



Setting Up Nonprofit Enterprises

Here are lessons from experts on nonprofit earned-income ventures.

By Terrence Fernsler

Generating and Sustaining Nonprofit Income: A Guide to Successful Enterprise Strategies

Edited by Sharon M. Oster, Cynthia W. Massarsky, & Samantha L. Beinhacker. 351 pages. Hardcover. San Francisco: Jossey-Bass, www.josseybass.com.

More and more nonprofits are looking to earned-income ventures to supplement their revenues and further their missions. This book passes along lessons from the Partnership on Nonprofit Ventures' conference. In 17 chapters, 22 authors discuss how to plan a nonprofit venture, attract capital, and get your idea off the ground.

Moving into a venture changes an organization, and you must be ready for these changes. Investment in earned income rather than program will create organizational tension, but earned income can, and should, also expand program opportunities by supporting clients.

Nonprofit executives are rarely appropriate for enterprise management; the skill sets needed are too different. This can create further tension. Developing a business plan is something most nonprofits aren't familiar with, but it's an important step to be sure a venture is feasible. The authors of this comprehensive book explore how to prepare such a plan and how to research the market. They also discuss pricing strategies, legal and tax considerations, and governance issues.

Attracting capital for a nonprofit venture is usually more difficult than for a for-profit business. Still, a number of financing options may be available, and the book reviews many.



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A pitch to earned-income investors can be very different from a pitch for program funding. These investors' motivations differ from those of grantors or donors. The authors describe how to make such a presentation and explain the key questions you must answer to satisfy investors.

Once you obtain capital, putting the business plan into action is more challenging than writing the business plan itself. The book explains how to do so. It guides you through performance measures that assess the impact of ventures, especially the social return on investment. There's an especially valuable discussion about using resources to make production, personnel, outsourcing, marketing, and programming decisions effectively.

The most successful ventures extend the organization's mission, reaching clients in new ways. Social entrepreneurship is driven by the prospects of social instead of individual gains. It develops goods or services to solve social problems.

This book presents practical skills and strategies for planning and implementing nonprofit enterprises. It's an important reference for nonprofit managers and board members thinking about new ways to sustain their organizations and benefit their clients. ■

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