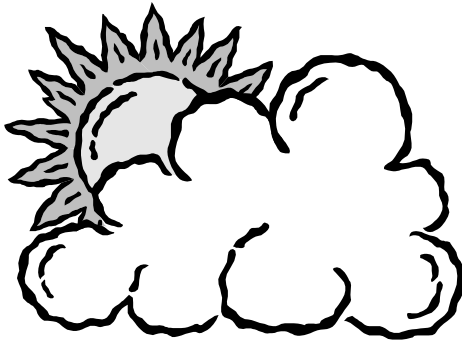




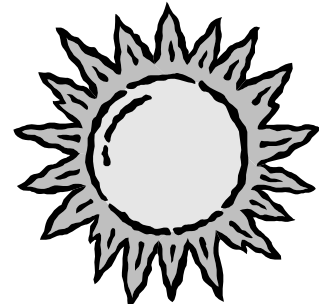
Exploring the Climate for Earned Income Development

the first in a series of self-paced workbooks
for nonprofit entrepreneurs



Prepared by: _____

Date: _____



EXPLORING THE CLIMATE FOR EARNED INCOME DEVELOPMENT

This workbook is designed to help you explore the support and challenges that are present for developing earned income¹. It is the first in a series of workbooks designed to help you determine if and how you should pursue earned income development. The other workbooks include:

- Taking Stock of Your Earned Income Assets,
- Identifying Worthwhile Earned Income Opportunities,
- Conducting a Community Assessment of Your Earned Income Opportunities, and
- Developing an Earned Income Strategy, Goals, and Action Plan.

In this workbook, you'll examine the climate for earned income from a variety of perspectives, including:

- What is driving you to consider developing your earned income (page 2)
- What you hope to achieve from developing your earned income (page 3)
- Your organization's vision statement² (page 4),
- Your organization's mission statement (page 6),
- Your organization's core values (page 9),
- Your organization's current priorities (page 10),
- The internal support for developing earned income (page 11), and
- The broader environment (page 13).

Ultimately, on page 14, you will make some conclusions regarding if, how, and when you should explore developing earned income any further. Please use this workbook as a guide in your decision-making, not as a definitive formula. Used in this way, it can help you start moving forward on your own terms, on your own schedule, toward your own goals.

For additional, free and helpful resources, visit: www.managementhelp.org

If you have any questions or suggestions on how to improve this workbook, please email me at andy@authenticityconsulting.com and I will be happy to do what I can.

~ Andy Horsnell

¹ In this workbook, we define earned income as money received (either from the user or a third party) in return for the provision of specific services or products. It includes (but is not limited to) user fees, contract revenues, product sales; it does not include donations and grants.

² A Caveat: A number of definitions will be presented for such concepts as "Vision", "Mission", and "Core Values". These are the author's own working definitions, that he has found to work in a range of different situations. That said, they are only one person's interpretation, and you should go with the definitions that work for you.

What is Driving You to Consider Developing Earned Income?



Background

The decision to develop earned income is generally attributed to one or a combination of the following³...

Crisis...

"We just got turned down for a major grant that we've been getting for years. Now what do we do?"

Are any crises driving you to consider developing earned income? Yes No

Chance...

"We just were given a building by a major donor, and it's in a great retail location!"

Has an opportunity just "dropped in your lap"? Yes No

Choice...

"We've been thinking about developing this opportunity for a long time, and now we're ready."

Have you simply decided that it's time? Yes No

³ Attributed to Paul and Sarah Edwards, authors of "Finding Your Perfect Work."

**WHAT WOULD YOU HOPE TO ACHIEVE
THROUGH THE DEVELOPMENT OF YOUR EARNED INCOME?**

Background

Nonprofits aren't in business to make money; they're founded with the sole purpose of serving a community. With this in mind, then, earned income is merely a means to an important end. It can be a new way to carry out your mission, and it can be a way to fund your mission and support other important activities.

Instructions

Think for a moment what you ultimately hope to achieve through the development of your earned income. Don't worry about getting it right this first time; they will be ample opportunity to come back and revise your goals

We hope to achieve the following things through the development of our earned income:

YOUR VISION STATEMENT

Background

A good vision statement should clearly convey your ultimate hope for the community (or communities) you serve; what it is your organization is striving for. It therefore defines the ultimate reason why you want to pursue earned income development, as earned income is only a means to an end (i.e. reaching your vision). A food bank might define its vision as follows:

Example Vision Statement for a Food Bank

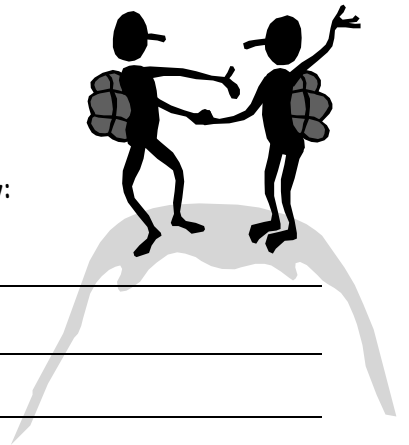
"Every person in our county is receiving three square meals a day, every day of the year."

