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# **Nonprofit Sustainability:** **Making Strategic Decisions for Financial Viability**

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CompassPoint Nonprofit Services  
April 22, 2011

# session objectives

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- Distinguish between a planning and a deciding framework
- Introduce the Matrix Map tool for defining and refining a nonprofit 's current business model
- Provide guidance around implementing the Matrix Map approach

# context

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“Nonprofits must now function at the edge of the present and the future. Strategies must be fast moving, flexible, and continuously experimental.”

-Ruth McCambridge, *The Nonprofit Quarterly*

# responsiveness of strategic planning

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Do traditional planning methods match your business realities?

Do traditional plans help you live at ‘the edge of the present and the future?’

# confusing planning and strategy

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“Strategy is not planning.”

“Organizational strategy is about who and what the organization is in the larger world.”

“A coordinated set of actions aimed at creating and sustaining a competitive advantage in carrying out the nonprofit mission.”

-The Nonprofit Strategy Revolution by David La Piana

# traditional planning's pitfalls

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- episodic reflection rather than continuous learning
- takes too long
- confuses capacity building and team building with strategy formation
- encourages leaders to delay acting on what they know
- insular: SWOT is too generic
- financially idealistic or indifferent

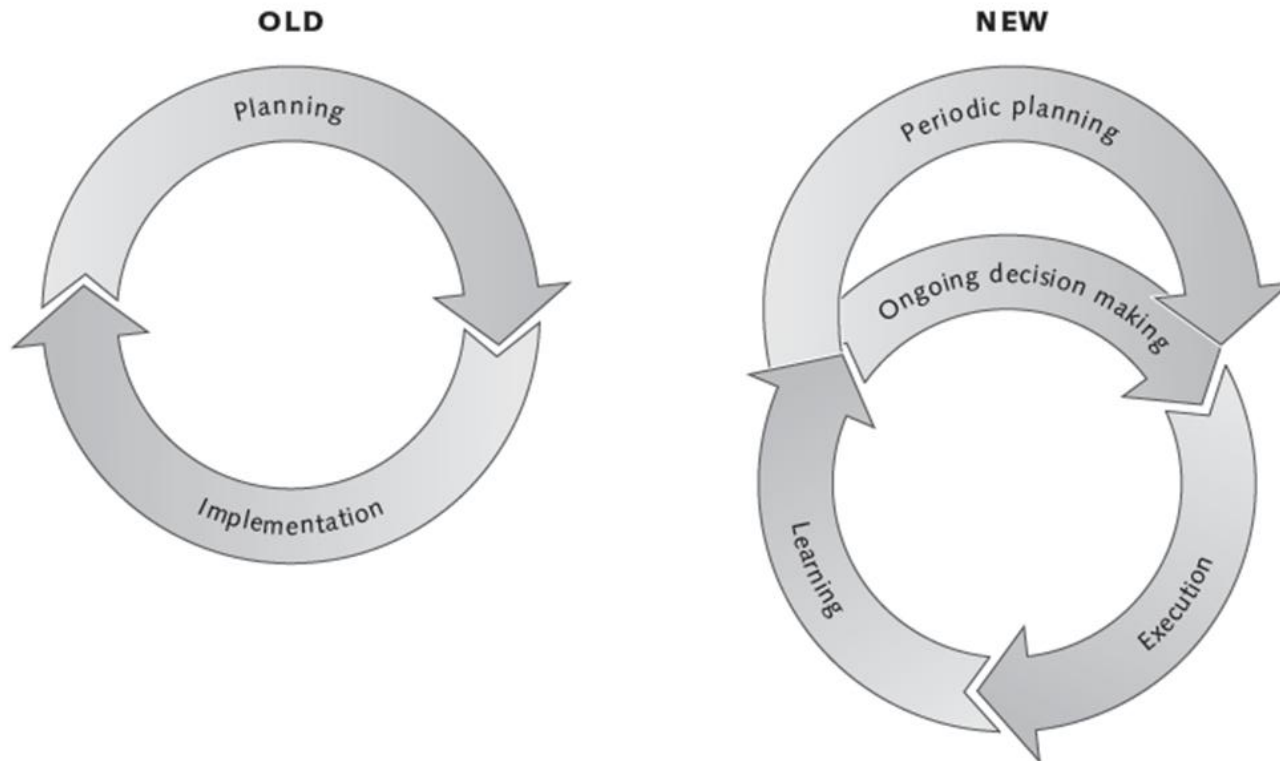
# planning vs. deciding

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- Adaptive organizations make good decisions in *and* out of formal planning processes---mostly *out*
- Leaders have a rolling responsibility for timely decision-making and execution
- We need to develop the 'strategic deciding' muscle across our boards and staffs
- There is much planning and learning to do *after* deciding

