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# CRAIN'S DETROIT BUSINESS

## Nonprofit Enterprise tries for-fee programs

By Sherri Begin

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In the past, Ann Arbor-based **Nonprofit Enterprise at Work Inc.** shared its programs for nonprofits free of charge when asked.

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But a year ago, concerns over its ability to maintain corporate sponsorships and foundation grants led NEW to begin licensing its Board Connect program to recruit, train and match executives for nonprofit boards and to launch a new fee-based technology service for nonprofits in October.

As of today, two northern Michigan nonprofits and one in Durham, N.C., have licensed NEW's Board Connect program.

By the end of fiscal 2008, NEW expects to double its licensees to six and to add four additional licensees each year following, said Diana Kern, director of the program. The licenses should bring in \$35,000 to \$40,000 in new revenue this year, she said.

"We decided there's enough demand and value that allows us to license the (Board Connect) program to support our mission," said President and CEO Susan Katz Froning.

Solid boards are the bedrock of high-quality nonprofits, said Kyle Caldwell, president of the **Michigan Nonprofit Association**. "The changing need for more transparency and higher level of due diligence requires that boards be trained at ever-increasing higher levels.

"There is a definite need out there for training, support and recruitment for nonprofit boards, and there always will be because boards turn over," he said.

With a new networking-technology program, NP Serve, NEW has signed on six clients representing 77 employee users.

The service — which provides nonprofits with a low-cost, Web-based platform to network existing computers and give them remote access — uses free Open Source software. NEW provides support and backs up the information on a server provided free for the next three years by Ann Arbor-based **Online Technologies**.

"We provide a total network environment for about the cost of a few (personal computers)," and at lower rates than using software and programs such as Microsoft Windows, said program director Francis Glorie.

Typically, NEW charges a one-time fee of \$1,000 to hook to the server, \$100 per computer to set it up on the network and about \$10 per month to support each computer, he said.

Glorie said NP Serve will bring in \$250,000 this year and cover NEW's annual program costs of about \$350,000 within five years.

The need for nonprofits to look at technology as a cost-saving mechanism is becoming increasingly important as resources continue to shrink, Caldwell said.

Technology saves money and helps nonprofits get to their customers in better and faster ways, he said.

The two programs are part of NEW's 10-year plan to become less reliant on corporate and foundation support while broadening its service area and impact on area nonprofits, Katz Froning said.

The organization, which is negotiating for additional office space in Detroit, hopes to obtain more than 80 percent of its revenue from earned income by 2016.

Currently about 25 percent comes from revenue obtained from license fees, fee-based service and rental of conference and office space in its building, KatzFroning said.

The organization's intent to earn the majority of its operating revenue was spurred by its fee-based services success and funder investments in the NP Serve programs, she said.

NEW is projecting revenue of nearly \$1.2 million for fiscal 2008, which started July 1, or about double the \$600,717 it reported in fiscal 2004.

For fiscal 2007, the nonprofit posted total revenue of about \$822,002, Katz Froning said, as its service area expanded to serve nonprofits beyond Washtenaw to Wayne, Oakland and Macomb counties and it brought in initial funders for NP Serve, Katz Froning said.

"A lot of people talk about nonprofits having a double bottom line — one is mission achievement and the other is a healthy fiscal year," Katz Froning said.

"These new services will allow us to be sustainable over the long term but also achieve our mission of strengthening the nonprofit sector, meeting both our bottom lines."

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