

Communicating with Impact with Ministry Investors

The purpose of this paper is to provide you with a powerful, straight-forward model for communicating your ministry's vision, strategy, and financial needs to steward-investors. This model is specifically designed to align with the manner in which they approach their giving decisions.

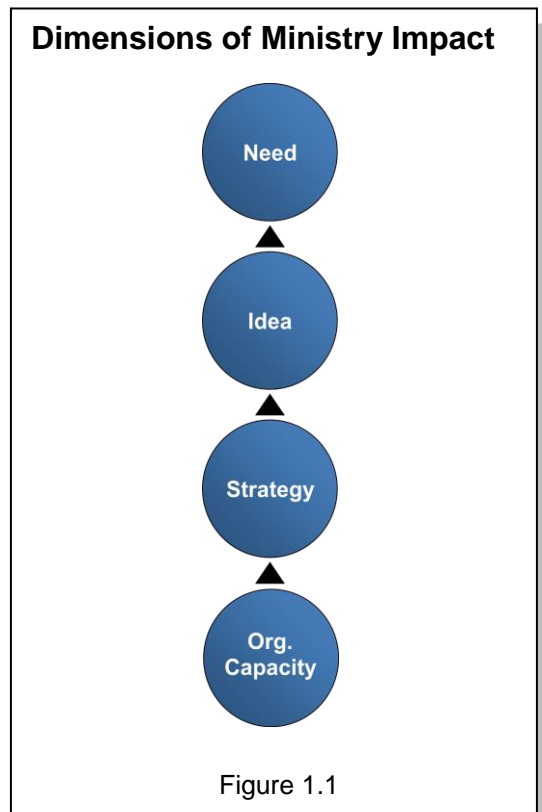
The model was developed over time in a series of conversations between several large Christian giving foundations and some consultants serving faith-based ministries. It not only reflects the thinking process of donors with a steward and investor mindset, it also aligns with the way highly effective organizations think about their high level strategy.

The model will provide enough detail to facilitate practical application while, at the same time, allowing plenty of "elbow room" for adaptation to your particular organization and strategy. The purpose of this model is to help you identify the key questions that occupy the minds of your major donors and craft the communication of your needs in a way that aligns with their thinking and decision making process.

We call the model NISO after its four primary components: *Need*, *Idea*, *Strategy*, and *Organization*. Big, important needs are often complex, difficult, even overwhelming. They frequently do not lend themselves to easy solutions. Such needs generally must be confronted with a powerful idea that, if applied with sufficient diligence, and skill, will make a material difference in meeting the need.

However, ideas alone cannot do the job. A sound strategy is needed to turn ideas into reality and it is organizations that create and implement strategies. *Steward-Investors* look for big needs that can be addressed with powerful ideas; ideas that can, in turn, be brought to life with a sound strategy implemented by an organization with the capacity (i.e., leadership, skill, systems, and resources) to successfully execute the plan. (Figure 1.1)

The model not only highlights the components that govern the thinking processes of steward-investors and the strategy blueprint of effective ministry organizations, it provides a framework for communication between the ministry and the donor. It's not uncommon for ministry leaders to leave off one or two of these components in their



presentations to donors (e.g., the big idea that drives their strategy). Often their communication is in reverse of what it should be—they start at the bottom of the model with their needs as an organization rather than at the top with the needs of their constituents.

We have all received funding proposals that communicated, even dramatized, the needs of the ministry organization. It didn't take much reflection to realize that this organization reminded us of Carly Simon's hit song from the 1970's, *You're So Vain*. The chorus goes: "You're so vain, I'll bet you think this song is about you." The model would tell us that we must start at the top with the needs of the people we serve – Who are they? Where are they? How many are there? What sets them apart as a group? What is their need we hope to address? What are the consequences to them and us of not meeting that need? What are the benefits and/or implications of meeting it? The very last thing we will communicate, the model tells us, will be our own needs as an organization. Those needs become important only in the context that, when meeting them, the needs of our constituents will also be met.

Section Two describes the changing donor landscape. Section Three provides context for defining ministry effectiveness. Sections Four through Seven summarize the individual components of the model.

2

A Changing Philanthropic Landscape

The winds of change have dramatically reshaped the contours of charitable giving over the last 15 years. On the one hand there is a movement of generosity unparalleled in generations before. On the other, giving has taken on a focused intentionality and accountability not seen in previous eras of philanthropy. The changing philanthropic landscape is having profound impact on the ministry-donor relationship and affects not only the strategies to raise needed funds, the amounts of funds raised, but the conditions under which those funds are deployed by the ministry organization as well.

The purpose of this article is to identify a number of key insights that will help ministry leaders and development professionals better understand today's philanthropic landscape. It is our hope that such insight might help you connect and communicate more effectively with your donor partners.

Growing Climate of Generosity

Two major currents of change are weaving their way through today's donor dynamic. Although best seen separately for clarity, they are inextricably linked and each resonates, amplifies, and influences the other.

The first current is a movement of generosity stimulated by God's Spirit and amplified by strong messaging from some of America's most influential pulpits, para-church organizations whose primary mission is to serve this movement (e.g., Generous Giving, Crown Ministries, Kingdom Advisors, National Christian Foundation and its local affiliates, etc.), and a growing number of "giving champions" – men and women who model a life of generosity and energetically spread the message. These influences, and a growing body of knowledge heralding the idea, have stimulated a new way of thinking among many Christian givers. They have moved beyond the constraining idea of tithing to giving generously.

To make such a leap in perspective one must have the conviction that God *owns* it all; and that He will supply all of our needs. Such a conviction brings better clarity to the question, "How much is enough?" For if we have even the smallest belief that we own the "stuff" in our possession or that we are, even in the smallest of ways, responsible for our own provision, then the answer becomes a bit less certain and often is: "*I need just a little bit more...for me.*" This is not the mindset of a generous giver.

Secondly, donors are growing in their awareness, desire, and ability to look at giving opportunities through the eyes of a steward. To stress the connection between stewardship and giving, we use the term *Steward-Investor* to describe what we have

traditionally called the donor. We believe, in light of the new emerging paradigm, the word “donor” is problematic. Donor, in our minds, implies the “giving away” of resources without necessarily feeling accountable for the results such gifts may or may not achieve. On the other hand, the steward understands that he or she is accountable for the return on investment of the gift given, not the giving of the gift only. In the stewardship parables told in Matthew 25: 14-30 and Luke 19:11-27 the owners did not provide detailed instructions to the stewards (*an interesting conversation in itself*). However, it is clear from the context they (owners) didn’t expect them (stewards) to give the assets away or bury them in a safe place but rather to invest them with the expectation of a return.

Stewardship is a great term, although in today’s world, many consider the term somewhat archaic. Webster’s Dictionary doesn’t define its original intent until definition #5, after “passenger’s attendant”, “shop-steward”, and “a person responsible for supplies of food.” From Old Testament days until only a few years ago when people defined a steward as someone entrusted to hold something in trust for another; someone who “managed” another’s property. The words care, custody, safekeeping, and fiduciary¹ come to mind when reflecting on the concept.

Adding the idea of “investor” also deepens the idea we are attempting to convey. When investors consider any opportunity they attempt to achieve the best balance between acceptable risk and high return. In Kingdom efforts, the risk is that the intended results won’t be achieved. The return we seek is ministry impact, which is ultimately seen as changed lives from a spiritual perspective. Such returns, if not always quantifiable or measurable, can be recognized and felt

Thus we have the concept of the *steward-investor*. Few ministry giving partners would use this specific term but regardless of the title, their mindset reflects the idea we have described above. In its most mature form, such thinking might be as follows:²

- They are clear and convinced that God owns all things including them (Deut. 10:14, 1 Chron. 29:11-12, Job 41:11, Ps. 24:1-2, Ps. 50:10-12, 1 Cor. 6:19-20)
- They view our role as stewards, not owners. They have acknowledged that role and have consciously transferred the ownership of everything they have to God.
- They understand stewardship is about more than money – Everything in their lives: time, gifts, resources, opportunities, energy, ...everything, is His.

¹ Fiduciary -- A person who stands in a special relation of trust, confidence, or responsibility regarding certain obligations to others. It describes a person holding an office or position of trustee who, by accepting the office, accepts also the duty to act primarily for another’s benefit with scrupulous good faith, candor, and care.