# execution creates learning

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# defining sustainability

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“Sustainability encompasses both ***financial sustainability*** (the ability to generate resources to meet the needs of the present without jeopardizing 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

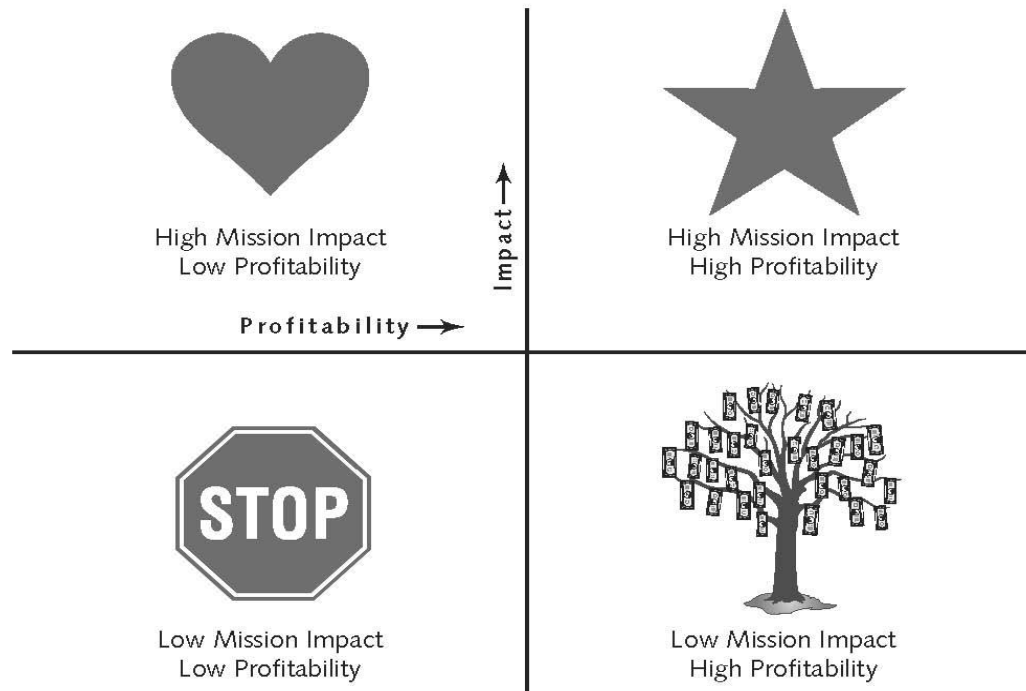
# seeing the business model and its imperatives

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- all nonprofits have a business model
- (re)define the business lines
- analyze business line performance on both dimensions of sustainability: profitability and impact
- educate board and staff about the business model's current realities
- identify essential decisions that need to be made ...and make them

