

**SEPTEMBER 2007**  
**Revenue Generation**

*on-the-***go!**  
*e-TA*

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*A service of the Corporation for National and Community Service - Resource and Fund Development Initiative*

## Dear “Revenue Generation” Colleague,

Some organizations look beyond traditional fundraising activities and by exploring revenue generation activities – i.e., fees for service/products, creating a for profit business endeavor, etc. The majority of revenue generation initiatives tie their ventures to the mission of the related social profit according to a recent study performed by the Yale School of Management. Nonprofit organizations can experience bottom-line benefit and serve their constituents at the same time. A successful for profit venture can have a positive impact on an organization’s reputation, mission, service delivery, self-sufficiency and its ability to attract and retain donors and staff. Read the stories below to determine if starting a profit-making business has some potential for your program:

**Learn if Revenue Generation is a Fit for  
Your Program**

**Tips to Starting a Profit Making Endeavor**

**A Revenue Generation Success Story**

Do you have questions about revenue generation and your program? Contact us through

[LEADline@CampaignConsultation.com](mailto:LEADline@CampaignConsultation.com).

Access previous issues of On-the-Go eTA by clicking on the title at the right.

## Learn if Revenue Generation is a Fit for Your Program

### IN THIS ISSUE:

*click on titles below to read full articles*

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a Fit for Your Program](#)

[Tips to Starting a Profit Making  
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## IS A FIT FOR YOUR PROGRAM

Nonprofit managers may not imagine themselves as profit-making entrepreneurs. Running a business is challenging and often risky. If you can answer “yes” to all the questions below, your organization may have the key ingredients to pursuing earned revenue successfully.

	Yes	No
Is there staff time to allocate to the venture?		
Will executive staff support exploration, planning and implementation?		
Does your organization generally have low turnover of key personnel?		
Are the organization’s volunteer and staff leadership able to make quick decisions		
Do volunteer leadership and staff honestly recognize the uncertain and long-term nature of ventures?		
Do at least some of your constituents and customers have disposable income?		

If you answer “true” to any of the questions below, an earned revenue venture is riskier. Ventures are likely to be a poor fit for your organization right now. What steps can you take now to build capacity within your organization and recruit supporters for entrepreneurial activity?

	True	False
Our organization is under a tight, inflexible budget or is suffering an immediate funding crisis.		
Staff is overworked and stressed out.		
Volunteer Leadership, Executives and staff are generally unsupportive of for profit ventures.		
Funders, regulators, or other stakeholders will undermine venture efforts.		
Organization culture involves low levels of innovation, risk-taking, and creativity.		
None of our constituents or customers have disposable income.		

## Share Square

Facts for your fundraising volunteers to know

Volunteer leaders’ enthusiastic support is key to any thoughtful consideration of revenue-generation endeavors.

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Staff or board expects quick, no-cost results.

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## Tips on Starting a Profit Making Endeavor

If your program is a candidate for a revenue generation initiative, incorporate the discipline of careful thought and planning. Research will help you learn how to write a comprehensive business plan, assemble adequate start-up funding, select appropriate legal advice, etc.

[Click here for more resources and directional support.](#)

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## A Revenue Generation Success Story

[Click this link](#) to read the success story of how youth in Indian Country established and run a dynamic revenue generation initiative in a remote area of Utah, where the poverty rate is more than 40%.

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### Let us know

Does your organization run a profit making business, or do you have insights to share about running a business along with your nonprofit?

Contact us at [LEADline@CampaignConsultation.com](mailto:LEADline@CampaignConsultation.com) (LEADline is sponsored by the Corporation for National and Community Service through its Resource & Fund Development Initiative.) We would be happy to answer questions or to give you more support.

Thank you for your interest in On-The-Go eTA. We encourage you to [send this and other issues of OTG eTA to friends and colleagues](#) who would benefit from the information. Also, if you're on information-overload, you may request [email removal](#). Otherwise OTG e-TA will be back soon with another edition.

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*“An entrepreneur tends to bite off a little more than he can chew – hoping (to) quickly learn how to chew it.”*

-- Roy Ash,  
co-founder of Litton Industries

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Details from above:

## Tips on Starting a Profit Making Endeavor (Cont.)

Step to Success	Resources
<b>Write a Business Plan</b>	<p><i>Business Planning for Nonprofits or Forprofits</i>, assembled by Carter McNamara for the Free Nonprofit Management Library  <a href="http://www.managementhelp.org/plan_dec/bus_plan/bus_plan.htm">http://www.managementhelp.org/plan_dec/bus_plan/bus_plan.htm</a></p>
	<p><i>Business Plan Basics</i>  <a href="http://www.sba.gov/smallbusinessplanner/index.html">http://www.sba.gov/smallbusinessplanner/index.html</a></p>
	<p><i>Real-life business plans from winners and finalists in the National Business Plan Competition for Nonprofit Organizations</i>  <a href="http://www.ventures.yale.edu">http://www.ventures.yale.edu</a>            (click on "Winning Business Plans")</p>
	<p><a href="#"><b>Download Sample Business Plan for "Bob's Hot Dogs."</b></a></p>
<b>Champions</b>	<p>Revenue generation initiatives require influential champions. They should include members of volunteer leadership groups, executive director, staff and possibly consumers of your program or service. These "sponsors" are critical to helping engage others in comprehensive discussions of the idea.</p>
<b>Identify Sources of Start-up Funding</b>	<p>Do you have reserves available to invest in research, development and launch a new venture?</p>
	<p>Do you know friendly funders or donors for early-stage advice and start-up investment?</p>
	<p>Are there banks to connect with or nonprofit lenders in the community?</p>
	<p>What are the guidelines of social venture capital providers?</p>
	<p>NOTE: Risk your organization's resources first. Start by investing your organization's volunteer and in-kind staff time to engage in the initial assessment of any enterprise opportunity. If you haven't invested your own resources in the effort, why should anyone else?</p>
<b>Consult a Lawyer</b>	<p>Address legal and regulatory requirements related to the venture</p>
	<p>Choose the most appropriate legal structure for the venture</p>
	<p>Consider registration, licensing, certification, tax, or other requirements</p>

