

Earned Income CircleSM

Pilot Program Description



by Authenticity Consulting, LLC

TABLE OF CONTENTS

ABOUT AUTHENTICITY CONSULTING, LLC 2

BENEFITS OF THE EARNED INCOME PROGRAM..... 3

 Stakeholders Who Will Benefit..... 3

 Overall Benefits..... 3

 Specific Benefits..... 3

 Benefits to Local Nonprofit Service Providers 3

 Benefits to Other stakeholders..... 4

PROGRAM PRINCIPLES AND VALUES 5

 Principles 5

 Values 5

MAJOR PROGRAM COMPONENTS 6

 Promotion, Recruitment, and Initial selection..... 6

 Initial Planning Session..... 6

 Facilitator Training for Authenticity Earned Income Circles^(sm) 7

 Authenticity Earned Income Circles^(sm) Sessions..... 7

 End-of-Program Symposium..... 8

 Peer-Lending Fund (Proposed) 9

OUTREACH BY LOCAL SERVICE PROVIDER..... 9

EVALUATIONS..... 10

 End-of-Session..... 10

 Midway Through Earned Income Circlesm Phase..... 10

 End-of-Program..... 10

 Six Months After Program (with Annual Follow-Up) 10

PROGRAM COSTS 11

 Ultimate Costs Depend on Factors 11

 Providers Recover Costs and Generate Revenue by Charging Program Fees..... 11

 Program Can Attract Funders and Collaborators..... 11

 Costs Are Very Likely to Decrease..... 11

 Approximate Costs of Pilot Program 12

APPENDIX A – BIOGRAPHY OF CARTER MCNAMARA, MBA, PHD 13

APPENDIX B – BIOGRAPHY OF ANDREW (ANDY) HORSNELL 14

APPENDIX C – INITIAL SELECTION QUESTIONNAIRE 16

APPENDIX D – CONTENT OF EARNED INCOME WORKBOOKS 18

APPENDIX E – AUTHENTICITY CIRCLES (INCLUDING TESTIMONIALS)20

APPENDIX F – PEER-LENDING FUND25

ABOUT AUTHENTICITY CONSULTING, LLC

Authenticity Consulting, LLC, specializes in action-focused, peer-based approaches to professional and organizational development—an approach ideal for the practical nature of nonprofits. For details, visit our website at www.authenticityconsulting.com

Co-founder Dr. Carter McNamara is the developer of the nationally recognized Free Management Library (www.managementhelp.org) and Authenticity Circlessm. He is developer of the free, on-line organization development program, Nonprofit Micro-MBA (www.managementhelp.org/np_progs/org_dev.htm). He is also the author of numerous practical workbooks. For a more complete bio, please refer to the Appendix A. To contact Carter directly, phone (763) 971-8890 or email at carter@authenticityconsulting.com

Over the last ten years, co-founder Andrew (Andy) Horsnell has helped several hundred individuals and many nonprofit organizations start and grow their ventures. He has developed many successful entrepreneurial development programs and is the author of several workbooks. He also has extensive experience in training and facilitating peer-based programs. For a more complete bio, please refer to the Appendix B. To contact Andy directly, phone (306) 546-5647 or email at andy@authenticityconsulting.com

Our Beliefs

1. The most lasting and appropriate solutions result from people solving their own problems. It's our job to facilitate this.
2. Don't let the plan get in the way of the planning, and don't let the planning get in the way of action. Start small, start now, and grow as you're able.
3. Work should be a challenging learning experience, and it should be fun.
4. Everything is learnable, and anyone can learn to be better at anything.
5. High impact work is built on good relationships, and good relationships are built on honest and frequent communication.
6. In any undertaking, seek to collaborate with others who can contribute additional and unique value.

CHALLENGES FACED BY TODAY'S NONPROFITS

Nonprofits are increasingly being challenged to demonstrate greater results with ever-shrinking resources. Community needs are expanding and changing just as philanthropic and public funding to support these needs are decreasing. And the number of nonprofits is steadily on the rise, thus increasing competition for these dwindling funds. Nonprofits - especially small nonprofits - need a practical, low-cost way to decrease their reliance on traditional funding sources.

The leading nonprofit service providers recognize the need for their nonprofit clients to increase their earned income, but lack the expertise and resources to deliver an effective, low-cost program.

BENEFITS OF THE EARNED INCOME PROGRAM

Stakeholders Who Will Benefit

1. Nonprofits who have established programs that might have earned income potential.
2. Nonprofit service providers wanting to help their nonprofit clients develop their earned income.
3. Funders and other donors who can redirect monies to other efforts that are not eligible to develop their own earned income programs.

