



- Our conversation**
- ✓ Defining Business Model
  - ✓ Visualizing Your Business Model
    - Creating the Matrix Map
  - ✓ Understanding Your Business Model
    - Strategic Inquiry
  - ✓ Strengthening Our Business Model
    - Ongoing decision Making

What is  
*Sustainability?*

**Defining 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.**

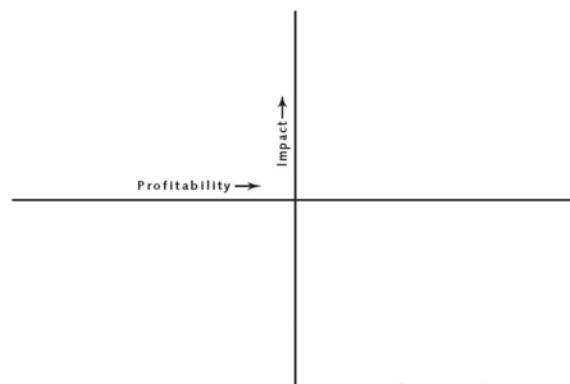


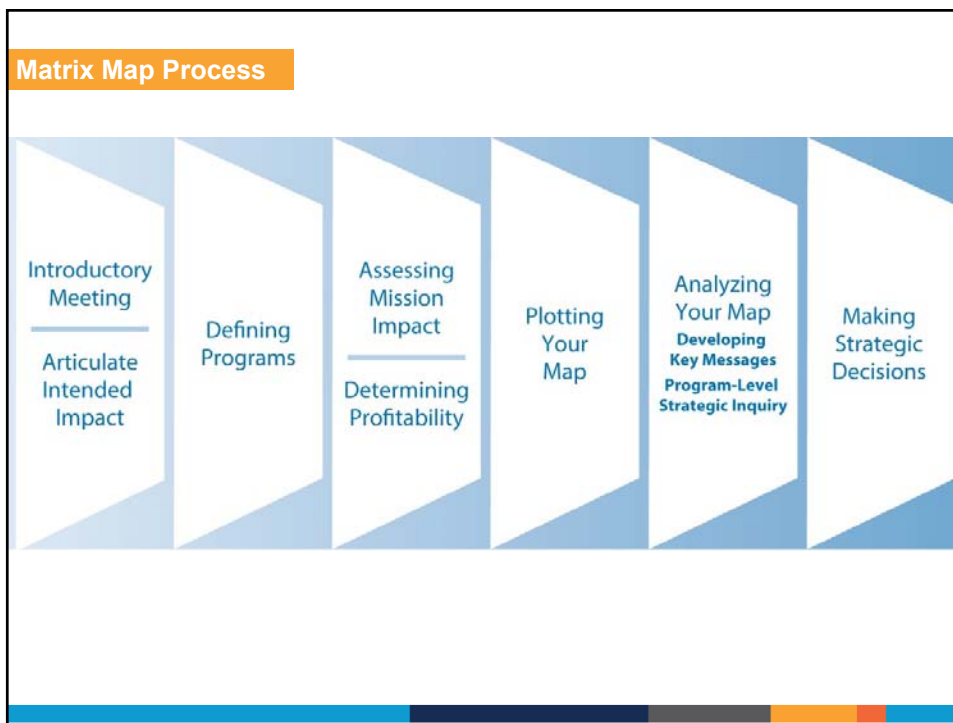
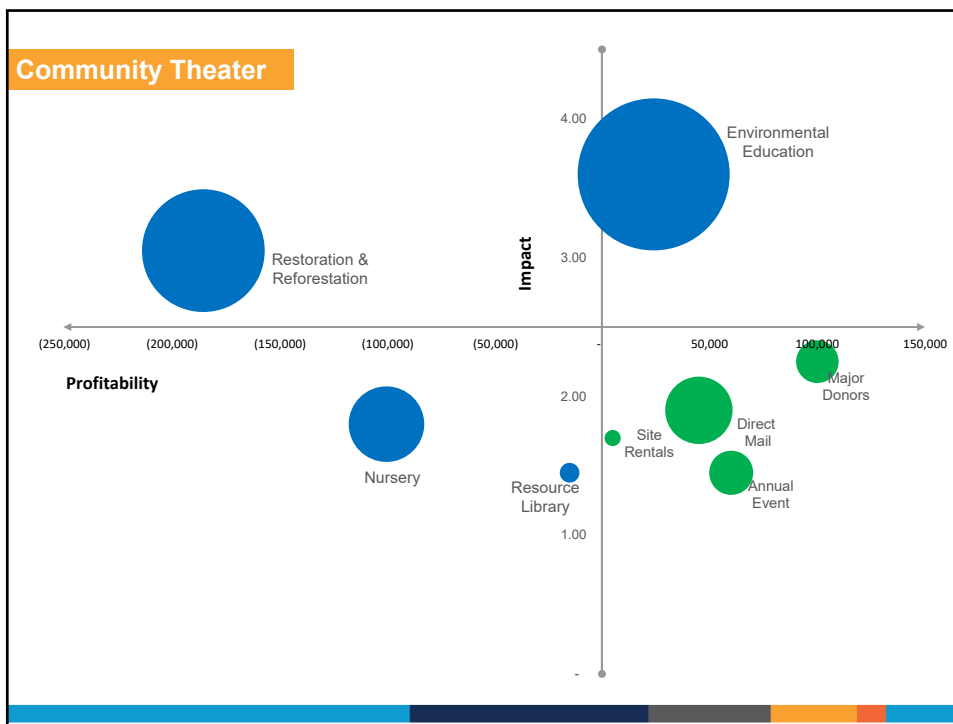
## Defining Business Model

