



Nonprofit Lean Organization Model

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What To Expect



- Let's agree on definition
- The POVS model
- Nonprofit Lean Organization Model
- Your Turn!

Definition non·prof·it



- *A corporation or an association that conducts business for the benefit of the general public without shareholders and without a profit motive.*
- Nonprofits are also called not-for-profit corporations. Nonprofit corporations are created according to state law. Like for-profit corporations, nonprofit corporations must file a statement of corporate purpose with the Secretary of State and pay a fee, create articles of incorporation, conduct regular meetings, and fulfill other obligations to achieve and maintain corporate status.

Nonprofit Essence?



- P = Problem Identification
- O = Opportunity Recognition
- V = Venture Creation
- S = Sustaining the Venture

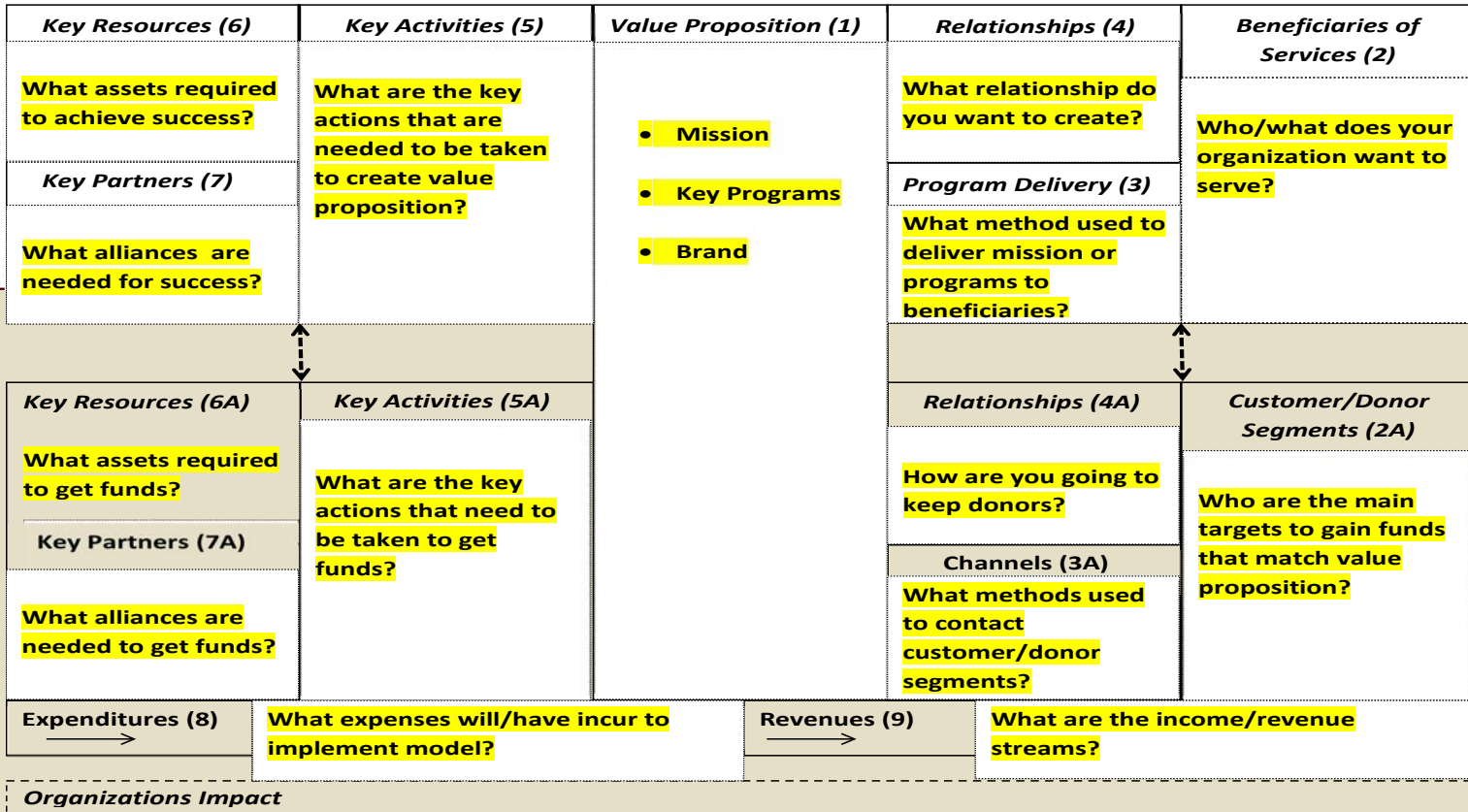
This also the Essence of a Entrepreneur!



- P = Problem Identification
- O = Opportunity Recognition
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Nonprofit Lean Operations Model

Organization/Project Name: _____



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Lean Organization Model Origin



- The Business Model Canvas (Lean Business Model) was initially proposed by Alexander Osterwalder.
- The Lean Organization Model is a spinoff of the canvas which was result of research of nonprofits out of New Zealand.

