

# AAA Scenario Planning Toolkit: Alternative Strategies in Changing Times

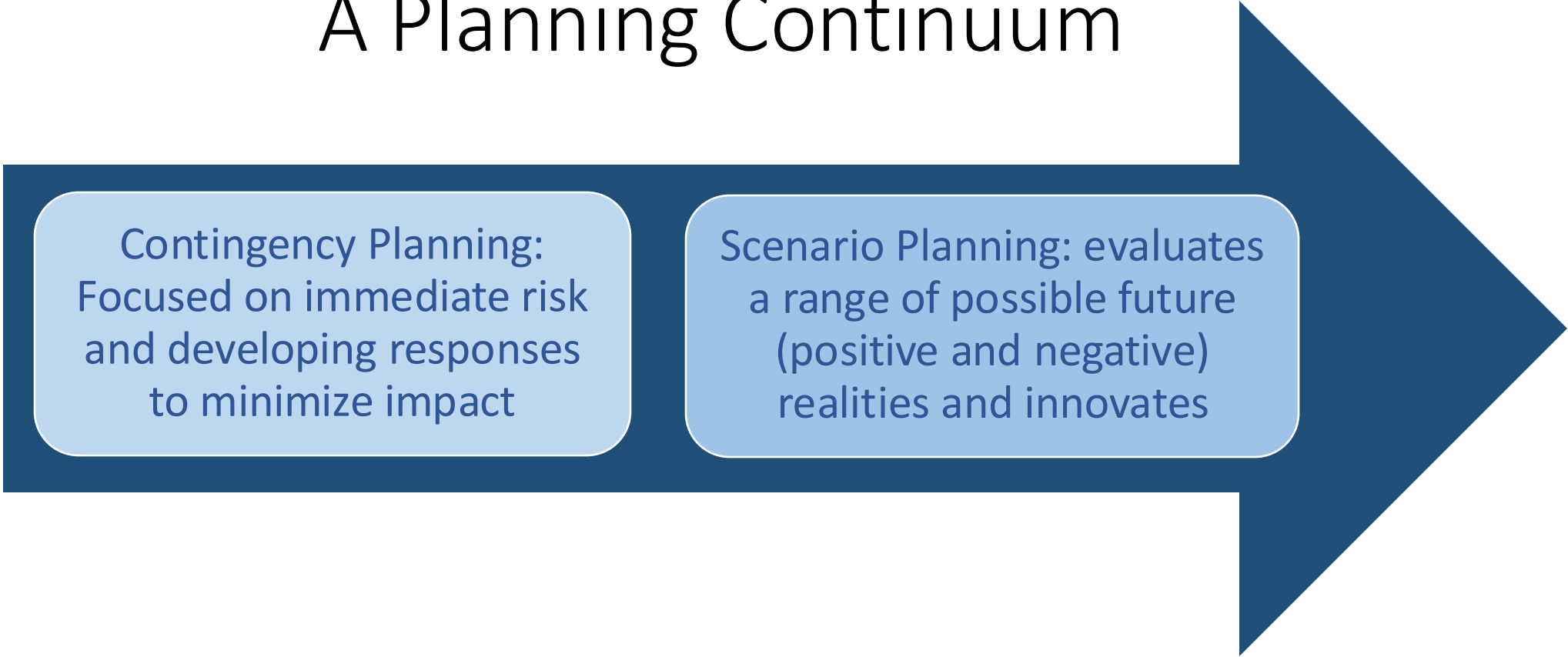
May 14, 2025

# Agenda

- ❑ Overview of The AAA Scenario Planning Toolkit
- ❑ Awareness of the altered landscape & nonprofit financial health
- ❑ Assessment of Options respond
- ❑ Action Considerations



# A Planning Continuum



Contingency Planning:  
Focused on immediate risk  
and developing responses  
to minimize impact

Scenario Planning: evaluates  
a range of possible future  
(positive and negative)  
realities and innovates

**Both require strategy and financial considerations**



# Scenario Planning Elements

 **Aware**

 **Assess**

 **Act**



**AAA Scenario Planning Tool Kit**

Updated May 2025

# Tool Kit Framework

[DANA AAA Scenario Planning ToolKit](#)

- ❑ Starts with Mission
- ❑ Understand the Present
  - ❑ Financial Position
  - ❑ Mission Outcomes
- ❑ Assess options for the future
  - ❑ Financial resiliency
  - ❑ Program Viability
- ❑ Curated Resources for Action



# Scenario Planning Philosophies

- ❑ This type of planning is a group activity
- ❑ People/outcomes are first
- ❑ It takes time
- ❑ Growth is not necessarily the right answer



# Be **A**ware of the Situation

## ☐ Mission Drivers (Financial and Outcomes)

- Client Needs
- Intended Outcomes
- Current Cash Position

## ☐ External Factors

- Which factors impact mission drivers the most?
- Timing of Impact?
- How Important to mission?

