

10

MODEL PENDANAAN NIRLABA

**Disarikan dari
*Ten Nonprofit
Funding Models***



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TUJUAN WORKSHOP

- Identifikasi Model Pendanaan Nirlaba yang sudah dilakukan oleh OMS di Indonesia
- Identifikasi tantangan dan potensi pengembangan Model Pendanaan Nirlaba di Indonesia
- Identifikasi eksperimentasi model Pendanaan Nirlaba di jaringan lokadaya nasional

MENGAPA MODEL PENDANAAN NIRLABA?

- Sumber daya dan pendanaan jadi topik utama sejak dua dekade belakangan di kalangan nirlaba di Indonesia
- Pengurus nirlaba lebih jago dalam mencipta program dibandingkan mendanai organisasi
- Pendonor kesulitan memahami dampak dari donasi mereka
- Di dunia bisnis ada seperangkat rumusan yang disebut "model bisnis" yang membantu para investor dan eksekutif organisasi memahami strategi perusahaan menciptakan profit
- Tiap model bisnis tersebut diartikulasikan dalam metafora yang mudah dibayangkan
- Di dunia nirlaba, metafora ini tidak ada sehingga menyulitkan mengidentifikasi jenis-jenis strategi pendanaan yang bisa dievaluasi dan dijadikan pedoman dalam jangka panjang

RIVAL AHMAD - 27 MEI 2021

RINGKASAN DAN CATATAN ATAS 10 MODEL PENDANAAN NIRLABA

Workshop Model-model
Pendanaan Jaringan Lokadaya
Nasional - CO-EVOLVE

PENERIMA MANFAAT BUKAN PELANGGAN

- Di dalam dunia profit, pelanggan adalah penyedia dana
- Di dunia nirlaba, penerima manfaat bukan penyedia dana
- Penerima manfaat dan penyedia dana adalah dua kelompok sasaran berbeda yang masing-masing punya bahasa dan kepentingan sendiri
- Ada dua tim di organisasi nirlaba yang terpisah dalam cara pikir dan cara kerjanya
- Organisasi nirlaba yang berhasil, mampu mengidentifikasi dan mengembangkan peluang besar pendanaan tanpa perlu meniru organisasi profit

10 MODEL PENDANAAN NIRLABA

1
Heartfelt
Connector

2
Beneficiary
Builder

3
Member
Motivator

4
Big Bettor

5
Public
Provider

6
Policy
Innovator

7
Beneficiary
Broker

8
Resource
Recycler

9
Market
Maker

10
Local
Nationalizer

MODEL	CHARACTERISTICS	EXAMPLES	TACTICAL TOOLS
Heartfelt Connector			
Funding source: Individual Funding decision maker: Multitude of individuals Funding motivation: Altruism	The mission has broad appeal The benefits often touch the lives of the funder's family and friends Nonprofit connects donors to the cause through volunteerism or other means	Medical research (Susan G. Komen Foundation) Environment (Natural Resources Defense Council) International (Save the Children)	Special events Direct mail Corporate sponsorship
Beneficiary Builder			
Funding source: Individual Funding decision maker: Multitude of individuals Funding motivation: Self-interest followed by altruism	The mission initially attracts individuals pursuing, and paying for, specific individual benefits Mission creates a strong individual connection through the delivery of the benefit (for example, spending four years on campus or having one's life saved) Benefits created viewed as having important societal benefits	Universities (Princeton University) Hospitals (Cleveland Clinic)	Fees Major gifts
Member Motivator			
Funding source: Individual Funding decision maker: Multitude of individuals Funding motivation: Collective interest	Most of the benefits have a group orientation (for example, religious services or hiking), creating an inherent collective community to tap into for fundraising Uses richest mixture of tactical tools to raise money	Religious congregations (Saddleback Church) Arts and culture (National Public Radio) Environment and conservation (National Wild Turkey Federation)	Membership Fees Special events Major gifts Direct mail
Big Bettor			
Funding source: Individual or foundation Funding decision maker: Few individuals Funding motivation: Altruism	Builds majority of support from small number of individuals or family foundations Mission may be fulfilled within limited number of decades (for example, finding cure to a certain disease)	Medical research (The Stanley Medical Research Institute) Environment (Conservation International)	Major gifts
Public Provider			
Funding source: Government Funding decision maker: Administrators Funding motivation: Collective interest	Provides services that are perceived as core government responsibility (for example, foster care) Clear definitions exist of the services and processes that nonprofits must provide (for example, RFPs)	Human services (TMC) Education (Success for All Foundation) International (Family Health International)	Government contracts
Policy Innovator			
Funding source: Government Funding decision maker: Policymakers Funding motivation: Collective interest	Secures government funds for a significant new approach to problem or to address a problem not currently viewed as a core government responsibility Requires a high-level government "champion" Generally succeeds when significant pressures exist on government as a result of a fiscal or media crisis	Human Services (Youth Villages) Education (Communities in Schools) International (International AIDS Vaccine Initiative)	Legislative appropriation or earmark Executive earmark Government pilot project
Beneficiary Broker			
Funding source: Government Funding decision maker: Multitude of individuals Funding motivation: Self-interest	Individual beneficiaries decide how to spend the government benefit Must navigate and influence government decision makers for eligibility and compliance with reimbursement requirements Requires individual marketing capability to reach and service end beneficiary	Health (East Boston Neighborhood Health Center) Housing (Metropolitan Boston Housing Partnership) Employment (Peckham Vocational Industries) Public and societal benefit (Iowa Student Loan Liquidity Corporation)	Government reimbursement
Resource Recycler			
Funding source: Corporate Funding decision maker: Few individuals Funding motivation: Self-interest	The nonprofit uses goods that are created in the market economy where there are inefficiencies that create a surplus (for example, food) or where the marginal costs to produce the product are low (for example, pharmaceuticals)	Food (Oregon Food Bank) International (AmeriCares Foundation)	In-kind giving
Market Maker			
Funding source: Mixed Funding decision maker: Mass of individuals (one side), few individuals (other side) Funding motivation: Altruism (one side), self-interest (other side)	A funder with some degree of self-interest and the ability to pay exists (for example, a health system buying blood) Often, one of the parties involved in the transaction is motivated largely by altruism (for example, a blood donor or land donor)	Health (American Kidney Fund) Environment or conservation (The Trust for Public Land)	Fees Major gifts (corporate or individual)
Local Nationalizer			
Funding source: Mixed Funding decision maker: Few individuals Funding motivation: Altruism	The issue is one of a few top priorities for improvement or success in a locality (for example, creating a quality city school system) The issue is common enough to exist in many localities nationwide The level of funding available in any single geographic area is usually limited	Education (Teach for America) Youth development (Big Brothers Big Sisters of America)	Major gifts Special events

10 MODEL PENDANAAN NIRLABA

Model	Karakter	Contoh	Taktik
Penyambung Hati			
Sumber Dana: Individual Pengambil Keputusan: Banyak Individual Motivasi: Altruisme	Misinya punya daya tarik yang luas Menyentuh emosi Terkoneksi jaringan relawan	Riset Medis Lingkungan Hidup Hak Anak (Internasional)	Acara khusus Email Langsung Sponsor korporasi
Penghimpun Alumni			
Sumber Dana: Individual Pengambil Keputusan: Banyak Individual Motivasi: Kepentingan pribadi dan Altruisme	Daya tarik pada kelompok tertentu Koneksi kuat pada layanan Ada kaitan dengan manfaat sosial	Universitas Rumah Sakit	Pembayaran oleh alumni Donasi besar
Penggugah Anggota			
Sumber Dana: Individual Pengambil Keputusan: Individual Motivasi: Kepentingan kolektif	Ada orientasi kelompok Ada komunitas Taktik yang beragam	Keagamaan Seni dan Budaya Lingkungan Hidup dan Konservasi	Iuran anggota Pembayaran Anggota Acara khusus Email Langsung Donasi besar
Penyumbang Besar			
Sumber Dana: Individual atau Yayasan Pengambil Keputusan: Beberapa Individual Motivasi: Altruisme	Pendukung kecil tapi kaya Dampak baru terlihat dalam jangka panjang	Riset Medis Lingkungan Hidup	Donasi besar
Layanan Publik			
Sumber Dana: Pemerintah Pengambil Keputusan: Birokrat Motivasi: Kepentingan Kolektif	Layanan dasar dari pemerintah Harus dijalankan sebagiannya oleh non-pemerintah	Layanan Kemanusiaan Pendidikan Kesehatan (Internasional)	Kontrak pemerintah

10 MODEL PENDANAAN NIRLABA

Model	Karakter	Contoh	Taktik
<p>Pembaharu Kebijakan</p> <p>Sumber Dana: Pemerintah Pengambil Keputusan: Pengambil Kebijakan Motivasi: Kepentingan Kolektif</p>	<p>Pendekatan baru dalam layanan publik</p> <p>Ada pejuang/pembela di tingkat tinggi pemerintah</p> <p>Ada tingkat sukses tertentu</p>	<p>Layanan Kemanusiaan (Pemuda, Desa) Pendidikan Komunitas Kesehatan (AIDS, Vaksin)</p>	<p>Alokasi dari Legislasi (APBN) Alokasi dana Pemerintah Proyek Pemerintah</p>
<p>Perantara Penerima Manfaat</p> <p>Sumber Dana: Pemerintah Pengambil Keputusan: Banyak Individual Motivasi: Kepentingan pribadi</p>	<p>Penerima dana menentukan bagaimana memanfaatkan dana pemerintah</p> <p>Kelayakan dan kepatuhan</p> <p>Kekuatan pemasaran</p>	<p>Layanan Kesehatan Perumahan Lapangan Kerja Pinjaman Pendidikan</p>	<p>Klaim penggantian oleh Pemerintah</p>
<p>Pendaur Sumber Daya</p> <p>Sumber Dana: Korporasi Pengambil Keputusan: Beberapa Individual Motivasi: Kepentingan pribadi</p>	<p>kerja sama dengan lembaga yang memproduksi barang di pasar</p>	<p>Pangan Kesehatan</p>	<p>Donasi non-dana/barang</p>
<p>Pencipta Pasar</p> <p>Sumber Dana: Campuran Pengambil Keputusan: Beberapa Individual Motivasi: Altruisme dan Kepentingan Pribadi</p>	<p>Ada penyandang dana beralas kepentingan pribadi dengan kemampuan membayar. Sebagian besar dimotivasi oleh altruisme (misalnya: donor darah, donor organ atau donor tanah).</p>	<p>Kesehatan Lingkungan Hidup dan Konservasi</p>	<p>Pembayaran Donasi besar</p>
<p>Jejaring Lokal-Nasional</p> <p>Sumber Dana: Campuran Pengambil Keputusan: Beberapa Individual Motivasi: Altruisme</p>	<p>Prioritas lokal</p> <p>Layanan ada di banyak lokasi</p>	<p>Pendidikan Pemberdayaan Anak Muda</p>	<p>Donasi besar Acara khusus</p>



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**TINDAK
LANJUT
KE DEPAN?**

10 Model Pendanaan Nirlaba

Diterjemahkan untuk Jaringan Lokadaya Nasional dari
["William Landes Foster, Peter Kim, & Barbara Christiansen,
Ten Funding Models"](#), Stanford Social Innovation Review, Spring 2009."