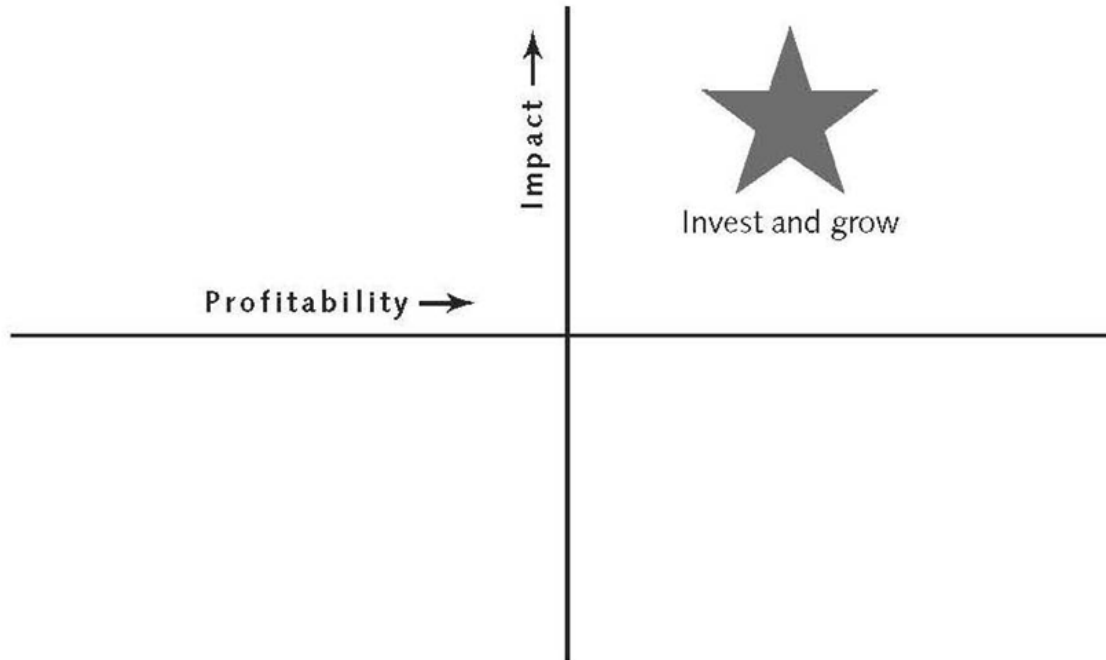
# seeing the business model

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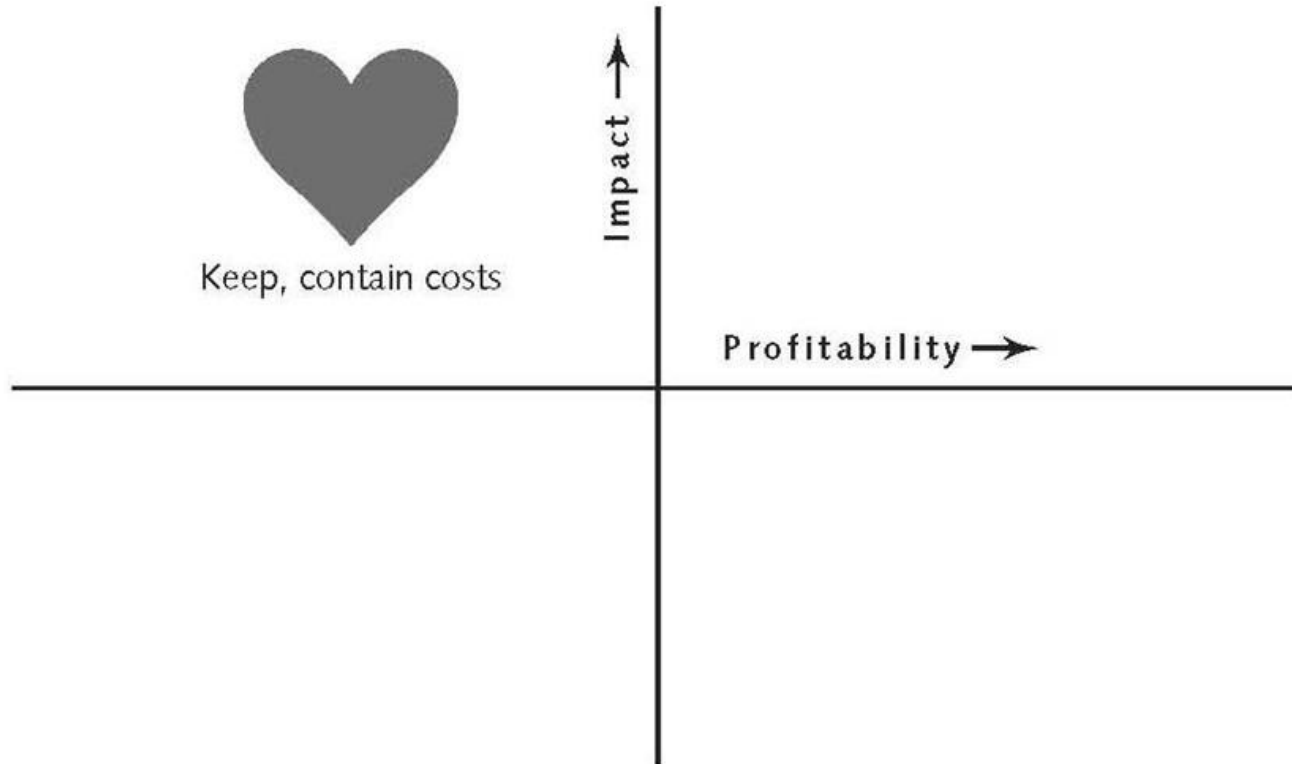
# Strategic Imperatives

