

Sustaining Your Nonprofit for the Long Journey

by **Vincent Hyman, Vincent Hyman Editorial Services**

The authors of *Nonprofit Sustainability: Making Strategic Decisions for Financial Viability* have pinpointed a primary nonprofit problem: Nonprofits celebrate the mission impact they deliver but view its finance as an unpleasant afterthought. This error deepens the struggle to sustain impacts over time. There is no point in developing a great program that you can't afford to operate.

In both the boardroom and on the management team, nonprofits struggle to integrate their discussions about mission impact and financial information. Often, they lack both the vocabulary to frame these issues and the tools by which to analyze them. *Nonprofit Sustainability* offers both, and much more.

The book is aimed at nonprofit executives, boards, management teams, and consultants. Long-time professionals in the nonprofit sector will find that it gives voice to “field wisdom” and aids in communication with newcomers—especially those board members and executives who’ve jumped from the corporate sector and are bewildered by the balancing act of mission, revenues, and values. The authors clarify business planning for nonprofits, showing, for example, that most nonprofit organizations use a complex *hybrid revenue strategy* that combines donations, earned income, contracts, grants, and so forth. Some of these activities are valuable to the way the nonprofit achieves its mission and others fall into the necessary but low-impact category. Moreover, many nonprofits have certain activities that are extremely successful by all measures except one—they lose money. As the authors point out, there may be very good business reasons to keep *all* these activities—or to revamp some, close some, or give some to another nonprofit or business.

Using a matrix map

One key to this resource-rich book is its description of how to craft a matrix map, a time-tested tool that combines the program impact and profitability in an X-Y matrix. This tool facilitates the analysis of business activities (including fundraising) by relative costs, profits, and impacts. Using the information in the book, I created the sample here, showing the varying levels of impact and profitability of programs of the fictitious “Friendship Place.” You can see, for example, that its teen workforce training program has high impact *and* high profits, and is also large—a good indicator that it is a healthy program. Meanwhile, its financial education program is not impacting many teens and is losing money. Its teen walkathon doesn't have high impact, but it is highly profitable.

This type of matrix has been used by businesses and nonprofits to indicate programs that are increasing, diminishing, at the end of their useful life, and so forth. The authors have improved it by adding impact and showing the relative

At a glance

Nonprofit Sustainability: Making Strategic Decisions for Financial Viability
by Jeanne Bell, Jan Masaoka, and Steve Zimmerman

This resource-rich book puts nonprofit executives, boards, management, and consultants on a path to rational, reasonable business planning, covering:

- Financial sustainability, nonprofit business models, mission, and impact
- How to map your business model using the matrix map
- Making choices to adjust the business model
- The types of nonprofit income and how to manage them
- How to use the model to guide decisions and lead the organization

financial size of each program. When the board and management team sit down to discuss strategy, they have a clearer picture of where programs stand. The authors buttress this with many discussion and analysis tools that help make the decision process more rational and less prone to political nastiness.

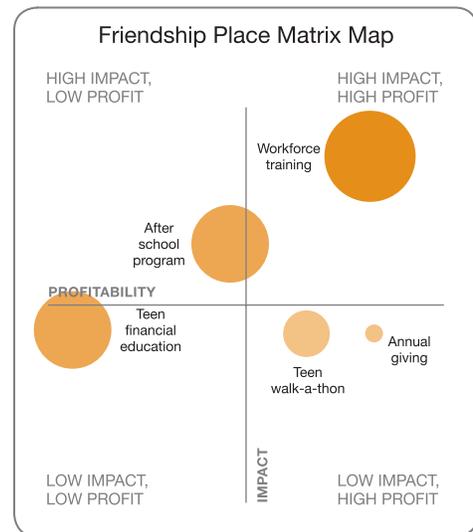
A resource-rich guide

This is just one of the many fine tools provided in this book. The authors explain how to develop a business model statement that includes the mix of products, services, and revenue sources grouped into core activities that ultimately drive strategy development. They provide a means for rating “impact” of programs relative to alignment with core mission, excellence in execution, service volume, degree of impact on constituents reached, filling an important service gap, and building the nonprofit’s constituent community. There’s great detail on dealing with the politics involved in business analysis, on the limits and benefits of group creative processes, and on how to reach decisions around program closings, mergers, and other tough choices.

Author Jeanne Bell is CEO of the stellar CompassPoint Nonprofit Services in San Francisco; Jan Masaoka is the previous CEO of the same organization and current CEO of California Association of Nonprofits; and Steve Zimmerman is principal at Spectrum Nonprofit Services in Milwaukee. These veterans have consulted a lot, witnessed even more, and written often—and the book shows it. It’s concise, well written, and deeply pragmatic. Case examples from three different organizations enrich the text without the forced feeling that so often accompanies such examples—most likely because the authors’ have lived the examples. This is one of the better nonprofit books out there; it should be on your bookshelf.

Nonprofit Sustainability: Making Strategic Decisions for Financial Viability
by Jeanne Bell, Jan Masaoka, Steve Zimmerman, Jossey-Bass, Paperback, 2010.

This book review column is an ongoing series for First Nonprofit Foundation.
Please send your recommendations for nonprofit books to be reviewed to Vince@VinceHyman.com



Vincent Hyman is an award-winning writer, editor, and publisher. After leading the development of the nonprofit publishing center at Amherst H. Wilder Foundation and the publishing program of Fieldstone Alliance, Inc., he founded Vincent Hyman Editorial Services, with expertise in nonprofit management and related issues, and additional work in human services, corrections, and business writing. He is the editor of scores of books and articles.



1 South Wacker Drive Suite 2380
Chicago, IL 60606
800.526.4352
Fax: 312.930.0375
www.firstnonprofit.org