**Steps in a Non-Profit Startup**

**Presentation Description**

The initial baby steps in establishing a Non-Profit organization.

**Presentation Transcript**

**Management:**

Starting a Small Business Baby Steps Start and run it well Found it and sustain it and you end up with Economic and decision-making freedoms for years If its just because you are ornery, can’t work with a team Don’t even think about it

**The Legal Set up:**

Type of Organization? 501c3 Non-Profit Hire lawyer $5000 Limited Corporation Sole Proprietor Search on web for types of organizations….

**Setting up your identity:**

Legal Business Name Post Office Box Bank number Paypal Business card Brochure Website Letterhead

**Dogged Determination:**

No capital, finding every piece of furniture, doing your own bookkeeping , printng off all the documents to…. Admin Team: The first staff to do the bookkeeping, then the marketing, then the fundraising, then … Setbacks

**Expanding with excruciatingly small steps:**

The Ministry team: Who will give their all for a vision? When you have feet of clay? Jesus chose 12 to be with him… The setbacks of those who go back… or who are called to something different

**A few more financial ideas:**

Profit margin Income Less Cost of Goods – Expenses = Profit margin Fixed costs Filling in tax returns (19 forms per year means a bookkeeper 3 hours per week minimum) Monthly bookkeeping Rent Power Phone Variable Costs & Variable Income If I print this book when will there b e sufficient return to be making a profit. How many do I print? What if I move to five books and hir e an editor? If I do minimal marketing can I break even. If I maximize marketing can I break even.

**The core teams for an NGO:**

The board team The admin team The ministry team …and morph!!! ! Every three years – plan for turnover, create pathways for people to move on

**Progressions:**

Owner-operator Owner-Manager -= over ten people, management consumes most of your time Owner-Director – 30-40 people, you have to create a management structure Paper definitions of systems rather than direct supervision Board meetings involve diversified ownership of decisions and roles.

**Progressions and Styles:**

Size Structure Self-Image Up to 8-10 Owner-operator Artisan Up to 30-40 Owner-manager Classical Entrepreneur 40+ Owner-director Manager Source: Tuck, P and R . T . Hamilton (1993) Intra-industry differences in founder-controlled firms. International Small Business Journal ,, Vol 12.

**The Pros:**

Productive outlet for enterprising people – transforming unemployment to self- employment Specialist provider of parts or components at lower unit cost than is possible at a large firm Source of innovation in products and services A social role in providing a career path for non-traditionalists

**The Cons:**

Difficult to compete in concentrated industries, so remain in services Labor intensive so don ’ t take advantage of tech improvements Narrow skills set of owner-operator does not lead to diversification Hence cannot average out the ups and downs of the market, or changes in consumer preferences. Undercapitalized so experience shortages of credit and working capital (main sources: personal assets, limited short-term loans, trade credit) Tend to work in a convenient location, not best for business growth

**The Self-Employment Decision:**

Motivation Commercial opportunity (37%) Independence(32%) Accumulate wealth(12%) Unemployment (2% good years)-20%(bad years)) If they survive 4-5 years they are the same size as those who began without unemployment Source: Robert Hamilton and John English. 1997. The Small Business Guide in New Zealand . Wellington: Bridget William Books.

**For what Reason?:**

Only 5% create jobs outside their family 40% see the creation of a quality product as a goal 14% profitability on capital employed Source: Robert Hamilton and John English. 1997. The Small Business Guide in New Zealand . Wellington: Bridget William Books.

**Survival Rates:**

Dependent on the economy Dependent on competition One study indicated in NZ the following Survival rates in % No Births 1989 1990 1991 1992 22,964 82.1 69.0 57.4 50.7 Source: Business Activity 1992-3, Statistic New Zealand, February, 1994

**6 Critical Issues to Consider Before Startup:**

Associates What is each contributing: Cash? Expertise? Other assets?/ Try to avoid too large a group DO they share common objectives? Do they have the necessary skills between them to establish the business? Particularly to manage the bookkeeping issues

**Power and Decision-making**

Clarity Permanent and properly invested capital Separate entity from personal income Ambition: too much expected too quickly? Aims within the boundaries of capacity to manage? Do you really know your marketplace? Pioneering funds to take the time to open up the market