Planning for nonprofits and philanthropy

Assessing Your Program Portfolio

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Whether facing an economic challenge or charting a course to "scale-up" for greater impact, organizations often struggle over which programs to invest in and which to phase out. In some cases, stakeholders feel emotionally attached to a program long after it has run its course; in other cases a highly impactful program is difficult to sustain financially and needs to be reimagined. In every case, having the right filter for making smart decisions will help an organization to achieve its vision and inspire confidence in stakeholders that the right path has been selected.

An effective rubric for making decisions about an organization's program portfolio considers both the financial cost of a program as well as its impact according to several criteria. The following pages outline the three steps in assessing the value of a program, and should be used as a tool for honing an organization's portfolio of offerings and shaping its strategic direction – to be further developed through a detailed business plan.

Step 1: Program Impact Analysis

Every program run by the organization should be analyzed on a scale of 1 (low impact) to 5 (high impact) for each of the criteria below. Criteria may be revised or qualified as needed. In some cases, a program may be a larger "bucket" such as an organization's mental health department; in other cases, it may be preferable to disaggregate a department into distinct programs, such as separate mental health clinics for adolescents and older adults.

Degree to which program or service is…	Program A	Program B	Program C
Aligned with the core mission			
Well-executed?			
Serves many people relative to other programs/services? (Scale)			
Deeply serves individuals relative to other programs/services? (Depth)			
Fills a gap in community services/offerings?			
Builds the organization's reputation/public profile?			
Leverages resources for the organization's other programs/services?			
Total			
Average			