² Adapted, in part, from Randy Alcorn’s *Money, Possessions, and Eternity* by Randy Alcorn
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- They see themselves as *Steward-Investors*, investing on behalf of their master for maximum spiritual return. They believe that they be held accountable for the quality of their stewardship—that one day they will account for the “return on investment” to the owner for the resources He left in their care. Along these lines, they understand that, in large measure, their success as stewards here on earth, determines their standing in heaven -- That not all Christians will hear that wonderful, longed-for phrase from the master: “*Well done good and faithful servant.*” As Christians, we will all experience heaven but not in the same way.(Matthew 25:14-30)
- They understand stewardship is hard work and demands great wisdom – each investment is a choice, a choice that must be made with careful thought balancing the loss through high risks on one hand and the loss of opportunity on the other.
- They are expectant – They believe that the Master will return unexpectedly, if not today, and act accordingly
- They work diligently to know and understand the Master-owner—His purposes, priorities, and expectations
- They are single-minded -- We have one consuming interest: to please his/her Master. Therefore we refuse to be distracted or entangled in anything that would dilute our performance as a steward
- They want to be the very best stewards they possibly can, pleasing the Master in every respect (John 8:29; Ephesians 5:17)

Certainly, this is the ideal perspective of any steward, including us! And, like any ideal, for most of us it represents an end worth pursuing rather than the current reality. Not every donor is aware of or even bought into this new paradigm and, to be realistic, even the best *steward-investors* are “patchy” in their application of the above perspectives. But they have a sense of it and work to progress as we all do in our calling.

This change in perspective from donor to *steward-investor* brings with it higher levels of engagement with both the task of giving and the ministries to which the gifts are given – engagement expressed as more robust due diligence (tougher, more probing questions, more intense partnership/participation, and clearer accountability for outcomes).

Even with a new perspective, the requisite skill set may not yet be in place. Many *steward-investors* are asking themselves, *How do we discern if a particular organization or individual represents a good “investment”?*

This is a particularly perplexing question for many of *Steward-Investors* because:

- They are not management consultants.
- They are not organizational experts.
- They are not familiar with the nuances or operating principles of non profit organizations.

- They don't always grasp the spiritual dynamics that are woven into the organizational fabric of ministry efforts.
- They don't have foundation staff who bring the capacity and professional expertise to dig through all of the above, and,...
- They don't have time to figure it out.

This represents a tremendous opportunity for ministries who, on one hand see, understand, and appreciate the new donor paradigm and, on the other, can sincerely and creatively align and communicate their vision, mission, and strategies to this new way of thinking. We believe that, in the long run, the benefits for the funding partner, the ministry, and the constituents they serve will be greatly enhanced with this new way of thinking.

We can summarize the above trends in donor mindset as follows:

Old Donor Paradigm		New Donor Paradigm
Donor	→	Investor
Owner	→	Steward
Isolated/Siloed	→	Connected/Networked
Not responsible for results	→	Accountable for results and holds the ministry accountable as well
Content to "do good"	→	Focused on making a difference
Dependent on the ministry for information	→	Ready access to many sources of information
Relies on the ministry assessment regarding the need, their organizational capabilities, and program results	→	Relies on independent sources and robust due diligence regarding the need, their organizational capabilities, and program results
Makes major grants later in life	→	Gives significantly throughout life – Appreciates the time value of money and the spiritual multiplication that occurs from "sooner than later"
Respond to ministry initiatives	→	Often take suggestions and initiatives to ministries

Post grant spectators, passive observers



Active, engaged partners

Ministry leaders look at these changes with varying perspectives. I have heard some complain of the “strings” donors are attaching; others seeing the tougher, more objective due diligence as lack of trust, conversely others see it as an opportunity—they see donors who talk directly about outcomes versus program activity, they experience donors who are becoming long-term partners versus one time, somewhat passive donors.

Regardless of whether ministries see these trends as positive or negative most are somewhat perplexed as how to align their work and communications with this new paradigm. They are asking, *“If we were to approach a potential donor, who held such a point of view, what types of projects should we present, what kind of organization must we have, and how can we best communicate this opportunity to a donor with the mindset of a steward-investor?”*

The purpose of this paper is to help you with the answers to those questions. The next few sections in this paper will present a unique and highly effective model and strategy for connecting and communicating with *Steward-Investors* who have the potential to build long-term partnerships with your organization.

Points to Ponder

- Have you seen or experienced the changing donor landscape as described above?
- As you think of this trend continuing to emerge and strengthen over time, what positive consequences and benefits do you believe it will bring to your ministry organization?
- What obstacles or challenges do you believe will ensue from this changing paradigm?

3

Ministry Impact -- An Organizational Perspective

Defining Organizational Effectiveness

Effective organizations accomplish things; they see meaningful results as they pursue their missions. The Bible suggests that when evaluating individuals we should look at their “fruit” (Matthew 7:14-20; Matthew 12:33; John 15:1-16) – should not the same requisites be placed on organizations? If *Steward-Investors* are being asked to “invest” in organizations, shouldn’t they do so on the basis of the “fruit” of the organization or, put another way, their results? That’s really the *return on investment* both the investor and ministry organization seek: results. In the case of a faith-based non-profit organization the result is ultimately changed lives.

The leader of one ministry organization was fond of saying that: “Our task is to find out what God is doing and get in on it.” That’s what it really amounts to for a wise *Steward-Investor*. *What is God doing and is this organization asking for my investment, in on it?”* For *Steward-Investors*, partnering with a faith-based NPO (Non Profit Organization) is how they “*get in on it.*”

Significant ministry impact is the result of attacking a big need or opportunity with a big idea supported by an effective strategy and exceptional execution. The need is addressed because the organization is confident that this is what God wants done, that they are who He wants to work through to accomplish it (*Vision*), and that He will supply what they need to succeed (*Faith*).

“We must never forget that changed lives from a spiritual perspective are always a result of God’s direct intervention. “

As we begin to dig into this topic, let’s make sure we have our theology right. The most important influence on ministry impact will always be of a spiritual nature. Although God, in His sovereignty, often chooses to work through people and organizations, we must never forget that changed lives from a spiritual perspective are always a result of God’s direct intervention.

God has made it clear that he will not share His glory (Is. 42:8; 48:11) and to that end, God’s endeavors most often appear to be under-resourced from a human perspective. Whether fielding an army

“No king is saved by the size of his army; no warrior escapes by his great strength.
A horse is a vain hope for deliverance; despite all its great strength it cannot save.
But the eyes of the LORD are on those who fear him, on those whose hope is in his unfailing love, to deliver them from death and keep them alive in famine.
We wait in hope for the LORD; he is our help and our shield.
In him our hearts rejoice, for we trust in his holy name.
May your unfailing love rest upon us, O LORD, even as we put our hope in you. “

Psalm 33:16-22

(Gideon), building a wall (Nehemiah), feeding the multitudes (Christ), or reaching the world (the Church), resources (money, manpower or time) will appear to be woefully inadequate. Otherwise, God explained to Gideon, "Israel would become boastful, saying, 'My own power has delivered me.'" (Judges 7:2) God's involvement is the critical ingredient for success and to stake our hopes on anything less than His interest and intervention in our endeavors will prove to be folly.

We do have a part, for it seems that God, for reasons that are unfathomable to us, decided that He would work through men and women to achieve His ends. The Creator of the universe took broken, flawed people, redeemed them, and gave them specific responsibilities in the realization of His plan for earth. He would do his part and, if we did our part, something great would happen. Many of us may not have taken this approach. If God had called us to heaven as consultants, we most likely would have recommended that He not use people in his plan -- people tend to be rebellious, unfaithful, cantankerous, unreliable, and disobedient. We would have suggested angels -- they are committed, strong, obedient, and there are lots of them. However, God, in His sovereignty, didn't ask our advice and so we'll make do with people.

Looking at it this way we see that every ministry endeavor has two parts, *God's part* and *our part*. It's a partnership. A faith goal (i.e., a ministry objective) will always have two parts -- *our part* and *God's part*. Our part is to exercise biblical faith and take action. God's part is to respond to our faith and meet the need He promises He will.³ We find numerous examples of this relationship in Scriptures:

<u>Our Part</u>	<u>God's Part</u>
Paul's part: "...proclaim the mystery of Christ clearly..." Col. 4:3-4	God's part: "...open a door for our message..." Col. 4:3
Jonathan's part: "attack the Philistines..." 1 Samuel 14:11-15	God's part: send panic into the hearts of the Philistines -- "It was a panic sent by God" 1 Samuel 14:15
Noah's Part: Build the ark. Genesis 6	God's part: Bring the rain. Genesis 6
Abraham's part: Leave Ur, Genesis 12:1-9	God's part: Show the way, Genesis 12:1-9
Gideon's Part: Attack the Midianites with just a few men and a creative strategy, Judges 7:8-24	God's Part: Place fear in the hearts of the Midianites, Judges 7:8-24

³ *Faith Planning*, Bruce Cook, Victor Books, Wheaton, IL, 1984, p. 40.

