CALIFORNIA AFTERSCHOOL NETWORK
ASN SUSTAINABILITY CLINIC

JULY 2018

CAN
California AfterSchool Network

&

spectrum
nonprofit services

Cohort
Overview

While ongoing sustainability remains a challenge for Afterschool Networks, the solution lies not in a silver bullet answer to "solve" the challenge, but rather in creating a collective culture where stakeholders can come together with a shared understanding of the network's business model and make strategic decisions to deliver exceptional impact in a financially viable manner. Based on the theories and teachings from the books *Nonprofit Sustainability: Making Strategic Decisions for Financial Viability* and *The Sustainability Mindset*, this cohort provides the tools, questions and space to have these discussions and ultimately create an action plan to strengthen your network's sustainability.

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OUR APPROACH TO SUSTAINABILITY

Nonprofit sustainability is rooted in the integration of key strategies in finances, impact, and leadership. As you well know, a nonprofit's capacity to fulfill its mission is deeply connected to its financial viability, but true sustainability results from an intentional investment in the impact of a network bringing alignment between the impact of the programs and revenue strategies which support it.

Impact Strategy / Financial Strategy
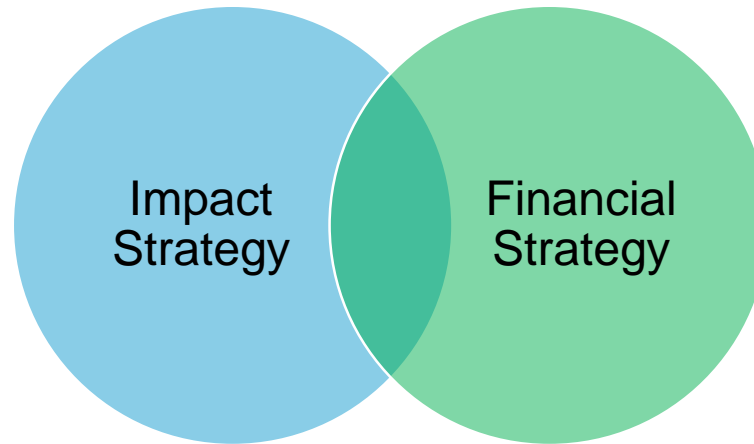
As such, we recognize sustainability as encompassing both:
- **Financial sustainability** (the ability to generate resources to meet the needs of the present without compromising the future), AND
- **Programmatic sustainability** (the ability to develop, mature, and cycle out programs to be responsive to constituencies over time).

This requires leadership to invest not only in programmatic strategies, but also in the capacity to generate resources. Put another way, leadership must consider both impact and finance, which together comprise the organization's business model, when making strategic decisions. Our process is designed to deepen the understanding of the business model to develop strategic priorities. In doing so, we create an opportunity for ongoing shared leadership and strategic thinking.

OUR APPROACH TO SUSTAINABILITY

Spectrum's process starts with the overall goal of the network summarized in the statement of intended impact, a specific, measurable statement that complements the mission statement and focuses on the specific change the network is trying to create. In business parlance, this is the value proposition of the network. Seen as a long-term beacon for the network, the intended impact is used for prioritizing and measuring performance on an ongoing basis. We then assess the impact and profitability of the network's activities to create the matrix map, a visual depiction of the business model. This approach allows leadership to determine where to focus in a way that strengthens both impact and financial viability of the overall organization.

Articulate Intended Impact	Define Initiatives	Assess Mission Impact / Determine Profitability	Plotting Your Map	Analyzing Your Map • Revenue Strategies • Market Analysis • Focus	Making Strategic Decisions

To enhance the analysis of the matrix map, we also assessed the network's capacity to deliver on revenue streams and evaluated the impact that changing market conditions are having on the business model. Different revenue streams require different capacities. The network's current capacity together with the changing market must be taken into consideration when establishing strategies to strengthen sustainability.

Lastly, networks operate in a dynamic environment and this process is meant to allow the network to be adaptive and adjust as it tries new strategies and learns from implementation. There is no one answer for sustainability. The tools in this process can be used in an ongoing basis for leadership team discussion and decision making.

The data from our work can be found in the section "Additional Data."

