Money & Mission

Helping you align money and mission

ROOTED GOOD

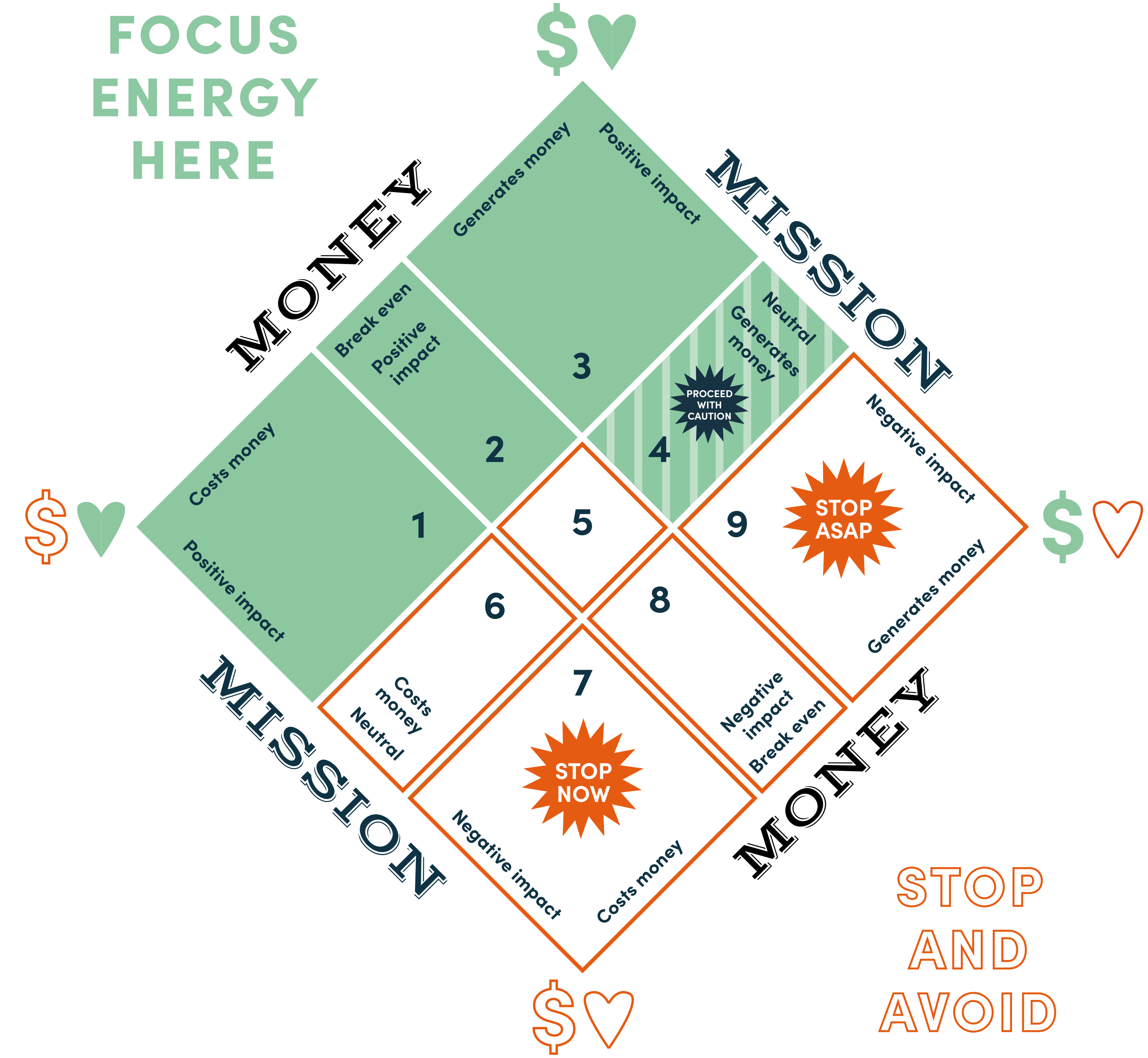
INTRODUCTION

Mission is primary for social impact organizations. But money is also vitally important.

Social enterprises, nonprofits, B-corps, and other social impact organizations exist to fulfill their core mission whether that be serving people in their neighborhood, addressing a core systemic inequality, caring for the environment, inspiring people through the arts, or any number of other important causes. Mission is primary. Always start and design activities with mission in mind.

But almost all social impact organizations need money to accomplish their mission. Money pays for programs, staff, and direct constituent support. Money helps organizations tell their stories, and generate new funding. Without attending to the business of an organization there will be no money for the mission.

