

PURPOSE WITH PROFIT

UNLOCK EARNED REVENUE TO FUEL YOUR IMPACT

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C R E D I T S

To all of the team members whom I have had the privilege of working with throughout the roller coaster of the start-up journey, advisors who believed in us and shared their wisdom freely, and my parents who taught me the importance of helping others.

And also to my loving wife Dana, Jackson, and our incredible kids. I love you all.

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P R E F A C E

Dear reader,

My official introduction to earned revenue began at SAFE, a 45-year-old nonprofit in Central Texas that exists to stop abuse for everyone in the community by providing services to the survivors of child abuse, sexual assault, trafficking, and domestic violence. My role was to bring their decades-long vision of an earned revenue division to life.

A few months after being hired, I remember sitting at my desk beaming with pride. Our new marketing website had just launched. It would bring awareness to approximately 32 products and services that SAFE had to offer. Let the orders start rolling in! We were ready.

Well, we learned the hard way. It is difficult to market and sell 32 products and services to a wide range of audiences. It is also challenging for potential clients to sort through 32 offers to find those best positioned to meet their needs. On our end, we saw the value we could provide and were

ready to help in whatever way we could. Our big launch and announcement came and went. Surely everyone was working us into their future budgets, and the orders would start flowing. Crickets.

Crickets is a bit over-dramatic. We did have a few orders trickle in, but when you have been running to bring your new, beautifully packaged baby to those who could use it, the relative silence is painful. This perceived failure drove my colleagues and me to rethink our go-to-market strategy. Over the next few months, we returned to some of the business development basics we had skipped in our naiveness and excitement from early sales.

These business development basics included creating a high-level vision roadmap that prioritized those 32 products and services and how we would more strategically bring them to market. This roadmap helped move us past the space of trying to be everything to everyone. We did not sacrifice the larger vision; it all very much remained intact behind the scenes. Instead, we focused on one audience with one specific problem. We added clear triggers for bringing each new additional offer to the market, providing capacity to build a division centered around the external clients it serves.

We went from “How can we package and take our expertise to new people to generate revenue?” to “Who is our target audience, what problem(s) are they facing”, and “How can we package our expertise to solve them?”

For us, this was transformational. Instead of building from within and viewing the internal organization and staff as our key stakeholders, we shifted that focus towards our ideal clients, to build product solutions around their needs. This client-focused lens provided the foundation for both our continual product development and more effective marketing strategies. This shift set us on a path to close \$86,000 in contracts within the next six months.

Purpose with Profit is a business development 101 manual, built off of my experiences, to help you navigate launching a new business line within a nonprofit. What are the pitfalls? How do you navigate leadership? In nonprofits, you may encounter people who are not on board with earned revenue models. What do you do when your CEO has given approval and might even be spearheading the initiative, but long-term program managers and people who carry out the mission will need help understanding why this is a path you have chosen to go down.

This book is a compilation of the lessons I have learned through the past decade of founding and scaling a nonprofit, building a six-figure earned income revenue division into a \$25M nonprofit, and a year spent consulting with for-profit startups. It is filled with the expertise from incredible advisors who surrounded my teams and whose advice I carry with me and continue to use.

All of the business development strategies shared in this book provided me high value while launching both:

- **CareBOX Program** | A nonprofit providing free care supplies for cancer patients to prevent malnutrition, infections, and injuries from falls.
- **SAFE Institute** | An earned revenue division within the larger nonprofit SAFE Austin to build safe and inclusive workplaces and prevent harassment.

These are my experiences and insights based on the advice I have gathered. Your experience will be unique to you, but the tools you find within this manual will provide a helpful framework for your journey ahead. My goal is to help you balance *purpose with profit* to fuel your organization's impact.

I look forward to seeing, hearing about, and maybe even playing a small role in your future success!

Onward,
Jillian D.

WE'D LOVE TO HEAR FROM YOU

Please address comments and questions concerning this book to the publisher.

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I N T R O D U C T I O N

WHY I WROTE **PURPOSE WITH PROFIT**

The National Center on Charitable Statistics reported that approximately 30% of nonprofits fail to exist after ten years.

P*urpose with Profit* was written to help lower this statistic by educating nonprofit leaders on how they can fulfill their missions through sustainable earned revenue.

Nonprofit leaders are tired, tired of the continual and repeated asks for donations. We are tired of re-crafting the same repackaged asks to the same set of donors. Tired of the highly unpredictable giving cycles. Tired of the endless grant reporting. Tired of being at the mercy of whether or not major funders will give yet again this year. That is, if you are lucky to have any major donors. Many nonprofits are fulfilling their missions one \$20 donation at a time. I have seen it. I have lived it. Witnessing the impact made towards the population we serve is a crucial driver

for our continual efforts, but does funding your organization have to be this hard?

I believe that it does not. I am on a personal mission to ensure that more nonprofit leaders have access to and comfort around the concept of earned revenue as a sustainable funding method to carry out their missions. I believe earned revenue allows nonprofit leaders to be more in control of their organization's future success. I also think earned revenue is an underutilized funding arm that, if leveraged by more nonprofits, would help many nonprofit leaders sleep easier at night and keep their organizations alive by moving away from the continual struggle of asking for donations and grants. Over the years, I spent countless hours researching business development strategies and tactics. My goal is to create a resource to help save other nonprofit leaders with limited resources from missteps I experienced in my entrepreneurial journey.