Overall Benefits

1. Participating nonprofits will diversify and increase their funding base by increasing their mission-related earned income. The primary (though not exclusive) focus will be on developing the earned income potential of the participating nonprofits' current programs, services, competencies, and resources.
2. Participating nonprofit service providers will develop the long-term capacity to deliver an effective, low-cost earned income development program.

Specific Benefits

Individuals from participating nonprofit organizations will:

1. Learn about earned income development for nonprofits.
2. Enhance their personal ability to build their organization's capacity to develop earned income.

Participating nonprofit organizations (i.e., the organizations that the individual participants represent) will:

1. Enhance their organizational capacity to develop earned income.
2. Increase their level of earned income.

Benefits to Local Nonprofit Service Providers

1. Learn about earned income development for nonprofits.

2. Develop the capacity to maintain and continually develop their own earned income development program.
3. Gain a functioning earned income development program, tailored to both their own unique needs and preferences and those of their nonprofit clients.
4. Enhance their nonprofit client's ability to develop their own earned income.
5. Enhance their own earned income, through profits generated by their new program.

Benefits to Other stakeholders

1. Learn about earned income development for nonprofits.
2. Learn about their role in helping nonprofits develop their earned income.

PROGRAM PRINCIPLES AND VALUES

Principles

1. Developing earned income is a means to support and advance the organization's vision, mission, and values.
2. The most appropriate, sustainable, positive ventures will result from the program participants' authentic, wholehearted involvement, and collaboration throughout the process.
3. Any organization can become more entrepreneurial and self-reliant.

Values

Adapts to Busy Schedules -- Program meetings and locations can be scheduled by participants, often whom are extremely busy leaders and managers.

Affordable -- We've taken advantage of the Internet and the power of highly committed peers to produce a low-cost, highly affordable program.

Foundations for Success -- We provide the critical foundation for success -- the 20% that produces 80% of results.

Peer-lending Collaboration -- Nonprofits can pool resources and credibility to generate start-up funds.

Support for Commitment -- We build in structures for members to support each other through the commitment and feedback needed for success in the program.

Sustainability --The program includes ongoing materials and support, rather than a one-shot "data dump" of information.

MAJOR PROGRAM COMPONENTS

Promotion, Recruitment, and Initial selection

1. The local service provider markets the program directly to its clients. Authenticity Consulting, LLC, can help.
2. The local service provider forwards interested nonprofits an information package (Authenticity Consulting, LLC, will provide the package to the service provider) containing a “backgrounder” article on social entrepreneurship, a brief program outline, and the initial selection questionnaire (see Appendix C). Nonprofits are encouraged to attempt completing the questionnaire and bring it with them to the upcoming information session described below.
3. The local service provider hosts a three-hour information session with interested nonprofits to review the program, answer questions, and assist interested attendees to complete the initial selection questionnaire. Some attendees may need to consult with their board and/or staff to accurately complete the questionnaire. Completed questionnaires are either handed in at the end of the session or shortly thereafter to the local service provider. Authenticity and the service provider review the completed questionnaires, make follow-up contacts to the nonprofits if needed, and jointly select organizations to invite to the upcoming Initial Planning Session described.
4. The local service provider invites selected nonprofits to attend the Initial Planning Session.

Initial Planning Session

Authenticity Consulting, LLC, facilitates an interactive, all-day session, wherein the participants¹:

1. Assess their earned income priorities and capabilities.
2. Select a program(s) upon which they would like to focus their time and effort.
3. Walk through the provided earned income development workbooks (see Appendix D for outline) to gain a better understanding of what they would be undertaking and to determine their developmental strengths and needs.
4. Make a decision as to whether and how they want to proceed into the core Earned Income Circlessm phase.

Participating organizations that elect to proceed will then consult with Authenticity

¹ Participating organizations are encouraged to send at least their executive director, proposed project leader, and a board representative to this session.

Consulting, LLC, and the local service provider, who make the final selection decision. The ultimate number of organizations that go forward into the next phase of the program depends upon available funding (both from the participants and funders) and the number of participants who demonstrate the capacity to make effective use of the program.

Facilitator Training for Authenticity Earned Income Circles^(sm)

1. Authenticity Circles^{sm 2} are highly-focused groups designed to enable peers to train, coach, and support each other as each peer develops his/her own respective earned income opportunities. Each Circle of five to seven participants -- each representing a different nonprofit -- remains intact for the remainder of the program.
2. Circles are facilitated by the local service provider. The day after the Initial Planning Session, Authenticity provides a one-day training for facilitators that includes step-by-step guides for facilitators and members to successfully use the Circle approach. Please see the Appendix E for more information about this nationally recognized Action Learning-based approach.
3. Benefits of Authenticity's peer approach include that it:
 - Recognizes that adults learn best by exchanging feedback and materials with peers in "local learning communities".
 - Provides for a diversity of values, perspectives, and approaches.
 - More closely emulates the real world where work and learning get done in teams.
 - Provides support to take the initiative and risk required for real learning to take place.
 - Provides a powerful, yet straightforward way for nonprofits to collaborate.

