
**Mission • Money • Merit:
Using the Portfolio
Approach to Drive
Nonprofit Performance**

Mission • Money • Merit: Using the Portfolio Approach to Drive Nonprofit Performance

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Mission • Money • Merit: Using the Portfolio Approach to Drive Nonprofit Performance



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Abstract

Nonprofit organizations are continually faced with the challenge of where to allocate their limited funds and other resources across the diverse range of programs that they offer. Rather than examining each program separately, nonprofits should view their activities as a portfolio of programs. Mission, Money, and Merit are the three critical axes for strategic management of a nonprofit's portfolio.

The **M3** portfolio approach developed here visually presents the size (typically cost) of each program, as well as the relationships among the programs relative to the nonprofit's mission, resource-cost coverage, and performance quality. The portfolio model then measures the

center of gravity for the nonprofit on each axis and the overall balance of the organization's activities. By presenting the complexity of any organization visually and colorfully, management can better see and judge what programs may need enhancing, changing, or eliminating.

But this is not all the model offers. Through its participatory approach of asking managers to independently rate each of the programs on the three axes, hidden assumptions are illuminated, differences are highlighted, agreements are shared, and learning takes place. The enhanced communication among managers that occurs as a result of this process contributes enormously and directly to the quality of strategic and tactical decision-making by the nonprofit toward greater productivity, effectiveness, sustainability, balance, and success.

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Part I

Overview

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1

Introduction

Not-for-profits play noteworthy and highly diverse roles in our communities and our world. Ensuring their health and capacity to continue performing successfully is therefore vital to our collective wellbeing.

These nonprofits continually face challenges of where to allocate their limited funds and other resources across a diverse range of programs. To improve organizational effectiveness, we offer our *M3* three-dimensional visual portfolio approach, which examines organizational activities as a portfolio of programs, rather than the less effective, and much riskier, examination of each program separately.

Mission, Money, and Merit are the three critical axes for strategic management of the portfolio. The M3 portfolio approach allows management to view all programs in terms of

- advancement of *Mission*,
- revenue and cost balance, or *Money*, and
- quality of performance, or *Merit*.

The *M3* visual presentation shows the size (typically cost) of each program, as well as relationships among programs within the portfolio.

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It then measures the center of gravity on each axis as well as the overall balance of the nonprofit's total activities. By presenting the complexity of any organization visually and colorfully, management can better see and judge what programs may need enhancing, changing, or eliminating.

Intended for board members, executives, professionals, and administrators who individually and collectively contribute to decision-making, the *M3* approach is a visually attractive, three-dimensional grid that helps management make better decisions, as well as serving as a stimulus to far-reaching and revealing discussions regarding the principles and practices underlying the organization's core strategy.

As our two organizational snapshots below suggest, some nonprofits manage their organizational portfolios at principled and courageous levels of excellence in both analysis and decision-making, while others have considerable problems focusing their time, energy, resources, and strategic judgment on tough but critical decisions, and consequently perform indifferently or even fail.

1.1 Two Organizational Snapshots: Coping with Threats & Opportunities

Snapshot 1: The Dean's Dilemma

The Dean stood at his office window, gazing out at a mall bustling with students. He was struggling with the University President's instruction to him to cut his Faculty's budget by 5% (\$1.2 million).

He had begun by reviewing his academic programs, noting that some had received very positive external reviews, new grants, prestigious awards, fund raising success, soaring student demand, program growth, and high graduation rates, while others suffered poor reviews, drops in student demand, resignations by top faculty members, budget overruns, and/or drops in donations.

Given this call for budget cuts, he acknowledged to himself that he should cut programs that were not performing well, that were running up costs without attracting revenues, and that were questionably fitting the university's strategic priorities. But recognizing that such selective

1.1 *Two Organizational Snapshots: Coping with Threats & Opportunities* 5

cuts would evoke significant criticism from their faculty members, he hesitated.

Even though he would be returning to one of the strong departments in less than three years, he was hesitant to get involved in battles over which programs got protected and which got trimmed. Instead, he would implement an across-the-board 5% cut, trusting that the strong programs could easily weather such a cut and that the poorer ones would have time to find ways to improve their activities and return to the kind of success they had experienced some decades ago. As Dean, he would help them to achieve this turnaround.

Convinced that this was the fairest way to go, he called in his assistant to implement his decision. No one would be happy about cuts, but no one would feel singled out to suffer more than others.

