

# Session 3

# The Sustainability Mindset

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To



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# Workshop Outline

- What does sustainability mean?
- What is the Sustainability Matrix?
- How does it help me understand running non-profit programs?
- Step by step matrix construction & analysis
- Discussion

# Sustainability defined

Sustainability encompasses:

- **Financial Sustainability**
  - The ability to generate financial resources to meet present needs without compromising the future
- **Programmatic Sustainability**
  - The ability to develop, mature and cycle out programs that are responsive to constituents over time
- Environmental Sustainability?

# Sustainability defined

Sustainability is an orientation, not a destination. It is a mindset and a way of being.

To be a sustainable organisation, you will have to regularly validate your financial and program development strategy to ensure that the intended resources and impacts are there.

# Sustainability defined

This means:

- Identify programs that need to be retired
- Develop new programs that will take their place
- Analyse your infrastructure to ensure it is appropriate (not too heavy or lacking capacity)

All while respecting the delicate balancing act of financial viability and program impact.

# Why use a Sustainability Matrix?

Every CLC has a number of simultaneous programs running

- Each has a different measurable impact and contributes to the overall **intended impact**
- Each has different financial needs or returns

# Why use a Sustainability Matrix?

We all know you're working **hard**.

Can you be sure you're working **smart**?

How do you measure the impact of different programs?

How do you justify the costs of different programs?

How do you decide which programs to maintain?

# Why use a Sustainability Matrix?

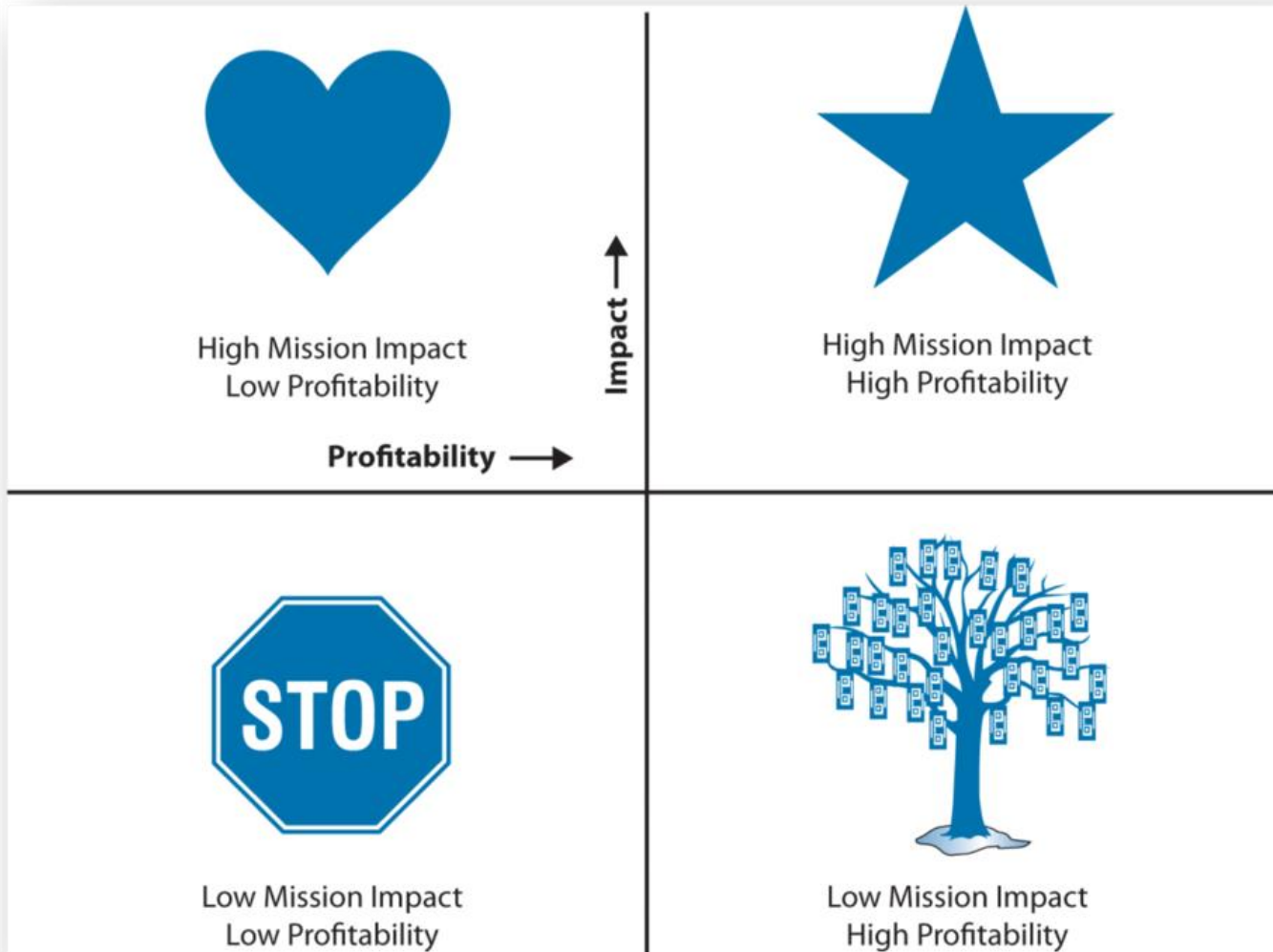
The Matrix Map helps decision makers evaluate individual programs by looking at the **collective impact and costs** of your non-profit business model.