This paper will focus on the left hand column but acknowledges that any spiritually motivated endeavor in which God is not involved is doomed to failure, regardless of how well-resourced and organized our part of the venture might be.

Before, we leave the idea of results being the attribute of organizational effectiveness, allow us to insert an important caveat. With many ministry endeavors the results are very long-term in coming. For example the first evangelists to Muslim countries saw very little fruit in the way of converts for many years. Had investors defined results in numbers of new Christians, they would have been sorely disappointed. Results in this case was more a matter of getting the lay of the land, attempting to discover ministry models that would be effective in such a culture, and to begin to cultivate relationships that, over time, might lead to conversion. Recent years have seen tremendous growth of the Church in many Islamic communities. This progress is a testimony to the many men and women who labored for many years without seeing tangible “evangelistic” results.

There is no one right way to define ministry or organizational results. The key point is to be clear about how you, as a ministry organization, are defining them.

Points to Ponder

Every ministry leader needs to come to grip with the following questions before he or she approaches a *Steward-Investor*:

- What are we trying to achieve? What specific results are we seeking?
- How do we define/measure success?
- How will we measure progress?
- What is God’s part? (What we pray and trust for)
- What is our part? (What we plan and work for)

4

Need and Opportunity – Two Sides of the Same Coin

The primary issue for any *Steward-Investor* to consider is: *what* is this organization doing and *how* well do they do it? No matter what the results, if the organization is not attacking a need or opportunity that they, as investors, feel is significant, there is no mission-match between them. If such a match does exist, but they anticipate insufficient ministry impact or results, it is, again, unlikely they will invest in that endeavor.

Steward-Investors need to believe the ministry organization is addressing a significant need with an idea that will meaningfully impact that need, and that the organization has, or can develop, the strategy and capacity to successfully execute this idea. They must be relatively confident that their investment will accomplish what the ministry says it will accomplish.

A Burning Conversation

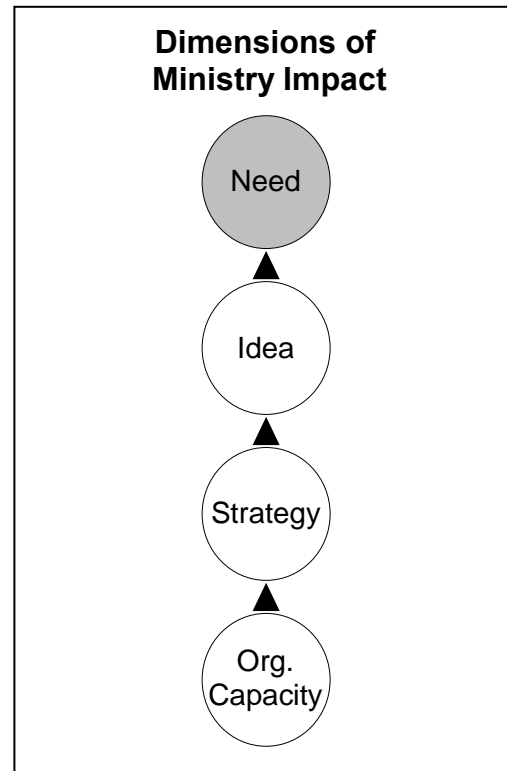
In Exodus Three we find a wonderful illustration of God's heart concerning the needs of men, in this case His people, the sons of Israel who were suffering in bondage under the Egyptians. You remember the story; it is the memorable conversation between God and Moses in front of the burning bush in the wilderness of Horab. In summary God says⁴:

- I have seen the affliction of My people
- I have given heed to their cry
- I am aware of their sufferings
- So, I have come down to deliver them

In Moses' mind, so far, so good, but God continues:

- Therefore, come now, (at this point Moses probably starts backing away from the bush), and I will send you to Pharaoh, so that you may bring My people out of Egypt.

There are a lot of insights pressed into this short passage of Scripture but we will look only at the few that are relevant to our purposes here. First, God is aware of the needs of people. He desires to rescue them and meet those needs. And, He frequently uses



⁴ Exodus 3:7-10

human agents to do the actual work. In this case, the individual involved was His reluctant servant Moses. As we read the “rest of the story” we see the classical division of labor we discussed in the previous section: His Part and Our Part.

In many respects, this is what your ministry organization is doing today, meeting the needs of people to whom you believe God has called you to serve. To that end, you enlist the help of others—staff, volunteers, churches, and investors.

Seeing Big from God’s Perspective

In this paper, we talk a lot about “big” needs, “big” ideas and “big” organizations but the key is to see “big” from God’s perspective. But we must be careful not to confuse man’s definition of “big” with God’s. His “big” is both larger and different than anything we could imagine. In reality, “big” is whatever is important to God. It’s not a big idea or organization that will determine success but, rather, a “big” God. And, this big God of ours celebrates the finding of *one* lost sheep, *one* lost coin, and the return of *one* prodigal son.

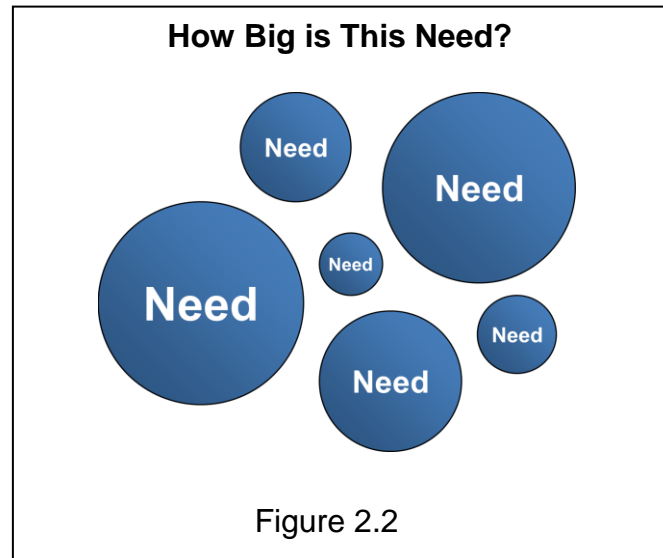
Pursuing a Compelling Need

Some years ago a headline told of 300 whales that had suddenly died. The whales were pursuing sardines and found themselves marooned in a bay. Frederick Brown Harris commented, “The small fish lured the sea giants to their death ...They came to their violent demise by chasing small ends; by prostituting vast powers for insignificant goals.”⁵ All of us want to be part of something big, to make a significant impact or difference. It is this significant need or opportunity that attracts us as ministries as well as those we hope to enlist in our service.

Because we don’t want to chase small goals, the first question we must ask ourselves as an organization is, invariably, what is it we want to accomplish – what specific results are we seeking? And, by implication, what makes this need/opportunity significant and worth our time and effort? As we attempt to distinguish big need/opportunities from the smaller ones, we must come to grips with the question: “What’s big?” We will probably conclude that big is a matter of significance rather than merely size. It’s about relevance, excitement, influence, leverage, multiplication, and making a difference in the lives of people in the name of Christ. It’s about God’s leading because big is whatever God is involved in. Big is often about potential and possibility rather than the present. Remember the mustard seed -- *"The kingdom of heaven is like a mustard seed, which a man took and planted in his field. Though it is the smallest of all your seeds, yet when it grows, it is the largest of garden plants and becomes a tree, so that the birds of the air come and perch in its branches."* (Matthew 13:31-32).

5 Author Unknown

Eagle Ranch is a ministry in the southeastern United States that works with troubled and disadvantaged kids. This expensive, intensive, residence program consists of eight homes (two for girls and six for boys) that can each accommodate eight children. The homes are specially built to create a sense of family for the children and the resident house parents. In addition to the expensively built homes, common facilities include a school, gym, basketball court, soccer field, and administrative complex. All that money and staff for just 64 kids! As ministries go, that's not very "big" in the sense of numbers but each one of those young people, if turned around, equipped, and set on the proper course, can ultimately make a significant impact in their communities and spheres of influence. The Lord told stories about the excitement of return of an individual prodigal son. Again, big is what's on the mind of God and our task is to find out what God is doing in our area of interest and get in on it.



Almost everything "big" started small— Venture capitalists search out opportunities before the rest of the market even knows the idea is on the drawing board. They are looking for small organizations with big potential. There are *Steward Investors* with the same mindset – men and women who are attracted to small entrepreneurial ministries that show great potential. These are "mustard seed" investments that with the right leadership and a little help on the front end might reap big Kingdom harvest.

Of course, entrepreneurial endeavors involve risk and uncertainty. Whether it's a well-established organization testing a new strategy or a start-up organization attempting to find its way in the white area of the map, there is always risk. Seasoned investors understand that risk is commensurate with return – the higher the risk, the higher the anticipated returns. They expect some failures. But with failure comes learning and insights, and with perseverance, likely returns will start to accrue.