CAN's Business Model

To build sustainability, the leadership team needs first to understand the current business model of the network. The following pages highlight the business model explored in-depth as follows:

1   **Intended Impact**: The long-term beacon of what the network wants to accomplish and how it will demonstrate progress.

2   **Positioning**: With multiple organizations working in the after school space, this page describes how the California AfterSchool Network differentiates itself from other organizations.

3   **Matrix Map**: A visual representation of how the network's activities work together to accomplish impact and financial viability today.

4   **Strategic Inquiries**: As a starting point, this analysis provides the questions and imperatives for strengthening the business model based on where programs fall in the matrix map.

5   **Strengthening Sustainability**: Using the key messages and strategic inquiries from the matrix map, these pages provide customized analysis of CAN's business model and identifies strategic priorities to strengthen it.

INTENDED IMPACT

Intended impact is a statement or series of statements about what the network is trying to achieve and for which it will hold itself accountable. The statement identifies both the benefits the organization seeks to provide and the beneficiaries.

Mission

The California AfterSchool Network (CAN)'s mission is to provide professionals, advocates, and community members the tools and resources necessary to build high-quality out-of-school time programs in California.

Statement of Intended Impact

The California AfterSchool Network will increase access to and improve the quality of out-of-school time programs.

This is reflected in the numbers and types of programs, their access and uptake of resources and information, the number of and kinds of partnerships that support them, and ultimately their level of quality and the outcomes they produce for youth.

POSITIONING IN THE AFTERSCHOOL PROGRAMMING ECOSYSTEM

No one organization can solve every challenge within any given sector of our society. In California there are numerous nonprofit organizations which collaborate and compete to ensure robust access to and adequate delivery of services for constituents. It's no surprise then that other organizations share CAN's commitment to quality afterschool programming.

While other organizations collaborate with CAN to ensure children have access to high quality afterschool options, there are three key factors which differentiate CAN from them:

Network Structure	Quality Measurement	CDE Relationships
Due to the nature of its provider membership, CAN speaks on behalf of the entire afterschool community. There is great power and influence with such a diverse membership, which also provides CAN with great reach across the state.	CAN possesses an expertise in the assessment of quality afterschool programs. The CQI initiative is a well respected and comprehensive set of standards that quite literally set the bar for how afterschool programming should be delivered.	CAN maintains deep relationships with key offices in the California Department of Education. These relationships provide the network with advocacy opportunities as well as avenues through which to secure ongoing programmatic and financial support.

Understanding this positioning and keeping it front of mind, will allow CAN to build on its strengths and differentiators in both work with other organizations and communicating with potential funders.

