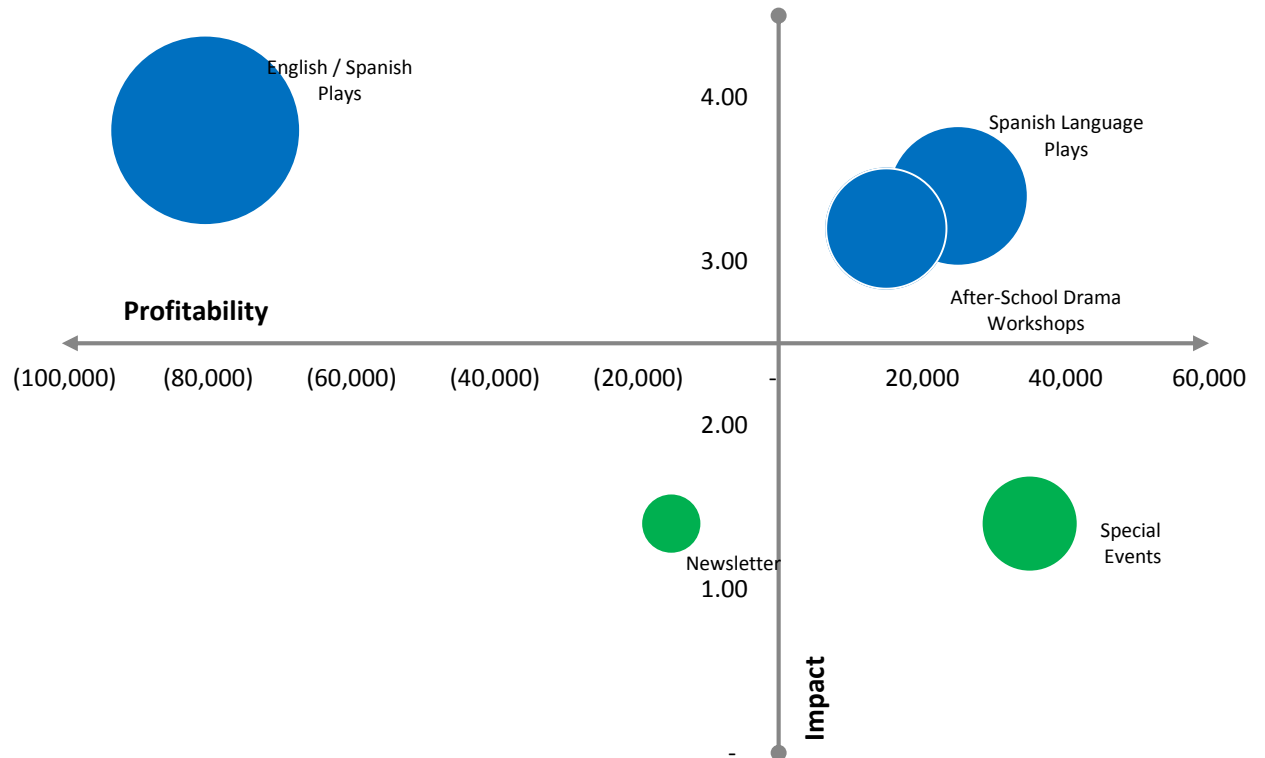
Matrix Map Process



Community Theater

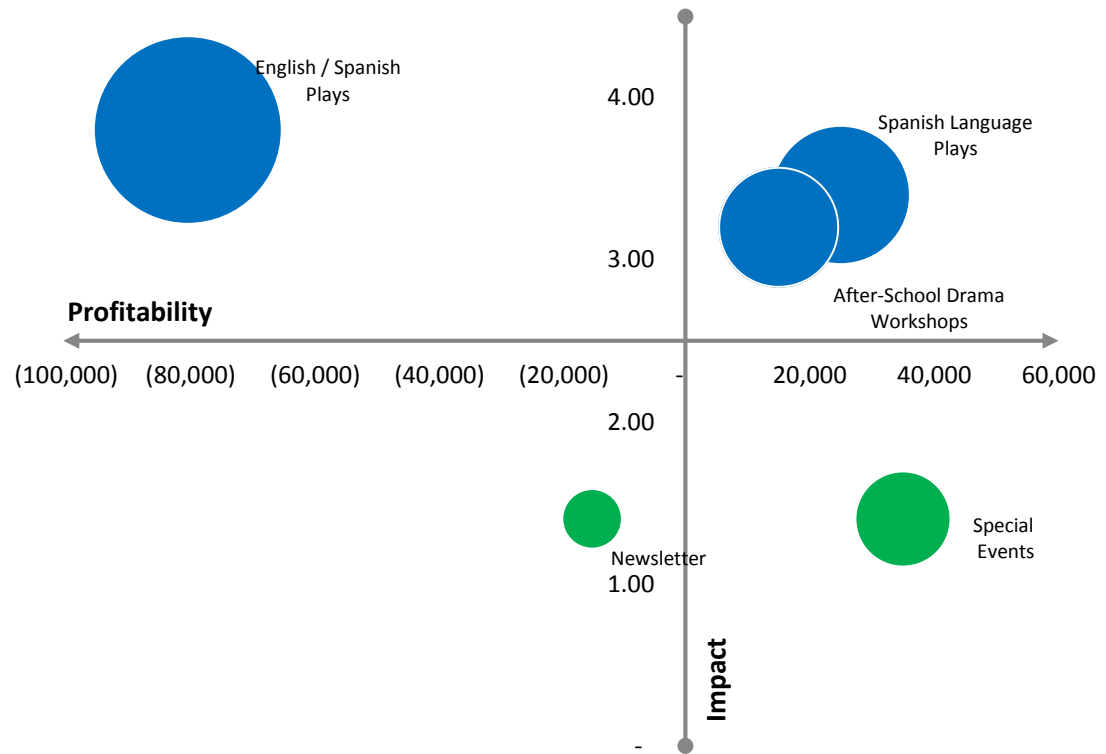


✓ What we do (bubbles)



