



Building an Earned Income Stream Worksheet

How to wean yourself off of revenue that depends on good will, hop off of the hamster wheel of fundraising, and build a revenue stream to sustain you.

(P.S. But this worksheet helps for-profits too!)

A cool logo you've spent a painstaking amount of time working on? Check. Stationary that would make Emily Post herself jealous? Also check. Know how you want the business to run day-to-day? Oh, you've reduced it down to a business process manual? Well look at you!

Big question is, do you know how you'll make money? Before you answer, let's be clear that, "By selling products and services," isn't really an answer. Selling what products? What services? How? To whom?

It's human nature to jump to the "sexy" bits of running a business (yes, non-profits are a business). For most, developing something called a "Business Model" is about as unsexy as it can get. Yet, how exactly do you plan to subsidize all the sexier bits without knowing how money will come in?

New organizations always, always put this off. So if you haven't thought through it you're not alone. If you've already started an organization without clarity on how to create revenue you also aren't alone. I bring it up with clients who've been operating for years and they just stare.

Lucky for you, finding ways to earn revenue is very similar to changing your oil. Not one of those things you necessarily want to do, but so long as you own the car (or in our case business) you're gonna' need to address it regularly.

Earned revenue models are incredibly personal, and can hardly be covered in just a few pages. Instead, what I've done here is walk you through a few aspects to get your juices going. From here, you'd sit down and put the pieces together. For example, based on your answers what opportunities should you look more into? I find clients tend to have more fun with this process once they've gotten a little more of this clarity.

With that, hope you find this helpful.

Erin Mcclarty

“I started the business with a simple question: How can we make the process of buying a computer better? The answer was: Sell computers directly to the end customer. Eliminate the reseller's markup and pass those savings on to the customer.”

— **Michael Dell, Dell Computers**

It All Starts with A Question

Oftentimes, the creation of a revenue stream hinges on the question, "What if?" For Dell, you see the question was, "What if it were easier for customers to buy computers cheaper?" For Netflix, the question was, "What if people could rent videos without having to pay a late fee?"

So now, for you what is your, "What If?"

Tip: A great way to start this exercise is to think about pain points people experience in your space. Is it a lack of access? Silos?

What If....

Who Are We Selling to Anyway?

Another way to approach this is to develop a “target client profile.”

Start the process off by thinking about your target market in general? For example, are you targeting people who need certain healthcare services, such as wellness? Once you get a general idea let’s narrow it down a little. Are you targeting parents who need healthcare services? Millennial women interested in wellness? Might governments be interested in a certain population getting health services? As you go through this exercise, try to widdle it down until you have a very specific client profile.

Do this AS you gather information about the market you’re looking to target. Don’t just sit at a desk and concoct what you think your market might be interested in. Put together a quick survey on TypeForm or one of the cheap poll apps. Find people who fit within the market you think you should target and ask them a few questions. Is the product or service you want to provide something they even want? Keep in, that they *need* it is irrelevant if they don’t see the value in purchasing. The answers might surprise you. But don’t worry if your projects are off, most of the large successes we hear about today have had to make pivots with regard to who they were servicing. With Dropbox being one who made MAJOR change in their target customer before they grew.

In the end, don’t wait too long before getting a clear understanding who your markets are.

Tip: You can have multiple client profiles. For example, social enterprises are cool because they typically have multiple client bases. There’s the beneficiary, but there’s also other potential consumers, nonprofit service providers, foundations or governments that might be interested in what they’re doing. Develop a client profile for each of these.

Resource: Sample Client Profile

Want to better understand how to sell specific products and services to specific clients? Well first, you've got to know your client. Do research and interviews to better understand who your client is, where do they hang out, how you can reach them and what their pain points are.

Name:

Age:

Occupation:

Geography:

Hobbies:

Education:

Attributes:

What is their story?

Ex. - Betsy grew up in a family where aggregate income was less than 35K. - Betsy wasn't introduced to jobs or careers allowing for advancement and long term sustainability. Betsy is only familiar with jobs needed for survival. Etc.