"Para eksekutif lembaga profit menggunakan model bisnis — seperti "penyedia berbiaya rendah" atau "pisau cukur dan silet" - sebagai cara ringkas untuk menggambarkan dan memahami bagaimana perusahaan dibangun dan dipertahankan. Para eksekutif nonprofit tidak begitu eksplisit tentang model pendanaan mereka dan belum memiliki kosakata yang setara, yang akhirnya merugikan mereka — sampai sekarang".

Uang adalah topik pembicaraan konstan di antara para pemimpin nirlaba: Berapa banyak yang kita butuhkan? Di mana kita bisa menemukannya? Mengapa tidak ada lebih dari itu? Di masa ekonomi sulit, jenis pertanyaan ini menjadi lebih sering dan mendesak.

Sayangnya, tidak ada jawaban. Itu karena pemimpin lembaga nonprofit jauh lebih canggung dalam membuat program daripada mendanai organisasinya, dan dermawan sering kali kesulitan memahami dampak (dan batasan) dari donasi mereka.

Ada konsekuensi dari ketidakjelasan finansial ini. Jika lembaga nonprofit dan sumber pendanaan tidak berjodoh, uang tidak akan mengalir ke area-area yang bermanfaat pada hajat hidup orang banyak. Lebih sering akibatnya adalah program yang menjanjikan dipotong, dibatasi, atau tidak pernah diluncurkan. Ketika dolar menjadi ketat, kekacauan penggalangan dana kemungkinan besar akan terjadi.

Sebaliknya, di dunia profit, ada derajat kejernihan yang jauh lebih tinggi berkaitan dengan masalah keuangan. Terutama ketika sampai pada pemahaman bagaimana bisnis yang berbeda ini

beroperasi, yang bisa diringkas dalam seperangkat prinsip yang dikenal sebagai model bisnis. Meskipun tidak ada bentuk baku model bisnis korporasi, ada beberapa kesepakatan tentang apa yang dimaksud dengan investor dan eksekutif sama-sama dapat terlibat dalam diskusi tentang strategi perusahaan tertentu. Ketika seseorang mengatakan bahwa perusahaan mereka adalah "penyedia berbiaya rendah" atau "pengejar tercepat", gambaran umum tentang bagaimana perusahaan itu beroperasi sudah cukup jelas. Demikian pula, pernyataan bahwa perusahaan menggunakan model "pisau cukur dan silet" menggambarkan jenis hubungan

pelanggan yang berkelanjutan dan sama sekali bukan soal produk cukur.

Keunggulan dari metafora semacam itu ialah memungkinkan para pemimpin bisnis dapat mengartikulasikan dengan cepat dan jelas bagaimana mereka akan sukses di pasar. Hal ini juga memudahkan investor untuk menanyakan kepada para eksekutif tentang bagaimana mereka akan menghasilkan uang. Bolak-balik ini meningkatkan peluang bisnis akan berhasil, investor akan menghasilkan uang, dan semua orang akan belajar lebih banyak dari pengalaman mereka.

Dunia nonprofit jarang terlibat dalam percakapan

yang jelas dan ringkas tentang strategi pendanaan jangka panjang organisasi. Hal ini karena berbagai jenis pendanaan yang menjadi bahan bakar organisasi nirlaba tidak pernah didefinisikan dengan jelas. Lebih dari sekadar kemiskinan bahasa, situasi ini mewakili — dan mengakibatkan — kemiskinan pemahaman dan pemikiran yang jernih.

Melalui penelitian, kami telah mengidentifikasi 10 model nonprofit yang umum digunakan oleh lembaga nonprofit terbesar di Amerika Serikat. (Lihat "Model Pendanaan" di halaman). Tujuan kami bukan untuk memberi resep satu pendekatan yang akan dipakai oleh lembaga

nonprofit tertentu. Sebaliknya, kami berharap dapat membantu para pemimpin nirlaba mengartikulasikan lebih jelas model yang mereka percaya dapat mendukung pertumbuhan organisasi mereka. Kemudian menggunakan wawasan itu untuk memeriksa potensi dan kendala yang terkait dengan model tersebut.

Penerima Manfaat Bukan Pelanggan

Ada alasan mengapa sektor nirlaba belum mengembangkan kosakata model pendanaannya sendiri. Salah satunya adalah karena menjalankan organisasi nirlaba umumnya lebih rumit daripada menjalankan bisnis profit dengan ukuran yang sebanding. Ketika bisnis profit menemukan cara untuk menciptakan nilai bagi pelanggan, umumnya ia menemukan sumber pendapatannya; pelanggan membayar nilainya.

Dengan pengecualian yang jarang terjadi, hal itu tidak berlaku di sektor nirlaba. Saat lembaga nirlaba menemukan cara untuk menciptakan nilai bagi penerima manfaat (misalnya, mengintegrasikan narapidana kembali ke masyarakat atau menyelamatkan spesies yang terancam punah), itu bukan berarti sekaligus mengidentifikasi mesin uangnya. Ia merupakan langkah yang terpisah.

Profesor bisnis Universitas Duke, J. Gregory Dees, dalam karyanya tentang kewirausahaan sosial, menjelaskan kebutuhan untuk memahami proposisi nilai donor dan proposisi nilai penerima. Clara Miller, CEO Nonprofit Finance Fund, yang juga telah menulis dengan sangat baik tentang dilema ini, mengatakan bahwa semua lembaga non-profit berada dalam dua "bisnis". Pertama, terkait dengan kegiatan program mereka, dan kedua, terkait dengan peningkatan "subsidi" amal.

Akibat perbedaan antara penerima dan pemberi dana, aspek kritis (dan kosakata yang menyertainya) dari model pendanaan nirlaba perlu dipahami secara terpisah dari aspek dunia profit. Itu juga mengapa kami menggunakan istilah model pendanaan dan bukan model bisnis untuk menggambarkan kerangka kerjanya. Model bisnis menggabungkan pilihan tentang

struktur biaya dan proposisi nilai kepada penerima manfaat.

Model pendanaan, bagaimanapun, hanya berfokus pada pendanaan, bukan pada program dan layanan yang ditawarkan kepada penerima.

Semua eksekutif nonprofit dapat menggunakan 10 model pendanaan kami untuk meningkatkan penggalangan dana dan manajemen mereka. Tetap kegunaan model ini menjadi sangat penting saat lembaga nonprofit menjadi lebih besar. Ada banyak cara untuk mengumpulkan sebanyak \$ 1 juta setahun, beberapa di antaranya dapat diimprovisasi selama proses tersebut. Namun, begitu organisasi mencoba mengumpulkan \$ 25 juta menjadi \$ 50 juta atau lebih setiap tahun, jalur yang tersedia jadi lebih sedikit. Jumlah pembuat keputusan potensial yang punya wewenang atas pengeluaran uang dalam jumlah besar akan

menyusut. Dengan kata lain, Anda perlu menggaetnya secara massal. Selain itu, perlu faktor lebih kuat untuk memengaruhi pengambil keputusan menyatakan "setuju" (alias tidak hanya dipengaruhi oleh satu pemimpin nirlaba yang karsimatik).

Penelitian kami terhadap lembaga nonprofit besar mengonfirmasi hal ini. Dalam sebuah studi baru-baru ini, kami mengidentifikasi 144 organisasi nirlaba— yang didirikan sejak 1970 — telah tumbuh hingga \$ 50 juta per tahun atau lebih dari segi ukuran. Kami menemukan bahwa masing-masing organisasi ini tumbuh besar dengan mengejar sumber pendanaan yang spesifik—sering kali terkonsentrasi di satu sumber dana tertentu—yang cocok untuk mendukung jenis pekerjaan tertentu mereka. Masing-masing juga telah membangun kemampuan penggalangan dana internal yang sangat profesional dengan menargetkan pada sumber-sumber tersebut.

Dengan kata lain, tiap lembaga nonprofit yang sangat besar sudah memiliki model pendanaan yang berkembang dengan baik.

Semakin besar jumlah dana yang dibutuhkan, semakin penting untuk mengikuti pasar pendanaan yang sudah ada sebelumnya. Yaitu di mana motivasi pengambil keputusan tertentu

telah kokoh. Kelompok besar pendonor individu, misalnya, telah bergabung dengan keprihatinan bersama mengenai berbagai masalah, seperti penelitian kanker payudara. Penggalangan dana pemerintah, untuk mengutip contoh lain, sudah memiliki tujuan khusus, seperti pengasuhan. Tetapi, organisasi nirlaba yang biasanya membutuhkan beberapa juta per tahun, jarang yang berhasil mencoba mendapatkan puluhan juta dolar per tahun. Meskipun telah dapat meyakinkan segelintir yayasan atau individu kaya untuk mendukung masalah yang sebelumnya bukan prioritasnya.