Difference:

- Business = Customer Segments
- Nonprofits = Beneficiaries of Services AND
Donors (customers)

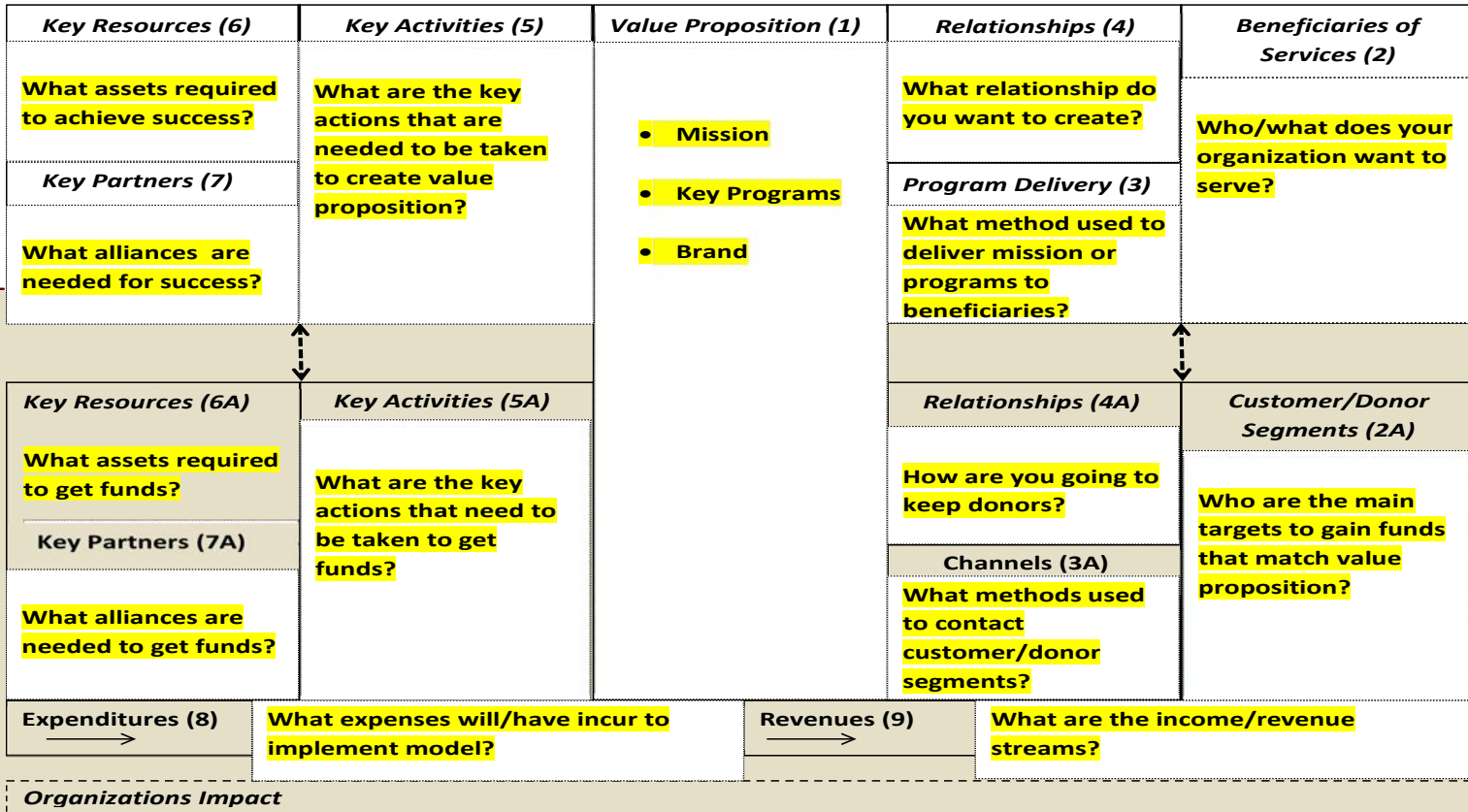
Lean Organization Model



- The *What (Mission)*
 - ✓ The **value proposition** of what is offered to the market;
- The *Who (Key Stakeholders)*
 - ✓ The **Beneficiaries of Services** that are addressed by the value proposition;
 - ✓ The **Donors/beneficiaries of services** that want to fund the value proposition
 - ✓ The **communication and distribution channels** to reach beneficiaries and donors to offer/expose them to the value proposition;
 - ✓ The **relationships** established with clients;
- The *How (Core Competencies)*
 - ✓ The **key resources** needed to make the organization model possible;
 - ✓ The **key activities** necessary to implement the organization model;
 - ✓ The **key partners** and their motivations to participate in the organization model;
- The *Fuel (Lifeblood)*
 - ✓ The **revenue streams** generated by the organization model (constituting the revenue model);
 - ✓ The **cost structure** resulting from the organization model.
 - ✓ **What your organization does for beneficiaries of services is usually different than what you do to attract and retain donors.**

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Programs

Fundraising

Organizations Impact

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Value Proposition



- What is the problem (not a symptom)?
 - ✓ “3 whys”
 - ❖ Why is it a problem?
 - ❖ Why does the situation exist that allows the problem to occur?
 - ❖ Why does that situation lead to the original problem?

Value Proposition



- **Mission** - Defines the fundamental purpose of an organization, succinctly describing why it exists and what it does to achieve its vision. For example, the charity working with the poor can have a mission statement as "providing jobs for the homeless and unemployed."
- **Vision:** Outlines what the organization wants to be. It can be emotive and is a source of inspiration. For example, a charity working with the poor might have a vision statement which reads "A World without Poverty."