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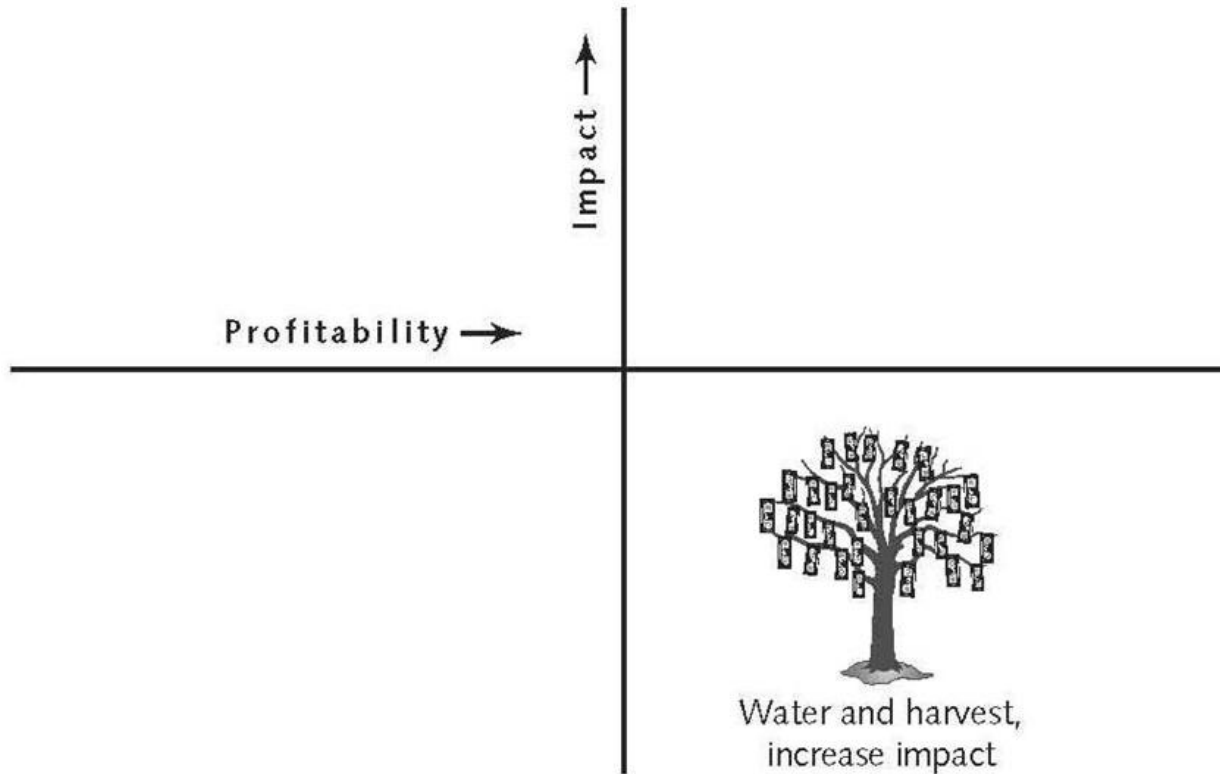
# strategic imperatives

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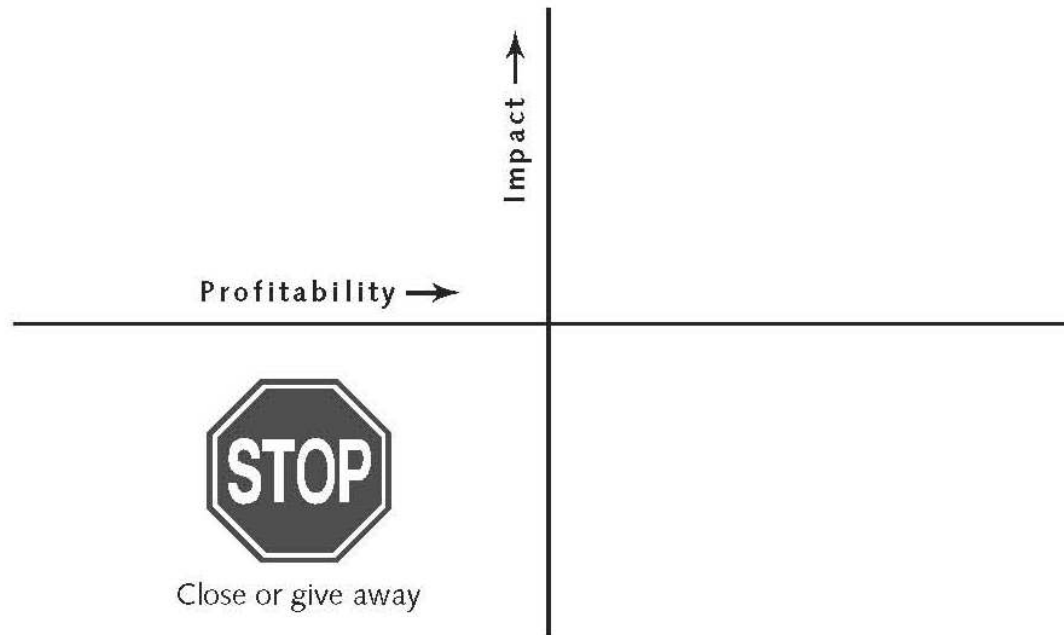
# strategic imperatives