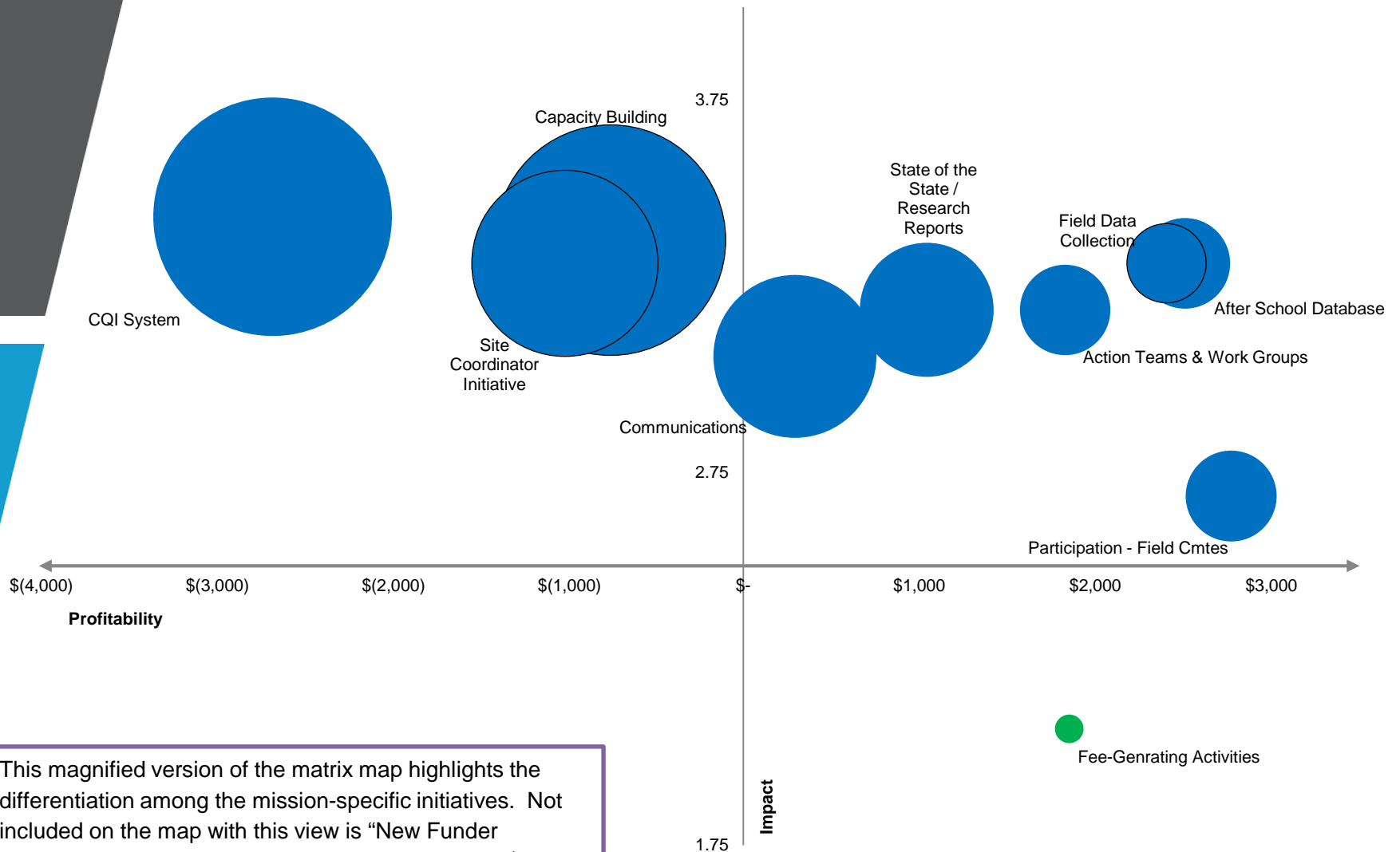# CALIFORNIA AFTERSCHOOL NETWORK
MATRIX MAP

A visual representation of the network's business model, the matrix map demonstrates how initiatives currently work together to achieve impact and financial viability for CAN.

Capacity Building

CQI System

State of the State / Research Reports

Field Data Collection

3.50

After School Database

Site Coordinator Initiative

Action Teams & Work Groups

Communications

Participation - Field Cmtes

2.50

$(9,000) $(7,000) $(5,000) $(3,000) $(1,000) $1,000 $3,000

Profitability

New Funder Engagement / Outreach

Fee-Genrating Activities

Impact

Net surplus: $81

1.50

Legend
Color
- Blue – Mission Specific
- Green – Fund Development

Bubble Size
- Total Expense

CALIFORNIA AFTERSCHOOL NETWORK
MATRIX MAP - ZOOMED

Capacity Building

State of the State / Research Reports

Field Data Collection

CQI System

Site Coordinator Initiative

After School Database

Action Teams & Work Groups

Communications

3.75

2.75

Participation - Field Cmtes

$(4,000) $(3,000) $(2,000) $(1,000) $- $1,000 $2,000 $3,000

Profitability

Fee-Genrating Activities

This magnified version of the matrix map highlights the differentiation among the mission-specific initiatives. Not included on the map with this view is "New Funder Engagement" which operates a deficit greater than $4,000.

Impact

1.75

MATRIX MAP STRATEGIC INQUIRIES

The matrix map is more than a visual of the network's business model, it also offers strategic inquiries to strengthen sustainability related to the quadrant in which each program falls. These inquiries were used for discussion and determining strategic priorities.

The Heart Quadrant

Starting Point: Keep and contain costs

- Can we envision this program achieving the same impact – or very close to it – with a different cost structure?
- Is there a different revenue strategy to consider?

The Star Quadrant

Starting Point: Invest and grow

- Do we understand the needs and motivations of stakeholders who make the star possible?
- Are there opportunities (i.e. new geography, new population, complementary programming) to expand the program's impact and revenue?

