

Sustainability Planning: Using the Three R's To Remain Viable in Today's Economy

Meals on Wheels
Association of America

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PRESENTATION NOTES

Introduction

SHIFT HAPPENS! Three shifts have taken place in the world in which nonprofit organizations live, work, and operate. As a result we must make appropriate adjustments or risk being left behind. These three shifts include:



1. **Outcomes have overshadowed outputs** – in other words results have trumped activities.
 - People *appreciate* your work, they *invest* in your impact!
 - Focusing on the *work you do* rather than the *results you produce* often ends in people offering their appreciation rather than their financial support.
2. **Investment has replaced charity.** This is a seismic shift in the nonprofit world that not only radically alters one's thinking, it should also impact the way you talk, act, and interact. There is now a focus on:
 - Investment rather than charity
 - Investors rather than funders or donors
 - Investments rather than gifts
 - Presenting opportunities to make a difference through investments rather than asking/ begging for gifts
3. **Doing good is not good enough.**
 - Old model – Donors gave because you were doing good work around a good cause (poverty, homelessness, education, child welfare, employment services, etc) and they wanted to support your good work.
 - New model – Investors want to know just how much good you are doing before investing – what is their Return on Investment (ROI).

We're living in uncertain times:

- ▶ 87% of US nonprofit organizations responding to a NonProfit Finance Fund Survey said they do **not** feel the recession is over.
- ▶ 60% of US nonprofit organizations reported having cash reserves for 3 months or less expenses (10% reported having no cash reserves) - NPPF survey.
- ▶ 40 states forecast budget shortfalls through 2012. (Center for Budget and Policy Priorities)
- ▶ Often grant funded programs fail, not because of poor outcomes, but rather failures in sustainability planning or implementation.

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PRESENTATION NOTES

Sustainability is intentional, it's not accidental. Sustainable programs result from strategic leadership, action, and planning.

“Leadership is needed more in times of uncertainty than in times of stability.” Jim Kouzes and Barry Posner in *The Leadership Challenge*

The Framework

Our framework for sustainability is a strengths-based approach and focuses on the current assets of an organization. Consequently, while the approach to sustainability planning has common themes; the sustainability plan for each organization is unique as each organization has its own DNA and collection of assets, supporters, skills, talents, and abilities all of which come into play when planning your sustainability.

There are numerous definitions for sustainability related to nonprofit organizations. Here are a few we use in our work:

- ▶ The continuation of community health or quality of benefits over time. (Center for Civic Partnerships)
- ▶ Maintaining and continuing program services after a funding period is over and ensuring that the organization has become a permanent part of community resources. (SAMHSA)
- ▶ The ability of an organization to develop strategies for continued growth and development that provide long-term impact of individuals and communities.
- ▶ Foundational elements that allow the organization to survive the tests of time and be resilient when confronted with various challenges.

Sustainability is not one size fits all. Every organization is unique and at a different place in their journey; each organization has its own culture, characteristics, and strengths. The strengths lie in the organization's assets including the skills, talents, and abilities of the staff and board, the brand of the organization – its reputation and clout, as well as its base of support and level of connectedness in the community.

Ultimately we think of sustainability as an organization remaining healthy, strong, and adequately resourced until it accomplishes its mission. That can be at either the program or organization level. If you're interested in exploring an organization that actually fulfilled it's original mission, check out the March of Dimes at http://www.marchofdimes.com/mission/history_indepth.html.



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PRESENTATION NOTES

Three Fundamentals of Sustainability

1. Results
2. Resources
3. Relationships

Results:

“However beautiful the strategy, you should occasionally look at the results.” - Winston Churchill

Sustainability requires you know the results you produce, why those results are valuable to your community, and who is, or should be concerned with sustaining your services and impact.

- Program - how have your clients, partners, and community benefitted from your MOW programs?
- Organizational - have your MOW programs increased your organization’s capacity or enhanced its credibility?
- Community - how’s the community different (hopefully better) as a result of your MOW programs? Are there measurable increases in senior health and nutrition, or independent living as a result of your program? Are there decreases in hunger, isolation, or institutionalization, etc.?