Further, one person's small could be another person's big -- Not long ago a ministry leader told me of a meeting he had with the president of a foundation from which he hoped to gain support. After sharing what the ministry had been doing around the world and their plans for the future, the foundation president observed that he didn't find the ministry plans to be very exciting and that the organization and its leadership appeared to be lacking in vision. The man departed the foundation board room discouraged more from a challenge to his confidence that they were, in fact, following after God's goals than from the lack of financial support. After all, it was clear to him that this was a big need, why wasn't it clear to this potential donor?

As ministries, we are addressing the particular needs of specific people because we believe that God has called us to do so – that’s our mission. Donors also have a call and a mission. If there is no overlap (mission-match) between their call and ours, it will be unlikely a partnership will develop. What’s important, is that we are able to communicate our call and mission to potential investors (and staff, volunteers, etc.) so clearly that if there is a mission-match, it will be abundantly clear to both parties.⁶

One last important point to consider, this is a communication exercise, not a marketing or advertising strategy. We want our communication to be creatively compelling, capturing the attention and heart of our audience. But it needs to be built with integrity of intent as well and therefore must be clear, complete, accurate, and without exaggeration.

Points to Ponder

- How clear is your organizational mission – to you? Your staff? Your donors? Other important stakeholders?

Mission: Explains why an organization exists. Every organization exists to meet a constituent’s need. The mission statement is the primary tool used by both the board of directors and management to determine what activities the organization will do (and, by definition, not do) to create value. (See *Setting Organizational Direction* for a comprehensive explanation of mission at www.trixiapartners.com/strategy/direction)

- Whom are you serving? (i.e., Who are your “customers”?) What sets them apart as a group?
- What needs of this group are you attempting to meet?
- What makes the meeting of these needs important/relevant/strategic? That is, what are the consequences of not meeting them? What are the benefits or implications of meeting these needs?
- Is the meeting of these particular needs of this specific group of people clearly within the bounds of your mission?
- If you had thirty seconds to explain what this need is and why it is important to a potential investor (the “elevator” speech), could you do it in a clear and compelling manner?

⁶ We would always recommend that ministries conduct research regarding potential donors. Although the topic for another paper, there are almost always assessable sources of information re: donor giving objectives. This would be particularly true of foundations which often provide such information on their web sites.

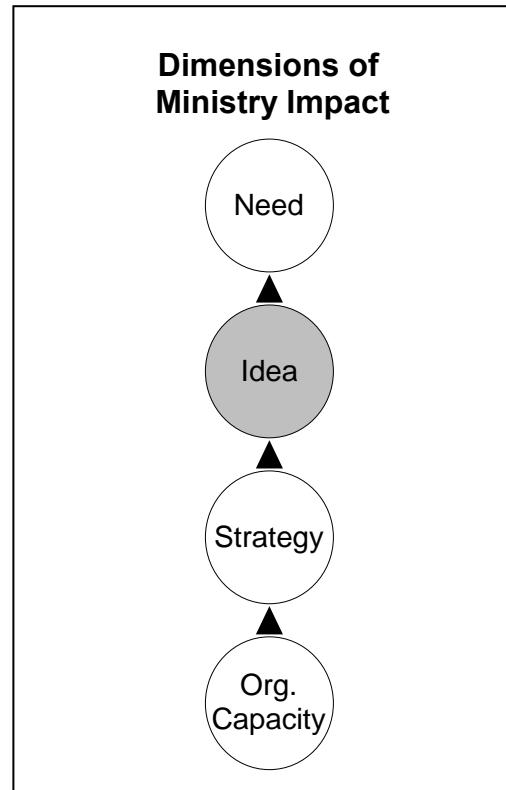
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What's the Big Idea?

Attacking a big need/opportunity is merely the first step for the ministry organization. More importantly is: how will they do it? What is their strategy or formula for success? Most big needs have been around for a long time. One reason they are often so big is that no one has been able to invent a solution that could successfully address the issue. What makes this organization think it can successfully attack a need that others have failed to do?

People want to invest in solutions, not problems. It's not just a big need that attracts a *Steward Investor*, it must be coupled with an idea or solution⁷ that is big enough to truly impact the need and make a difference. Whereas we don't want to have whales chasing sardines, we also don't want to go after a *whale-sized* need with a *sardine-sized* idea.

The Jesus Film Project provides a good illustration of matching a big idea to a big need:



Need: The population of the world is over six billion and growing at a rate of one China (1.2 billion) every ten years. The growth rate of the world's population is outstripping than the combined ability of all mission organizations to share the gospel. To compound the issue, the majority of this growth is in Third World countries -- countries in which there are exceeding high illiteracy rates and in which virtually no one has even heard of Jesus Christ. They were not brought up in a Christian context. Even if they could read, the Four Law Book wouldn't connect the dots of the Gospel for these people. They need a fuller explanation of God's plan of salvation.

Idea: Produce a film of the life and work of Christ. Based on Scripture; Dramatize the Gospel of Luke, and translate the film into their native language.

In hindsight, 1084 language translations and billions viewers later, seems like a pretty big idea.⁸ It wasn't so clear in 1977, when the film was just an idea. Then it seemed a little far-fetched to a lot of people. That's what vision is all about. It's the ability to see

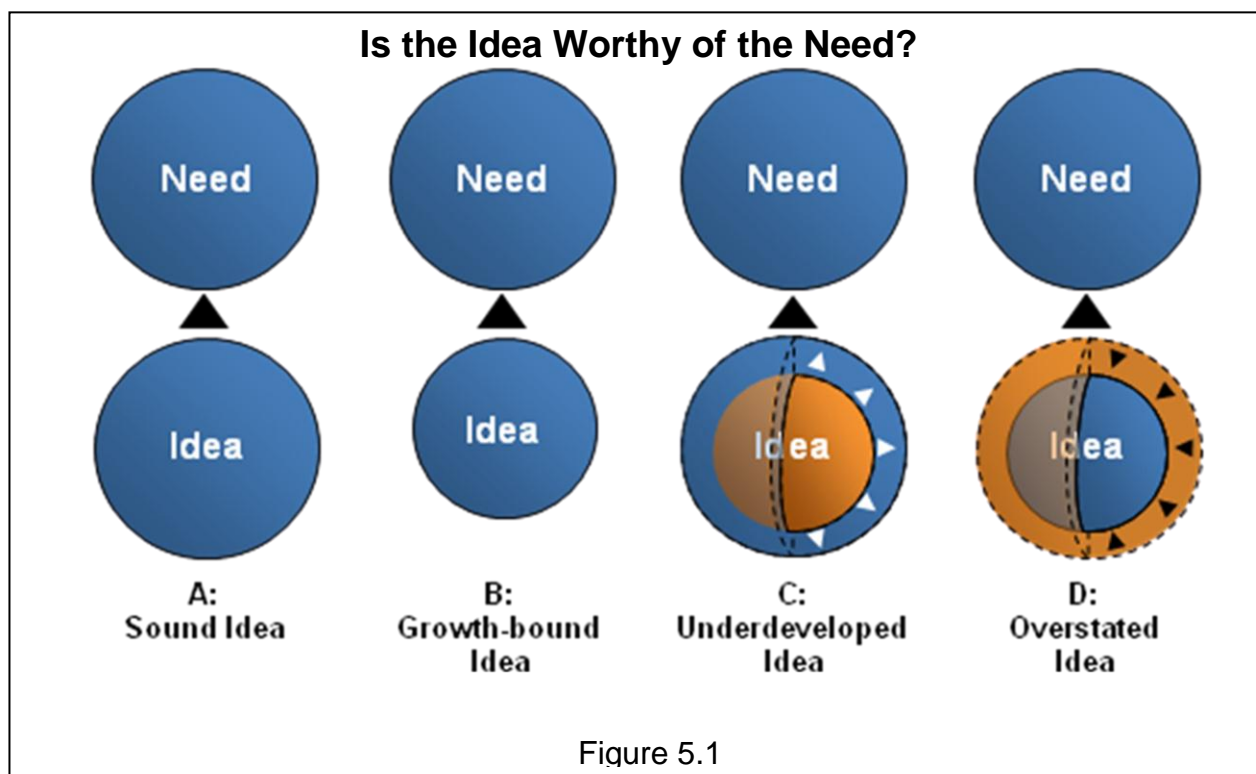
⁷ Although we treat the terms *idea* and *solution* as synonymous, in this article we use the term "idea."

