



How Competitive Is Your Organization?

Non-profits have not traditionally been thought of as organizations that need to be competitively oriented. Unlike for-profit businesses, which compete for customers and whose very survival depends on providing services or products to satisfied, paying "clients," many non-profit organizations operate in a non-market, or grants/memberships, economy - one in which services may not be commercially viable.

In other words, the marketplace may not supply sufficient resources to support an adequate, ongoing provider base. Moreover, the customer (client or stakeholder) does not decide which association gets adequate, ongoing funding. (In fact, many nonprofits are considered "sole-source," the only place to get the service, so there is not necessarily any choice in *which* provider receives funding even if the client does have some say). Consequently, non-profit organizations have not necessarily had an incentive to question the status quo, to assess whether client or member needs were being met, or to examine the cost-effectiveness or quality of available services.

The competitive environment has changed, however. Funders, members and clients, alike, are beginning to demand more accountability. Sole-sourced nonprofits are finding that their very success is encouraging others to enter the field and compete for grants. Grant money and membership contributions are getting harder to come by, even as need and demand increase. This last trend - increasing demand for a smaller pool of resources, requires today's nonprofits to rethink how they do business, to compete where appropriate, to avoid duplicating existing comparable services, and to increase collaboration, when possible.

OVERVIEW: The MacMillan Matrix for Situation Assessment of Programs

The MacMillan Matrix is an extraordinarily valuable tool that was specifically designed to help nonprofits assess their programs in that light. The matrix is based on the assumption that duplication of existing comparable services (unnecessary competition) among non-profit organizations can fragment the limited resources available, leaving all providers too weak to increase the quality and cost-effectiveness of client services.

The methodology behind the matrix also assumes that trying to be all things to all people (so-called "mission-creep") can result in mediocre or low-quality service. Instead, nonprofits should focus on delivering higher-quality service in a more focused (and perhaps limited) way. The matrix therefore helps organizations think about some very pragmatic questions:

- Are we the best organization to provide this service?
- Is competition good for our clients?
- Are we spreading ourselves too thin, without the capacity to sustain ourselves?
- Should we work cooperatively with another organization to provide services?

Using the MacMillan Matrix is a fairly straightforward process of assessing each current (or prospective) program according to four detailed criteria, described in outline below.

1. Fit

Fit is the degree to which a program "belongs" or fits within an organization.

2. Program Attractiveness

Program attractiveness is the degree to which a program is attractive to the organization from an economic perspective. No program would be classified as highly attractive unless it is ranked as attractive on a substantial majority of the specified criteria.

3. Alternative Coverage

Alternative coverage is the extent to which similar services are provided. If there are no other large, or very few small, comparable programs being provided in the same region, the program is classified as "low coverage." Otherwise, the coverage is "high."

4. Competitive Position

Competitive position is the degree to which the organization has a stronger capability and potential to deliver the program than other agencies - a combination of the organization's effectiveness, quality, credibility, and market share or dominance.

After each program is rated by senior staff and Board members in relation to the above four criteria, the ratings are tabulated and each program is then placed in the MacMillan matrix. For example, a program that is a good fit, is deemed attractive, and is strong competitively, but for which there is a high alternative coverage would be assigned to Cell No. 1.

Once all programs have been placed in the appropriate positions on the matrix, the organization can review its mix of programs, sometimes called its "program portfolio," and, with the help of an Osborne Principal, decide if any adjustments need to be made, as each of the 10 cells is prescriptive.

		High Program Attractiveness: "Easy" Program		Low Program Attractiveness: "Difficult" Program	
		Alternative Coverage <i>High</i>	Alternative Coverage <i>Low</i>	Alternative Coverage <i>High</i>	Alternative Coverage <i>Low</i>
GOOD FIT	Strong Competitive Position	1	2	3	4
	Weak Competitive Position	5	6	7	8
POOR FIT		9		10	

Articulating Previous Strategies

Most organizations operate within the guidelines of certain program and organizational strategies, although often these have neither been recognized nor articulated as actual strategies. Once an organization is in the process of strategic planning, however, it is time to make explicit these unspoken strategies and incorporate them into this deliberate consideration of the organization's future directions.

This should happen as part of the situation assessment. An Osborne principal can assist the organization to look for past patterns of operation or allocation of resources, analyze whether those strategies were effective, and why, and consider whether or not they should be held as strategies for the future.

Identification of Critical Issues

Upon completion of the situation assessment, a planning committee would be in a position to identify all of the critical issues, fundamental problems and choices facing the organization, and then begin to address those issues and identify priorities. Those issues (usually no more than six to eight issues qualify) become the framework for the decisions that must be made next regarding strategies, long-range goals & objectives, and financial requirements.

To arrive at this final list of truly critical issues, an Osborne Principal could help the planning committee to brainstorm a list of issues that might qualify and then assess each issue. Again, the final list should be short to prevent the organization from losing focus and sabotaging its own best intentions.

Finally, additional research may be needed, in order to gather specific information about new opportunities that can be pursued. This might include: description of new membership targets and their needs, description of new products and/or services with descriptions of start-up costs, competitor analysis, marketing strategies, long-term financial projections, and break-even analysis.

For further information, or to arrange an initial appointment with an Osborne Principal, contact Jane Rounthwaite @ (416) 498-1550.