The Stop Sign Quadrant

Starting Point: Close or give away

- Can we innovate this program to move out of this quadrant?
- How long will we give ourselves to move the stop sign?
- Is that the best use of resources?

The Money Tree Quadrant

Starting Point: Water and harvest, increase impact

- Can the net surplus be increased and, if so, what investment will that growth require?
- Are there means to reducing the program's cost and improve the margin?
- Are there ways to achieve greater impact by making the program stronger?

STRENGTHENING SUSTAINABILITY

CAN's mission-specific programs are budgeted to break even (with small variations in profitability among mission-specific programs) and typically perform in this manner. As such, the matrix map can tell us much more in terms of the relative impact of these programs and those that generate unrestricted funds for the network. The matrix map illustrates that CAN's fund development activities are the network's lowest impact programs. This lower ranking is primarily due to low scores in terms of their excellence in execution and leverage (ability to facilitate and create important relationships). While this is not an odd structure for networks, it does show an imbalance of where time is invested and expertise gained – in mission specific programs versus fund development programs.

Further, networks are deeply affected by the markets in which they operate. Shifting priorities of funders have made CAN's market volatile. The impact of these forces on CAN's business model is significant, as foundation funding commitments conclude over the next two years.

To sustainably address revenue challenges, CAN should focus on its unique positioning (discussed previously) and who *benefits* from its efforts to identify other potential revenue streams. The following three strategies, described in more detail in the next section, leverage CAN's strengths allowing the network to provide value and receive investment for operations:

- ❑ Engage other governmental and nongovernmental agencies
- ❑ Enlist corporate support with quality afterschool programming as a driver for workforce development and employee retention
- ❑ Enhance fee-for-service mechanisms

In addition to these strategies, CAN will also need more expansive communication efforts as described on the next page.

STRENGTHENING SUSTAINABILITY

COMMUNICATION STRATEGIES

The strategies listed on the previous page and detailed in the next section focus on how the network can replace current funders to support a sustainable revenue mix moving forward. To appeal to a new set of potential funders CAN will leverage its impact, positioning and beneficiaries by communicating a more expansive interpretation of its value and impact for the marketplace to attract new funders. This will appropriately capture the value of CAN's efforts to increase access to and improve the quality of out of school time programs beyond its traditional funding market. Three examples of this expansive communication are as follows:

Workforce Development
CAN ensures that afterschool programming instills in youth workforce readiness skills including interpersonal communication, collegiality, and resourcefulness.

Health
When kids are able to physically develop in a structured environment, health outcomes for these youth improve.

Education
Another component of high-quality afterschool programming involves supporting the work being done in school. CAN helps providers engage students in academic endeavors, contributing to higher achievement.

These expansive communications are in addition to the current value that CAN communicates around quality assurance:
  ❑ CAN develops and implements standards for quality afterschool programming, educating providers, evaluating programs and ensuring value to families whose children spend their out-of-school time in a productive manner that encourages their success.

STRENGTHENING SUSTAINABILITY

CAPACITY

Lastly, in thinking about sustainability from a high level, CAN will need to invest in its capacity to secure funding moving forward. This can be difficult for an over-committed staff. As such, CAN will need to determine what it will stop doing (which will most likely be informed by the relative impact of initiatives), and how staff time should be reallocated to support the urgency of developing new revenue streams. For example, participation in field committees was assessed as being relatively lower impact than other initiatives. The leadership team should ask if there is another way to cover this participation or could staff time be moved from this area to more fund development activities. Additionally, this may include talking with funders who fund unrestricted activities about investing more in fund development capacity building and initiatives.

STRATEGIC PRIORITIES

By synthesizing information from the matrix map and the network's funder market with a more expansive view of CAN's value proposition, the task force identified the following strategic priorities to update the network's revenue strategy to support organizational sustainability.

Engage Other Governmental and Nongovernmental Agencies

Enlist Corporate Support

Enhance Fee-for-Service Mechanisms

ENGAGE OTHER GOVERNMENTAL AND NONGOVERNMENTAL AGENCIES

Rationale

❑ Government agencies and foundations need nonprofit organizations in order to accomplish their missions. These agencies have impact when nonprofits administer programs that achieve mutual goals. Given CAN's deep relationship with governmental and nongovernmental agencies already, and the network's statewide focus, securing intentional partnerships through grants and contracts from similar entities holds great promise.

