

Sustainability Through Earned Income Strategy

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Objectives

- Introduction
- What is an earned income strategy?
- What are the benefits?
- Things to consider during thought process
- Steps to Launch
 - Breakout Session
- Retention Initiatives
 - Breakout Session
- Q&A



What is an Earned Income Strategy?

What is an Earned Income Strategy?

- **Generating revenue** through business activities
- Goals is to further organizational **sustainability**
- Does not include grants, donations, or sponsorships
- **Aligns** with the organizations mission and expertise

The Benefits



What are the benefits?

- Increase **financial stability**
- **Unrestricted**, can be used for:
 - Infrastructure
 - Salaries
 - Programming needs/equipment and more!
- Allows for a **diverse** revenue portfolio
- Expands your **mission impact**

What should you consider?



Things to Keep in Mind When Implementing

- Does it align with your mission?
- Is there market demand?
- Do you have the capacity and investment to kick off and sustain?
- Is it financially profitable?
- How will success of your program be evaluated?

Does it align with your mission?

- All earned revenue **must** align with your mission
- Business income vs ~~unrelated business income~~
 - It is a trade or business
 - It is regularly carried
 - It is not substantially relating to furthering the exempt purpose of the organization

Is there market demand?

- Economic concept that relates to a consumer's desire to purchase goods and services and willingness to pay a specific price
- Determinants of demand
 - Product/service price
 - Buyer's income
 - Prices of substitute goods (similar products)
 - Consumer preferences
 - Consumer expectations for a change in price

Do you have the capacity and investment to kick off and sustain?

- How many staff or volunteers will the program take to run successfully? Do you need new volunteers or to hire staff?
- How many hours per day/week/year will it take to run successfully?
- Do your staff/volunteers have the skillset for your specific strategy?
- What is the staffing cost? Program cost? Do you need to pay for marketing?

Is it financially profitable?

- Will the program be profitable? How long will it take?
- Will the program need to be subsidized? If so, do you have the bandwidth/resources? If not, where do you get it?

How will success of your program be evaluated?

- Nonprofit double bottom line, profit and impact
- How did it scale compared to projections?
- What was the customer feedback?
- Natural program lifecycle
 - Asses – Plan – Implement – Evaluate – Adjust/Disappear

The YMCA of Orange County

- Mission: "... programs that build healthy spirit, mind, and body for all"
- Vision: "... fostering youth and family development, healthy living and social responsibility ..."
- Earned income: Membership, swim lessons, sports
- Subsidizes for low-income families: via scholarship program raised through donors

Girl Scouts of Orange County

- Mission: "... builds girls of courage, confidence, and character..."
- Earned Income: Girl Scout Cookies
- All proceeds stay local to help fund life-changing, girl-led programs, experiences, and learning
- Girl Scouts gain the business experience and confidence to take on the world, one cookie at a time.

American Red Cross

- Mission: "...prevents and alleviates human suffering in the face of emergencies..."
- Earned income: Training and Certification
- Influences individuals to be ready to act in case of emergency

OneOC

- Mission: Accelerate nonprofit success
- Earned income: OneOC Nonprofit Member Toolkit
- Provides nonprofit organizations with tools and resources to enhance efficiency and outreach capabilities



Launching an Earned Income Strategy

Launching an Earned Income Strategy

- Answer questions previously discussed with stakeholders (board, staff, volunteers)
- Identify earned income strategy ideas
 - Existing or future programming
 - Any opportunities where you can charge fee for delivering program
 - Value – is it worth paying for? How do you avoid harming those who cannot afford it?
 - Can your team deliver high quality?

Breakout Session

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Launching an Earned Income Strategy

- Business Plan
 - Product description, target audience, marketing, pricing, financial projections (start up investment, ei program supplies, staff salaries, ongoing cost), tracking/processing
 - How does it tie into to the rest of your funding?
 - Net forecast
 - How will it be marketed? (Email, social media, calls, flyers)
- Consider a pilot
 - What are some of the challenges that came up?
 - Customer feedback? Customer question?
 - Was it successful?
 - Adjust your business plan
- Start up funding
 - Donors / Partnerships / Sponsorships / Grants

Launching an Earned Income Strategy

- Launch, Evaluate, Grow
 - Financial data
 - Customer feedback
 - Potential partnerships to increase visibility/program quality
 - Asses – Plan – Implement – Evaluate – Adjust/Disappear

Customer Retention



Customer Retention

- What is retention?
 - **Strategy** for keeping customers or members engaged and loyal to your business or organization
- Why is it important?
 - Costs less than acquiring new customers
 - Allows you to **focus on acquiring new customers**
 - Opens opportunity for **cross promotion** of new revenue opportunities or other existing programs
 - Opens opportunity for **word-of-mouth** marketing, increasing trust, credibility and loyalty

Customer Retention – What to Know

- Understand Your Customers
 - Needs, customer satisfaction (surveys & feedback)
- Retention Goals
 - What are the industry averages?
 - Professional Services - 84%
 - Consumer Services – 67%
 - Average across all industries - 75%
- What are your averages? How do we increase/sustain them?

Customer Retention – Key Points

- Identify key factors that drive retention
 - Quality of program / product
 - Customer service
 - Value proposition – what sets you apart?
- Develop and implement strategy
 - Communication strategies
 - Proactive outreach
 - Regular check-ins
 - Responsive customer service

Customer Retention – Key Points

- Continuously refine your plan
 - Times change plans change
 - Changing market conditions
 - New technology
 - Feedback from customers

Breakout Session

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Q&A



Thank You

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