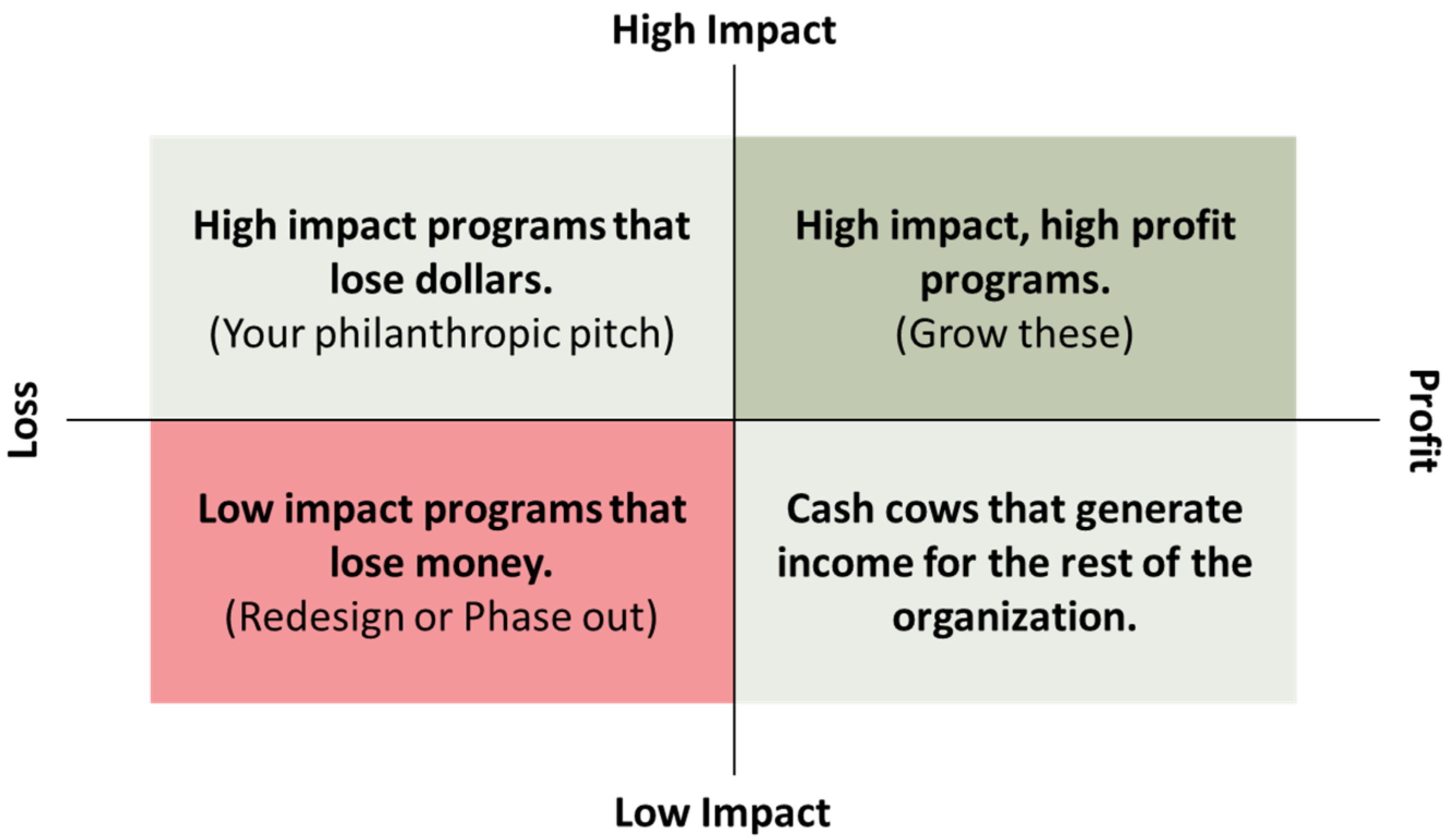
Step 2: Program Profitability Analysis

Every program run by the organization should then be evaluated for its profitability using a rubric such as the one below. Footnotes can be found on page 6.

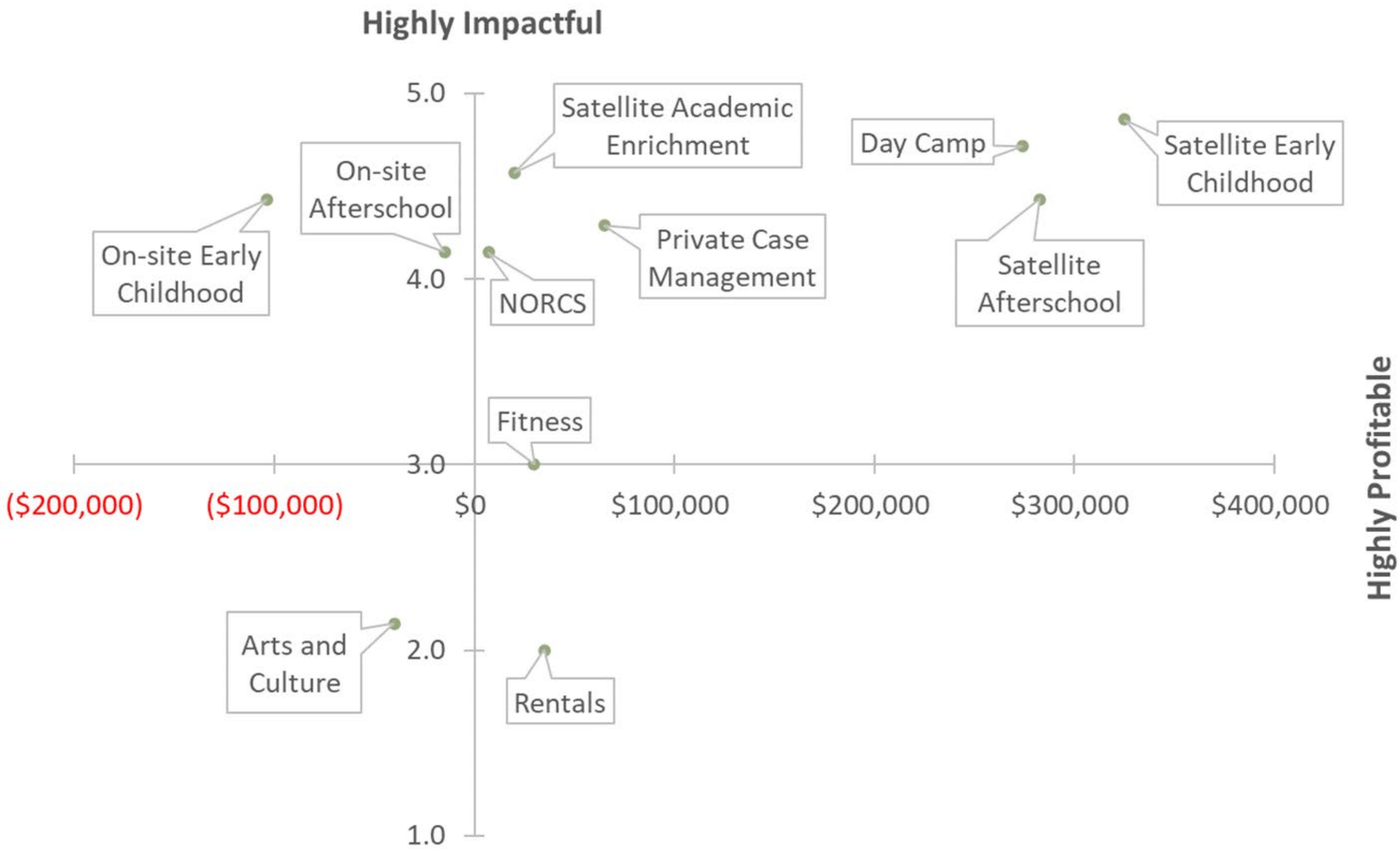
	Program A	Program B	Program C
Revenue			
Earned Revenue			
Restricted Donations/Grants			
Allocated Unrestricted Donations/Grants[1]			
Total Revenue			
Expenses			
Direct Personnel Expenses			
Allocated Personnel Expenses[2]			
Direct Other Than Personnel (OTPS) Expenses			
Allocated OTPS Expenses[3]			
Total Expenses			
Net Profit			