❑ The task force clearly articulated the benefits of afterschool programming for workforce development, improving health outcomes, and complementing in-school learning and achievement. Other departments in the California State Government as well as foundations across the state remain committed to these goals. Therefore, the opportunity is ripe for CAN to market the value of afterschool programming to other agencies as a mechanism to address systemic challenges including the skills gap, health inequality, and 21st century skills.

Messaging

❑ As the standard bearer for quality afterschool programming, CQI measures surely articulate that high quality programs will promote skill development, physical health, and academic improvement in youth. It's these standards and metrics that can be messaged to members of these other agencies.

❑ CAN might articulate its contribution to governmental and nongovernmental initiatives as a mechanism to facilitate social mobility. Related messages might explain how CAN could:

   ❑ Implement grant goals by capturing data on youth that participate in certain activities or initiatives.
   ❑ Oversee the implementation of agency programs across the provider network.
   ❑ Feature and emphasize relevant priorities among the quality standards on which CAN instructs and measures.
   ❑ Facilitate afterschool interventions among certain demographic groups in order to increase their personal and professional development. Specifically, CAN might focus on underserved, high-need communities.

Investments & Shifts in Business

❑ Further research will be required to find opportunities through other agencies and foundations that focus beyond strictly afterschool programming but for which the intended impact could be achieved through afterschool activities.

❑ Investments will also need to be made in CAN's ability to capture and leverage data to articulate improvements in skills, health, and educational outcomes across the state in order to "sell" afterschool's benefit to these agencies.

❑ Currently, only four percent of the ED's time is spent engaging new funders. To develop new revenue streams, more of his time will be required in this area. Participation in field committees is ten percent of his time, yet the impact of that activity is relatively low. Further, there might be opportunities to shift some responsibility to promoted staff and the leadership team to accomplish day to day work around communications, data collection, and surveys.

ENLIST CORPORATE SUPPORT

Rationale
- ❑ Through an analysis of who benefits from CAN's work, the task force identified corporations as entities that realize success through a prepared workforce. Companies may be interested in how they can invest in human capital early in order to achieve more productive and engaged employees in the future.
- ❑ There might also be opportunities for corporations to benefit from access to youth looking for jobs now. Businesses have an incentive to offer on-the-job training opportunities to youth so that they become more likely to stay with that company over a longer period of time.

Messaging
- ❑ As CAN conceptualizes its value through the lens of workforce development, it follows that such a proposition be articulated to businesses across the state.
- ❑ In conversations with businesses, CAN should emphasize the following when soliciting corporate support:
    - ❑ The notion that afterschool programming promotes soft skills in youth including teamwork, perseverance, and individual responsibility.
    - ❑ The reality that afterschool programs often focus on hard skills, including connections to STEM subjects and (financial) literacy.
    - ❑ The opportunities that exist to partner with local afterschool providers to place youth in apprenticeships and internships as part of the afterschool program.
    - ❑ How a certain dollar amount can have an impact on "x" number of children in order to demonstrate CAN's statewide reach and make support for CAN more tangible for corporations.

Investments & Shifts in Business
- ❑ CAN will need to develop its messaging around afterschool programming as a workforce development tool. Connections will need to be made that clearly articulate the current benefits of afterschool programming on work outcomes, but also illustrate to businesses how they can realize present and future benefits of investing in CAN's mission to ensure quality afterschool programming.
- ❑ By focusing on corporate support, CAN will be investing in a new revenue stream. Therefore, staff time will need to be allocated to this endeavor. As described earlier, only four percent of the ED's staff time goes to new funder engagement. Developing new relationships is time intensive and often laborious work so activities formerly assigned to the ED will need to be moved.
- ❑ In order to successfully interface with businesses, CAN will have to invest personnel resources to build relationships with corporate contacts. Stewardship protocol will need to be established and implemented in order to bring leaders in corporate giving along.
- ❑ It might also be worth considering how the desire to interface with corporations matters for the composition of the leadership team. Could this team be yet another avenue through which the network can reach out to corporations and invite them into the operation? Further, can the current membership of this team help facilitate connections to corporations, and how might the role of the members change given this new initiative?