Use this book as a high-level overview before your organization gives the green light, a practical manual when you are ready to execute on your ideas, and in bite-sized chunks to optimize your existing earned revenue initiative.

Available resources about business and entrepreneurship allow you to see diverse perspectives. However, few are tailored explicitly towards nonprofits looking to generate earned revenue. From my experience, these more traditional business advice books are missing:

- Additional hurdles you face when blending earned revenue into your existing nonprofit culture and structure,
- Creative ways to leverage your current ecosystem to your advantage,
- Ways to address the lack of resources and the scarcity mindset that accompanies traditional nonprofit funding.

A scarcity mindset is characterized in the below statement.

“A nonprofit will find a discarded piece of yarn and will find a way to make it useful.”

If that made you laugh or sigh with how truthful it is, I see you. This sort of thinking is common in mission-driven nonprofits pushing to achieve great things on constrained budgets. Resourcefulness is a tremendous skill that will serve your new earned revenue initiative well by being able to stretch every dollar. At the same time, a scarcity mindset can limit your ability to invest in and plan for your future.

Purpose with Profit helps you think bigger about taking risks while also maintaining your core service-based nonprofit identity.

WHO IS PURPOSE WITH PROFIT FOR?

If you do not have a traditional entrepreneurial business education background but are interested in pursuing and launching an earned revenue route, welcome! This resource is especially for you.

What you do need is grit, tenacity, and the ability to take calculated risks to move closer to your vision. These traits, combined with the power of a team that is organized around a clear and common goal, expertise from carefully selected advisors, and utilizing the internet, can take you a long way.

Purpose with Profit is for:

- Nonprofit Executive Directors and CEOs
- Nonprofit Development Leaders
- Students and Interns
- Fundraisers interested in learning about additional funding opportunities
- Innovators and Entrepreneurs

WHAT WE WILL COVER

- **Universal steps I have used for bringing any new product or service to market through a nonprofit sector lens.** Whether you want to package expertise into training, consulting services and manuals, write a book, develop a new educational app for kids, or more, we will go through the basics for getting you there.
- **Outlined guided workshops to help your team co-build your vision, goals, and guiding principles.** Use these templates to help facilitate productive group discussions and gain team alignment.

- **Strategies for how to affordably validate if your target audience wants, needs, or is willing to pay for the product or services you would like to sell.** Prevent wasting resources by investing too much money upfront on a solution no one will use or pay to access.
- **Goal setting and communication strategies to keep your team in sync.** Stay on course as you implement your business plan.
- **Marketing and sales tactics to build brand awareness and generate revenue.** Write external messaging that will capture the attention of and continue to engage your target audience.

IS EARNED REVENUE RIGHT FOR YOUR NONPROFIT?

The answer to this question is custom to each organization's unique circumstances. To guide your team as you explore this avenue, here are some advantages, challenges, and questions to consider before taking the next step towards earned revenue.

ADVANTAGES

- **Dual Impact** | Create a product or service for a new (often entirely different) paying audience, and the funds generated can be distributed across other free programs.
- **Unrestricted funding** | The money you generate is completely unrestricted and can be used where needed rather than on categories designated by your funders.

- **Strengthen and expand your impact** | This additional funding source can strengthen and broaden your organization's impact in the community.
- **Self-sufficiency** | Earned revenue provides self-sufficiency reducing reliance on donors and grants.
- **Benefit existing programs** | The information you learn in the process can help expand your existing program offerings.
- **Access new audiences** | It opens you to new audiences that can support your organization through corporate donations, individual giving, and volunteering.
- **Valuable feedback loop** | Selling products and services will provide your agency with a useful feedback loop. If no one purchases your service, it demonstrates you are probably not meeting your customers' needs. This feedback is harder to receive when giving free services because people are grateful for your support and often want to continue receiving it, limiting their constructive feedback.
- **Inspire new ideas and opportunities** | Entrepreneurial energy is contagious and can revitalize other departments across your agency, bringing new ideas and opportunities to the surface.

CHALLENGES

- **Pricing decisions** | Starting an earned revenue business line is a fundamentally different approach from traditional philanthropy. There will be conflicting priorities when you discuss pricing and accessibility.
- **Upfront investment** | Many times, starting an earned revenue line will require money and time upfront. It can be challenging to pull funds from existing programs in the short term to support longer-term sustainability initiatives.
- **Requires long-term strategy** | Business development is about identifying the “right” next thing to do, and it takes time, focus, and energy.
- **Change management** | Adding an earned revenue model is a significant shift that requires a level of change management and patience to bring your team into a new uncomfortable unknown.

QUESTIONS TO CONSIDER

- What products or services, in line with your mission, have you already sold in the past?
- Why do you currently want to explore earned revenue?
- Are you comfortable with the idea of charging individuals for your services?

- Are you comfortable turning away anyone that does not have the budget for your services?
- If packaged right, what expertise do you have in-house that could provide high value to a specific audience?
- What problem are you best fit to solve?
- What is your team's current capacity?
- How could this new initiative distract your team from existing priorities?
- How could this new initiative benefit your current services?
- Has anyone in your network experienced success launching a similar type of product or service?
- Is there a specific trigger point, financially or capacity-wise, that will put your team and board at ease with investing resources upfront?
- What is the worst-case scenario if you pursue earned revenue?

