MARKETING 101
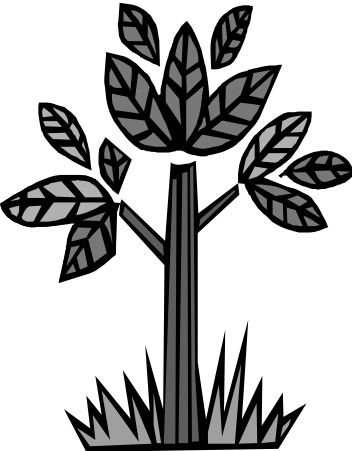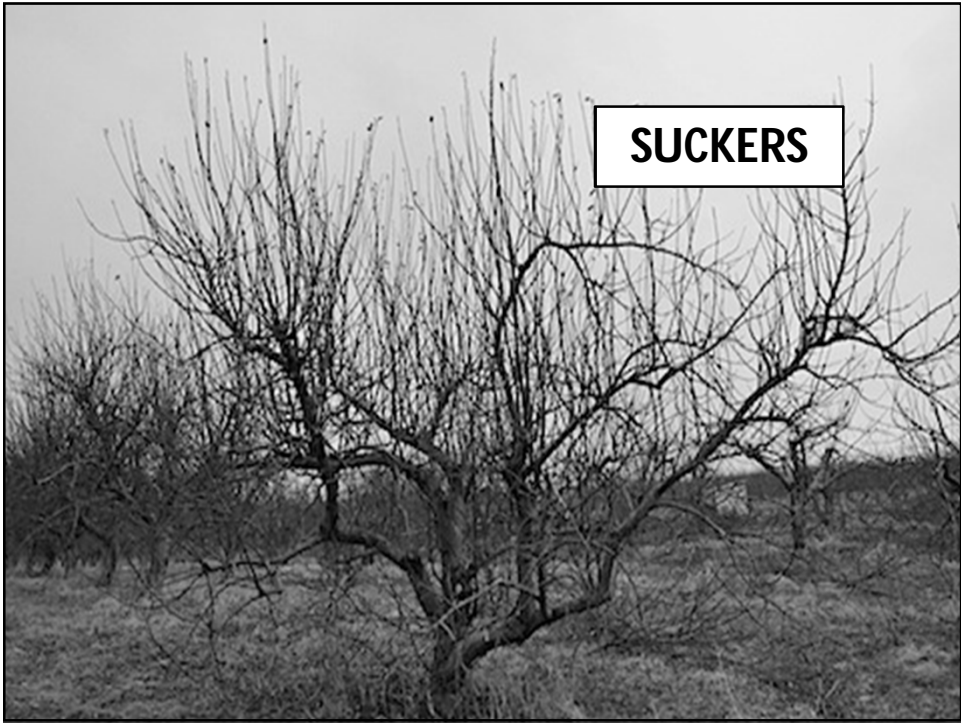## Growing Your Organization in Tough Times:
Lessons from the Apple Tree

Meals on Wheels National Conference - Chicago
August 31, 2011
Laura Willumsen
Senior Consultant, TRG Arts
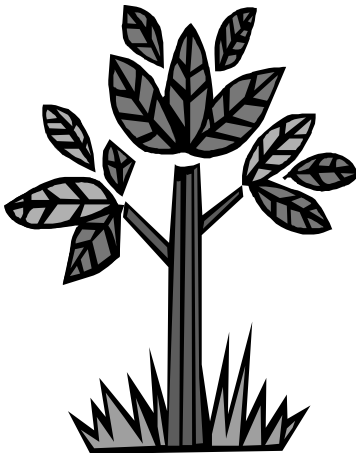
The Apple Tree

SUCKERS

Pruned Tree

More Fruit
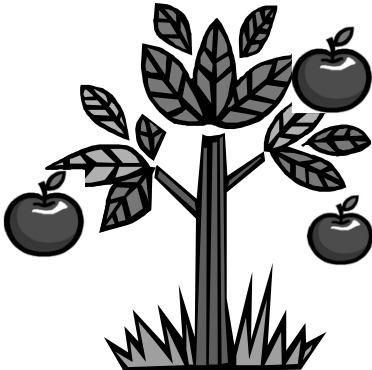

Goal
Bear more fruit for others.

