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Rigorous Portfolio Decisions in Mission-Driven Organizations

David Matheson, SmartOrg

SmartOrg recently hosted a webinar with Temperince Morgan, Executive Director of the Florida Chapter of [The Nature Conservancy](#), on making rigorous portfolio decisions in



Temperince Morgan

a mission-driven organization. The Nature Conservancy implemented a new discipline for managing its portfolios of conservation projects with SmartOrg's help. As a result, The Conservancy's Florida and Caribbean chapters improved their focus on beneficial outcomes for both nature and people.

A purely commercial organization measures the success of its programs and projects on two dimensions:

- Is the program profitable?
- Does the project lead to future growth of our revenues and profits?

A purely mission-driven organization measures the success of its programs and projects by the overall criterion of how well they advance the organization's mission. The International Red Cross has the mission, "to protect the lives and dignity of victims of armed conflict and provide them with assistance." The Bill and Melinda Gates Foundation has the mission, "to help all people to lead healthy, productive lives."

In the case of The Nature Conservancy, their mission is broadly, "to protect the lands and waters on which all life depends." This mission

supports the vision of "people and nature thriving together."

A challenge for mission-driven organizations is how to measure the success of their programs and projects against their respective missions. There is an inclination to take a precise, quantitative approach that models and analyzes each program's and project's outcomes in minute detail. Program managers tend to be subject matter experts in the areas their programs address, and they are familiar with the particular inner workings of the programs. They tend to focus on these inner workings rather than the overall relationship of the program to the organizational mission.

Until a couple of years ago, this is how The Nature Conservancy tried to measure its outcomes. A program to protect a coral reef, for example, would look at a wide range of variables, such as number of coral species present, number or cover of specimens of each species per square meter of seabed, water clarity, number of fish species and individuals present, and so on. The resulting model for the program was very complex, produced many output measures of outcomes, and required a daunting amount of difficult data collection to work properly. With the variety of output measures, it was difficult for The Nature Conservancy's program manager to tell whether the program was actually furthering the mission of the organization: was an improvement in water clarity more or less valuable than a loss of fish species? What overall change in value did the program provide over a given period?

“Only a clear, focused and common mission can hold the organization together and enable it to produce results.”

— Peter F. Drucker

Related Webinar

[Portfolio Management in Florida and the Caribbean](#)

Temperince Morgan, Executive Director of the Florida Chapter of [The Nature Conservancy](#), shares how The Nature Conservancy implemented a new discipline for managing its portfolios of conservation projects with SmartOrg's help. As a result, The Conservancy's Florida and Caribbean chapters improved their focus on beneficial outcomes for both nature and people.

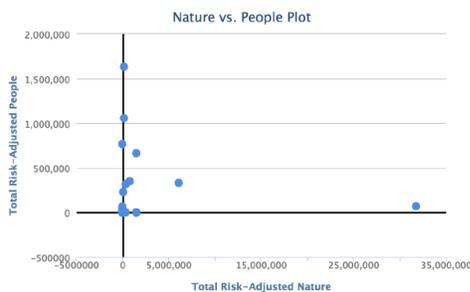
[Watch the Webinar](#)

Moreover, the variability of the program and project models meant that they were not at all comparable. How could a senior manager decide to allocate resources across the project portfolio to achieve the maximum advancement of the mission when each project had an entirely different measure of value?

To tackle these problems, The Nature Conservancy engaged SmartOrg to help its managers look at their programs in the larger context of the Conservancy's mission. SmartOrg facilitated workshops with the Conservancy's Caribbean division and Florida chapter that focused on creating a basis for comparing programs and projects fairly on a uniform basis.

A breakthrough came when the Conservancy's managers realized they could approximate the overall value of a project by the number of hectares of land (or sea) area conserved and the number of people whose lives were impacted. These measures are far less precise than the parameters these scientists were accustomed to measuring, but they gave a good idea of how well each program and project supported the Conservancy's mission.

Nature vs. People Plot for All Products 2017



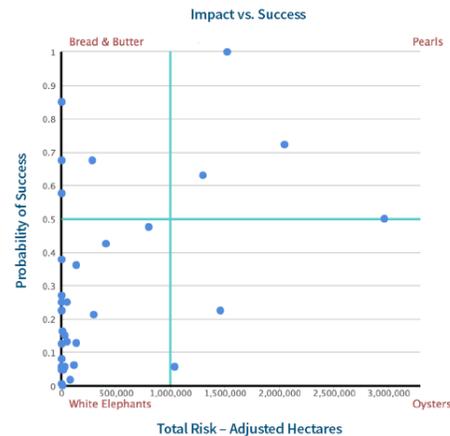
With this new way of evaluating and comparing projects and programs, the Conservancy's managers were able to have meaningful conversations about the comparative values of different projects. They could see clearly that some projects they thought were very valuable actually had minor impact and didn't advance the mission much relative to their cost, while other projects had much greater impact than they had previously estimated.

As a result of these conversations, the Conservancy's Caribbean and Florida managers were able to come to agreement on important portfolio decisions.

They classified their projects into four categories:

1. continue and perhaps expand
2. phase out
3. pivot to a new direction
4. learn more to help make a future decision

Impact vs. Success for All Products 2017



By phasing out projects that didn't offer substantial value for the investment, the Conservancy was able to redirect money and management attention to more productive projects. By looking for ways to pivot underperforming projects to paths that create more value, the Conservancy was able to leverage past investment in those projects to achieve greater returns toward the mission.

These are concepts SmartOrg has helped numerous commercial organizations apply to their challenges of growth and profitability. The key to using them successfully in mission-driven organizations is to find measures of value that are simple, comparable and tied to the mission. Of course, most commercial organizations also have missions that help shape their goals and drive their operations, and incorporating measures of value tied to your organization's mission can help you harmonize the pursuit of your mission with your economic growth and profitability objectives.

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