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

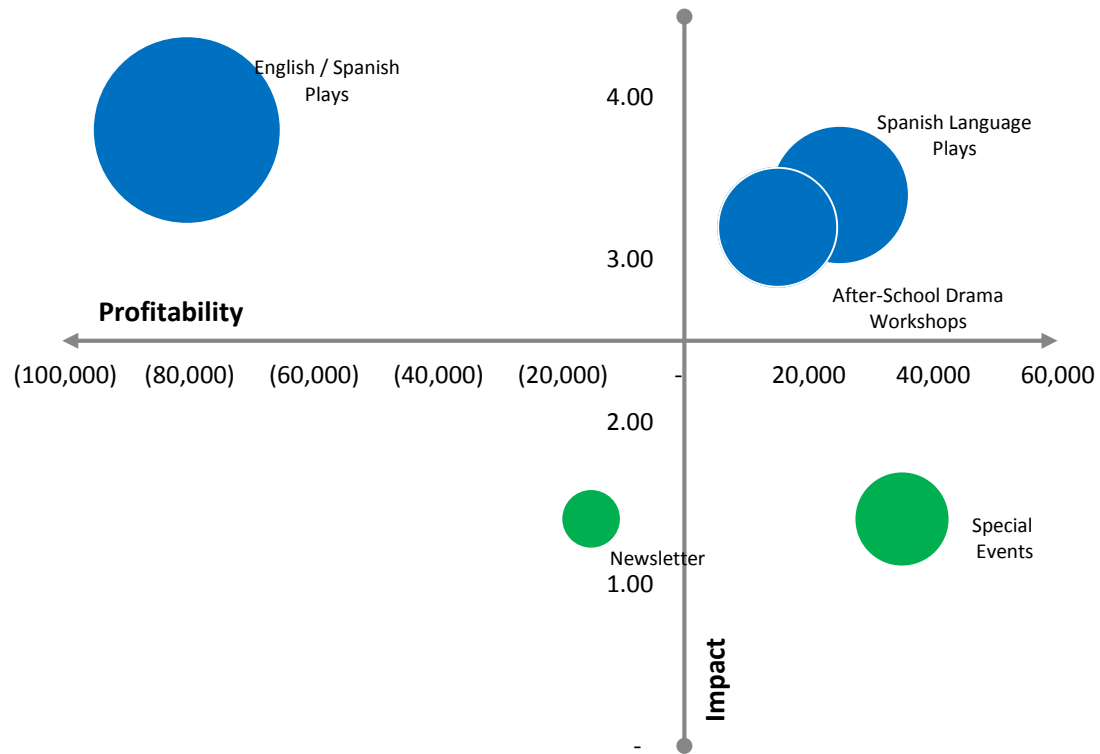
- What we do (bubbles)



Matrix Map Overview

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

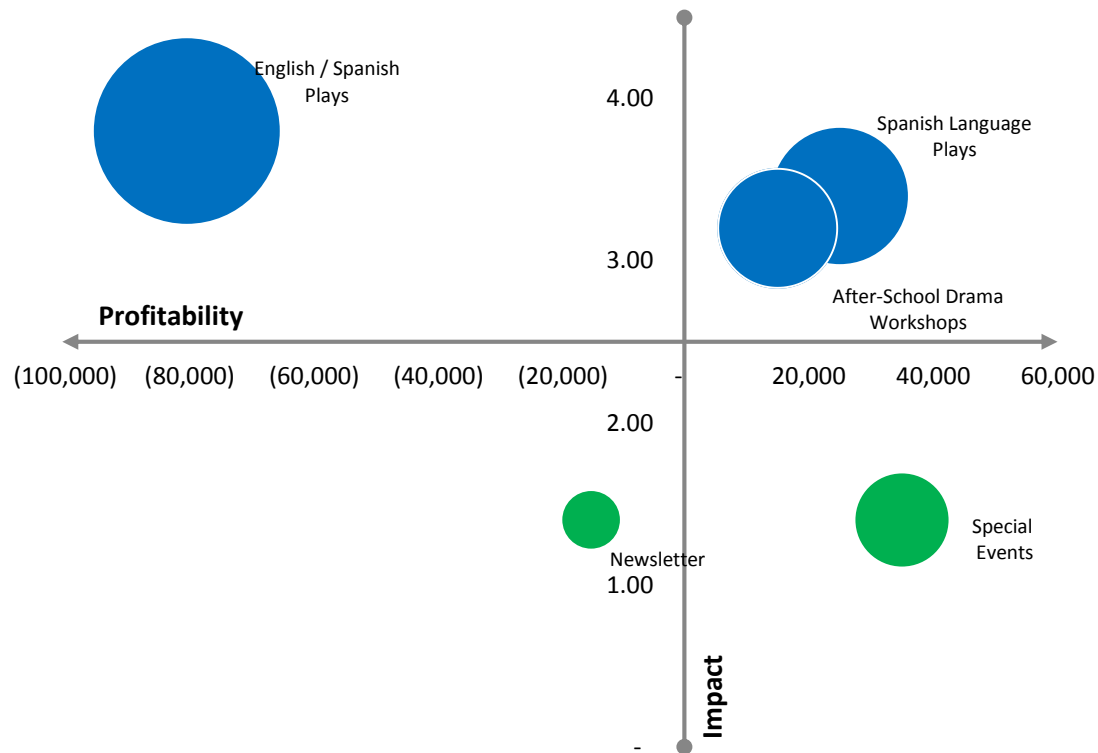
- What we do (bubbles)
- Mix of mission-specific (blue) and fund development programs (green) (color of bubbles)



