

SUSTAINABILITY & BUSINESS MODEL COHORT

In-Person Session 1: Intended Impact, Define
Programs, Mission Impact Assessment

T. ROWE PRICE

FOUNDATION

December 10, 2019

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SUSTAINABILITY & BUSINESS MODEL COHORT In-Person Session 1

Workshop Agenda:

- Identifying Strategic Issues
- Articulating Intended Impact
- Defining Programs
- Assessing Mission Impact
- Next Steps

Our Process

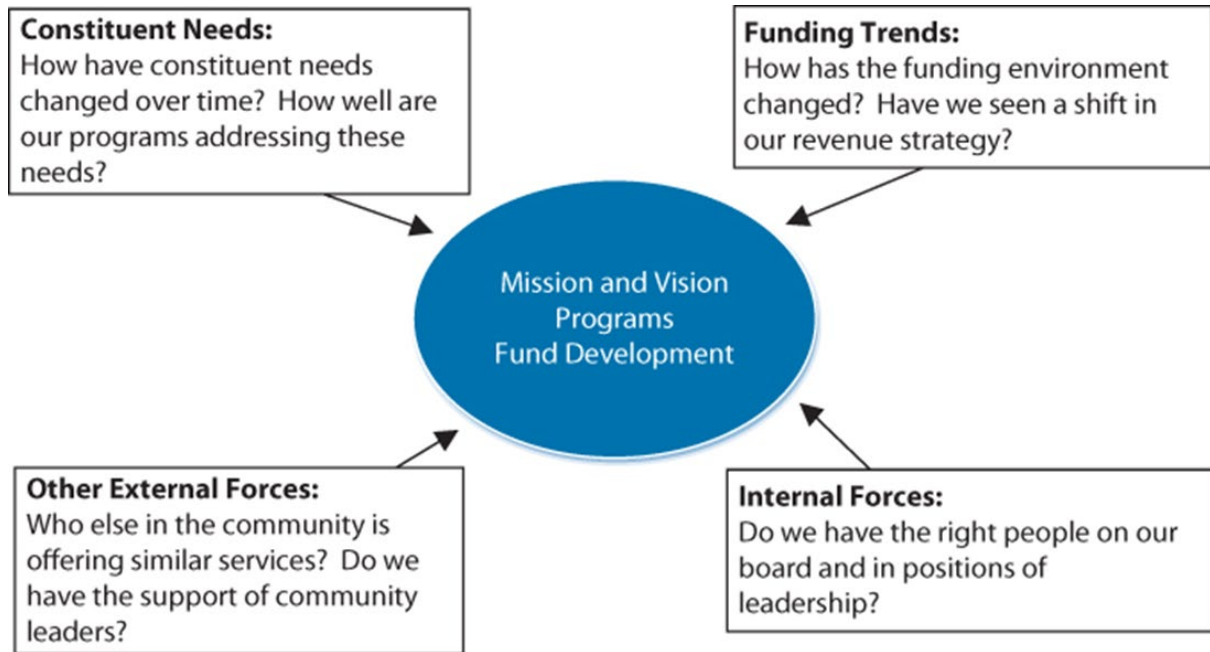
Making strategic decisions to strengthen our organization’s sustainability necessitates understanding our business model – how impact engages human and financial position. Our process to visualize this dual-bottom line of impact and profitability and to understand how our mission-specific and fund development programs drive exceptional impact in a financially viable manner is below. The resulting matrix map will provide guidance and a framework from which we can have discussion and make decisions to strengthen our business model and organizational sustainability.



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Identifying Strategic Issues

Staff and board members may feel that they know the strategic issues facing the organization, but they're rarely articulated in one central place. As we start the process, we want to be intentional about calling out the strategic challenges your organization faces. Strategic issues are likely to come from any number of sources both external (ie: constituent needs, funding trends, and political landscape) and internal (ie: human resources, culture, and infrastructure).



Identifying Strategic Issues Questions

Constituent Needs:

- What are the top three needs our constituents have today?
- How have these needs evolved over the last five years?
- How well do our programs directly address these needs?
- How has demand for our services changed over the last three years?

Funding Trends:

- What are the main revenue streams for the organization, what percentage of revenue are they for the organization and how have those changed in the last three years?
- What is the organization's operating reserves and how have they changed over the last three years?
- Do we know the surplus generated or subsidy required for each program and have these changed significantly over the past three years?
- How has the funding environment changed over the last three years? Do we see this continuing?

Other External Forces:

- Who else in the community is offering similar services to ours (including for-profit companies) and do we have a competitive or collaborative relationship with them?
- Are community leaders, elected and other, supportive of our organization's mission or is there a divide in support?
- Have we received negative press in the past two years?

