



Nonprofit or Business?: Do You Have to Choose?

By John Heymann

The Lines Continue to Blur

With an economy limping into its third year of widespread problems, it's not just businesses that are trying to figure out ways to boost revenues. Increasingly, nonprofit organizations are putting their creative energies into developing earned income streams, whether from activities that support their programs, or from straightforward business opportunities not directly related to their mission.

A host of well-known challenges – declining government funding, donor investment loses, overwhelmed foundations, and event fatigue – have reduced nonprofit philanthropy and charitable support from the record highs of several years ago. Not surprising. In 1998 there were fewer than 600,000 public charities in the U.S. By 2008, there were close to 1,000,000, a 60% increase in just ten years. With the economy tanking, it is inevitable that many of those nonprofits are facing change, consolidation, or collapse.

Making Something Happen

One way that some forward-thinking organizations have chosen to address the challenge of financing their programs, is to blend their social impact mission with a revenue generating business. For those nonprofits, the first step is often development of a business plan.

Business plans link strategies to action. They not only create a roadmap for developing a viable business, they can also make the case for securing loans or capital investment. In fact, just the process of thinking through the options and assumptions of creating a business plan can make the organization or its programs stronger and more viable. As is often true in planning, what you decide not to do is almost as important as what you decide to do.

What's in a Business Plan?

A business plan typically contains an Executive Summary about the focus of the business concept, along with details about the organization and its intellectual property, proposed products and services, analysis of the market and competition, marketing strategies and implementation, management team capabilities, and financial projections, ratios, analysis, and assumptions.

NewLevel Group has helped a number of organizations develop business plans and launch revenue generating projects. Call us for more information about developing business plans for generating earned income in social impact organizations.

NewLevel Group supports the work of socially responsible organizations and their leaders in advancing missions that benefit people, planet, and profits. John Heymann can be reached at (707) 255-5555 x105 or jheyman@newlevelgroup.com