⁸ Several billion since 1979 according to the Jesus Project Office -- <http://www.jesusfilm.org>

the potential and possibility of an idea before it matures into reality. Someone has noted “there has always been a fine line between true paradigm pioneers and crackpots.”⁹

From an investor perspective it takes as much creativity and foresight to see the merit of an untested idea as it did for the ministry to come up with it in the first place. Once in a great while the worth of a new idea is clear, but most of the time the risk is more apparent than the return.

When a *Steward-Investor* is looking at the need/idea connection being communicated by your organization, what will they see? Figure 5.1 shows four different possible profiles:



- **Organization A** has a sound idea that, if effectively implemented, will make a material impact on the need
- **Organization B** does not have an idea that equals the need. It is growth-bound, i.e., intrinsically weak; additional creativity, resources, or effort will probably not strengthen this idea. For example, it could be technologically infeasible in the foreseeable future, politically unacceptable, or blatantly unethical. Even if the organization successfully implemented this idea it won't impact the need. What this organization needs is a new idea.

- **Organization C** appears to be inadequate regarding the match between need and idea, but the dotted lines and the direction of the arrows indicate this is an idea that is underdeveloped and embedded with untapped potential. This idea can be made bigger by applying of some creative thought and resources.
- **Organization D**, at first glance, appears to match a big idea against a big need. But, in reality, it is a small overstated idea wrapped in a great communication strategy. Again, the direction of the arrows alert us to the fact that reality may not be as stated. A lot of nonprofit ministry ideas are funded because they “appear” to be sound, but a little due diligence on the part of the Steward Investor would probably reveal that this idea is not as good as it looks.

Due diligence,” is an interesting term that may not be familiar to some of you. It is frequently used in legal documents to describe the responsibilities of a trustee (steward) to investigate the facts, details, and risks associated with a decision. Basically it means to research and understand the information needed to make a good decision.

Some investors don’t perform adequate due diligence because of skill or lack of time. Others, not wanting to pop the balloon of enthusiasm exhibited by the ministry or to appear skeptical and lacking in faith, choose to “see” the bigger circle surrounding the idea even though it is not really there. Still others approach the project with tough pragmatism and even if they don’t understand the technical dimensions of the idea, they sense the need to do their homework before committing.

Insightful ministry leaders ensure that potential investors are given the information and data they need to feel comfortable with the possibility that the idea will make a material dent in the need.

Points to Ponder

- What is your idea/solution to the need?
- What makes it unique? What makes your idea better than others?
- Who else (what other organizations) have attempted to address this need? To what end?
- What other ideas did you consider and discard?
- How confident are you that your idea will, in fact, work? What is the source of that confidence?

NOTE: In many cases you can provide “proof of concept” – some type of test or proto-type that gave evidence to the efficacy of the idea. With really big, complex, expensive need/idea combinations, funding the test to gain proof of concept is a viable project for a *Steward-Investor*.

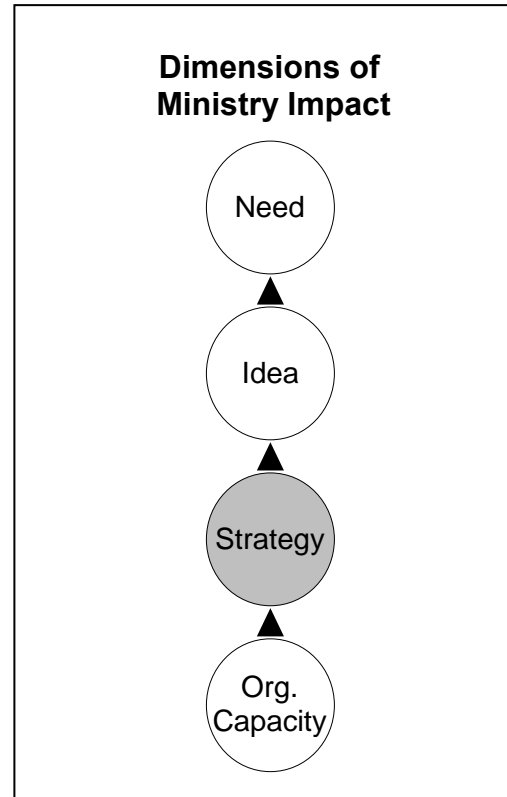
6

Strategy – Turning Ideas into Reality

The idea, no matter how grand or creative, can do the job on its own; it is just an idea. A *strategy* is the plan that transforms the idea into reality. It divides the idea into component parts (discrete goals) and then into action steps for achieving those goals.

Let's go back to The Jesus Project for a moment. *The idea was to produce* a film of the entire gospel of Luke in the native language of each people group. The strategy that turned this idea into reality had literally thousands of steps. A few examples might be as follows:

- The languages to be translated needed to be prioritized
- Translators needed to be found – in this case strategic alliances were formed with Wycliffe and other Bible translators
- Many of the people groups who needed the message were in poor, third world countries with no theaters (For many people, the Jesus Film was the first movie they had ever seen) – Without theaters, how would they see the film? The strategy called for a cadre of small film-showing teams that would show the film in the rural villages using portable screens and projectors with electricity supplied by portable generators. Thousands of these teams would be needed, so sub-plans were developed to recruit and train these teams on a country-by-country basis. Currently, there are approximately 1,850 film teams in 88 countries funded directly by the Jesus Film Project.¹⁰
- Alliances with other mission organizations which desired to use the Jesus film as part of their own strategies had to be established and maintained. As of December 2009, over 1,500 Christian organizations around the world have used the film as an integral part of their own outreach.¹¹
- Another part of the plan was devoted to raising the needed funds to implement this strategy. A budget of hundreds of millions of dollars needed to be raised. The resulting strategy allowed individual donors to give as little as \$16 for a projector bulb, to \$22,000 to translate a language, to even \$150,000 to support a film team



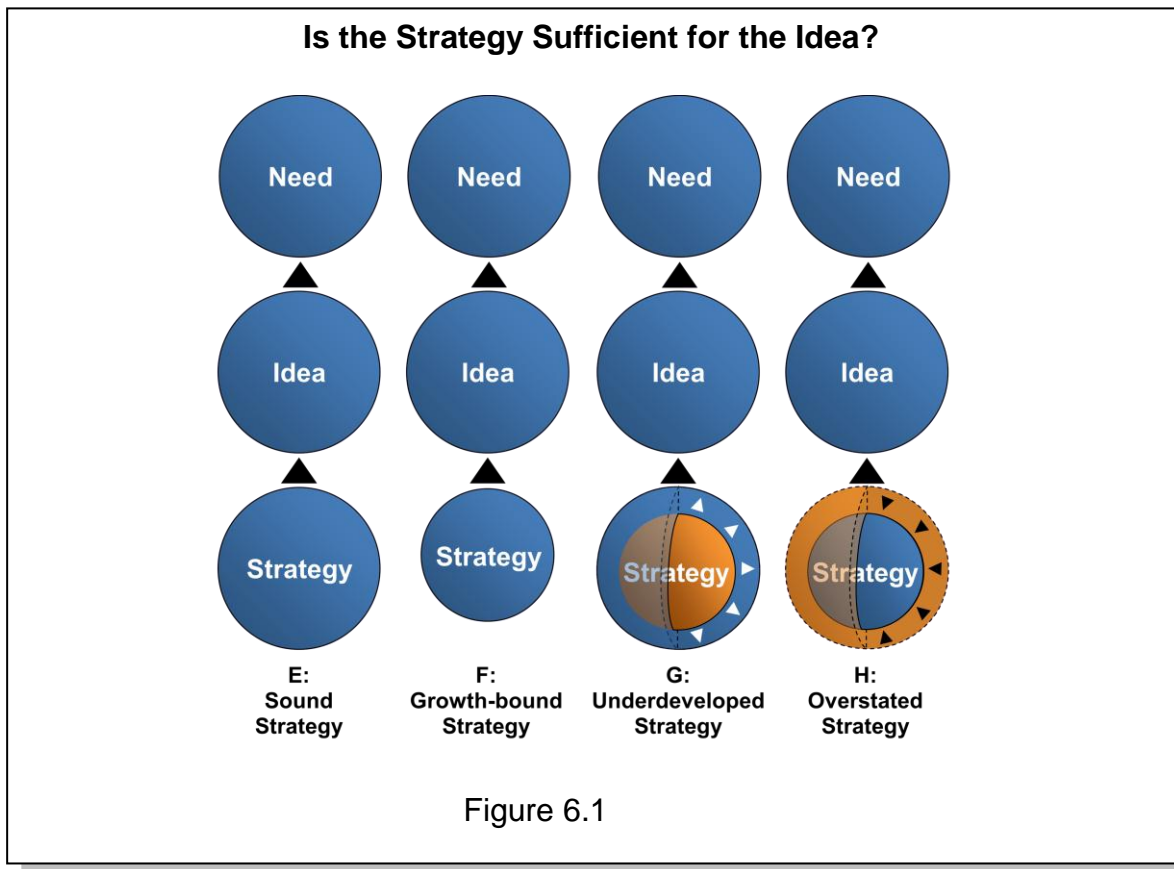
¹⁰ <http://www.jesusfilm.org/film-and-media/statistics>

¹¹ Ibid

in India for five years.