Internal Forces:

- Have we had significant turnover in the last two years?
- Do we have the right personnel with the right qualifications and attitude in the right positions?
- Does our organization have a culture of excellence?
- How well does our board understand the organization's business model and how engaged are they in strategic decisions?

Summary

Based on the exercise, what are your organization's top three strategic challenges?	What are the barriers to addressing that strategic challenge?

Articulating Intended Impact

It was the author Lewis Carroll who wrote, “If you don’t know where you’re going, any road will get you there.” For nonprofit organizations the “where you’re going” translates into the impact they hope their efforts will accomplish. A statement of intended impact answers this question for an organization.

The definition of intended impact comes from Susan Colby, Nan Stone and Paul Carttar of Bridgespan Group. Their article, “Zeroing in on Impact,” offers this definition:

Intended impact is 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.

An example comes from the Harlem Children’s Zone:

Mission	Intended Impact
Improve the lives of poor children in America’s most devastated communities.	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.

Articulating the intended impact is not meant to create a new or different impact for the organization, but rather to codify the organization’s existing impact. The process is typically completed by asking a core set of board and staff to answer a series of questions and then allowing themes to rise. Use the templates provided to craft your intended impact statement.

Intended Impact Questions

When thinking about impact there are various timeframes that we can look at. Some of our ambitions may take years or generations, while other intermediary steps can happen more quickly. As you think about impact, think about the longer-term picture – what is your impact over the next 10 to 20 years.

What is the specific anticipated change our organization hopes to achieve as a result of our efforts?

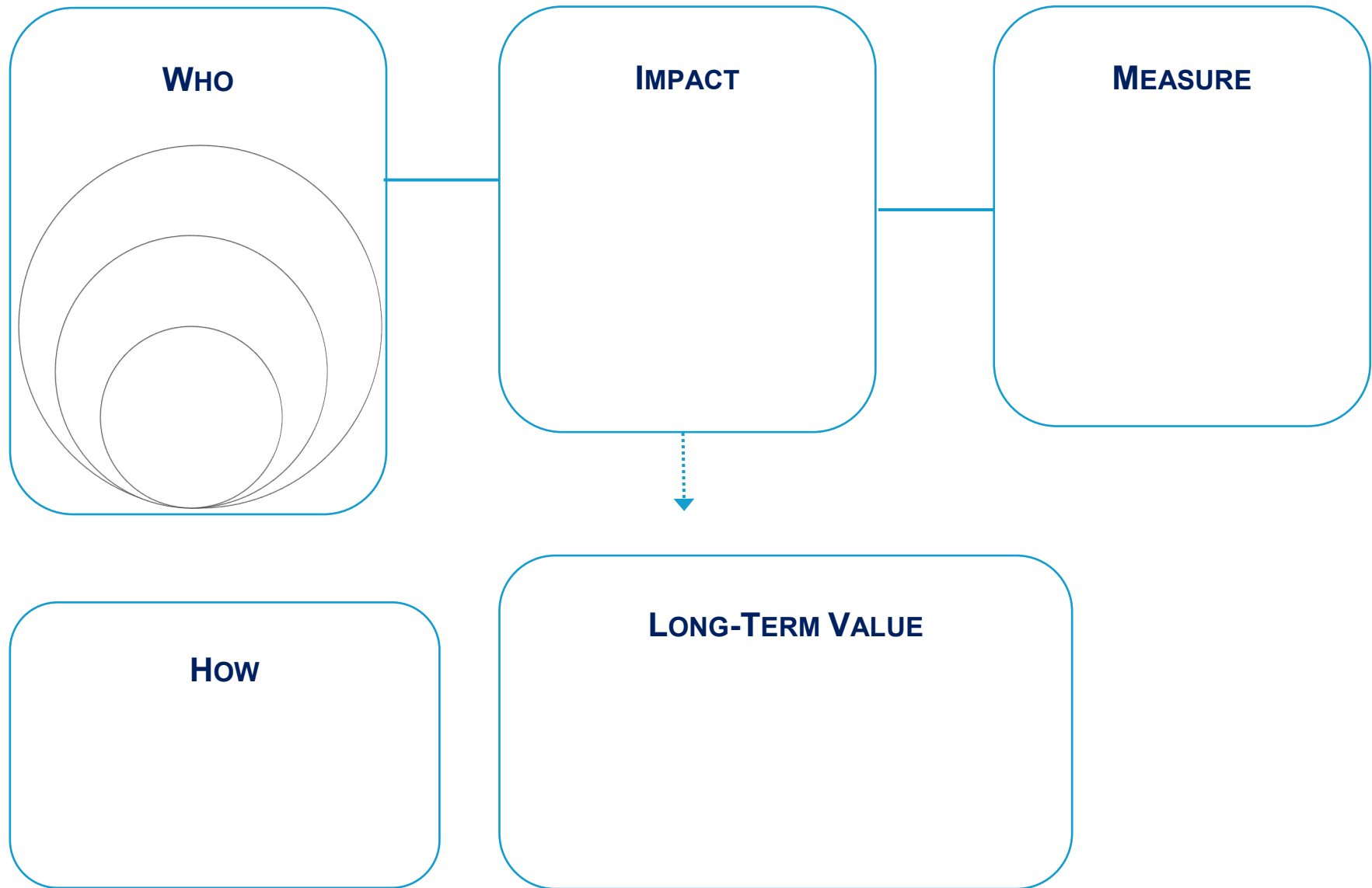
If we went away, who would it matter to and why?