# Aware Resources

## ☐ Mission Drivers

- Scenario Planning Awareness Questionnaire
- Liquidity Calculator – available cash on hand
- Simple Cash Flow
- Tips for using Excel

## ☐ External Factors

- Provides updates on current status on issues impacting Nonprofits
- Template to map factors that could impact organization
- Links to National Council of Nonprofit Resources

<https://delawarenonprofit.org/nonprofit-sustaining-strategies/>





## Step 1: Understand External Factors that Matter Most

As a team reflect on the macro-environmental issues that are outside of your control that will directly influence your organization or your clients.

Describe how each factor could impact programs/organization or beneficiaries

Consider the probability to help identify which factors may be a priority to consider for scenario planning

List as many factors that are relevant, by adding rows below

list all impacts here to reference later and the probability it will happen



Factor	Describe the Impact to Organization/Program	Probability	Describe the Impact to Beneficiaries	Probability	Timing
<i>example: Prevention Contract is Eliminated</i>	<i>Loss of \$250K in funding or 50% total, reduction of 2 FTE</i>	<i>100%</i>	<i>Can only be open on weekends, 200 less people served for rest of 2025</i>	<i>95%</i>	<i>July 1</i>
Factor 1					
Factor 2					
Factor 3					
Factor 4					
Factor 5					

# Assess Implications & Devise Scenarios

## ☐ Financial Resiliency

- Financial Risk Assessment Questionnaire
- Future Cash Availability (beyond one year)
- Financial Model for Scenarios

## ☐ Program Vitality

- The degree program(s) meet intended outcomes
- Uniqueness compared to other available offerings
- Financial contribution to financial health



## Step 2: Map External Factor Impacts to Mission Drivers

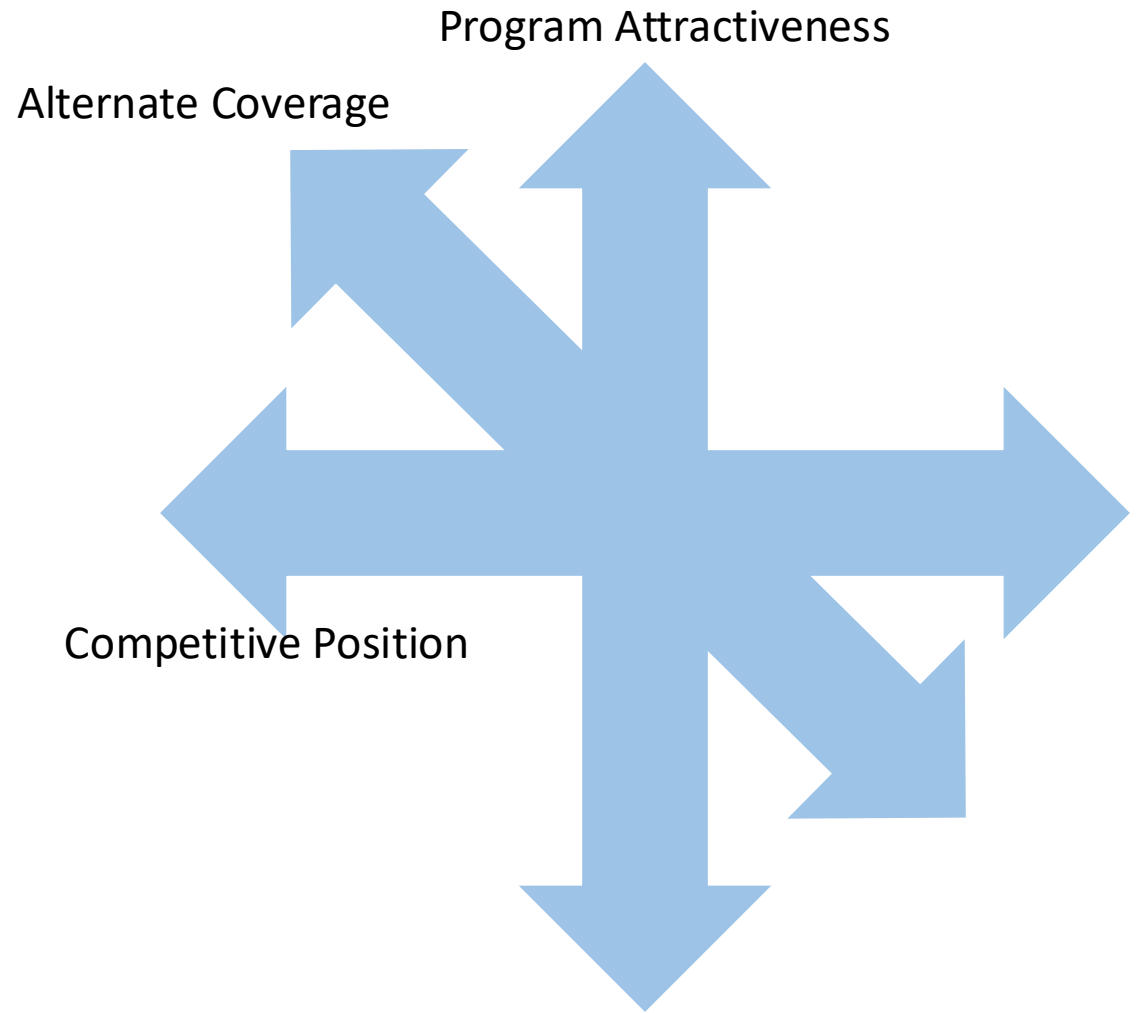
Nonprofit leaders face an unprecedented number of uncertainties and risks amid the government funding and policy changes that span all aspects of their organizations—only a subset of these matter most and it is critical to prioritize among them in scenario planning. To complete this worksheet, first identify the drivers (i.e., major elements) of your organization's economics and impact across three categories: beneficiaries, programs/operations, and funding. Next, assess the level of importance of each driver to your organization (degree it financially impacts your organization or your ability to achieve your mission outcomes) and the probability the factor will happen. After completing the chart, note which drivers are at both a high level of importance (to organization economics and/or mission impact) and a high probability you will use these in the next worksheet to develop scenarios.