# The Sustainability Matrix



# The Sustainability Matrix

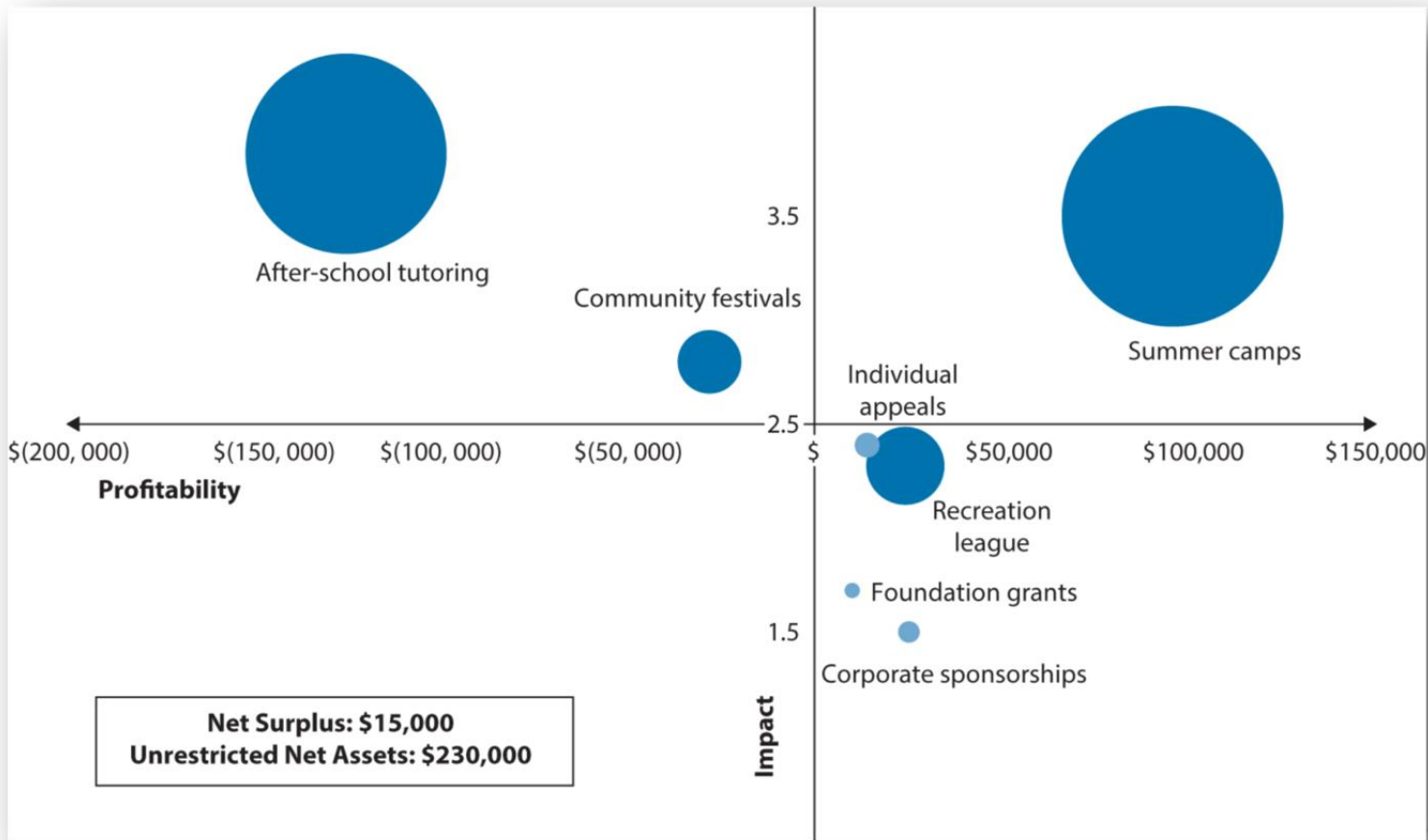


# The Sustainability Matrix

- The horizontal axis (x) measures the program's capacity to generate **revenues** or **expenses**. On the left we have programs that cost money, on the right we have programs that contribute to our budgets.
- The vertical axis (y) measures impact. The further up you go, the greater importance of the program's contribution to the CLC's mission

**Here's what it might look like:**

# The Sustainability Matrix



# The Sustainability Matrix

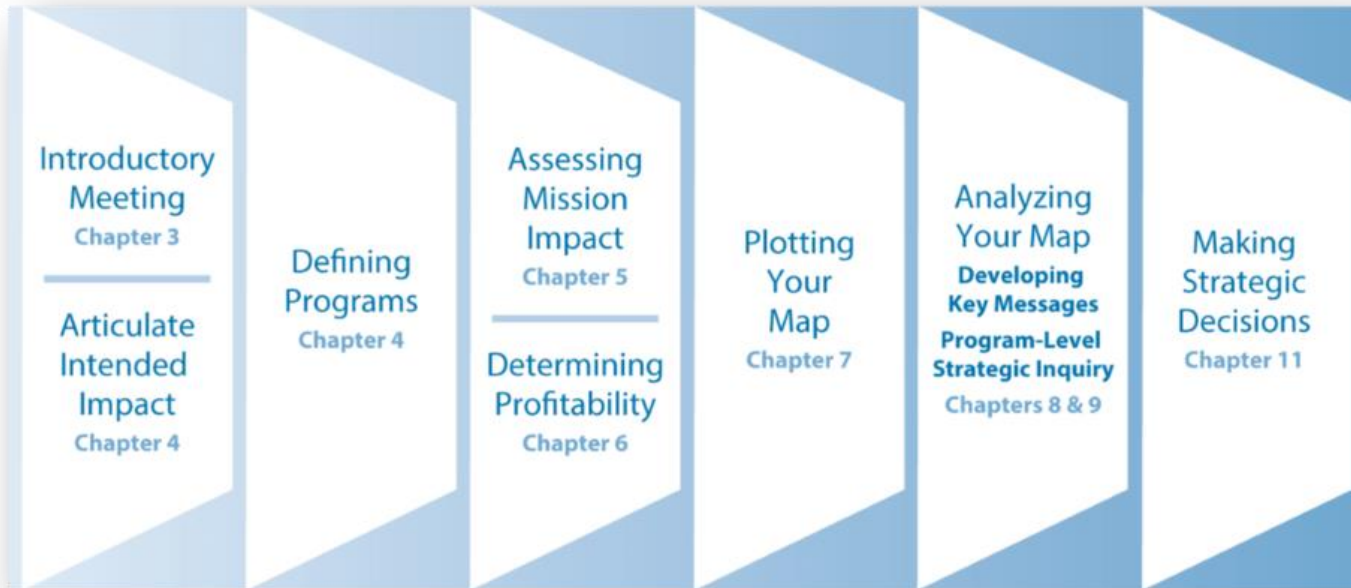
- When should we consider creating a Matrix Map?
  - As part of a strategic planning process
  - During your annual budgeting period
  - After the loss of an important funding program
  - When a new program opportunity arises
  - A significant change in the external environment

# The Sustainability Matrix

## Who should be involved in mapping?

- CLCs don't have a BOD, senior leadership or staff
- Optional: integrate stakeholders in the process.
  - e.g. school admin & teachers, program funders, etc.
- Their perspective can be helpful while assessing the mission impact of your programs and defining new strategic directions.
- Keep in mind, this will slow down the process as you explain and discuss different programs and evaluation criteria.

