

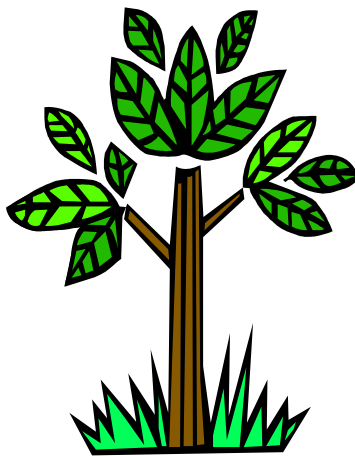
## Know Your Core Business: The Secret to Attracting Support



### *Lessons from the Apple Tree*

Meals on Wheels Webinar  
April 19, 2012  
Laura Willumsen  
Senior Consultant, TRG Arts

## The Apple Tree





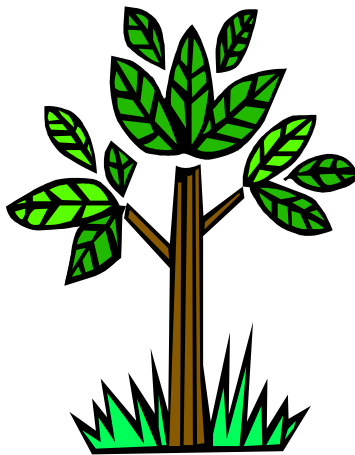
**Suckers**



**Pruned**



**GOAL**



**Bear more fruit.**



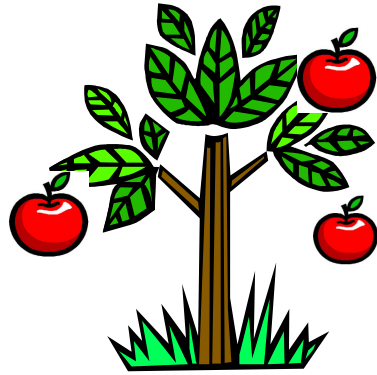
## The Core Four

- ❖ Know your core business.
- ❖ Recognize what detracts from the core.
- ❖ Prune the suckers.
- ❖ Find new resources within.

## Core Business



## The Apple Tree



## I. Know 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.



## University



## Grocery Store



## Meals on Wheels



## Core Business



## Core Business

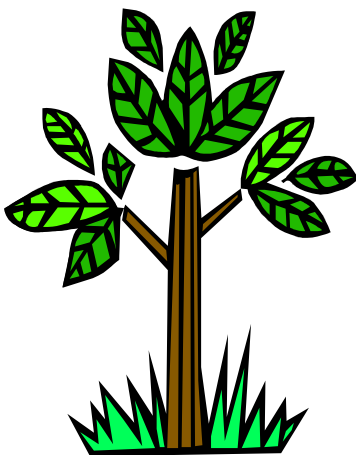




## Core Business in Action



## Core Business Model



## **Business Model Statement**

"We obtain donated food from businesses (85%) and individuals (15%), sorted and distributed largely by volunteers, and financially supported by individual donors and the community foundation."

## **Business Model Statement**

*Mission: "Our mission is to develop and implement evaluation tools that help nonprofits identify, understand, and increase their impact."*

Organization A: "Foundations contract us to conduct evaluations with their grantees."

Organization B's: "We develop and promote evaluation tools and processes that are affordable to be purchased directly by nonprofits."

## Core Business Model

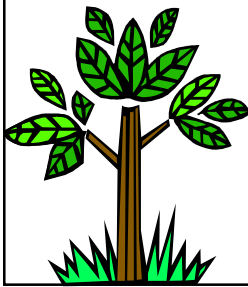
- ❖ What are all your sources of revenue?
- ❖ Where does most of your revenue come from?
- ❖ Who are the people who provide this money?
- ❖ What do you do that they value most?