Who are our direct beneficiaries? Who or what are we ultimately trying to serve? Try to be specific, the general public may benefit, but is there a specific group that will benefit more?

What is the geographic region of our impact?

What does success look like and how can it be measured?

Intended Impact Outline



Intended Impact Statement

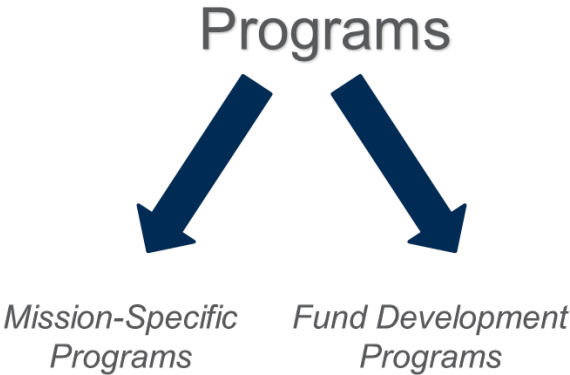
Intended impact statements are internal statements, not meant to be “wordsmithed” and distributed widely. However, they are essential in having a shared understanding of how the organization will measure its success and useful as a prioritization tool for future programs and strategies. In the space provided below, draft a potential intended impact statement for your organization.

Mission	Intended Impact

Defining Programs

Business decisions are made not in the abstract but in the context of an existing business model, regardless of whether that business model has been articulated. The first step in making the business model explicit is identifying both an organization’s mission-specific and fund development programs or “core activities.” We use these terms interchangeably and suggest that you pick the one that best engages your staff and board in this kind of business thinking. Core activities are the products, services, and revenue-generating vehicles that make up the organization’s overall effort.

When leaders first identify programs, there may be some debate about how to classify certain activities.



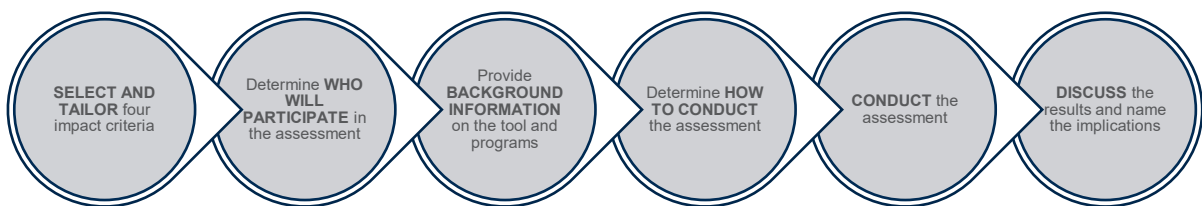
Every program – both mission-specific and fund development programs – has both an impact strategy, which articulates how it accomplishes the organization’s mission, and a financial strategy, which articulates how it generates resources. The individual products and services, grouped into core activities, and their impact and revenue strategies together constitute the business model. Using the template provided, outline the programs for your organization.

Program Listing

Mission Specific	Fund Development
<p>Those programs whose primary purpose is fulfillment of the organization's mission through program activities. These activities may or may not also directly generate revenue.</p>	<p>Those programs whose primary purpose is the generation of unrestricted funds to be allocated to other programs in accomplishment of the organization's mission.</p>

Assessing Mission Impact

Unexpectedly, discussions about mission impact are often difficult to hold in organizations. There's an implicit assumption that everything is important, that everything works toward the mission. And that's usually true. But everyone also realizes – yet seldom says – that some programs have higher impact than others. We may avoid discussing different levels of impact in order to avoid sounding as if we are criticizing a worthwhile program or its director. But it's precisely these judgments – about which are the highest-impact programs – that are used by impact-oriented senior managers as they choose, often subconsciously, where to spend their time. The dual-bottom line analysis of the matrix map will bring these judgments into the light and allow leaders to make explicit decisions about where to deploy precious resources. After we have determined programs and selected criteria, it is time to assess relative mission impact. We do this through a survey using the mission impact Excel document in the templates package.