If all you have is blood, sweat, tears, an enthusiastic personality, and \$10K or \$300K to invest in this new initiative, I'll walk you through writing and implementing your business plan to achieve steady growth.

SET YOUR FOUNDATION



Purpose: *To assist you in building a solid foundation by taking you through a general overview of earned revenue and how to assemble key essentials for success.*

EARNED REVENUE | Money that a charity earns for providing goods or services.

Congratulations on deciding to explore earned revenue further! You are taking a big step towards the future sustainability of your organization.

I was filled with energy and excitement during the early days of building out SAFE Institute’s earned revenue division. At this point, the concept was simply an idea written on paper. We were creating something new to help support survivors of abuse and neglect who needed access to SAFE’s resources. The magnitude of

this mission propelled our team forward. We planned, built, and launched SAFE Institute. Despite our determination, there were many bumps along the way. In sharing our journey, my goal is to help ensure you experience a smoother ride. Looking back, every extra hour we spent going through the details of our business plan, focusing on product development, and fine-tuning our external messaging was well worth it.

When determining whether our new earned revenue line would be called a program, project, department, or another similar term, we felt division made the most sense. For your organization, you may land on an entirely different name. I have used 'division' within the book to eliminate any confusion.

As of 2021, SAFE Institute helps employers build respectful workplaces through in-depth training and consulting. The team works every day to create inclusive environments while preventing harassment. They have helped walk some of Austin, Texas's top employers and teams through challenging situations, ensuring empathy and a survivor-focused lens are at the forefront of their culture. For example, we worked with one company to redesign their code of conduct and establish a public culture scorecard to track and share their commitment to improving their workplace environment. At others, we

hosted interactive group workshops to provide employees with tools to navigate the multiple facets of workplace harassment.

Time to explore what earned revenue could look like for you by going through the basics.

NONPROFIT CATEGORIES AND FUNDING SOURCES

Did you know, according to *Guidestar.org*, the majority of nonprofits (66.3%) have annual budgets of less than \$1M? These are considered **Grassroots** organizations. They scale up from there to become the **Powerhouse** organizations that generate over \$5 Billion! That's a vast range.

These nonprofits are broken down into ten or more unique categories:

- Arts, Culture, and Humanities
- Community Capacity
- Educational Institutions
- Environmental and Animal-Related
- Health & Human Services
- Hospitals and Care Organizations
- Philanthropy
- Religious Institutions
- Science, Technology, and Social Sciences
- Youth Development

As you can see, the nonprofit sector is very diverse, and so are the types of funding available. This book focuses on earned revenue, also known as fees for goods and services. Earned revenue represents one of many sources of income utilized to fulfill nonprofit missions.

Funding sources for nonprofit organizations include:

- **Earned Revenue**
- Membership and Fees
- Individual Donations
- Corporate Donations
- Foundation Grants
- Government Grants
- Interest from Investments
- Loans
- Endowments

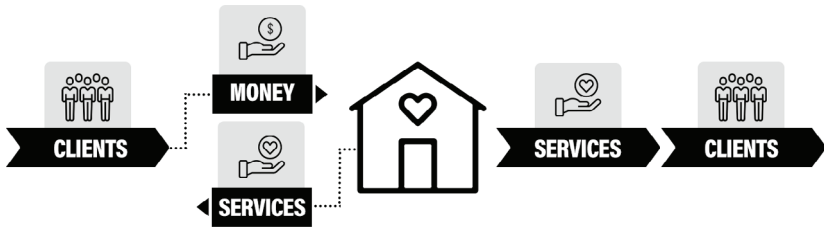
Many of these create a very linear approach to how to turn funding into impact. You go to a particular set of donors asking for money, then turn around and provide value in the form of services to a completely different group of individuals. I refer to this as the **traditional linear model**.

TRADITIONAL LINEAR MODEL



Earned revenue creates the opportunity for dual impact. Paying clients provide you funding. You, in turn, solve a problem for them that is in line with your mission. The additional income is then used to provide free or greatly subsidized access to your services to an audience that would otherwise go without resources, furthering your mission in multiple directions. I refer to this as the **dual impact earned revenue model**.

DUAL IMPACT EARNED REVENUE MODEL



Every nonprofit organization has a select combination of fundraising sources built off of connections, opportunities, and the organization's specific needs. The majority of my experience includes knocking on endless doors for the perfect mix. I certainly am still searching and may always be, but what I can share with you is that I've seen how earned revenue can be a key player within that mix.

CUSTOMERS VS. CLIENTS | Customers are transaction-based relationships and purchase based on price and value. Clients have longer-term personal relationships and purchase based on trust and experience. The specific product or service you are offering will determine what you will call those who purchase from you. I have used these interchangeably throughout the book.

Earned revenue is a viable option to consider in an additional capacity and when other fundraising avenues are not working. It will never replace individual, foundation, or corporate support,

but it does present an opportunity to expand funding sources and increase sustainability.

There are tax implications to be aware of, so please connect with an accountant or attorney to gain awareness of any requirements.

As you explore what earned revenue could look like for your organization, here is a list of ideas to get you started.

WHAT CAN YOU SELL?