Ini tidak berarti bahwa pasar pendanaan bersifat statis; justru tidak. Hari Bumi pertama pada tahun 1970 bertepatan dengan ekspansi besar-besaran dalam donasi untuk masalah lingkungan; kelaparan Ethiopia 1984-85 menyebabkan peningkatan dramatis dalam dukungan untuk bantuan internasional; dan kesadaran akan krisis pendidikan AS pada akhir 1980-an meletakkan dasar bagi pendanaan sekolah komunitas (charter school). Namun, perubahan tidak dapat diramalkan, dan karenanya, tidak dapat diandalkan sebagai sumber pendanaan. Selain itu, perubahan juga merupakan produk atau puncak dari peristiwa nasional dan internasional yang kompleks, bukan hasil kerja lembaga nonprofit tunggal.

Earl Martin Phalen, salah satu pendiri BELL, sebuah organisasi pendidikan usai-sekolah dan musim panas, menangkap manfaat dari niat seperti itu dengan baik. Ia menyimpulkan pengalamannya untuk sekelompok pemimpin nirlaba pada tahun 2007. "Strategi penggalangan dana kami dulu adalah 'mari kita naikkan lebih banyak uang tahun ini daripada tahun lalu' dan selalu tidak yakin di mana kami akan berada. Kemudian kami secara serius memikirkan model kami dan mengidentifikasi jenis pendanaan pemerintah yang sedang berjalan dan cocok untuk pekerjaan kami. Meskipun diperlukan beberapa perubahan program agar berfungsi, kami memperkirakan sekarang dapat menutupi 70 persen dari biaya kami di lokasi mana pun melalui pendekatan ini."

Sepuluh Model Pendanaan

Merancang kerangka kerja untuk pendanaan nirlaba menghadirkan tantangan. Agar bermanfaat, model tidak boleh terlalu umum atau terlalu spesifik. Misalnya, klinik kesehatan komunitas yang melayani pasien yang ditanggung oleh Medicaid dan organisasi nirlaba yang melakukan pekerjaan pengembangan yang didukung oleh Badan Pembangunan Internasional AS. Keduanya sama-sama didanai oleh pemerintah. Namun sangat berbeda dalam hal jenis pendanaan yang diperoleh dan pembuat keputusan yang mengendalikan pendanaan. Menggabungkan keduanya dalam model yang sama tidak akan berguna. Pada saat yang sama, menetapkan model terpisah untuk lembaga nonprofit yang menerima dana Title I SES, misalnya, terlalu sempit untuk digunakan.

Pada akhirnya, kami menetapkan tiga parameter untuk menentukan model pendanaan kami — sumber dana, jenis pengambil keputusan, dan motivasi para pengambil keputusan. (Lihat "Mengidentifikasi Model" di bawah). Ini memungkinkan kami untuk mengidentifikasi 10 model pendanaan yang berbeda pada tingkat

yang relevan secara luas namun memberi pilihan-pilihan yang nyata.

Menarik untuk dicatat bahwa ada beberapa model pendanaan yang kami pikir mungkin kami temukan, tetapi ternyata tidak. Salah satu model yang mungkin adalah organisasi nirlaba yang didukung oleh usaha berpenghasilan yang berbeda dan terpisah dari kegiatan yang terkait misi utama. Model lain yang mungkin adalah organisasi nirlaba yang beroperasi dengan model layanan-berbayar baik dalam mode bisnis-ke-bisnis atau langsung-ke-konsumen, tanpa penggalangan dana tambahan yang penting (dari anggota atau penerima manfaat sebelumnya) atau dukungan pemerintah yang mendasarinya. Meskipun ada beberapa organisasi nirlaba yang mendukung diri mereka sendiri dengan pendekatan pendanaan seperti itu, mereka tidak hadir di antara nirlaba besar yang kami pelajari. Kami yakin bahwa jenis pendekatan ini tidak membuat organisasi nirlaba jadi lebih berkelanjutan dan berskala besar dibandingkan lembaga profit.

Berikut ini adalah deskripsi dari 10 model

pendanaan, beserta profil perwakilan lembaga nonprofit untuk setiap model. Model-model tersebut diurutkan berdasarkan jenis penyandang dana yang dominan. Tiga model pertama (Penghubung Hati, Penghimpun Penerima Manfaat, dan Penggugah) sebagian besar didanai oleh banyak sumbangan individu. Model berikutnya (Big Bettor atau Penyumbang Besar) sebagian besar didanai oleh satu orang atau oleh beberapa individu atau yayasan. Tiga model berikutnya (Penyedia Publik, Inovator Kebijakan, dan Pialang Penerima Manfaat) sebagian besar didanai oleh pemerintah. Model berikutnya (Resource Recycler) sebagian besar didukung oleh pendanaan perusahaan. Dua model terakhir (Market Maker dan Local Nationalizer) memiliki kombinasi penyandang dana.



1

Heartfelt Connector

Heartfelt Connector

Penyambung Hati

Beberapa nirlaba, seperti Make-a-Wish Foundation, tumbuh besar dengan berfokus pada misi yang beresonansi dengan keprihatinan sejumlah besar orang di semua tingkat pendapatan, dan dengan menciptakan cara terstruktur bagi orang-orang ini untuk terhubung di tempat yang sebelumnya tidak ada. Lembaga non-profit yang menggunakan pendekatan ini menggunakan model pendanaan yang kami sebut Heartfelt Connector atau Penghubung Hati. Beberapa misi yang lebih populer ada di bidang penelitian lingkungan, internasional, dan medis. Mereka berbeda dari organisasi nirlaba yang memanfaatkan individu dengan keyakinan agama tertentu, kecenderungan politik, atau minat olahraga, yang bersatu untuk membentuk organisasi dalam rangka mengekspresikan minat mereka. Penghubung Hati sering kali mencoba membangun hubungan eksplisit antar relawan melalui acara penggalangan dana khusus.

The Susan G. Komen Foundation adalah contoh lembaga non-profit yang menggunakan model Penghubung Hati. Didirikan pada tahun 1982, Yayasan Komen bekerja melalui jaringan yang terdiri dari 125 afiliasi untuk memberantas kanker

payudara sebagai penyakit yang mengancam jiwa dengan mendanai hibah penelitian, dengan mendukung proyek pendidikan, skrining, dan pengobatan di masyarakat dunia, dan dengan mendidik perempuan tentang pentingnya deteksi dini. Misi yayasan memiliki resonansi yang dalam dengan banyak wanita, meskipun pekerjaannya mungkin tidak pernah menguntungkan mereka secara langsung. Antara 1997 dan 2007 penggalangan dana tahunan Komen Foundation tumbuh dari \$ 47 juta menjadi \$ 334 juta. Donasi individu rata-rata kecil, sekitar \$ 33, tetapi upaya penggalangan dana yayasan telah didorong oleh kemampuannya untuk menjangkau basis dukungan yang terus meluas.

Kendaraan penggalangan dana utamanya adalah Susan G. Komen Race for the Cure. Yayasan dan afiliasinya mengadakan sekitar 120 perlombaan lari setiap tahun yang menarik lebih dari 1 juta peserta. Peristiwa ini tidak hanya memungkinkan individu memberi uang; mereka juga melibatkan sukarelawan untuk membentuk tim, mengumpulkan dana, dan pengalaman berpartisipasi pada hari perlombaan.

Pertanyaan kunci untuk model ini:

- Apakah sudah banyak orang yang menyumbang dana bagi misi di domain ini?
- Bisakah kita mengomunikasikan apa yang menarik mengenai lembaga nonprofit kita dengan cara yang singkat dan padat?
- Apakah ada cara alami untuk menarik dan melibatkan banyak orang relawan?
- Apakah kita memiliki, atau dapat mengembangkan, kemampuan internal untuk menjangkau lebih luas bahkan di satu wilayah geografis?

Beneficiary Builder

Penghimpun Penerima Manfaat

Beberapa organisasi nirlaba, seperti Cleveland Clinic, mendapatkan penggantian untuk layanan yang mereka berikan kepada individu tertentu, tetapi juga bergantung pada orang yang telah memperoleh manfaat di masa lalu dari layanan ini untuk sumbangan tambahan. Kami menyebut model pendanaan yang digunakan organisasi ini sebagai Beneficiary Builder alias Penghimpun Penerima Manfaat (PPM). Dua dari contoh terbaik dari PPM adalah rumah sakit dan universitas. Umumnya, sebagian besar pendanaan lembaga non-profit ini berasal dari biaya yang dibayarkan penerima manfaat atas layanan yang diberikan oleh lembaga non-profit tersebut. Tetapi total biaya layanan tidak semuanya tercakup dalam pembayaran. Alhasil, organisasi nirlaba mencoba membangun hubungan jangka panjang dengan orang-orang yang mendapat manfaat dari layanan untuk memberikan dukungan tambahan, oleh karena itu dinamai Penghimpun Penerima Manfaat.

Meskipun sumbangan ini seringkali relatif kecil dibandingkan dengan biaya (rata-rata sekitar 5 persen di rumah sakit dan 30 persen di universitas swasta), dana ini merupakan sumber pendapatan

penting untuk proyek-proyek besar seperti gedung, penelitian, dan dana abadi. Donor sering kali termotivasi untuk memberikan uang karena percaya bahwa manfaat yang diterima telah mengubah hidup mereka.

Organisasi yang menggunakan model PPM cenderung mendapatkan sebagian besar dukungan amal mereka dari sumbangan besar.