Core Concepts

❖ Know your core business.

❖ Recognize what detracts from the core.

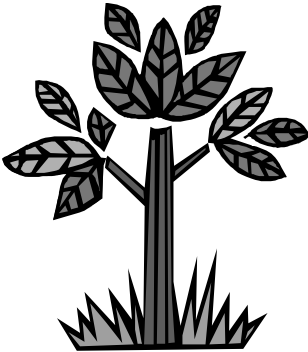❖ Prune to free up resources from within.

Your Core Business

❖ What you do best, what makes you unique.

❖ It's where most of your money comes from.

❖ It's why you don't pay taxes.

❖ If you stop doing it, you go out of business.

Core Business

Core Business Examples

Opera Company

University

Meals on Wheels

Core Business

The business model that generates money to fuel the mission.

The PCA Story

1945

MISSION

❖ Exhibit Local Art
❖ Sell Artists Work
❖ Teach Art Classes

PCA

The PCA Story

1945

BUSINESS MODEL

❖ Artists create exhibitions
❖ Artists sell art in PCA's shop
❖ Artists teach classes

PCA
PITTSBURGH CENTER FOR THE ARTS

The PCA Story

1989

ART WORK
FOR SALE $$

EXHIBITIONS $$

PCA
PITTSBURGH CENTER FOR THE ARTS

The PCA Story

THE PLAN

MALL SHOPS!
$$$$

LOCAL ARTISTS

PCA

PITTSBURGH CENTER FOR THE ARTS

The PCA Story

THE REALITY

LOCAL
ARTISTS

MALL SHOPS!
$$$$

PCA

PITTSBURGH CENTER FOR THE ARTS
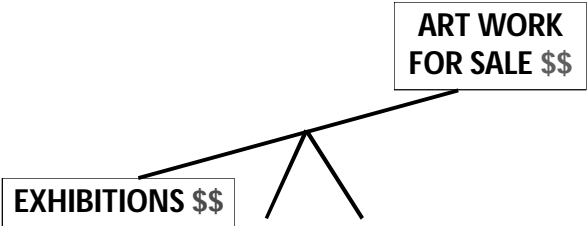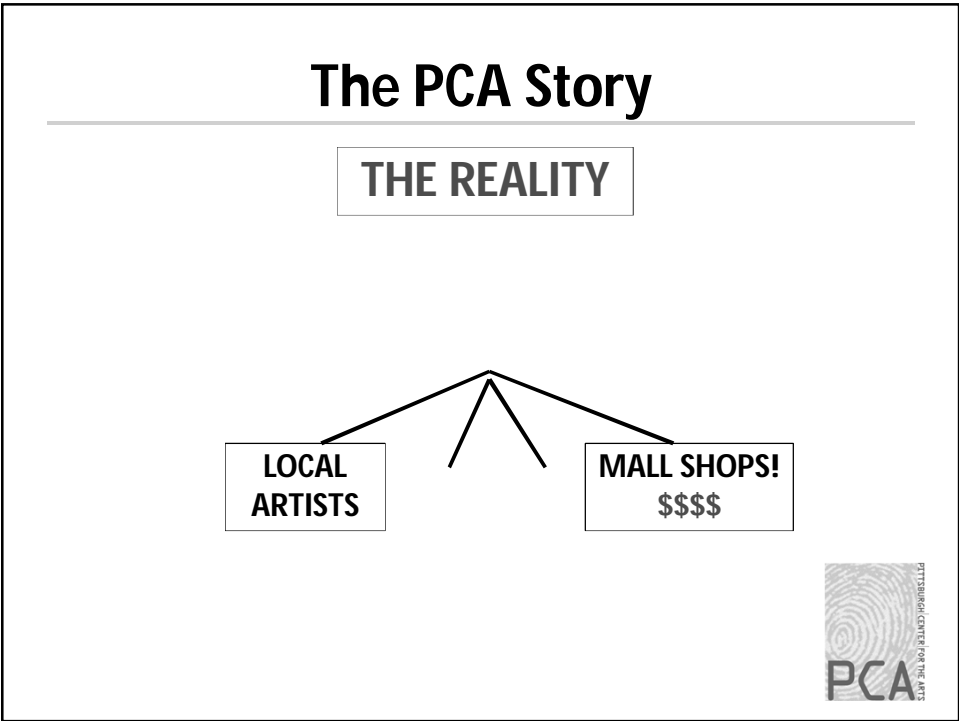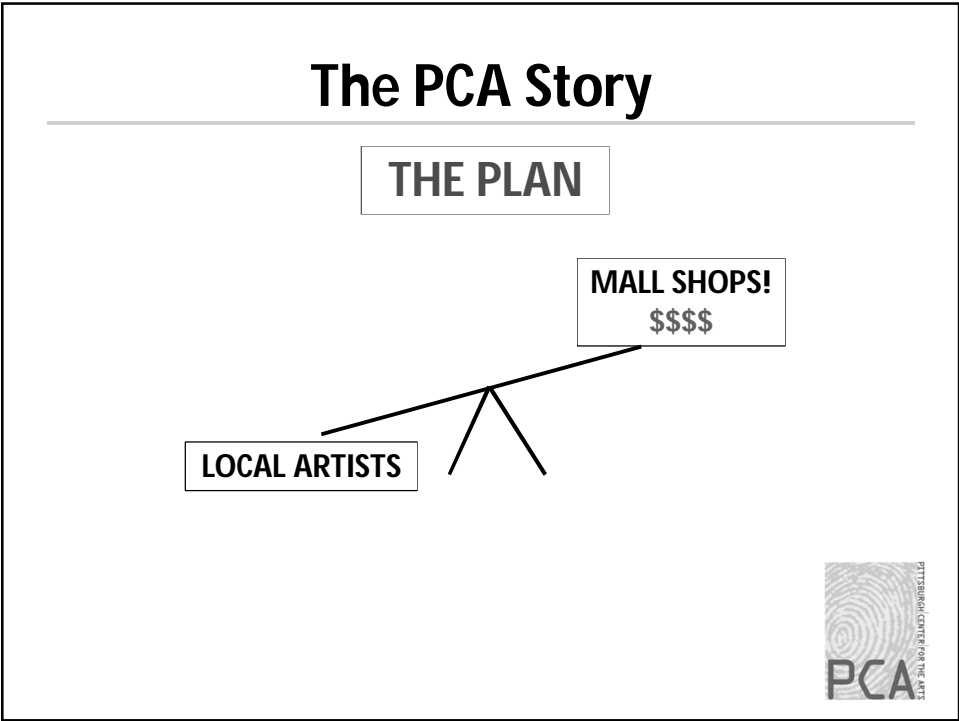
The PCA Story

Back to Basics

| MISSION | | MONEY |

❖ Exhibit Local Art
❖ Sell Artists Work
❖ Teach Art Classes

PCA
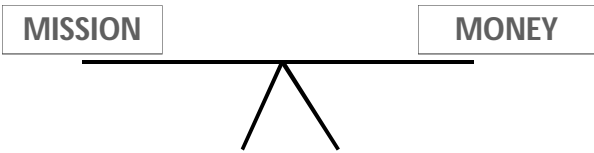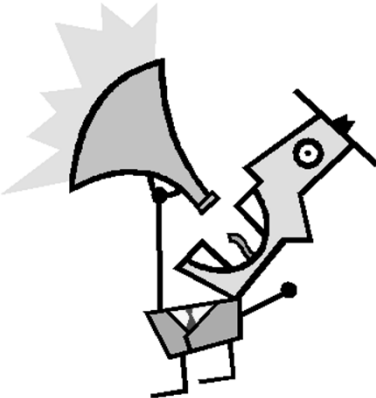
Mission Creep