### Your hypothesis about which impacts will engage human and financial participation

- From here, a chosen set of mission specific and fund development activities work together to achieve BOTH mission impact and financial viability.
- Every organization's set of activities is unique and represents management's best thinking.

## The Matrix Map







### Intended Impact

## Defining Intended Impact

The slide features two images illustrating the concept of 'Intended Impact':

- Stadium Lights:** A tall stadium light tower with multiple bright lights, casting a wide, powerful beam of light against a dark blue background.
- Stage Spotlights:** A person performing on a stage, illuminated by two focused spotlights from above, creating a dramatic and targeted effect.

**Intended Impact**

**Mission**

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

**Intended Impact**

Over the next decade, 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.

**Intended Impact**

**Reflecting on Intended Impact**

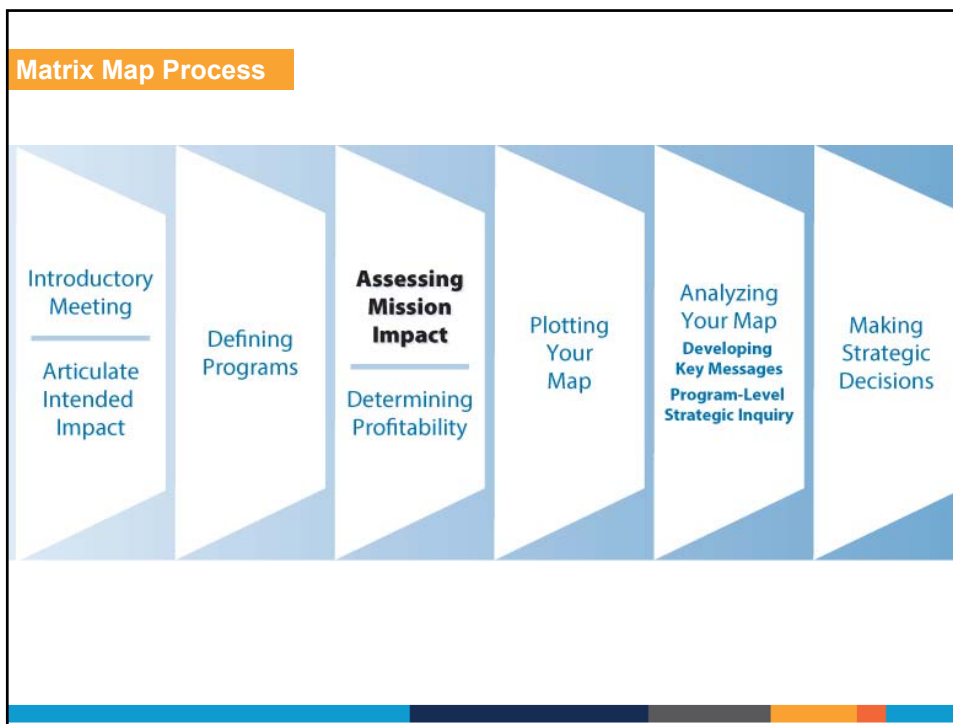






Determining Programs	
Program	Example
<ul style="list-style-type: none"> <li>• A service or program and its funding stream</li> </ul>	<ul style="list-style-type: none"> <li>• Senior congregate meals funded by county</li> <li>• Fee for service program</li> </ul>