Step 3: Program Portfolio Scatter Chart

Finally, plot all programs on the scatter chart below to spark a discussion about the strategic value of each program run by the organization.



Sample Scatter Chart



Footnotes to the Program Profitability Analysis

[1] **Allocated unrestricted donations/grants.** Allocate the unrestricted revenue contributed to your organization using the same method with which you allocate overhead expenses.

[2] **Allocated unrestricted donations/grants** are not restricted to a particular program because they were donated as “general operating support.” Just as overhead expenses need to be allocated to programs to reflect each program’s true costs, so too should unrestricted revenue be allocated, typically using the same methodology used for overhead expenses. Membership dollars, which are considered tax-deductible contributions by the IRS, should also be allocated. High-performing membership organizations periodically survey members to understand the reasons—including particular programs—that led them to join. Membership dollars are then allocated to each program by the appropriate percentage.

[3] The **Personnel** category should include both salary and fringe benefits. Employees whose roles are distributed across multiple programs should allocate their salaries and benefits according to the percentage of their time spent on each program. The following is an example of a simple rubric that may be used:

Employee	Program A	Program B	Program C	General Mgt.	Fundraising	Total
Program Manager	30%	15%	10%	20%	25%	100%
Program Assistant	20%	15%	15%	40%	10%	100%
COO	15%	15%	15%	50%	5%	100%
Program Total	65%	45%	40%	110%	40%	300%
Allocation	22%	15%	13%	37%	13%	100%

[4] **Shared OTPS Expenses** are those that cannot be attributed directly to one or more programs but are shared across programs. These expenses can be allocated on the basis of percentage of full-time equivalent (FTE) personnel in each program or another allocation method such as the percentage of facility square footage occupied by each program or percentage of program expenses relative to other programs.

About Us

Plan A Advisors

Plan A was founded in 2013 by Evan Kingsley and Adam Gaynor as a new kind of **consulting** practice to design and facilitate **highly individualized** approaches to the unique needs of clients, their audiences, leadership, and financial and organizational platforms.

Together they have more than **40 years of experience** in nonprofits, social enterprises, philanthropy and organizational development across the **widest range** of organizations, institutions and philanthropies.

Plan A works with the **board and executive leadership** of agencies, institutions, organizations and funders to design the most **effective and efficient paths** to setting and meeting **realizable goals**, driven by a **strong and compelling vision**.

Plan A projects include **strategic and business planning, governance, mergers** and **fundraising.**

Contact Us

Plan A Advisors

Ready to set an introductory meeting? Please get in touch. We welcome your inquiry and take great pride and pleasure in guiding you and your organization to the right solution for your needs.

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