HIGH IMPACT OUTCOMES

Not all outcomes are equal. That’s why it is important to produce and promote those outcomes that differentiate you from other service providers. Three main categories of high impact outcomes include:

1. Change of Status

Unemployed	Employed
School drop out	Graduate/GED
Homeless	Housed
Tenant	Homeowner
Dependent	Self-sufficient

Change in status, in some cases, is a long-term process. Especially for organizations working with vulnerable populations in fragile situations. Your goal may be change in status, however your involvement is short-term and may not fully impact status. At times it’s helpful to also consider ***condition*** and how changes in condition may ultimately result in change of status. Condition is a measure of the current state of a person, place, or organization against some type of objective standard.

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A stability continuum is used by many to define and measure changes in condition.

In-Crisis is the worst condition on the scale. This person, place, or organization is in dire condition and at the end of their rope.

Vulnerable is a step up from in-crisis. The worst has not yet happened or may be temporarily ameliorated; however the subject is still on the brink and events could push them in either direction at any moment.

Stable is the mid-point on the continuum. The individual, community, or organization is not out of the woods yet, but have moved away from the brink of disaster.

Safe is the phase at which the danger is no longer imminent. Work remains to be done to complete the transition, but they are well on their way at this point.

Thriving is the final phase and the point of no longer needing assistance and may be at the transition of status or at least nearing that transition.

The next pages includes two examples from The Self-Sufficiency Matrix developed by Snohomish County, Washington and can be viewed or downloaded at <http://www.worksourceonline.com/js/documents/selfsufficiency.pdf>

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PRESENTATION NOTES

Dimensions	Housing
Benchmarks	
Thriving (9-10)	Homeownership in a neighborhood of choice. (10) Secure rental housing in a neighborhood of choice. (9)
Safe (7-8)	Safe and secure homeownership, choice limited by moderate income. (8) Safe and secure non-subsidized rental housing, choice limited by moderate income. (7)
Stable (5-6)	Living in affordable private housing (50% or less of household income is spent on housing). (6) Living in subsidized housing.(5)
	Prevention Line
Vulnerable (3-4)	Living in unaffordable, overcrowded, or transitional housing. (4) Living in temporary shelter or unsafe or substandard housing. (3)
In-Crisis (0-2)	Households with eviction notice or forced displacement (i.e. nursing home discharge without housing, fire, natural disaster). (2) Couch surfing or doubling up with others. (1) Homeless. (0)

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PRESENTATION NOTES

Dimensions	Income (Federal Poverty Level)
Benchmarks	
Thriving (9-10)	Income is sufficient and stable, adequate for paying monthly bills, and provides for regular savings and some non-essential purchases (income is 276% or more above FPL, adjusted for family size). (10)
Safe (7-8)	Income is sufficient and stable, adequate for paying monthly bills, but provides for little savings or non-essential purchases (i.e. income is between 251-275% of FPL, adjusted for family size). (8)
Stable (5-6)	Income is adequate for meeting basic needs (i.e. income is between 201-250% of FPL, adjusted for family size). (6)
	Prevention Line
Vulnerable (3-4)	Income is inadequate for meeting basic needs (income is between 150-200% of FPL, adjusted for family size). (4) Income is inadequate for meeting basic needs (income is between 100-149% of FPL, adjusted for family size). (3)
In-Crisis (0-2)	Income is inadequate for meeting basic needs (i.e. income is between 50-100% of FPL, adjusted for family size). (2) No income. Basic needs are not met (i.e. income is between 0-49% of FPL, adjusted for family size). (0)

- 2. Return on Investment** - ROI originated in the world of business, finance, and investments.
- a. *ROI Defined:* a performance measure used to evaluate the efficiency of an investment or to compare the efficiency of a number of different investments. To calculate ROI, the benefit (return) of an investment is divided by the cost of the investment; the result is expressed as a percentage or a ratio. (www.investopedia.com)
 - b. *Example:* Every dollar invested in this program yielded \$1.50 in returns. This is a 50% ROI. Most MOW programs can demonstrate very positive ROI due to the leverage created through significant use of volunteers and in-kind.

3. Systemic Change

REDUCTIONS IN:	INCREASES IN:
Crime rate	Graduation rate

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PRESENTATION NOTES

Unemployment	Employment
Employee absenteeism	Healthcare access
Government assistance	Tax base & # of taxpayers

WHAT IS DIFFERENT IN OR ABOUT YOUR COMMUNITY AS A RESULT OF YOUR PROGRAM?