Assessment Criteria

One trap of analysis is to spend too much time working on criteria in order to determine impact. The other trap of analysis is to spend too little time on devising criteria. Choosing criteria that challenge staff and board to assess the current state of affairs against what they know or imagine to be emerging practice – as opposed to the existing standard practice – results in a far more useful assessment process. The worst-case scenario is a matrix map that affirms stale practices rather than one that stirs leaders to push for the change in program mix, design, or execution that will increase mission relevance and impact.

In this section we provide seven criteria for considerations, but we encourage leaders to use no more than four when evaluating relative impact. That way, leaders will avoid complicating the process to the point where the process – rather than the results – becomes the focus. The criteria reflect the explicit rationale for an activity's inclusion in the business model. No organization can do everything that is potentially needed or aligned with its mission; strategy is about making choices about the set of activities that will drive impact as the organization currently defines it, and ensure its financial viability. Referring back to the strategic challenges identified in session one will provide guidance as to which criteria are meaningful for the organization at this time.

In choosing criteria, we recommend that all groups use the first two, Contribution to Intended Impact and Excellence in Execution, and then select two more from the remaining five. These first two criteria are fundamental to good programming regardless of organizational type. If something does not drive toward the change we want to see – whether that change is a reduction in domestic violence or an increase in academic achievement – there is no reason for it to be in our model. And just as important, if we cannot achieve greatness at something that is very important, then why not let others who can step in. These standards of relevance and excellence seem inherently nonnegotiable to us. Below we define these two mandatory criteria and the five optional criteria from which to choose:

Criteria	Definition
Contribution to Intended Impact	Relative to other programs, how well does this program contribute to what the overall organization aims accomplish?
Excellence in Execution	Is this program something that the organization delivers in an exceptional manner?
Significant Unmet Need	Is there significant competition or are there similar offerings of this program? Is there an adequate supply of services to meet the demand for them in our community?
Community Building	Does this program build community around the program or the organization as a whole?
Leverage	Does this program benefit from and nurture important relationships and partnerships inside and outside the organization?
Scale	How many people are touched or influenced by this program?
Depth	How profound is the level of intervention with this program?

Choosing Criteria

Referring to the assessment criteria definitions above as well as the strategic challenges and questions discussed in session one, choose two additional criteria which are relevant for your organization to measure the impact of your organization’s programs. *Contribution to Intended Impact* and *Excellence and Execution* are standard assessment criteria, so they are already listed:

- **Contribution to Intended Impact**
- **Excellence in Execution**
- _____
- _____

Customizing Criteria

While the criteria questions above may be helpful and meaningful to you, the quality of the impact assessment is dependent on the quality of the criteria used, so in this case, robust discussion, and even wordsmithing are called for. Using the above definitions as a starting

point, it may be helpful to build out the questions for each criterion to make explicit what you're measuring. In doing so, however, be careful to keep it to a singular issue so that there is consistency among participants in what they are assessing. Some customization examples are as follows:

Criteria	Tailored Example
Contribution to intended impact	To what extent, as it's currently structured, does this program promote a violence-free community for our clients and donors?
Excellence in execution	To what extent, as it's currently executed, does this program fully employ our current organizational systems and protocols for optimally supporting clients and donors?
Significant Unmet Need	To what extent, as it's currently executed, is this program our participants' only option of its kind in our community?
Community Building	To what extent, as it's currently executed, does this program connect the current families, alumni, and community around our school?
Leverage	To what extent, as it's currently executed, does this program effectively leverage our partnerships with business and civic leaders?
Scale	To what extent, as it's currently executed, does this program reach the breadth of diverse client and donor families in our community?
Depth	To what extent, as it's currently executed, does this program result in lasting attitudinal shifts about racism among our participants and donors?

Criteria	Tailored Example
Contribution to intended impact	
Excellence in execution	

Who should conduct the assessment and how?

Participants in the assessment can vary from organization to organization but should consist of those who have a broad level of knowledge of the programs, whether they be senior management or representatives of the board. Some organizations may choose to open it up to the full staff. The program information sheet in the templates package can be used to provide a baseline level of knowledge about each program.