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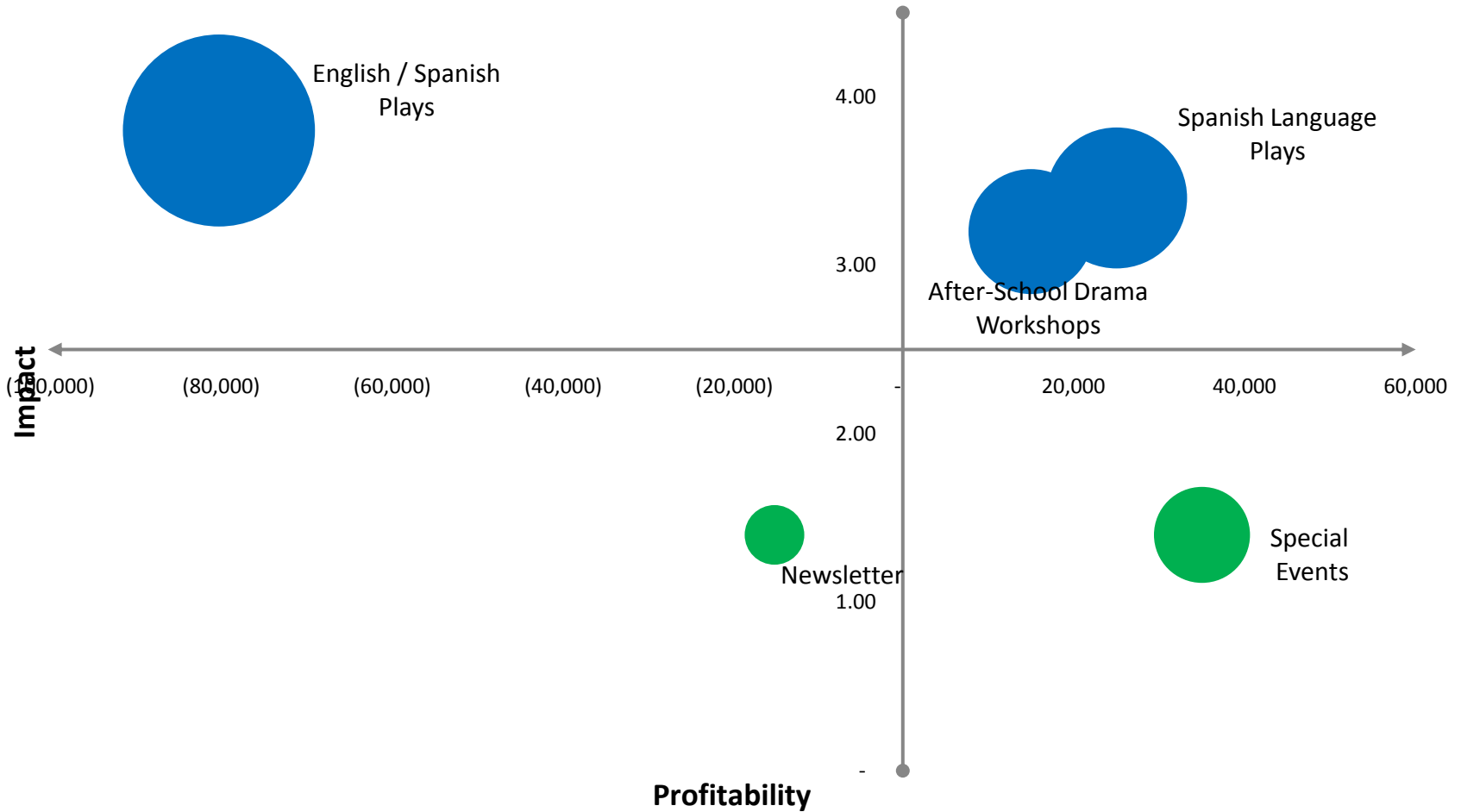


