



Balance Your Budget & Boost Your Impact with a Matrix Map

John Monroe

By Noon, Let's Leave With:

- A clear understanding of the Matrix Map tool;
- Experience using analytical features of the Matrix Map as applied to a case study and Main Street programs in Oregon and
- Commitment to try it back home.

In this session you will learn how to set up and interpret a Matrix Map by creating and using one. By plotting the relative impact and cash flow of programs, events and activities, you will highlight key questions that are often obscured in board meeting reports. The Matrix Map brings staff, volunteers and board members face-to-face with strategic choices, such as *Should we cut, maintain or increase personnel and money invested in each of our major programs?* Strategic conversations become not only possible, but practically irresistible.

9:00 Welcome

- When I say **organizational strategic planning**, what adjective or image first comes to your mind?
- Matrix Mapping: the back-of-the-envelope version.

9:20 Let's Meet Mugwump Main Street

- What is their mission and intended impact?
- What is their current situation?
- What are their Major Activities?
 - Identify six, including mission-specific programs and fund development actions
 - Make a label for each one

9:45 Plot a Matrix Map on the Magic Wall

[Please turn to the Financial Snapshot on page 4.]

1. Identify the net surplus or loss for each Major Activity.
2. Place each Major Activity label **horizontally** according to its negative, neutral or positive cash flow.
3. Select 4 Impact Criteria from the list on page 4.
4. Slide each label **vertically** according to your quick consensus about impact of each Major Activity.
5. What does the Matrix Map reveal about MMS?
 - What critical choices and imperatives does the board face?

Key Terms

Activities: mission-specific implementation and fund development actions

Dual Bottom Line:

- Return on **financial** investment – financial sustainability, or **Surplus**
- Return on **program** investment – programmatic results, or **Impact**

Surplus: profit, working capital, essential for organizational sustainability -- *not a dirty word!*

Impact: real-world results that align with your mission

10:30 Break

10:45 Analyze & Make Strategic Recommendations: MMS & Your Program

- Review Core Principles for a Matrix Map (page 6)
- Consider Mugwump Main Street
 - Tactical and strategic next steps?
 - Recommendations for the next three years?
- Consider **your** Main Street Program
 - What does your quick & dirty Matrix Map look like?
 - Care to post it on the Magic Wall for all to see?
 - What questions does your matrix map reveal?
 - Biggest surprise, or insight for you?
 - What questions would you like us to consider?

11:40 Matrix Map Power Tools

- Dig deeper to clarify Intended Impact.
- Summarize Impact and Revenue Strategies for each Major Activity.
- Do a detailed financial analysis to allocate **all** costs by Major Activity.
- Apply Impact Criteria more rigorously: weight them, vote and score results.
- Color code Major Activities lines by category.
- Assess Major Activities from different angles: by location or by funding source.
- Enter data in MS Excel and use Chart Wizard to plot the matrix. This and many more templates available for download for free from: www.nonprofitsustainability.org

11:50 Plus/Delta Review

- Plus: *What worked well about today's workshop?*
- Delta: *Next time John runs a session like this, it will be better if.....what?*
- Fill out evaluations....please!!

11:59 Adjourn

Links to Matrix Map Templates

www.nonprofitsustainability.org

Reading

Nonprofit Sustainability: Making Strategic Decisions for Financial Viability

By Jeanne Bell, Jan Masaoka and Steve Zimmerman.

Published by Jossey-Bass, an imprint of Wiley in 2010, paperback and e-book.

The Sustainability Mindset: Using the Matrix Map to Make Strategic Decisions

By Steve Zimmerman and Jeanne Bell.

Published by Jossey-Bass, an imprint of Wiley in 2014, paperback and e-book.

Case Study: Mugwump Main Street

Mission

Throughout human history, the village center has been the social and economic heart of society. At Mugwump Main Street, we work with public and private partners, residents and visitors to build community and commerce downtown. We see a future with fully restored historic buildings, thriving businesses and public spaces alive with the arts and people.