# Building your Matrix





# Building your Matrix

introductory meeting

Key outcomes for this stage:

- Define the strategic issues for your CLC:
  1. What are the needs of your students and how are these needs changing?
  2. What are the trends in funding?
  3. What opportunities or threats are in our external environment?
  4. What are the strengths & weaknesses of our CLC?

**See template 3.3**



# Building your Matrix

introductory meeting

Key outcomes for this stage:

- By answering these questions, we can be sure we understand the key strategic issues we're facing.
- Think of it as a periodic update to confirm if or how our context has changed.

# Building your Matrix

Articulate impact

Key outcomes for this stage:

- Define your Intended Impact

*a statement about what the organisation is trying to achieve and will hold itself accountable for. It identifies both the benefits provided and the beneficiaries.*

Like a mission statement, but more focused around core desired outcomes.

# Building your Matrix

Articulate impact

## **See template 4.2**

These 5 questions will bring out the core elements of your intended impact and help structure the statement.

Impact statements are often long-term. This process only needs to be repeated if there is a significant change in mission or context.

# Building your Matrix

Defining programs to map

Time to list all the programs your CLC runs from the two categories:

1. Mission specific initiatives
2. Fund development programs

# Building your Matrix

Defining programs to map

Considerations:

- Do your mission specific initiatives all correspond with the strategic issues you identified on *template 4.2*?
- Every fundraising activity has a different return on investment. Make sure you capture all of them so you can see where you should be investing your time.

# Building your Matrix

Defining programs to map

## **See template 4.4**

Before you start to assess the impacts of your programs, a good exercise is to list out the impacts and revenues for each of the activities listed previously.

In an ideal world, both mission activities and fundraising activities contribute to CLC impact and funding.

# Building your Matrix

## Assessing Mission Impact

Not surprisingly, choosing the impact criteria is a critical step.

The Sustainability Matrix proposes two mandatory criteria, and two additional criteria chosen from a list of five.

The first two are considered essential to good programming and delivery. The others allow you to choose criteria that are most pertinent for your context.

# Building your Matrix

## Assessing Mission Impact

The goal is to craft a phrase that will allow you to judge the degree to which any given activity fits the criteria.

*Example: As it is currently executed, does this program promote \_\_\_\_\_ for our students & community?*

*Template 5.2* gives a quick definition for each of the 7 criteria.



# Building your Matrix

## Assessing Mission Impact

Main criteria:

### **1. Contribution to intended impact**

Think back to *template 4.2*. How does the program under consideration contribute to our intended impact?

If it isn't creating the desired impact, why are we doing it? Maybe it's time to innovate?

# Building your Matrix

## Assessing Mission Impact

Main criteria:

### **2. Excellence in execution**

A great idea or a great program poorly executed might as well not be executed at all.

If we can't do it well, should we get someone else to do it? Are we wasting funding that could be better spent?

It may be a hard truth to face, but it's worth it.

# Building your Matrix

Assessing Mission Impact

Optional criteria - choose **2** of the following:

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

# Building your Matrix

## Assessing Mission Impact

### **1. Scale**

How many people are touched or influenced by this program?

How many donors have we reached?

# Building your Matrix

## Assessing Mission Impact

### **2. Depth**

Depth is about going beyond raw numbers and looking at engagement & outcomes.

To what degree have we impacted our clients?  
Have habits changed? Metrics improved?

How have our relations with donors evolved?  
Are we keeping donors longer? Getting bigger donations?

# Building your Matrix

## Assessing Mission Impact

### **3. Significant unmet need**

Is there an adequate supply of services to meet the demand in our community?

