partners for active living

2015 Matrix Mapping

Summary Report

SECTION I: OVERVIEW

In the fall of 2015, Partners for Active Living's leaders embarked on a process to create a matrix map, a visual representation of the organization's business model. To create the map, the organization's staff and board members analyzed each of PAL's core activities in terms of external impact on the community and internal impact on the organization's finances. The completed map provides a tool that can be used to inform major planning decisions and improve program effectiveness and financial sustainability.

Matrix Mapping Process

Matrix mapping committee

On Sept. 30, a matrix mapping committee that included board, staff, and former board members met with consultant Rochelle Williams to identify the organization's core activities – all programs, services, and special events that PAL staff spend time on. The committee chose the following four criteria that the organization would use to assess each activity's relative impact: alignment with core mission, scale and volume, depth, and community building. Committee members also decided that the organization would include the entire board and staff as well as some former board members in the process of assessing impact.

Measuring Impact

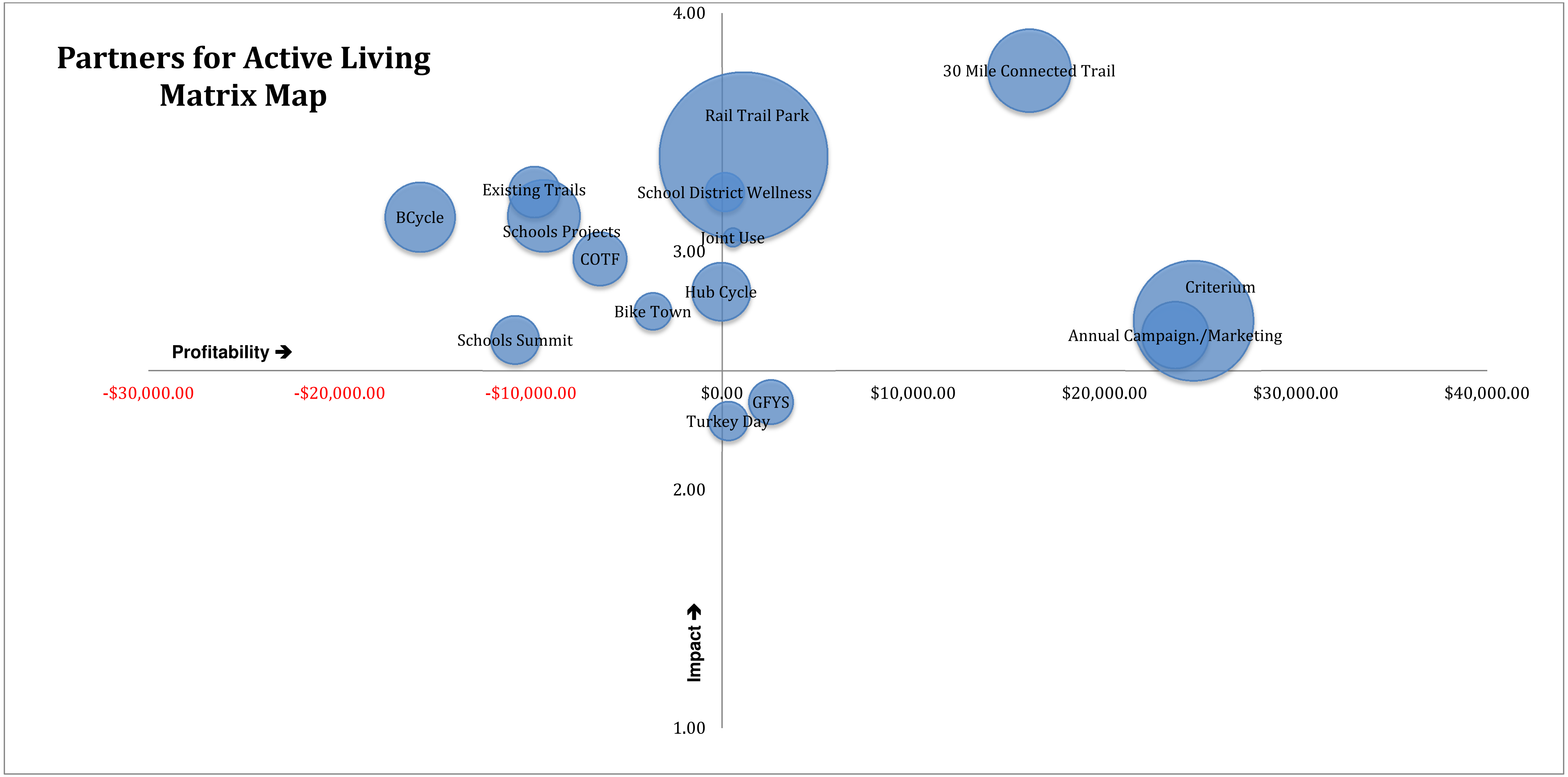
The process of measuring impact included two steps. First individual staff members completed one-page evaluations of each of the core activities. The evaluations and an online survey were sent to all board and staff members and four former board members. Survey respondents were asked to rank the impact of each core activity on a scale of 1-to-4 using the four impact criteria chosen by the matrix mapping committee. Nineteen individuals completed the survey.