Mission Creep

❖ Competition for limited resources

SUCKERS

❖Programs or activities that don't bear fruit.
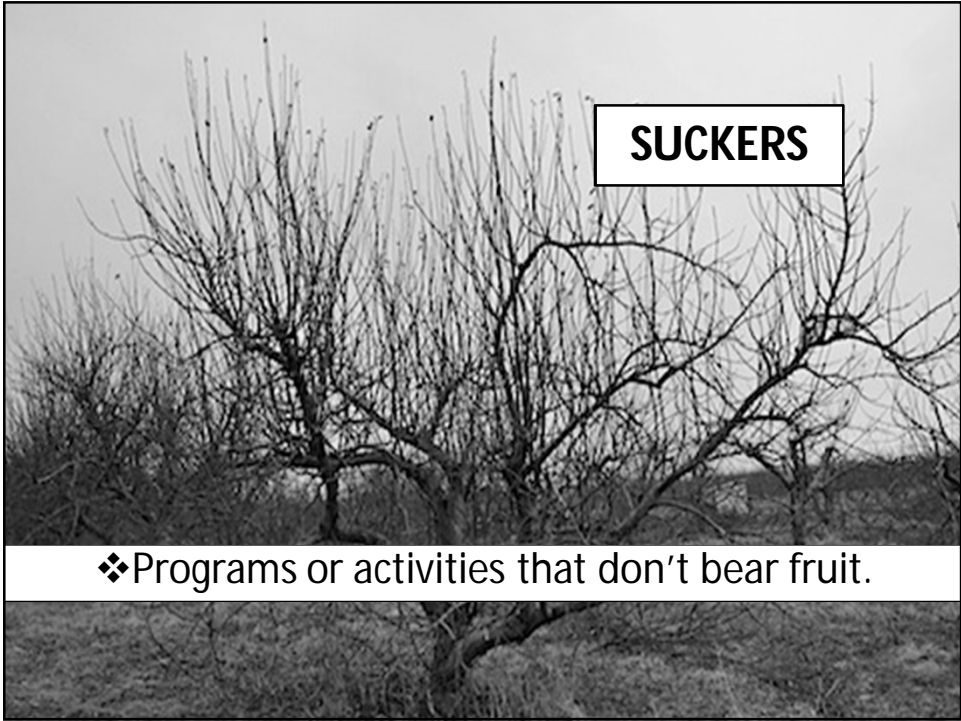
Wasted Resources

"Suckers will not produce fruit if left to
grow on the tree itself; more often,
they sap energy from the tree
and weaken it."
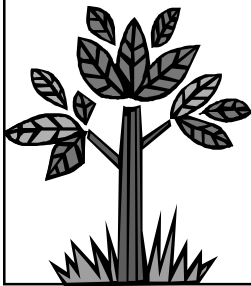
Ego Branches

Projects associated with real people...

difficult to prune!

Suckers not pruned

= less fruit

Busy - ness

is not *business!*

Benefits of Pruning

"Pruning removes the older branches to allow the tree as much sunlight as possible, which produces better fruit."

"This careful pruning also pays off: the trees last longer. By pruning carefully you can extend the lifespan of trees significantly."

- botanist

Pruned Tree

Tree in spring

Then this!