Your **results** or **outcomes** are the positive changes in the world as a result of your work. These can occur at either an individual (client) or community level.

Consideration: Some organizations may be better served following a client through multiple programs to determine the true outcomes they are receiving. There may be a multiplicative effect when a client continues through more than one program.

WHAT HIGH IMPACT OUTCOMES ARE YOU PRODUCING?

- What changes are occurring in the lives of your clients?
- What changes are occurring in the lives of your volunteers?
- What is the immediate impact of those changes? Intermediate? Long-term?
- How may their lives be different?
- How does that impact their personal future?
- How does that impact the community?

Actions related to results:

• **Produce**

What results do you have from your programs that have positively impacted individuals, organizations, or the community at large?

• **Document**

- ✓ How do you document those results?
- ✓ Are systems and structures currently in place to develop your outcomes?

- ✓ What actions do you need to more accurately capture your outcomes?
- ✓ Collect both quantitative and qualitative data – statistics and success stories
- ✓

• **Package**

- ✓ Build public support for MOW programs by sharing success stories of personal & community IMPACT

CHIP Saves

Money

The numbers prove it.

CHIP of Virginia is a statewide network of local programs that works to improve the lives of young children in low-income families. CHIP improves health outcomes and

OUR MISSION:

To improve young children's health and promote wellness and self-sufficiency in low-income families, through partnerships with local communities.

prevents long-term health problems for thousands of at-risk children. As a result CHIP saves Virginians thousands of tax-payer dollars annually. CHIP receives a portion of its funding each year from the Virginia General Assembly. Each of the 11 CHIP sites supplements that funding with local resources.

CHIP's Partners In Pregnancy Program SAVES.

In 2002, CHIP partnered with Optima Family Care in an effort to reduce premature births and improve outcomes for high-risk pregnant women and their infants. The Partners In Pregnancy program combines home visits and case management services by CHIP nurses and outreach workers with Optima's medical care and telephone support. Evaluation results have shown a major cost-savings for Optima Family Care and improved health outcomes for the women and their infants.

\$8,945	Cost of high-risk pregnancy & delivery
- \$6,658	Cost of high-risk pregnancy & delivery with CHIP
<hr/>	
\$2,287	Savings per pregnancy & delivery

Partners In Pregnancy program expansion could lead to even greater cost savings for low-birthweight babies.

More than 10,000 babies born in Virginia each year are low-birthweight, which has serious implications for their future health

“This program (CHIP) produces savings. This program saves lives. This program is part of the necessary infrastructure for Virginia's future health care system.”

– John Oliver
Assistant City Attorney of Chesapeake



and well-being. If CHIP expanded its Partners In Pregnancy services to an additional 200 women at risk of having low-birthweight babies, it could produce a net savings of \$457,400 and help decrease the number of low-birth weight babies.

\$2,287	Savings per pregnancy & delivery
x 200	Additional pregnant women
<hr/>	
\$457,400	Potential savings per year

CHIP SAVES Medical Costs.

Home Sweet Medical Home.

Having a medical home simply means that children receive both sick and well care from a doctor and team that knows them and their medical history. Access to a medical home has been proven to reduce child health expenditures by 21.7%. Last year CHIP helped an additional 64 children appropriately use a medical home. This creates a savings of \$36,800 in healthcare costs each year.

$$\begin{array}{r}
 \$2,650 \text{ Cost of medical care} \\
 \times 21.7\% \text{ Reduced cost by} \\
 \text{having a medical home} \\
 \hline
 = \$575 \text{ Annual savings per child} \\
 \times 64 \text{ Children who didn't have a} \\
 \text{medical home at enrollment} \\
 \hline
 \mathbf{\$36,800} \text{ Annual savings for new} \\
 \text{CHIP children}
 \end{array}$$

A Breath of Fresh Air.