Authenticity Earned Income Circles^(sm) Sessions

Participants who have been selected to continue into this next core phase of the program are organized into Authenticity Earned Income Circlessm by Authenticity Consulting, LLC, and the local service provider. Each Circle is organized to provide for the most relevant, useful interaction between members. The ultimate number of Circles depends upon funding and the number of participants in the Program.

² Authenticity Circlessm are a state-of-the-art, Action Learning-based peer coaching and training approach, developed in 1994 by Carter McNamara, co-founder of Authenticity Consulting, LLC.

1. For six to nine months, each participant works on the project s/he defined at the Initial Planning Session. Every four to six weeks, the participants meet in their respective Circle, for a total of six to nine sessions (the ultimate number of sessions would depend upon funding and the developmental needs of the participants).
2. Each of the 3½-hour Circle sessions typically will use the following agenda:
 - Check in with members, to share relevant announcements and materials (15 minutes).
 - Time slots for each member to get coached from other members (6 members @ 20 minutes per member = 2 hours total time).
 - Each member will report on their progress since the last session, solicit support from the other members and the facilitator, ask for certain materials, and commit to actions they will take by the next Circle session.
 - Break (10 minutes).
 - “Just-in-time” training session (35 minutes) – The local service provider and/or Authenticity Consulting, LLC, will lead a focused training session to address a common, current need among members, and/or to introduce a new planning tool, technique, or concept.
 - Reviewing / planning next actions by members (20 minutes).
 - Session evaluation (10 minutes).
3. Between sessions, members take actions toward designing and implementing earned income plans, and record the learning from their experiences
4. In addition to the support they receive from their Circle, individual participants also benefit from ongoing support from Authenticity Consulting, LLC, including:
 - Automatic membership to Authenticity Consulting’s “Nonprofit Entrepreneurship” on-line discussion group.
 - Free access to downloadable worksheets, articles, and other resources from the Authenticity website.
 - Authenticity’s earned income development workbooks (see Appendix D for outline).
 - Authenticity’s Circles books for facilitators and members
 - 48-hour turnaround on responses to email, telephone, and fax inquiries.

End-of-Program Symposium

At the end of the core Earned Income Circlesm phase, all the participants of all the Circles, invited community stakeholders, and new nonprofits interested in participating in the next round of the program, come together for a one-day symposium, co-hosted by Authenticity Consulting, LLC, and the local service provider. The agenda includes:

1. Presentation of project outcomes by each participant (chaired by the local service provider).
2. Lunch.

3. End-of-program evaluation discussion with all participants (facilitated by Authenticity Consulting, LLC).
4. Reception to recognize and celebrate the participants' achievements (chaired by volunteer program participants and hosted by the local service provider).

Peer-Lending Fund (Proposed)

NOTE: The peer-lending model for the pilot is being implemented only in Minneapolis and Regina at this time. Once the success of the model has been verified and fine tuned, Authenticity Consulting, LLC, will work with local service providers to help them design and implement the model in their areas.

1. Peer lending is a proven approach, originally designed to provide financial credit to individuals who might not otherwise have access to it. (For a description of how it works, please refer to the Appendix F, "What is Peer Lending?" For more information, also refer to www.grameenfoundation.org on the Web.)
2. Nonprofits -- especially small nonprofits -- frequently find themselves unable to secure external financing for new ventures. Authenticity Consulting, LLC, proposes to incorporate a peer-lending model in its Earned Income CirclesSM. Each Circle would have the option of becoming a peer-lending group. As a member of a peer-lending group, individual members could present venture funding proposals to the rest of their Circle/peer-lending group, who in turn could approve or decline the proposal. Money for the micro-credit loan fund would ideally come from a local foundation and/or financial institution.
3. Authenticity Consulting, LLC, would work with the local service provider to secure money for the loan fund, and would assist each Circle that chose to incorporate the peer-lending model.

OUTREACH BY LOCAL SERVICE PROVIDER

Authenticity Consulting, LLC, will help the service provider with the following activities.

1. Promotion to recruit prospective participants.
2. Interaction with local media.
3. Invitations to funders and other stakeholders to attend sessions (with the approval of participants).
4. Engagement of funders and other stakeholders to provide support to program participants.
5. End-of-program Symposium invitations to:
 - Funders and other Program stakeholders.