What is a Mission?



- A mission is our reason for existence
- It defines us and all that are with us
- It captures what is important to us

Sample Missions



- Celebrating Animals, Confronting Cruelty. It defines us and all that are with us.
 - ✓ The Humane Society
- “We build great ships. At a profit if we can, at a loss if we must, but we build great ships.”
 - ✓ Newport New Shipbuilding Company

What is a Vision?



“ Vision without action is merely a dream.
Action without vision just passes time.
Vision with action can change the world.”

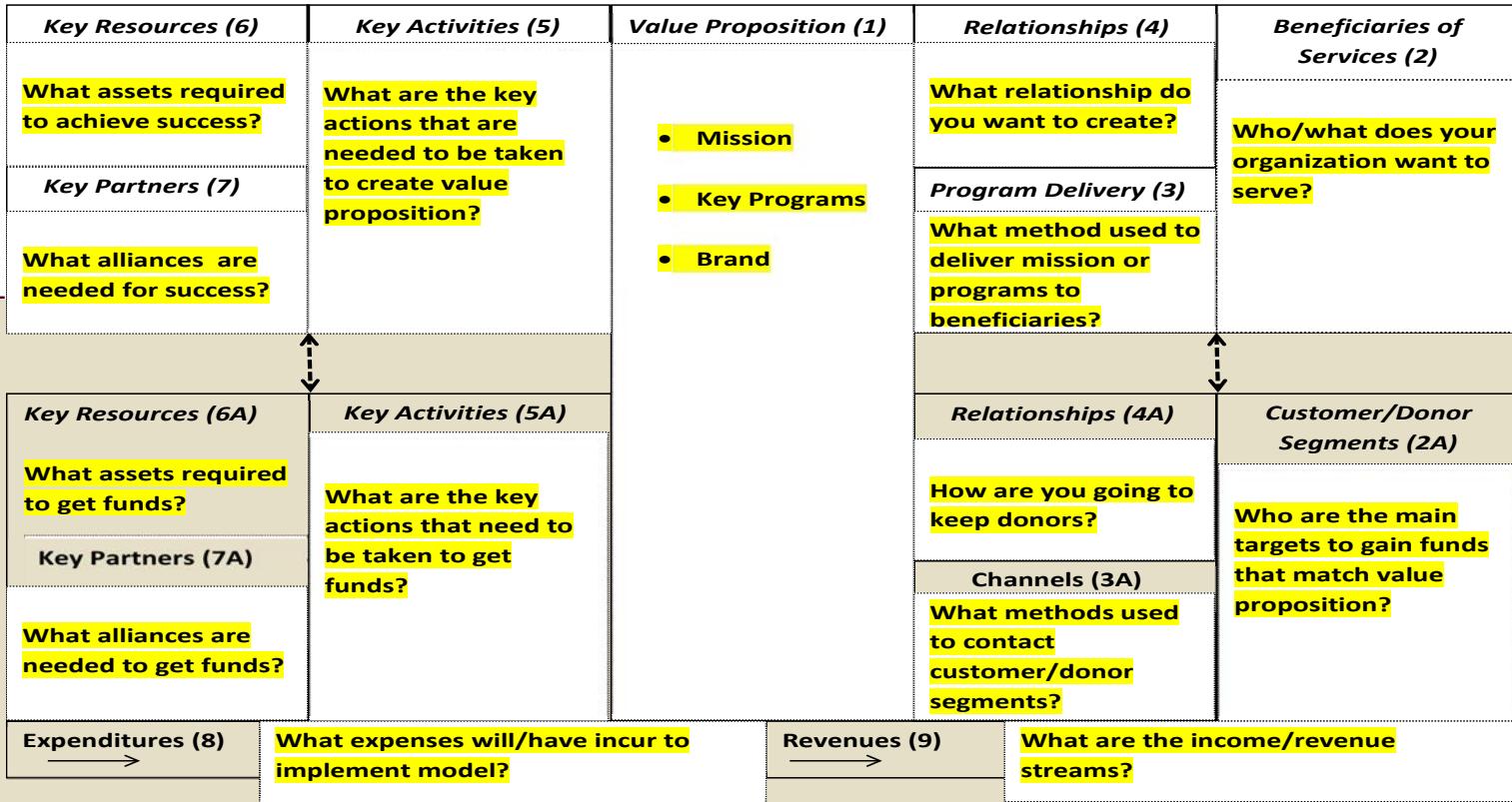
- Joel Barker

“By the end of the decade we will put a man
on the moon...”

- John F. Kennedy, 1962

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Programs: Beneficiaries of Services



- Who is the target group who the organization principally aims to reach and serve to achieve its mission/vision?
- Does your value proposition match their needs?
 - ✓ Mass Market (no distinction between beneficiaries of services)?
 - ✓ Segmented/Niche (poor, blind, youth)?
 - ✓ Multi-sided (any youths & poor men)?

Programs: Channels



- How will your beneficiaries of services find out about your value proposition?
 - ✓ Advertising?
 - ✓ Word of mouth?
- How will you deliver your solution to your beneficiaries of services?
 - ✓ Onsite?
 - ✓ Collaborating with another organization?