Measuring financial viability

To determine whether each core activity is contributing financial resources to the organization or being subsidized, the executive director calculated the difference between each program's full costs and the total revenue directly attributable to or generated by the activity. Full costs were calculated by adding each activity's direct activity costs, an allocated portion of shared costs, and an allocated portion of administrative costs.

Mapping the model

The results were plotted on a graph with profitability as the horizontal axis and impact as the vertical axis. A light blue circle represents each activity. The size of the circle indicates the relative significance of each business unit to the organization in terms of total expenses incurred.



Partners for Active Living
Matrix Map
4.00
3.00
2.00
1.00
Impact ➔
Profitability ➔
-$30,000.00
-$20,000.00
-$10,000.00
$0.00
$10,000.00
$20,000.00
$30,000.00
$40,000.00
30 Mile Connected Trail
Rail Trail Park
Existing Trails
School District Wellness
BCycle
Schools Projects
Joint Use
COTF
Hub Cycle
Criterium
Bike Town
Annual Campaign./Marketing
Schools Summit
GFYS
Turkey Day

SECTION II: Using the Matrix Map to Inform Decision Making

The matrix map is a useful tool that can help leaders make crucial decisions that sustain financial health and mission impact over time. For each quadrant of the matrix map, the organization should consider the following imperatives:

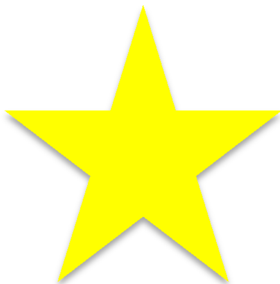
<u>Upper left quadrant</u>

Most of PAL's activities fall in the upper left quadrant of the matrix map, which is commonly referred to as the Heart quadrant. Hearts have a high impact on the community but generate low profit. Hearts are extremely important to nonprofit organizations. And it is common for nonprofit to have some Hearts, which are often subsidized by fundraising efforts. However, over time, having too many Hearts or individual Hearts with consistently high losses will make it difficult for organizations to build financial reserves and create long-term financial stability.

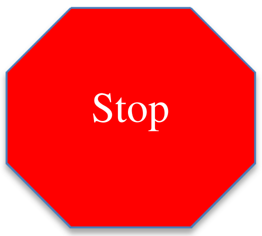
The strategic imperative for Heart activities is to limit the number of them and control their costs. Controlling costs may mean reducing the level of services or limiting the number of people who can be served. For some programs, it may be possible to explore opportunities to generate program-related indirect revenue.

<u>Upper right quadrant</u>

Activities in the upper right quadrant are high on both impact and profitability and are called Stars. PAL's matrix map indicates that the organization has a few Stars. These core activities should be prioritized, invested in, and grown.



Lower left quadrant



Activities in the bottom left quadrant are unprofitable and have low impact. They are called Stop Signs. These activities may have been important to the organization at one time, and they may still be important to the community. But there are other efforts that have more value to the organization. The strategic imperative here is to discontinue these activities or transfer them to another organization with a mission that is better aligned with the activity.

Lower right quadrant

Activities that fall in the lower right quadrant have high profitability but are viewed as having low mission impact. These activities are referred to as money trees.

For many organizations, fundraising activities that are not aligned with organizational mission fall into this quadrant. The strategic imperative for a Money Tree is to keep it but look for opportunities to increase the impact that it has on the community.