In this example, both their community and the ultimate hope for them has been clearly defined.

Now, let's look at your vision statement...

Do you have a vision statement? Yes No

If you do have a vision statement, please write it in the space below:



Now, ask yourself two critical questions:

1. Does our vision statement clearly define who (or what) we are here to serve?
2. Does it clearly define our ultimate hope for this community?

If you can't confidently answer "yes" to both of these questions, then please proceed to the next paragraph. If you can answer "yes," then transfer your vision statement to the "Implications for Earned Income Development" worksheet on page 9, and proceed to the "Mission Statement" section.

If you do not have a vision statement, or if your vision statement doesn't seem to answer the right questions well enough, then please answer the questions on the following page:

DEFINING YOUR VISION STATEMENT

A. Describing the Community You Serve:

How would you describe those whom you are here to serve (age, gender, ethnicity, place of residence, income level, etc.)? Please be as specific as possible...

B. The Nature of Their Problem:

It's always a good thing to revisit the nature of your community's problem, when you're defining/redefining your hopes for them. In some cases, the nature of the problem defines a community that is otherwise quite varied.

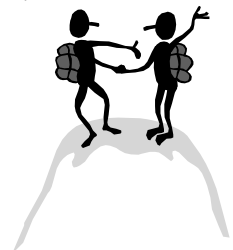
C. Your Hopes for Your Community

What is your ultimate hope for those whom you serve? Think about the nature of their problem. Think of the conditions that would have to exist (within the community you serve) for your organization to no longer be needed. In the food bank example above, if everyone in the county was receiving three square meals a day, there would be no need for a food bank. Please be as specific as possible...

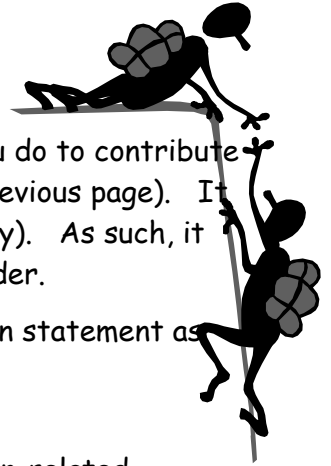
Now, transfer your answers to A & B above (i.e. your vision statement) to the "Implications for Earned Income Development" worksheet on page 9, and proceed to the "Mission Statement" section.

Helpful, free resources:

www.managementhelp.org/plan_dec/str_plan/str_plan.htm



YOUR MISSION STATEMENT



Background

A good mission statement should define in clear, concrete terms what you do to contribute to the achievement of the hopes outlined in your vision statement (see previous page). It should define your role in solving the problem (or realizing the opportunity). As such, it can help you define the kinds of earned income activities you might consider.

The food bank from the previous "Vision" example might define its mission statement as follows:

Example Mission Statement for a Food Bank

"The Kings County Food Bank supplies nutritious food and nutrition-related information to, and advocates on behalf of, those people in Kings County who are unable to provide for themselves."

In this example, what the organization is doing to achieve its vision has been clearly and concretely defined. It has defined the kind of activities that it is willing to engage in.

Now, let's look at your mission statement...

Do you have a mission statement? Yes No

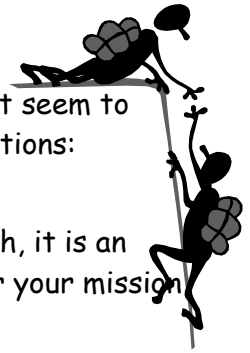
If you do have a mission statement, please write it in the space below:

Now, ask yourself three critical questions:

1. Does our mission statement define in clear, concrete terms what we do to contribute to the achievement of our vision?
2. Is our mission statement still consistent with the charitable purposes for which we were granted tax-exempt status?
3. Is there a reasonable connection between those activities and the results we're hoping to achieve?

If you can't confidently answer "yes" to these questions, then please proceed to the next paragraph. If you can answer "yes," then transfer your mission statement to the "Implications for Earned Income Development" worksheet on page 9, and proceed to the "Core Values" section.

DEFINING YOUR MISSION STATEMENT



If you do not have a mission statement, or if your mission statement doesn't seem to answer the right questions well enough, then please answer the following questions:

Review Your Vision Statement First:

Your vision statement defines your ultimate hope for your community. As such, it is an essential reference point for your mission statement; it defines the "why" for your mission statement's "what." Write your vision statement in the space below⁴.