Matrix Map Overview

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

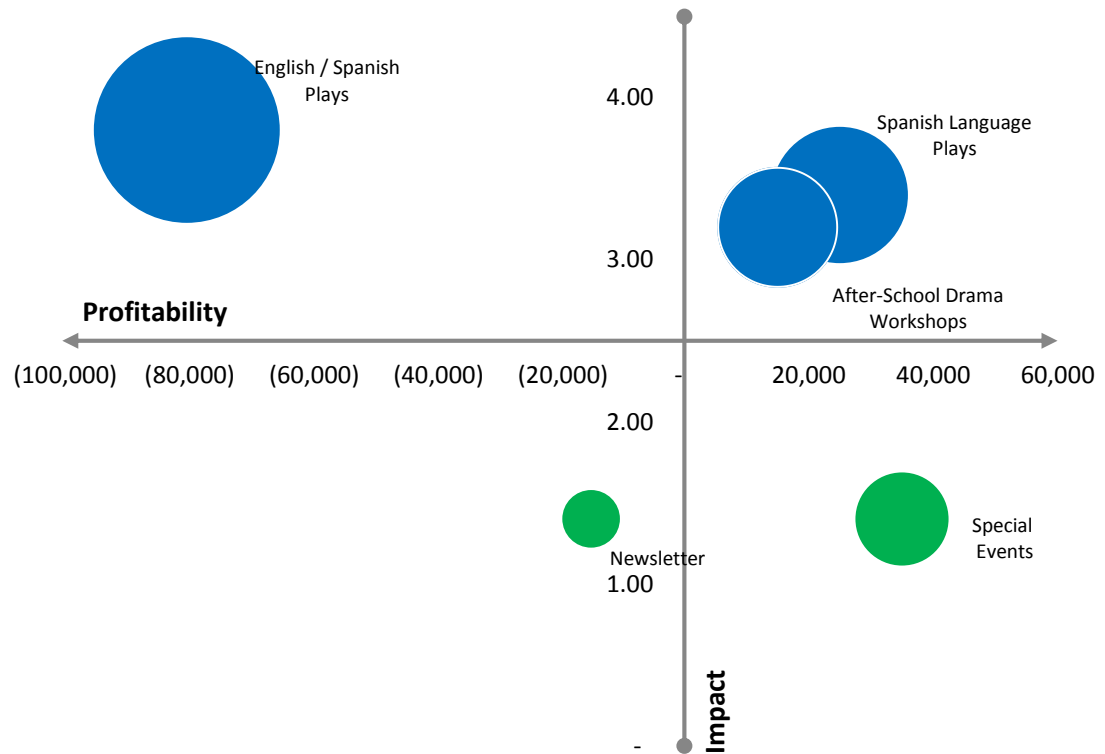
- What we do (bubbles)
- Mix of mission-specific (blue) and fund development programs (green) (color of bubbles)
- Where we are investing our resources (size of bubbles)



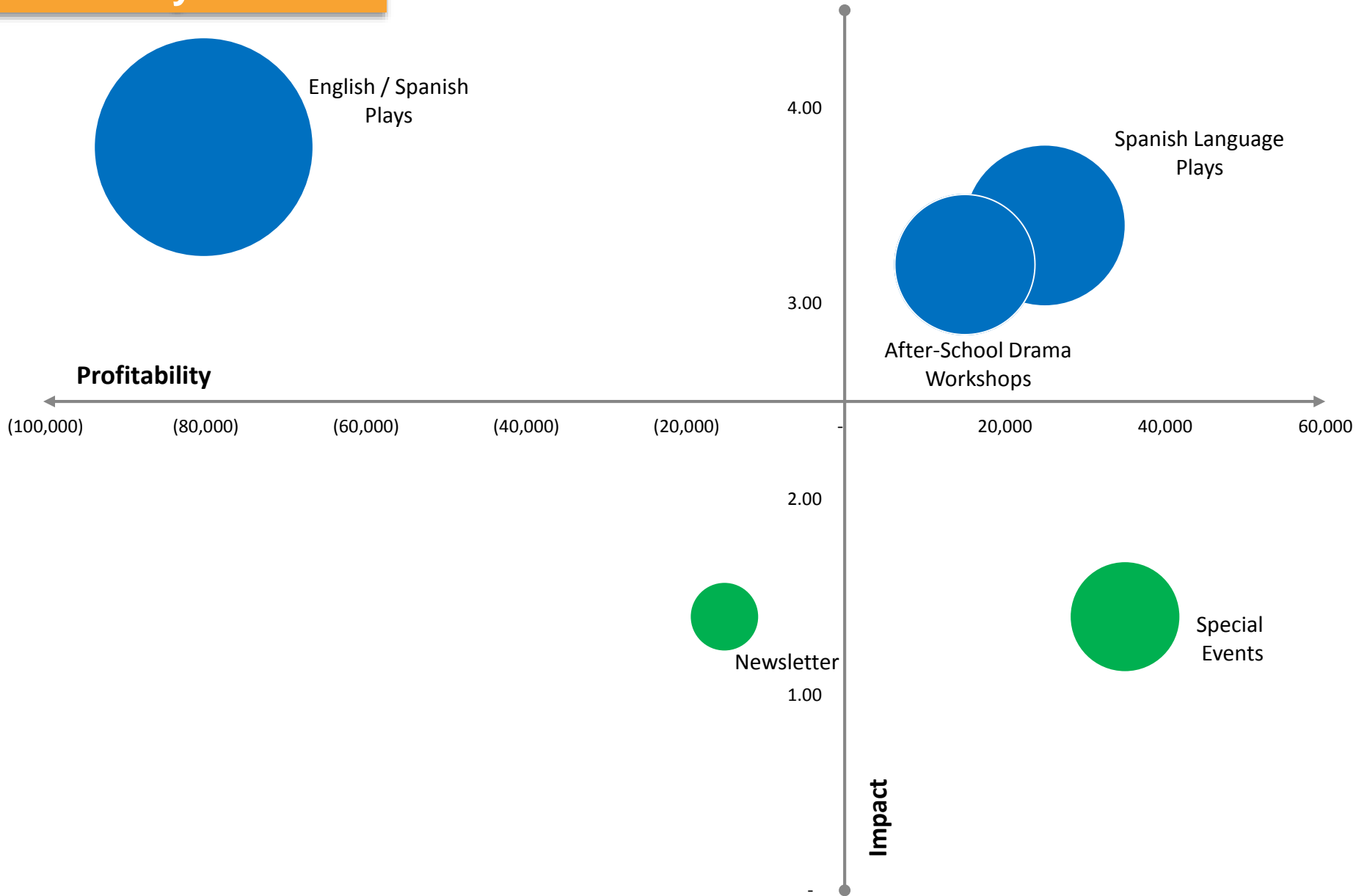
Matrix Map Overview

✓ 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)



Community Theater



Matrix Map Process



Matrix Map Process



Articulating Intended Impact

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.

- - - *Susan Colby, Nance Stone & Paul Cartter*
Bridgespan Group

Mission

Improve the lives of poor children in America's most devastated communities.

Intended Impact

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.

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



What are your core activities?



