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More than Money

Summer 2009

Can This Program be Saved?

Evaluating and Saving High Mission Activities

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The day my son was born, a friend visited at the hospital. After stopping by the nursery, she stepped into my room extending a bottle of champagne and exclaimed, "He's a keeper."

Almost all your program services are "keepers." However, during difficult times you may need to determine which ones are worth undertaking Herculean work to keep. This article shares three criteria to help you prioritize your services and two models (of at least ten available) to save them.

Find Your Top Keepers

While every nonprofit will adopt different criteria to prioritize their most critical programs, include the following amongst yours: mission fit, financial impact and the interaction of the two.

1. Mission Outcomes

This priority is about programs that make the greatest difference. The more key outcomes a program generates the more likely it is a candidate to keep at all costs. Which of your programs are the most critical? For example, a nonprofit that focuses on serving older adults prioritizes its food services above everything else. At one point, this meant eliminating several other worthy

efforts—not because they were unimportant, but because the organization's key mission is providing direct services to the frail elderly.



To prioritize your programs in terms of mission outcomes, consider these questions.

- Where do you create the most meaningful results?
- Which programs are key to your mission?
- Which programs are unique to you?

Depending on the array of programs you offer, spend several meetings or even a board and staff retreat to explore mission outcomes of programs and how your programs compare to each other. For the time you invest, you will learn a lot (and later, you can also apply your insights to strengthen the case you make for your highest priority programs.)

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Are you an executive director of a nonprofit organization that needs more resources for your mission? We can help. Since 1994, this firm has helped hundreds of groups find new money, improve services, build strong organizations and turn ideas into funded realities. Contact the *More than Money Consultant* today to build your team, develop your ideas, win grants and fund your mission.

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2. Budget Impact

The impact of the budget on your programs is critical—**but** unfortunately not always crystal clear. “When I arrived as CEO they told me that several key programs made money,” shares Jennifer Maxwell, of Police Athletic League of St. Petersburg (PALS.) “Actually, the income from the programs covered only direct program expenses, but not back office expenses or even full staff costs.”

To learn more, Maxwell worked with a board member with financial expertise. Together, they divided *all* their organization's expenses into the specific PALS programs to map the true income and expenses of each. They identified the income gaps and then reviewed other relevant data like the number of children served at each. A simplified example of the chart Maxwell developed to undertake this financial analysis can be found at www.kedconsult.com or email us. Maxwell, found that instead of closing programs, she could continue all of her services by moving staff, dividing several full-time positions into part-time and engaging everyone in green behavior.

To make smart decisions about your services, you need similar financial information about their expenses and revenues. By undertaking a financial analysis that allocates all of your costs to your programs you learn which programs lose money, which breakeven and which provide income. In some cases, like at PALS, this information and related facts will provide you insight on how to organize your operations to keep all your programs operational.

Mission Bang for the Buck Chart	
Piggy Banks - +	Hope Diamonds + +
Mission	
Bad Habits - -	Mission Dreams + -
	Income

3. Looking at Both

Together, mission fit and financial contribution allow you to create a Bang for the Buck Mission Chart, shown above. Graphing this information provides you with a visual of how these two critical issues relate to each other. Here is what each quadrant represents:

- **Hope Diamonds.** Programs falling into the upper right hand quadrant represent activities that achieve great mission outcomes and either make money or breakeven. They are named Hope Diamonds because ideally all of your mission-rich programs reside here.
- **Piggy Banks.** Programs that make money, but provide few mission outcomes, fall into the upper left quadrant, like your wildly successful Spring Fling where the only mission achieved is handing out brochures. Their income helps support other mission rich, but

income low programs.

- **Mission Dreams.** Place in this lower right hand quadrant programs that create lots of mission outcomes, but fail to breakeven or make money. We name them Mission Dreams because people spend time dreaming up ways to make them into Hope Diamonds. In tough times, these programs face great risk for closure.
- **Bad Habits.** Your programs that provide few mission results and cost you money resides in the lower left hand quadrant. Once nonprofit leaders understand their dual weakness, most discontinue them, or make plans to turn them into Piggy Banks —unless they are someone's pet or, as named, a “bad habit.”

How to Save A Program

Now that you know the mission

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and financial impact of your programs, you are ready to study ways to save any endangered high mission programs. Besides the adjustments modeled by Maxwell after her financial investigation, here is one other possibility from our portfolio. (For more program saving models, email us at Karen@kedconsult.com and request the free "Karen's Ten Concepts on How to Save Programs.")

Change the Form, But Keep the Essence. The concept of form changing offers a wide array of possibilities for nonprofits. For example, St. Boniface's Day Care Program changed from a daycare to a half-day pre-school. They changed this service because their island location—a long drive from most employers, meant parents were frequently late for pick-ups, which placed the staff in numerous awkward predicaments. By changing into a preschool, St. Boniface *kept the essence*, that is serving children with a quality program, but changed *the form*.

Conclusion

Saving programs is hero's work. Fortunately, as a non-profit leader you're up to the task. Identify your mission priorities, document their financial impact and see how the two interact. With this information you are ready to find ways to keep programs that matter the most.

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expended, the project incomplete and you foresee no repayment possibility whatsoever. In this case, many take the senility approach—they hope that the donor will forget them. This seldom happens. In a few years, someone new from your staff unknowingly seeks money from the donor and they encounter the donor's justifiable ire. If you contact the donor as soon as possible, you can often avoid a permanent breach. For the best outcome, adopt the following communication sequence: 1) Express gratitude for the faith the donor placed in your organization, 2) Explain the situation, 3) Share what was achieved, include what was learned and how people were served, 4) Ask how they would like to proceed, 5) Listen to their responses and 6) Accommodate any reasonable solutions.

While no one wants to close a grant funded program, when it must be done, you can take steps to maintain long-term positive donor relationships.

Learn More: Do you want more free information? See www.kedconsult.com. You'll find 60 Proven Result articles on team building, leadership, planning, money and grants. Read these new ones today: *How to Create A Presentation Notebook, Nine Reasons A World-Class Program, or Two, Are MUSTS for Every Nonprofit and Karen's Ten Steps To Create A World-Class Program.*

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Contact us for help with obtaining more resources for your mission

If You Must Close a Program: Working With Grant Donors

If you received grant funds for a program you must close, you may find yourself in a sticky situation with a grant donor who funded the effort. By prioritizing the relationship with the donor over the money and following these guidelines, you can maintain a positive working relationship.

1. If you fulfilled your grant contract and related promises then a letter thanking the donor for their support and updating them on why the program is closing suffices. Keep them informed so they learn the full story from you and not a second party.
2. If you are in the midst of a grant contract, review your agreement and follow any terms outlined.
3. If you have no contract to follow but unfilled obligations because of the promises made in your grant request, identify any uncompleted obligations and establish their monetary value. Offer to return this proportion of the grant. In the same communication mention, as an alternative, other needs where you could successfully use the funds. Inquire if instead of a refund, the donor would be willing to invest in these efforts.
4. If the donor requests a refund consider your repayments as an investment in your future.
5. Unfortunately, sometimes the grant funds are 100 percent

Money-tastic! Tip of the Month

Money-tastic Tip# 4

Labels:

Peel and Stick to Thank Donors--A Lot

Create a label sheet with the name and address of each of your key donors.

Date it. In a year's time, commit to using at least half of the labels to personally communicate with this donor. Send clipping, programs and photos. To each piece, add a personal note such as, "Thought you'd enjoy this picture of Sam at play. Thank you so much for your support."

Need more tips? Purchase your copy of Grant-tastic! today at www.keconsult.com or use the form on Page 3.

