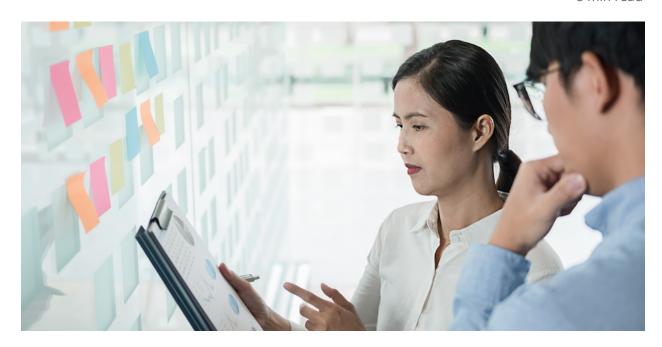# Nonprofits That Stack Rank Their Programs Have Better Outcomes

8 min read

Key Takeaways

- **How to Stack Rank Nonprofit Programs:** By ranking programs in this way, you can quickly identify which serves your nonprofit and its mission best and which are actually holding back your mission.
- **3 Ways to Put Stack Ranking to Work for Your Nonprofit:** More Effective Nonprofit Board Meetings, Driving Donations, and How To Start From Scratch With a "Zero-Based" Nonprofit Budget
- **Using Unit Economics to Stack Rank Programs by Profit and Loss:** When we stack rank service programs in a nonprofit, we look at the urgency and importance of services and/or the quality of services, quantity of services, and how effectively the programs drive income

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"Which programs should I stop? Which programs best further my mission? Should I be starting a new program?"

If you've ever stopped and asked yourself these questions, you're not alone. Most nonprofit leaders have, and we're here to share a solution that can solve *just* that.

Stack ranking programs enable a nonprofit leader to create a methodology for deciding which programs to stop, start, or continue.

"*The statistics,*" GrowthForce CEO Stephen King says, "*are staggering. A very large percentage of nonprofits, right now, are struggling. They have budget cuts and have to make hard decisions*."

Nonprofits usually start using stack ranking as a result of budgetary problems. Stack ranking your nonprofit's programs helps you make those tough decisions using a data-driven decision methodology to further your mission by:

- Increasing the quality of services you provide to the people you already serve.
- Serving more people.
- Bringing in more money to improve cash flow and increase the number of people you're able to serve.

Now that you understand how stack ranking programs can strengthen your nonprofit while furthering its mission, let's look at what exactly stack ranking is.

What Is Stack Ranking?

If you've ever thought about your top-three or top-five favorite anything, then you've already used stack ranking.

While listing off your favorite restaurants, you probably take into account things like quality of food, cost, and atmosphere. Stack ranking in a nonprofit, however, is more specific and data-based because it uses more than general inclinations to rank programs from best to worst by considering quantifiable aspects of each program to be ranked.

Stack ranking programs in a nonprofit simplifies the process of prioritizing programs and, subsequently, the use of your nonprofit's precious resources.

How to Stack Rank Nonprofit Programs

Stack ranking concept off of that of Brian Tracy, a world-famous business coach. Tracy's stack ranking methodology ranks programs based on the equation:

- **Priority = Importance x Urgency**

In practice, a nonprofit board can look at each of its programs, ranking them in terms of importance and urgency on a scale of 1 to 5 (1 being most and 5 being least). Then, simply do the math.

At GrowthForce, we help our nonprofit clients take stack ranking a step further by introducing actual data on program efficiency into a new equation:

- **Quality x Quantity x Money = Ranking Priority**

On a scale of 1 to 3 (most to least), rate the following:

- **Quality** - how well the program achieves its purpose or increases/decreases the quality of service to existing people
- **Quantity** - how well the program increases the number of people served
- **Money** - how well the service generates money

By ranking programs in this way, you can quickly identify which serves your nonprofit and its mission best and which are actually holding back your mission.

3 Ways to Put Stack Ranking to Work for Your Nonprofit

1. More Effective Nonprofit Board Meetings

Just like your board meetings are driven by your board reports (well, they should be...) having your program stack ranking results at your fingertips during these meetings is key to having high-level conversations.

