



Should I start a Non Profit or a For Profit Organization ?

6 points for you to Consider



People ask me all the time – I want to start something – Should I start a non profit or a for profit ?

It's a huge decision.

Start by asking yourself about your goals for your business.

Is your main to make money? Then you should start a for-profit business.

But if you want your business to donate profits and services to the public, consider starting a nonprofit business.

Nonprofit businesses typically have a detailed purpose that focuses on benefiting society rather than making money for owners or stockholders. Unlike for-profit businesses, nonprofit companies do not share any profits with owners or shareholders

Details for You to Consider

1. Purpose

Every company has a purpose, but this is where the difference between a nonprofit and a for-profit can best be shown. While for-profit organizations may have a variety of goals, their primary mission is to generate profit and create products and services that are valuable to consumers.

Companies develop products and services that either directly solve a problem or increase overall efficiencies, such as an electric car or new software.

A nonprofit, doesn't prioritize profits and is instead dedicated to promoting a social cause or advocating for a particular view. Examples of nonprofit services often



include assisting with basic human and environmental needs such as food, shelter, water, education, endangered species, forests and wildlife.

2. Funding

One of the most important aspects of running an organization is establishing a method for funding projects and operations. For-profit organizations tend to fund their initial efforts through bank loans, loans or investments from friends or family, local investors and revenue generated from sales.

Nonprofits often take a different approach by seeking out private donations of time and money, corporate sponsorships, and government grants, foundation support, among other funding streams.

3. Audience

For-profit companies can have a much more defined target audience than that of a nonprofit. In a for-profit, the company seeks to reach and establish a relationship with consumers who will purchase their products/services to generate revenue.

Nonprofits must reach a more diverse audience which can include volunteers, donors, corporate sponsors, and the general public. Due to this wide audience, nonprofits must carefully consider the interests of each segment of their audience.

4. Who runs each organization?

The executive leadership of a for-profit company is clear. It may be a privately held small-business or a large corporation with boards and stakeholders. Due to this, for-profit leaders are primarily concerned with profit and increasing revenue for the organization.

Nonprofit organizations tend to be led and directed by a board of directors who guide the future of the organization. They do not direct financial ownership. While



not concerned as much with financial success, the leadership does have to balance financial concerns alongside social and/or environmental issues.

5. Organizational Culture

Due to the goal of financial gain, the culture within for-profit organizations tends to focus on finances and business metrics, such as key performance indicators (KPIs). Employees are also encouraged to be innovative with the creation of new products and markets, all of which can help increase short- and long-term revenue for the company.

The culture within a nonprofit is often more community-oriented, as employees are often asked to address and solve problems that have little financial incentive. With this community-oriented culture, it's common to see employees of non-profit organizations advocating for the organization outside their work schedule.

6. Taxation

Typically, nonprofits are registered as a 501(c)3 organization, which means that they are able to provide their services as a public good without rendering a portion of their earnings back to the government. Likewise, individuals and companies donating to these organizations are able to write off their contributions as tax-deductible.

For-profit companies are not able to benefit from tax exemptions and must pay taxes as the law requires.



If you found this information helpful and want to book a Discovery Call use the link below.

Online Scheduling Link <http://bit.ly/2spM5LX>



Hi, I'm Linda, a growth-minded business executive who has successfully managed operations for multi-billion dollar corporations to small start-ups.

We have assembled a team of experienced business leaders and marketing and finance experts who have helped hundreds of non profits and businesses grow and strengthen their position and internal operations.

As executives with a talent for applying administrative, operational, and financial expertise to meet business needs and goals, we have come together to help you.

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