- Training and consulting
- Educational manuals
- Licensed technology or intellectual property
- Temporary use of a venue or space
- A physical product
- Goods at a restaurant or cafe
- A subscription box service
- A digital app
- And other existing services to a new audience

All of these are viable options. My personal experience and the examples I share include creatively packaging one's mission-aligned expertise and selling it to a new audience. If another earned revenue method stands out to you, locate a nonprofit that has successfully launched that type of service and try to connect with them. In my

experience, in the arena of earned revenue, the nonprofit sector is willing to share lessons learned and offer advice to their peers.

If you are interested in building an original technology solution, *Fast Forward (ffwd.org)* provides funding, education, and a network to support your vision. They also have a tremendous free Tech Nonprofit Playbook on their website.

SUCCESSFUL EARNED REVENUE EXAMPLES

Here are a few nonprofits that have blended *purpose with profit* to further their mission.

- **College Forward** | (*collegeforward.org*) College Forward coaches underserved, motivated students to achieve the benefits of higher education and a college degree. They released a cloud-based student information system built on *Salesforce.com*, called CoPilot. Partner organizations can purchase licenses to access the tool.
- **Emancipet** | (*emancipet.org*) Emancipet is on a mission to make veterinary care affordable and accessible for all pet owners. They manage an expanding national network of high-quality, low-cost clinics and advocate for strategies and public policy that improve the lives of pets in underserved communities.
- **Bikes Together** | (*bikestogether.org*) Bikes Together strives to foster bicycling in Denver as a viable means of transportation and as a means to address the wealth

and health disparities that exist in communities. They generate income to support their mission by operating a full-service bike shop that rents and sells used bikes, new and used parts, and accessories while providing service, repairs, and tune-ups.

- **Quill** | (*quill.org*) Quill is on a mission to help all students become strong writers and critical thinkers. They have adapted research-based writing instruction into a free, open-source digital platform. All of their content is free for students and teachers to use, and they offer a paid premium model to schools to generate additional revenue.

I love these examples because they each have so clearly maintained their identity, put impact as their number one priority, and incorporated a revenue-generating model that's entirely in line with their mission.

FOUR ESSENTIALS FOR SUCCESS

As you begin exploring what route is right for you, there are universal steps towards reaching your end goals. These four components will help get you on the path towards establishing an earned revenue model.

Taking your concept from idea to a successful launch takes:



KNOW YOUR WHY | Why does your earned revenue division need to exist?



BOARD AND LEADERSHIP SUPPORT | The willingness from the board and leadership to invest resources upfront.



A DESIGNATED LEADER | Assign someone with an entrepreneurial mindset to spearhead this initiative.



A FLEXIBLE TEAM STRUCTURE AND ENVIRONMENT | Develop a team structure and environment that creates space for streamlined decision-making and the ability to pivot easily throughout the process.

The combination of these may take years to come to fruition, making the stakes even higher once they are in place.

Determining the exact purpose for SAFE Institute was over a decade in the making. When board and leadership approval did happen, the other pieces did not fall into place overnight either. Hiring and onboarding the designated leader took over four months. The team structure and environment then evolved over the following 6-12 months. To see how these four concepts can come together for you and how you can assemble them more quickly, I have broken down each in more detail.



KNOW YOUR WHY

Why is your nonprofit exploring earned revenue?

The answer to this question is the underlying **purpose** for your new division. When establishing your division's purpose, there is a two-fold question to consider.

- 1. Societal** | What is the societal problem you are trying to solve?
- 2. Funding** | Do you need to generate significant money to provide your free services to a specific population or those on your ever-growing waitlists, OR are you looking for a division that can provide a high impact while supplementing or fully funding the cost of itself?

The Societal Impact is arguably the most critical question to answer. It is why your earned revenue division needs to exist. Answering the secondary Funding Impact question will significantly reduce headaches when you get into the details of evaluating what product or service to provide and the pricing structures that best match your selected approach in order to fulfill your mission.

The earned revenue division I co-founded at SAFE exists to create inclusive environments that prevent harassment, serving as a source of supplemental revenue for other existing program services. It was a key component within the long-term sustainability and scalability strategy for the organization.

SAFE needed to find a business model that would provide significant profit margins to cover both its costs and supplement the income required to fund existing free services. These free services include emergency shelters, supportive housing programs,

counseling, sexual assault forensic nursing exams, and foster and adoption programs. These are a few of the over 24 free programs and community services SAFE operates. We increased our impact through this new division by bringing our fantastic team's expertise to entirely new audiences, furthering that impact while generating mission-critical income.



BOARD AND LEADERSHIP SUPPORT

The appetite for risk is different for each board. Knowing how your board members view risk can help determine your timing and strategy for presenting earned revenue. Depending on your organization's situation it can be introduced as an option stemming from curiosity, opportunity, and optimism, or a place of financial desperation. With this in mind, it is essential to consider how your board members approach decisions.

Does your board typically make quick decisions based on your recommendations with little information, or do they require a detailed business plan? Does your board take a long time to make decisions, and would they need to consider a full-scale business plan before considering any approval? If you are unsure, it can be helpful to discuss this with them so that you can better provide them with the information they need to feel confident in their decision. Unanimous approval is great, but know that some board members will have a lower appetite for risk or change, and that is ok.

If you have a board who is quick to say yes to any ideas you present, everyone must be aware of the risks of implementing earned revenue to avoid being blindsided.

Risks to Consider

- It might take longer and cost much more than you anticipate to reach a break-even financial state.
- It is a long-game strategy. Any profit made in the first 2-3 years will often be reinvested into scaling the new business line.
- There is a long list of unknowns ahead that will take time before being revealed.
- Your earned revenue division could fail.