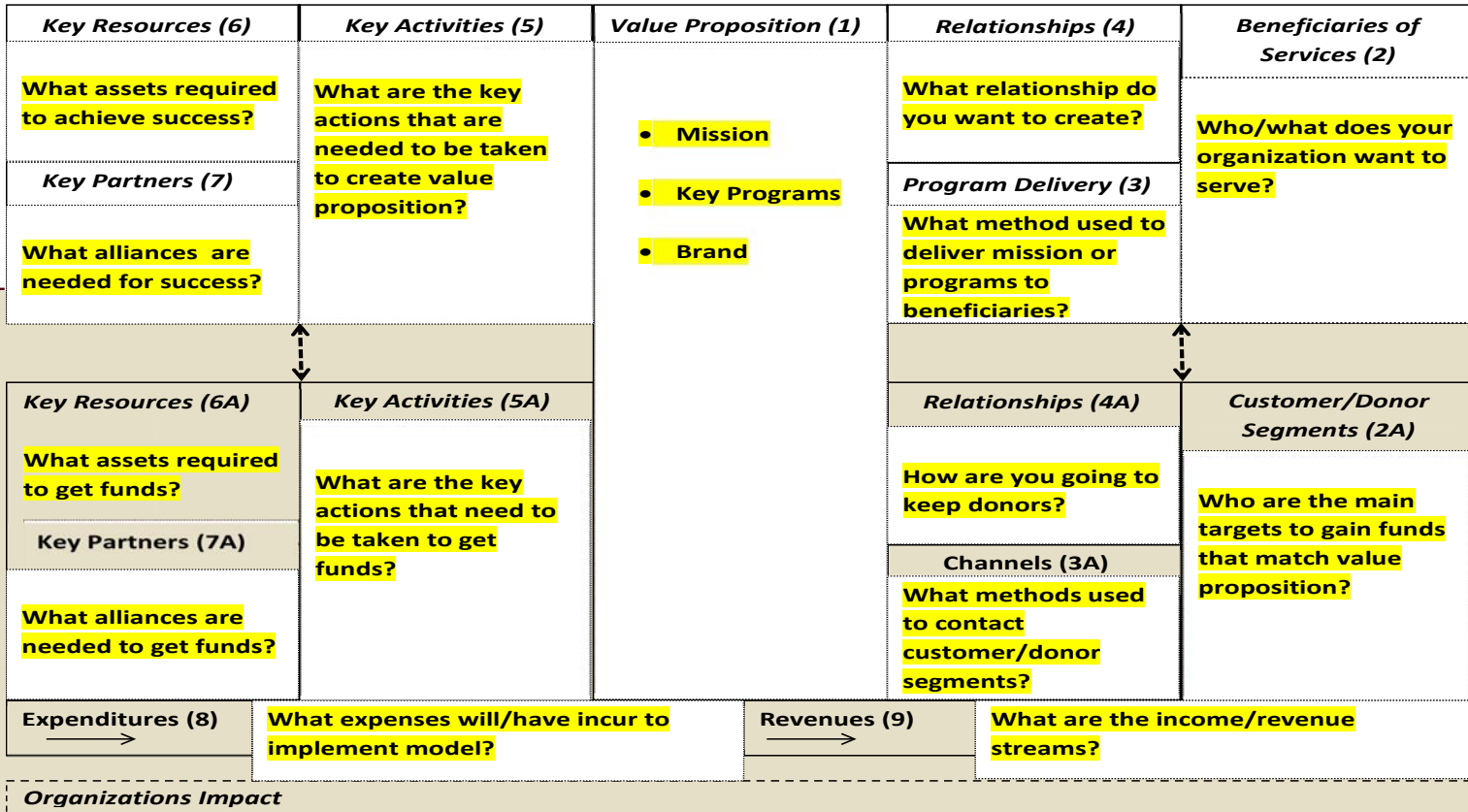
Programs: Relationships



- How will you attract and retain beneficiaries of services? Do you need to retain them?
 - ✓ Acquisition?
 - ✓ Retention?
 - ✓ Increase number of assisted?

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Programs: Key Resources



- What do you need to make the organization model possible?
 - ✓ Physical assets?
 - ✓ Intellectual assets
 - ✓ Human capital (valuable, rare, inimitable)?
 - ✓ Financial capital (cash, lines of credit, loan, grants, donors)?

Programs: Key Activities



- What are the most important things you must do to make the organization model work?
 - ✓ Design Programs?
 - ✓ Logistics?
 - ✓ Continuous process/service improvement?

Programs: Key Partners



- Which external organizations are critical to the success of your organization model?
 - ✓ Suppliers, Property owner
 - ✓ Strategic alliances (risk diffusion)
 - ✓ Government entities?