*Mission-Specific
Programs*

*Fund Development
Programs*

- 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.

| Criteria | 1. Contribution to intended impact? | 2. Excellence in Execution | 3. Significant Unmet Need | 4. Community Building |
|---------------------------------|-------------------------------------|----------------------------|---------------------------|-----------------------|
| Environmental Education | 4 | 4 | 3 | 2 |
| Restoration & Reforestation | 4 | 3 | 1 | 4 |
| Nursery | 3 | 1 | 1 | 2 |
| Resource Library | 2 | 1 | 1 | 2 |
| Direct Mail | 2 | 2 | 1 | 3 |
| Major Donors | 2 | 3 | 1 | 3 |
| Annual Event | 1 | 2 | 1 | 2 |
| Site Rentals / Birthday Parties | 2 | 2 | 1 | 1 |

Matrix Map Process

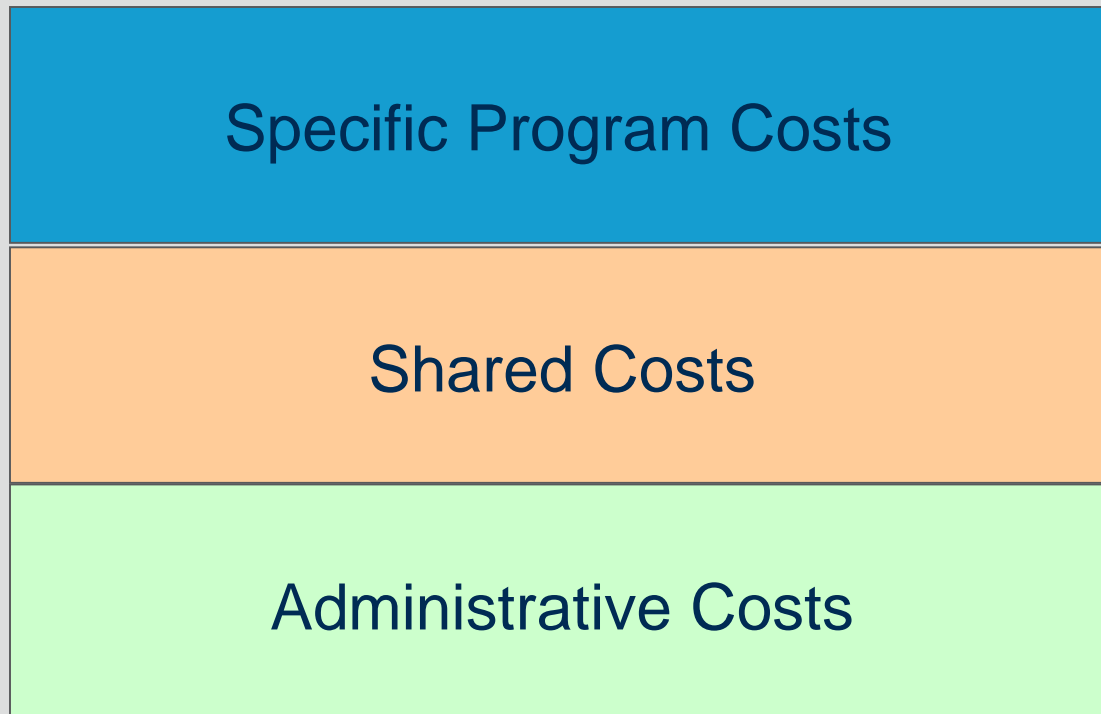


Understanding Your

True Program Costs



Nonprofit Expenses



Understand Your Finances



Expenses

Revenues

Allocating Revenue

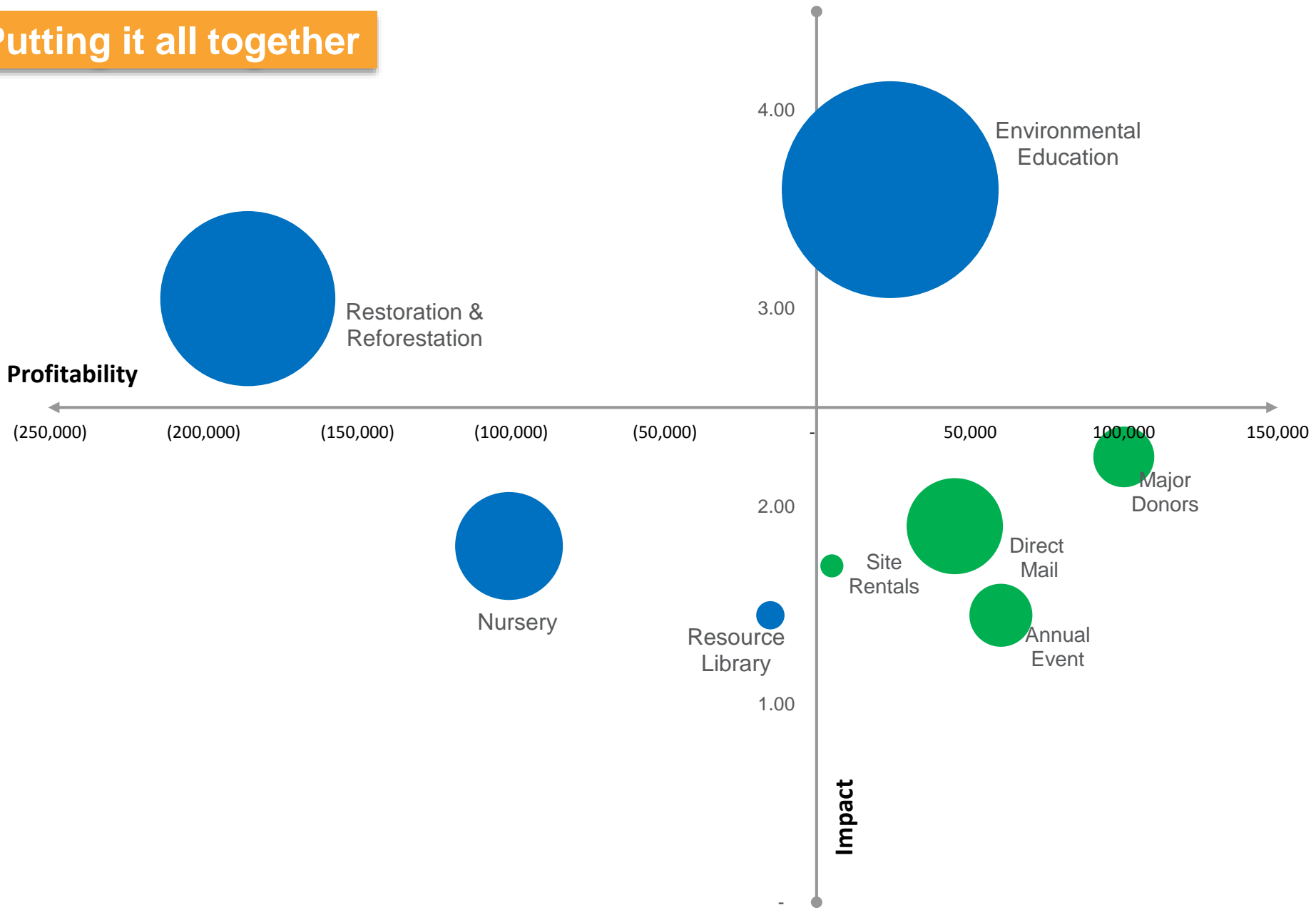
Allocated to Mission-Specific Programs

Allocated to Fund Development Programs

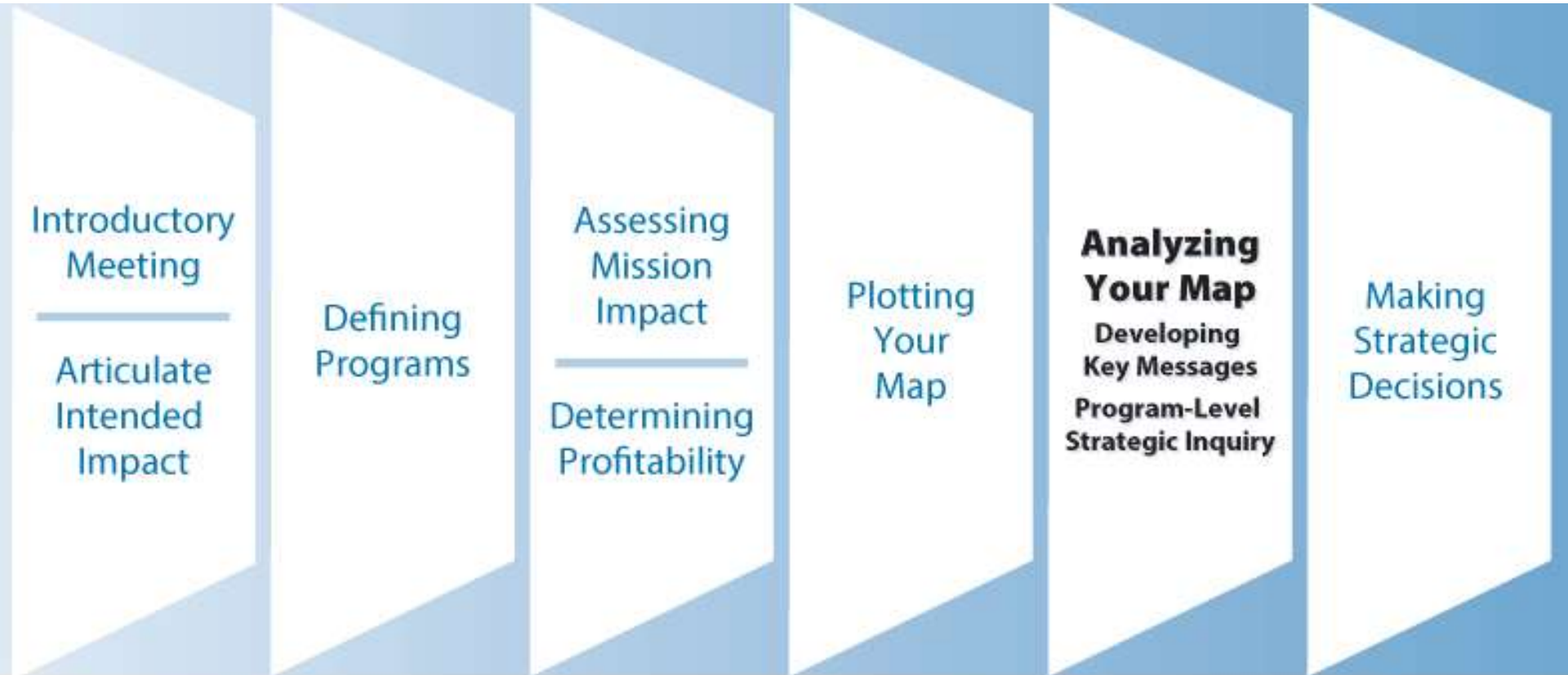
- Government contracts
- Restricted foundation grants
- Fee for service