- Nonprofits that did not participate in the first pilot, but that are interested in learning about the Program and possibly participating in the second round.

EVALUATIONS

End-of-Session

At the end of every session, each participant provides verbal and/or written feedback about:

1. Their overall impression of the session.
2. What they liked the most about the session.
3. The most important thing they learned.
4. What they are still not clear about.
5. What the facilitator could have done to improve the session.
6. What the participant could have done to improve the session.

This feedback is documented by the facilitator in an ongoing program journal.

Midway Through Earned Income Circlesm Phase

Authenticity Consulting, LLC, helps the local service provider conduct a formative evaluation with each Circle to uncover ways to improve the participants' experience and the outcomes they achieve.

End-of-Program

At the symposium, Authenticity Consulting, LLC, helps the local service provider conduct a formative/summative evaluation (using a combination of written questionnaires and focus groups) with all the participants. Then, in a separate discussion, Authenticity Consulting, LLC, meets with the local service provider and invited Program stakeholders for a formative/summative discussion. It is at this point that decisions about refining and/or re-offering the Program are made. Should the local service provider decide to re-offer the Program, they then enter into a negotiation with Authenticity about the required training, copyrights, and associated fees.

Six Months After Program (with Annual Follow-Up)

Authenticity administers a mail survey (with telephone follow-up) to all past participants, to measure:

1. Continued application of Program learnings by individual participants.

2. Increase in organizational capacity.
3. Increases in earned income.

For three years following, Authenticity conducts an annual follow-up survey with past participants to continue tracking Program outcomes.

PROGRAM COSTS

Ultimate Costs Depend on Factors

The ultimate program costs depend on the geographic location of the service provider, the number of participants, and the nature and skills of the service provider. The local service provider may choose to bring in Authenticity Consulting, LLC, for various consultations, which incurs travel expenses. Participants require materials to guide their Circle experiences and implementation of their earned income programs.

Providers Recover Costs and Generate Revenue by Charging Program Fees

Service providers can quickly recover costs and generate profit from client fees as the service provider continues to operate their earned income development program for clients. For example, the service provider might pay anywhere from \$10,000 to \$12,000 to Authenticity Consulting, LLC, to develop their program, depending on travel expenses, etc. The provider could reasonably charge each of the five to seven Circle participants anywhere from \$500 to \$1,500, depending on affordability of local nonprofits. Once the program design has been established for the service provider, then costs to operate subsequent Circles will decrease as Authenticity Consulting, LLC, is rarely needed because service providers have developed program expertise. Consequently, program profits will increase substantially.

Program Can Attract Funders and Collaborators

Funders and collaborators place great value on nonprofits becoming more collaborative. Circles are one of the few straightforward methods to collaborate. Past experience shows that Circles can last anywhere from a year to several years!

Funders also often appreciate nonprofits' efforts to generate earned income in regard to their missions. Consequently, it is appropriate that service providers seek funding to develop and operate their programs.

Costs Are Very Likely to Decrease

Costs of subsequent Circles are likely to be reduced substantially because program providers will have learned skills necessary to organize, facilitate, and evaluate programs. In the near future, certain methods of telecommunications might reduce costs substantially, as well.

Approximate Costs of Pilot Program

The following tabulation approximates costs of a typical pilot program.

Major Activity	Fees to Authenticity Consulting, LLC
3-hour information session	<ul style="list-style-type: none"> ▪ \$0 – This session is facilitated by the local service provider
Day-long Initial Planning Session	<ul style="list-style-type: none"> ▪ \$1500 for an Authenticity facilitator ▪ plus travel expenses ▪ \$10 materials per participant
Day-long Facilitator Training	<ul style="list-style-type: none"> ▪ \$1500 for an Authenticity facilitator (held immediately after the Planning Session) ▪ \$25 materials per participant
Earned Income Circle meetings (often 6 meetings of about 3.5 hours each)	<ul style="list-style-type: none"> ▪ \$50 materials per participant
End-of-Program Symposium	<ul style="list-style-type: none"> ▪ \$1500 for Authenticity facilitator ▪ plus travel expenses
Evaluations (mid-way via mail and phone, end-of-program via visit, and after the program via mail and phone)	<ul style="list-style-type: none"> ▪ \$1500 for Authenticity evaluator
Support	<ul style="list-style-type: none"> ▪ \$1500
Total Fee	<ul style="list-style-type: none"> ▪ \$7,500 for professional fees ▪ plus travel expenses for three trips ▪ plus materials per participant

A Typical Scenario:

Total professional fees: \$7,500.