These are but a few of the line items in a strategy that would take thousands of pages to complete. The point is that ideas need supporting strategies that turn those ideas into reality and that provide those who must do so with step-by-step instructions of who does what, when, and how.

Figure 2.4 shows that not all strategies are equal to the task.



- **Organization E** has a sound, robust strategy that, if executed skillfully enough, will turn the idea into reality.
- **Organization F** has a growth-bound strategy. More strategic thinking won't help here; an entirely new strategy must be developed.
- **Organization G** has an underdeveloped strategy. It has the potential to become stronger with some hard work and creativity. We suggest caution here; for as you will see in a moment, an underdeveloped strategy is often an indicator of underdeveloped organizational capacity particularly in the area of leadership.

- The strategy of **Organization H**, on the other hand, is overstated. It “sounds good,” but really isn’t good. If executed it would have no more success than the strategy depicted for Organization F.

Attributes of an Effective Strategy

Strategy in essence is a plan of action designed to achieve a particular goal. It comes from the Greek word for general. Strategy from a military point of view is the positioning of troops before the battle to provide maximum advantage over the enemy. Tactics, on the other hand is the maneuvering of troops in battle. For the purposes of this paper we combine the two ideas as strategy.

A few of the more important attributes of good strategies might be:

- *Concentrates on Outcomes versus Activities* -- Talking to 50 major donors is an activity; raising \$275,000 is an outcome. We need to identify those activities that, if well executed, will achieve the desired activities but many ministries stop with the activities with a giant leap of faith that if they do those things the results will take care of themselves. Effective ministries are “critical event” thinkers. The critical event is what must happen at the lowest level of organization – where the edge of the organization meets the “customer. (That is, the people whom you serve)” Critical event, is another word for “outcome.” At Coca Cola, the critical event is one person must buy a coke. The goal of any organization is to generate the maximum number of critical events at the highest levels of quality. Organizations that are not critical event thinkers in their planning invariably get caught in the activity trap and activity doesn’t always lead to accomplishment.
- *Creative* – There is some aspect of the plan that has a multiplier effect. That is, the impact is greater than the investment. We have already observed that the visions to which God calls men are invariably very big and, from a human perspective, very under-resourced. Gideon confronted 135,000 Midianites with only 300 soldiers and won with the use an unusual strategy that took advantage of something God did to prepare the situation for the victory. Nehemiah rebuilt the walls of Jerusalem in only 52 days with a demoralized work force and stiff opposition. Over and over, throughout the Bible we see resourcefulness reigns sovereign over resources.
- *Logical* -- It makes sense to those who must carry it out and those who must support them
- *Simple and Straight-forward* – It’s easy to implement. This doesn’t mean that it won’t take hard work but rather that everyone from top to bottom in the organization can clearly see how the plan works and how their particular role contributes to its success. People are not distracted by complexities
- *Believable* -- No one, staff, volunteers, or donors will give sacrificially to something they don’t believe will succeed. Of course the idea of faith-goals demands faith but our faith is limited by what we believe God can and will do

in our respective minds. Now we are back to “God’s Part.”

Let’s rethink Gideon’s challenge for a second. 135,000 Midianites and 300 Israelites. I suspect to get his guys lined up for battle that night, it took more than a “trust me” from Gideon. He most likely had to explain his strategy and connect the dots as to how it would work. Yes they had a whole lot of guys on their side (“as numerous as locusts” the text explains¹²). But they were afraid and a lot of noise, sudden lights in the darkness of the night would light that fuel of fear that God had placed in their hearts. We just need to show up and do our part, Gideon explained.

Some, who have seen God deliver them before, can believe God for giants¹³, others have a difficult time believing God for the smallest of things because they haven’t developed their “faith muscle.” A.W. Tozer, says that the most important thing about us is what comes into our mind when we think about God.¹⁴

The point here is not to assume that everyone’s faith is the size of yours and that we need to provide as much rationale as possible regarding why this is a good strategy while, at the same time, being clear about what we are trusting God for and why we think that’s a good bet.

- *Reflects the “lay of the land”* -- Your strategy must reflect the realities of what’s going on “out there.” What are the emerging trends that have the potential to change the way things are done? What’s propelling them? How fast are they unfolding? What are the implications for those you hope to serve? Basically, you must understand the signs of the times (1 Chronicles 12:32; Matthew 16:2-3) and apply that thinking in your plans, just like Gideon.
- *Focused* – Strategy is about making hard choices among good alternatives – Unlike Paul, organizations can’t be all things to all people.¹⁵ We must make hard choices about what to do and what not to do. Every military general knows that one of the principles of war (and we are in a war...a spiritual war) is that the concentration of forces (focus) is needed to break through enemy lines.
- *Flexible* – No plan goes as planned. Invariably the unexpected intervenes on the best laid plans of mice and men. In many cases it is God Himself, that changes the direction of our intentions. Proverbs reminds us that although the

¹² Judges 7:12

¹³ David was able to believe God for victory over Goliath because he had experienced God’s help in killing the “lion and the bear.” (1 Samuel 17:36)

¹⁴ A.W. Tozer, *The Knowledge of the Holy*, Harper and Row, 1961, p.9

¹⁵ 1 Corinthians 9:22

mind of a man plans his way, the Lord directs his steps.¹⁶ A great illustration of this principle in practice is found in Acts 16. Paul and his team were seeing tremendous ministry results as they spread the gospel. Acts 16:5 explains that the churches were being strengthened in the faith and were increasing in number daily. Paul and his band of followers sought to continue their mission by going to Bithynia, a region on the northern part of modern day Turkey. God had other plans. Acts 16:7 says that the Spirit of Jesus did not permit them to continue and sent them to Macedonia instead, thus introducing the gospel to the western world. This team of men had a strategy but they held it with an open hand and adapted to changing circumstances (in this case, changing instructions).

Points to Ponder

- How does your strategy stack up against the above attributes? What can you do to strengthen it?
- Can you present a clear summary of your strategy in 1 to 3 minutes?
- What makes it unique, creative, or particularly impactful?
- What are the particular risks embedded in your strategy (e.g., execution risk – we might not have the needed skills)?
- What is your contingency plan?
- How adaptable are you when circumstances or the leading of God's Spirit suggest mid-course corrections to your strategy? (Contrast Acts 16:6-12 to Jeremiah 18:12)

¹⁶ Proverbs 16:9

7

Do We Have the Capacity and Capability to Execute?

At Some Point, Infrastructure Matters

Dateline: Sinai Wilderness, 1270 BC – The people’s progress in the wilderness had bogged down as more and more time was spent working through the bureaucratic tangles and resolving issues of dispute (and this particular group of people had a lot of them!).

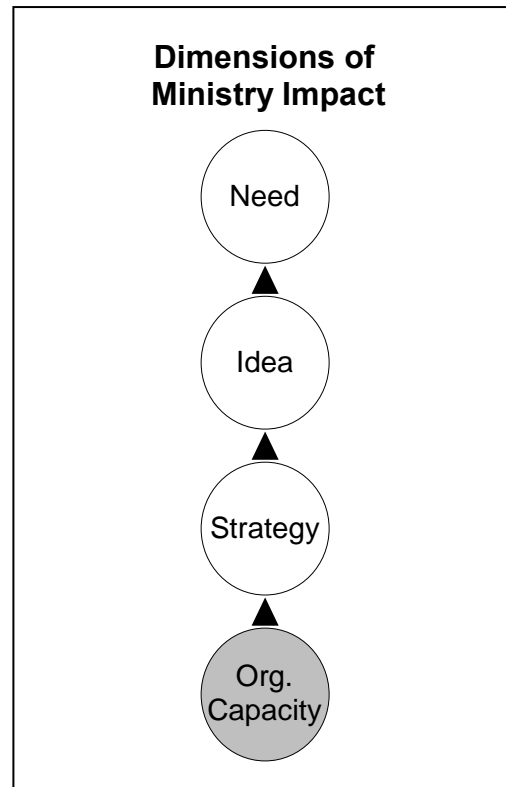
Moses was starting to burn-out under the load of leadership when his father-in-law, Jethro arrived for a short visit. Jethro provided some much needed counsel for his overly tired son-in-law. *"The thing that you are doing is not good. You will surely wear out, both yourself and these people who are with you, for the task is too heavy for you; you cannot do it alone... Select capable men to help you,*¹⁷" he suggested.