What You Do to Achieve Your Vision: Your Mission Statement

In the space provided below, please list the kinds of things you do to contribute to the achievement of the vision you have outline above. Again, please be as specific as possible...

1.

2.

3.

4.

5.

Now, transfer your mission statement to the "Implications for Earned Income Development" worksheet on page 9, and proceed to the "Core Values" section.

Helpful, free resources:

www.managementhelp.org/plan_dec/str_plan/str_plan.htm

⁴ If you haven't got a vision statement, if you're not happy with the one you've got, please refer to the "Vision Statement" section.

OUR CORE VALUES

Background

A good statement of core values should clearly convey what you value or believe in as an organization, especially in regards to your relationships (internal and external). They can provide some insight into how you enact your mission statement. Committing them to paper can provide an invaluable internal "compass" to guide your board, staff, and volunteers in both their strategic and day-to-day decisions. Core values can therefore help you determine if and how you will pursue specific earned income activities.

Example Core Values for a Food Bank

"We Believe in...

Treating our clients with respect and compassion.

Engaging our clients and the broader community in defining solutions to hunger.

Working with our community partners wherever possible and appropriate.

Educating our community about hunger and nutrition.

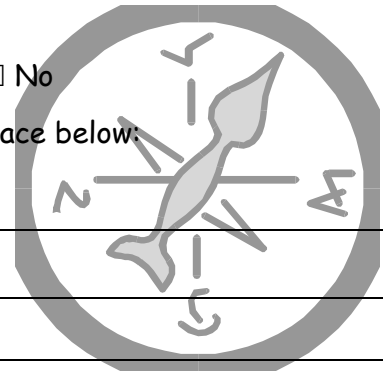
Our board, management, staff, and volunteers working as a close-knit team."

In this example, the organization has identified both its key relationships as well as the specific nature of those relationships.

Now, let's look at your core values...

Do you have a widely-understood set of core values? Yes No

If you do have a set of core values, please write them in the space below:



Now, ask yourself two critical questions:

1. Does our core values statement accurately depict our actual values and priorities?
2. Does our core values statement provide clear guidance for our decisions and actions?




If you can't confidently answer "yes" to both questions, then please take some time to have a discussion within your organization about this important issue. If you can answer "yes," then transfer your values statement to the "Implications for Earned Income Development" worksheet on page 9, and proceed to the "Strategic Priorities, Initiatives, and Commitments" section.

Helpful, free resources: www.managementhelp.org/plan_dec/str_plan/str_plan.htm

IMPLICATIONS FOR EARNED INCOME DEVELOPMENT

Instructions

So, you have statements of vision, mission, and core values - but what bearing do they really have on if and how you pursue earned income development? This is where you answer that important question. If you haven't already, write in your vision, mission, and core values in the spaces provided below. Then, write down your thoughts about how earned income development could support or challenge your organization's vision, mission, and core values.

	How (our vision, mission, core values) and earned income development could be complementary	How (our vision, mission, core values) and earned income development could be in conflict.
Our Vision: 		
Our Mission: 		
Our Core Values: 		

OUR CURRENT PRIORITIES

Background

One of the most important questions to answer when you're considering any new initiative is, "To what are we already committed?" If you're like most nonprofits, you're likely in the midst of launching a new service, doing a major fundraiser, and undertaking a needs assessment. You may find that you've got too much on the go already and, unless you're willing to give something up, you might have to wait before you start something

new. That "something new" might be earned income development. Conversely, some things you're doing now might be quite complementary to developing earned income. The needs assessment, for example, could provide invaluable market research. What's important is that you consider what you're already doing, and make an enlightened decision about the timing of your earned income initiative.

Instructions:

In the space provided below, list all of your current major initiatives & projects. Then indicate the timing for each by shading in the appropriate monthly timeframes. For example, if a project was going to start in 3 months and continue for 6 months, you would shade in both the "3 to 6" and the "6 to 9"

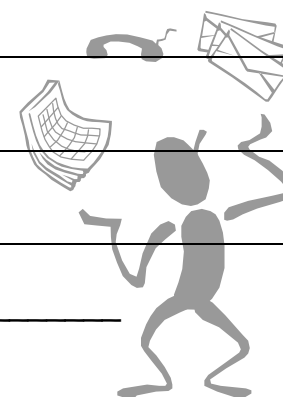
spaces. Then write down your thoughts about how each project might complement and/or conflict with an earned income initiative.

Free, helpful resources:

www.managementhelp.org/plan_dec/project/project.htm

Timing of Initiative (months)

Major Current Initiatives & Priorities	0 to 3	3 to 6	6 to 9	9 to 12	12 to 18	18 to 24	How it might complement an earned income initiative	How it might conflict with an earned income initiative
1.								
2.								
3.								
4.								
5.								