Attending to both money and mission is essential for successful social impact to happen. And the two are intimately and deeply tied to each other. The way an organization generates money can positively or negatively impact its core mission purpose. And the mission activities an organization pursues can generate or cost money. Aligning money with mission is one of the most important, but often overlooked, strategic activities that a social impact organization can engage in. This is especially important as many nonprofit and social impact organizations are increasingly looking to generate earned income and not just fund their mission through donations. Social enterprise, as this is often called, has tremendous promise, but also involves some risk if money and mission are not well aligned. This map by RootedGood is designed to help organizations evaluate their alignment of money and mission in order to do both, better.



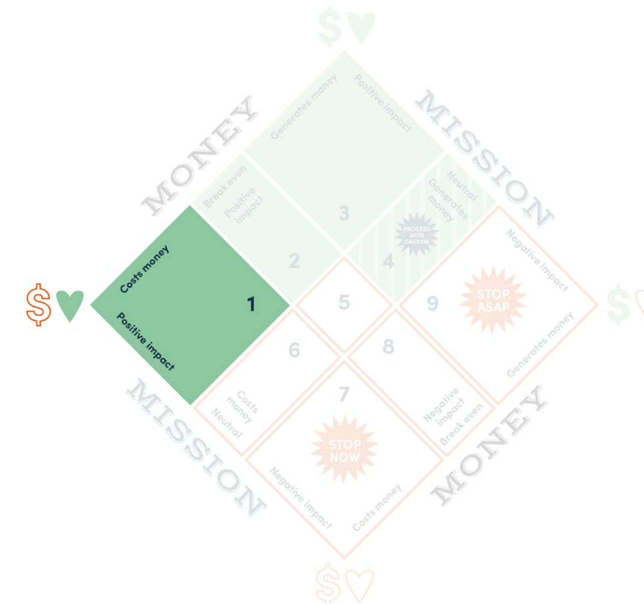
Concepts and content in this tool are adapted from, "We Aren't Broke: Uncovering Hidden Resources for Mission and Ministry," by Mark Elsdon ©2021 (Wm. B. Eerdmans Publishing Co.). Used by permission.

THE MAP

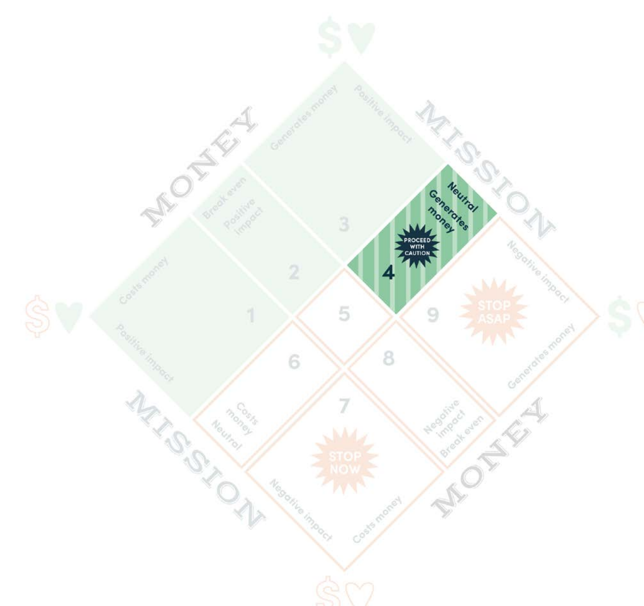
The map is divided into 9 boxes. Activities that fall in along the upper left on this diamond (the green boxes – 1,2,3) have a positive mission impact. Those in the middle are neutral (4,5,6)—they neither contribute to nor detract from your mission impact. Those in the bottom third (7,8,9) have a negative mission impact—they are harmful to the mission of the organization or to what you want to see happen in the world.

In a similar way you can map the financial impact as you move along on the map. Activities and programs that fall along the upper right side (3,4,9) generate money. They have a net positive financial impact on the organization. Those in the middle third basically break even (2,5,8). And those in the lower left have a net negative financial impact (1,6,7). They cost more money than they bring in. By mapping what you do into one of these nine boxes you can evaluate the overall impact of your activity on the mission and financial resiliency of your organization. You can see where money and mission align and where they do not.