ENHANCE FEE-FOR-SERVICE MECHANISMS

Rationale
- CAN's core expertise lies in its ability to help ensure and guide the quality of afterschool programming across the state. The unique position of CAN, whose perspective is indeed statewide, positions the network as an expert in best practice and innovation. As such, CAN is able to disseminate its knowledge, expertise, and tools and charge for these services.
- Patrons of this expertise will be afterschool providers, both members and nonmembers, as well as districts and larger youth development networks. CAN's statewide stature makes it an excellent convener of other organizations and provider of professional development opportunities.

Messaging
- Parents and funders invest in programs that they see as quality. Positioning the CQI system and its associated capacity building trainings as a "seal of approval" of sorts could give providers a competitive advantage over others. That is, if providers can say that they're program is of high quality based on the set of statewide standards, they can market their impact much more effectively to parents, schools, and funders.
- CAN should consider selling its expertise in operationalizing the quality standards for providers of afterschool programs, and could even create trainings for providers on how to communicate the quality of their programs to stakeholders.
- This will be useful to providers who by law must engage in continuous quality improvement processes. Indeed, there is a unique opportunity to capitalize CAN's position as the leader in afterschool quality.
- The CQI program in particular might be packaged to providers in other states who do not have as robust a tool to measure and assess afterschool quality.

Investments & Shifts in Business
- Currently only three percent of the ED's time is spent on fee-generating activities. In order to build a fee-for-service apparatus more staff time will need to be allocated to the marketing of the various service offerings. This might require bringing on someone new with this kind of advertising experience.
- Administering the CQI program is expensive. The network might consider how some of the staff time allocated to the administration of this program might be retooled to create and market training programs that can be sold around this tool.
- Symposiums served as another avenue through which CAN might secure fee-for-service dollars. CAN might consider expanding the number of symposiums offered throughout the year (with varying sizes), and how corporate contributions might go to support these events as the network attempts to build inroads with businesses.
- Consider which of the relatively low impact programs might be constrained in order to accommodate the investment in preparation and delivery of fee-for-service programs. For instance, the communications initiative has comparatively low marks in terms of contribution to intended impact and excellence in execution, so that might be an area in which to limit staff time, or to change the focus of that time to be more aligned with marketing communications.

NEXT STEPS

High level strategies point the network in a strategic direction in a manner consistent with intended impact. But, to truly own these strategies, networks need a way to implement them.

The pages that follow include templates that outline specific action items and goals. Further, they urge the network to consider what success looks like by determining metrics to monitor progress. In total, these templates support the network leadership in tracking implementation and serve as an accountability system to ensure follow through and completion of tasks.

ENGAGE OTHER GOVERNMENTAL AND NONGOVERNMENTAL AGENCIES

Metrics for Monitoring Progress

- ❑
- ❑
- ❑

Implementation Step	Who is Leading?	Resources Needed	By When?

ENLIST CORPORATE SUPPORT

Metrics for Monitoring Progress

- ☐
- ☐
- ☐

Implementation Step	Who is Leading?	Resources Needed	By When?

ENHANCE FEE-FOR-SERVICE MECHANISMS

Metrics for Monitoring Progress

- ❑
- ❑
- ❑

Implementation Step	Who is Leading?	Resources Needed	By When?

ADDITIONAL DATA

The pages remaining contain data from which the strategic priorities were drawn. These materials can be updated in an ongoing manner as CAN implements these initial steps to increase organizational sustainability.

► Data Overview

► Existing Capacities

► Mission Impact Criteria
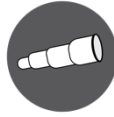
► Beneficiary Overview

► Mission Impact Assessment

ADDITIONAL DATA

Data Overview

Identifies the key pieces of information to create the matrix map including mission impact scores, profitability, expenses, and revenue sources.

Mission Impact Criteria

Describes criteria that the network used to assess the impact of each initiative.

Mission Impact Assessment

Assesses the relative impact of all mission-specific and fund development initiatives on selected criteria.

Existing Capacities

Identifies the network's revenue-generating strengths.