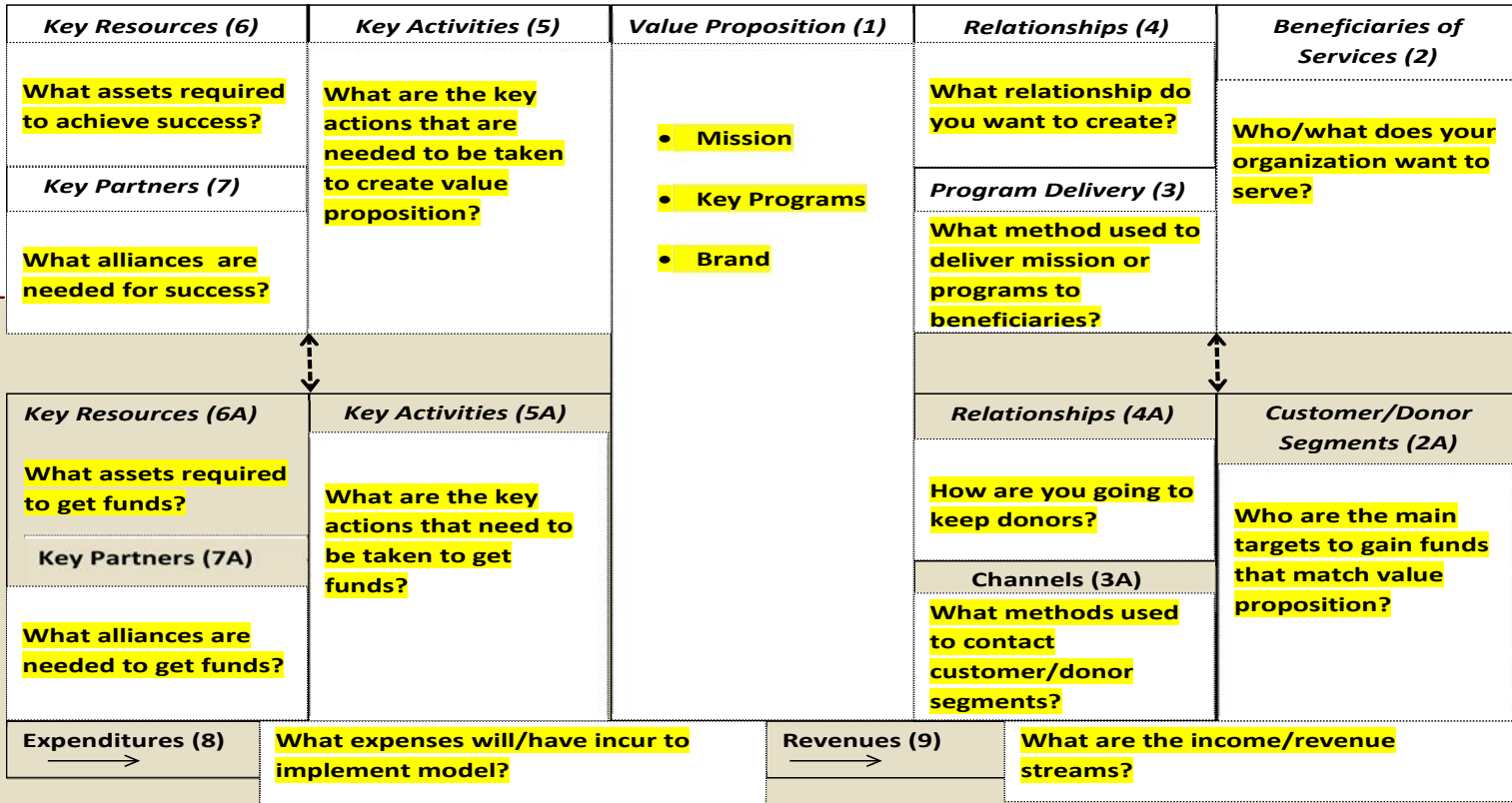


Questions on program side?

So what do you need to do
to pay for it?

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Fundraising: Donors are customers



- What groups of customers/donor segments which the organization needs to gain funds?
- Does your value proposition match their needs?
 - ✓ Mass Market (no distinction between donors)?
 - ✓ Segmented/Niche (hits them directly)?
 - ✓ Multi-sided (knows someone effected)?

Fundraising: Channels



- How will your customer/donor segments find out about your value proposition?
 - ✓ Advertising?
 - ✓ Word of mouth?
 - ✓ Events?