Universitas Princeton adalah contoh lembaga non-profit yang menggunakan model PPM. Universitas ini telah menjadi sangat mahir dalam memanfaatkan alumni untuk berdonasi, dengan angka pemberian alumni tertinggi di antara universitas nasional — 59,2 persen. Pada tahun 2008, lebih dari 33.000 alumni sarjana menyumbangkan \$ 43.6 juta untuk almamater mereka. Sebagai hasil dari kehebatan penggalangan dana sekolah, lebih dari 50 persen dari anggaran operasional Princeton dibiayai oleh donasi dan pendapatan dari dana abadi.



2

Beneficiary
Builder

Pertanyaan kunci untuk model ini:

- Apakah misi organisasi sudah menciptakan manfaat secara individual yang juga dirasakan sebagai manfaat sosial yang penting?
- Apakah para individu mengembangkan loyalitas yang dalam kepada organisasi karena mereka telah menerima manfaat secara individual?
- Apakah kita memiliki infrastruktur untuk menjangkau para penerima manfaat dengan cara yang terukur?

3

Member Motivator

Member Motivator Penggugah Anggota

Ada beberapa organisasi nirlaba, seperti Saddleback Church, yang mengandalkan donasi individu dan menggunakan model pendanaan yang kami sebut Member Motivator atau Penggugah Anggota. Orang-orang ini (yang merupakan anggota organisasi nirlaba) menyumbangkan uang karena isu tersebut merupakan bagian integral dari kehidupan sehari-hari mereka dan merupakan sesuatu yang manfaatnya dapat dirasakan secara kolektif. Organisasi nirlaba yang menggunakan model pendanaan Penggugah Anggota tidak membuat kegiatan kelompok baru, tetapi berkoneksi dengan para anggota (dan donor) dengan cara menawarkan atau mendukung aktivitas yang sudah mereka temukan. Organisasi ini sering terlibat dalam kegiatan agama, lingkungan, atau seni, budaya, dan humaniora.

National Wild Turkey Federation (NWTF), yang melindungi dan memperluas habitat kalkun liar dan mempromosikan perburuan kalkun liar, adalah contoh Penggugah Anggota. Ini menarik

pemburu kalkun, yang secara kolektif mendapat manfaat dari pekerjaan NWTF dan karena itu menjadi anggota setia dan merupakan penggalang dana.

Anggota NWTF lokal menyelenggarakan lebih dari 2.000 jamuan penggalangan dana setiap tahun, meningkatkan sekitar 80 persen dari pendapatan tahunan organisasi. Jamuan makan ini memberikan banyak kesempatan donasi: tiket masuk (yang harganya masing-masing sekitar \$ 50 dan termasuk keanggotaan tahunan); pembelian barang dagangan (rata-rata lebih dari \$ 100 per peserta); dan tiket undian (menghasilkan sekitar \$ 16.000 per jamuan makan). Kantor pusat nasional NWTF memasok hadiah undian dan barang dagangan untuk dijual di jamuan makan ini. Setiap perjamuan bisa menghasilkan rata-rata bersih \$ 10.000 di luar biaya penyelenggaraan. Sebagian besar dari uang yang terkumpul didedikasikan untuk konservasi tanah dan kalkun di komunitas tempat ia disumbangkan.

Pertanyaan kunci untuk model ini:

- Akankah anggota kita merasa bahwa aksi organisasi benar-benar menguntungkan mereka secara langsung, meskipun manfaat itu dibagi secara kolektif?
- Apakah kita memiliki kemampuan untuk melibatkan dan mengelola anggota dalam kegiatan penggalangan dana?
- Dapatkah kita berkomitmen untuk tetap selaras dengan, dan setia pada, keanggotaan inti kita, bahkan jika itu berarti menolak peluang pendanaan dan tidak mengejar aktivitas yang gagal beresonansi dengan anggota kita?

Big Bettor

Penyumbang Besar

Ada segelintir nonprofit, seperti Stanley Medical Research Institute, yang mengandalkan hibah besar dari beberapa individu atau yayasan untuk mendanai operasional mereka. Kami menyebut model pendanaan mereka Penyumbang Besar. Seringkali, pendonor utama juga seorang pendiri, yang ingin menangani masalah yang sangat pribadi baginya. Meskipun Penyumbang Besar sering memulai dengan dukungan finansial yang signifikan yang sudah mapan, sehingga memungkinkan mereka untuk tumbuh besar dengan cepat. Ada contoh lain, yaitu organisasi yang mendapat dukungan dana dari donor besar, memutuskan untuk mendanai dengan pendekatan baru dan penting, demi memecahkan masalah. Lembaga nonprofit yang kami identifikasi sebagai Big Bettors berfokus pada penelitian medis atau masalah lingkungan. Alasan utama Big Bettors dapat memberikan donasi yang cukup besar adalah: masalah yang ditangani berpotensi dapat diselesaikan dengan masuknya uang yang sangat besar (misalnya, sejumlah besar dana dapat meluncurkan lembaga penelitian untuk menyembuhkan penyakit tertentu); atau organisasi menggunakan pendekatan yang unik dan menarik untuk suatu pemecahan masalah.

Conservation International (CI), yang misinya melestarikan keanekaragaman hayati bumi dan menunjukkan bahwa manusia dapat hidup harmonis dengan alam, adalah contoh lembaga nonprofit yang menggunakan model pendanaan Big Bettor. CI mampu mengidentifikasi lokasi di seluruh dunia, di mana perlindungan terhadap area daratan tertentu dapat berdampak signifikan pada pelestarian aneka ragam hayati global. Kemampuan CI ini membantunya menarik donor yang bersedia menyumbangkan uang dalam jumlah besar sehingga mereka dapat memberikan dampak penting dan bertahan lama dalam melindungi bumi. Mayoritas kontribusi CI berasal dari beberapa donor besar.

4 Big Bettor

Pertanyaan kunci untuk model ini:

- Bisakah kita menciptakan solusi yang nyata dan bertahan lama untuk masalah besar dalam jangka waktu yang dapat diperkirakan?
- Dapatkah kita menjelaskan dengan jernih bagaimana pendanaan skala besar ini akan digunakan untuk mencapai tujuan?
- Apakah ada individu atau yayasan mahakaya yang tertarik dengan masalah dan pendekatan ini?



5

Public Provider

Public Provider Layanan Publik

Banyak lembaga nonprofit, seperti Success for All Foundation, bekerja dengan lembaga pemerintah untuk menyediakan layanan sosial penting, seperti perumahan, layanan manusia, dan pendidikan, yang sebelumnya telah ditetapkan dan dialokasikan pendanaannya oleh pemerintah. Lembaga nonprofit yang menyediakan layanan ini menggunakan model pendanaan yang kami sebut Penyedia Publik. Dalam beberapa kasus, pemerintah mengalihdayakan fungsi pemberian layanan tetapi menetapkan persyaratan khusus bagi lembaga nonprofit untuk menerima pendanaan, seperti formula penggantian (reimbursement) atau proses permintaan proposal (RFP). Seiring berkembangnya Layanan Publik, mereka sering mencari sumber pendanaan lain untuk menambah basis pendanaan mereka.

TMC (sebelumnya Texas Migrant Council), yang mendukung anak-anak dan keluarga di komunitas migran dan imigran, adalah contoh organisasi yang menggunakan model pendanaan Layanan Publik. Pada awal berdirinya pada 1971, TMC memanfaatkan program Head Start pemerintah federal untuk mendanai pekerjaan awalnya, membantu anak-anak mempersiapkan sekolah

dengan berfokus pada kebutuhan bilingual dan bikultural keluarga. Seiring pertumbuhan TMC, para pemimpinnya berusaha mengurangi ketergantungan pada satu sumber pendanaan dan mengidentifikasi dana pemerintah lainnya. TMC sekarang menerima dana dari berbagai sumber federal, negara bagian, dan lokal. TMC telah berkembang dari Texas ke tujuh negara bagian tambahan dan menawarkan program-program baru, seperti melek huruf, perawatan pra-kelahiran, dan pendidikan konsumen.

Pertanyaan kunci untuk model ini:

- Apakah organisasi kita secara alamiah cocok dengan satu atau beberapa program pemerintah yang sudah ada?
- Dapatkah kita menunjukkan bahwa organisasi kita akan bekerja lebih baik dari pesaing kita?
- Apakah kita bersedia meluangkan waktu untuk mendapatkan perpanjangan kontrak yang berbasis reguler?

Policy Innovator

Pembaharu Kebijakan

Beberapa organisasi nirlaba, seperti Youth Villages, mengandalkan uang pemerintah dan menggunakan model pendanaan yang kami sebut Pembaharu Kebijakan. Lembaga nonprofit ini telah mengembangkan metode baru untuk mengatasi masalah sosial yang tidak jelas kompatibel dengan program pendanaan pemerintah yang ada. Mereka telah meyakinkan penyandang dana pemerintah untuk mendukung metode alternatif ini, biasanya dengan memberikan solusi yang lebih efektif dan tidak terlalu mahal daripada program yang ada. (Sebaliknya, Layanan Publik memanfaatkan program pemerintah yang ada untuk menyediakan dana bagi layanan yang mereka tawarkan.)

dengan apa yang disebut "hotel kesejahteraan". Pendekatan inovatif HELP USA terhadap krisis perumahan muncul di era ketika tunawisma menjadi masalah publik yang menonjol dan para penyandang dana pemerintah bersedia mencoba pendekatan baru. Cuomo mendapatkan dukungan awal dari para pembuat keputusan pemerintah dengan memosisikan solusinya program yang lebih efektif, murah dan sangat penting selama krisis fiskal New York. Pada tahun 2007, pendapatan HELP USA adalah \$ 60 juta, hampir 80 persen di antaranya berasal dari sumber-sumber pemerintah, separuh federal dan separuh negara bagian dan lokal. Organisasi itu beroperasi di New York City, Philadelphia, Las Vegas, Houston, dan Buffalo, N.Y.

