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Non-Profits Why They Are Double The Trouble

Doug Green

Some people mistakenly think that non-profits are easier than for-profit startups because they don't have to make money. On the contrary, they often face many more barriers to success because they must satisfy two separate sets of customers, both those receiving the benefit and donors. These problems are also often made worse because the founders of non-profits tend to ignore sound marketing principles on both fronts.

The first issue that typically arises is a failure on the part of non-profits to do sound market research on the needs of the people receiving the benefit of the organization. Founders often think that research is not necessary because their customers are receiving the benefit for free or at a greatly subsidized cost. This is not only a mistake, but it also can be a form of arrogance on the part of the founders in assuming what a particular under-resourced group needs the most. Even worse, if the founders do not come from the community to be served, the solutions that they offer might be culturally inappropriate or incompatible with other aspects of their life situation. Other issues might involve a failure to account for third part stakeholders who have to be part of the solution. For example, a non-profit that hopes to improve the school performance of disadvantaged students may need the cooperation of over-worked school administrators and teachers and therefore must understand their priorities.

While there is nothing wrong with starting off with a specific idea of what benefit a non-profit might bring to a group or community, the assumptions behind the idea need to be verified. There are a specific set of steps based on sound marketing principles that I recommend to non-profit founders to ensure that they understand the needs, culture, and life situations of the people they hope to help in order to make their efforts effective.

A non-profit does not, by definition, make a profit, but it still needs income to survive. If a company is to be funded by contributions, it must also appeal to donors and convince them that the company's cause is more worthy than all of the other causes competing for their donations. I am not exaggerating when I tell the founders of non-profits that they are competing for donor dollars with starving children. Even if the value of the non-profit to the target constituency is clear, the relative value to the donors may not be. Take for example a our previously referenced startup company that seeks to improve test scores. Even if the

founders have done their homework and verified that the need is in fact a priority for students, teachers, administrators, and parents, they must convince donors that they should give to this cause rather than, say, the homeless. While it is possible to find very specific contributors that value specific causes, this is not an easy task. The solution for this problem is, again, to apply sound marketing principles by considering donors to be a separate market that should be segmented, targeting the correct donors and positioning the non-profit appropriately against competition.

Non-profits can be incredibly rewarding, and the additional challenges that they offer can even make them more so if they can be overcome. A non-profit startup that does its marketing homework to understand the needs of both its customers and donors is a beautiful thing.

Doug Green is the founder and principal of the Bradam Group, a consulting firm specializing in marketing, strategy, and early stage execution with a focus on new ventures. He is also teaches entrepreneurship and marketing at Duke University. For more information on Doug and The Bradam Group visit www.thebradamgroup.com.