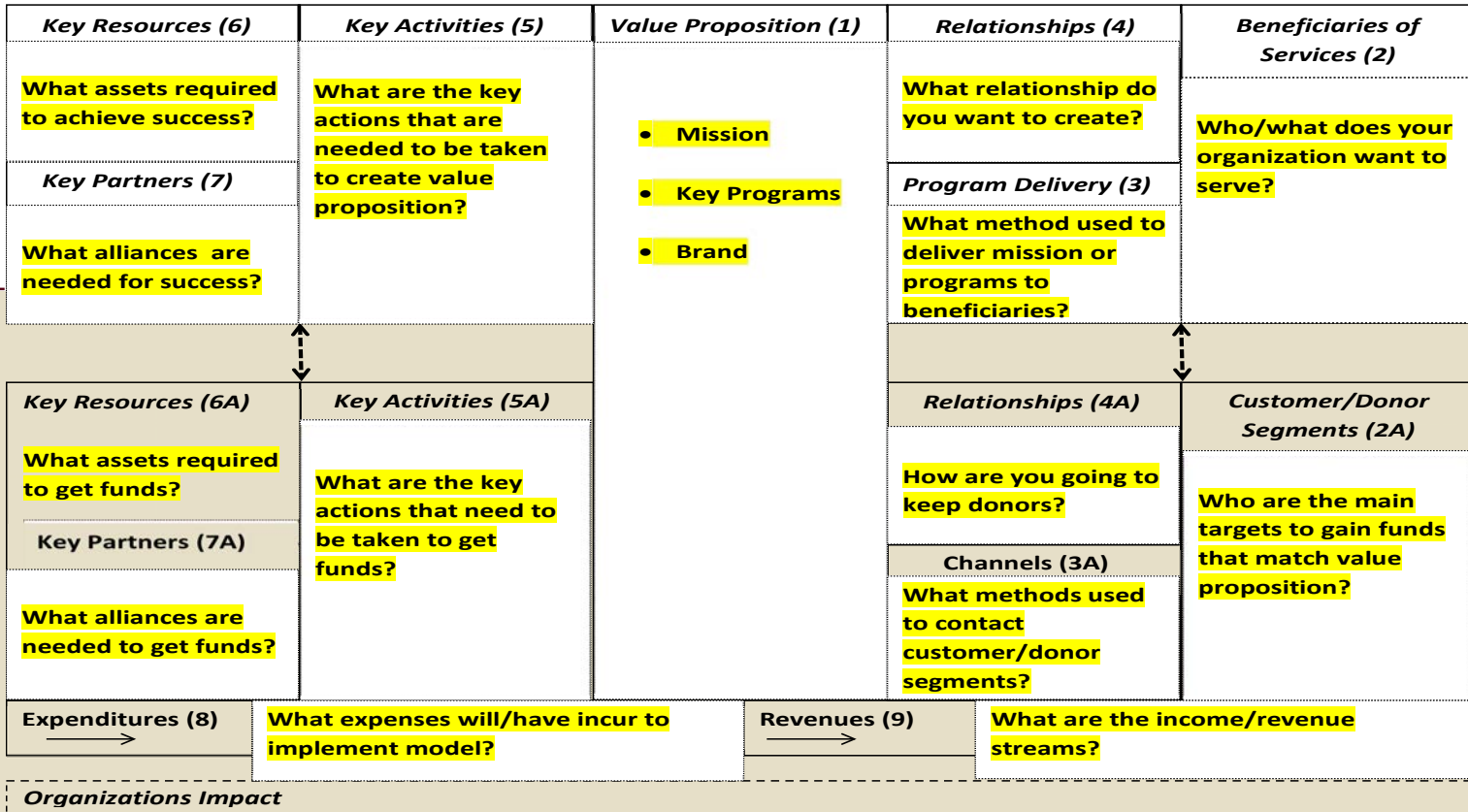
Fundraising: Relationships



- How will you retain customer/donor segments?
 - ✓ Get them involved?
 - ✓ Mailings?
 - ✓ Online?
 - ✓ Direct contact?

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Programs

Fundraising

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Fundraising: Key Resources



- What do you need to reach out and retain customers/donor segments?
 - ✓ Physical assets?
 - ✓ Intellectual assets?
 - ✓ Human capital?

Programs: Key Activities



- What are the most important things you must do to make the organization model work?
 - ✓ Design Programs?
 - ✓ Logistics?
 - ✓ Continuous process/service improvement?

Fundraising: Key Partners



- Which external organizations are critical to the securing customer/donor segments and acquiring funds?
 - ✓ Circles of influences?
 - ✓ Strategic alliances?
 - ✓ Government entities?