# strategic imperatives

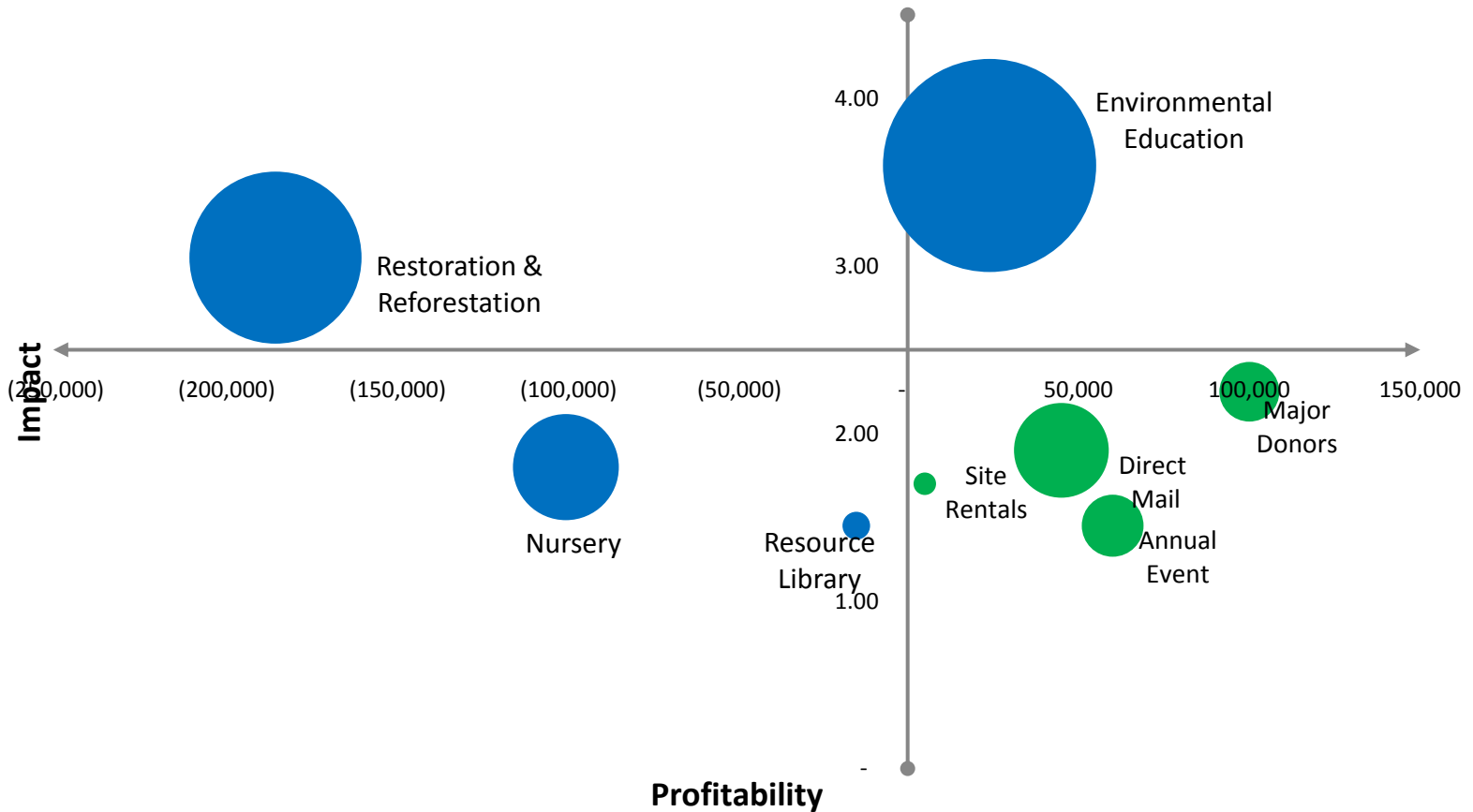
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# example: community theater



# example: environmental organization



# success in implementing the Matrix Map

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- financial literacy (yours and your consultant's, if applicable)
- quality of available data: financial and impact
- the politics of attachment
- focus on communications and change management requirements of bold decisions

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# Q & A /Discussion

JEANNE BELL  
JAN MASAOKA  
STEVE ZIMMERMAN

# NONPROFIT SUSTAINABILITY

MATRIX MAP  
ANALYSIS

DECISION MAKING

THE SUSTAINABLE NONPROFIT  
BUSINESS MODEL

Making Strategic  
Decisions FOR  
Financial Viability