From the above analysis, it would appear a good time to start an earned income initiative would be: _____

INTERNAL SUPPORT FOR DEVELOPING EARNED INCOME

Background

Research has shown that the support of your internal network is the single most critical entrepreneurial success factor⁵. More than business experience, more than access to capital, more than anything else. You need it, period.

Ask any member of your board (staff, volunteers) if they'd support having an unrestricted \$20,000 added to the annual budget, and they're likely going to say "Yes!". But does that mean that they support developing earned income? Not necessarily. You have to go beneath the positive financial results and ask them if they're willing to do what's required to develop earned income. Only after they've considered these things can you be sure of their support.

On the following page is a brief questionnaire that you can distribute to all (or a sample) of your key internal stakeholders - board, management, staff, and volunteers. Have as many of them complete it as you can. The combined results will give you an insight into specifically who in your organization supports what specific elements of developing earned income. From this, you'll be better able to determine if/how/when to go ahead. Good luck!

Helpful, free resources: www.managementhelp.org/org_chng/org_chng.htm



⁵ McGuinness, 1997.

INTERNAL SUPPORT FOR EARNED INCOME ~ A SHORT SELF-TEST

Instructions:

We're exploring the idea of developing more earned income⁶. And, as your support will largely define our ultimate success, we'd like your input. Please take a few minutes to respond to the following statements with both a numeric rating and any thoughts you might have. Please return this completed questionnaire back to _____ by _____.

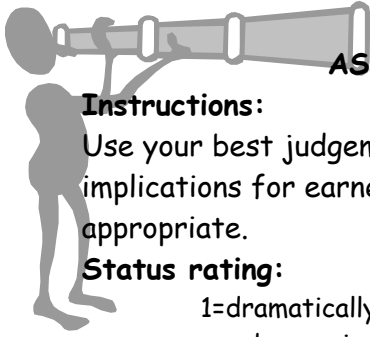
Rating key:

1 = I oppose this completely 2 = I oppose this somewhat 3 = I neither oppose nor support this 4 = I support this somewhat 5 = I support this completely

	My Rating	My Thoughts
a. Dedicating some of our energies to specific programs, products, or services that have earned income potential.		
b. Dedicating some of our energies to serving customers who are willing and able to pay for our services (either for their own use or for someone else's).		
c. Developing relationships with outside people and/or organizations who can help us serve our customers.		
d. Competing with other people and/or organizations for our customers' purchases.		
e. Adding to or changing our "earned income" products, or services to better serve the needs of our paying customers.		
f. Charging a fair amount for our "earned income" products or services to those customers who are willing and able to pay.		
g. Promoting our "earned income" products or services.		
h. Adding to or changing how we deliver or distribute our "earned income" programs, products, or services.		
i. Adding to or changing how we allocate our staff time and other resources to better produce more "earned income" products or services.		
j. Accepting the fact that, despite our best research, planning, and implementation, certain "earned income" products or services may fail to contribute anything, and may even lose money.		



⁶ For purposes of this questionnaire, earned income is money received (either from the user or a third party) in return for the provision of specific services or products. It includes (but is not limited to) user fees, contract revenues, product sales; it does not include donations and grants.



ASSESSMENT OF THE EXTERNAL ENVIRONMENT

Instructions:

Use your best judgement to define both the status of each environmental factor, and its implications for earned income development. Write in explanatory notes where appropriate.

Status rating:

1=dramatically decreasing

2=decreasing somewhat

3=stable

4=increasing somewhat

5=dramatically increasing

Implication for EID (earned income development) rating:

1=very negative

2=somewhat negative

3=neutral

4=somewhat positive

5=very positive

Environmental Factor	Status	Implication for EID	Explanation
Level of need in your community			
Number of people / organizations willing and able to pay you to provide your service			
Funding levels			
Level of competition			
Regulatory requirements			
Technological requirements			
Political support for your organization			
The local economy			
Availability of qualified staff			

IN SUMMARY...

Instructions

Please take some time to reflect on your preceding analyses, and then respond the following questions.

1. Who (or what) are the strongest supporters of developing earned income?

2. What opportunities might this support represent?

3. What actions could you take now to explore and develop these opportunities?



4. Who (or what) are the greatest impediments to developing earned income?

5. What threats or challenges might they represent?

6. What actions could you take now to address these threats (or perhaps turn them into opportunities)?

7. Who (or what) are "sitting on the fence" in regards to developing earned income?

8. What actions could you take now to win their support of these?

9. Given the preceding analyses, what is the appropriate course of action for your organization (i.e. abandon the idea? do nothing now? build support? start small? grow?)?

Now? _____

In the short term? _____

Please define your time frame

Ultimately? _____

Please define your time frame