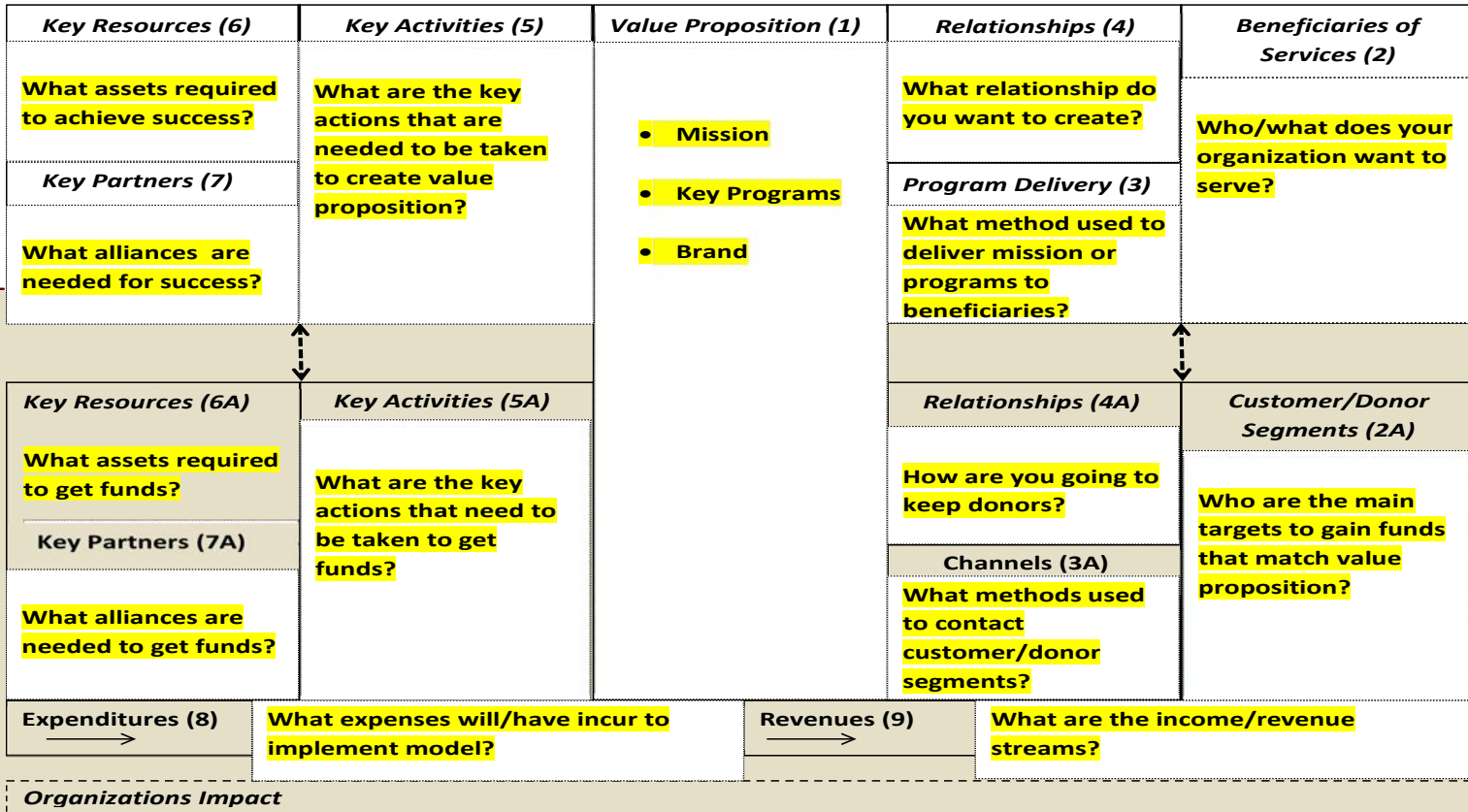


Questions on fundraising side?

So what are the cost and revenue models for programming and fundraising?

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Finances



- Expenditures?

- ✓ Fixed vs. Variable?

- ✓ Facility, Equipment, Utilities, Labor, Marketing

- Revenues?

- ✓ Contracts? Donations? Grants?

Expenditure Structure



- What are all the costs associated with operating the organization model?
 - ✓ Fixed costs (volume independent)?
 - ✓ Variable costs (proportionate to volume)?
 - ✓ Economies of scale (greater return on fixed costs)?
 - ✓ Economies of scope (multiple services)?