Contoh dari Pembaharu Kebijakan adalah HELP USA. Organisasi nirlaba ini menyediakan perumahan transisi bagi para tunawisma dan mengembangkan perumahan permanen yang terjangkau bagi keluarga berpenghasilan rendah. Andrew Cuomo (putra mantan gubernur New York Mario Cuomo) mendirikan HELP USA pada tahun 1986 sebagai alternatif dari pendekatan New York dalam membayar rumah bagi para tunawisma



6

Policy
Innovator

Pertanyaan kunci untuk model ini:

- Apakah kita menyediakan pendekatan inovatif yang melampaui status quo (dalam hal dampak dan biaya) serta cukup menarik untuk memikat pemerintah yang biasanya lebih tertarik pada solusi tradisional?
- Dapatkah kita memberikan bukti kepada pemerintah bahwa program ini akan berhasil?
- Apakah kita mau dan mampu membina hubungan yang kuat dengan pengambil kebijakan di pemerintah yang mendorong perubahan?
- Apakah saat ini ada tekanan yang cukup kepada pemerintah untuk mengubah status quo?

7

Beneficiary Broker

Beneficiary Broker

Perantara Penerima Manfaat

Beberapa organisasi nirlaba, seperti Iowa Student Loan Liquidity Corporation, bersaing satu sama lain untuk memberikan layanan yang didanai atau didukung pemerintah bagi penerima manfaat. Lembaga nonprofit yang melakukan ini menggunakan apa yang kami sebut model pendanaan Beneficiary Broker atau Perantara Penerima Manfaat. Area di mana Perantara Penerima Manfaat saling bersaing di antaranya adalah perumahan, layanan ketenagakerjaan, perawatan kesehatan, dan pinjaman mahasiswa. Hal yang membedakan lembaga nonprofit ini dari program lain yang didanai pemerintah adalah penerima manfaatnya bebas memilih lembaga nonprofit tempat mereka akan mendapatkan layanan tersebut.

Metropolitan Boston Housing Partnership (MBHP), program voucher bantuan persewaan negara bagian dan federal yang mengelola nirlaba regional di 30 komunitas Massachusetts, adalah contoh nirlaba yang menggunakan model pendanaan Perantara Penerima Manfaat. Sejak berdirinya organisasi pada 1991, MBHP telah

mengembangkan reputasi sebagai penyedia voucher perumahan yang andal bagi keluarga yang membutuhkan. MBHP adalah penyedia voucher perumahan terbesar di wilayah Boston, yang menghubungkan lebih dari 7.500 keluarga ke perumahan dalam satu waktu. MBHP juga menyediakan layanan terkait, seperti program pendidikan dan pencegahan tunawisma. Lebih dari 90 persen pendapatan MBHP berasal dari biaya administrasi ringan yang disediakan negara sebagai bagian dari program voucher. Sisa kebutuhan dana berasal dari korporasi dan yayasan.

Pertanyaan kunci untuk model ini:

- Dapatkah kita menunjukkan kepada pemerintah kemampuan yang unggul sebagai penerima manfaat atau pemegang voucher dengan manfaat, seperti tingkat keberhasilan layanan dan umpan balik kepuasan pelanggan?
- Bisakah kita mengembangkan layanan tambahan yang memaksimalkan nilai manfaatnya?
- Dapatkah kita memahami dengan baik peraturan dan persyaratan pemerintah yang perlu untuk bisa menjadi perantara penerima manfaat ini?
- Dapatkah kita menemukan cara untuk mengumpulkan dana tambahan guna menggenapi bayaran yang kita terima sebagai perantara penerima manfaat?

Resource Recycle

Pendaur Sumber Daya

Beberapa organisasi nirlaba, seperti AmeriCares Foundation, telah berkembang pesat dengan mengumpulkan donasi dalam bentuk non-dana dari perusahaan dan individu, dan kemudian mendistribusikan barang-barang sumbangan ini kepada penerima yang membutuhkan dan tidak mampu membelinya di pasar. Lembaga nirlaba yang mengoperasikan jenis program ini menggunakan model pendanaan yang kami sebut Resource Recycler atau Pendaur Sumber Daya. Perusahaan bersedia menyumbangkan barang karena jika tidak akan terbuang percuma (misalnya, makanan dengan tanggal kedaluwarsa), atau karena biaya marginal pembuatan barang rendah dan tidak akan didistribusikan di pasar yang akan bersaing dengan produsen (misalnya, pengobatan di negara berkembang). Sumbangan non-natura biasanya menyumbang sebagian besar pendapatan, tetapi Pendaur Sumber Daya harus mengumpulkan dana tambahan untuk mendukung biaya operasional mereka. Sebagian besar Pendaur Sumber Daya terlibat dalam program pangan, pertanian, medis, dan gizi serta seringkali berfokus pada internasional.

The Greater Boston Food Bank (TGBFB), organisasi bantuan kelaparan terbesar di New England, adalah contoh organisasi nirlaba yang menggunakan model pendanaan Pendaur Sumber Daya. Organisasi ini mendistribusikan hampir 30 juta pon makanan setiap tahun ke lebih dari 600 organisasi lokal, termasuk dapur umum, pusat penitipan anak, panti jompo, dan tempat penampungan tunawisma. TGBFB memperoleh barang dengan berbagai cara. Sumber barang yang dominan berasal dari pengecer dan produsen. Ia juga menerima makanan berlebih dari restoran dan hotel. Pada tahun 2006, dukungan dalam bentuk barang dari korporasi menyumbang 52 persen dari pendapatan TGBFB. Program federal dan pemerintah negara bagian memberikan barang dan uang untuk TGBFB, mencakup 23 persen dari anggarannya, yang kemudian digunakan TGBFB untuk membeli makanan untuk didistribusikan. Sumbangan tunai dari individu menghasilkan 25 persen pendapatan, yang menutupi biaya operasional dan peningkatan modal.



8

Resource
Recycler

Pertanyaan kunci untuk model ini:

- Apakah produk yang kita distribusikan kemungkinan besar akan disumbang secara terus menerus atau berkelanjutan?
- Bisakah kita mengembangkan keahlian untuk mengikuti tren di industri penyumbang produk sehingga kita siap menghadapi fluktuasi donasi?
- Apakah kita memiliki strategi untuk menarik uang tunai yang diperlukan untuk mendanai pelaksanaan program dan operasional?

Implikasi untuk Lembaga Nirlaba

Dalam iklim ekonomi saat ini, para pemimpin nirlaba tergoda untuk mencari uang di mana pun mereka dapat menemukannya, menyebabkan beberapa organisasi nirlaba menyimpang dari jalur. Itu salah. Selama masa-masa sulit, lebih penting daripada sebelumnya bagi para pemimpin nirlaba untuk memeriksa strategi pendanaan mereka dengan cermat dan disiplin dalam cara mengumpulkan uang. Kami berharap artikel ini memberikan kerangka kerja bagi para pemimpin nirlaba untuk melakukan hal itu.

Jalur pendanaan yang diambil lembaga nonprofit akan bervariasi, dan tidak semua akan menemukan model yang mendukung program skala besar. Kabar baiknya adalah semua

lembaga nirlaba dapat memperoleh manfaat dari kejelasan yang lebih baik tentang model pendanaan mereka yang paling efektif, dan beberapa lembaga nonprofit dapat mengembangkan model yang menghasilkan uang dalam jumlah besar. Seperti disebutkan sebelumnya, hampir 150 organisasi nirlaba baru (tidak termasuk universitas dan rumah sakit), melampaui \$ 50 juta pendapatan tahunan antara tahun 1970 dan 2003.

Di sisi lain, para dermawan menjadi lebih disiplin tentang investasi nirlaba mereka. Semakin banyak yayasan, seperti Edna McConnell Clark Foundation dan New Profit Inc., berinvestasi pada penerima hibah untuk meningkatkan model

program dan pendanaan. Kami berharap artikel ini membantu para dermawan menjadi lebih jelas tentang strategi pendanaan mereka sehingga dapat mendukung program dengan lebih efektif.

Ketika masyarakat melihat ke sektor nirlaba dan filantropi untuk menyelesaikan masalah penting, pemahaman model pendanaan yang realistis semakin krusial untuk mewujudkan aspirasi tersebut.



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STANFORD SOCIAL INNOVATION *review*

Ten Nonprofit Funding Models

By William Landes Foster, Peter Kim, & Barbara Christiansen

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Ten Nonprofit Funding Models

By William Landes Foster, Peter Kim, & Barbara Christiansen

Illustration by Doug Ross

For-profit executives use business models—such as “low-cost provider” or “the razor and the razor blade”— as a shorthand way to describe and understand the way companies are built and sustained. Nonprofit executives, to their detriment, are not as explicit about their funding models and have not had an equivalent lexicon—until now.

Money is a constant topic of conversation among non-profit leaders: How much do we need? Where can we find it? Why isn't there more of it? In tough economic times, these types of questions become more frequent and pressing.

Unfortunately, the answers are not readily available. That's because nonprofit leaders are much more sophisticated about creating programs than they are about funding their organizations, and philanthropists often struggle to understand the impact (and limitations) of their donations. There are consequences to this financial fuzziness. When nonprofits and funding sources are not well matched, money doesn't flow to the areas where it will do the greatest good. Too often, the result is that promising programs are cut, curtailed, or never launched.

And when dollars become tight, a chaotic fundraising scramble is all the more likely to ensue.¹ In the for-profit world, by contrast, there is a much higher degree of clarity on financial issues. This is particularly true when it comes to understanding how different businesses operate, which can be encapsulated in a set of principles

known as business models. Although there is no definitive list of corporate business models,² there is enough agreement about what they mean that investors and executives alike can engage in sophisticated conversations about any given company's strategy. When a person says that a company is a “low-cost provider” or a “fast follower,” the main outlines of how that company operates are pretty clear. Similarly, stating that a company is using “the razor and the razor blade” model describes a type of ongoing customer relationship that applies far beyond shaving products.

