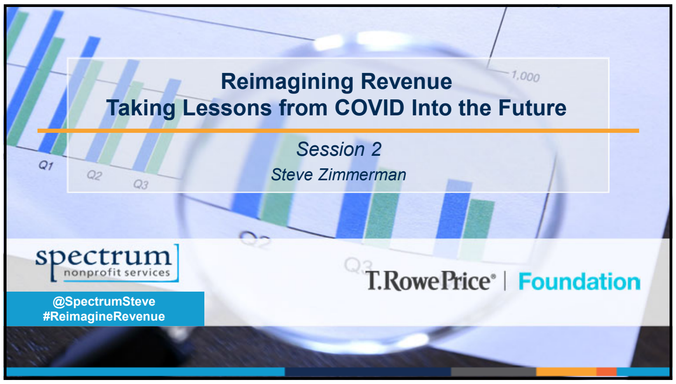

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2

Today's Conversation

1. Welcome Back
2. Sustainable Revenue
   a. Recap
   b. Organizational Capacities
   c. Putting It All Together
3. The Business Model
   a. Defining the Business Model
   b. Introducing the Matrix Map

3

Recap

Characteristics of Sustainable Revenue

- Align revenue mix with impact
- Produce flexible income
- Leverage the organization's capacities

4

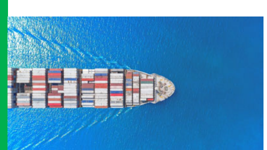
Sustainable Revenue

Characteristics of Sustainable Revenue

- Align revenue mix with impact
- Produce flexible income
- **Leverage the organization's capacities**

5

Organizational Capacity



6

Organizational Capacity

Programmatic Capacities

Ex: Domestic Violence Shelter

Facility

Emergency health skills

Partnerships with job placement agencies

Relationships with employers

Appropriately certified staff

Compliance

7

Organizational Capacity

Revenue Capacities

Government Contract

Corporate Sponsorship

Event Tickets

Membership Dues

Individual Gifts

8

Organizational Capacity

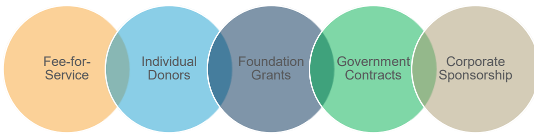
Why Assess Capacity For Revenue?

- Administrative expertise
- Technology needs
- Manage risk
- Need for marketing
- Revenue availability

9

Organizational Capacity

Necessary Characteristics By Revenue Stream



10

Organizational Capacity

Fee For Service

- Sells goods / services that consumers want to buy and that advance the mission
- Mission-based entrepreneurial qualities
- Product marketing expertise
- Skilled staff & access to equipment
- Strong cost-accounting / pricing
- Regulatory (UBIT) compliance

11

Organizational Capacity

Individual Donors

- Effective impact messaging
- Relational stewardship / People intensive
- Managing & adhering to an array of donor desires
- Culture of philanthropy with an engaged and active board

12

Organizational Capacity

Foundation Grant

- Access to, relationships with, and stewardship of foundation personnel
- A mission that aligns with foundations' priorities
- Compelling communications / case for support
- Ability to track & demonstrate impact
- Strong and diverse governance

13

Organizational Capacity

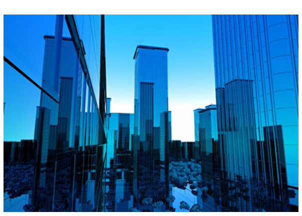
Government Contracts

- Use clear metrics to monitor progress
- Strong accounting function and budget/financial management
- Willingness to advocate
- Generates additional unrestricted funds

14

Organizational Capacity

Corporate Sponsorship



- A mission that aligns with corporations' priorities
- Ability to advertise relationships with corporation
- Strong contacts / relationships with corporations
- Volunteer opportunities