Total Travel Expenses: If one assumes that travel expenses are \$700 per trip for each of the three trips, then total travel expenses are \$2,100.

Total Materials Expenses: If one assumes there are 50 participants in the Planning Session, then these materials cost \$500. If three facilitators are trained, then these materials cost \$75. If two Circles of six members each are developed, then these materials cost \$600. This results in total materials expenses of \$1175.

Total estimated costs in the above scenario are \$10,775.

APPENDIX A – BIOGRAPHY OF CARTER MCNAMARA, MBA, PHD

Carter is founder and developer of the Free Management LibrarySM, one of the largest on-line collections of free resources for nonprofit organizations (www.managementhelp.org). He is also founder and developer of the free, on-line organization development program, the Nonprofit Micro-MBASM (www.managementhelp.org/np_progs/org_dev.htm). He is a co-founder of Authenticity Consulting, LLC, with Andy Horsnell.

Carter has helped numerous businesses across the nation to customize and implement Action Learning (peer-coaching and peer-training) programs. He has 20 years of real-world management experience in a variety of organizations, including startup, public-private, nonprofit, and corporate. He has consulted in a large number of areas of business, management and organizations.

Carter holds a BA in Social and Behavioral Sciences, BS in Computer Science, MBA from the University of St. Thomas, and a PhD in Human and Organization Development from The Union Institute in Cincinnati, Ohio.

Carter's doctoral work focused on Action Learning-based approaches to nonprofit leadership and management development. He has written and spoken nationally about Action Learning-based programs.

He has written a very large number of management-related materials, including, for example:

1. *Is Action Learning Stuck?* -- IFAL newsletter, January 2000
2. Free Management Library(SM) at www.managementhelp.org
3. *Leaders Circles Provider's Guide, Facilitator's Guide and Member's Guide* (Leaders Circles are Action Learning-based -- see www.leaderscircles.org)
4. Numerous guides found in the Free Management Library, for example:
 - *Managing Ethics in the Workplace*
 - *Basic Guide to Management and Supervision*
 - *Basic Guide to Performance Management*
 - *Basic Guide to Program Evaluation*
 - *Guide to Writing Your Training and Development Plan*
 - *Founder's Syndrome: When Leaders Don't Manage*

APPENDIX B – BIOGRAPHY OF ANDREW (ANDY) HORSNELL

From 1989 to 1998, Andy worked as the assistant director of the Acadia University Centre for Small Business and Entrepreneurship (<http://acsbe.acadiau.ca>). While there, he assisted several hundred aspiring entrepreneurs and many nonprofit organizations to establish and grow their organizations. He designed, delivered, managed, and evaluated several successful programs.

In 1998, Andy moved with his wife (pursuing Ph.D. studies) to Minneapolis to work as a freelance management consultant, specializing in strategic, business, and program planning for nonprofit organizations. Most of his work was done on behalf of the Management Assistance Program for Nonprofits (www.mapnp.org) and the National Center for Social Entrepreneurs (www.socialentrepreneurs.org).

In the spring of 2000, Andy co-founded Authenticity Consulting, LLC (www.authenticityconsulting.com), a firm specializing in action-focused, peer-based approaches to professional and organizational development. He has an ongoing ownership and management interest in this firm, and has set up an office in Regina.

Andy has written numerous business development workbooks, and is currently working on a new edition of his strategic business planning workbook.

Related Training and Development

1. *Strategies for Creating Community Wealth: A National Gathering* - A three-day conference exploring best practices for creating community wealth through social entrepreneurship, held in Colorado Springs, Colorado (November 1998).
2. *Performance-Based Management* - an intensive one-day workshop, delivered by the Performance Management Network, Inc., Ottawa, Ontario (spring 1998).
3. *Program Planning & Evaluation* - a four-month seminar, delivered by Henson College, Halifax, Nova Scotia (fall 1997 to winter 1998).
4. *Creating a Competency-Based Education Learning Environment* - an eight-day workshop delivered by Holland College, Charlottetown, Prince Edward Island (fall 1995).
5. *Basic Intensive Week in Reality Therapy* - a four-day workshop, and *Practicum in Reality Therapy* - two, two-day workshops, both delivered on behalf of The Institute for Reality Therapy, Los Angeles (summer 1995 and winter 1996, respectively).
6. *Assessment for Enterprise* - a three-day conference focusing on the use of personal assessment tools in small business development, held by Durham University Business School's Small Business Centre, Durham City, United Kingdom (summer 1994).
7. *Adult Training Certificate* - a 10-week course delivered by Acadia University, Wolfville, Nova Scotia (winter and spring 1994).

