

Earned-Income, Budgeting, and Fiscal Management

Budgeting and fiscal management aids in the success of any NGO. Skills such as how to set up a budget, how to manage expenses, and how to diversify your organization's income, are necessary for a financially sustainable organization.

Earned income consists of anything you can sell and make into a product or services for payment. In non-profits, the idea of earned income is not as widely-used as it is in for-profits possibly because of the misconception that non-profits can't earn a profit. Possible services for earned-income include:

- ⚙️ Workshops & trainings
- ⚙️ Consulting
- ⚙️ Sliding scale program services
 - ➔ Individuals with financial means pay for the same services program participants get for free
- ⚙️ Rental or use of space/equipment
- ⚙️ Sale of products made by program participants



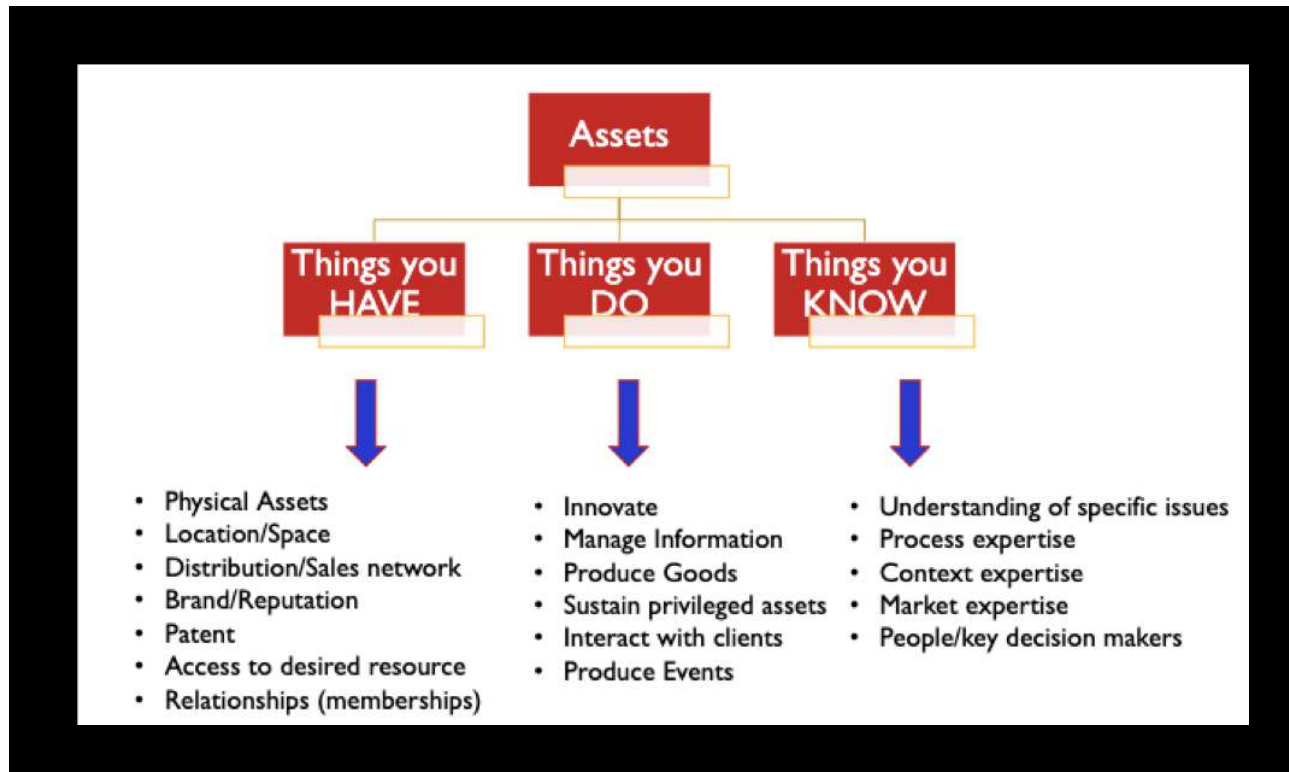
TIPS:

When considering earned-income, be sure the products you sell do not go against your NGO's values.

Familiarize yourself with specific country laws on how much NGOs can make to maintain their NGO status, and remember to stay within those statutes.

Steps to Generate Earned-Income

Step 1: Identify what services or products your organization can use to generate earned income.



What can you sell or rent that you already have?

Examples: gym space, housing space, extra or old equipment, farmland



What services could you or your organization create and sell?

Examples: handcrafts, healthcare services, agricultural products



What types of training could you provide to people?

Examples: consulting, workshops, trainings, paid interns/volunteers, coaching

Step 2: Identify your market.

- 🎯 Your market could be local, regional, or international!
- ⚙️ Your market will determine the price and accessibility of your earned income strategy.
- 🎯 Try to start with a market you have easy access to. This lowers the risk of lost investment.



EXAMPLES:

- Market for handmade goods: U.S. Etsy, in-country markets
- Market for healthcare services: local population within 50km
- Market for online consulting: worldwide population with the same language



Step 3: Research how much your product or service is worth with regards to your market.

- 🎯 Compare prices in different locations.
 - How much are your goods/services worth locally?
 - How much are they worth in the nearest larger city?
 - How much are they worth in another country?

● Think about your value proposition and how unique your offers are.

→ Among a wealthy market, you can possibly charge more than market price for your handmade goods if your market is interested in supporting your organization.



Example: You can make more selling handmade goods among wealthy customers who do not see these items often.

Selling handmade goods from India on Etsy may be cost effective, despite the cost of shipping because Americans see a uniqueness factor in the items and their purpose.



Step 4: Decide on competitive prices for your product or service.

● Based on your market and location, you can establish competitive prices for your products and services. Your income will let you know if you are pricing your items/services too high or too low.



→ Some goods can only be sold locally, for example unaltered agricultural products or rental for space. For these you will likely have to charge a local price.



→ For workshops, decide on the cost per workshop. This includes printing, prep time, materials, etc.



→ Understand how people will pay. If individuals are paying per person, know that price. If organizations are paying per organization, know that price.



Step 5: : Create methods to recruit paying users to purchase your products and services.



- 🎯 Follow what others do in your area for the sale of local goods and services.
- 🌐 Use existing networks you have (volunteers, staff, social media followers, funders, and donors) to get the word out about your earned income ventures.
- 🏆 You may have to invest money into advertising your goods and services.



Step 6: Track your income and expenses!

- 🎯 Just because your organization has earned income strategies does not mean that they are profitable.
 - ➔ If your earned income strategies do not further your mission, and they are not generating sufficient income compared to your expenses, start again at Step 1 with a new service or product.
- 🌐 If you are not generating enough income due to scale, rethink your service price or recruitment methods.

Note: While earned-income and social entrepreneurship are great, do not let either hold your organization back! There are many ways to fund your organization and create donors or revenue. You can check out the Donor Strategies Handout in this module for more information.