Beneficiary Overview

Considers the other groups and institutions who benefit from the network's initiatives and how they could support these services.

DATA OVERVIEW

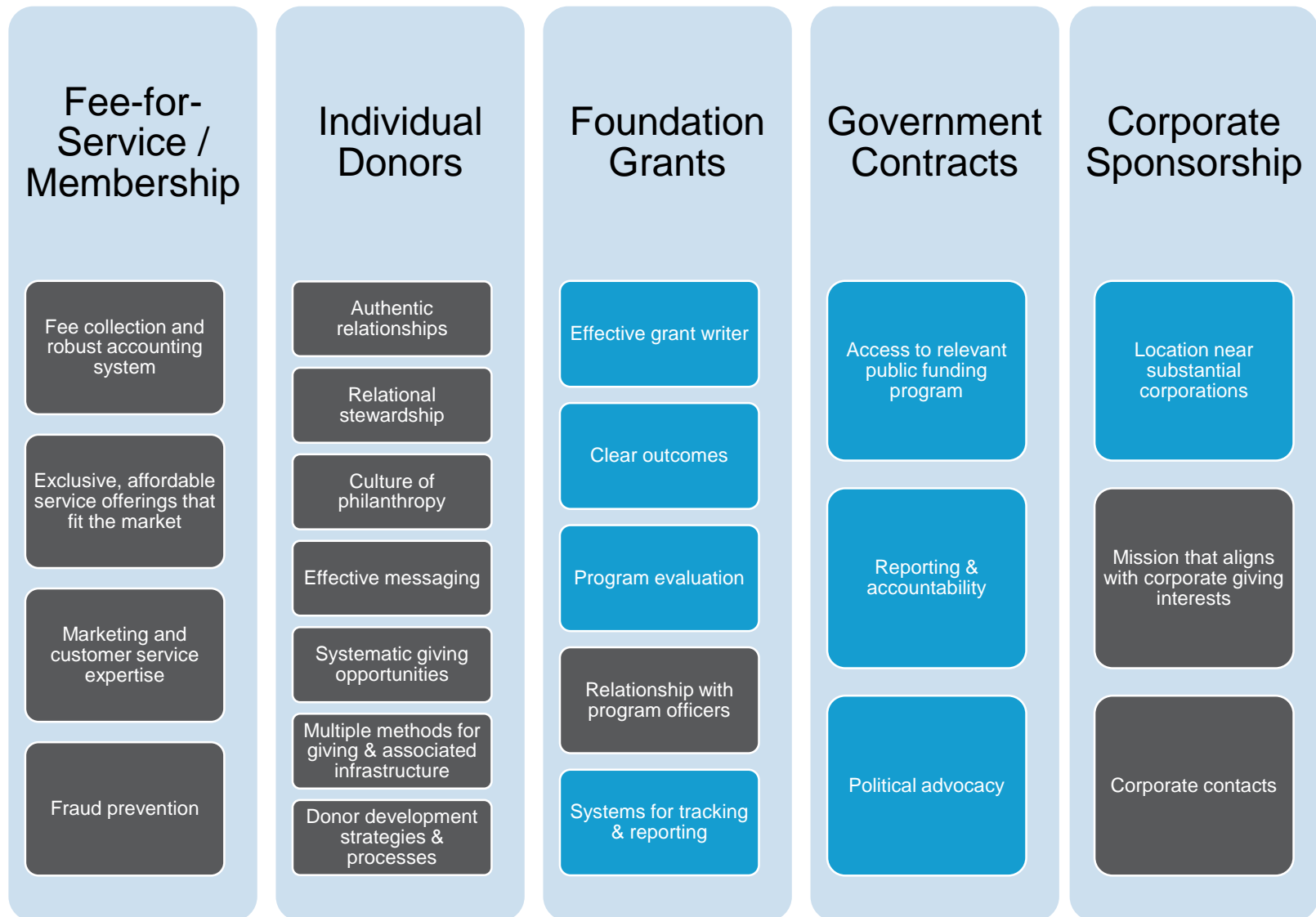| Initiative	Profitability	Mission Impact	Expenses	Revenue Streams
Action Teams & Work Groups	$1,828	3.19	$51,922	• Foundation Contributions
Participation - Field Cmtes	2,771	2.69	52,534	• Foundation Contributions • Government Contracts
Capacity Building	(754)	3.38	338,221	• Foundation Contributions • Government Contracts
Site Coordinator Initiative	(1,013)	3.31	220,851	• Foundation Contributions • Government Contracts
CQI System	(2,673)	3.44	362,080	• Foundation Contributions • Government Contracts
State of the State / Research Reports	1,042	3.19	114,123	• Foundation Contributions • Government Contracts
After School Database	2,509	3.31	52,154	• Government Contracts
Field Data Collection	2,404	3.31	39,952	• Government Contracts
Communications	293	3.06	168,935	• Foundation Contributions • Government Contracts
New Funder Engagement / Outreach	(8,175)	2.06	8,738	• Foundation Contributions
Fee-Generating Activities	1,851	2.06	5,210	• Fee-for-Service