8. *Nature, Methods and Objectives of Counselling* a three-credit-hour course, and *Communication and Human Relations* - a three-credit-hour course, both delivered by Acadia University (summer 1993).
9. *Enterprise Education: Best Practices* - a five-day conference held by Chester College, Chester, United Kingdom (summer 1991).
10. Bachelor of Business Administration - a four-year undergraduate degree delivered by Acadia University (fall 1985 to spring 1989).

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APPENDIX C – INITIAL SELECTION QUESTIONNAIRE

IS YOUR NONPROFIT CONSIDERING DEVELOPING ITS EARNED INCOME?

<p>...Then please collect your thoughts by checking the one most appropriate response to each of the following statements...</p>	<p>No, not at all</p>	<p>Some-what</p>	<p>Yes, very much so</p>	<p>Don't know</p>
1. We have a vision statement that points clearly to the ultimate impact we want to have on our community.				
2. We have a mission statement that states clearly how and where we intend to make this impact.				
3. We have well-understood core values (principles, guidelines) that consistently guide our actions.				
4. We have a recent strategic plan that clearly outlines our goals and priorities.				
5. We know what benefits we are really good at providing to our community (clients, customers, etc.).				
6. We have a stable, competent, well-functioning board.				
7. Our board supports the idea of us selling our products and/or services to those that are willing and able to pay.				
8. We have a stable, competent, well-functioning staff.				
9. Our staff support the idea of us selling our products and/or services to those that are willing and able to pay.				
10. We have a stable, competent, well-functioning base of volunteers.				
11. Our volunteers support the idea of us selling our products and/or services to those that are willing and able to pay.				
12. Our local community supports the idea of us selling our products and/or services to those that are willing and able to pay.				
13. Our funders support the idea of us selling our products and/or services to those that are willing and able to pay.				
14. We have an accurate and efficient accounting system and sound financial management.				
15. We know why we want to explore/expand the creation of our earned income.				
16. We have products and/or services that either are generating earned income or have the potential to do so.				
17. We have a person to participate in the program sessions, champion the earned income development process, and collaborate with the other participants for at least the duration of the pilot.				

18. We have team (of staff, volunteers, and board members) to support the champion for at least the duration of the pilot.				
19. We are willing to commit time and resources to the process for at least the duration of the pilot.				
20. We are willing to participate in the evaluation and refinement of the program.				

Potential participants also will be assessed for their degree of ongoing commitment to participate in the program.

APPENDIX D – CONTENT OF EARNED INCOME WORKBOOKS

Section 1: Exploring the climate for earned income development:

- The internal climate
- The external climate

Section 2: Inventorying the organization’s earned income assets:

- Core organizational competencies (“What benefits we consistently provide well to our clients -- our fundamental capabilities.”)
- Supporting management systems and competencies
- Organizational reputation, brands, copyrights, and trademarks.
- Financial resources (“What we have, or have access to, to invest in new opportunities.”)
- Key organizational relationships
- Other available resources, e.g. facility space, vehicles, equipment, production capacity, staff time, technology, etc.
- The profitability and sales growth of your various products and services.

Section 3: Selecting program(s) to explore further

- Assess programs using criteria derived from the “climate” analysis.
- Assess programs using criteria derived from the “earned income assets” analysis.
- Rank programs according to assessment; select one (or a short list of) program(s) to take into the next stage of the process

Section 4: Profiling each target market segment for selected opportunities

- Defining characteristics
- Market size and trends
- Names and contact information for purchasing decision makers
- External forces that are/may affect the customers (e.g. industry, technology, social, economic, political, regulatory, etc.)
- Names of people and organizations that might influence the purchasing decision makers
- Potential partners that could help your organization serve this customer group
- How the potential customers are currently meeting the needs that your organization proposes to fill.
- Assessment of market potential
If, after the foregoing research and assessment, it is determined that this market segment has little/no potential, then loop back to step 3, and select another opportunity to explore further.

Section 5: Developing a partnership strategy

- Identify those organizations and individuals that could assist your organization in reaching and/or serving these customers. Identify of how they could assist your organization, and how your organization could help them.
- Selection of key partners
- Strategy for creating a win-win relationship with each key partner

Section 6: Developing a competitive strategy

- Identify key competitive alternatives

- Prepare a profile of the key competitive alternatives
- Identify of your organization's relative strengths and weaknesses in relation to its competition. This will be accomplished by rating the competitive alternatives' and your organization's offering according to the things that are critical to satisfying the key customer decision factors.
- Opportunities to learn from and/or partner with key competitors
- Positioning strategy
Determine if and why the customers will choose to buy from your organization, as opposed to the competition. If no good reason exists, loop back to step 3 and select another opportunity to explore further.