Three years later, the Faculty had gone into deep debt and loss of program demand, forcing the university to call in consultants to help make draconian changes to solve very serious financial problems.

The Dean's dilemma represents the all-too-frequent example of an organization, not just a university, making strategic decisions that opt for "fairness" rather than courageous and sustainable decisions based on rigorous reviews. This approach punishes and rewards the best and the worst equally, regardless of their contributions to the organization's mission, financial sustainability, or performance quality.

Snapshot 2: A Social Services Solution

The Executive Director (ED) of the BC Lower Mainland John Howard Society (JHS), a member of the Canada-wide family of community-based nonprofit agencies delivering programs, services, and advocacy in criminal and social justice, stood at the window of his Vancouver neighborhood, staring out at the street where some of his clients and neighbors walked and talked.

He had been reminded this morning that one of the half-way houses that JHS ran was in such bad shape that it desperately needed repairs. But as they rented this and all their other houses, they had little control over quality. As well, the landlord was maintaining high rents that

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were cutting into the Society's cash flow. He had looked at other rentals in other neighborhoods, but few welcomed half-way houses. Still, something needed to be done and done quickly for the clients at this house.

It was not going to be easy. The JH Societies across the country were facing government operating grant cuts in a political climate that was "tough on crime." At the same time, with the growing multi-cultural community of the city and the older ages of clients coming out of prisons, the ED needed to provide information in languages other than English, and deliver services to older clients by older staff than his current cadre of very young people. But older workers were difficult to attract at salaries he could afford. He therefore needed to find new sources of funding to support the high standards he set for the Society's programs, at the same time as replacing the dilapidated house.

He had an idea, an idea that had not received enthusiastic response from his board when brought up in the past, and that was to buy, rather than rent, housing properties. If he could raise a deposit, mortgage payments would equal rentals, and they would have equity giving them future growth and contingencies.

To save money, he would cut their youth counseling services because these were being delivered better by another agency. In addition, he would partner with a different agency to deliver domestic violence services, services attracting government contracts and costing JHS only half a salary. In both cases, competition was not as beneficial as letting better agencies run some services, while partnering with others to combine resources.

A few years later, after taking risks, cutting some programs, collaborating with other agencies to lower costs and improve services, avoiding competing with agencies whose programs advanced the JHS mission, working with the community and key funding groups to attract special grants to support some programs as well as buy rather than rent houses that were in better environments, that could be properly upgraded, and that would build wealth, the ED had not only been able to make the service quality changes to which he was committed, but also increase the Society's revenues, net worth, and contingency account.

By being able to pay higher salaries to attract more experienced people, JHS not only provided more appropriate services to its clients,

1.2 *Benefitting from the M3 Portfolio Approach: Mission, Money, Merit* 7

but also discovered that these new individuals were attracting fresh funds. The uncontrolled risks, while still a threat, were offset as revenues and costs came into positive balance across the Society's portfolio of programs, a balance now controlled by the Society, not politics.

The John Howard Society, with its multiple independent and loosely connected operations across Canada, including the Vancouver area society described here, is perhaps one of the thorniest of organizations to run given the Society's mission to work on "Effective, just, and humane responses to the causes and consequences of crime" www.johnhoward.ca/about/mission/index.php (2012).

Despite its challenges, the executive of this regional society approached the mission, money, and merit components of the organizational portfolio in all the ways that achieve success. This work will cover in more detail how such success can be copied using the **M3** approach.

1.2 **Benefitting from the M3 Portfolio Approach: Mission, Money, Merit**

The M3 approach is intended to help not-for-profit management, including executives, board members, senior professionals and administrators, to visualize and manage complexity in colorful, innovative, and winning ways.

By adopting the approach that we will describe here, nonprofits can enjoy these nine advantages:

1. easily visualize the programs in the organization's portfolio;
2. agree on how each program advances or detracts from mission;
3. understand what each program costs and brings in as revenue;
4. assess capabilities, outcomes, and performance for each program;
5. decide which programs should be grown, cut, and/or changed;
6. focus more efficiently and indeed more courageously, but less riskily, on programs that need most attention;

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7. allow each participant around the senior management table to safely discover what they and their colleagues know, what they don't know, and how to contribute more effectively to the collective enterprise;
8. participate actively in organizational learning; and
9. perhaps most importantly, bring a healthy and effective balance to the organization as a whole

VISUAL MODELS

M3 is a visual model.

