



Nonprofit Business Model Assessment Exercise

This is a quick form for summarizing and assessing the five elements of your organization's business model. For a detailed description of these elements, [see this paper](#).

I. Theory of Change

- a. In one sentence, what is the need (or problem) your organization seeks to meet (or solve)?
- b. In 1-2 sentences, describe a desirable future state of the community you serve, with regard to the problem or need you identified above.
- c. What actions must happen in order to achieve the future state (b) above, starting from point (a)? List 1-5 bullet points. (Note that these points can include actions your organization may take, as well as those to be performed by others.)
- d. Is there evidence that the set of actions listed in (c) is likely to succeed? If not, what is the basis for your hypothesis that these actions *can* succeed?)

II. Programmatic Approach

- a. Which of the actions listed in part I section (c) is your organization actively involved in?
- b. For each activity, broadly summarize your methodology in one sentence.
- c. Are your methods evaluated, either by staff, clients or third parties? If not, how could you evaluate their effectiveness?

III. Operational Framework

- a. Look at your current staff organizational chart.

Briefly summarize the *minimum* staffing level you'd need to achieve tangible success in your major program activity.

Briefly summarize the *optimal* staffing level you'd like to have to succeed in your major program activity, if funding were available.

- b. What infrastructure (facilities, equipment, technology, data) do you need to efficiently deliver your programs, secure funding and manage your organization?
- c. What key roles do (or can) volunteers play in programs or leadership?
- d. Now, look at your current expense budget.

What is the *minimum* budget you'd need to make progress toward meeting your mission?

What would your *optimal* budget be, if funding were available?

IV. Value Propositions

- a. List one or more categories of beneficiaries of your programs (e.g. single parents, children with disabilities, etc.). For each category, summarize the value you promise to deliver, in one sentence.
- b. List one or more categories of third-party funders of your organization (e.g. foundations, individuals, a government agency, etc.). For each category, summarize the value you promise to deliver, in one sentence.
- c. In one sentence, summarize how will the community at large be better off as a result of your work.
- d. Have you tested value propositions with representatives of the groups stated above? If not, how could you test them?
- e. How may your value propositions—or the ways you communicate them—evolve, in light of current needs and economic conditions?

V. Revenue Structure

- a. List your organization's major funding streams (e.g. user fees, government contracts, foundation grants, individual gifts, etc.).
- b. What percentage of your total annual operating income does each stream currently provide?
- c. What percentage of your total annual operating income do you estimate each stream *may* provide in the next two years?
- d. Do your estimates provide enough income to fund your budget, and at what level of operation?

Reflecting on Your Business Model

1. What do you see as the strengths of your organization's business model?
2. What do you see as the weaknesses?
3. What actions can you take in the next 1-3 months to address any weaknesses?