Organizational History

Founded in 1994 by a local print shop owner, Mugwump Main Street had early successes, followed by ups and downs. Streetscape improvements of the 1990's led to a modest restaurant boom. But early momentum – ***Mugwump on the Move!*** – faltered as retail and building owners made few improvements to dingy storefronts and crumbling building facades. Main Street organizes lackluster events. One exception is the Muscle Car Meet (a passion of the founder) which outgrew the parking lot behind Main Street and was moved to the Mega-Mart parking lot years ago. Due to falling tax revenues, the City last year reduced streetscape maintenance; the results are broken street lights, increasing graffiti and accumulating litter. In 2001, the founder donated his house and an adjacent building (housing his *ersatz* Mugwump Museum) to MMS. Several Managers have quit after less than a year on the job, complaining of interference by the founder/board president, Clifford Mugwump. On February 28th, 2015, Mr. Mugwump died mysteriously – reputedly with a smile – while on vacation in Las Vegas.

Current Situation

Following the funeral, the Vice President met with Clifford's attorney and discovered several, shall we say, surprises. It appears that Mr. Mugwump had exhausted his personal finances over the years by anonymously subsidizing MMS programs; his bequest will total \$37.12. On the day of his death, he squandered the last \$2,700 of MMS reserve funds at the blackjack table. In this emergency board meeting, you are about to see the full financial picture for the first time. Clearly, time is of the essence to make cash flow and programmatic adjustments using a Matrix Map.

Programs & Activities – *Distill six Major Activities from the following list.*

- Newsletter (printed and mailed to every resident)
- Victorian Christmas House Tour
- Strawberry Festival
- Façade Improvement Loan Fund (untapped during the past seven years)
- Weekly Farmer's Market management (from May 1 through November 1)
- Mailed postcards and newspaper ads to publicize events
- Annual Muscle Car Meet fundraiser (held in the Mega-Mart lot, out by the highway)
- Mugwump Residence/MMS Office maintenance (off limits to public)
- Mugwump Museum operations & maintenance (adjacent to Residence)

Please do not turn the page yet!

Mugwump Main Street Financial Snapshot *(actual or budgeted #s?)*

| | <u>Revenue</u> | <u>Expenses</u> | <u>Net</u> |
|--|----------------|-----------------|------------------------|
| Seasonal Downtown Events | | | |
| Strawberry Festival | 10,000 | - 6,000* | + 4,000 |
| Victorian Christmas House Tour | 2,000 | - 5,000* | <u>- 3,000</u> |
| Subtotal | | | + 1,000 |
| Farmer's Market Management | 15,000 | - 10,000* | + 5,000 |
| Muscle Car Show Fundraiser | 30,000 | - 10,000* | + 20,000 |
| Newsletter (mailed to every resident) | 300 | - 1,800* | - 1,500 |
| Memberships | 300 | - 800* | - 500 |
| Façade Improvement Loan Fund | 0 | 0 | 0 |
| Residence/Office Maintenance | 2,000 | - 17,000* | - 15,000 |
| Museum Maintenance & Operation | 200 | - 14,200* | <u>- 14,000</u> |
| Projected Year-end Deficit | | | - 5,000 |

* Includes relevant portion of Manager's salary, volunteer hours, printing, postage, advertising and administration.