## II. Recognize What Detracts



## 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.”



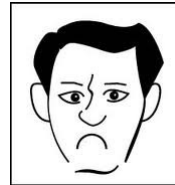




## Ego Branches

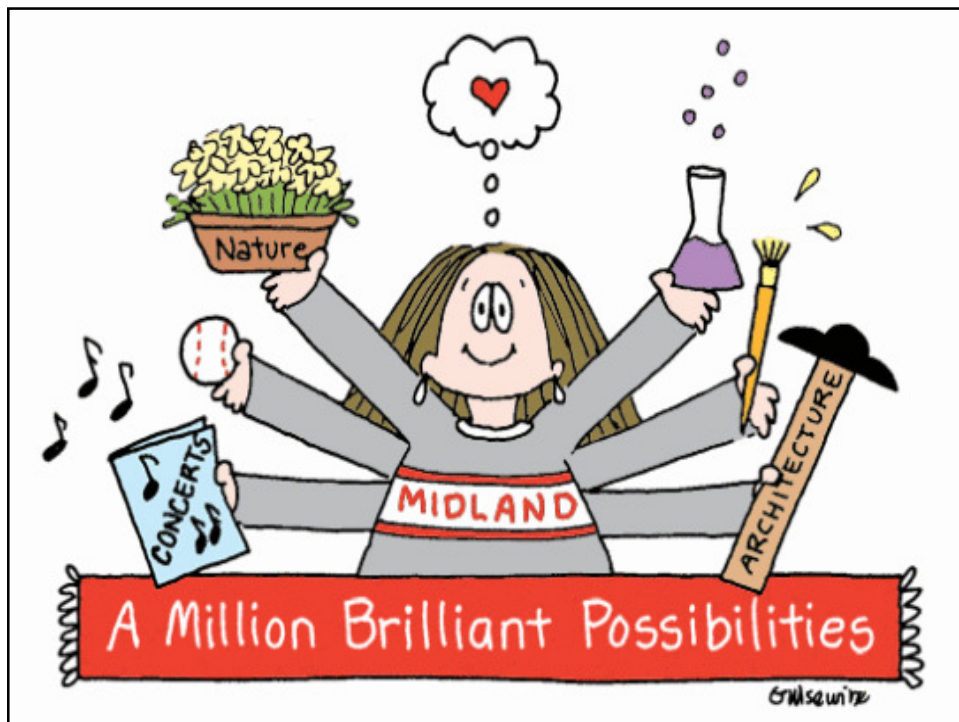


Involve real people  
so they're hard  
to prune!



## Good Ideas





Good Ideas



***Kill Nonprofits!***

## What Good Ideas are Killing You?



## III. Prune the Suckers!





## Why Prune?

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

“This careful pruning also pays off: the trees last longer. Pruning carefully can extend the lifespan of trees significantly.”

- *botanist*









## Pruning Tools

- ❖ Opportunity Cost
- ❖ Stop Doing List
- ❖ Mission-Money Matrix



### I. Opportunity Cost: Consider the Options

- ❖ Are there opportunities we missing out on by choosing this one?
- ❖ Which would have the greatest lifetime return?
- ❖ How do the risks compare?
- ❖ What will suffer if we take this on?





## Grow Revenue: 2 Choices

### **#1: New Special Event**

Revenue	\$ 100,000
Cost	\$ 50,000
Net Revenue	<u>\$ 50,000</u>

### **#2: Increase Membership**

Revenue	\$ 60,000
Cost	\$ 10,000
Net Revenue	<u>\$ 50,000</u>



## II. The Stop Doing List



## What Should You Stop Doing?

- ❖ What are you deeply passionate about?
- ❖ What activities do you feel just "made to do"?
- ❖ What can you make a living at?

## Just Say No

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



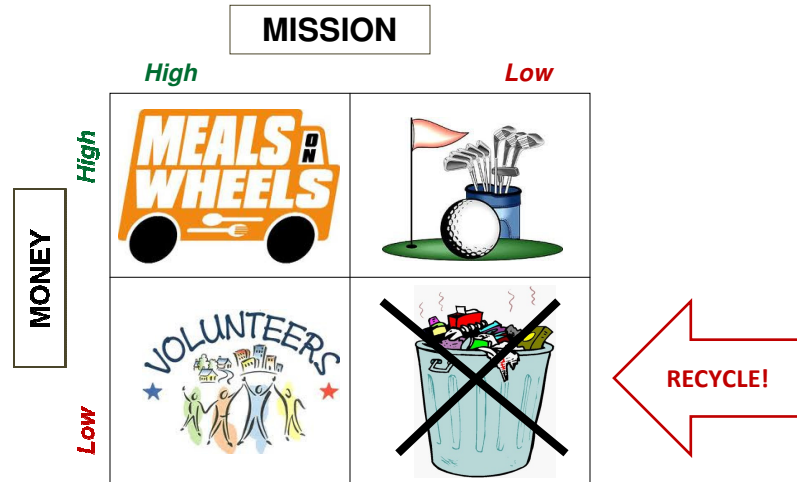
## Personal Examples

- ❖ **No red-eye flights.** Ever. Never worth it.
- ❖ **No leaving Facebook open while I work.**  
Not if I want to produce something of value.
- ❖ **No more answering work email on weekends.** I'm just publicizing that I don't have a life!

## Your Stop Doing List



### III. Mission Money Matrix



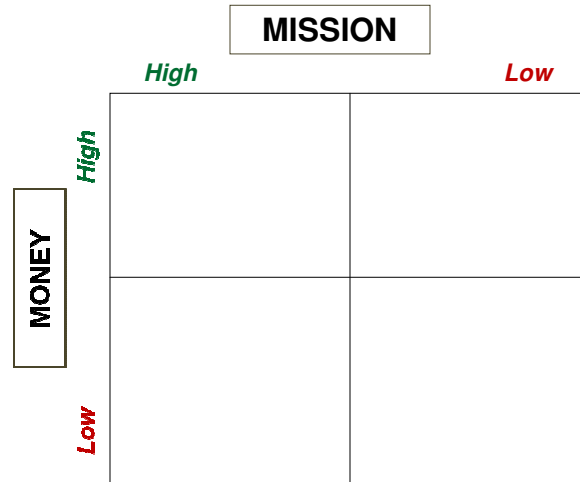
### Staff Time



The most  
undervalued  
resource  
in nonprofits.



