

5

WAYS TO

GROW A NONPROFIT WITH
**BUSINESS
THINKING**



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There are many resources available espousing lessons businesses can learn from nonprofits. And it's true — they can learn a lot from the unique ways nonprofits operate. But what about the lessons nonprofits can learn from the business world?

It can feel a little off-kilter sometimes to approach a nonprofit like a for-profit business, but the truth is, they're a lot more similar than they seem. Whereas Apple may be selling a computer as its product, a nonprofit is "selling" social good. By equating those things in theory, for example, we can innovate new ways of operation that grow nonprofits in the same way businesses grow.

Below are just five ways to grow a nonprofit using business thinking.

USE REAL-TIME DATA

Companies selling a product are driven by data and results. They are aware of how many products were sold, where they were sold and when they were sold, and those numbers drive their decision-making both for sales and marketing. Nonprofits should be no different. By cultivating real-time data, nonprofits can keep donors up-to-date but also adjust efforts as needed to get the best results. Often, nonprofits fall into the trap of analyzing results after the project is finished — waiting anxiously to see if they made any impact — rather than analyzing as they go and making appropriate changes. By then, it's too late to do anything with the data they find. Success should be measured by the impact the organization makes, not the number of activities or projects it enacts¹.

DON'T BE AFRAID TO ASK (AND ASK AGAIN)

Nonprofits can sometimes be timid in asking for support. If a potential donor says “no,” leaders assume it's a “no” forever. But in the business world, leaders don't see it that way. A “no” is only a “no” for that particular time. In fact, most people need to be presented with an initiative several times before they actually take action². Nonprofits can learn from the attitude of a salesman not to be afraid to ask — and ask again. After all, your work is making a difference in the world, so it's worth the risk.

BE CONFIDENT AND CONSISTENT IN YOUR STORY

For-profit companies have to be forthright with their brand and consistent with their communications if they want to be successful. They can't afford to have conflicting messages coming from different branches or departments — nor can they afford to be shy about who they are and what they do. The same should go for nonprofits. Hone your organization's story — how you make an impact and why — then tell it consistently from CEO to intern. The consistent enforcing of a clear message is crucial to growing a brand, and though it may feel assumptive to call it that, your nonprofit is a brand. Be confident in who you are and what you do, then tell people how being involved makes a difference.

¹ <http://www.care2services.com/care2blog/private-sector-lessons>

² <https://www.classy.org/blog/5-growth-strategies-for-small-nonprofits/>

UTILIZE LOCAL ENTREPRENEURIAL TALENT

Coca-Cola is everywhere — even in the some of the most remote villages in the world. Why? In her TED talk on this subject, Melinda Gates says one reason is because they utilize local entrepreneurial talent³. Though Coca-Cola can't get their trucks to these remote areas, they noticed locals buying in bulk and reselling the product in their communities. So Coca-Cola trained those individuals and empowered them as employees — micro-distributors. By utilizing local entrepreneurial talent, they were able to grow exponentially. Nonprofits can do this, too. Locals know their own communities. They know what will be well received and what won't. They know the challenges they face and often, what they need to overcome them. If your nonprofit has projects in other countries, engage the local talent there. Not only will you be empowering those people and their communities, you'll grow your impact.

CULTIVATE TRANSPARENCY AND ACCOUNTABILITY

One thing that is often significantly different between for-profit enterprises and nonprofits is the level of transparency and accountability⁴. Though things are shifting with the rise of the millennial generation and social media, nonprofits often have a reputation for being less than forthright with their inner-workings and their progress. Being transparent about the organization's impact and accountable to donors for results not only encourages the nonprofit to be innovative and efficient, it helps create a sense of ownership from donors and people who are committed to the cause. Additionally, nonprofits should shrug off the "overhead myth." In a letter written by executives from Charity Navigator, GuideStar and the Better Business Bureau Wise Giving Alliance⁵, the leaders write that financial ratios say nothing about a nonprofit's actual impact and are a poor way to judge a nonprofit's quality. Rather than "starving" their own organization in the name of more money for mission, they say nonprofits should simply: demonstrate ethical practice and share data about your performance, manage toward results, and educate funders on the real cost of results. Investing in operations actually gives nonprofits the ability to scale up and do more good.

When nonprofits think outside their industry and consider what they can learn from for-profit businesses, they can grow their organization beyond what they thought possible, making an even greater difference in the world.

³ https://www.ted.com/talks/melinda_french_gates_what_nonprofits_can_learn_from_coca_cola#t-960541

⁴ <https://www.philanthropy.com/article/Opinion-What-Nonprofits-Need/233892>

⁵ http://5770-presscdn-21-69.pagely.netdna-cdn.com/wp-content/uploads/2014/10/Overhead-Myth_Letter-to-the-Nonprofits-of-America.pdf