Are there important shifts in the competitive landscape to take into consideration?

CAUTION – if you're in a monopoly situation, then this criterion will only affirm it. Select another category that will provide information that you don't already know.

# Building your Matrix

## Assessing Mission Impact

### **4. Community building**

To what extent does this program meaningfully bring together students, families, the English speaking population with the larger community?

# Building your Matrix

## Assessing Mission Impact

### **5. Leverage**

Does this program benefit from and nurture important relationships and partnerships inside and outside the organization?

CDAs meet a lot of people. To what degree can these connections be tapped to improve the quality, consistency or cost of a program?



# Building your Matrix

## Assessing Mission Impact

- Alright, now that you've chosen the 4 most critical criteria to evaluate all your programs, set a numerical scale of 1-4 points for each to measure and compare the impact of each program.
- Consider using these questions to survey other stakeholders (school admin, parents, even students) to see if their experience and opinions correspond with your own.

# Building your Matrix

Determining profitability

Not every program needs to break-even. However, if your CLC is to be sustainable, you need to find an adequate balance.

Pairing profitability with impact creates a way of visualising return on investment (ROI) for any particular program, activity or event.

# Building your Matrix

Determining profitability

Allocating revenues:

- Attribute **direct revenues** to a program if it charges a fee for service
- Any **restricted revenues** (funds dedicated to a particular program that can't be spent elsewhere) should be attributed to the specific programs
- **Volunteer hours**, where applicable, can be converted into salary equivalents and distributed among impacted programs