15

Your Turn

Capacity Analysis

Revenue Stream	Capacity Needed	Existing Strengths
Fee-for-service/ Membership Fees	- Exclusive, affordable service offerings that fit the market - Fee collection and robust accounting system - Marketing, customer service, and entrepreneurial expertise - Fraud prevention - Regulatory (UBIT) knowledge and compliance	☐ ☐ ☐ ☐ ☐
Individual donors	- Culture of philanthropy - Effective impact messaging - Systematic giving opportunities - Authentic relationships with donors - Relational stewardship (thank you notes, etc.) and ability to manage donor desires - Multiple methods for giving, and the infrastructure needed for each (mail, online, events, etc.) - Donor development strategies and processes	☐ ☐ ☐ ☐ ☐ ☐ ☐
Foundation grant	- Effective grant writer - Clear outcomes - Program evaluation - Relationship with program officers - Systems for tracking and reporting - Strong and diverse governance	☐ ☐ ☐ ☐ ☐ ☐
Government contracts	- Access to relevant public funding program - Robust accounting and financial management systems - Political advocacy	☐ ☐ ☐
Corporate sponsorship	- Location near substantial corporation(s) - Corporate contacts - Mission that aligns with corporate giving interests	☐ ☐ ☐

TEMPLATES

16

Putting It All Together

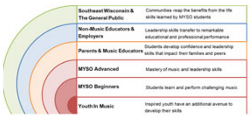
17

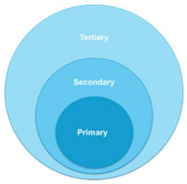
Let's recap once more, shall we…

18

Putting It All Together

So far, we've looked at our beneficiaries…





19

Putting It All Together

And now we've looked at organizational capacity…

Revenue Stream	Capacity Needed	Existing Strengths
Fee-for-service/ Membership Fees	- Exclusive, affordable service offerings that fit the market - Fee collection and robust accounting system - Marketing, customer service, and entrepreneurial expertise - Fraud prevention - Regulatory (UBIT) knowledge and compliance	☐ ☐ ☐ ☐ ☐
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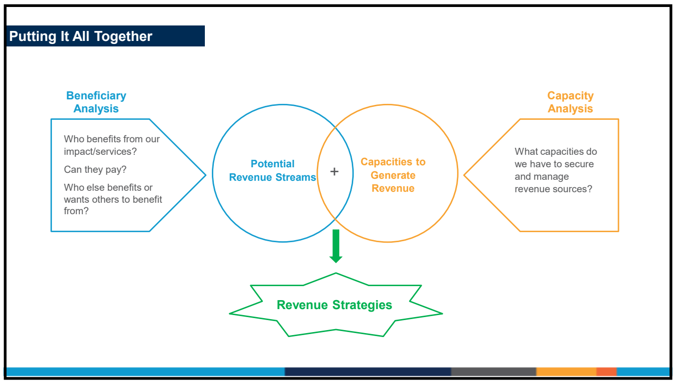
Foundation grant	- Effective grant writer - Clear outcomes - Program evaluation - Relationship with program officers - Systems for tracking and reporting - Strong and diverse governance	☐ ☐ ☐ ☐ ☐ ☐
Government contracts	- Access to relevant public funding program - Robust accounting and financial management systems - Political advocacy	☐ ☐ ☐
Corporate sponsorship	- Location near substantial corporation(s) - Corporate contacts - Mission that aligns with corporate giving interests	☐ ☐ ☐

20

Putting It All Together

Now we need to put it all together

21



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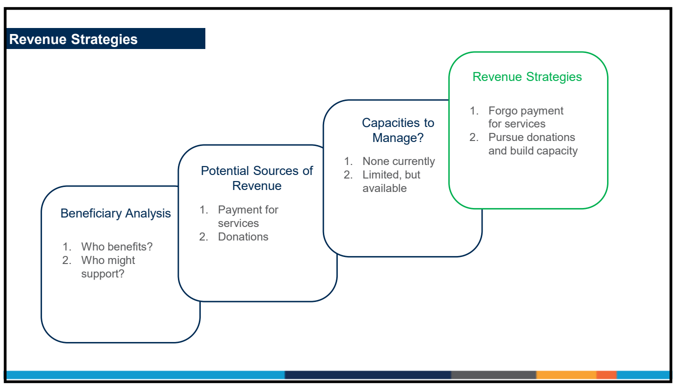


23

Your Turn

Aligning Revenue Sources And Capacities

Revenue Stream	**Role** – Is this a primary, secondary, tertiary, or other type of revenue stream?	**Impact** – how does this revenue stream align with our org's intended impact	Capacity	
			Strength – What capacities does our organization excel in?	**Build** – What capacities do we need to enhance or add?

