

Examples of Service-Related Ventures in R.I.

Banners on a website for local restaurants and retailers

Confidential document destruction business providing pick-up, destruction and disposal of paper

Consulting fees and trademark licensing royalties for organizing events across North America.

Culinary and nutrition education program designed to promote locally grown produce and improve the nutrition of low-income families.

Graphic design studio that provides services for companies such as logo design, annual reports, and stationery design.

HIV case management services

Low-cost sterilization surgery for community pets

Marketing and box office service for arts and cultural groups

On-site medical and dental services at a residential and vocational program for underprivileged young adults

Restaurant and piano bar

Revolving loan fund

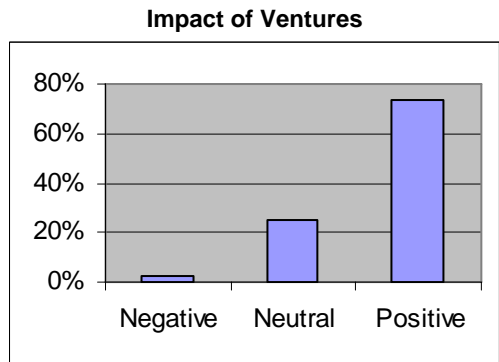
OVERVIEW

- Nonprofits across the nation are increasingly launching earned-income ventures (EIVs) to support their social missions. Even though this is not a new strategy for many nonprofits, for the sector as a whole it is a fundamental shift from traditional sources of revenue.
- This study identifies and evaluates significant factors associated with 329 nonprofits operating EIVs in Rhode Island (R.I.) and compares these results to data collected from 389 organizations that were part of a recently published national study.
- The findings suggest that a majority (62%) of R.I. nonprofits are operating EIVs, that these ventures are highly related to the organizations’ social missions, and that the impact of these ventures is very positive. This study also found that R.I. organizations are operating ventures at a rate of three times the comparable national sample.

R.I. Nonprofits Operating EIVs	%
Yes currently	62
Never	33
Not currently but did so in the past	6
N=285 Total	100

OVERWHELMINGLY POSITIVE IMPACT

- According to R.I. nonprofit leaders, EIVs are having extremely positive effects on their parent organizations. This is consistent across all nine categories of impact addressed in this study.
- 82% of respondents indicate that operating an EIV has had a “positive” or “very positive” impact on the *reputation* of their nonprofit; 78% indicate the same for the organization’s *mission*; and 73% indicate the same for their *service and program delivery*.
- Only 2% of respondents indicate any negative impact.



A RESEARCH STUDY CONDUCTED BY BROWN UNIVERSITY

in collaboration with Social Venture Partners of Rhode Island and the Rhode Island Foundation with assistance from the Yale School of Management – The Goldman Sachs Foundation Partnership on Nonprofit Ventures

WHY ARE SO MANY NONPROFITS OPERATING VENTURES?

- Generating *income and surplus for programs* is a “very important” reason for 66% percent of organizations currently operating EIVs.
- The second most important reason is generating *positive community relations* (58%), followed closely by moving the organization towards *self-sufficiency* (56%), and *diversifying the revenue stream* (48%).

WHY ARE SOME NONPROFITS NOT OPERATING VENTURES?

- Among those that have never operated an EIV, the two most common reasons are a *lack of personnel resources* to develop and manage a venture (36%), and *lack of financial resources* to start one (26%).
- A surprising 22% are concerned about *exemption status and/or tax issues* and only 30% *have never considered the idea*.

USEFUL SUPPORT AND ASSISTANCE

- *Access to capital / financial resources* would be “very helpful,” to 65% of those currently operating EIVs and 86% of organizations that are interested in launching a venture within the next year.
- *Consulting / technical assistance, business-plan support, and market research* are also considered very useful forms of assistance.

TYPES OF ORGANIZATIONS MOST/LEAST LIKELY

- In both the Rhode Island and national samples, organizations that are most likely to be operating EIVs have programs focused on *arts, culture and humanities*, are *older*, have *bigger budgets*, and *self-identify as “entrepreneurial.”*
- Organizations that have programs focused on *religion*, are *younger*, have *smaller budgets*, and do *not identify as “entrepreneurial”* are less likely to be operating ventures.

CHARACTERISTICS OF NONPROFITS AND EARNED INCOME VENTURES

- The clear majority (62%) of organizations in this sample is *currently operating at least one venture*, and 58% of these organizations indicate they are *operating more than one venture*.
- The most common types of ventures (46%) are *Service-related* and these are also the types of ventures that 56% of organizations indicate bring the *greatest social and financial benefits* to their parent nonprofits.
- A startling 67% of organizations did not write a business plan before launching their ventures, yet a reassuring 87% of organizations said that the goals of their ventures are *related “a lot” or “to a great extent” to the mission* of their organization.

Examples of Product-Related Ventures in R.I.
Collaborative energy purchasing
Fresh farm produce sold at farmers markets and through a sliding-scale community supported agriculture (CSA) program
Houses constructed and then sold at-cost directly to home owners, with an interest-free mortgage.
Magazine subscriptions
Manufacturing various sewn products for the federal government using visually-disabled labor.
Paintings, t-shirts, clocks, cards and poetry books
Publications, curriculum and other programmatic materials
Sales of t-shirts and baseball hats
Thrift store and bulk clothing sales

Types of EIVs in Operation by R.I. Nonprofits	Count	%
Service-related (fees for service)	102	46
Product-related sales / manufacturing	49	22
Cause-related marketing / licensing	11	5
Renting / leasing property (e.g. building rentals)	40	18
Other	18	8
Total	220	100