All great opportunities have risks, and you no doubt will learn a lot in the process of launching your earned revenue division. If you can all be comfortable with the risks, go forward!



A DESIGNATED LEADER

It's time to find someone to spearhead your new division.

If possible, designate at least one person internally to focus on this initiative 100% of their time. There is a huge cost when it comes to task switching. Once you have invested precious organizational resources, time is of the essence.

This person will need to have the capacity to effectively manage all aspects of the new business line, including marketing, sales, legal, operational, and financial infrastructure. A previous founder is a great option. Many of the skills learned in these areas while launching a nonprofit transfer exceptionally well. Prior business development experience is a bonus, but their willingness to acknowledge where knowledge gaps exist is most important. The organization must spend the necessary resources to address any shortfalls. Close these knowledge gaps by providing access to courses, skilled consultants, or a curated network of advisors.

Not all nonprofits can afford an all-in investment for a full-time role. If you can't invest in this position upfront, invest what you can, even if it is only part of an employee's role within the organization. Your early feedback and sales will indicate when it's time to reassess your needs.

How to find your designated leader

Your newly designated leader may come from within your organization or will need to be recruited. One of the top skill sets to look

for in any new potential candidate is an entrepreneurial mindset. Someone who can remain steady in working towards their overall vision as they face new challenges and setbacks.

ENTREPRENEURIAL MINDSET | Someone with an entrepreneurial mindset is a creative thinker, looks for opportunities, is not afraid of taking risks, is decisive when making decisions while also quick to accept and learn from mistakes, and takes continual action on fresh ideas.

To help get you started, here is the actual job posting used to secure my role.

Business Development Manager Job Posting

TITLE: BUSINESS DEVELOPMENT MANAGER

Feel free to get creative with the title.

SUMMARY

Our nonprofit organization requires a Business Development Manager with strong interpersonal and communication skills, a dedication to our mission, and a strong entrepreneurial spirit. Lead generation and strategic analysis are important aspects of the position, along with exceptional systems-development skills and attention to detail. The ideal candidate has experience researching market trends, targeting relationships, and using proven methods to develop our business strategy, while retaining strong working relationships with staff and clients.

ESSENTIAL FUNCTIONS

- » Develops and implements fulfillment systems that allow clients to purchase and receive materials and provides the proper financial tracking to ensure payment and program allocation/recognition.
- » Creates and manages centralized systems for fielding and addressing requests for services; determines which systems can be automated and which can be streamlined.
- » Is responsible for achieving a revenue goal.
- » Project manages all rewrites and redesigns of existing or new materials, including manuals, promotional items, and outreach materials.
- » Works with the Senior Leadership Team to develop and implement strategic communications and marketing plans for the agency's earned income program.
- » Within the first 30 days, create a concrete earned revenue plan with objective benchmarks.
- » Researches prospective clients in targeted markets, develops lists, and does consistent outreach.
- » Manages potential clients from intake to contract.
- » Understands the target markets, including industries, companies, and organizations.
- » Collaborates with the communications and marketing team and graphic designer to ensure that all materials are created in a timely manner and are on-brand.
- » Follows the latest industry developments and stays up-to-date on corporate competitors.

- » Develops and maintains monthly, quarterly, and annual earned-income goals with a process for monthly and yearly reporting on those goals.
- » Displays interpersonal skills as part of work to coordinate with the Senior Leadership Team to ensure prioritization of requests/activities, communication, and problem-solving around prioritization of activities; and follow through toward identified projects and goals.
- » Values differences, particularly in relation to managing the design, writing, and production of all marketing and outreach materials for all external audiences.
- » Behaves resiliently and quickly rebounds from change, setbacks, and adversity and when dealing with complex and difficult situations.
- » Instills trust as part of the work to manage and develop relationships with both the internal programs and the external clients and stakeholders.

Performs all other duties as needed and assigned.

SKILLS

- » Has a demonstrated track record of growing earned revenue for nonprofits.
- » Demonstrates appropriate skill level and capability in the operation of computers and general office software programs, including word-processing, spreadsheet, and database software, as required.
- » Innovative thinker with a track record for translating strategic thinking into action plans and output.

- » Pays careful attention to detail and works with accuracy.
- » Has a skillset in finance.
- » Works cooperatively with external partners and constituencies.
- » Effectively organizes work to meet frequent and multiple deadlines, handles multiple tasks simultaneously, and manages conflicting priorities and demands.
- » Analyzes problems and devises effective solutions based on sound judgment.

Works independently, exercises initiative, and accomplishes tasks without continuous supervision.

EXPERIENCE

- » Graduation from an accredited four-year college or university with a Bachelor's degree in Business, Marketing, or a related field.
- » Two to five years of experience in business development, including experience in communications and marketing.
- » Competency in Finance and financial systems.
- » Proficiency in the use of a personal computer and in the use of marketing and database software.
- » Demonstrated ability to take primary responsibility for a diverse number of projects and assure their completion in a timely manner and with limited supervision.
- » Ability to analyze problems and devise effective solutions based on sound judgment.

As with any job description, do not shy away from taking the role on yourself or bringing in someone who does not match every category listed. The most essential skill in a candidate is eagerness to learn, willingness to admit mistakes, and resiliency to bounce back and try something new. To help your designated leader succeed, you need to create the right environment.