Nearly 15% of children enrolled in CHIP have asthma or a related respiratory condition. In Virginia, children aged 0-4 years have the highest rate of asthma hospitalization. An asthma related ER visit is approximately \$400, while an asthma related hospitalization costs \$6,304. CHIP works with parents and doctors to help manage children's asthma, thereby avoiding costly visits to emergency rooms and hospitals. This could potentially save \$547,350 per year.

$$\begin{array}{r}
 \$890 \text{ Savings per child per year} \\
 \times 615 \text{ CHIP clients with} \\
 \text{asthma-related diagnosis} \\
 \hline
 \mathbf{\$547,350} \text{ Estimated annual} \\
 \text{savings CHIP produces} \\
 \text{by providing asthma} \\
 \text{management education} \\
 \text{in the home}
 \end{array}$$

Giving Children Something to Smile About.

Children who receive fluoride varnish treatments are four times less likely to have tooth decay than children not receiving treatments. Over the last year, CHIP nurses applied fluoride varnish treatments to 564 children. If this treatment prevents the average amount of decay experienced by low-income children, CHIP will have created a net savings of \$23,650.

$$\begin{array}{r}
 \$175 \text{ Cost of filling cavities} \\
 \text{for at-risk children} \\
 - \$120 \text{ Cost of series of dental} \\
 \text{varnish applications} \\
 \hline
 = \$55 \text{ Savings per varnish series} \\
 \times 430 \text{ CHIP children who complete} \\
 \text{dental varnish series each year} \\
 \hline
 \mathbf{\$23,650} \text{ Childhood dental care} \\
 \text{savings for CHIP children}
 \end{array}$$

CHIP's Parents As Teachers SAVES.

CHIP outreach workers use Parents As Teachers (PAT), a national parenting education curriculum, during their home visits. In one study, 82% of children receiving PAT entered school ready to learn, versus 64% of children not involved with PAT. CHIP's family support and parent education programs save Virginia's schools both now and in the future by helping children enter kindergarten ready to learn and avoiding the cost of remediation for unprepared children.

$$\begin{array}{r}
 \$10,854 \text{ Virginia's cost of grade} \\
 \text{retention per child} \\
 - \$1,475 \text{ Cost of CHIP's PAT} \\
 \text{program per child} \\
 \hline
 = \$9,379 \text{ Potential savings per child} \\
 \times 126 \text{ Half the number of CHIP children expected} \\
 \text{to be retained based on Virginia rates} \\
 \hline
 \mathbf{\$1,181,754} \text{ Potential savings} \\
 \text{per year}
 \end{array}$$

CHIP Works Hard.

Newly Employed Parents.

At enrollment, 36% of CHIP parents are employed. This number increases to 46% one year later. If these newly employed CHIP parents are working 30 hours per week and earning \$8 per hour, they are bringing at least \$3.5 million into Virginia's economy annually.

$$\begin{array}{r}
 \$12,480 \text{ 30 hours/week at average} \\
 \text{wage of high school graduate} \\
 \times 279 \text{ CHIP parents that enter} \\
 \text{employment each year} \\
 \hline
 \mathbf{\$3.5 \text{ million}} \text{ Potential earnings} \\
 \text{to stimulate} \\
 \text{Virginia's economy}
 \end{array}$$

“Because of CHIP,
I have a GED, a driver's license
and a job.”

- Jefferson Area CHIP Parent



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THE SUSTAINABILITY QUEST - Results

PRODUCE	
Strengths	Opportunities

DOCUMENT	
Strengths	Opportunities

PACKAGE	
Strengths	Opportunities

PROMOTE	
Strengths	Opportunities

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PRESENTATION NOTES

Resources include:

Once you've chronicled your results, you must inventory what resources are required to produce or sustain those results. These include:

- Human - the board, staff, and volunteers
- Physical - the buildings, vehicles, equipment (computer and office)
- Financial - government grants, foundation grants, corporate investments, donor base, earned income, paying clients
- Intellectual capital - programs, curriculum, processes, experience, cultural competence

Actions related to resources

• **Protect**

- ✓ Produce excellent results for your funders
- ✓ Provide timely, accurate and comprehensive reports
- ✓ Appropriately engage funders in media & PR
- ✓ Build public support for program results

• **Conserve**

- ✓ Cross train staff and volunteers for job sharing
- ✓ Audit utilization of facilities, programs, & staff
- ✓ Wisely reduce expenses where possible
- ✓ Maximize volunteer involvement