Actionable Insights = Better, More Strategic Meetings

Stack ranking is a clear, easily readable, and understandable method for presenting data. As a result, evaluating your stack-ranked programs with your nonprofit board provides a simple way to assess each program's efficacy, cost, and value to your nonprofit's mission.

2. Driving Donations

Stack ranking programs can also help you identify which of your programs is most efficiently run. By showing the ROI of each dollar dedicated to a specific program, you can help drive donations by demonstrating how your nonprofit puts your donors' money to good use.

Read More: [Raise More Money By Showing Donors The ROI Of Their Gift](#)

Specifically, at the end of Q3, every nonprofit begins to think about the year-end appeal- which is where they get most of their money. This emphasizes the importance of identifying and planning out what your year-end appeal message is going to be in each of your mailings: mid-November, early December, and late December.

"What's happening right now is a lot of nonprofits are really struggling with that message because things are tough." King goes on to say that going through this exercise allows the board of directors to able to identify the programs or people they're going to have to cut if they don't have the funding.

"The most powerful part of stack ranking is it allows you to go to the donors and sell them on the programs that have the biggest impact on you while showing them tangible results of their gifts."

3. Start From Scratch With a "Zero-Based" Nonprofit Budget

Typically, in an organization, nonprofit budgeting builds and improves upon the budget from the previous financial period to increase accuracy and forecasting.

Stack ranking programs, however, help you identify the programs that are working for your cause and those that might actually be working against it. With stack ranking, you can cut

costs by eliminating your least effective programs and further your mission by expanding your most effective programs.

When stack ranking programs with the goal of eliminating and/or increasing a few key programs, you'll need to start from scratch with a new budget. This is very much like the zero-based budgeting approach used in for-profit businesses.

Read More: Can Zero-Based Budgeting Drive Growth In Your Business?

While it can seem daunting and a bit scary to start over, when it comes to your nonprofit's budget, stack ranking programs will enable you and your nonprofit board to create a more strategic budget based on data-driven decisions and designed to make the most of your lean resources.

This Nonprofit's Reach CATAPULTED To Serve 175+ Clients. How did they do it? Looking at program data. Read the full story HERE.

Using Unit Economics to Stack Rank Programs by Profit and Loss

When we stack rank service programs in a nonprofit, we look at the urgency and importance of services and/or the quality of services, quantity of services, and how effectively the programs drive income. This rank occurs on a simple scale of 1 to 3 or 1 to 5.

You know which programs are most central to your cause, which are most needed in your community, and which you're best able to provide. But how do you know which programs drive more income than the others?

You can identify the programs in your nonprofit that truly drive profits with a high-functioning back office that automates expense tracking and categorization, cost allocation, and management reporting. With a robust back office, you can consider the unit economics of your programs in detail.

When you're able to pull a profit & loss statement by class, you can evaluate the true cost of each program, each individual served by that program, and even identify the amount of income generated by each program. With unit economics powered by a high-functioning back office, you can stack rank programs by their actual profit margins – rather than basing the money ranking of programs on your best guess or on a hunch.

As a result, you'll be able to effectively, efficiently, and accurately stack rank your programs and discuss the information with your nonprofit board. Together, you'll make difficult decisions about cuts or new programs to generate a more strategic budget and service plan to strengthen your organization and further your mission in the future.

Track Your Results With A Robust- Yet Affordable- Back Office

Stack ranking helps you see which programs are most impactful to your mission. To measure its true effectiveness, it's crucial to keep your finger on the pulse of your programs and monitor key metrics.

Attempting to track metrics related to your nonprofit's impact – without a system of robust, streamlined accounting tools – will only drain your already limited resources.

With over 35 years of Nonprofit financial management experience- we've seen first handed the impact looking at your numbers can make. Learn more about how our Team + Technology approach helps nonprofits serve more people and raise more money. We are passionate about Accounting for Nonprofits and can provide the expertise you need to help your nonprofit drive your mission forward.