## What else?



## IV. Find New Resources Within

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

- Ralph Waldo Emerson



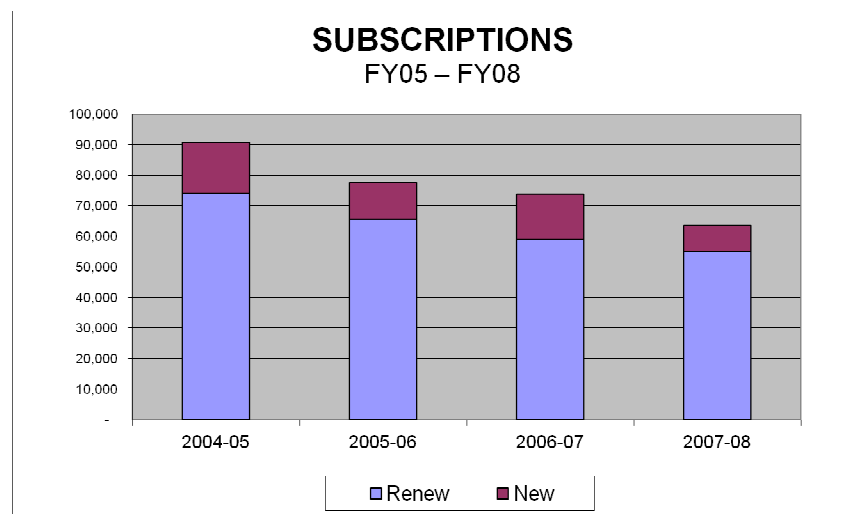
## Assumptions

“That’s the way we’ve always done it!”  
“That won’t work...we tried it 5 years ago!”

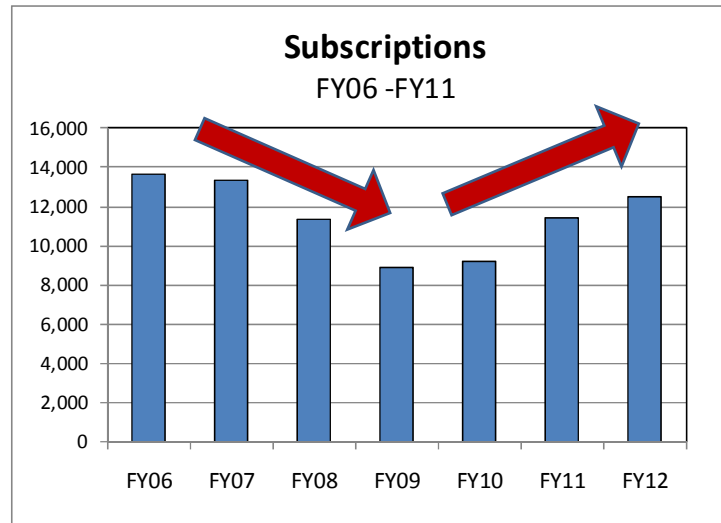


**Assumptions bury resources**

## Subscriptions are Dead!



## Same Client Three Years Later



## What are your sacred cows?



## Your Database



## Your Database



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



## Clean It!

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



## Find New Resources!

	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



## Per Piece Magic

	Original	Reduce 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



## Increase Your Average Gift

	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



## Increase Your Response Rate

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



## Do All 3: Find New Resources Within!

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

## Find New Resources Within: Database

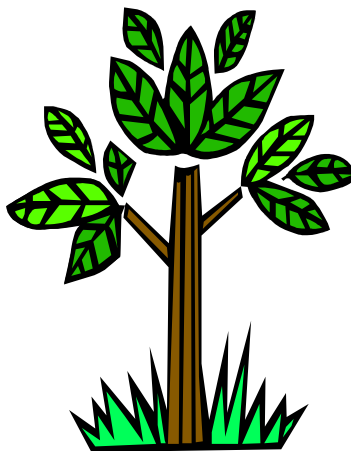
- ❖ Clean your list
- ❖ Find ways to increase your average gift
- ❖ Find ways to increase your response rate
- ❖ Do all 3!





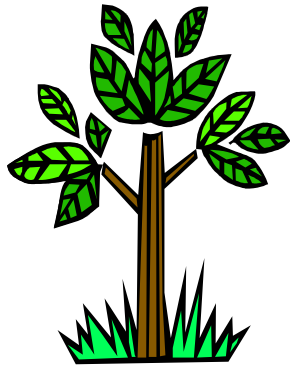
## The Core Four

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- ❖ Recognize suckers that detract from the core.
- ❖ Prune the suckers.
- ❖ Find new resources within.



Go and bear fruit!





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