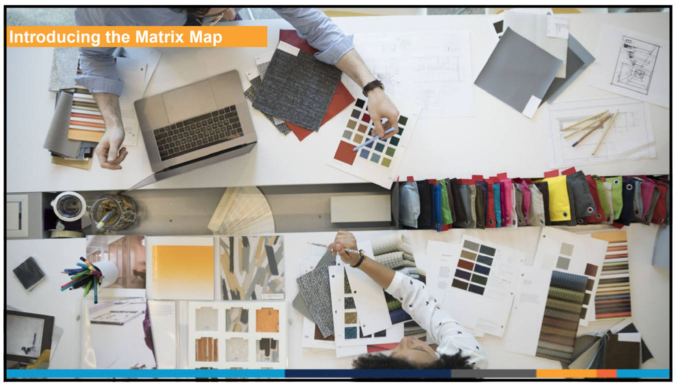
24

Putting It All Together

Questions To Ask

1. Does the current revenue mix reliably produce a modest surplus?
2. Do we have a reliable source of unrestricted support?
3. Are our largest sources of income paying for work that we deem essential to our intended impact?
4. Are we relying on a funding stream that is changing substantially, and is that change beyond our control?
5. Are we relying on a funding stream that is misaligned with our organizational values?
6. Have we fully invested in our current revenue strategies?

25



26

The Business Model

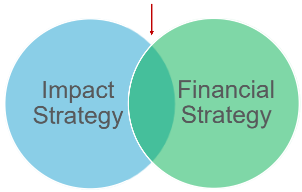
The Dual Bottom Line

27

The Business Model

Defining The Business Model

Leadership's hypothesis about which impacts will engage human and financial participation.



28

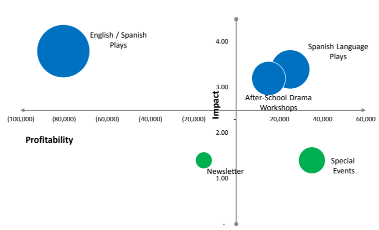
The Business Model

The Matrix Map

29

The Business Model

The Matrix Map

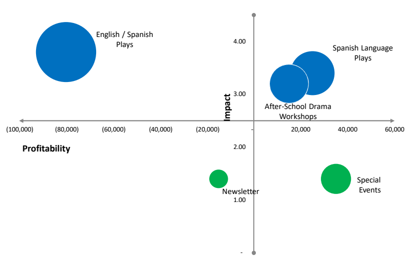


30

The Business Model

31

The Business Model



32

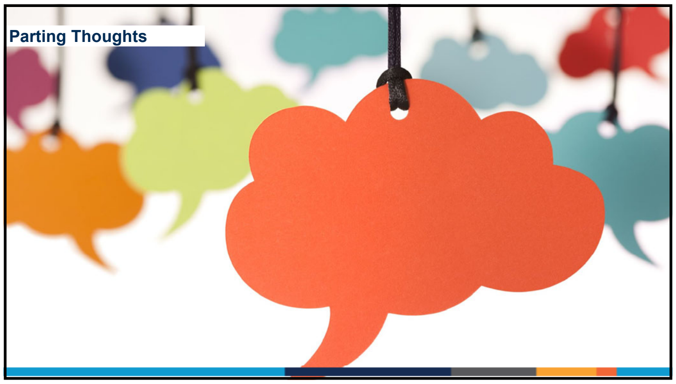
The Business Model

Questions To Consider

- What would you hope to uncover about your business model via the matrix map?
- How would you convey the messages of the matrix map with your colleagues and the board of your organization?
- How would you engage with each of the components of the nonprofit marketplace?

33

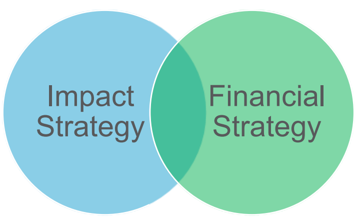
Parting Thoughts



34

Parting Thoughts

The Dual Bottom Line



35

Revenue Strategy

"True strategy is about placing bets and making hard choices. The objective is not to eliminate risk but to increase the odds of success."

-Roger Martin

Harvard Business Review

36

spectrum nonprofit services

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37