

Earned Income Strategies for Biking and Walking Organizations

Grants and membership dues aren't the only path to financial sustainability for bike and pedestrian organizations. Chances are some of your income already comes from rides and other events, government contracts for safety rodeos and other programming, or an online marketplace to sell merchandise. During this webinar we explored how to make earned income a stabilizing force in your income portfolio and heard creative ideas for earned income.

Featuring Jean Block, the founder of Social Enterprise Ventures, LLC and co-author of "The Nonprofit Guide to Social Enterprise: Show Me The (Unrestricted) Money" and Cyndi Steiner, the Executive Director of the New Jersey Bike + Walk Coalition.

Jean Block

Fundraising consultant, founder, **Social Ventures LLC**

What exactly are we talking about? Earned income strategies — or social enterprise, as Block terms it — are ways to create “renewable, unrestricted funds through sales, payment for services or other business opportunities.”

Why should bike/ped organizations consider social enterprise?

“Everything is changing,” Block emphasized. “The way we have traditionally funded ourselves in the non-profit sector isn't working anymore.” Government contracts are less reliable, donors need to be constantly courted and even big foundation grants require tremendous time and resource investment. “We need to find different ways to sustain our organizations.”

Yes, you are a rocket scientist: Social enterprise or earned income builds on your assets. It stems from the activities and services that you're already doing to fulfill your mission. “What do you *do*, what do you *know*, what do you *have*?” Block posed. “It really is rocket science — to someone who doesn't know it.”

Yes, you're allowed to do it: Don't get bogged down in common myths, like...

- Nonprofits can't make a profit. *You do now. You just aren't paying taxes on it!*
- If we earn money, we will lose our nonprofit status! *Nope. Not likely.*
- What if we have to pay federal tax? *Well, what if? Pay the federal tax!*
- It's a quick fix. *Quite the contrary! It takes tremendous planning...*



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Seven steps to assessing your readiness or idea for an earned income idea:

- **Step 1 - Organizational Focus:** What are the goals, benchmarks, mission and vision for your organization... and how does your social venture idea support or enhance that?
- **Step 2 - Assets and Opportunities:** What are your Core Competencies (what you do extremely well), what are your Physical Assets (what you have that is underutilized), what are your Technical and Knowledge Assets (what you know, e.g. training) and what are your Relationship Assets (who you know that can help with social enterprise, e.g. people with influence, potential funders)
- **Step 3 - Market Research: The Customer(s).** Identify what current and future market trends could affect your idea and what your target audience will be. Remember that the buyers and users are different, i.e. for a daycare the users are kids who care about fun and food, the buyers are parent who care about safety and convenience. “Define clearly who your customers are and what motivates them to choose what you’re selling or providing,” Block explained.
- **Step 4 - Market Research: The Competition.** Who is your direct and indirect competition? (For instance, the competition for a local playhouse isn’t other theaters but other forms of entertainment, too.) What are their strengths and weaknesses — and how will your idea be different?
- **Step 5 - The Sales Plan:** Roll everything you’ve learned in your customer and competition research into a plan that includes specifics on distribution and marketing.
- **Step 6 - Costing and Financing:** Identify all your direct and indirect, variable and fixed, start-up and recurring costs, and find your break-even point (where you begin to make a profit). Now is the critical moment to be really honest about whether the idea still holds water. The good news? “In every single case [of working through the first six steps with a nonprofit], another idea has come through as a result,” Block said. So don’t force it!
- **Step 7 - The Business Plan:** Once you’ve completed the first six steps, this is the easy part! Just fill in the blanks with your research.

What if you don’t have the resources to pay for market research? Look to colleges in your area for students in need of marketing research projects — or do it yourself! There’s tremendous value in simply reaching out and speaking to potential customers. “When someone else does it for you, you lose so much information you could have gotten,” Block said. “Think of market research as a change to, not only learn about your social venture, but get your name out there, get some buzz happening for your organization.”

Learn more about Jean and her offerings at <http://www.socialenterpriseventures.com/>

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Cyndi Steiner

Executive Director, **New Jersey Bike + Walk Coalition**

Problem solving — with a profit: For NJBWC, a now-profitable idea didn't stem from an effort to make money, but rather to solve a problem: access to commuter rail stations. "There are 162 parking lots at our commuter rail stations and they're all sold out," Steiner said. "In Montclair, there's a five-year waiting list to get a parking spot at the train station." While the train stations have traditional outdoor racks, they were crowded with beater bikes. Was there a market for secure bike parking, NJBWC wondered?



Doing the research: "A lot of it was talking to people here in Montclair and visiting train stations up and down the transit line and seeing what was latched to their bike racks: bikes that were falling apart," Steiner said. "We were also reviewing information in the news, chat rooms and message boards, where people were reporting bikes stolen or vandalized. So we knew there was a need for it."

Not rocket science: The concept of a bike depot that provided camera-monitored, locked storage wasn't new — and two funders provided grant dollars to cover 95% of the cost to get the Montclair project off the ground. It proved immediately popular: While the depot launched in October 2014, there are now only five spots left. "We haven't had to do any marketing at all," Steiner said. "People love it and they've told their friends."



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A steady revenue stream with little staff responsibility: As a result of the Montclair depot, NJBWC is now bringing in \$4,000 per year in membership fees from that one facility. Thanks to technology, everything is automated and Steiner only spends about two hours per week monitoring the operations and visiting the site.

A product that's in demand: Because the depots provide an affordable solution for the parking issues many towns and cities face at train stations, the idea has gained traction beyond Montclair. "At this point, we have five different depots in various stages of design and development," Steiner said. "We're almost reaching a point where we're going to reach the maximum in terms of how many we can have in development at any one point and slow down the requests coming in."

Profit-sharing as an avenue to better bike infrastructure: There's a financial incentive for the towns and cities, as well. While many of them have the ability to pay or find grants to build the \$35,000 facility they don't have the ongoing bandwidth or staff to administer the program. They also get to sell advertising space in or on the facility — funding that can then be directed to increased bicycle and pedestrian infrastructure, which, in turn, builds demand for the depot, too. "It's a win-win for the Coalition and the town," Steiner said.

Leveraging relationships: As Block pointed out, leveraging relationships is key and that was the case for NJBWC. The chair of their board is a local developer in Montclair, and he provided free project management and technical support for the construction of the first depot.

Serving new — unexpected — audiences: "We tapped into a whole other customer base that was not being served," Steiner said. "Initially we thought those folks with the beat-up bikes latched to the U-shaped bars would be our customers — but those people are still there, tied up right outside our depot. We have a whole other customer base that won't leave their bike outside, who want secure, locked storage and, previously, had no other option to get to the train station than by car... And women riders love to come home on a dark and cold night and have a secure, lit place to changing into their riding shoes and helmet. That's something we didn't even realize." NJBWC also believes they're enabling folks from further away to access the stations, since they can ride longer distances on a higher quality bike.

Learn more about NJBWC's bike depots at <http://www.njbwc.org/bikedepot/>