Pruning Tools

- ❖ **Good Ideas vs. Opportunities**
- ❖ **Opportunity Cost**
- ❖ **Mission-Money Matrix**
- ❖ **Stop Doing List**
- ❖ **Zero-based Thinking**

Good Ideas vs. Opportunities
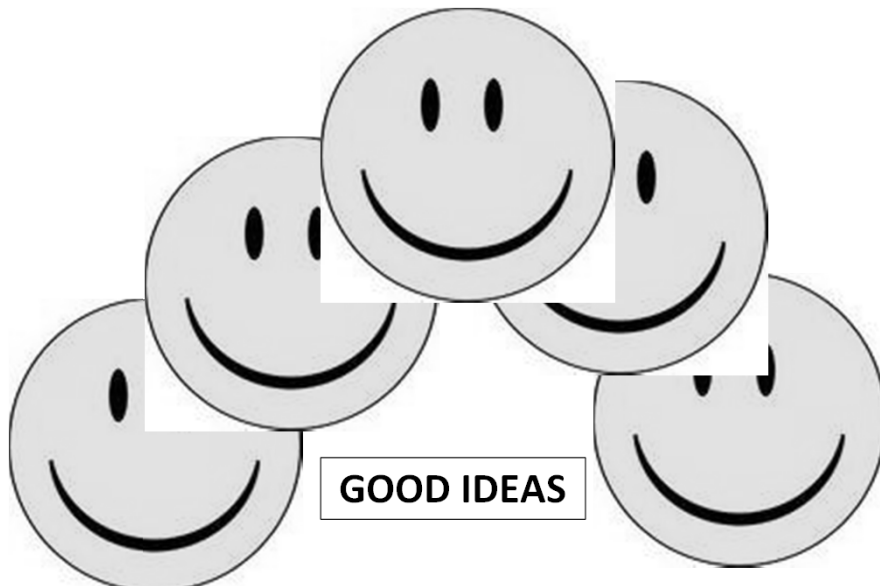
GOOD IDEAS

Good Ideas

Kill Nonprofits!

What Good Ideas are Killing Your Ability to Bear Fruit?
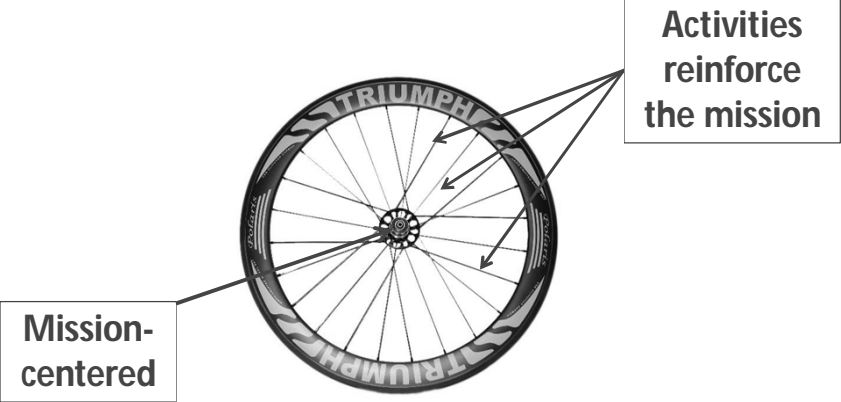
Opportunities

Core Business

Opportunities

Activities reinforce the mission

Mission-centered

Strengthen nonprofits!

Opportunity in Action

Exhibit Local Art

Sell Artists Work

Teach Art Classes

PCA
PITTSBURGH CENTER FOR THE ARTS

Opportunities vs. Good Ideas?

Opportunity Cost

❖ What are we NOT doing in order to do this?

❖ Which activity would have the greatest return?

Opportunity Cost

When considered in
isolation,
all ideas are doable.

***Don't make decisions in
isolation.***

Mission Money Matrix

MISSION

High   Low

High

MONEY

Low

New
resources!

What's in that trash can?

STAFF TIME

The most undervalued resource in nonprofits.

What else?