<ul style="list-style-type: none"> <li>❖ A service or program without directly associated income</li> </ul>	<ul style="list-style-type: none"> <li>❖ Domestic violence outreach program</li> <li>❖ Resource Library</li> </ul>
<ul style="list-style-type: none"> <li>💰 A revenue-generating activity</li> </ul>	<ul style="list-style-type: none"> <li>💰 Grant writing for unrestricted money</li> <li>💰 Annual dinner</li> <li>💰 Unrelated product sales</li> </ul>





### Assessing Mission Impact

#### Criteria

- **Contribution to intended impact**
- **Excellence in execution**

1. Scale
2. Depth
3. Significant unmet need
4. Community building
5. Leverage

Survey:

Excellent:

Good:

Fair:

Poor:

**Assessing Mission Impact**

**Designing & Executing the Impact Assessment**

	Customized Criteria:				Mission Impact
	Contribution to Intended Impact	Excellence in Execution	#3	#4	
Program 1					
Program 2					
Program 3					
Program 4					
Program 5					
Program 6					
Program 7					
Program 8					
Program 9					
Program 10					
Program 11					

**Example**

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

**Your Turn**

**Assess each of your programs on the following 4 criteria and then calculate the mission impact:**

1. Contribution to intended impact
2. Excellence in execution
3. Significant unmet need
4. Community building



**Matrix Map Process**



Profitability

# Understanding Your True Program Costs



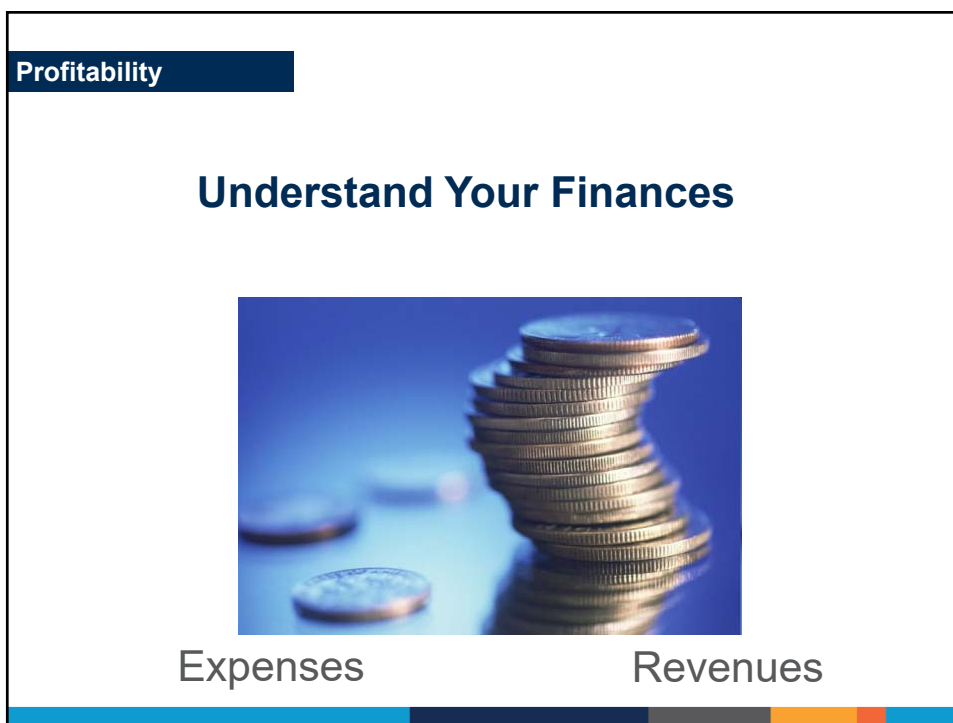
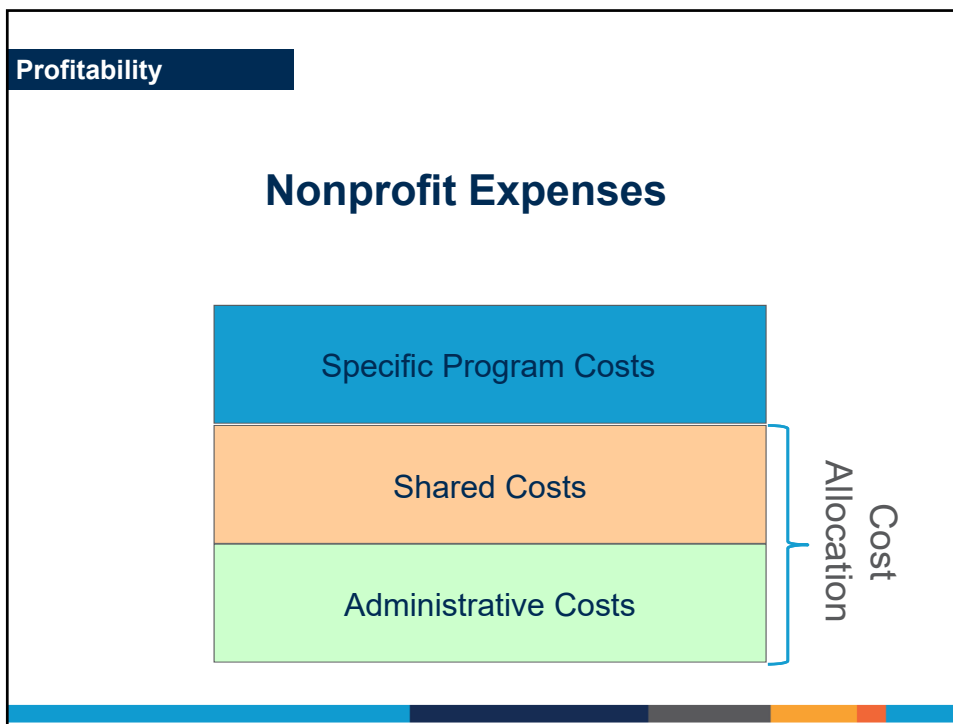
Profitability

