

# The Risk of Not Risking: Experimenting with New Sources of Income

Follow these keys to find profitable  
new money-making activities.

By Karen Eber Davis

**N**onprofit leaders shun risks. Who can blame them? When you avoid risks, you protect your current assets. You don't have to worry about failing and being bombarded with negative feedback.

However, you're worse off if you avoid all risks. When you don't introduce new solutions and failures, you invite atrophy.

Experimentation, with calculated risks, teaches us what doesn't and does work. It opens space for wise solutions and even better ideas.

Most important, carefully thought-out risks often succeed. They create results. They solve problems.

## Got Risk?

Ingenious nonprofits select risks carefully. They build pilots and test ideas. An example is the Museum of Science and Industry (MOSI) in Tampa, Florida. It's the fifth-largest science center in the United States. Several years ago, it predicted a \$400,000 shortfall. To solve the budget challenge, the museum gathered a team of staff and volunteers. Participants created 10 potential money-generating activities with the goal of reducing the pending shortfall. Six failed. Four succeeded and closed the budget shortfall. The most successful was built around Yu-Gi-Oh! trading cards, which at the time were a rage with teens.

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Taking a risk, the museum marketed the first Yu-Gi-Oh! tournament on a listserv and press release (free except for staff time). For prizes, it bought Yu-Gi-Oh! cards that could be sold in the gift store if few people came to the event. The first tournament took place on a Sunday morning when the museum is usually slow. That day the museum admitted 400 guests at \$10 each – an extra \$4,000 for a half-day's work. Over the next months, the museum hosted twice monthly Yu-Gi-Oh! tournaments.



Here are the ingenious, low-risk, repeatable principles the museum used to arrive at this profitable new source of revenue:

- 1. Seek out multiple solutions.** The museum generated 10 ideas.
- 2. Pilot the solutions.** Each team generated a test pilot.
- 3. Be thrifty.** The museum began with a one-time tournament, used trading cards for prizes, and generated free media.
- 4. Measure results.** Four solutions generated income.
- 5. Anticipate failure.** Six ideas failed.
- 6. Capitalize on success.** As long as the fad engaged youth, the museum held Yu-Gi-Oh! tournaments.

The museum took 10 calculated low-risk actions. Contrast this with another nonprofit that rented a civic center for its first-time event. The cost ended up being greater than the money generated, and the event was a colossal failure. Taking a lot of small risks makes more sense than taking one big risk on a totally untested idea.

## Your Risk Sweet Spot

We admire risk-takers for good reasons. Risks are necessary. Risks require courage. However, all risks aren't the same. Ingenious nonprofits find ways to take risks that provide the biggest chances to grow income. To get out of your current quandary – whatever it is – exercise your risk-taking muscle. Be brave. Be thoughtful. Follow the six steps that the museum used and see if you end up with an innovative new money-making venture. If not, try again. Take ingenious risks. 



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