The value of such shorthand is that it allows business leaders to articulate quickly and clearly how they will succeed in the marketplace, and it allows investors to quiz executives more easily about how they intend to make money. This back-and-forth increases the odds that businesses will succeed, investors will make money, and everyone will learn more from their experiences.

The nonprofit world rarely engages in equally clear and succinct conversations about an organization's long-term funding strategy. That is because the different types of funding that fuel nonprofits have never been clearly defined.³ More than a poverty of language, this represents—and results in— a poverty of understanding and clear thinking.

Through our research, we have identified 10 nonprofit models that are commonly used by the largest nonprofits in the United States. (See “Funding Models” on page 37.) Our intent is not to prescribe a single approach for a given nonprofit to pursue. Instead, we hope to help non-profit leaders articulate more clearly the models that they believe could support the growth of their organizations, and use that insight to examine the potential and constraints associated with those models.

BENEFICIARIES ARE NOT CUSTOMERS

One reason why the nonprofit sector has not developed its own lexicon of funding models is that running a nonprofit is generally more complicated than running a comparable size for-profit business. When a for-profit business finds a way to create value for a customer, it has generally found its source of revenue; the customer pays



for the value. With rare exceptions, that is not true in the nonprofit sector. When a nonprofit finds a way to create value for a beneficiary (for example, integrating a prisoner back into society or saving an endangered species), it has not identified its economic engine. That is a separate step.

Duke University business professor J. Gregory Dees, in his work on social entrepreneurship, describes the need to understand both the donor value proposition and the recipient value proposition. Clara Miller, CEO of the Nonprofit Finance Fund, who has also written wonderfully about this dilemma, talks about all nonprofits being in two “businesses”—one related to their program activities and the other related to raising charitable “subsidies.”

As a result of this distinction between beneficiary and funder, the critical aspects (and accompanying vocabulary) of nonprofit funding models need to be understood separately from those of the for-profit world. It is also why we use the term *funding model* rather than *business model* to describe the framework. A business model incorporates choices about the cost structure and value proposition to the beneficiary. A funding model, however, focuses only on the funding, not on the programs and services offered to the beneficiary.

All nonprofit executives can use our 10 funding models to improve their fundraising and management, but the usefulness of these models becomes particularly important as nonprofits get bigger. There are many ways to raise as much as \$1 million a year, some of which can be improvised during the process. Once organizations try to raise \$25 million to \$50 million or more each year, however, there are fewer possible paths. The number of potential decision makers who can authorize spending such large amounts of money decreases (or you need to get them en masse), and the factors that motivate these decision makers to say “yes” are more established (or cannot be as thoroughly influenced by one charismatic nonprofit leader).

Our research of large nonprofits confirms this. In a recent study, we identified 144 nonprofit organizations—created since 1970—that had grown to \$50 million

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a year or more in size.⁴ We found that each of these organizations grew large by pursuing specific sources of funding—often concentrated in one particular source of funds—that were a good match to support their particular types of work. Each had also built up highly professional internal fundraising capabilities targeted at those sources. In other words, each of the largest nonprofits had a well-developed funding model.

The larger the amount of funding needed, the more important it is to follow preexisting funding markets where there are particular decision makers with established motivations. Large groups of individual donors, for example, are already joined by common concerns about various issues, such as breast cancer research. And major government funding pools, to cite another example, already have specific objectives, such as foster care. Although a nonprofit that needs a few million dollars annually may convince a handful of foundations or wealthy individuals to support an issue that they had not previously prioritized, a nonprofit trying to raise tens of millions of dollars per year can rarely do so.

This is not to say that funding markets are static; they aren’t. The first Earth Day in 1970 coincided with a major expansion in giving to environmental causes; the Ethiopian famine of 1984-85 led to a dramatic increase in support for international relief; and awareness of the U.S. educational crisis in the late 1980s laid the groundwork for charter school funding. Changes cannot be foreseen, however, and, hence, can not be depended on as a source of funding. In addition, these changes were the product or culmination of complex national and international events, not the result of a single nonprofit’s work.

Earl Martin Phalen, cofounder of BELL, an after-school and summer educational organization, captured the benefits of such intentionality well, summing up his experience for a group of nonprofit leaders in 2007. “Our fundraising strategy used to be ‘let’s raise more money this year than last’ and we always were unsure of where we’d be. Then we got serious in thinking about our model and identified an ongoing type of government funding that was a good match for our work. While it required some program changes to work, we now predictably cover 70 percent of our costs in any locality through this approach.”

TEN FUNDING MODELS

Devising a framework for nonprofit funding presents challenges. To be useful, the models cannot be too general or too specific. For example, a community health clinic serving patients covered by Medicaid and a nonprofit doing development work supported by the U.S. Agency for International Development are both government funded, yet the type of funding they get, and the decision makers controlling the funding, are very different. Lumping the two together in the same model would not be useful. At the same time, designating a separate model for nonprofits that receive

Title I SES funds, for example, is too narrow to be useful.

In the end, we settled on three parameters to define our funding models—the source of funds, the types of decision makers, and the motivations of the decision makers. (See “Identifying the Models” below.) This allowed us to identify 10 distinct funding models at a level that is broadly relevant yet defines real choices.

It is interesting to note that there were several funding models we thought we might find, but didn't. One possible model was nonprofits supported by earned-income ventures distinct and separate from their core mission-related activities. Another possible model was nonprofits that operated on a strictly fee-for-service model in either a business-to-business or direct-to-consumer fashion, without important supplementary fundraising (from members or prior beneficiaries) or underlying government support. Although there are some nonprofits supporting themselves with such funding approaches, they were not present among the large nonprofits that we studied. It is our belief that these types of approaches do not lend themselves to large-scale, sustained nonprofit advantage over for-profit entities.

What follows are descriptions of the 10 funding models, along with profiles of representative nonprofits for each model. The models are ordered by the dominant type of funder. The first three models (Heartfelt Connector, Beneficiary Builder, and Member Motivator) are funded largely by many individual donations. The next model (Big Bettor) is funded largely by a single person or by a few individuals or foundations. The next three models (Public Provider, Policy Innovator, and Beneficiary Broker) are funded largely by the government. The next model (Resource Recycler) is supported largely by corporate funding. And the last two models (Market Maker and Local Nationalizer) have a mix of funders.

1. HEARTFELT CONNECTOR Some nonprofits, such as the Make-a-Wish Foundation, grow large by focusing on causes that resonate with the existing concerns of large numbers of people at all income levels, and by creating a structured way for these people to connect where none had previously existed. Nonprofits that take this approach use a funding model we call the *Heartfelt Connector*. Some of the more popular causes are in the environmental, international, and medical research areas. They are different from nonprofits that tap individuals with particular religious beliefs, political leanings, or sporting interests, who come together to form organizations in the course of expressing their interests. Heartfelt Connectors often try to build explicit connections between volunteers through special fundraising events.

The Susan G. Komen Foundation is an example of a nonprofit that uses the Heartfelt Connector model. Established in 1982, the Komen Foundation works through a network of 125 affiliates to eradicate breast cancer as a life-threatening disease by funding research grants, by supporting education, screening, and treatment projects in communities around the world, and by educating women about the

importance of early detection. The foundation's mission has a deep resonance with many women, even though its work may never benefit them directly. Between 1997 and 2007 the Komen Foundation's annual fundraising grew from \$47 million to \$334 million. The average individual donation is small, about \$33, but the foundation's fundraising efforts have been driven by its ability to reach out to an everwidening base of support. Its major fundraising vehicle is the Susan G. Komen Race for the Cure. The foundation and its affiliates hold about 120 running races each year that draw more than 1 million participants. These events not only allow individuals to give money; they also engage volunteers to put together teams, solicit funds, and participate in the race day experience.

Nonprofit leaders considering the Heartfelt Connector funding model should ask themselves the following questions: ■ Have a large cross section of people already shown that they will fund causes in this domain? ■ Can we communicate what is compelling about our nonprofit in a simple and concise way? ■ Does a natural avenue exist to attract and involve large numbers of volunteers? ■ Do we have, or can we develop, the in-house capabilities to attempt broad outreach in even one geographic area?

2. BENEFICIARY BUILDER Some nonprofits, such as the Cleveland Clinic, are reimbursed for services that they provide to specific individuals, but rely on people who have benefited in the past from these services for additional donations. We call the funding model that these organizations

Identifying the Models

We started by identifying a pool of nonprofits to study by combining *The NonProfit Times*'s “Top 100” list (from 2006) with our list of 144 nonprofits founded since 1970 that have reached \$50 million or greater in size. Several major types of nonprofits (for example, hospitals, universities, and religious congregations) were not represented in this sample so we added them to our pool. Next, we collected revenue and funding data for each sample organization. As we categorized the data, we began to identify funding patterns. Each major funding source (for example, government) broke into a handful of subsources that represented distinct decision makers and motivations and linked remarkably well to the organization's missions and domains. At the end of this process, we had 10 funding models. Then, we interviewed the leaders of organizations that epitomize each model. Our goal in the interviews was to explore the challenges and trade-offs of each model, and to better understand the drivers of successful fundraising within each model. —**W.F., P.K., & B.C.**

use the *Beneficiary Builder*. Two of the best examples of Beneficiary Builders are hospitals and universities. Generally, the vast majority of these nonprofits' funding comes from fees that beneficiaries pay for the services the nonprofits provide. But the total cost of delivering the benefit is not covered by the fees. As a result, the nonprofit tries to build long-term relationships with people who have benefited from the service to provide supplemental support, hence the name Beneficiary Builder. Although these donations are often small relative to fees (averaging approximately 5 percent at hospitals and 30 percent at private universities), these funds are critical sources of income for major projects such as building, research, and endowment funds. Donors are often motivated to give money because they believe that the benefit they received changed their life. Organizations using a Beneficiary Builder model tend to obtain the majority of their charitable support from major gifts.

