Article 9 November 25, 2007

Manage Your Non-Profit Like a For-Profit Business

By George Kenefic, Director of Enterprise Empowerment, The Loan Fund

In my position advising non-profits that seek funding from The Loan Fund, I've had experience with many non-profit organizations and I currently serve on the boards of two. Regardless of their mission, they all have the same challenges as for-profit businesses – they must address everything from selling to human resources.

Unfortunately, good intentions aren't enough to build a sustainable organization, no matter how worthy the cause. When it comes to funding the organization, it doesn't do much good to have financing if you don't know how to use it.

Here are five critical elements and some tips to help get your non-profit started or back on track.

1. Get the right people - As with for-profit businesses, people are the single most important factor that determines success. After all, it's people who implement plans. You've also got to have the right people in the right roles. A trail-blazer probably isn't going to be happy with day-to-day operations, and a stellar fundraiser may be terrible at managing staff.

Tip: Write job descriptions and performance measurements before any recruitment. If you expect a board member to raise money, state that right up front. If you need your development director to also handle marketing, recruit accordingly.

2. Do A Workable Plan – Your plan doesn't have to be long to be effective, but it does have to be written so it can be implemented. Both board and staff should be involved in planning – strategic or otherwise – to avoid confusion and duplicated effort. Many entrepreneurs never write a plan and a large number of them ultimately fail.

Tip: Keep it Simple! For example, seven major objectives are too many. Try for three, maybe even one. The simpler you keep it, the more likely you are to keep focused on your mission and achieve results.

3. Craft The Right Message – Before you do any marketing, ensure you've got the right message for the right audience. I often hear, "If they just understood, they'd make that donation!" Unfortunately, like any customer of a for-profit business, it's not the job of the donor to understand. That's why it's critical to focus on one compelling message. Don't try to tell everything you do, but do tell them why they should care.

Tip: Passion points – the elements that get people's attention and compel them to act – can vary tremendously even within a single demographic. For example, a lot of companies advertise to women by painting their products pink or talking about "helping" women overcome their fear of finances (or investing or technology.) In fact, a lot of women hate the color pink and don't believe they need help.

4. Qualify Opportunities – One of the keys to success in the for-profit world is determining if your prospect is qualified to buy. Doing so in a timely manner shortens the sales cycle and ensures quality customers. The same is true in the non-profit world. Don't chase every dollar. Determine who will be most interested in your message and the best way to approach them. This applies to grant-writing as well.

Tip: Write target profiles for each of your stakeholder groups. Then, craft a sales strategy for each. How can you most effectively reach them? Advertising may not be the answer.

5. Measure Results – If you can't measure it, don't do it. Otherwise, how will you ever know if you're doing the right things?

Tip: Build measurements into your processes from the beginning. This makes it much easier to do and ends the mad scramble for data when it comes time to report to your funders.

And, last but certainly not least, don't be afraid to drop a plan that's not working.

Finance New Mexico is an initiative of the New Mexico Small Business Investment Corporation (NMSBIC), New Mexico Small Business Development Center (NMSBDC), Empowering Business Spirit (EBS), the New Mexico Venture Capital Association (NMVCA) and other partners to assist individuals and businesses in obtaining skills and funding resources for their business or idea. To learn more about resources available to New Mexicans, go to www.FinanceNewMexico.org.

NM SBDC network New Mexico Small Business Development Center

New Mexico Venture Capital Association

New Mexico Small Business Investment Corporation

EBS initiative www.bizport.org