There are many benefits to using visual approaches, including the following:

- they make a complex organization simpler, and thus easier, to visualize or “see” it as a total entity;
- they aid in pattern recognition, which can show gaps and overlaps in an organization's collection of programs and services, and thus better balance the organization as a whole;
- they render the all-too-familiar organization in a fresh, new, and often surprising light, which gives members of decision-making teams an opportunity to rethink what many may have taken for granted without conscious awareness or open discussion — undeclared assumptions around a board-room table not being effective for the best possible decision-making; and,
- as shown by educational theorists, visuals can be powerful learning tools for the many among us who cannot readily grasp abstract ideas or complex realities via words or numbers.

**1.3 21st Century Challenges to Nonprofits:
The Need for an *M3* Approach**

Not-for-profit organizations around the world contribute positively to the well-being of individuals, societies, and our planet. The variety of their activities is huge, ranging from health, education, social services, justice, sports, religion, and human rights, to environment, arts and culture, security, heritage, and more.

1.4 Strategic Planning: Approaches, Frameworks & Tools 9

Nonprofits achieve much, and do so despite their very difficult natures — multiple and often conflicting constituencies, fragile funding sources, individual volunteers and volunteer governing bodies, no universally focusing “bottom line” requirement, varying interpretations of mission, and, frequently, lack of time and resources to undertake evaluation, research, and other constructive studies. Then during economic, socio-political, and environmental difficulties, funding sources get cut, or disappear entirely, ironically at times when resources are most threatened and demands on services are greatest.

The economic, demographic, environmental, political, and social context of our world today is placing increasing challenges on not-for-profits. Not only are cyclical world-wide economic challenges, government debt, aging populations, climate change, health risks, and other planet-wide transitions imposing increased demands on nonprofits to deliver services, but at the same time, these same factors are reducing grants, donations, and other revenues to fund activities.

In response to such pressures, nonprofits must not only balance the need for new services with the maintenance of existing ones, but simultaneously cope with tight and shifting budget constraints. The *M3* portfolio approach can dramatically help to achieve that balance in a nonprofit’s strategic plan.

1.4 Strategic Planning: Approaches, Frameworks & Tools

Many useful conceptual approaches, frameworks, and tools have been developed over the years to aid strategic decision-making in both for-profits and not-for-profits.

Some of the best known include the “7-S” model of *the Search for Excellence* by Tom Peters and Robert Waterman (1982); the “balanced scorecard,” a performance management tool, by Robert S. Kaplan (2005); the “triple bottom line” (or TBL), also known as “people, planet, profit” or “the three pillars” of economy, ecology, and society, by Elkington (1998). All of these, and other, strategic approaches mix financial analysis with such non-financial measures as impact of activities and managerial insight, with each approach aimed at enhancing organizational success.

Each of the above approaches was developed initially to improve the performance of profit-making businesses. Our approach is specifically designed for nonprofits, and focuses on their key concerns.

With its three axes, our three-dimensional *M3* model may be assumed at first glance to be the same as the “triple bottom line.” However, the TBL or “people, planet, profit” was developed specifically for for-profit businesses to consider not just their bottom line (profit), but also such ethical matters as their ecological impact (planet) and their impact on society (people).

Given that the fundamental nature of nonprofits already incorporates positive contributions to society and environment, then something complementing these other tested models and advancing them for nonprofits is needed.

1.5 Two-Dimensional Portfolio Models: Financial Well Being, Personal Balance & Organizational Management

The fundamental principle of a portfolio approach is that no one activity can accomplish all of an individual’s or an organization’s goals. Instead, a combination of activities that is well balanced can lead to such success. The “portfolio” becomes, in essence, the total picture of complex activities. Portfolio models can thus look at the sum total of activities, focus on individual corners, and expose gaps and overlaps to balance the whole in a more successful, sustainable, and comfortably weighted center. Portfolio graphs have been used in various ways for both individual and collective needs, some of which we will illustrate here.

