

FINANCIAL RESOURCES

Funding Social Impact (and anything else cool that you want to do)

Guest Lecture – March 28, 2016

NCLC 595-003 / NCLC 475-007

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Presenter – Marshall H. Ginn, CFRE

- Founder and Managing Director, Capital Development Strategies LLC
- Vice Chair, Annual Giving – AFP Foundation for Philanthropy
- Selection Committee Chair, AIM for Excellence Award Competition (formerly The Washington Post Award for Excellence in Nonprofit Management)
- Sports fan – Go Nats, Go Wahoos!, Go Caps!, Go DC United!
- Aspiring oil painter
- Nonprofit geek



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So... You want to make an impact?

- What are you trying to do?
- Is there something you're trying to change?
- Do you have a voice that you believe needs to be heard?
- Was there a wrong you uncovered and now you have to make it right?
- Who's thinking about doing what?
- How did this idea come to you?
- How are you going to make it work?

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Impact

- **Impact** - *A simple, powerful statement that lays out what your organization looks to accomplish, based on its current understanding of the present situation; the driving force for your organization's efforts. Can be periodically reaffirmed, but only needs to be modified if there are dramatic changes in the conditions or environment in which your organization is operating.*



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Business Model

- **Business Model** - Summarizes your economic fundamentals. It must address the "dual-bottom-line," integrating mission priorities and financial strategies. It links the key resources that make it possible to undertake your core strategies. Those resources may include various types of revenue, as well as volunteer, in-kind and human capital. There should also be alignment between these various revenue sources and your organization's intended accomplishments and its values.



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Values

- **Values** - These form what could be considered an organization's "cultural cornerstone." Every organization has a set of values, whether or not they are written down. These values guide the perspective of an organization as well as its actions. Writing down a set of commonly-held values can help organizations define their culture and beliefs. When members of the organization subscribe to a common set of values, the organization appears united when it deals with various issues. Values, along with a common understanding of impact, create opportunities for freedom and flexibility in ways that lead to resilience.



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Capitalization – Investing in your goal

Type	Function	Target
Working & Operating	Cash flow, protects against unexpected downturns	Liquidity
Risk & Opportunity	Supports design and testing; offsets one-time risks	Adaptability
Change	Investing in changes to business or program delivery model	Adaptability
Recovery	Address an historical mistake or chronically undercapitalized operations	Durability
Facilities & Equipment	Acquisitions or upgrades; accumulate reserves to meet future needs	Durability
Endowment	Source of ongoing operating funds through investment income	Durability

Source – *Grantmakers in the Arts Capitalization Project*

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Revenue sources

- Earned income
 - Fees, enterprise components, products and services
- Philanthropic income
 - Individual donors (major donors), business or foundation donors
 - Crowdfunding and events
- Grants and contracts
 - Grantmaking foundations
 - Government agencies
- Sponsorship and Partner Marketing
- Program or Mission-related investments by funders
- Venture philanthropy (waning) and social impact investing (rising)



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Question

- Which of those looks easiest? Hardest?
- Which would you choose for the project/enterprise/whatever that's forming in your mind?
- What would you want to know?

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Revenue Strategies

- Each revenue source has pros and cons – there is no one, single, correct source for you
 - Variations in complexity, labor and time required
 - Variations in the “cost to raise a dollar”
 - Individuals, businesses, customers, grantmakers, government agencies, neighbors, etc. all have different motivations, needs, quirks and challenges
- BUT – be wary of relying too heavily on only one (or a very small number of) sources
 - Diversification of revenue is important; a key risk mitigation tactic

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Four Considerations

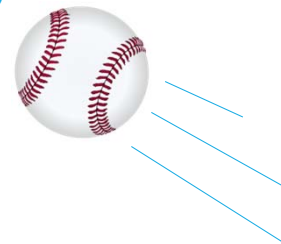
1. Work on your “pitch”
2. Cultivate a network of funders that fits your needs and supports your aspirations
3. Be clear about funder expectations
4. Train the team

Source – “Lessons from Inside a Nonprofit Accelerator ‘Boot Camp’” by Joyce Kim and Vanessa Gennarelli (*Stanford Social Innovation Review*, Feb. 9, 2016)

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Pitch

- Know your audience!
- Learn a different language – the language of “stories” and “case”
- Listen, watch and learn – refine your case as you go (What makes someone “lean in”?)
- Look at the example of *Stellar.org* from the SSIR article (handout)
- Will spend some more time on this later in class



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Cultivate a Network

- Ask the right questions – who’s right for you? (It’s a bit like *match.com* or OKCupid)
 - Values, working styles, perspectives on issues
- Relationship building – you have “needs” and funders have “needs” – they have to be aligned
 - Go on some dates; it’s more than being pen pals
- Do ask much asking as telling
 - If there’s alignment, and you’re both answering each other’s questions, the potential funder/investor will help you to create the right opportunity!

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Expectations

- Be clear about what's in place and what's not
- Have an open and honest dialog with funders and/or investors
- Focus on your intended impact (and the data that demonstrates your focus thereon)
- When things go wrong – own it, learn from it, adjust and move on (all while keeping your funders in the loop)

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Train the Team

- Embrace discovery and enable everyone to make fully informed decisions
- Take advantage of “cognitive diversity” but keep everyone focused on that intended impact
- Create a culture of perpetual learning – *do, collect data, assess, learn, adjust, do*
- Use values as a way to guide, as compared to rigid structures
- Support those who act as the “interpreter” between those doing the work (or creating the business model) and those who are funding the work



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Resources

- Investopedia – “The Pros and Cons of Being a Nonprofit” by Shoshanna Delventhal <http://www.investopedia.com/articles/investing/110215/pros-and-cons-being-nonprofit.asp> (Investopedia has a whole section on Philanthropy)
- SSIR – “Lessons from Inside a Nonprofit Accelerator Boot Camp” by Joyce Kim and Vanessa Gennarelli http://ssir.org/articles/entry/lessons_from_inside_a_nonprofit_accelerator_boot_camp (SSIR is a great resources with many many many great articles)
- SOCAP – Social Capital Markets <http://socialcapitalmarkets.net/>
- National Advisory Board on Impact Investing – produced the report “Private Capital, Public Good.” <http://www.nabimpactinvesting.org/>

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Resources

- National Council on Nonprofits – Crowdfunding for Nonprofits (contains links to other resources) <https://www.councilofnonprofits.org/tools-resources/crowdfunding-nonprofits>
- Complete description of the code of ethics adhered to by the Association of Fundraising Professionals (AFP) <http://www.afpnet.org/ethics>
- Chronicle of Philanthropy (top source of up-to-date news) <http://philanthropy.com>
- Social Impact Exchange – Helping breakthrough groups to “go big,” deliver impact and change lives. <http://www.socialimpactexchange.org>

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Remember

- Focus on IMPACT even as tactics and strategies may shift
- Understand how impact and your business model, underpinned by your values, makes your vision possible
- Cultivate the widest possible network of people/institutions who can help you, and hone your ability to tell a STORY that compels them to act
- Use all the tools available to equip yourself (and your team) with knowledge that leads to confidence and good decision making

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Thanks

- **Marshall H. Ginn, CFRE**
- marshall@capdevstrat.com
- @MarshallGinn
- www.capdevstrat.com
- www.facebook.com/capdevstrat
- 202-213-3200 mobile
- 703-875-3000 office (in Clarendon)



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