Section 7: Selecting a strategy & define objectives

- Identify alternative strategies:
- Review implications of each strategy
- Select the one best strategy

- Define objectives for selected strategy:

Section 8: Preparing the marketing plan

- Products, services and packaging
- Pricing
- Partnering
- Sales and promotion
- Distribution

Section 9: Preparing the operations plan

- Processes
- Staffing
- Equipment
- Materials and supplies
- Management

Section 10: Preparing the financial plan

- Break-even analysis
- Financing worksheet
- Cash budget (monthly for year one; annually for years two and three)

APPENDIX E – AUTHENTICITY CIRCLES (INCLUDING TESTIMONIALS)

Authenticity Circles

- Authenticity Circles are based on an internationally known process called Action Learning, which is basically a peer-coaching process.
- Basically, Action Learning includes ongoing meetings among a small group of peers each of whom committed to meeting real-life challenges—and learning at the same time.
- A facilitator ensures the sessions are tightly focused on actions and learning.
- Each person uses a time slot in the meeting to get help from other members.
- Members help each other by sharing advice, materials, probing questions, and supportive challenges.
- Each member commits to taking some action between meetings to address their goal.
- Regular evaluations occur about the process, outcomes, and facilitation.

Personal and Professional Coaching

Authenticity Circles is a peer-based process in which members help each other, particularly by coaching each other.

- In the midst of change, people do not get stuck merely because they lack some key piece of information. They get stuck in how they think and feel about situations in themselves or their organizations, or both.
- Coaching helps people move forward by guiding them to take a complete look at their situation, explore various alternatives, set realistic goals and then take actions toward reaching those goals.
- Coaching places strong emphasis on action—and learning at the same time.
- Coaching uses a variety of skills and approaches, for example, values clarification, deep listening, probing questions, brainstorming, supportive challenges, etc.
- Coaching is very much about facilitating long-lasting change in people and organizations.
- There are various types of coaching conversations. One type might be used to address a short, specific matter. Other types, such as Authenticity Circles, include ongoing sessions to guide and support long-lasting change among members.
- Authenticity Circles, or peer-coaching groups, hold certain advantages over one-on-one coaching formats, including:
 - a) Providing efficient coaching to many people
 - b) Members get coached – and develop skills in coaching

- c) Expanding support and feedback
- d) Reflects true nature of life and work in organizations and communities

Unique Principles Behind Authenticity Circles

Authenticity Circles incorporate state-of-the-art principles of adult learning, Action Learning, and systems theory. These principles make Authenticity Circles powerful and practical.

1. People learn best when they actually apply new information and materials to real-world, current challenges.
2. People also learn best when they share feedback about their experiences.
3. The person with the problem is the expert on the problem.
4. Finding the right problem is as important as solving it.
5. Learning involves the whole person.

Circles Compared to Traditional Forms of Training

Traditional Training	Authenticity Circles
Students are taught by expert instructors	Learners develop from the inside out
Students are expected to master subject matter	Learners focus on actions and learning from those actions
Instructors pose questions to lead students to discover the existing correct answer	Learners share questions to increase understanding and develop action plans
Instructors use simulated exercises to help students master information	Learners focus on real-life problems to get things done and learn at the same time
Instructors reinforce the correct answers	Learners encourage each other to explore their thinking and actions

Testimonials from Circle Participants

“The depth and breadth of involvement provide a rich resource base. I know of no other forum that provides this kind of cross-pollination.”

Abby Struck, Executive Director,
St. Anthony Park Community Council, St. Anthony Park, Minnesota

“I look forward to the Leaders Circles as an opportunity to exchange practical information on the business of managing a nonprofit. The peer exchange affirms both the professional and personal experience of being an executive director.”

Sharon Johnson,
Community Action for Suburban Hennepin, Hopkins, Minnesota

“It is difficult to establish friends and colleagues among agencies who are competitive. This forum allows collegiality to flourish.”

Peg Wetli, Executive Director, CLIMB Theater, St. Paul, Minnesota

“Leaders Circles is a time when we can share our feelings and perspectives related to our careers and nonprofit management.”

Joan Fawcett, Executive Director ARC Suburban, Anoka, Minnesota

“This is the best burnout prevention I can imagine.”

Abby Struck, Executive Director, St. Anthony Park Community Council, St. Anthony Park,
Minnesota

“What has been most useful is the motivating ‘kick in the butt’ benefit; after years in this position, one needs retooling and rejuvenating.”

Kathy Hendrickson, Executive Director,
Choices for Children, Hopkins, Minnesota

“We’ve exchanged useful materials on marketing, advertising and planning. Most helpful, though, is getting support, knowing you’re not alone.”