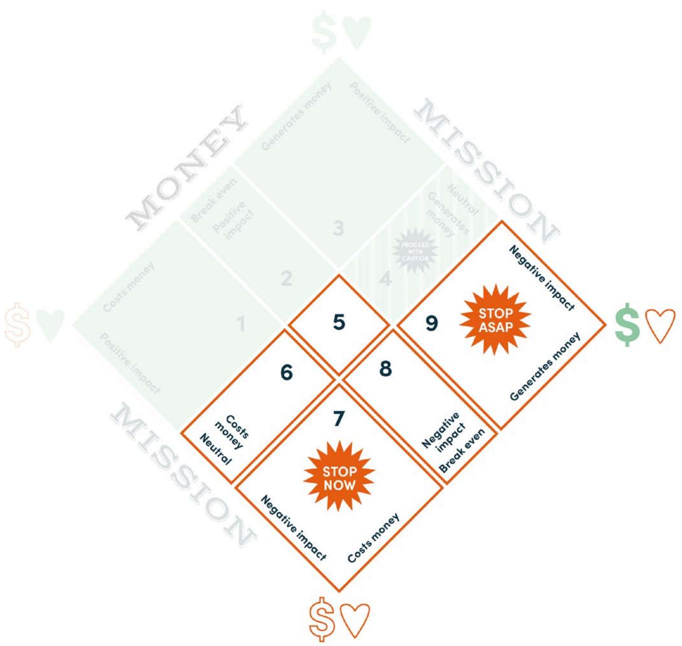
Let's dive a little deeper...



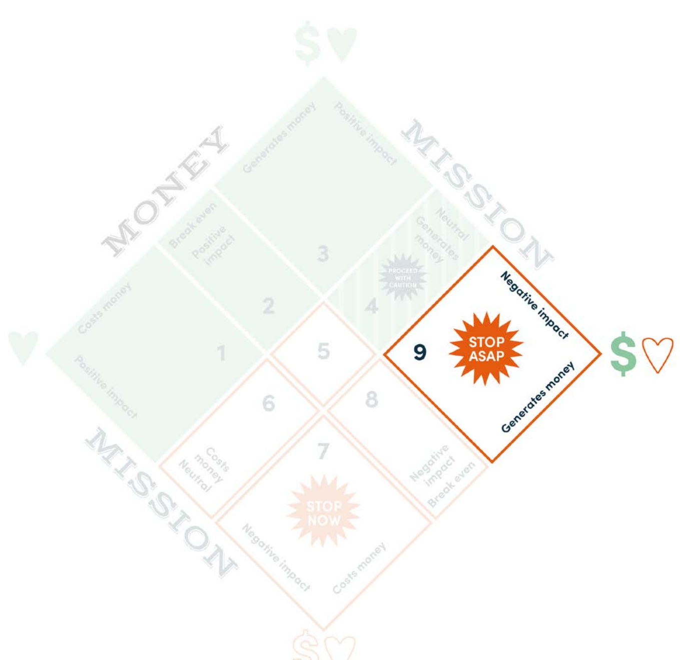
The activities on the far left, **box 1**, have a high, positive mission impact and are central to your mission. You probably do these things because they are core to your mission even though they cost more money than they bring in – so do not stop these activities! You must engage in activities in another area of the map to generate revenue and fund these programs.



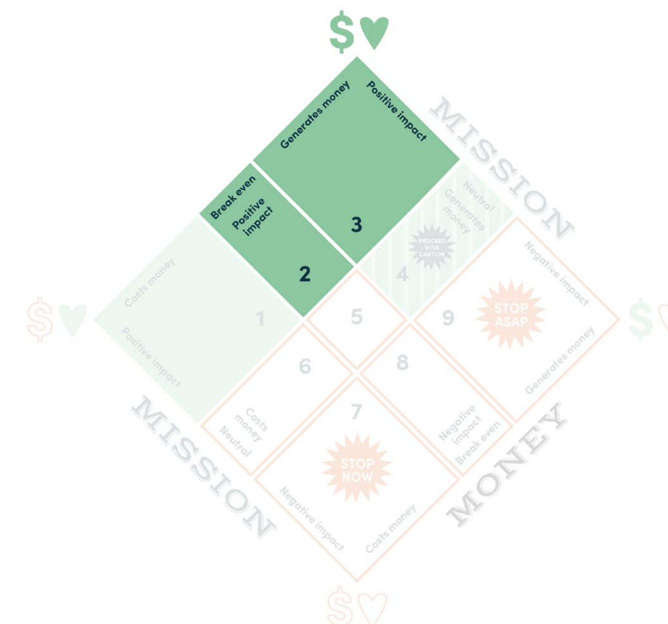
For example, activities in the middle **box 4** may generate revenue to support those that lose money in box 1. They have no real positive or negative mission impact, but they bring in money to fund other activities. Perhaps your organization rents out space to a commercial business, such as a gift shop. There is nothing negative about that activity, but it may not do much to directly contribute to your mission. It is mission neutral. But the positive income stream might cover the cost of box 1 activities.