## Nonprofit Expenses

Specific Program Costs

Shared Costs

Administrative Costs



**Allocating Revenue**

Allocated to Mission-Specific Programs	Allocated to Fund Development Programs
<ul style="list-style-type: none"> <li>• Government contracts</li> <li>• Restricted foundation grants</li> <li>• Fee for service money</li> </ul>	<ul style="list-style-type: none"> <li>▪ Unrestricted contributions by individuals or foundations</li> <li>▪ Special events</li> </ul>

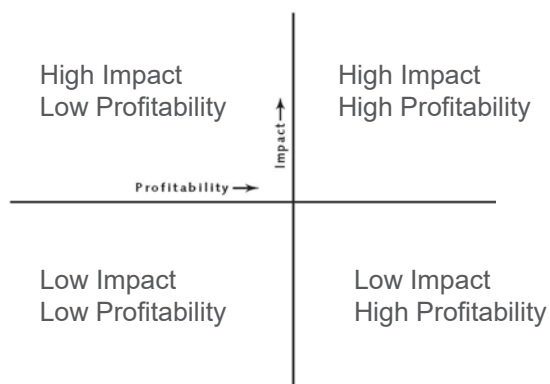
**Profitability**

### Determining Profitability

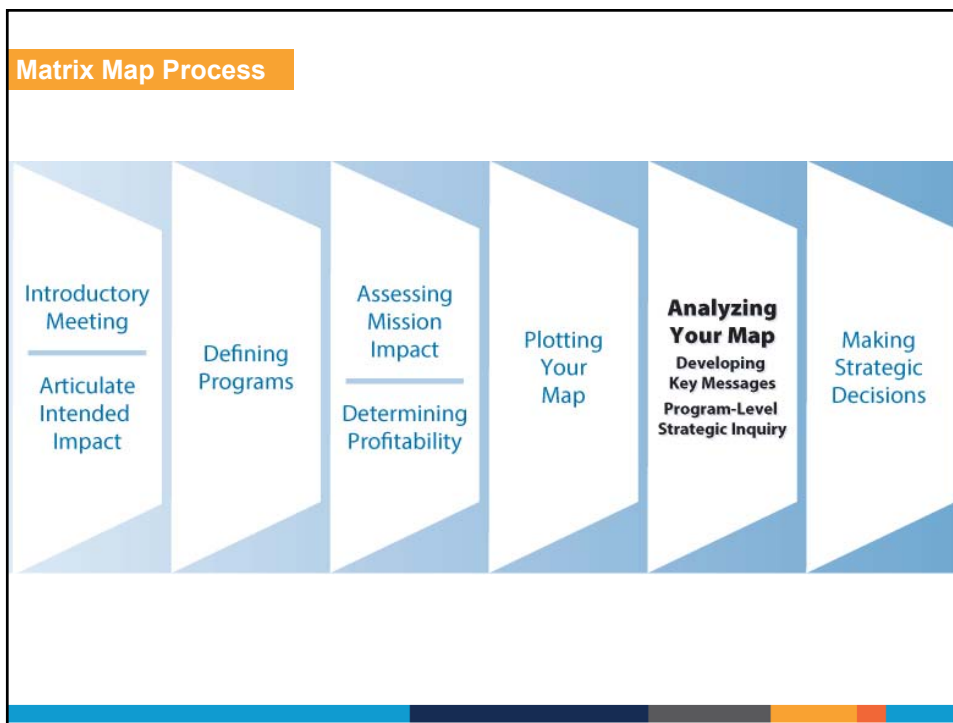
