

# Right or Wrong? Nonprofit business plans

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**Have you heard the comment, “Nonprofit institutions are attempting to operate with a broken business plan”? Do you agree? If so, how do we fix the business plans?**

Nonprofit (“not-for-profit” is a better description) organizations do extraordinary things. They address some of the most pressing needs of our world. Think of three of the more highly visible: Bread for the World, Muscular Dystrophy Association and Habitat for Humanity. Mix that in with the disaster relief of Baptist groups and also the Red Cross, and we ought to take notice—and, if possible, donate.

Many of us support one or more nonprofit groups through volunteering and/or through financial donations. I contribute to a university, an ethics foundation and my local church. Each of these faces financial pressure. We need to look at how they do their work and fund themselves. They are quite different, so answers to the question must be broad and general.

## **Money is necessary**

Nonprofits may not be in business to return dividends to stockholders, but money is necessary to accomplish their work. For the most part, nonprofits depend on contributions from supporters for revenue. These may be in the form of contributions/grants from individuals, government agencies or other nonprofit foundations.

Making certain donors have confidence in the nonprofit is crucial. They want, and deserve, to know not only how their money is being used, but if it is being used effectively. A basic business plan can help clarify the

nonprofit's purpose and operations, including how donations are spent. Multiple guides for writing a business plan can be found on the Internet, in books, or through seminars offered both online and by colleges and universities. One possible is the [NonProfit Finance Fund](#).

Each of the following suggestions demonstrates your organization's integrity and commitment to serving others as well as to be open with information to potential donors.

- **Write a mission or purpose statement** that tells people what you are doing. One example might read, "Our purpose is to link students to resources and people who are engaged in Christian ethics."
- **Then list specific goals and objectives.** These outline what you are trying to achieve and how you are going to measure your results. Have you accomplished your purpose? An example: "Thirty students will engage in conversation with Christian ethicists and receive materials to help them address current issues."
- **List specific actions you will take** to achieve these objectives. Show how these actions have worked in the past and highlight new opportunities that will improve your work.
- **Be certain to state guidelines** for accomplishing this work that are true to your institution's values.
- **Raise funds.** As you ask for money from current and potential donors, share the plans you have formulated. Demonstrate the value of their contribution to accomplishing important work. Also, seek other partners with whom you can work and with whom you share the same values.

Research indicates philanthropic giving is increasing again after a dip caused by recent financial crises. Seek to tap into these resources by offering some sound and foundational information for potential donors.

Go, do good, and do it well.

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*If you have a comment about this column or wish to ask a question for a future column, contact Bill Tillman, consulting ethicist for “Right or Wrong?” at [btillman150@gmail.com](mailto:btillman150@gmail.com).*