Notice that **five of the nine boxes** are white. These are activities that should be changed, stopped, minimized, or avoided. They have neutral or negative mission impact. It is clear that if something we are doing has a negative impact and doesn't generate any money (box 7), we should stop doing that. But what about activities that have no real positive or negative mission impact and cost money or just break even (boxes 5 and 6)? When organizations take a hard and honest look at their activities many find that a surprising number of activities fall into these boxes. For example, a long-time fundraising gala might be a staple activity but when all the accounting is done it becomes clear that only a small amount of net income was generated after expenses - not enough to offset the energy spent that could have been used on more direct mission activity.



And what about activities that make money but actually have a negative impact on the mission of your organization? These activities fall in **box 9**. For example, an organization whose purpose is to address climate change and wildlife extinction may find they undermine their whole mission if their endowment is heavily invested in companies engaging in fracking or drilling for oil in the arctic. Or imagine a church renting out part of its building to payday lending business that exploits the neighborhood the church is trying to serve. This can be a particularly tricky space to be in for mission-focused organizations, especially if the financial returns in box 9 are high. We have to be really honest about where revenue is coming from in case it falls in this space. The goal is to move completely out of box 9 over time.



So what about **boxes 2 and 3**, the top right of the diamond? These are the areas many social impact organizations want to move towards. Here activities have a high mission impact while also generating enough revenue to either break even, or even better yet, generate surplus for the organization that can be applied to box 1 activities. For example, the social business Guayakí started in 1996 with a goal of protecting 200,000 acres of South American rainforest while also creating over one thousand living-wage jobs. Guayakí achieves this goal through the sale of yerba mate beverages that are distributed widely throughout the United States. They work with indigenous cooperatives that supply them with yerba mate. The farmers have an incentive to preserve, and even restore, the rainforest, for yerba mate naturally grows under tree cover in Brazil, Argentina, and Paraguay. Ultimately, the more drinks Guayakí sells at 7-Eleven convenience stores, Safeway, and other outlets, the more acreage of the rainforest is protected. The more successful they are with production and sales, the more money they make and the more impact they generate.[1]

Finding this sweet spot where money and mission align so that both rise together is not always easy or even possible. And very few organizations will have all of their activities in box 3. The overall goal for most organizations is to find an effective balance of activities in boxes 1, 2, 3, and 4, not necessarily to move solely into box 3. But where they can be done well, activities in box 3 have enormous mission and financial impact. As authors from the Harvard Business School and Echoing Green point out, "the best way to limit the tug of mission drift is to run a business venture directly related to your social mission and integral to furthering it."[2]

A note about grant and donor funding:

Nonprofit organizations that receive and use donor and grant funding will need to consider where to place those fundraising activities on the map. The first question should be to ask is if those activities are revenue positive (boxes 3, 4, 9). If the goal is to raise money then hopefully those activities are revenue positive, but sometimes upon careful study nonprofits find that they actually spend more money than they bring in for various fundraising efforts (such as the example of the fundraising gala noted above). The next question is to consider how those fundraising activities align (or don't) with the mission of the organization. It is possible for fundraising to be mission positive (fulfilling an important role in the lives of the donors who give), negative (fundraising tactics that are discordant with the mission), or neutral. Effective fundraising activities should ultimately fall into boxes 3 or 4.

1 https://guayaki.com/global-regeneration/
2 Julie Battilana et al., "In Search of the Hybrid Ideal," Stanford Social Innovation Review, Summer 2012, https://ssir.org/articles/entry/in_search_of_the_hybrid_ideal#.

NOW IT IS YOUR TURN...

