

## SCN Weekly Business Case Study

**\*\*Industry Focus: Non-Profit Organizations**

**Monday, February 9th**

### **CASE STUDY #1: American Red Cross**

#### **Brick #1 – How It Started**

- **Founded:** 1881
- **Founder:** Clara Barton
- **Purpose:** Provide emergency assistance, disaster relief, and education in the U.S.
- Initially focused on **disaster response and wartime aid**, later expanding into blood services and training programs.

#### **Brick #2 – Financial Sustainability Model**

The American Red Cross operates one of the most **diversified nonprofit financial portfolios** in the world.

**Revenue Mix:**

- **Earned Income (≈45–50%)**
  - Blood and biomedical services (largest revenue stream)
  - Training and certification programs (CPR, First Aid)
- **Public Donations (≈30%)**
  - Individual donors
  - Corporate donations
  - Disaster-specific campaigns
- **Grants & Government Support (≈10–15%)**
  - Federal and state emergency response funding
- **Endowments & Planned Giving**
  - Bequests
  - Life insurance beneficiary designations

- Legacy donor programs
- **Capital Campaigns**
  - Infrastructure upgrades
  - Disaster preparedness expansion

**Key Lesson:**

👉 Earned income stabilizes mission delivery during non-disaster periods.

**CASE STUDY #2: Habitat for Humanity International**

 **Brick #1 – How It Started**

- **Founded:** 1976
- **Founders:** Millard and Linda Fuller
- **Purpose:** Affordable housing through partnership housing models
- Built on a “**sweat equity**” philosophy — homeowners help build their own homes.

 **Brick #2 – Financial Sustainability Model**

Habitat blends **mission-driven earned income** with philanthropy.

**Revenue Mix:**

- **Earned Income**
  - Mortgage repayments from homeowners (revolving fund model)
  - Habitat ReStores (retail stores selling donated building materials)
- **Grants**
  - Federal housing grants
  - Community development funds
- **Fundraising**
  - Faith-based donor networks
  - Corporate sponsorships
  - Annual fundraising campaigns
- **Capital Campaigns**

- Affordable housing development initiatives
- Global housing impact campaigns
- **Endowments & Planned Giving**
  - Legacy gifts
  - Long-term donor investment funds

**Key Lesson:**

👉 Mission-aligned earned income can recycle capital instead of exhausting it.

**CASE STUDY #3: Boys & Girls Clubs of America (BGCA)**

 **Brick #1 – How It Started**

- **Founded:** 1860
- **Purpose:** Provide safe spaces and development programs for youth
- Started as local clubs, later unified under a national organization.

 **Brick #2 – Financial Sustainability Model**

BGCA operates through a **federated model** — national support with local financial autonomy.

**Revenue Mix:**

- **Grants**
  - Federal (education, youth development)
  - State and local government funding
- **Earned Income**
  - Membership fees (low-cost but high volume)
  - Program fees and partnerships
- **Corporate Sponsorships**
  - National brand partnerships
  - Workforce development initiatives
- **Fundraising & Events**

- Annual galas
- Local donor campaigns
- **Endowments & Planned Giving**
  - Community-based endowment funds
  - Donor-advised funds
  - Life insurance policies naming BGCA affiliates

**Key Lesson:**

👉 Distributed funding models reduce risk and increase community ownership.

 **SCN Cross-Case Study Insights**

**What These Nonprofits Have in Common**

- ✓ Diversified revenue streams
- ✓ Earned income tied to mission
- ✓ Long-term planning through endowments & planned giving
- ✓ Strategic use of capital campaigns
- ✓ Strong brand trust to attract grants and donors

**What Most Small Nonprofits Get Wrong**

- ✗ Over-reliance on grants
- ✗ No earned income strategy
- ✗ No long-term endowment planning
- ✗ Fundraising without infrastructure

**“Nonprofits don’t fail because the mission is weak — they fail because the foundation wasn’t built to last.”**

**Book Recommendation**

Making Money While Making Social Change

by Sylvia L. Quinton, Esq with Theodora H Brown, Esq and Tanya Madison Morrison, Esq