Based on the External Factors Identified, Outline how each impacts beneficiaries, programs/operations, and funding			Level of importance			Probability		
			Low	Med	High	Low	Med	High
Beneficiaries	List How Beneficiaries will be impacted by External Factors	* E.g., access to services decline or food insecurity increases						
Programs/Operations	Outline how Programs and Operations will be impacted by External Factors	* E.g., facilities, operational staff capacity etc.						
Funding	List how different funding streams are impacted	* E.g., fee-for-service revenue, government grants, etc.						

\*Organizations with multiple programs should begin by elevating the critical programs that anchor their mission and economics, and are facing the highest impact based on the external factor. Level of importance in this context refers to the driver's contribution to your organization's economics (e.g., percentage of revenue or expenses) and/or your mission (e.g., role in the community or ability to achieve intended outcomes)

# Evaluate Programs – McMillan Matrix

- ❑ Mission Alignment
- ❑ Competitive Position - strength
- ❑ Program Attractiveness - ease
- ❑ Alternative Coverage uniqueness



# Questions to Consider Alternate Pathways

- ☐ Change Outcomes
- ☐ Revise or Eliminate Programs?
- ☐ Divest low mission programs/concentrate resources?
- ☐ Partnerships?



# Financial Model for Different Scenarios

- ❑ Fixed vs Variable Income
- ❑ Probability It will happen
- ❑ Best to Worst Case
- ❑ Evaluate cash flow for each scenario

REVENUE							
	Budget	IS REVENUE VARIABLE OR FIXED?	IF VARIABLE, What is worst case % of total possible?	IF FIXED, What is likelihood of receiving?	Revenue Scenarios		
					Best Case	Moderate Case	Worst Case
Earned Income					-	-	-
Earned Income					-	-	-
Earned Income					-	-	-
Earned Income					-	-	-
Earned Income					-	-	-
<u>TOTAL EARNED INCOME</u>					-	-	-
<u>CONTRIBUTED REVENUE</u>							
Example: Individual Donations					-	-	-
Contributed Revenue					-	-	-
Contributed Revenue					-	-	-
Contributed Revenue					-	-	-
Contributed Revenue					-	-	-
Contributed Revenue					-	-	-
Contributed Revenue					-	-	-
Contributed Revenue					-	-	-
Contributed Revenue					-	-	-
Contributed Revenue					-	-	-
<u>TOTAL CONTRIBUTED REVENUE</u>					-	-	-

# Map Financial Position to Program Viability

## **Financial Position:**

- Crisis stage – less than 30 days of cash based upon high-risk impacts of external factors.
- Concerning stage – Three to Six months of cash based on high-risk impacts.
- Opportunity stage – Six or more months of cash based on high-risk impacts.

