



Four Criteria for Nonprofit Decision Making

When your nonprofit organization is facing a significant challenge or a new opportunity, how does it go about deciding what to do? Do we go with the executive director's gut reaction? Or does the E.D. trust the gut reaction of the board chair, hoping that the chair and the board will bail the organization out if the decision turns out to be a bad one?

David La Piana's book, *The Nonprofit Strategy Revolution: Real-Time Strategic Planning in a Rapid-Response World*, creates clarity and a process for framing the key questions presented by the challenge/opportunity, identifying options, and evaluating them in light of the organization's mission, market position, and competitive advantage. It is well worth reading. (And implementing!)

Here are four criteria suggested by La Piana which should always be considered when evaluating opportunities or a choice between two or more courses of action:

1. What is its value to our mission? Is the proposed activity of high, medium, or low importance to the mission?
2. Will it pay for itself? Does the proposed activity have a dedicated income stream? Will it generate a surplus or a deficit? What will that surplus or deficit be and how long will it take to realize it?
3. What is our competition? How will this activity position us *vis a vis* our competition?
4. Do we have the capacity? What will it take for us to begin to produce this activity? What kind of strain will it put on our administrative structure?

La Piana is suggesting we leave the gut behind, create a better understanding of our own organization, generate criteria (like those above) for evaluating options, and hold each opportunity up for careful evaluation. I believe there will be great long-term value in this course of action for nonprofit organizations that pursue it.

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