Another Note On Choosing a Customer

Keep in mind, social enterprises often have more than one client and that's the beauty of the work. To keep with our example above, you may work with job-seekers directly, but you may also set up relationships with workforce agencies where they pay you as well. You could also consult with employers and serve as a placement agency for them. You might even set up contracts where you provide services to a City, State or Federal government agency.

Keep an open mind while you do this work. Develop the client profile for each, and measure that against your capacity as an organization. You may not be able to handle too many customer demographics, and that certainly might be the case when you are just starting out. Perhaps, you could keep these other customer groups in mind as you grow over the long term and really master the customers you're currently working with.

Exercise: Once you decide on the customer, how do you make their lives better? With your product or service?

Journey Map

Another way to better understand your clients, and their pain points, is to physically map out their current journey. For example, if you want to sell affordable scholarship consulting services, what is the journey a student takes to apply for a scholarship? Needing a scholarship? Or working with a University on attaining a scholarship? By better understanding that journey, you can have a better understanding of the pain points and where you might be of service. You can also develop products and services around those pain points.

Step 1: Choose an audience you want to target.

Step 2: Try to conduct preliminary interviews of this audience. Better understand how they interface and come in contact with health standards. What does their day look like? Shadow if you can.

Step 3: From the interviews and shadowing, map out their “journey.”

Step 4: Review your map to make sure you’ve listed every step someone goes through not just what you think you’re concerned with. Above each step, list the person or institution that makes it happen.

Step 5: To see if you're on the mark, have a few of your targets map out the journey they believe they take.

Pay attention to any:

- Confusion
- Frustration
- Change in tone or gestures
- Points where people are working really hard
- Pain points
- Skipped steps

Step 6: Looking at the journey map you created and the journey map the target customer. Identify “highs” in the experience and “lows.” What are the unmet needs you could capitalize from, or institutions you need to intervene with?

Strategic Brainstorming

Step 1: Where are the pain points for your potential customer? List them here.

Step 2: How are you positioned to address these paint points? List those here.

Step 3: Looking at the pain points, and where you might be able to provide solutions, answer the following.

1. **Who** can you make revenue from?
2. **What** can you offer or sell to make revenue from?
3. **How** would you make revenue?
4. **Why** would people be inclined to

Product or Service Brainstorm

Ok, you have a sense of who your customer is or could be as well as the pain points they may be encountering. Now, what do you own, have access to, or control that you can sell or lease to them to address the pain point?

Go crazy here! Often clients get stuck thinking about specific products because that's what they're used to selling. But, at this point don't get so hung up on what the end product looks like. Instead, focus solely on what you own, have access to or control. To help:

List assets you own that someone might pay to use or own themselves? (tangible and intangible, for example data)

_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

What knowledge do you have that someone might pay to have access to?

_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

What connections or network do you have that someone might pay to have access to or knowledge of?

_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

What access do you have that someone might pay to also have access to? For example, important people, celebrities, government or certain populations?

_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Deciding on a Business Model

Now comes the big finale.

You've decided on a client and gotten a real clear picture of what the pain point is. You've brainstormed solutions and even identified a few things you have that could lend itself to that solution.

This is where you look at the "how," or the way you'll package and sell the things you've brainstormed above in a way that makes them attractive for purchase.

For example, Netflix sells their product/service under a subscription business model where you pay a monthly fee for access. Phone apps attract you with their "freemium" model where they offer the app for free and then entice you to buy the magical elf axe, or whatever they're selling in the game, through an in app purchase. The way automobile manufacturers and airlines price is they offer a base, and then allow you to purchase add-ons. For example, that cool new moon roof or extra leg-room.

There are all sorts of materials out there on choosing a business model, but if you need help we're happy to do so. As you choose a business model, think about:

Sustainability: Sure, it's important to understand how much customers can and/or will pay. Even more important is to understand how much it costs to provide what you're providing. Make sure you understand the cost, and don't forget some of the factors such as salary or overhead that go into it. Price in a way that allows whatever you're selling to be sustainable.

Competitor Models: One reason, among many, that Blockbuster was kicked out of the movie market was its pricing model. If I can pay one low fee to Netflix, why would I pay you per movie AND the late fee we know I'm bound to incur?