• **Leverage**

- ✓ Share facilities and resources
- ✓ Consolidate administrative functions with/for other organizations
- ✓ Sublease surplus space
- ✓ Cost sharing, resource sharing (fractional ownership), or cooping

• **Diversify/Develop**

Identify, develop, and acquire new sources for funding

- ✓ Individuals - donor development, fundraising events, online giving
- ✓ Institutions - foundations, businesses, civic organizations, faith organizations, and government agencies
- ✓ Entrepreneurial activities - earned income, fee-for-service, social enterprises, or joint ventures

THE SUSTAINABILITY QUEST - Resources

PROTECT	
Resource(s)	Opportunities

CONSERVE	
Resource(s)	Opportunities

LEVERAGE	
Resource(s)	Opportunities

DIVERSIFY/DEVELOP	
Resource(s)	Opportunities

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PRESENTATION NOTES

Relationships - through your organization and programs you have a network of relationships that include:

- Board members
- Staff members
- Volunteers
- Partners
- Investors (funders, donors, etc.)
- Stakeholders and supporters (government, civic, and community leaders)

Relationships

There are two primary categories of relationships to consider: existing and potential.

- ✓ Reproduce - ask those currently connected to your organization to introduce you to their friends and associates who might also have interest in your work. Find fun and convenient ways to do this.

- ***Potential (developing) Relationships***

- ✓ Identify -document all existing relationships in the organization including current and past board and staff members, donors and funders (both individual and institutional) partners (other nonprofit leaders, corporate, civic, or faith). Invest time in a “rolodex party” where board members, staff, and key volunteers identify people and organizations they know that ***might*** be potential donors, volunteers, or partners for your organization
- ✓ Develop - create a systematic way to approach prospective donors or partners
- ✓ Nurture new relationships by utilizing board, staff, and key volunteers - 1:1 or small groups
- ✓ Engage those that show interest by inviting them to get involved, come for a site visit, attend an event. Ultimately you hope to engage them as volunteers, investors, partners, stakeholders or board members.

Ultimately your goal is to see healthy relationships that are continually reproducing by existing relationships introducing their friends, family members, and associates to your organization.

the sustainability quest - relationship network map

Company leaders, staff, and board members should use the boxes below to enter the names and organizations within their individual networks. These names will help identify and prioritize the opportunities available to your organization.

	NONPROFITS	BUSINESS & INDUSTRY	EDUCATION	RELIGION	HEALTHCARE	GOVERNMENT	MEDIA	LAW ENFORCEMENT	CIVIC OR SERVICE ORGANIZATIONS
INVISIBLE: unknown to you and you to them									
INTERESTED: genuinely interested in your cause, but not yet involved or invested									
INVOLVED: attend events, provide minimal support									
INVESTED: those supporting your vision with time, talent, and treasure									

THE SUSTAINABILITY QUEST - Relationships

IDENTIFY	
Current Practices	Key Actions Needed

CONNECT	
Current Practices	Key Actions Needed

NURTURE	
Current Practices	Key Actions Needed

ENGAGE	
Current Practices	Key Actions Needed

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PRESENTATION NOTES

Thoughts on Sustainability Planning

- Remember you must start where you are with what you have
- Assemble a team
- Explore each dimension
- Identify your strengths and assets
- Find your leverage points
- Begin today
- Commit to the course; remember sustainability is a continual quest

Looking for Additional Help or Connection

If you need consultation or coaching contact X Factor Consulting at 800-883-7196 or impact@xfactorllc.com. You can also connect with us online at:

- ✓ LinkedIn: www.linkedin.com/in/kevinmonroe
- ✓ Facebook: www.facebook.com/xfactorconsulting
- ✓ Twitter: www.twitter.com/kevin_monroe and www.twitter.com/xfactorllc

Additional Resources

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Receive a free copy of the 2011 edition of The Idealware Field Guide to Software for Nonprofits. The Field Guide helps you pinpoint the types of software that can increase your organization's effectiveness and efficiency. And it de-mystifies the possible options through user-friendly summaries based on your needs and technical maturity. Download your free copy at <http://info.xfactorllc.com/2011fieldguide>

the sustainability quest

ACTION PLAN

PRIORITY 1 _____				
Goal	Action	Lead/Team	Resources	Timeline

PRIORITY 2 _____				
Goal	Action	Lead/Team	Resources	Timeline