1.5.1 Individual Financial Portfolios

This type of two-dimensional portfolio graph is no doubt familiar, having proven useful in fields such as investment analysis. Each investment is measured in a portfolio chart by the size of that financial investment against two axes: risk and return. By calculating a center of gravity for the overall risk/return portfolio, investors can check their comfort level when balancing hoped-for returns against odds of losing more than

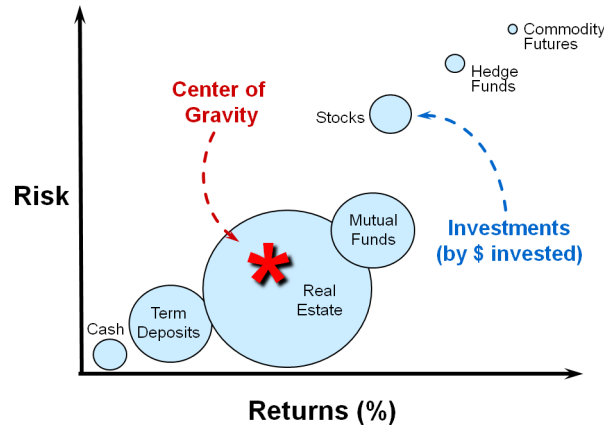


Fig. 1.1 Individual financial portfolio graph.

they can afford, thus ensuring a more sustainable long-term investment approach.

In Figure 1.1, as the center of gravity shows, this investor has concentrated funds in a relatively conservative corner of the graph, making the handful of riskier investments safely balanced against the core investment strategy.

1.5.2 Personal Portfolios

For individuals, a similar model can work in making decisions about balancing life choices. Here each sphere size measures how much time, as opposed to money, each activity takes in the individual's life, and how each contributes toward personal life goals. On one such personal portfolio axis, the dimension is health and happiness; on the other, economic well being.

In Figure 1.2, our hypothetical individual is a young adult, married with children, working, and completing some college courses. As the graph illustrates, much of this person's time is spent in stressful and not overly happy activities, leaving less time for family, travel, entertainment, fitness, or simply relaxing. Time spheres show more gaps in the upper (health & happiness) half of the axis, while virtually filling the lower (stress or tedium) axis.

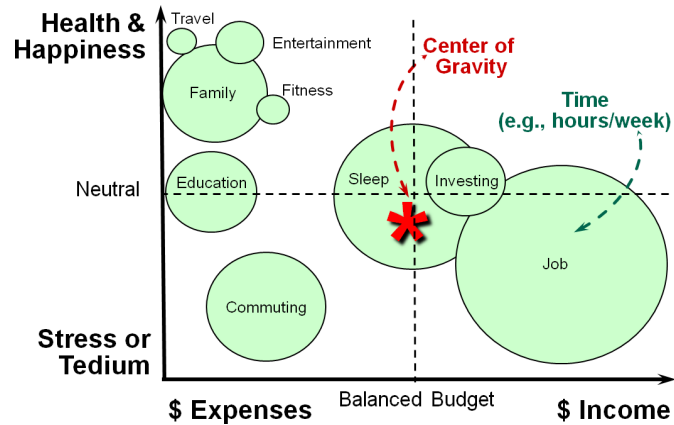


Fig. 1.2 Personal portfolio graph.

Fortunately, the household budget is almost balanced, but a shorter commute, more fulfilling job, and less demanding educational scheduling and course choices might be considered.

1.5.3 Organizational Portfolios

For not-for-profit organizations, a similar two-dimensional portfolio matrix as displayed in Figure 1.3 can be used to address how each program performs relative to both mission and revenue/cost coverage. The vertical Y axis assesses how each program advances the nonprofit's mission, while the horizontal X axis shows where the program sits regarding the revenues it attracts and the costs it bears. The size of each program circle represents its annual operating cost to the organization (Lovelock and Weinberg, 1989, pp. 214–216).

Lovelock and Weinberg's illustrative example shows a medium-sized museum. The core programs of this museum are positively above the neutral mission advancement line, with Special Exhibitions attracting more income in sponsorships and ticket sales than the high cost of exhibit planning, preparation, design, installation, advertising, security, and insurance. Because of their high staff and operating costs, Collections, and School and Public Programs, as well as other core programs, need financial subsidies from the museum's revenue-generating programs.