Dateline: Jerusalem, 33 AD – The young church was feeling the strain of dramatic growth. Support systems were over loaded and breaking down, as were the tempers of some of the parishioners.

Therefore the apostles decided to reorganize and strengthen their administrative systems. Their instructions to the disciples were clear: *"Select from among you, brethren, seven men of good reputation, full of the Spirit and of wisdom, whom we may put in charge of the task.*¹⁸"

Both of these stories illustrate the importance of organizational capacity. In both instances, the lack of capacity was beginning to threaten their primary objectives and mission. Common sense and experience tell us that in order to achieve and sustain excellent program results (the primary reason for which the ministry exists) every organization, corporate and nonprofit, must have sufficient organizational capacity. By capacity we do not mean merely size, although size is a part of the total picture.

Capacity is about having the necessary leadership, sufficient number of skilled staff, adequate systems and processes, an appropriate organizational structure, an effective board of directors, and many other elements that promote organizational effectiveness.



¹⁷ Exodus 18:17-21

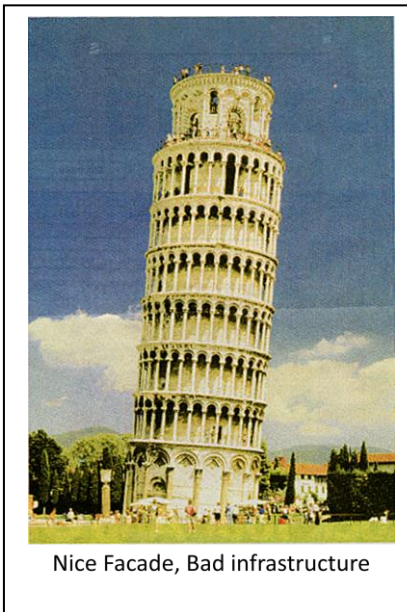
¹⁸ Acts 6:3

When I was a child, staring at mounds of uneaten food on my plate, my mother would remind me that my eyes were bigger than my stomach. As a result I was leaving food on the table. That could be said about many ministry organizations except the admonition would be, “your vision is bigger than your capacity to implement it and therefore you are leaving a lot of your good intentions on the table.”

Too often the nonprofit sector has more ideas and strategies than results because of their inability to execute. As important as the concepts of *idea* and *strategy* might be, it takes an effective organization to execute a strategy and turn good intentions into realized results. Therefore, our next question must be, “Do we, as an organization, have the organizational capacity to implement the strategy?”

By *capacity* we do not mean merely size, although size is a part of the total picture. Capacity is about having the “organizational muscle” needed to execute over a sustained period of time need to achieve our strategic aspirations. Different organizations might use different terms—overhead, infrastructure, capacity, etc. It might include things like the necessary leadership, sufficient number of skilled staff, adequate systems and processes, an appropriate organizational structure, an effective board of directors, and many other elements that promote organizational effectiveness.

Several years ago, IBM sponsored a great ad, touting its IT services. It was simple, straight-forward, and impactful. Below a photo of the leaning Tower of Pisa, was a headline: “Nice Façade; Bad Infrastructure.” At the very bottom of the page, it merely read, IBM. Every reader “got it.”



Most ministries, all non profits for that matter, are somewhat “Pisa-esque.” They are woefully underfunded when it comes to infrastructure and organizational capacity. Few things in the life of a nonprofit challenge the ability to deliver the sustained impact and change in the lives of those whom they serve than weak and insufficient organizational capacity.

In the corporate sector it is well accepted that every organization has only two imperatives: Build the business and build the organization (so that they can continue to build the business!). In our experience most nonprofit leaders would agree with this idea but are quickly confronted by a tension between program and capacity.

First, not all donors appreciate the importance of building capacity and infrastructure and they don’t want to pay for it. If they are inclined to pay a portion, they don’t want to pay for enough of it. There is a prevalent mindset that nonprofit organizations need to run leaner than their corporate brethren. In a recent survey, individual donors shared

that they believed that the typical charitable organization spends a little more than 36% of every dollar received on overhead (fundraising, administration, capacity, etc.), but that it was “reasonable” to spend an average of 22% of each dollar received.¹⁹ Now the reality is that most, if not all, of these people don’t have the slightest idea of how to run a nonprofit organization or what they actually do and should spend on overhead and capacity. But that’s their perception and that perception governs their giving decisions as though it was fact written in stone.

Even, the larger, more professional givers have somewhat the same perspective according to the results of the five year study, The Nonprofit Overhead Cost Study,²⁰ produced by the National Urban Institute and The Center on Philanthropy at Indiana University.

It’s not just a donor problem, many non profit leaders fail to appreciate the need for capacity and when given the choice, often electing to spend capacity funds on programs. These are social entrepreneurs whose passion is for the mission which is both visible and urgent, whereas building capacity, while undeniably important, is a longer-term, less urgent need.

Still another barrier to building healthy nonprofit organizations is the way they tend to be measured. Few would argue that best measure of effectiveness for any nonprofit should be program impact – changed lives. The dilemma is that such measurements are hard to come by for all kinds of reasons – too many uncontrollable and intervening variables, long-term programs like education, community development, etc. that demand complex, expensive longitudinal studies, or inadequate systems and processes needed to track results. As a result many donors use various financial ratios as proxies for organizational effectiveness. The problem is that no one can agree on what those ratios are. For example, The Better Business Bureau, The American Institute of Philanthropy, and Charity Navigator each suggest different ratios for the percent of revenue that should go directly to programs.²¹ In order to meet donor expectations many nonprofits, including ministry organizations under spend in the area of capacity or underreport their spending, thus promoting a bad paradigm.²²

All of this is to say that as important as organizational capacity is, it’s a tough area for dialogue between nonprofit ministry leaders and the funders. To make matters more challenging, many of the things for which we seek funding are just that, organizational

¹⁹ Ellison Research, Americans’ Perceptions off the Financial Efficiency on Non-profit Organizations, February 2008, <http://www.ellisonresearch.com/PublicStudies.htm>

²⁰ The Nonprofit Overhead Cost Study was a five year research project conducted by the Urban Institute’s National Center for Charitable Statistics and the Center for Philanthropy at Indiana University – Summary article available at www.ssireview.org

²¹ As noted on their respective web sites

²² For example, The Nonprofit Overhead Cost Project found that 37% of nonprofit organizations with private contributions of \$50,000 or more reported no fund raising or special event costs on their 2000 Form 990. Nearly 13% of public operating charities reported spending nothing for management and general expenses

capacity – e.g., a new donor software system, three new servers for our call center, a leadership workshop for our frontline managers, consulting fees for a facilitator to help us with our strategic plan, three years of salary to allow us to hire our first director of development – the list could go on forever. That’s the beauty of the NISO model. It helps you put capacity issues in proper perspective, clearly showing potential investors the connection between funding organizational capacity and overall program effectiveness.

So, back to the model. We have explored the *need*, the *idea* and the *strategy*. Now we come to organizational *capacity*, the engine that drives the whole thing. Money--operating funds and capital-- is the fuel. The use for funds will fall into one of several organizational buckets: direct program costs, operational/administrative costs (which includes building new and stronger capacity), and fund raising. Generally, outside of direct program costs there is little “glamour” for investors **unless** they can clearly see a direct connection to program effectiveness.

Many nonprofits lead with their organizational needs (e.g., new building, computer system, etc.) because that is the point of intense pain for them. But without a strong connection to increased ministry mission results, it’s likely that they will have to do with the old computer system. Other ministries do place the organizational need onto the larger context of what they are attempting to achieve but the argument is neither clear nor compellingly made.

We continue to build the model in figure 7.1 as we introduce the possible perspectives regarding organization against the other aspects of NISO

- **Organization I** is ready. It pursues a big need, has a great idea, a strategy to implement it, and the organizational capacity to execute the strategy.
- **Organization J** has growth-bound capacity. There are intrinsic, deeply embedded weaknesses that cannot be strengthened in the short term.

Recently we were asked by a foundation to work with a small but highly entrepreneurial NPO to develop a strategic plan. The CEO/founder saw every need as a call. In spite of its small size and limited resources, the NPO was attempting to work with multiple types of programs on three continents. The organization was spread so thin that it had absolutely no impact with any program. In spite of repeated encouragement to become more focused, the CEO was determined to try to be all things to all people everywhere. We sadly abandoned our planning efforts and suggested the foundation reconsider their support, which they did. Even this had no effect on the CEO’s perspective; he was growth-bound even when it came to receiving feedback.

Do They Have the Organizational Capacity to Execute the Strategy?