FLEXIBLE TEAM STRUCTURE AND ENVIRONMENT

Determining how to structure your new earned-revenue division can generate many questions:

- Should you use an external consultant?
- If you hire an external consultant, would they be able to understand, embody, and reflect your organization's values?
- Should you hire someone full-time on staff?
- Where do you find that person?
- What should their title be?
- Where should they live within the existing organizational structure?
- Will this person blend in with the culture of your team?

At SAFE Institute, the title Business Development Manager was chosen, the job posting went out, and I joined the team full-time, housed within the Marketing and Communication team. Looking back, this gave us a strategic advantage. We were able to work closely with the in-house marketing and design team to establish the SAFE

Institute brand and quickly adjust and test different marketing materials. Two of the core components I will take you through later.

I was not at SAFE to witness the early days of this decision process. My experience primarily began the first day I sat down at my desk with an itemized list of action items and a drafted vision for SAFE Institute. My first task was to take that one sheet and build a comprehensive business plan within the next 30 days. Challenge accepted!

Your team may prefer a different title for the position and may determine another place within the organization structure to house this new role. Keep it simple. Starting a business is difficult, so don't make it harder on yourself by creating an overly complex team structure and decision-making process.

Your organizational structure should provide the designated leader with autonomy. If you do not place the role within leadership, the designated leader should find a well-respected internal advocate within executive leadership. This will help ease the internal decision-making process to keep moving forward. Without this internal support, pushing through decisions will take a lot more time and can quickly strip your entrepreneurial excitement and drive. If you are an Executive Director reading this and are hiring someone to take this program on, I encourage you to be that internal advocate.

One of my advisors worked at a well-known global technology company within the innovation department. In her experience, they received pitches for new ideas constantly. They would never take on a new product innovation if there was not already a key

stakeholder on the Executive Leadership Team willing to put forth significant resources from their budget to spearhead the initiative. I am not saying anyone needs to give substantial funding upfront, but her team learned that the uphill battle was just too great without the upfront buy-in from a key executive with decision-making power.

If you have a relatively flat hierarchy with a few key founders and will hire someone as your designated leader, identify who on your founding team will be the key decision-maker. Not having a straightforward decision-maker will cause a whiplash effect on your team doing the work. Ideally, this particular founder carries the larger organization's vision (a vision created and formed by the collective group) and is there to help make steady decisions supporting the constant vision.

Here's an example of an earned-revenue division team chart.



The chart is simple on purpose. No matter your size, invest in the roles below the line only after a certain amount of business plan validation through consistent sales. It's very likely that in the initial stages, your "Business Development Manager" wears all hats—trainer, marketer, sales, product development, financial projecting and reporting, etc.

As you scale your initiative and look towards roles below the dotted line, it may make more sense to use an external consultant(s) for the majority of the implementation or develop an entire team in-house to take this on. At SAFE, we had a group of program managers and trainers that focused on product development. In addition, after we gained traction with inbound requests for our services, we shifted to a more proactive sales and marketing approach.

We hired a full-time Demand Generation Manager (Marketing Manager) and Client Relations Manager (Sales Manager) to accomplish this shift. Looking back, we brought on these roles a little preemptively, before we had flushed out our clearly defined purpose and overall roadmap.

I do not doubt for a second the value these new team members provided in helping us co-create the future of SAFE Institute. Their expertise, guidance, and the SAFE team's work were crucial to the organization's success, but I know there were many avoidable headaches that our preemptive hiring created. If I went back in time, I would look at bringing in these roles with an external contractor and in a project-based capacity.

If your nonprofit is currently working on structuring your team, please know there is no one perfect answer. What is most important is that decisions are made, and from there, flexibility will be critical. Some things will work out very smoothly, while with others, you will bang your head against the wall a few times, leading you to make adjustments quickly.

WHY HIRE AN INTERNAL TEAM?

- **Blend with Existing Culture** | They will gain in-depth knowledge of the existing nonprofit culture and vision to more clearly understand how their role fits into the larger mission and organization.
- **Assist with Transition** | They can build stronger relationships among the new and existing team, assist with communications, and help move the entire organization through this transition.
- **Invest in Long-term Success** | Team members are often more invested in the long-term success of your vision.
- **Access Predictable Resources** | You have a reliable and consistent team to work on projects as needed.
- **Cohesive Internal Team** | Pivots can happen more quickly since the team will be more in sync.

WHY OUTSOURCE TALENT?

- **Affordably Test Roles** | This allows you to more affordably test what skills are needed before committing to any new, full-time positions.
- **On-demand Expertise** | Instead of expecting team members to wear many hats, you can hire on-demand expertise to fill temporary needs.
- **Easy to Source** | The gig economy is booming. Tools are readily available to access highly qualified talent quickly.
- **Build New Culture** | External hires bring new energy, perspectives, and experiences.

An important note is that you can also use a combination of the two. Your organizational capacity, preferences, and culture will help drive this decision. As you explore your options, there are a few things to consider.

It is no secret that nonprofit organization salaries are typically lower than our for-profit peers. Within a nonprofit agency, development positions also often earn significantly more income than those on the team who are direct service providers. I am an advocate for helping to flip this script, but I know that we are a long way from an equitable solution and I understand how hard it is to balance a budget. With that being said, be aware of the potential financial conflicts and decisions that can arise when launching earned revenue.