Use the blank map below to evaluate your organization's activities and what impact they have on your mission and your financial performance. Be brutally honest – it doesn't do anyone any good to shy away from places where money and mission collide. Here are some guiding questions that will help you complete your own money/mission map:

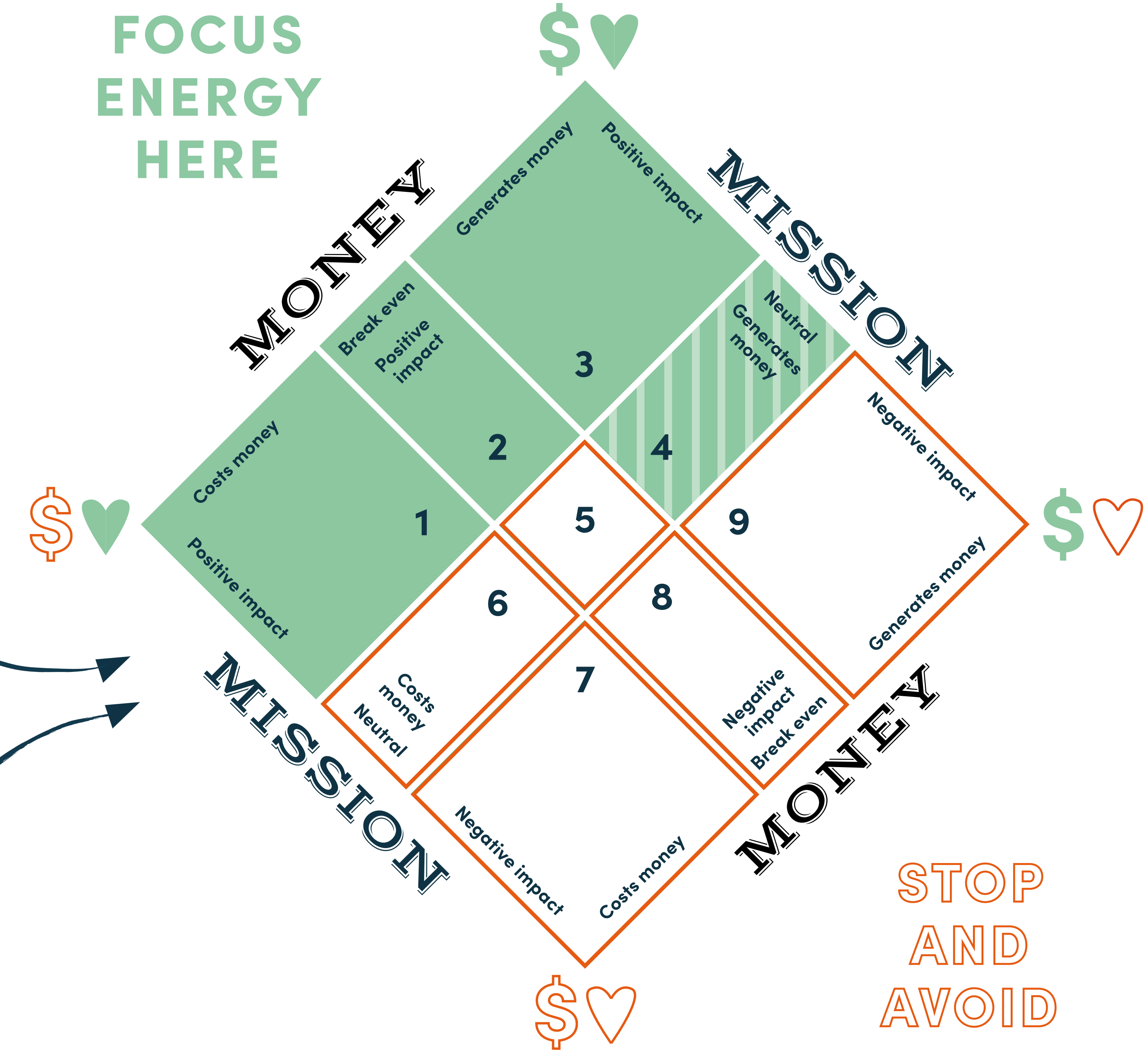
1. **What activities would you continue to do (almost) no matter how much it cost?** Name the activities that are so close to your heart that you would raise money night and day to be sure they happen. Put those activities in box 1.

write onto the diagram

2. **How do you pay for the activities in box 1?** Identify activities that generate positive revenue. These can be earned income, investment income, or contributed income (donor/grant funding) sources. These activities will be placed in boxes 3, 4, and 9. Then consider what impact those revenue generating activities have on your overall mission objectives. If the impact is positive then place that activity in box 3, if neutral place it in box 4, and if negative place it in box 9. Take special note of anything that ends up in box 9 and make a plan to phase out of that activity as soon as you can.

write onto the diagram

3. Now begin filling in the rest of the map. What activities are neutral in mission impact but still cost you money (box 6) or are negative in both mission impact and financial performance (box 7)? Work through a comprehensive review of your core activities (both program and financial) and place them all somewhere on the map. They have to fit in one of the boxes. Take special note of anything that ends up in box 7 and make plans to stop that immediately.