Fund Development Categories to Consider

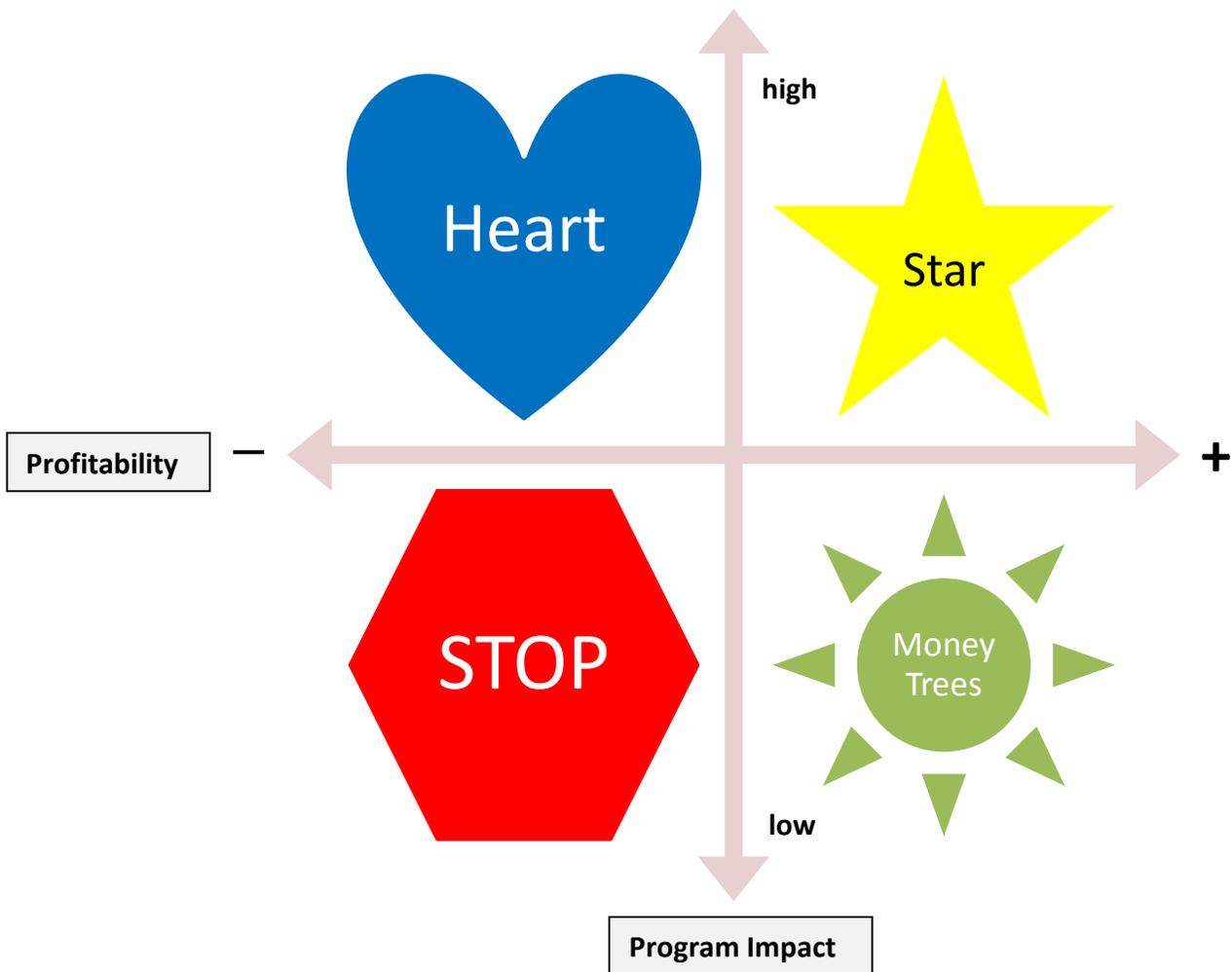
- Individual Appeals
- Memberships
- Major Donors
- Direct Mail
- Special Events
- Unrestricted Foundation Funding
- Corporate Support

Essential Impact Criteria

- Contribution to intended impact
- Excellence in execution

Optional Impact Criteria to Consider

- Has Scale – broad reach to audiences
- Has Depth – game-changing results
- Fills a Significant Gap
- Builds Community
- Creates Partnerships (they call it Leverage)
- What is the future of impact? Create criteria for emerging, innovative projects



Actions to Consider by Quadrant

Financial **Loss** + **Low** Impact = STOP!

Financial **Loss** + **High** Impact = HEART

Financial **Gain** + **Low** Impact = MONEY TREE

Financial **Gain** + **High** Impact = STAR

Close it, or give it away.

Keep it, but contain costs.

Water, harvest and increase impact.

Invest and grow.

AHA! What do we see?

From AHA! to Business Model Statement

Your mission includes your intentions, not adjusted for reality.

Your Business Model Statement identifies:

- Your economic drivers

- Your strategy for financial sustainability and

- How it is linked to impact.

Business Model Statement - Template

We are a _____

supported by _____

and supplemented by _____

and _____

including _____ and _____.

These and smaller activities are subsidized by the generosity of individuals through our _____ campaign.

We serve _____ through _____ supported by _____.

Matrix Map Core Principles

1. **Sustainability** is essential: **integrated, dynamic** interplay of Money & Mission. They call it a **Dual Bottom Line**:
 - a. Financial
 - Meet **present needs** without compromising ability of the group to meet **future needs**
 - The capacity to **endure**
 - Year-end **surplus** and
 - Working **capital**
 - b. Programmatic
 - **Effective**
 - **Responsive** and
 - **Relevant**
2. **Hybrid** revenue strategies
3. An explicit **business model**
4. **Continuous learning** and decision-making



For pro bono follow-up assistance, please contact:
John Monroe
Greenleaf Partners
4 Winter Street, Amesbury MA 01913
978 270 1919
JMonroe365@gmail.com
www.JohnMonroe.net