Those on your team who provide services or develop products within the new division will create a blended development role. Let's look at paid training, for example. There is no hiding the fact that the organization is paid \$2,500 for a two-hour training event where the trainer, who typically leads free training programs earns \$25 to \$35 an hour. Do a quick search and you will likely see that a for-profit agency providing the same service to the exact same audience, would start that trainer at about \$50 an hour, minimum. You may find that the pay rates are more than some of your key players on your existing team.

Sure, you could bump the salary up, but where does that put your trainer in relation to all of the other incredible team members and trainers providing work of equal value? It's tough, and I wish I could say I had all the answers, but I think there are many organizations working to address how earned revenue shakes up their pre-existing salary structures.

My recommendation is to get creative. Look at this as an opportunity to lift others throughout your agency. It is often too risky to raise salaries overnight, therefore I encourage you to look at how you can create a supplemental income model that provides a bump in hourly rates. This rate increase can be limited to time dedicated to fulfilling training and consulting requests throughout the division.

Selected hourly increases will prevent your organization from financially over-extending because the added salary comes directly from the contracted engagements. We never explored it, but I would also recommend posting contract positions internally as you need to access specific skill sets and experience. There might

be an amazing website builder on staff currently doing direct care with children, because they were more drawn to this career path. This additional project and income can supplement their original income, while contributing to your overall mission.

In my opinion, the ability to access and maintain high-quality talent will outweigh the upfront costs and headaches. You can also look at your for-profit peers as an example; the profit margins speak for themselves. If you can find a successful, scalable business model, you will be in a position to raise everyone's salaries in the future.

Lastly, make sure you have the right people in the right seats to do whatever task is needed. There are many pre-set barriers you will face when launching an earned revenue division within a nonprofit. One barrier stems from continually trying to find the cheapest or free options because you have been in survival mode for so long. This acknowledgment is key; however, you can benefit by looking at steps for-profits take to attain sustainability.

One of the first steps for-profit start-up founders and their investors do when receiving funding is assess each team member's skills. Explore where to bring qualified talent on board to fill knowledge gaps and where they can reassign roles within the existing team to provide the best chance for success.

This may even include changing a founder from their previous role to bring in someone more qualified for the job. Funders often do this to maximize the return on their significant investment.

I challenge you to look at all the time, energy, and funding you are placing into your new division as an investment. By

organizing and investing in the right resources upfront, you can better maximize your return and the impact you make. This mindset shift may require you to step out of your comfort zone. You may spend more money than you previously did because this is an entirely different business model, operating under a different set of standards. I discuss this to encourage you to do what's needed to provide your team and division with the best chance at success.

CRAFT CLEAR ROLES AND RESPONSIBILITIES

As you determine your ideal team structure, it is crucial that you are able to clarify the specific role that each external or internal team member will fill.

Establish roles for anyone who will be involved in this process. Map out your key decision-makers, know your communication pathways, and identify who will be responsible for what. Clarity of roles is critical for team members balancing multiple roles, because there will always be competing and equally essential priorities.

Starting out, all of the activities listed below will most likely live under the Business Development Director or whatever title you choose. As you scale, using internal team members or contractors, a simple chart like the one below can help display responsibilities across your team. Updating should take place any time there is a transition in roles amongst the team. It's good to review and communicate these changes at least once a quarter.

TITLE	ROLE
Business Development Manager	<ul style="list-style-type: none"> a. Maintain vision and continual product evaluation/development/customization b. Hire, train, and manage division team members c. Build the foundational culture d. Establish a pricing framework e. Create efficient workflows with feedback loops amongst the team f. Work with your team to develop a product evolution timeline with continual product improvement feedback from your clients or your target market g. Coordinate legal matters to minimize liability h. Process and procedures for financial logistics
Marketing Manager	<ul style="list-style-type: none"> a. Develop and execute a marketing plan to build brand credibility and generate inbound leads b. Develop a database of targeted market contacts c. Create and develop core messaging for internal/external stakeholders d. Identify target markets e. Develop a marketing website to process inquiries

<p>Sales Manager</p>	<ul style="list-style-type: none"> a. Develop and manage a sales database platform b. Develop and execute sales processes c. Facilitate sales relationships from inquiry to closed contracts d. Manage ongoing relationships
<p>Training Manager</p>	<ul style="list-style-type: none"> a. Customize training programs based on client needs b. Deliver training programs c. Deliver and coordinate consulting and incident support d. Manage additional roles to ensure training readiness and continual growth of the individual and the team

SPEEDBOAT CONCEPT

If you are launching your earned revenue division alongside an existing business, it can be challenging to imagine how this nimble team will fit within the larger organization. One of our initial hurdles in launching SAFE Institute was determining how we could create a quick-moving and flexible team structure, while not disturbing the much larger organization.

A key advisor offered a perfect metaphor. She walked us through how we could view the larger organization as a large ship that makes steady progress, but that takes time and effort to change direction. She encouraged us to think of our new division as a

speedboat moving beside the large ship and at any given time, you might have multiple speedboats. These speedboats can move more quickly, pivot directions, and even go away if the concept doesn't end up being a viable one. All these maneuvers can be executed without disturbing the much larger vessel.

Once you have the speedboat concept in your mind, it is easier to consider developing your team structure, decision-making framework, and a culture that looks and feels completely different from the existing structure.