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### ***The Story of...*** **Lickity Split Chocolate Studio, LLC.**

Although initially wanting to earn enough money to go to the movies, Native American youth living in San Juan County, Utah, widened their business plan focus to include earning income to purchase bicycles, computers, printers, phones and internet service for other young people in need of transportation both by land and air.

After much research, the children chose to start a chocolate business that involved making native design

chocolates. Lickity Split Chocolate Studio, LLC, a profit-making limited liability corporation was formed. Parents were asked to be company owners and family and other community members provide support in meeting heavy production demands. All of the profits of the business go to the Lickity Split kids. The program benefits from the help of good community/Tribal support, a few volunteers, and a dedicated VISTA worker.

The youth are able to participate in Lickity Split only if they sustain a grade point average of at least 2.5. To assist in achieving academic success, each Lickity Split kid has a computer to help with schoolwork and community volunteers tutor each student two days per week.

In addition to growing academically, the kids are becoming competent business professionals. They manage the business on Fridays after school and on Saturdays. They are on the board, make key decisions and help develop policy. They create new products, make customer contacts, conduct staff meetings, attend trade shows, speak at conferences around the country, and even balance the company books. They can calculate the cost of labor, materials and overhead.

The company is growing. The business has been strongly supported by tribes across the nation. The Jicarilla Apache Tribe has asked the kids to set up a branch of their business at their headquarters in New Mexico and they have acquired a retail store on Main Street in Blanding, Utah that will open in November. There are plans to open a café in the near future. The youth will be using their expertise to train adults to make chocolate and to run a business. The community supports the business and the business provides much needed economic support in the community.

Recently the kids were recognized at a national economic summit conference held by the National Center for American Indian Enterprise Development and received the Youth Entrepreneur of the Year Award presented by the U.S. Small Business Administration.

To learn more about the company and take a look at their products, go to [www.lickitysplitchocolate.com](http://www.lickitysplitchocolate.com).

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## Resources

*The National ASK (Awareness, Skills, Knowledge) to Sustain Institute*, sponsored by Corporation for National and Community Service, provided by Campaign Consultation, Inc. 1998, 2002

*The CNCS Resources Now! National Institute*, sponsored by Corporation for National and Community Service, provided by Campaign Consultation, Inc. 2005-07.

*Enterprising Nonprofits: Revenue Generation in the Nonprofit Sector*. Cynthia W. Massarsky and Samantha L. Beinhacker, Yale School of Management-The Goldman Sachs Foundation Partnership on Nonprofit Ventures

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## Learning Products and Services

### **LEADline:**

(*Learning Experiences At a Distance*) LEADline is designed to give information fast. Have a resource & fund development question? Use LEADline and within 24 hours you will receive response and advice from a fundraising professional.

**Contact us**  
[LEADline@CampaignConsultation.com](mailto:LEADline@CampaignConsultation.com)

## **GIZMOs:**

(Giving Information for Zooming Money Objectives) Gizmos are resource and fund development tools for you and your volunteers. They are tangible products in packets, pocket brochures, CD-Roms, games, etc. They feature a myriad of fundraising topics such as **The Power of Direct Mail**, an interactive cd-rom and detailed companion booklet on developing your direct mail program.

To order, contact us through

[LEADline@CampaignConsultation.com](mailto:LEADline@CampaignConsultation.com)

or call 410.243.7979

or toll free at 1.877.243.2253

For more information:

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## ***The Chronicle of Philanthropy:***

Everyone who comes to a Resources Now! National Institute gets a free subscription to the Chronicle for a year. Participants in CNCS Campaign Consultation workshops receive the latest issue free of charge plus a \$20 discount on one year's subscription.

## ***Workshops/Clinics:***

The Corporation for National and Community Service (CNCS), through its T/TA service provider Campaign Consultation, Inc., offers a three-hour workshops and clinics for those interested in mastering key skills need to write for individual donors.

## ***Online Courses/Webinars:***

Web course delivery of topics pertinent to resource development such as — **Build Fundraising Volunteer Champions** and **Cause Related Marketing and Corporate Partnerships**.

Available through the Resource Center at,

<http://nationalserviceresources.org>

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## **Tell Us!**

Let us know by contacting us through [LEADline@CampaignConsultation.com](mailto:LEADline@CampaignConsultation.com)

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- [July 2007 Using Celebrities](#)
- [Mid-June 2007 Foundation Proposals](#)
- [June 2007 Brochures, Newsletters and Websites](#)
- [Mid-May 2007 Women as Donors](#)

- [May 2007 Postage and Mailing Rates](#)
- [Mid-April 2007 Phonathons and Thankathons](#)
- [April 2007 Annual Fund Mailing Lists](#)
- [Mid-March 2007 Face-to-Face Asking](#)
- [March 2007 Government Funding](#)
- [Mid-February 2007 Rural Fundraising](#)
- [February 2007 Stop-gap Funding](#)
- [Mid-January 2007 Nonprofit Branding](#)

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