MISSION

	High	Low
High		
Low		

MONEY

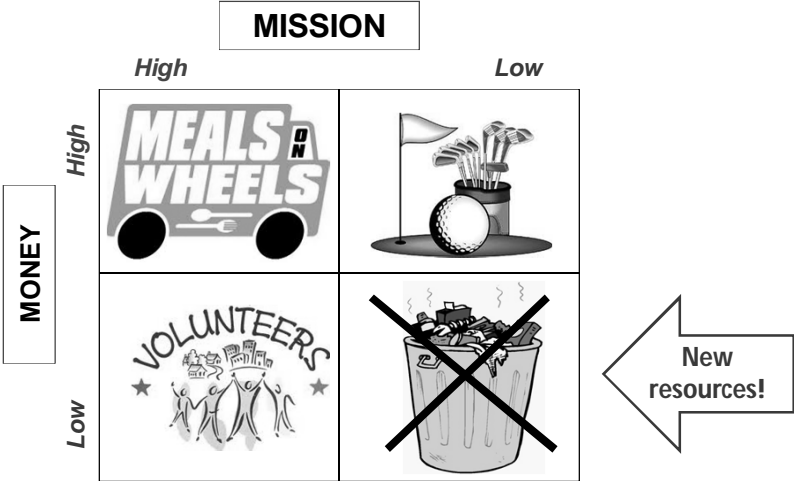# The Stop Doing List

The difference between successful people
and very successful people
is that very successful people
say "no" to almost everything.
- *Warren Buffet*
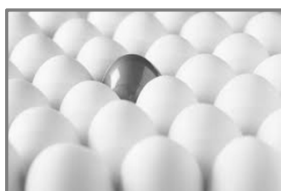
Stop Doing List Examples

❖ **No red-eye flights.** Ever. Never worth it.

❖**No leaving Twitter & Facebook open while I
write.** Save blocks of time to produce something
of value.

❖**No more answering work email on weekends.**
It just publicizes that I don't have a life!

Your Stop Doing List

Find New Resources Within

"What lies behind us
and what lies before us
are tiny matters
compared to what lies
within us."

Zero-Based Thinking

Allocate resources based on needs and benefits rather than history.

Assumptions Undermine Success

"That's the way we've always done it!"
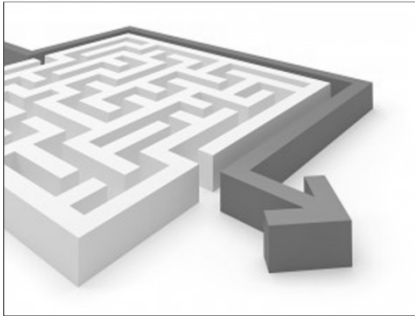"That won't work...we tried it 10 years ago!"

Zero-Based Thinking
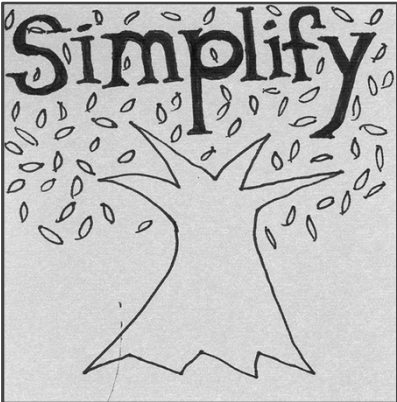
Zero-Based Thinking

Zero-Based Thinking

How it Works with Your Database

Original Mail Plan	
Size of Mailing	10,000
Cost per Piece	$ 0.50
Total Cost	$ 5,000
Response Rate	3%
Average Gift	$25

Zero-Based Thinking

Original Mail Plan	
Size of Mailing	10,000
Cost per Piece	$ 0.50
Total Cost	$ 5,000
Response Rate	3%
Average Gift	$25

	Clean	Unclean
# of Gifts	300	255
Gift Revenue	$7,500	$6,375
Expense	$5,000	$5,000

Zero-Based Thinking

Original Mail Plan	
Size of Mailing	10,000
Cost per Piece	$ 0.50
Total Cost	$ 5,000
Response Rate	3%
Average Gift	$25