Princeton University is an example of a nonprofit that uses the Beneficiary Builder model. The university has become very adept at tapping alumni for donations, boasting the highest alumni-giving rate among national universities—59.2 percent. In 2008, more than 33,000 undergraduate alumni donated \$43.6 million to their alma mater. As a result of the school's fundraising prowess, more than 50 percent of Princeton's operating budget is paid for by donations and earnings from its endowment.

Nonprofit leaders considering the Beneficiary Builder funding model should ask themselves the following questions: ■ Does our mission create an individual benefit that is also perceived as an important social good? ■ Do individuals develop a deep loyalty to the organization in the course of receiving their individual benefit? ■ Do we have the infrastructure to reach out to beneficiaries in a scalable fashion?

3. MEMBER MOTIVATOR There are some nonprofits, such as Saddleback Church, that rely on individual donations and use a funding model we call *Member Motivator*. These individuals (who are members of the nonprofit) donate money because the issue is integral to their everyday life and is something from which they draw a collective benefit. Non-profits using the Member Motivator funding model do not create the rationale for group activity, but instead connect with members (and donors) by offering or supporting the activities that they already seek. These organizations are often involved in religion, the environment, or arts, culture, and humanities.

The National Wild Turkey Federation (NWTf), which protects and expands wild turkey habitats and promotes wild turkey hunting, is an example of a Member Motivator. It attracts turkey hunters, who collectively benefit from NWTf's work and therefore become loyal members and fundraisers. Local NWTf members host more than 2,000 fundraising banquets each year, raising about 80 percent of the organization's annual revenues. These banquets provide multiple donation opportunities: entry tickets (which cost about \$50 each and include an annual

membership); merchandise purchase (averaging more than \$100 per attendee); and raffle tickets (generating about \$16,000 per banquet). NWTf's national headquarters supplies raffle prizes and merchandise to sell at these banquets. Each banquet clears an average of \$10,000 after expenses. A significant portion of the money raised is dedicated to land and turkey conservation in the community from which it was donated.

Nonprofit leaders considering the Member Motivator funding model should ask themselves the following questions: ■ Will our members feel that the actions of the organization are directly benefiting them, even if the benefit is shared collectively? ■ Do we have the ability to involve and manage our members in fundraising activities? ■ Can we commit to staying in tune with, and faithful to, our core membership, even if it means turning down funding opportunities and not pursuing activities that fail to resonate with our members?

4. BIG BETTOR There are a few nonprofits, such as the Stanley Medical Research Institute, that rely on major grants from a few individuals or foundations to fund their operations. We call their funding model the *Big Bettor*. Often, the primary donor is also a founder, who wants to tackle an issue that is deeply personal to him or her. Although Big Bettors often launch with significant financial backing already secured, allowing them to grow large quickly, there are other instances when an existing organization gets the support of a major donor who decides to fund a new and important approach to solving a problem. The nonprofits we identified as Big Bettors are focused either on medical research or on environmental issues. The primary reasons that Big Bettors can attract sizable donations are: the problem being addressed can potentially be solved with a huge influx of money (for example, a vast sum can launch a research institute to cure a specific illness); or the organization is using a unique and compelling approach to solve the problem.

Conservation International (CI), whose mission is to conserve the Earth's biodiversity and to demonstrate that humans can live harmoniously with nature, is an example of a nonprofit that uses the Big Bettor funding model. CI's ability to identify locations around the world where protecting an area of land can have a significant effect on preserving global biodiversity helps it attract donors who are willing to contribute large amounts of money so that they can have an important and lasting impact on protecting the Earth. The majority of CI's contributions come from a few large donors.

Nonprofit leaders considering the Big Bettor funding model should ask themselves the following questions: ■ Can we create a tangible and lasting solution to a major problem in a foreseeable time frame? ■ Can we clearly articulate how we will use large-scale funding to achieve our goals? ■ Are any of the wealthiest individuals or foundations interested in our issue and approach?

5. PUBLIC PROVIDER Many nonprofits, such as the Success for All Foundation, work with government agencies to provide essential social services, such as housing, human services, and education, for which the government has previously defined and allocated funding. Nonprofits that provide these services use a funding model we call *Public Provider*. In some cases, the government outsources the service delivery function but establishes specific requirements for nonprofits to receive funding, such as reimbursement formulae or a request for proposal (RFP) process. As Public Providers grow, they often seek other funding sources to augment their funding base.

TMC (formerly the Texas Migrant Council), which supports children and families in migrant and immigrant communities, is an example of an organization that uses the Public Provider funding model. At its inception in 1971, TMC tapped into the federal government's Head Start program to fund its initial work, helping children prepare for school by focusing on the bilingual and bicultural needs of families. As TMC grew, its leaders sought to reduce its dependence on this one funding source and to identify other government funds. TMC now receives funding from a variety of federal, state, and local government sources. TMC has expanded from Texas into seven additional states and is offering new programs, such as literacy, prenatal care, and consumer education.

Nonprofit leaders considering the Public Provider funding model should ask themselves the following questions: ■ Is our organization a natural match with one or more large, preexisting government programs? ■ Can we demonstrate that our organization will do a better job than our competitors? ■ Are we willing to take the time to secure contract renewals on a regular basis?

6. POLICY INNOVATOR Some nonprofits, such as Youth Villages, rely on government money and use a funding model we call *Policy Innovator*. These nonprofits have developed novel methods to address social issues that are not clearly compatible with existing government funding programs. They have convinced government funders to support these alternate methods, usually by presenting their solutions as more effective and less expensive than existing programs. (By contrast, Public Providers tap into existing government programs

FUNDING MODELS

MODEL	CHARACTERISTICS	EXAMPLES	TACTICAL TOOLS
Heartfelt Connector			
Funding source: Individual	The mission has broad appeal	Medical research (Susan G. Komen Foundation)	Special events
Funding decision maker: Multitude of individuals	The benefits often touch the lives of the funder's family and friends	Environment (Natural Resources Defense Council)	Direct mail
Funding motivation: Altruism	Nonprofit connects donors to the cause through volunteerism or other means	International (Save the Children)	Corporate sponsorship
Beneficiary Builder			
Funding source: Individual	The mission initially attracts individuals pursuing, and paying for, specific individual benefits	Universities (Princeton University)	Fees
Funding decision maker: Multitude of individuals	Mission creates a strong individual connection through the delivery of the benefit (for example, spending four years on campus or having one's life saved)	Hospitals (Cleveland Clinic)	Major gifts
Funding motivation: Self-interest followed by altruism	Benefits created viewed as having important societal benefits		
Member Motivator			
Funding source: Individual	Most of the benefits have a group orientation (for example, religious services or hiking), creating an inherent collective community to tap into for fundraising	Religious congregations (Saddleback Church)	Membership
Funding decision maker: Multitude of individuals	Uses richest mixture of tactical tools to raise money	Arts and culture (National Public Radio)	Fees
Funding motivation: Collective interest		Environment and conservation (National Wild Turkey Federation)	Special events Major gifts Direct mail
Big Bettor			
Funding source: Individual or foundation	Builds majority of support from small number of individuals or family foundations	Medical research (The Stanley Medical Research Institute)	Major gifts
Funding decision maker: Few individuals	Mission may be fulfilled within limited number of decades (for example, finding cure to a certain disease)	Environment (Conservation International)	
Funding motivation: Altruism			
Public Provider			
Funding source: Government	Provides services that are perceived as core government responsibility (for example, foster care)	Human services (TMC)	Government contracts
Funding decision maker: Administrators	Clear definitions exist of the services and processes that nonprofits must provide (for example, RFPs)	Education (Success for All Foundation)	
Funding motivation: Collective interest		International (Family Health International)	
Policy Innovator			
Funding source: Government	Secures government funds for a significant new approach to problem or to address a problem not currently viewed as a core government responsibility	Human Services (Youth Villages)	Legislative appropriation or earmark
Funding decision maker: Policymakers	Requires a high-level government "champion"	Education (Communities in Schools)	Executive earmark
Funding motivation: Collective interest	Generally succeeds when significant pressures exist on government as a result of a fiscal or media crisis	International (International AIDS Vaccine Initiative)	Government pilot project
Beneficiary Broker			
Funding source: Government	Individual beneficiaries decide how to spend the government benefit	Health (East Boston Neighborhood Health Center)	Government reimbursement
Funding decision maker: Multitude of individuals	Must navigate and influence government decision makers for eligibility and compliance with reimbursement requirements	Housing (Metropolitan Boston Housing Partnership)	
Funding motivation: Self-interest	Requires individual marketing capability to reach and service end beneficiary	Employment (Peckham Vocational Industries)	
		Public and societal benefit (Iowa Student Loan Liquidity Corporation)	
Resource Recycler			
Funding source: Corporate	The nonprofit uses goods that are created in the market economy where there are inefficiencies that create a surplus (for example, food) or where the marginal costs to produce the product are low (for example, pharmaceuticals)	Food (Oregon Food Bank)	In-kind giving
Funding decision maker: Few individuals		International (AmeriCares Foundation)	
Funding motivation: Self-interest			
Market Maker			
Funding source: Mixed	A funder with some degree of self-interest and the ability to pay exists (for example, a health system buying blood)	Health (American Kidney Fund)	Fees
Funding decision maker: Mass of individuals (one side), few individuals (other side)	Often, one of the parties involved in the transaction is motivated largely by altruism (for example, a blood donor or land donor)	Environment or conservation (The Trust for Public Land)	Major gifts (corporate or individual)
Funding motivation: Altruism (one side), self-interest (other side)			
Local Nationalizer			
Funding source: Mixed	The issue is one of a few top priorities for improvement or success in a locality (for example, creating a quality city school system)	Education (Teach for America)	Major gifts
Funding decision maker: Few individuals	The issue is common enough to exist in many localities nationwide	Youth development (Big Brothers Big Sisters of America)	Special events
Funding motivation: Altruism	The level of funding available in any single geographic area is usually limited		

to provide funds for the services they offer.)