- Unrestricted contributions by individuals or foundations
- Special events

Putting it all together



Matrix Map Process

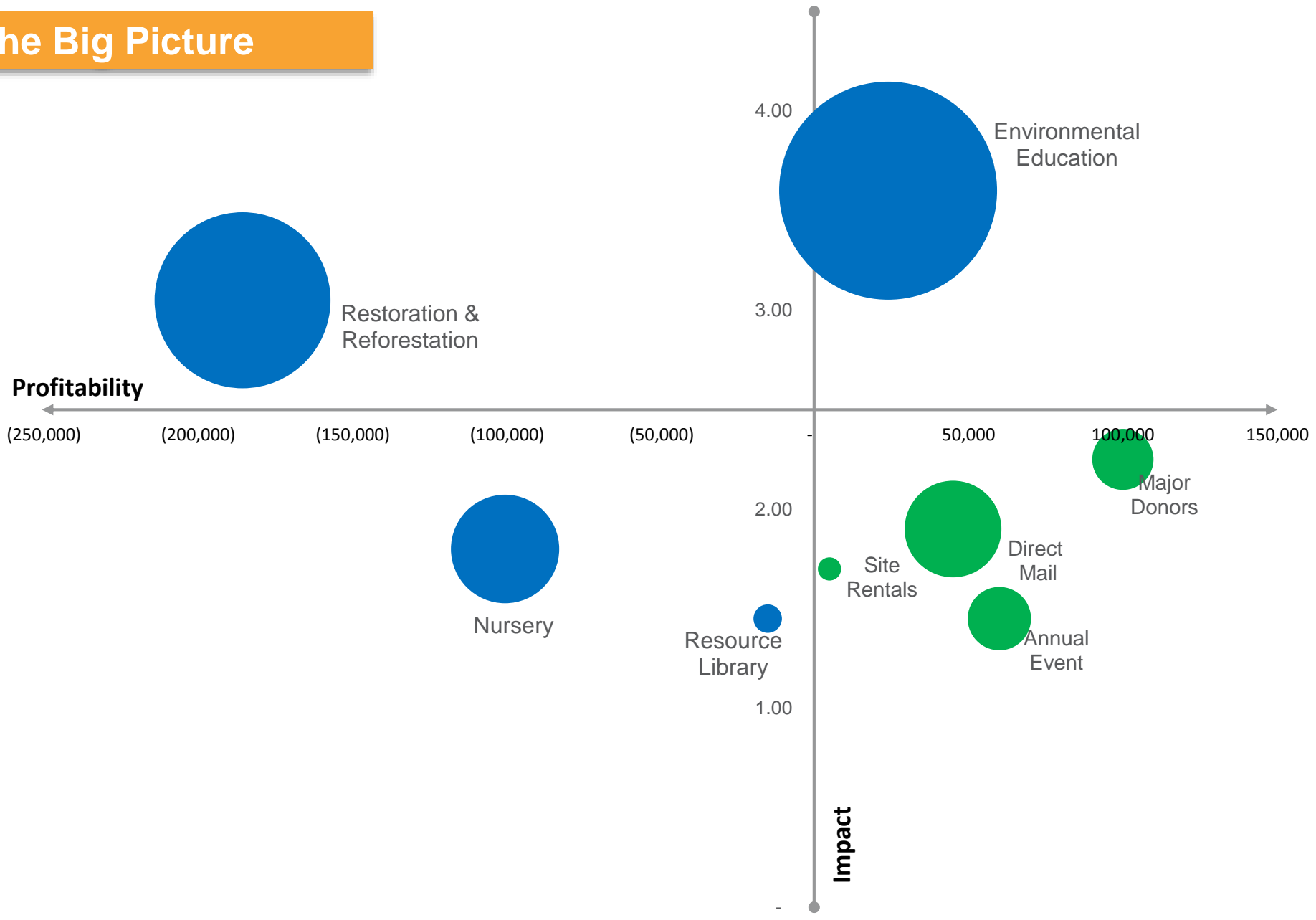




**What's the story within
your matrix map?**



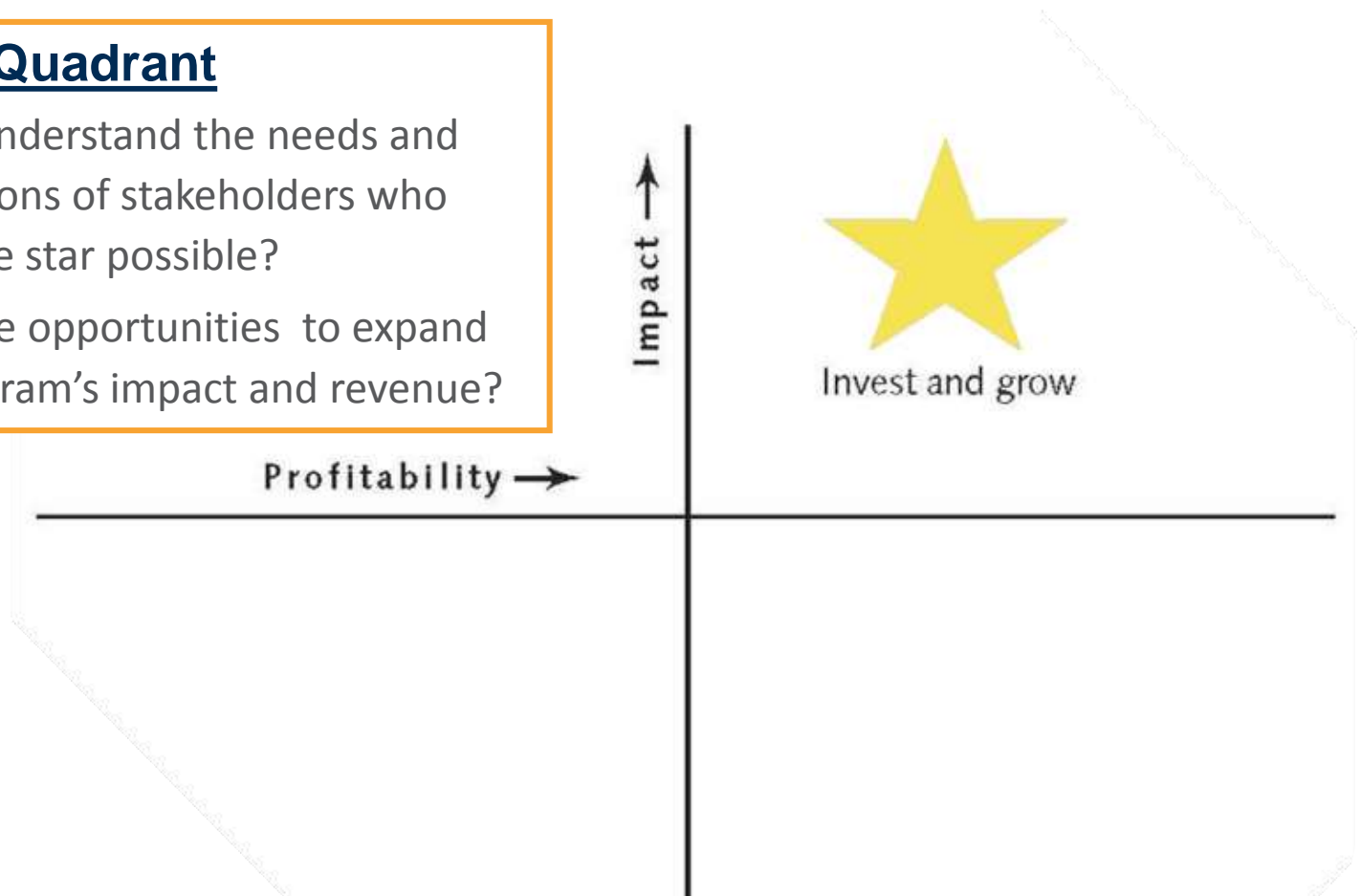
The Big Picture



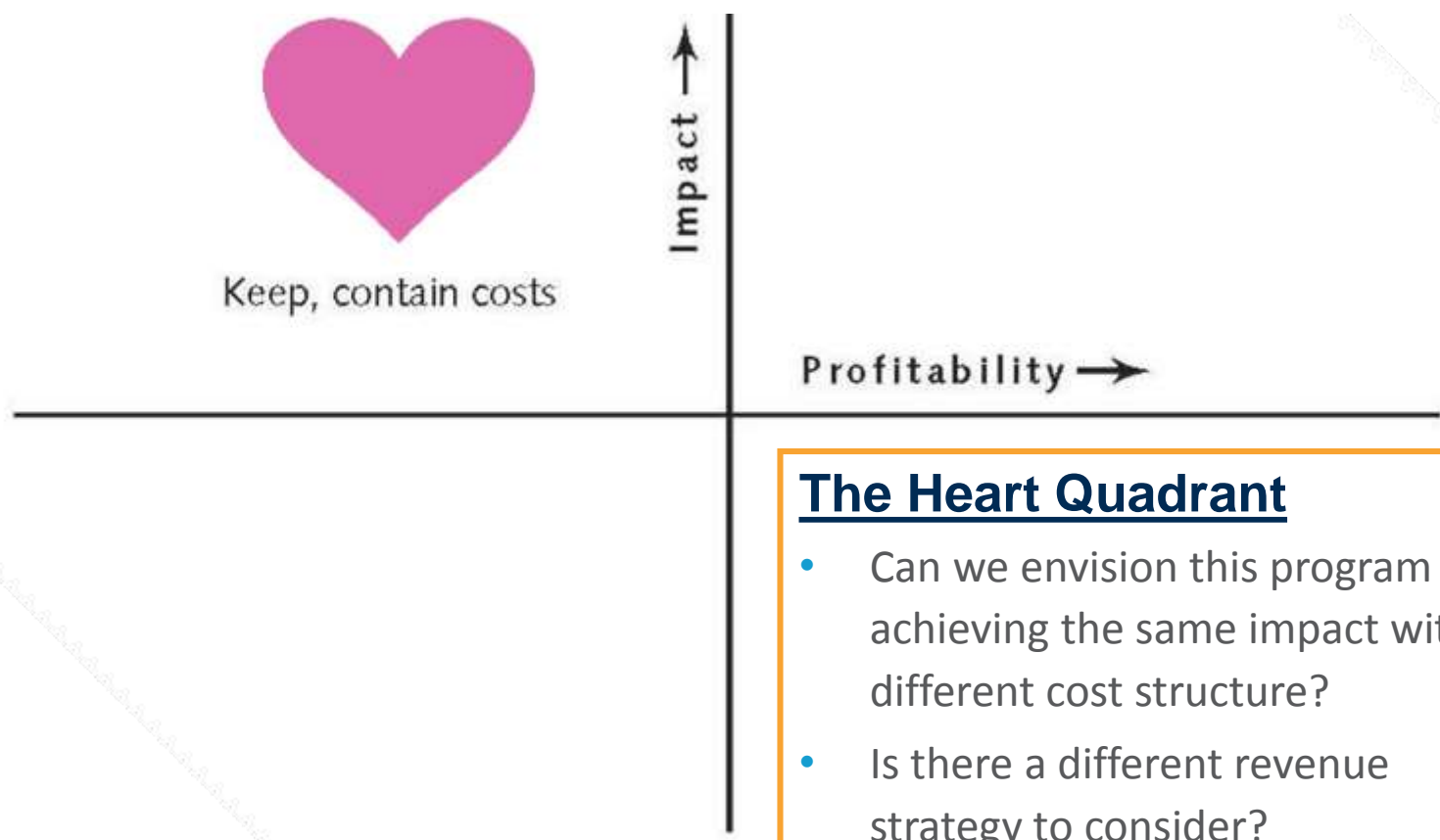