# Building your Matrix

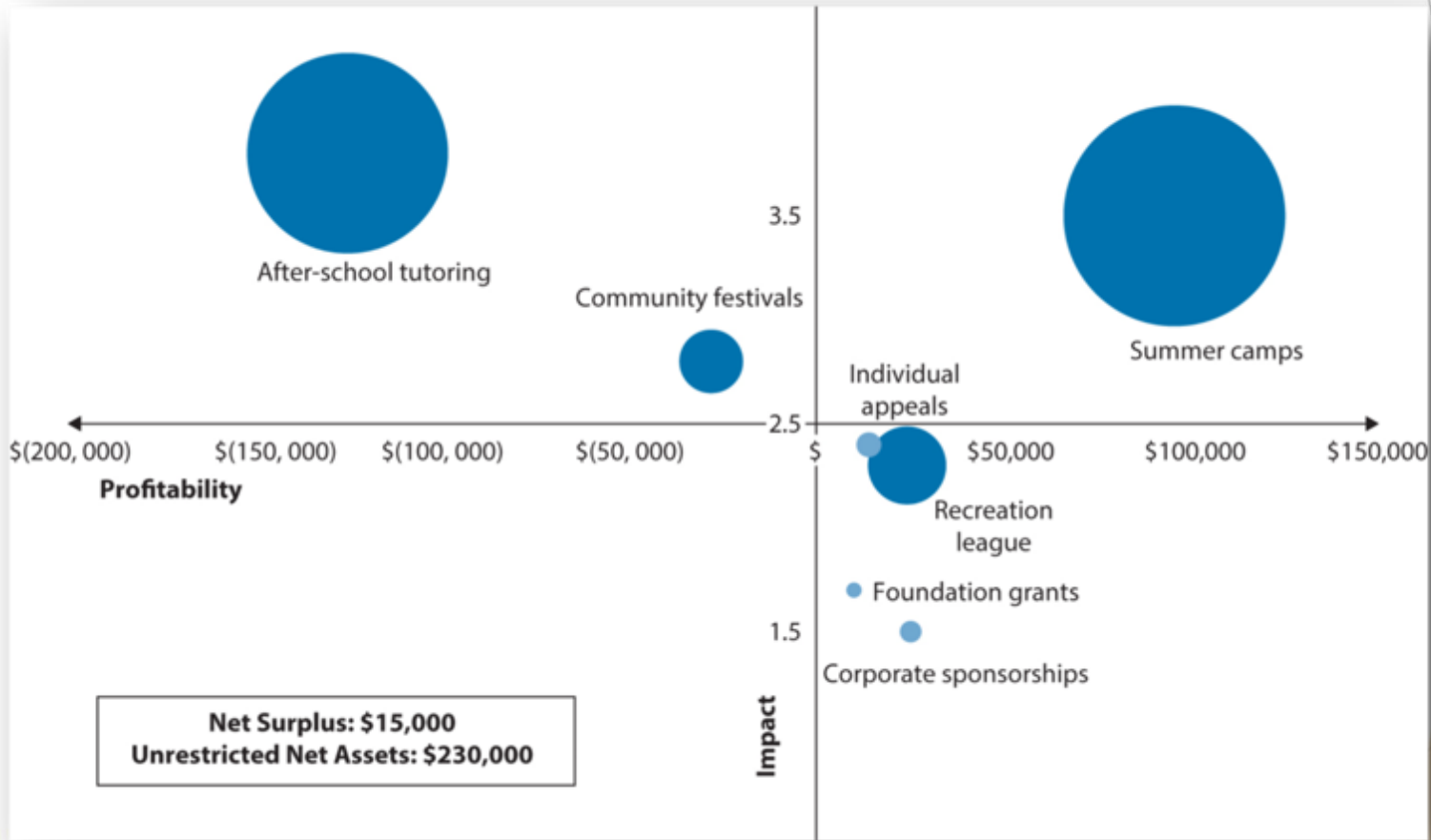
Determining profitability

Allocating Expenses:

- **Direct expenses** – incurred by and directly attributable to a specific program
- **Shared expenses** – incurred and shared by multiple programs (rent, insurance, salaries, etc.)
- **Administrative expenses** – Similar to shared, but relate to the upkeep of the organisation (accounting, reporting to government, etc.)

# Building your Matrix

Creating your map



# Building your Matrix

Creating your map

- Plotting the individual points on the axes is pretty straightforward. Profitability x Impact
- You can distinguish fundraising activities from impact activities by using different colours.
- It's informative to show the CLC's total surplus (or deficit) at the bottom.

# Building your Matrix

Creating your map

- Finally, the size of the circles are related to a critical metric of the program. The example shown is total program cost, but it could just as easily be number of students in the program.
- The bigger the circle, the bigger the investment or impact.

# Building your Matrix

Creating your map

Your map can be drawn by hand, or using software like Excel (it's called a Bubble Chart). An Excel template is available for this very purpose.



# Building your Matrix

## Analysing your map



### ***The Heart Quadrant***

Starting Point: Keep and contain costs

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



### ***The Star Quadrant***

Starting Point: Invest and grow

- Do we understand the needs and motivations of stakeholders who make the star possible?
- Are there opportunities (i.e. new geography, new population, complementary programming) to expand the program's impact and revenue?



### ***The Stop Sign Quadrant***

Starting Point: Close or give away

- 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?



### ***The Money Tree Quadrant***

Starting Point: Water and harvest, increase impact

- Can the net surplus be increased and, if so, what investment will that growth require?
- Are there means to reducing the program's cost and improve the margin?
- Are there ways to achieve greater impact by making the program stronger?

# Building your Matrix

Analysing your map

Do your bubbles cluster? Where?

How effective are impact programs and do they generating revenues?

How well are fundraising initiatives generating funds and/or impacts?

Is there balance or are we heading towards crisis due to low or declining impact & profitability?

How can we be dropping or moving programs out of the bottom left quadrant?

# Building your Matrix

Analysing your map

Regarding revenue streams:

How varied is the mix of streams?

What is your ideal mix?

How likely are they to change?

How dependent are you on a single stream?

Are there opportunities in emerging streams?

# Conclusions

The Sustainability Matrix Map is a complex and detailed tool that can be used in many non-profit contexts.

Some elements are potentially overkill for the scale of CLCs, but nonetheless, the analytical tools described can help CDAs to better measure new opportunities and evaluate the value of legacy programs.

# Resources & Sources

**The Sustainability Mindset:**

<http://www.nonprofitsustainability.org/>

**Sustainability Mindset webinar:**

[https://youtu.be/cG\\_ya7xvQ04](https://youtu.be/cG_ya7xvQ04)

# Discussion

- Questions, comments, concerns & critiques are welcome!