

The Beauty of a Cost Benefit Matrix Map

Catalyst Center for Nonprofit Management

One of the tools we like to use when working with clients on a strategic plan is a cost benefit matrix map. This tool provides a straight forward way to map programs based on both mission impact and financial impact. The beauty of this matrix map is its visual simplicity.

We recently had the good fortune to learn about Jan Masaoka's enhanced version of this matrix map during a training session on "Understanding and Changing Your Business Model in 60 Minutes" while at the BoardSource Leadership Forum. Many of you know Jan from her work at Blue Avocado (www.blueavocado.org). She, along with Jeanne Bell and Steve Zimmerman, has just published a new book entitled Nonprofit Sustainability: Making Strategic Decisions for Financial Viability.

The cost benefit matrix map is a four-square which plots mission impact along the vertical axis and financial impact along the horizontal axis. Jan takes the matrix map one step further by classifying each of the quadrants in the foursquare with easily identifiable visual designations: stop signs, money trees, hearts and stars.



Stop Signs

In the lower left quadrant you will list the programs which produce little or no revenue and do not have an impact on your mission. These are your "stop signs". In other words, unless you are able to revamp these programs so that they increase their mission impact or generate new or more revenue, these are usually the first programs to be cut from an organization as their value is very low.



Money Trees

In the lower right quadrant you will list programs that generate a lot of revenue, but still do not have a significant impact on your mission. These are your 'money trees'. Often you will find special events or donors in this quadrant. Look for ways to bring your mission message to these events.



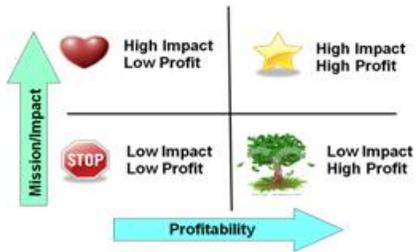
Hearts

In the upper left quadrant you will list programs that have a high impact on your mission, but generate little or no income. These are your 'hearts'. They often have a very valuable place in the organization, but they are sustained by revenue from other programs. Often these programs reach deep into the community with your mission message. If possible, strategize new ways to generate revenue for these programs.



Stars

Finally, the most important quadrant in the matrix is the upper right hand quadrant. The programs in this quadrant have high impact and generate revenue for the organization. These are your stars. When planning for growth, you will want to look first at these programs and investigate opportunities for expansion.



To learn more about the Cost Benefit Matrix Map or other tools to improve your organization's financial sustainability, feel free to contact Cindy Bergvall, CPA, Catalyst Center for Nonprofit Management, 215-343-2727, cbergvall@bbco-cpa.com