Each participant in the assessment is informed of the process and provided a scoring template, with the programs and criteria listed, and whatever background information you choose to provide. Participants then assess the programs individually. After the individual assessments are completed, a meeting is held to share results. Participants discuss what they rated programs as well as those areas lacking consensus. These conversations, which allow for discussions of impact, can be one of the more transformative moments in the matrix map process. They provide a space to share and clarify perceptions and build a team that is focused on impact as an organization. That said, it is important to remember that while everything has impact in an organization, not everything has the same impact – by design. Candid, honest conversations are hard to get to, but essential for this process and for sustainability.

A word on "objectivity:" Rather than try to eliminate individual judgment in assessing impact, this method harnesses **individual judgment that has been informed by data**. For instance, the executive director's assessment of the Master Teacher Program will be based on several factors, including the results of a longitudinal study of the program, their direct observation of the program, their knowledge of similar programs elsewhere, what they've heard from clients' comments, and so forth. It would be a mistake to ask them to use only the results of the longitudinal study in assessing the program's impact. Instead, we want to make use of

everything they know, and to make use of everything other members of the management team know.

Calculating Impact

Each program is assessed on each criterion on a scale of 1 to 4 with 4 being the highest. The average is then taken for the four criteria for each program to come up with an overall rating of each program's mission impact.

Program Information Sheet

**One program information sheet will be completed for each activity your organization implements.*

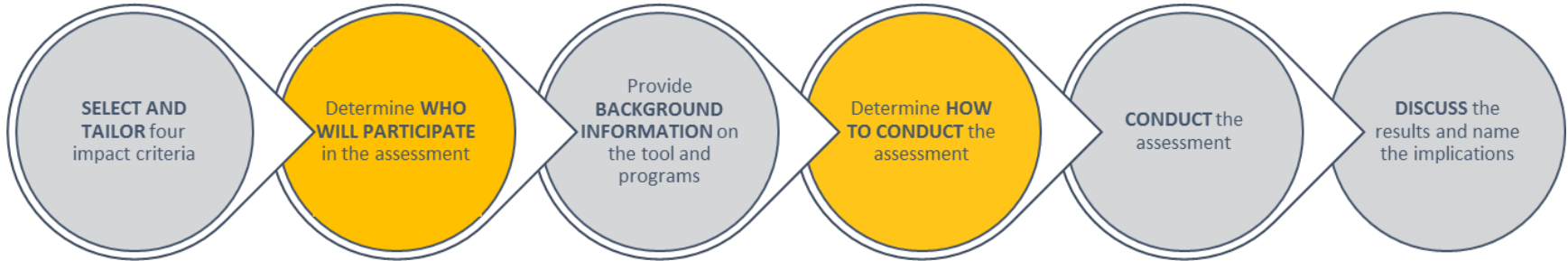
Program Name: _____

Program Overview	
# of people touched in the last year:	
Funding streams:	
In a single sentence, what is being offered with this program?	
Who benefits from or who is the target audience for the program?	
How deep is our involvement with the constituent in this program?	
Is this program something we do exceptionally? How so? How do we define exceptional performance?	
Are there other organizations or competitors that offer something similar to this program?	
How does this program help build community around the organization?	

Assessing Mission Impact Scoring Sheet

	Customized Criteria:				Mission Impact
	Contribution to Intended Impact	Excellence in Execution	Criteria 3:	Criteria 4:	
Program:					

Plan for Completing the Mission Impact Assessment



	WHO	HOW	WHEN
Program Overview			
Survey			
Discussion			
Finalize			By Friday January 17 th

Process Overview

Phase	Process Step	Format	Dates	Homework
Phase 1: Foundations of Sustainability	Sustainability Theory Business Model Overview Market Analysis Framework	Webinar Kick Off	November 6*	None
	Cohort Process Description			
	Intended Impact Direct Beneficiaries	1 Day In-Person Session	December 10 9:00 AM – 3:00 PM ET	6 – 8 Hours
	Define Programs			
Phase 2: Business Model Data	Mission Impact Assessment	Webinar	January 22*	6 Hours
	Profitability / True Costs			
	Revenue Analysis			
Phase 3: Business Model Analysis & Strategy	Key Messages of the Matrix Map	1.5 Day In-Person Session	April 2020	Refine / communicate as needed
	Communication & Reporting			
	Peer Learning	Webinar	May 2020	None
Coaching (25 hours shared among all organizations)				
*All webinars from 12:00 PM – 2:00 PM ET (unless otherwise noted)				

Next Steps

As you finish the pieces we discussed today, please turn in the following materials to Spectrum at chrisf@spectrumnonprofit.com:

- Intended impact outline / statement (by January 6)
- Program list (by January 6)
- Mission impact assessment template (by January 17).

You're Not Alone

If you have questions as you go, please do not hesitate to reach out to the Spectrum Team:

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