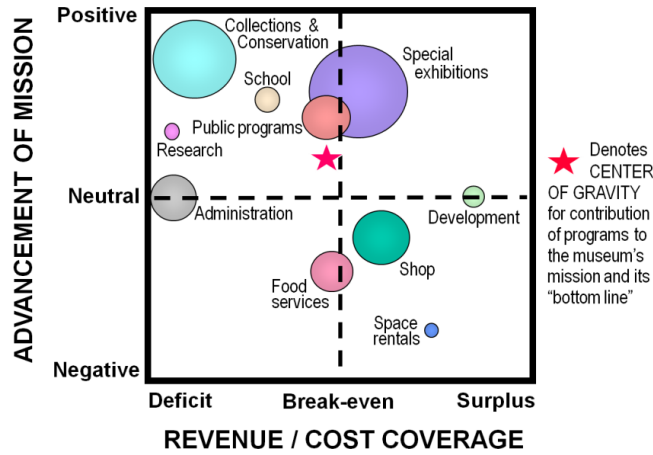


Fig. 1.3 Organizational portfolio graph.

Generally, revenue-generating programs are not set up to advance mission, but should be neutral, not actually detracting from mission. In this example, however, several actually detract from mission, some more than others, for example, the Shop sells items completely disconnected from the museum's collections, while Space Rentals allows any renting group to act as if they were renting a hotel, not a museum.

Despite the fact that Food Services provide a positive visitor benefit, these services do not fully cover their own costs, much less contribute to core programs. If the Development office was not effective in bringing in significant donations and sponsorships, this museum would be in even worse deficit than its center of gravity indicates.

1.6 From Two to Three Dimensions

Despite the helpfulness of this early portfolio model for nonprofit managers, research showed that a critical third dimension — performance — was missing (Krug and Weinberg, 2004).

It was not enough to ensure that programs collectively advanced mission and were financially sustainable; it was also necessary to ensure that they were effectively performed and their outputs reviewed, measured, and confirmed.

Drawing on the museum example above, School Programs, which were an important aspect of the museum's mission and incurred a moderate deficit, were delivered very ineffectively. Local teachers complained that visits were time-consuming to arrange, and that the docents did little to tailor the tour to the learning needs of students in specific grades. While management may have assumed that the high demand from school groups leading to overbooked tours was due to the high quality of the program, it was actually due more to the limited number of time slots available. A deeper analysis showed that a increasing numbers of teachers were dropping their class visits to the museum.

Also, although Collections and Conservation were very high on the mission axis, artifacts had been damaged and records lost or misplaced. Only when performance was added to the portfolio model did senior management fully appreciate the serious implications of these two program issues.

The two-dimensional illustration of the museum hints at another argument for evaluating performance, and that is to enhance donor and sponsor support. While it is the core mission-advancing programs that attract specific donor support, Development could achieve even more in fund raising if the quality of these programs was exceptionally and consistently high. Mission and Merit, the latter being our name for performance quality, are not the same measures, but both are critical to nonprofit success. In brief, doing good is one thing; doing good well is another.

Furthermore, Development could also bring in more funds if the museum's reputation for the disengaged Shop and thoughtless rentals described above were not becoming publicly known, therefore putting the whole museum in a less positive light. In "Philanthropy: Rethinking How to Give," Feldman (2010) supports this funding argument, stating that there is a "growing movement to review and rate charities on their real world results [thereby giving] donors a better idea of where they can do most good."

Philanthropists donating to charitable enterprises should therefore look not only at organizational mission, but also at the quality and impact of actual delivered services and operations. To attract more

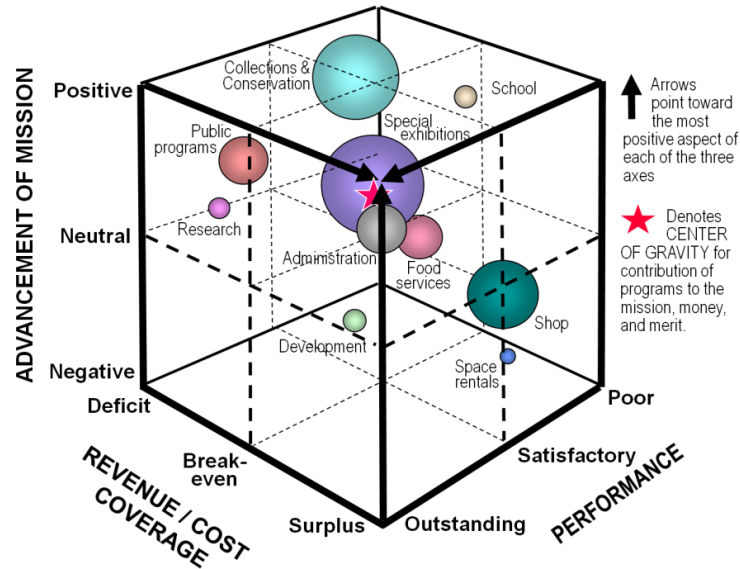


Fig. 1.4 3-Dimensional portfolio model.

funding, performance counts. When adding the third performance axis and using the same museum example, our multi-dimensional portfolio model would now resemble Figure 1.4.

