

[Starting a nonprofit](#) is complex, with many missteps possible at any point. Going from nothing to a sustainable and financially healthy nonprofit is not for the timid. Avoiding these common nonprofit startup mistakes will get you off to a great beginning.

Lack of Research and Planning

Lack of a business plan is one of the most prevalent mistakes that startup nonprofits make. In their enthusiasm to do good, many founders of nonprofits forget that a nonprofit is a type of business. Businesses have [business plans](#) in hand before launching. A business plan encompasses an evaluation of the competitive environment, sources of funding, potential products or services to be offered and to whom, and a [needs assessment](#).

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- [What is a Business Plan and Why Do I Need One for My Nonprofit?](#)
 - [What is a Needs Assessment and Why Do I Need One for a Nonprofit?](#)

Lack of Financial Savvy

Close behind lack of planning is unrealistic expectations about funding for a startup nonprofit. Many founders do not anticipate what it will cost to start their nonprofit, much less have any idea of where to get the funds. Any nonprofit startup needs a funding plan, must decide if services provided will be available for a fee or be free, and should institute a good financial records system. A nonprofit that has weak funding at the beginning is unlikely to be able to sustain itself long enough to get a vigorous fundraising program going.

- [Where do Nonprofits Get Their Income?](#)
- [6 Steps to a Fundraising Plan for a New Nonprofit](#)
- [6 Realities of Foundation Grants for Nonprofits](#)

Thinking It's Easier to Start a Nonprofit Than It Really Is

It is harder to start a nonprofit than most people think. The process alone of [incorporating](#) at the state level and then applying for [exempt status](#) with the IRS entails numerous steps and a lot of elbow grease. Passion is not enough. Hard-nosed realism about what is involved and

the time it takes to achieve success is more important for the long haul.

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- [Nonprofit Incorporation - an Overview](#)
- [How the IRS Classifies Nonprofit Organizations](#)
- [How Do I Apply for 501\(c\)\(3\) Status?](#)

Not Building an Effective Board

If there is one thing that could make or break your new nonprofit, it might be not paying enough attention to putting together an effective board. Your first board members represent your "circle of influence," and they should be people who have resources, influence, and lots of other contacts. Your board members should believe in your organization's [mission](#) and be willing to sell that mission to others. They should be able to open doors for you.

- [Nonprofit Boards - Find Them, Feed Them, Put Them to Work](#)
- [Essentials About Your Board of Directors](#)
- [Your Nonprofit's First Board of Directors](#)

What the Experts Say

I asked several experts what mistakes they see [nonprofit startups](#) make and how to avoid them:

- Susan Burnash, of [Purple Duck Marketing](#), advises, "From teaching so many classes to nonprofits I have seen the biggest challenges are focus, strategy and a real plan for marketing and creating awareness around their organization. When they do focus and develop a plan, the results and movement forward is amazing!"
- Stephen Jones, Associate Dean of Students and [Strategic Planning](#) at Villanova University said, "I think it is important to follow the your mission. You should start out with a well structured plan in terms of your activities and the staff who will carry it out. Hire the best people to get the job done. Sometimes non-profits want to pay less for staff. It is better to have fewer staff who are also very competent. It will help you to avoid headaches."
- Daniel Halperin, a consultant, offered this bit of advice: "Being too general. As a non-profit, it's easy to get drawn to many different projects for a social good. But in your early stages, it's OK to be a little selfish and focus only on your cause. Develop and agree on a specific, focused [mission statement](#). Commit to it, write it down, share it, and read it often. As you succeed in your mission and emerge from 'new' status, you can spread out and partner

with other groups on more diverse projects."

- William Blumberg, a board member at Cherry Hill Seminary, wrote, "For us, it was not having a professional Executive Director. Because our Board was earnest in their intent but lacking some of the skills needed to move our organization forward, we drifted for a while. However, once we did hire our Executive Director, we were able to focus on governance and some critical areas. In part, our founders were visionary but may not have understood how or have the skills for growing our nonprofit. I know that as a [board member](#), I have great intentions for our organization, but I need that reminder about what we can do now (our capacity) and that my role is to look towards how we can turn our vision into a reality."
- Craig Weinrich, Director of Membership at Maryland Nonprofits, suggested these problems with startups:
 1. Not realizing how much time, effort and money it takes to start, and more importantly to sustain the organization.
 2. Not doing your homework to see if there are other organizations out there doing the same thing, and finding ways to partner with them.
 3. Not keeping up with the regulations, like filing your [990](#).
 4. [Mission creep](#) - chasing the money instead of being focused on your mission.
 5. Not realizing that foundation or government [grants](#) are not the way to long-term fund your organization. Individuals are.
 6. Not joining their state's association of nonprofits. By being a member you get the tools and training needed to sustain the nonprofit, a help desk for questions, and information on local, state and [federal regulations](#). [Find your state association here](#).
- Kim Clark, Business Development Specialist at Polished Professionals Boston, reminded new [nonprofits](#) to, "Be sure that adequate board development takes place. The board chair and the ED should work together to create a well-balanced board with the skill sets needed to get things done (worker bees), check writers, well-connected 'fixers' who can pick up the phone and move mountains, and those with strategic vision.