Herb Smith, Board Chair,
Alliance for Speaking Truth on Prostitution,
Minneapolis, Minnesota

“It really helps me get perspective on what I’m doing, and I get practical advice.”

Heidi Behrens, HR Director,
Northeast Residence, Inc.,
St. Paul, Minnesota

“The group has spurred me on to getting a lot done.”

Carla Gainey, Executive Director,
Simpson Housing Services, Inc.,
Minneapolis, Minnesota

“I get a fair amount of substantive knowledge about management planning; my other stuff ends up on a bookshelf somewhere.”

Jane Harens, Executive Director,
Ramsey County Bar Association
St. Paul, Minnesota

“I train board members all over the country, and Circles is the perfect board training program.”

Doris Pagelkopf, Vice President, Junior Achievement, Minneapolis, Minnesota

“... handouts and resources made available on request or in response to a project have been very good and helpful, targeted and appropriate”

Denise Mitten, Executive Director, Woodswomen, Minneapolis, Minnesota

“I am seeing my own experience in a different light and I am seeing common issues handled in different ways that I can use.”

Pamela Peterson, Executive Director, STARBASE Minnesota, Inc.

“The genius of the Leaders Circles is that it can be modified to meet every person’s needs.”

Katie Burnham, President, Learning Institute for Nonprofit Organizations, Madison, Wisconsin

“You’ve given us a real treasure for nonprofits out here in the country.”

Mike McCurry, Circles Provider, MSU Extension Service, Libby, Montana

“Circles are working wonderfully. But we’re the best kept secret in town.”

Russanne Kelly, Circles Provider, United Way Texas Gulf Coast

“They are not expensive to run and provide an ongoing capacity-building experience. They contribute to an incredibly high retention rate.”

Elaine Watson, Circles Provider, Minneapolis, Minnesota

“Circles are working very well. We plan on adding three more soon.”

Sue Bronson, Circles Provider, Greater Milwaukee Institute for Nonprofits, Milwaukee, Wisconsin

“My Leaders Circle is what keeps me sane. It is my best way to staff development.”

Bev Paulus, Program Director, Business Economics Education Foundation, Minneapolis, Minnesota

“I always leave the Leaders Circle with a feeling of renewed energy. I gain not only knowledge, but also a sense of perspective, humor, and support from people I respect.”

Pat Whitten-Lege, Executive Director, Crisis Intervention of Houston, Inc.

“I never leave this meeting without something of value. Whether it is being reinforced for what I might be doing right, or a new idea for a solution to a problem!”

Diane Foutch, Executive Director, Center for Hearing and Speech, Houston, Texas

APPENDIX F – PEER-LENDING FUND

What is Peer-Lending and How Does it Work?

Peer-lending lowers the costs and risks of making small business loans by turning borrowers into bankers. It is the latest in “do-it-yourself loans”.

Four to seven people, each self-employed, come together to form a “business credit group”. This group meets monthly to exchange advice, provide support, and to assess each others’ loan applications. For example, if you were a member of a business credit group and you wanted a loan, you would come to your group with a loan application. Your group members would decide whether or not to approve your loan, based entirely on their confidence and trust in your ability and willingness to repay. Each group is put through an orientation process to provide group members with the tools to be able to assess each other’s loan applications thoroughly. Unlike the conventional banking system, it is your capacity and character not your assets and collateral, that are the main criteria.

A peer-lending fund is generally set up in partnership with a local bank. The bank does not approve the loans in any way. Its function is simply to disperse and collect the money. If your loan is approved by your group, your loan application is presented to the fund administrator to verify that the group has assessed your loan application. Once the bank is notified, you will be asked to sign a promissory note at a designated branch, and the money is yours to invest in your business.

Every loan you receive through the business credit

group is made directly to you -- not to your group. Like any other bank loan, each loan becomes part of your credit history. Only **your** loans become part of your credit history.

When you pay off a loan you can apply to your group for a larger loan as long as everyone else in the group is current with their own payments. If you run into payment difficulties, the group is there to help you find alternative solutions so that everyone can continue to access credit.

The success of **peer-lending** depends on the quality of your group. A successful business credit group provides valuable access to credit. Your group is an investment in your business so it is important that you are comfortable with every member and trust that they will repay their loans on time.

Tips on forming a group:

A good business credit group can last for years so plan with this in mind. Getting the right mix of group members is more important than being fast at group formation. Please take your time and treat your business credit group as a long term investment.

You are free to select your own group members except we ask that business partners, spouses or more than two close relatives not be in the same group. In addition only one start-up business is allowed in each group. And, all business credit group members must intend to take out loans.