	Clean	Unclean
# of Gifts	300	255
Gift Revenue	$ 7,500	$ 6,375
Expense	$ 5,000	$ 5,000
Net Revenue	$ 2,500	$ 1,375
Cost per $1 Raised	$ 0.67	$ 0.78

Zero-Based Thinking

Original Mail Plan	
Size of Mailing	10,000
Cost per Piece	$ 0.50
Total Cost	$ 5,000
Response Rate	3%
Average Gift	$25

	Original	Cut per piece cost
# of Gifts	300	300
Gift Revenue	$ 7,500	$ 7,500
Expense	$ 5,000	$ 2,500
NET Revenue	$ 2,500	$ 5,000
Cost per $1 Raised	$ 0.67	$ 0.33

Zero-Based Thinking

Original Mail Plan	
Size of Mailing	10,000
Cost per Piece	$ 0.50
Total Cost	$ 5,000
Response Rate	3%
Average Gift	$25

	Original	Cut per piece cost	Double average gift
# of Gifts	300	300	300
Gift Revenue	$ 7,500	$ 7,500	$ 15,000
Expense	$ 5,000	$ 2,500	$ 5,000
NET Revenue	$ 2,500	$ 5,000	$ 10,000
Cost per $1 Raised	$ 0.67	$ 0.33	$ 0.33

Zero-Based Thinking

Original Mail Plan	
Size of Mailing	10,000
Cost per Piece	$ 0.50
Total Cost	$ 5,000
Response Rate	3%
Average Gift	$25

	Original	Cut per piece cost	Double average gift	Double response rate
# of Gifts	300	300	300	600
Gift Revenue	$ 7,500	$ 7,500	$ 15,000	$ 15,000
Expense	$ 5,000	$ 2,500	$ 5,000	$ 5,000
NET Revenue	$ 2,500	$ 5,000	$ 10,000	$ 10,000
Cost per $1 Raised	$ 0.67	$ 0.33	$ 0.33	$ 0.33

Zero-Based Thinking

Original Mail Plan	
Size of Mailing	10,000
Cost per Piece	$ 0.50
Total Cost	$ 5,000
Response Rate	3%
Average Gift	$25

|	Original	Cut per piece cost	Double average gift	Double response rate	DO ALL 3
# of Gifts	300	300	300	600	**600**
Gift Revenue	$ 7,500	$ 7,500	$ 15,000	$ 15,000	**$ 30,000**
Expense	$ 5,000	$ 2,500	$ 5,000	$ 5,000	**$ 2,500**
NET Revenue	$ 2,500	$ 5,000	$ 10,000	$ 10,000	**$ 27,500**
Cost per $1 Raised	$ 0.67	$ 0.33	$ 0.33	$ 0.33	**$ 0.08**

Apple Tree Wisdom
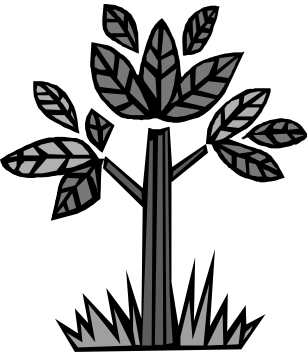
Sustainability

Sustainability

The capacity to endure

Apple Tree Wisdom

❖ The fruit is for others.

❖ Each apple carries seeds for the future.

❖ Sharing the fruit spreads the seeds.
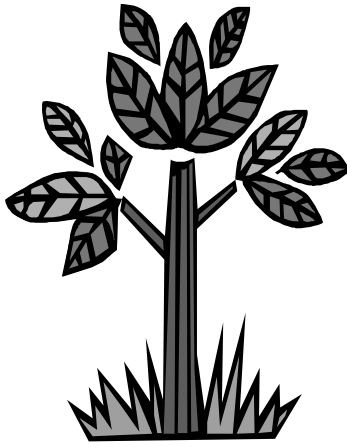
"Return to the root …find peace."
- Seng Ts'an, 3rd century B.C.