Taking Action

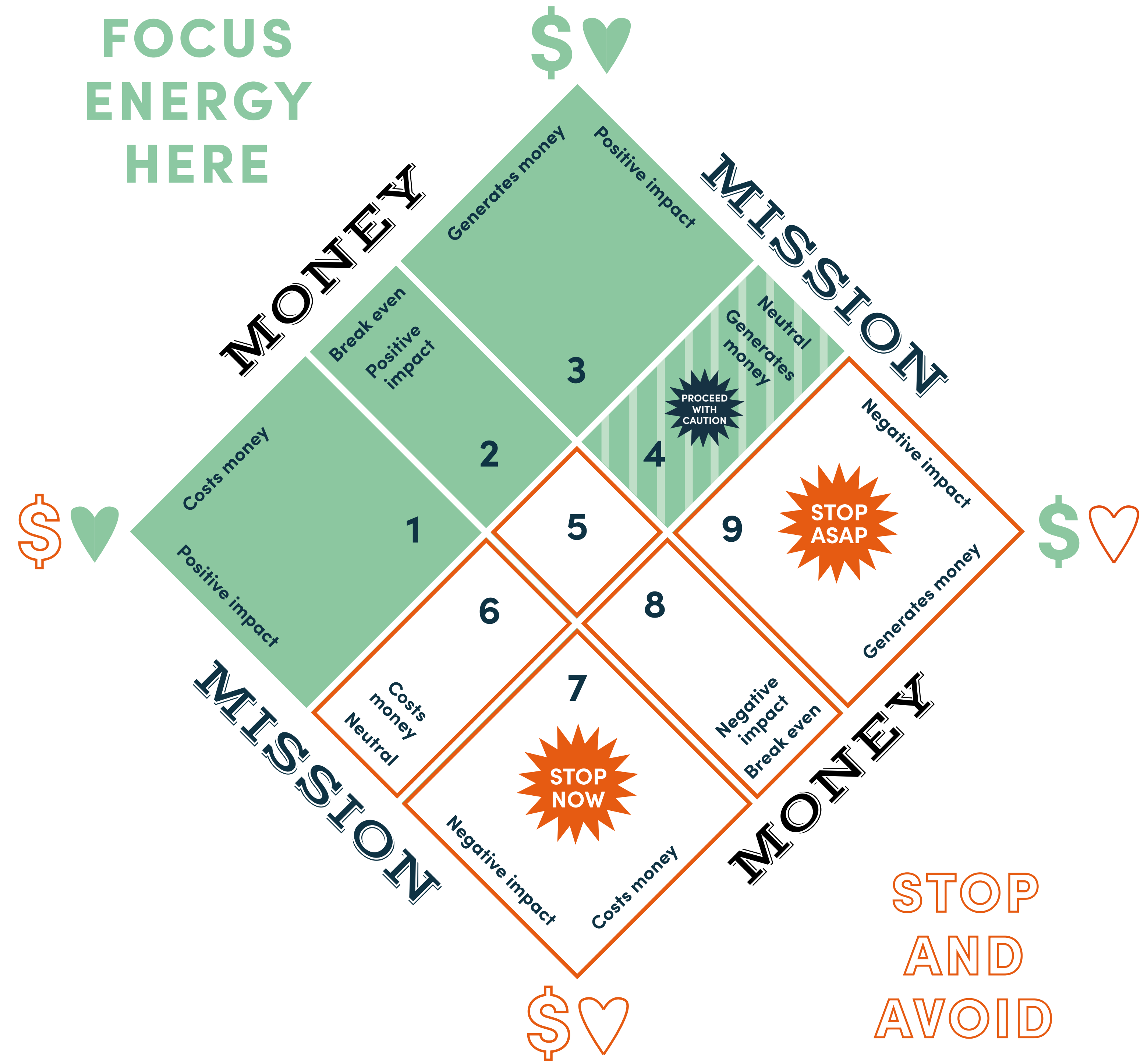
Consider these questions:

→ What do you notice about the way money and mission are aligned (or not) in your organization?

→ What activities do you want to stop doing after completing this exercise?

→ What activities, or types of activities, do you want to start doing (or do more of)?

→ What is one thing you can do in the next 30 days to move your organization to closer money and mission alignment?



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