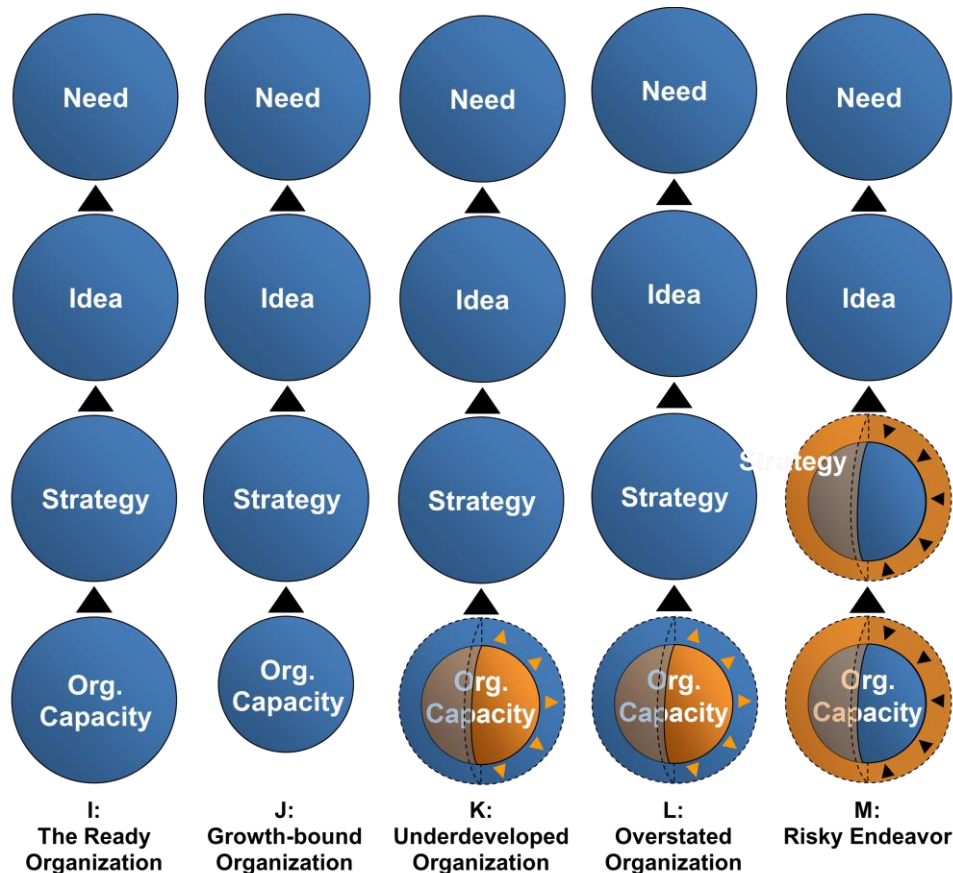


Figure 7.1

- Organization K** represents many of the organizations that might approach you for funding assistance. The arrows point to the larger circle, indicating that this organization, although not currently capable, has the potential (i.e., the ability and the willingness) to develop the needed capacity with your help. This is a good investment on the part of a *Steward Investor*. The gift that enables the organization to build capacity (e.g., upgrade computer systems, hire critical staff, train staff, perform market research, develop processes, etc.) is often a highly leveraged investment.

The strength of **Organization L** is overstated. It *appears* to have the capabilities but really doesn't. This situation could stem from many reasons: a board of apparently well qualified individuals who, collectively, do not hold the CEO accountable, or an organization of skilled individuals in key positions who are

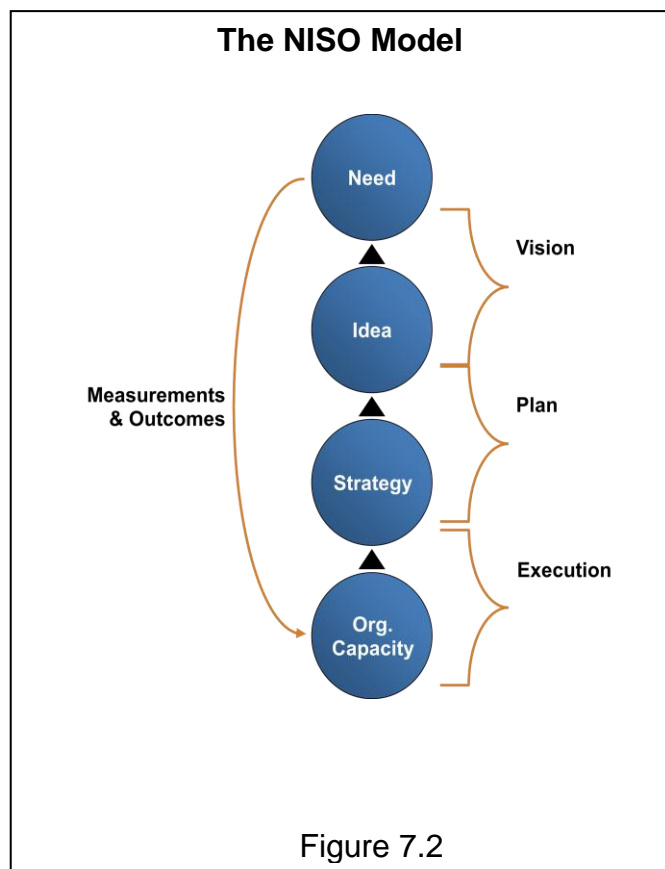
ineffective as a team. Here, appearances are deceiving, but a site visit by a capable executive equipped with the right questions would quickly spot the areas of concern.

- **Organization M** is a risky endeavor and, again, represents many NPOs you will encounter seeking your support. In this organization both the strategy and structure are underdeveloped. We can imagine that a weak NPO is probably not going to create a strong strategy. It's risky because it would be difficult for the organization to strengthen both capacity and strategy simultaneously. Many savvy investors have found it wise to first fund the development of a strategic plan and only then consider whether or not to invest in organizational capacity projects.

Vision, Outcomes, Plan, and Execution

Figure 7.2 summarizes the key ideas we have presented in the NISO Model. In addition to the four primary elements of the model (Need, Idea, Strategy, and Organization), you see a dotted line labeled "Measurements and Outcomes" moving from the *Need* back to the *Organization*. Your ministry must be clear about what it is attempting to accomplish and how it will measure success. Every organization needs timely, accurate feedback from the "front lines."

To the right we see that a creative *Idea* capable of meeting a big *Need* represents the ministry's *vision*. A big *Idea* supported with an effective *Strategy* combine to form the organizational *plan*. Coupling an effective strategy to sufficient *Organizational Capacity* allows the ministry to successfully *execute* the plan.



The model not only frames out the thinking of how a strategic thinker would approach his or her story about what the ministry is doing, why it is doing this and why supporting this venture is worthy of prayer and consideration, it also parallels how Steward-Investors approach their giving decision. Following this framework is a good way for ministry leaders to be sure they and their investors are singing out of the same hymnbook.

Creativity, Strategy, Capacity, or Velocity

These organizational profiles present an effective way to evaluate your ministry. They also make visible what dimension of your ministry investors are actually funding.

- For the Ready Organization (Organization I, Figure 7.1) investors are funding velocity. The organization is pursuing a big need or opportunity with a big idea. It also has the capacity to implement the idea.
- For the underdeveloped organization (Organization K), investors are funding capacity. That is, they are providing the needed infrastructure, equipment, skills, or facilities needed to better execute the idea.
- Investors supporting an organization with an underdeveloped strategy (Organization G, see Figure 6.1) are investing in strategy.
- Those supporting an NPO with an underdeveloped idea (Organization C, Figure 5.1) are investing in creativity—the innovation and resourcefulness needed to make the idea bigger and more robust. Often it's a little thing—a twist here and a turn there—that can change an average idea into a great one. Such insight might come from a consultant, research or surveys, or a strategic planning exercise. Regardless of the mechanism, making the leap will cost something, and, often, particularly in a small organization, that *something* is not in the budget.

Points to Ponder

- Does our organization have the capacity to successfully execute this strategy? If not, what do we need to do so? What are the organizational risks regarding the execution of this strategy?
- Can we/have we clearly connected capacity needs to program effectiveness with our investors? Are we able to effectively communicate the importance of organizational costs to our current and potential investors?
- Can we accurately measure and delineate between the costs of programs, administrations/operations and fundraising? Do we have a clear idea of what our cost really are?
- Are we confident that we have allocated our expense pie chart appropriately and accurately between program, operations, and fundraising to maximize overall and long-term ministry effectiveness? Are we confident that our allocation and expenditures are in line with other nonprofits of our type and size? If not, do we have clear and acceptable rationale for why they are different?