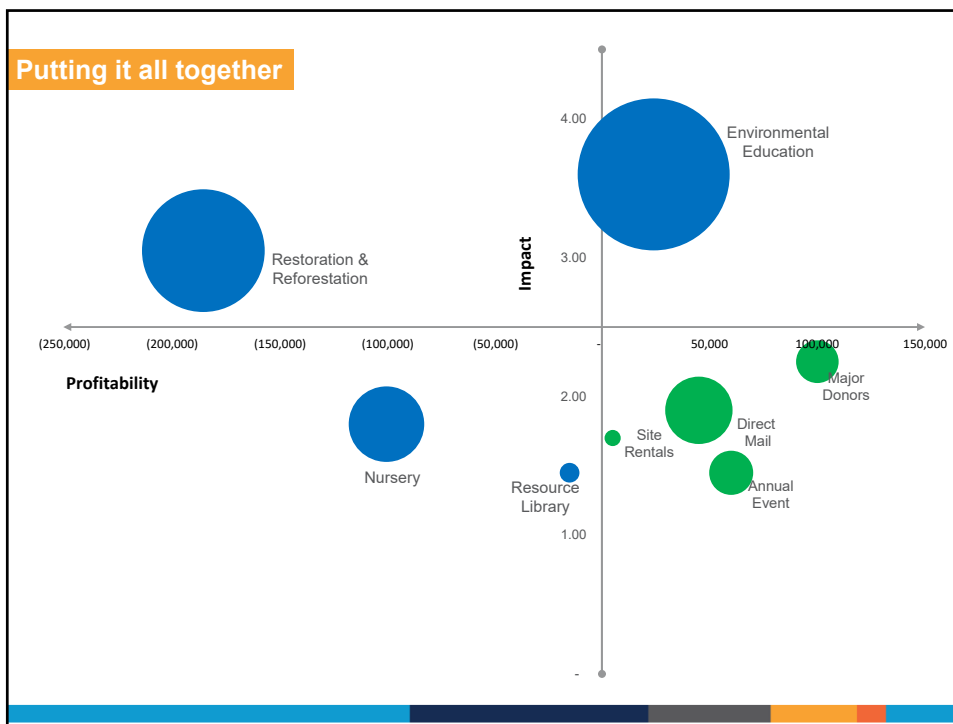
The diagram illustrates the process of determining profitability. On the left, a vertical stack of two boxes represents the components: a green box labeled 'Revenue' on top and a red box labeled 'Expenses' on the bottom. A red bracket on the right side of these two boxes points to the word 'Profitability'. To the right of this, there are two more boxes: a green box labeled 'Surplus' on top and a red box labeled 'Deficit' on the bottom. The word 'or' is centered between these two boxes, indicating that the result of the calculation is either a surplus or a deficit.