The relative positions of the museum's 10 programs on the three dimensions of *Mission*, *Money* (revenue/cost coverage), and *Merit* (performance quality) can be seen. It is possible now to appreciate that not all assessments of how programs advance mission, perform, or cover costs are as straightforward as they may have appeared on the two-dimensional model.

The reasons for some surprising outcomes in the relative ratings of programs against three, not two, axes, are described in detail in Part II of our book. Here we share experiences from nonprofits in which we conducted field tests and consulted. While working with these organizations and presenting to them colorful graphics from spreadsheets that they themselves had filled in, the results were particularly dramatic. When clicking on images from averages to extremes, or when comparing a program's mission rating with that of its performance, the spheres danced, often in dramatic ways. As a result, those sitting

around the boardroom table quickly recognized that what they as individuals had assumed they knew about their organization and shared with their colleagues was more complex than previously realized and perhaps not reflective of realities.

The visual *M3* portfolio turned into something not only surprising, but far more illuminating — not to mention entertaining — leading to the organization's strategy and performance being more openly and creatively discussed than ever before, with learning visibly taking place.

1.7 The *M3* Book: What Follows

What follows describes in greater detail how nonprofits can use the *M3* model to:

- improve strategic decision-making by providing a framework to clarify and even simplify this challenging process;
- make the delivery of mission-driven services more sustainable and the organization healthier;
- help managers decide which services to enhance, which to maintain, and which to drop;
- improve communications within the organization;
- enhance the knowledge and performance of board members, executives, professionals, and administrators who contribute to or influence critical decisions; and
- achieve productive organization-wide balance.

These sections cover the context, value, and use of the *M3* model for nonprofits, and include a variety of experiences of organizations around the world which illustrate how different approaches to strategic decision-making can bring about great success or become timely warnings of impending failure.

1.7.1 Part I: Overview

Sections 2, 3 & 4 introduce the basic concepts of the three-dimensional portfolio approach.

- Section 2** begins by looking at the variety, complexity, and diversity of nonprofit services or programs; nonprofits have typically gone from single purpose entities to organizations offering a diversity of programs. The section demonstrates the critical need to balance program differentiation and integration, the former being the tendency to segment the organization into sub-units as growth occurs; the latter being the process of unifying these sub-elements to ensure delivery of the nonprofit's mission. A suggested breakdown of program types includes those deemed to be core to mission, versus those that are supplementary, resource attraction, or common services. The section shows how these program breakdowns improve the strategic decision-making process by both simplifying and enriching that process.
- Section 3** demonstrates how the graphical, visual, colorful, three dimensional *M3* approach allows managers to understand complexity, to see the familiar in new ways, to improve communication, and to enhance learning by individuals around any boardroom table. The *M3* approach contributes a richer learning mechanism for managerial teams to better understand the balance of programs across a complex organization, and thus make more intelligent, more effective collective strategic decisions. The section shows how the *M3* model breaks down organizational activities, and how to bundle or amalgamate them for more effective communication and decision making.
- Section 4** illustrates in simple, colorful detail how to launch the *M3* portfolio in a nonprofit organization, including how to represent the total cost of any program; how to set up a rating system to assess contributions of programs to the nonprofit's mission, its revenue/cost coverage (or money), and the quality of its performance (or merit); how to seek individual's ratings of all programs; and culminating in the most arresting and often most entertaining part of the *M3* process — the presentation of the results.

1.7.2 Part II: Exploring the Three Portfolio Axes

Sections 5, 6 & 7 delve deeply into each of the three axes: *Mission*, *Money*, and *Merit*. Each section defines the axis, outlining why it is important for organizations to include these in evaluating programs.

