

NONPROFIT LEADERSHIP INSTITUTE

Workforce Development and Continuing Education

So You Want to Start a Nonprofit? Do a Little Thinking Before You Begin

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Are you already volunteering in your community, or you are frequently engaged with people in the community with needs that are filled by charities? Then, you have probably considered starting your own nonprofit organization. There's a lot of thinking that goes into this because the charitable space has a great deal of competition. Thousands of nonprofits lack the funding needed to sustain themselves, and founders often are consumed by the mound of work running the business. The marketing, fundraising, accounting, and board management take significant time. There are nonprofit founders that continue to work their "paid" job until the charity can get up and running also. And dollars don't just fall from the sky. Nonprofit leaders work hard to attract supporters, donors, and other stakeholders. Finding the right mix of board members that will fulfill the fiduciary responsibility of ensuring the organization has the resources it needs to operate can be overwhelming.



Before you get started, consider the alternatives to founding an organization. After all, as a public charity, you don't own the organization and have an obligation to be transparent in your reporting. So, think about a for-profit as a social enterprise, such as a B Corporation, or incubating your concept under an existing nonprofit for one or two years to determine if it has the capacity and innovation to launch as an independent nonprofit. You can also talk with similarly focused nonprofits about starting a dedicated project under their umbrella, which leaves the financial management, reporting and stakeholder interaction to someone else. This type of fiscal agency uses a portion of your funding, usually 5-10%, to support the management of the project, leaving you to conduct the actual outreach and impact work of your project.

Before you begin, think about the following:

- What is your purpose and mission? Can you articulate the impact to a stakeholder in 1-2 minutes? (Note that impact means change)
- Have you conducted due diligence to find out what other organizations are similarly aligned and how well they are doing?
- How will you raise the necessary funds to pay yourself, a bookkeeper, a marketer, an intern, a program manager, or any other role you need? Funding is often about relationships and takes time to build a program of support.
- Who will be on the board to help govern? Remember the board won't report to you, just the opposite, you will report to the Board. Do they have governing experience, are any experienced in fundraising or able to provide corporate support, do they know how to ensure the organization has the resources it needs to be sustainable? This is usually a different group than the three friends that help you incorporate.
- Do you know how to write a business plan, a strategic plan, a marketing plan? You need to document the goals, objectives, and action items necessary to move the organization forward.
- Do you know the best way to strategically create a set of bylaws and other governing documents that will guide you as you work and grow the organization?

There are dozens of things to consider before starting up any business. It is important to remember that your nonprofit is a business first, it just happens to be one that will be tax exempt. As a benefit of the IRS granting your organization that exemption, they have obligations you must meet and there will be significant compliance. Map out your plan, think strategically, and consider all of your options before you register that business. That process will get you started on the right foot.



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