**Your Turn****For each of your programs you identified earlier...**

Write down what you think the profitability of the program is on a scale from -3 (highly subsidized) to 3 (high profitability) with 0 as breakeven.

**The Matrix Map**

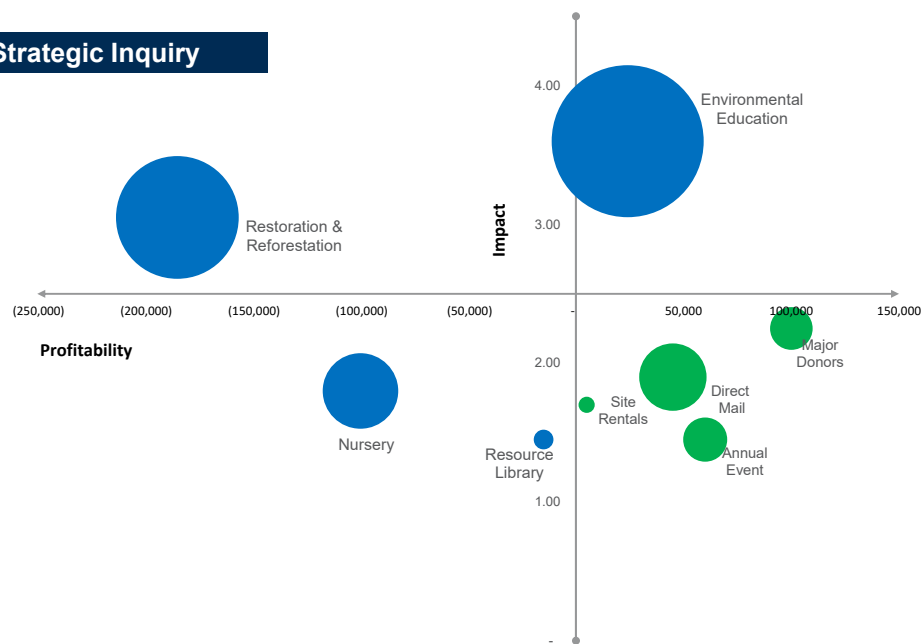




### Strategic Inquiry



### Strategic Inquiry

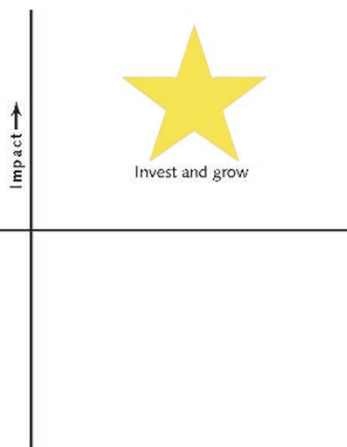


**Strategic Inquiry**

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


**Strategic Inquiry****Programmatic Level Inquiry****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**

## Programmatic Level Inquiry



**The Heart Quadrant**

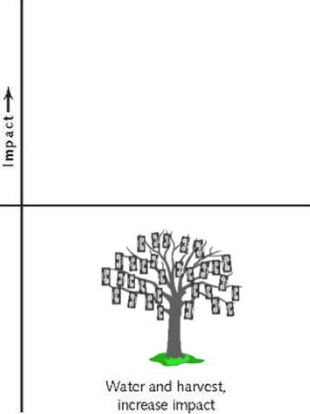
- Can we envision this program achieving the same impact with a different cost structure?
- Is there a different revenue strategy to consider?