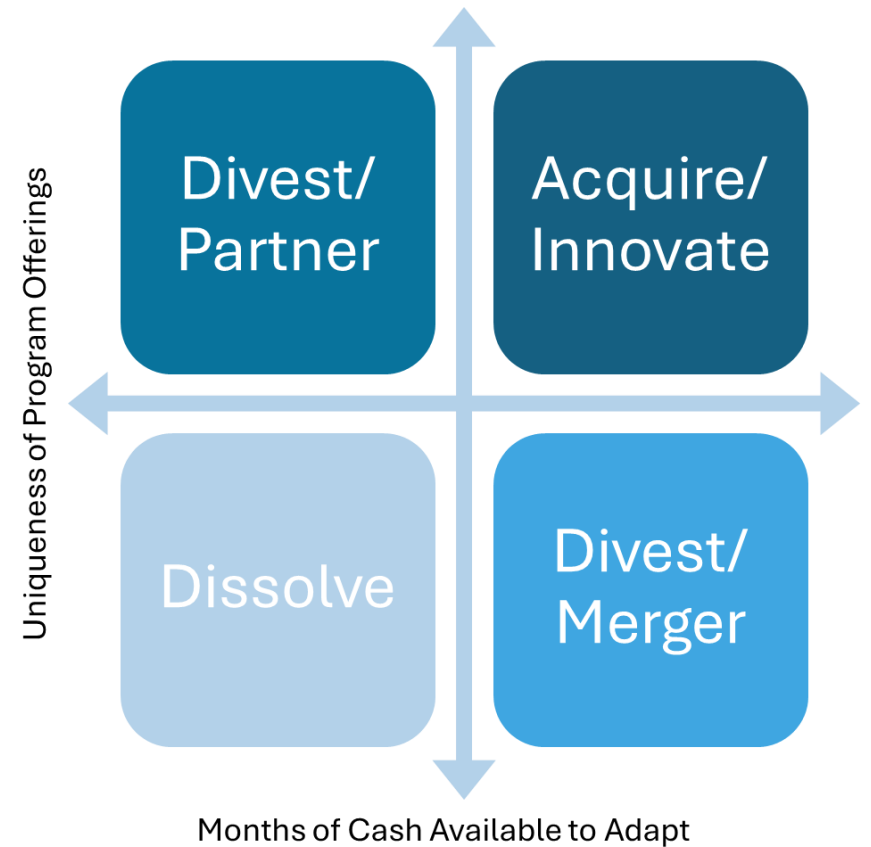
## **Program Uniqueness and Viability**

- Low – others can do what we do, and we have limited options or capacity to raise new funds or innovate.
- Medium – we have some unique offerings and could find partners and new funding opportunities.
- High – our programs are unique, we have the capacity, and we can innovate and find new partners and funding.



# Action

Resources to offer guidance  
based on each quadrant





# Alternate Resourcing Options

- ☐ New Donors

  - ☐ DAFs

  - ☐ High Wealth

- ☐ Convert into a Fee-for-Service Model

  - ☐ Consumer Pays – is there a different customer?

  - ☐ “Gifter” Pays

  - ☐ Pay-for-Success Investment

- ☐ Who has the resources needed to deliver the program?

  - ☐ Collaboration in Delivery

  - ☐ Share services/costs



# ESL Program

## □ Aware:

- Mission Drivers: Over 2000 high school and adults/year find employment after learning to speak English
- Financial Situation: Federal grant of \$200,000 covers 80% of cost, with 10% funded by from Grant-in-Aid and balance from fundraisers, 6 months of reserves.
- External Factors: Federal grant at risk of elimination, and Federal EOs mandating English as official language, certain professions must be proficient in English



# ESL Program

## □ Assess:

- Program Viability – only program offered to individuals in our geographic area to adults, high school students can access services through after-school programming.
- Financial Situation: Without the government grant, no way to sustain the program. Dept of Education can only fund students in school.
- What are Possible Scenarios to consider?
  - *Seek new donors to fund the program – assess the probability and feasibility of execution*
  - *Focus on adult population which requires less funds – less money to raise*
  - *Target employers who need English Speaking workers and combine job training and English language learning to customize for Employer needs – Employer pays the fee.*

# ESL Program

## □ Act:

- Explore Options to Shift Program to customizable English-learning job training.
  - Partnership opportunities with existing employment training programs
  - Determine the “price” for Employers per worker
  - Consider specializing in high demand fields to maximize company customer potential
  - Model financial opportunity to determine best option to move forward



# AAA Scenario Planning

- ❑ Work as a team to evaluate financial situation and identify possible futures
- ❑ Understand current mission drivers of impact and external factors
- ❑ Assess program viability and financial risk
- ❑ Identify possible future actions and evaluate financial and outcome potential
- ❑ Determine a course of action based on community outcome impact and financial potential
- ❑ Sometimes divesting or merger is the right solution