Stars: High Impact / High Profitability

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?



Hearts: High Impact / Low Profitability

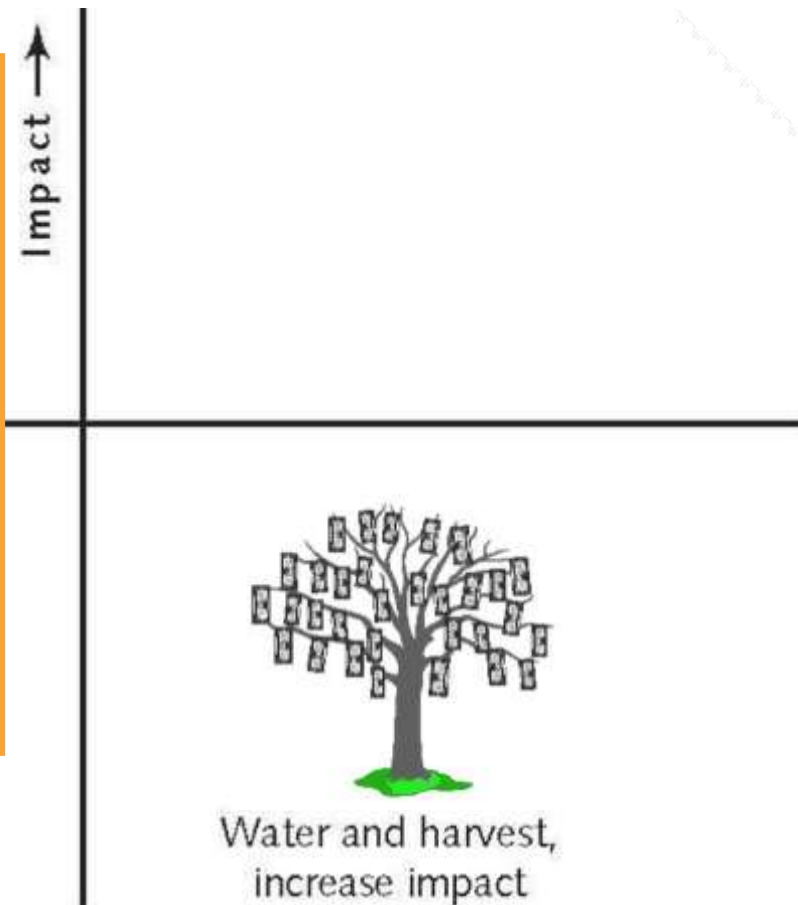


- The Heart Quadrant**
- Can we envision this program achieving the same impact with a different cost structure?
 - Is there a different revenue strategy to consider?