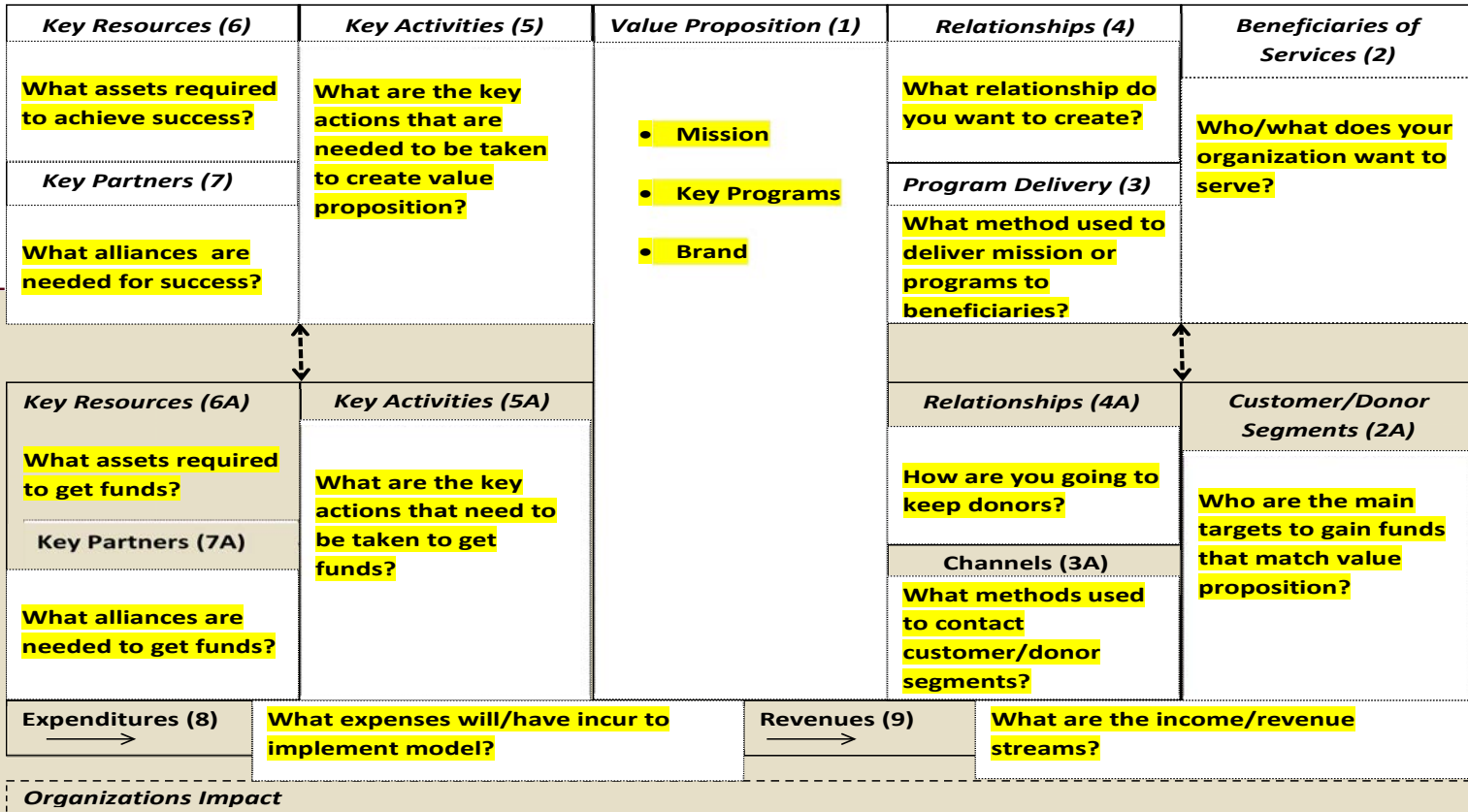
Revenue Streams



- The cash flow generated by the organization model. Will it be transaction revenue (one-time) or recurring revenue (on-going)?
 - ✓ Grants?
 - ✓ Donations?
 - ✓ Contracts?
 - ✓ Out of the box sales?
 - ✓ Usage fee (based on consumption)?
 - ✓ Subscription fee?

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Implementation Strategy



- Modeling assists in organization development - Targeting
- Model potential beneficiaries of services and donors
- Use to inform us as to what employees hire
- Modeling can turn into action
- Model can be used for organization planning

Lean Organization Model



- Real life Examples:
 - ✓ New Services – Expanding Services
 - ✓ Employee – Adding Senior Staff
 - ✓ Banking – Line of Credit

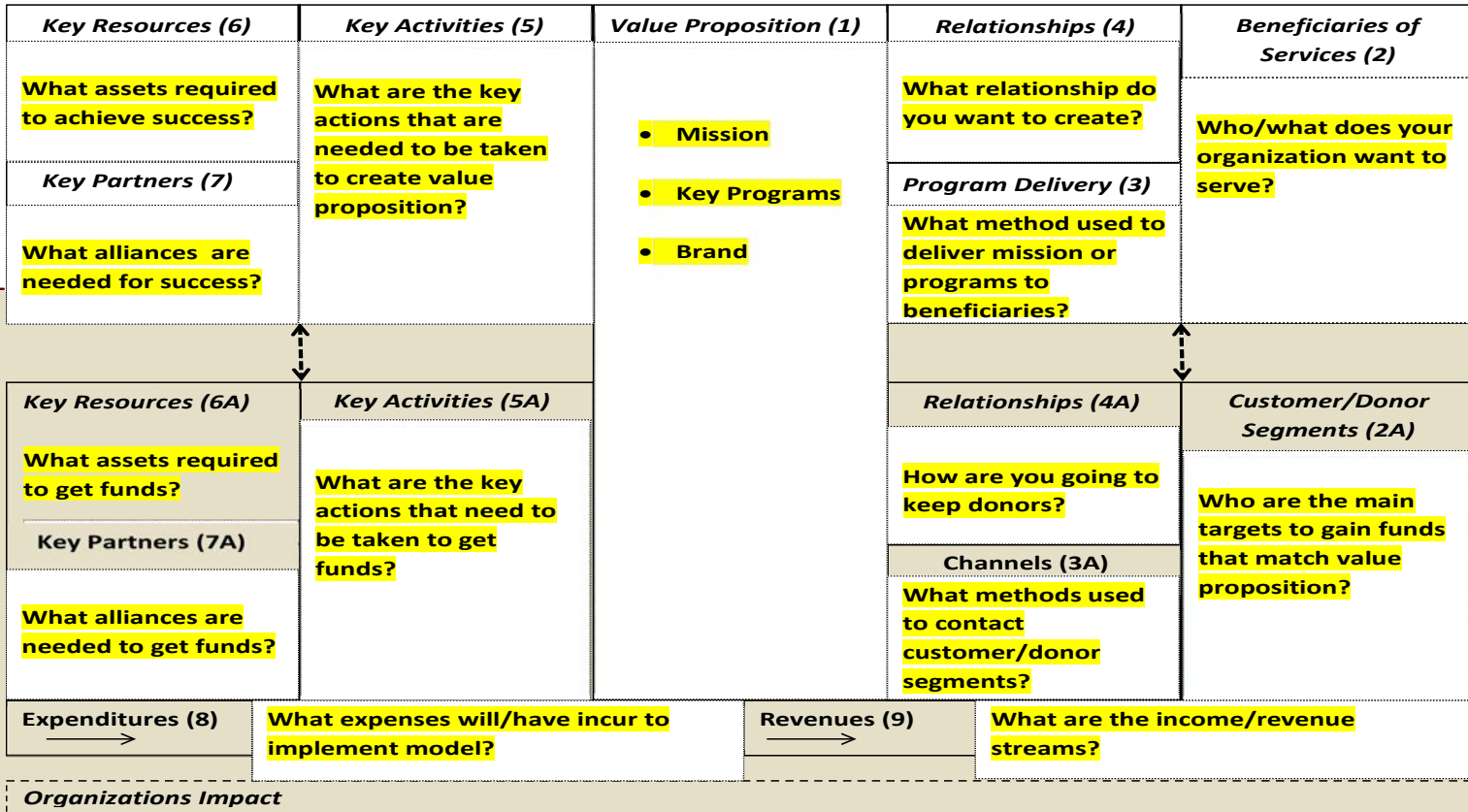
Questions?



Now – Your Turn

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