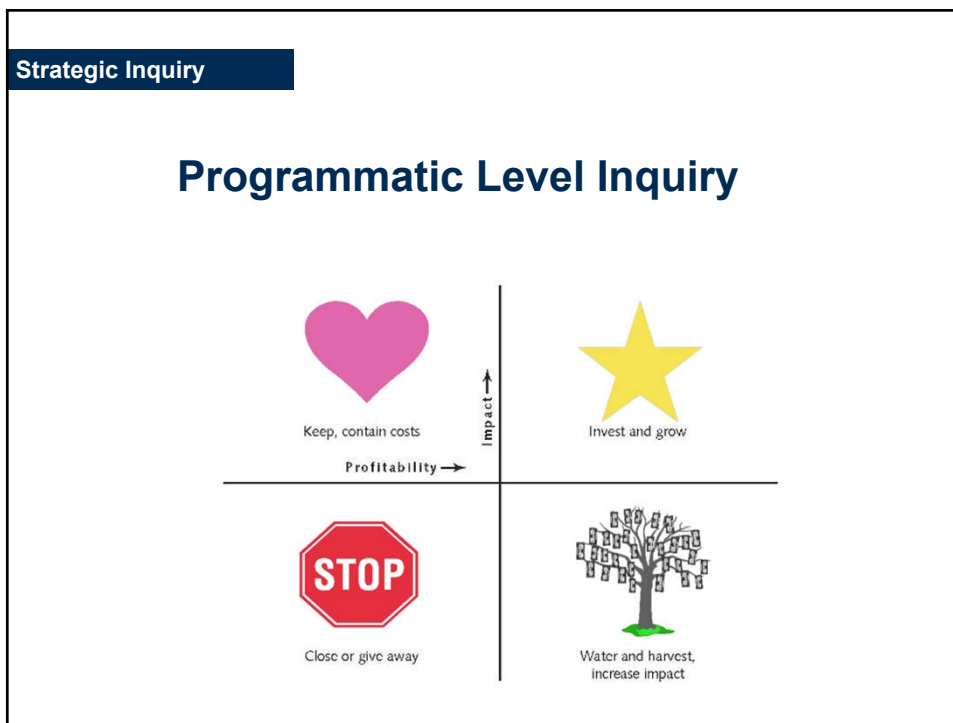
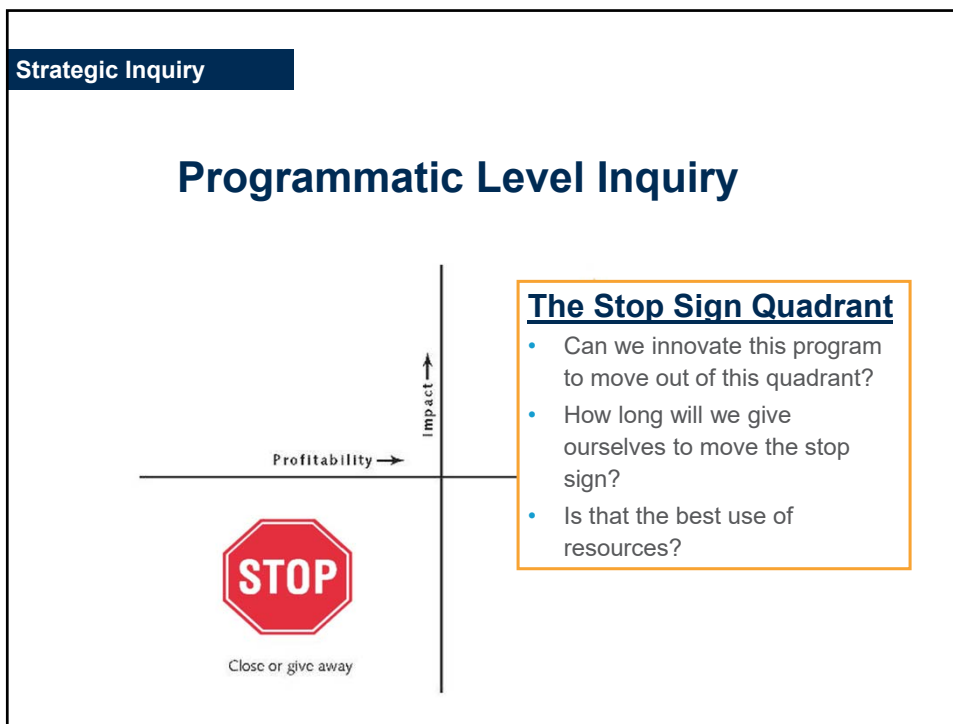
**Strategic Inquiry**