An example of a Policy Innovator is HELP USA. This nonprofit provides transitional housing for the homeless and develops affordable permanent housing for low-income families. Andrew Cuomo (son of former New York governor Mario Cuomo) founded HELP USA in 1986 as an alternative to New York's approach of paying hotels to house the homeless in so-called "welfare hotels." HELP USA's innovative approach to the housing crisis came about in an era when homelessness was a prominent public issue and government funders were willing to try a novel approach. Cuomo gained the initial support of government decision makers by positioning his solution as both more effective and less costly, which was critical during New York's fiscal crisis. In 2007, HELP USA's revenues were \$60 million, almost 80 percent of which came from government sources, half federal and half state and local. The organization was operating in New York City, Philadelphia, Las Vegas, Houston, and Buffalo, N.Y.

Nonprofit leaders considering the Policy Innovator funding model should ask themselves the following questions: ■ Do we provide an innovative approach that surpasses the status quo (in impact and cost) and is compelling enough to attract government funders, which tend to gravitate toward traditional solutions? ■ Can we provide government funders with evidence that our program works? ■ Are we willing and able to cultivate strong relationships with government decision makers who will advocate change? ■ At this time are there sufficient pressures on government to overturn the status quo?

7 BENEFICIARY BROKER Some nonprofits, such as the Iowa Student Loan Liquidity Corporation, compete with one another to provide government-funded or backed services to beneficiaries. Nonprofits that do this use what we call a *Beneficiary Broker* funding model. Among the areas where Beneficiary Brokers compete are housing, employment services, health care, and student loans. What distinguishes these nonprofits from other government-funded programs is that the beneficiaries are free to choose the nonprofit from which they will get the service.

The Metropolitan Boston Housing Partnership (MBHP), a regional nonprofit administering state and federal rental assistance voucher programs in 30 Massachusetts communities, is an example of a nonprofit that uses the Beneficiary Broker funding model. Since launching the organization in 1991, MBHP has developed a reputation as a reliable provider of housing vouchers for families in need. MBHP is the largest provider of housing vouchers in the Boston area, connecting more than 7,500 families to housing at any one time. MBHP also provides related services, such as education and homelessness prevention programs. More than 90 percent of MBHP's revenue comes from the small administrative fees the state provides as part of the voucher program. The remaining funds come from corporations and foundations.

Nonprofit leaders considering the Beneficiary Broker funding model should ask themselves the following questions: ■ Can we demonstrate to the government our superior ability to connect benefit or voucher holders with benefits, such as successful placement rates and customer satisfaction feedback? ■ Can we develop supplemental services that maximize the value of the benefit? ■ Can we master the government regulations and requirements needed to be a provider of these benefits? ■ Can we find ways to raise money to supplement the fees we receive from the benefits program?

8 RESOURCE RECYCLER Some nonprofits, such as AmeriCares Foundation, have grown large by collecting in-kind donations from corporations and individuals, and then distributing these donated goods to needy recipients who could not have purchased them on the market. Nonprofits that operate these types of programs use a funding model we call *Resource Recycler*. Businesses are willing to donate goods because they would otherwise go to waste (for example, foods with an expiration date), or because the marginal cost of making the goods is low and they will not be distributed in markets that would compete with the producer (for example, medications in developing countries). In-kind donations typically account for the majority of revenues, but Resource Recyclers must raise additional funds to support their operating costs. The vast majority of Resource Recyclers are involved in food, agriculture, medical, and nutrition programs and often are internationally focused.

The Greater Boston Food Bank (TGBFB), the largest hunger relief organization in New England, is an example of a nonprofit that uses the Resource Recycler funding model. This organization distributes nearly 30 million pounds of food annually to more than 600 local organizations, including food pantries, soup kitchens, day care centers, senior centers, and homeless shelters. TGBFB acquires goods in many ways. The dominant sources of goods are retailers and manufacturers. It also receives surplus food from restaurants and hotels. In 2006, corporate in-kind support accounted for 52 percent of TGBFB's revenues. Federal and state government programs provide TGBFB with in-kind goods and money, accounting for 23 percent of its annual budget, which TGBFB uses to purchase food for distribution. Cash donations from individuals make up the remaining 25 percent of revenues, covering overhead and capital improvements.

Nonprofit leaders considering the Resource Recycler funding model should ask themselves the following questions: ■ Are the products that we distribute likely to be donated on an ongoing basis? ■ Can we develop the expertise to stay abreast of trends in the industries that donate products to us so that we can prepare for fluctuations in donations? ■ Do we have a strategy for attracting the cash we'll need to fund operations and overhead?

9. MARKET MAKER Some nonprofits, such as the Trust for Public Land, provide a service that straddles an altruistic donor and a payor motivated by market forces. Even though there is money available to pay for the service, it would be unseemly or unlawful for a for-profit to do so. Nonprofits that provide these services use a funding model we call *Market Maker*. Organ donation is one example where Market Makers operate. There is a demand for human organs, but it is illegal to sell them. These nonprofits generate the majority of their revenues from fees or donations that are directly linked to their activities. Most Market Makers operate in the area of health and disease, but some also operate in the environmental protection area (for example, land conservation).

The American Kidney Fund (AKF) is an example of a nonprofit that uses the Market Maker funding model. AKF was founded in 1971 to help low-income people with kidney failure pay for dialysis. It is now the country's leading source of financial aid to kidney dialysis patients, providing (in 2006) \$82 million in annual grants to 63,500 kidney patients (about 19 percent of all dialysis patients). Before 1996, health care providers were allowed to pay Medicare Part B and Medigap premiums (approximately 20 percent of total costs) for needy dialysis patients. In 1996, the federal government made it illegal for providers to do this because it might trap the patient into receiving dialysis from a particular provider. The new law left thousands of kidney patients unable to afford kidney treatment. AKF noticed this gap and established a program to fill it. AKF now pays these premiums, allowing patients to continue their treatment. AKF is funded primarily by health care providers and other corporations. AKF is now applying the same principles used in its kidney dialysis program for pharmaceuticals used to treat bone loss.

Nonprofit leaders considering the Market Maker funding model should ask themselves the following questions: ■ Is there a group of funders with a financial interest in supporting our work? ■ Are there legal or ethical reasons why it would be more appropriate for a nonprofit to deliver the services? ■ Do we already have a trusted program and brand name?

10. LOCAL NATIONALIZER There are a number of nonprofits, such as Big Brothers Big Sisters of America, that have grown large by creating a national network of locally based operations. These nonprofits use a funding model we call *Local Nationalizers*. These organizations focus on issues, such as poor schools or children in need of adult role models, that are important to local communities across the country, where government alone can't solve the problem. Most of the money for programs is raised locally, often from individual or corporate donations and special events. Very little of the money comes from government agencies or fees. Very few local operations exceed \$5 million in size, but, in totality they can be quite large.

Teach for America (TFA) is an example of a nonprofit that uses a Local

Nationalizer funding model. TFA recruits, trains, and places recent college graduates into teaching positions in schools across the country. TFA was founded in 1989, and by 2007 had more than \$90 million in annual revenues. The organization relies on its 26 regional TFA offices to raise more than 75 percent of its funding. The reason this works is that TFA's mission—improving the quality of K-12 education—resonates with local funders. TFA developed a culture in which fundraising is considered a critical aspect of the organization at every level, and it recruited local executive directors who would take ownership of attracting regional funding growth.

Nonprofit leaders considering the Local Nationalizer funding model should ask themselves the following questions: ■ Does our cause address an issue that local leaders consider a high priority, and is this issue compelling in communities across the country? ■ Does expanding our organization into other communities fulfill our mission? ■ Can we replicate our model in other communities? ■ Are we committed to identifying and empowering high-performing leaders to run local branches of our organization in other communities?

IMPLICATIONS FOR NONPROFITS

In the current economic climate it is tempting for nonprofit leaders to seek money wherever they can find it, causing some nonprofits to veer off course. That would be a mistake. During tough times it is more important than ever for nonprofit leaders to examine their funding strategy closely and to be disciplined about the way that they raise money. We hope that this article provides a framework for nonprofit leaders to do just that.

The funding paths that nonprofits take will vary, and not all will find models that support large-scale programs. The good news is that all nonprofits can benefit from greater clarity about their most effective funding model, and it is possible for some nonprofits to develop models that raise large amounts of money. As mentioned earlier, almost 150 new nonprofits (not counting universities and hospitals), surpassed \$50 million in annual revenues between 1970 and 2003.

On the other side of the equation, philanthropists are becoming more disciplined about their nonprofit investing. A growing number of foundations, such as the Edna McConnell Clark Foundation and New Profit Inc., are investing in their grantees to improve both program and funding models. We hope that this article helps philanthropists become clearer about their funding strategy so that they can support their programs more effectively.

As society looks to the nonprofit sector and philanthropy to solve important problems, a realistic understanding of funding models is increasingly important to realizing those aspirations. ■

Notes

1. In a November 2008 Bridgespan survey of more than 100 nonprofits, leaders were asked which of eight different and often conflicting fundraising tactics would play some role or a major role in their approach to addressing the downturn. Nearly half (48 percent) of respondents said that six or more would.
2. For example, see Thomas Malone, Peter Weill, Richard Lai, et al., "Do Some Business Models Perform Better Than Others?" *MIT Sloan Research Paper* No. 4615-06, May 2006.
3. For an early framework looking at "donative" vs. "commercial" nonprofits, see Henry Hansmann, "The Role of Nonprofit Enterprise," *Yale Law Journal*, 89, 5, April 1980.
4. William Foster and Gail Fine, "How Nonprofits Get Really Big," *Stanford Social Innovation Review*, spring 2007.