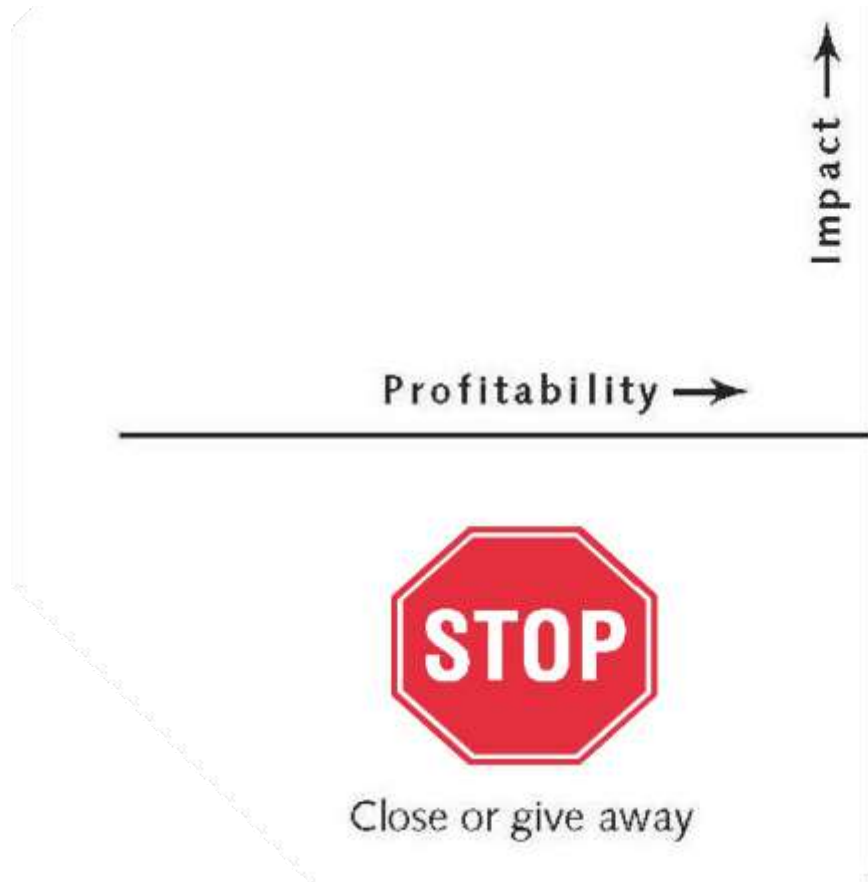
Money Trees: Low Impact / High Profitability

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

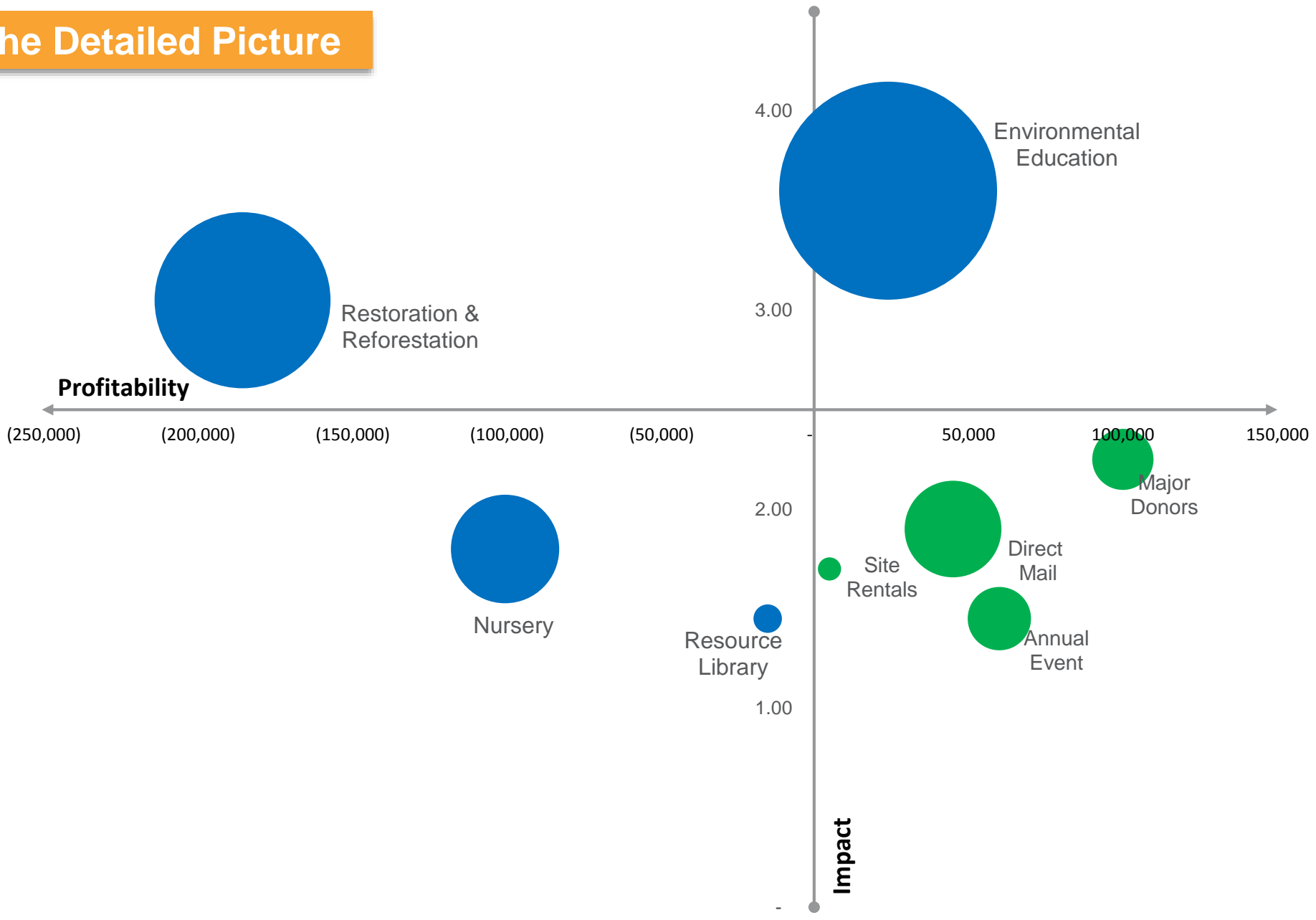


- ### The Stop Sign Quadrant
- Can we innovate this program to move out of this quadrant?
 - How long will we give ourselves to move the stop sign?
 - Is that the best use of resources?

Strategic Inquiry



The Detailed Picture



Matrix Map Process





A Venn diagram consisting of two overlapping circles. The left circle is light blue and contains the text 'Impact Strategy'. The right circle is light green and contains the text 'Financial Strategy'. The overlapping area in the center is a darker shade of green. The circles are positioned horizontally and overlap significantly.

Impact
Strategy

Financial
Strategy



Leadership

Financial
Strategy

Impact
Strategy

What decision could you make
today to **strengthen** your
sustainability?





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