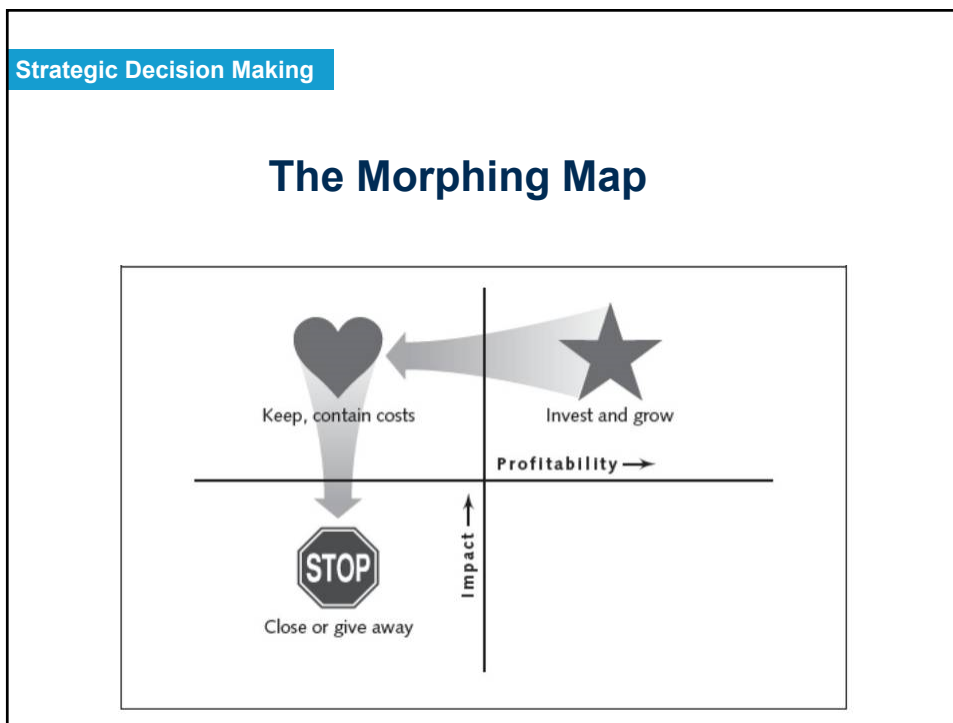
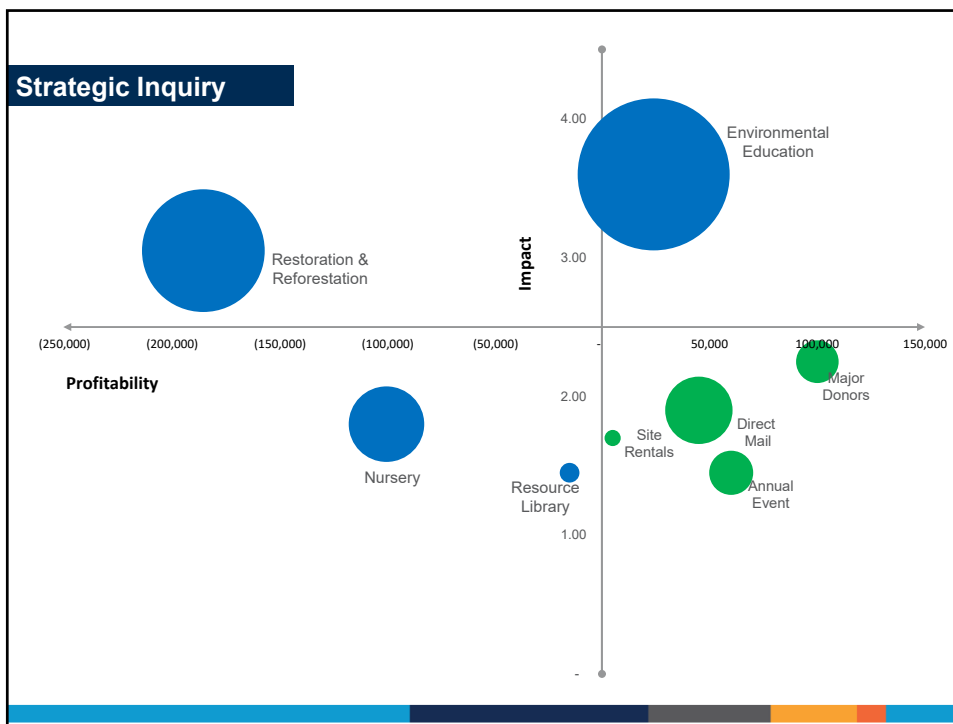
## Programmatic Level Inquiry

**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?









Action

Who needs to be involved to  
**strengthen** your  
**sustainability**?

Action

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





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