At a certain point in the future, after your new division is fully established and moves into a more mature stage, it can join the much larger ship. You might also decide to fully break off and create a new business structure that better suits your needs.



VOLUNTEER BUSINESS ADVISORY COMMITTEE: A BONUS

After identifying your purpose, gaining board and leadership approval, finding your designated leader, and creating your ideal environment, I recommend assembling a Volunteer Business Advisory Committee to serve as an external sounding board. This committee is not an essential component for success, but can exist as an extension of your team, if engaged well. They introduce diverse viewpoints with regard to how your team approaches vital decisions and often offer solutions to address significant pain points along the way.

How to Assemble Your Volunteer Business Advisory Committee

Identify the areas of expertise you need to reach your end goal and invite people with these skill sets and experience to join the Volunteer Business Advisory Committee. Members can come from your existing board of directors or your extended network. In my experience, people are very willing to advise on mission-driven work as an extension of their charitable contributions. At SAFE, we needed expertise regarding financial projections, pricing and packaging models, and marketing and sales tactics. We invited existing board members to join that were interested and reached out to external advisors who had experience developing and scaling businesses.

A key recommendation is to be aware of when you have received “too much” advice. It is time to make a decision based on the information you have. Your Advisory Committee is a collection of people with different experiences to share related to what has worked for them, but not one of them has been specifically in your shoes. Maintain this awareness as you gather information, and lean into directions and advice that you feel will help you move forward. Be sure to let go of advice that could be too distracting or does not seem relevant to your unique situation.

There have been multiple times when an advisor provided me with advice as if it was my only option, and that without it, I would fail. Restrictive advice is difficult when your inner instincts are pulling you in a different direction. It is even harder when this advice is coming from a major funder. If you experience this, know that it’s

ok to go another direction. You are in the driver's seat, and you know your division best. Don't lose sight of this.

If you lose this perspective, you can feel pulled in different directions. You may notice yourself running with the next best piece of advice while abandoning previous guidance. These are signs that you have entered an unsteady place of desperation and are grasping at straws to find the right solution. It is time to step back, regain clarity in your vision, make a decision, and stick with it. Sometimes this can mean spending time alone, or you may wish to connect with a single advisor to help you organize your thoughts and best weigh your options.

Try to limit your advisory board to 6 to 8 people. Beyond that, it could become too tough to manage.

Qualities of a Great Advisor

- **Patience** | Great advisors understand that any level of change takes longer in a nonprofit setting and that their ideas and advice might not be implemented overnight because of the additional obstacles you face.
- **Trustworthy** | You need to feel comfortable sharing the good, the bad, and the ugly. Yes, advisors are fantastic when helping you celebrate wins, but their primary role is to help you through the bad and the ugly. If you do not feel comfortable pulling back the curtain to provide them with accurate information, it will not work.

- **Active Listener** | Find advisors who listen and understand rather than listen to give advice. They need to be aware that you are operating within a different environment, with a different set of standards than the environment where their advice might have been previously successful.
- **Genuine Interest** | Your ideal advisor needs to be equally or more interested in helping you succeed than fulfilling their own need to provide advice. A red flag is when someone wants to come in and change every single thing overnight. If you experience this, pause for a second, and re-evaluate that relationship.
- **In-Depth Expertise** | Your best advisor needs to be qualified and experienced in the type of advice they are sharing. If an advisor does not know anything about marketing, find someone who does.
- **Optimism** | Quick to look at continual opportunities and drive solutions. Avoid anyone who points out all of the roadblocks and obstacles while expressing a doomsday mentality at every hurdle.
- **Recognize and Acknowledge the Teams' Value** | Effective advisors should not view nonprofit leaders as less educated or unskilled, rather they see and acknowledge your skill sets and viewpoints as an asset. They freely share their knowledge; they will learn from you in return.

Since this is a two-way relationship, let's discuss some tips for how you can be a productive recipient of advice.

Engaging Your Volunteer Business Advisory Committee

The value of an external sounding board throughout the start-up phase is enormous. When you hit a wall, the Advisory Board will provide problem-solving support. If engaged well, they also become invested in the project's success such that they can give helpful critical feedback when you are veering off course. When engaging any team of external advisors, try to follow these guidelines.

- **Meet as a group consistently once a month** | It will be hard to keep everyone up to speed with the ever-changing needs of your fast-moving team without meeting at least monthly. Any more, and there is not enough time to implement advice before you receive more.
- **Don't pack your agendas** | Select 1 to 2 top issues that, if solved today, will get you closer to your short-term goals.
- **Update on progress** | Keep advisors engaged by regularly updating them on your progress. I prefer monthly updates and one-off email updates if there are any significant shifts or immediate needs.
- **Identify each advisor's unique values** | Each person on your advisory committee brings unique perspectives and experiences. Utilize these to improve and expand your own team's knowledge base.
- **Reach out and have one-on-one conversations** | This is an opportunity to discuss areas of expertise in more depth and to thank them! Their time is valuable.

KEY TAKEAWAYS

- ▶ **Four Keys to Success**
 - ▶ Know Your Why
 - ▶ Gain Board and Leadership Support
 - ▶ Designated a Leader
 - ▶ Create a Flexible Team Structure and Environment

- ▶ **Assemble a Volunteer Advisory Committee: A Bonus**