Section 5 covers the *Mission* axis. Mission is what launches nonprofits, what sustains them, what attracts volunteers, donors, and government and other grants, and what delivers value to communities, societies, and the environment. Measuring how each program advances or detracts from mission may be considered the most obvious measure for a nonprofit, but unresolved issues of mission statements, different interpretations, and subsequent disagreements arise to potentially weaken the nonprofit.

Section 6 covers the *Money* axis. By definition, money or profit is not the goal of the nonprofit, but is critical to support mission-advancing programs, to allow growth when demand for services increases, and particularly to sustain the nonprofit over the long term. Various approaches to assessing revenues, costs, and contributions of programs and activities are covered.

Section 7 covers the *Merit* axis. This is the newly added axis that argues for rigorous, consequential, and comprehensive evaluation of program/service performance. It is not enough for a program to contribute “simply” to mission, but management must also be confident that what is produced and what services are delivered actually reach the intended audiences and have the desired impact. Service quality, outputs, and the actual meeting of needs are evaluated here.

1.7.3 Part III: Moving the Nonprofit Forward

Sections 8 & 9 tackle two important management issues: first, the portfolio model’s ability to enhance internal communications; and second, positioning funding within the portfolio.

Section 8 describes how the portfolio approach can enhance internal communications. Field testing of the *M3* model showed that this tool allows people to safely assess their own knowledge and opinion about how programs advance mission, what they cost, what they attract in revenues, and how well they performed. This process not only illuminates untested assumptions, potential ignorance, and sources of disagreements, but also why in the past the organization has not arrived at well founded, rigorous, and sustainable decisions. In addition to its inherent value in improving strategic decisions, the system improves communication within the organization, leading to more commitment and better performance.

Section 9 explores how to position the often complex aspects of funding within the organization's portfolio. For management to better understand who or what is actually drawing in the funds — be they donations, government grants, or other income — so that it can further enhance these sources, it is valuable to track such funds and accurately apply them to the programs. It also becomes critical for management to know how such funds are raised so that the process does not detract from mission or jeopardize future income. As we argue in the section, fund raising activities that detract from the organizational mission should not be tolerated.

1.7.4 Part IV

This part summarizes the M3 approach and brings all the elements together.

Section 10 addresses all three axes, *Mission*, *Money*, and *Merit*, in their capacity to better integrate and balance the organization, as well as provide the checks and balances for principled accountability. The section offers powerful examples of how some nonprofits have achieved successful balance leading to their increasing contributions to society. They have done so by harmonizing strong

organizational cultures for collective decision-making, high quality program deliveries, long-term financial sustainability, and clear but always flexible direction on where they are going and how to get there.

1.8 Summary

Our three-dimensional *M3* portfolio approach helps to illustrate visually how programs, costs, revenue, performance quality, and advancement of mission balance across the whole organization, and thus where the organization's "center of gravity" lies. Moreover, it provides a vehicle by which managers can readily discuss, confront, and resolve critical strategic or tactical issues.

At the very highest level, management can now more easily make decisions regarding which programs need to be improved on the mission axis, across the revenue-cost axis, and/or along the performance axis — or which need cutting, repairing, or enhancing to bring the center of gravity, the nonprofit's weighted center, to a more economical, efficient, and effective balance. As well, management can get a good sense of whether the mission statement itself needs rewriting.

This *M3* portfolio approach is not prescriptive. It does not propose to prescribe what the organization should do or what the mission statement should say, nor does it question what any nonprofit's goals and priorities are. By focusing management attention on the three critical axes of mission, money, and merit, it leads to clarify the meaning of each axis and to how each program contributes to organizational success.

Most importantly, by highlighting key issues in an integrated, balanced, portfolio-wide format, the *M3* approach allows management to visualize complexity and the varying opinions of its decision-makers, to consider options and trade-offs, to play what-ifs, to measure progress over the years, to use resources better, and most usefully, to judge overall organizational balance and arrive at optimal decisions relative to the three critical axes.

At the senior management level, the approach can facilitate decision-making that ensures that managers, administrators, profes-

sionals, and board members have a shared understanding of the situation, by revealing differences in perceptions and assumptions, and by gaining a clearer understanding of improvements needed. As a powerful visual tool for management, it also draws the best out of those in the decision-making ranks of the organization, and thereby collectively builds the nonprofit toward greater capacity, quality, and sustainability.

Although our *M3* approach is seemingly simple, the scope of its impact is broad, deep, and richly valuable for improving both external outcomes and internal processes.

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