MISSION IMPACT CRITERIA

Criteria	Definition
Contribution to Intended Impact (required)	Relative to other initiatives, how well does this activity contribute to what the network aims to accomplish?
Excellence in Execution (required)	Is this initiative something that the network delivers in an exceptional manner?
Significant Unmet Need	Is there significant competition or are there similar offerings of this initiative? Is there an adequate supply of services to meet the demand for them in our community?
Leverage	Does this initiative benefit from and nurture important relationships and partnerships inside and outside the network?

MISSION IMPACT ASSESSMENT

Initiative	Contribution to Intended Impact	Excellence in Execution	Significant Unmet Need	Leverage	Score
Action Teams & Work Groups	3.50	3.00	3.25	3.00	3.19
Participation - Field Cmtes	2.50	2.75	2.50	3.00	2.69
Capacity Building	3.75	3.25	3.00	3.50	3.38
Site Coordinator Initiative	3.50	3.00	3.75	3.00	3.31
CQI System	3.75	3.00	3.75	3.25	3.44
State of the State / Research Reports	3.50	2.75	3.50	3.00	3.19
After School Database	3.25	3.50	4.00	2.50	3.31
Field Data Collection	3.50	3.25	3.75	2.75	3.31
Communications	2.75	2.50	3.75	3.25	3.06
New Funder Engagement / Outreach	2.80	1.50	2.50	1.50	2.06
Fee-Generating Activities	2.80	1.30	2.80	1.50	2.06

EXISTING CAPACITIES

Fee-for-Service / Membership

- Fee collection and robust accounting system
- Exclusive, affordable service offerings that fit the market
- Marketing and customer service expertise
- Fraud prevention

Individual Donors

- Authentic relationships
- Relational stewardship
- Culture of philanthropy
- Effective messaging
- Systematic giving opportunities
- Multiple methods for giving & associated infrastructure
- Donor development strategies & processes

Foundation Grants

- Effective grant writer
- Clear outcomes
- Program evaluation
- Relationship with program officers
- Systems for tracking & reporting

Government Contracts

- Access to relevant public funding program
- Reporting & accountability
- Political advocacy

Corporate Sponsorship

- Location near substantial corporations
- Mission that aligns with corporate giving interests
- Corporate contacts

BENEFICIARY OVERVIEW

Who Benefits?	How Do They Benefit?	How Might They Pay?
Youth & Families	Enroll in high quality afterschool programming that supports their success as 21st century students and provides families with a trusted place for children to develop outside of school time.	• Individual Donations
Providers	Professional development opportunities provided by CAN strengthen the delivery of afterschool programs. Reap the benefits of a sympathetic policy environment in the state through increases in funding for OST programs.	• Fee-for-Service
Government Agencies	Deliver on strategic and political goals of the current administration in the areas of educational, health, and workforce development programming.	• Grants & Contracts
Employers	By having access to and participating in high quality afterschool programs, youth develop the hard and soft skills to be effective employees.	• Corporate Contributions & Sponsorships
Teachers	When afterschool programs focus on academic outcomes, the learning happening in school is leveraged outside of the classroom to facilitate new learning opportunities.	• Fee-for-Service • Individual Donations
Health Organizations	High quality afterschool programs, when accessible, provide opportunities for youth to develop physically through structured play.	• Foundation Contributions • Government Grants & Contracts

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