

Shorenstein Center on Media, Politics and Public Policy in Collaboration with News Revenue Hub

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A Playbook for Launching a Local, Nonprofit News Outlet

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This playbook was written as part of a policy analysis exercise (PAE), an academic project where Harvard Kennedy School (HKS) students develop solutions for a public or nonprofit sector policy or management issue presented by a client organization. [News Revenue Hub](#) was the client for two HKS Master of Public Policy students. The project builds on the News Revenue Hub's experience working with news organizations, industry groups, and researchers across the country. In line with the Hub's mission, this playbook is designed to give emerging journalism ventures the tools they need to get started as they establish sustainable operations and fortify access to quality journalism in communities everywhere.

Introduction

“Don’t Stop the Presses! When Local News Struggles, Democracy Withers”
—Henri Gendreau, headline to featured story in *Wired*, November 2017

So you're starting up a local, nonprofit news firm. Maybe you're concerned about sparse statehouse coverage in your state. Maybe you're concerned about the growth of tribalism and view local media as a tool toward improved civic literacy. Maybe you see systemic issues facing America—like voter suppression, labor rights, decaying infrastructure, political extremism—manifesting themselves at the local level, and you want to build an outlet that is responsive to these trends. Maybe your hometown is in the middle of a news desert. Whatever your motives, they're important. And whatever your vision, it should be clear and intentional.

The following playbook strives to build on your motives and connect your vision with a business model that can lead to long-term sustainability.

In many cases, former journalists or new upstarts launch a website, obtain 501(c)(3) status, join a trade association, and chase foundation money—but without doing market research first. This can be promising in the short-term, but without a strong sense of who their audience is and what they want, it can be hard to grow diverse revenue streams. And without these, outlets never fully professionalize or graduate from a stage where they are dependent on foundation grants.

This playbook argues that emerging outlets need to:

1. Define their **vision**;
2. Find a market or topic without coverage and with a coverage need, and conduct necessary **market research** to determine if there is demand for local, nonprofit coverage;
3. Develop a **business plan** that starts to define your organizational strategies, in terms of content, products, technology, and talent, and;
4. Build an audience that can support **diverse revenue streams**, leveraging audience data to foster a relationship with readers, supporters, and foundations that leads to brand loyalty, trust, and financial support.

Each section of this playbook describes these steps in greater detail, addressing what the work is, why it's important, and how you can get started.

The approaches described in this playbook are not one-size-fits-all. While many fundamentals for building a successful venture will apply universally, every market and topic is different. Additionally, some subjects and geographies may simply lack sufficient audience interest to operate sustainably. The practices outlined in this playbook can help you identify your competitive advantages and create a business model that leverages them to build a healthy, sustainable news organization.

Applied: Mississippi Today

Throughout this playbook, examples from real news organizations show how concepts can be put into practice. These mini case studies can provide ideas and encouragement as you look to get your organization off on the right foot.

Mississippi Today went from pitch to publish in ten months. When they launched in March 2016, their initial focus was politics and public affairs, but today they cover all things Mississippi: from the state capitol in Jackson, to education policy in rural Mississippi, to arts and culture and sports in between. But they've faced their share of challenges. Like some other emerging nonprofit outlets, Mississippi Today's biggest champions have ensured they have a long financial runway to start. They've had some early success, their vision is strong, and they're filling a need for quality statehouse coverage that has been hollowed out over time by media consolidation. Going forward, however, they face a tough market and some universal challenges. Mississippi Today hasn't followed a perfect process—nor has any publication for that matter—but their setbacks and successes may prove familiar as your venture takes shape.

Step 1: Define the Vision

You're passionate about journalism and informing people in the communities in which you operate. The task here goes beyond *why* you're starting a local, nonprofit news outlet. You also need to think about *what* your outlet's niche will be, and, *how* your audience will receive what you create.

Regarding the *what*: focus on what you plan to offer. Most organizations, when starting out, do not have the resources to host as much content, hire as many staff, or cover as many beats as traditional newspapers. Chances are your outlet has to focus on a comparative strength—a single department of a paper so to speak—whether statehouse politics, long-form investigations, watchdog reporting, or something else. Granted, you may not have done the necessary market research yet to know where your niche lies, in which case you can refer to Step 2 for more advice.

As for the *how*: balance your commitment to journalism with an intent to create something lasting and sustainable. Most new local nonprofit outlets are run by passionate journalists, which isn't inherently wrong, though ideally, any new venture should balance editorial interests with strong business judgment. This means bringing

on people from both the journalism and management worlds in the early stages, and cultivating an environment where they can coexist without compromising the traditionally rigid distinction between editorial and business in news reporting.

Building a thriving outlet requires persistence. Your vision will aid your organization through the many challenges it will face. It will give meaning and purpose to your organization and the work it does.

Resources for Vision Setting: Take a Look Around

If you're struggling to distill your vision, look at how other outlets defined theirs.

- [Voice of San Diego's](#) mission is “to consistently deliver ground-breaking investigative journalism for the San Diego region, and to increase civic participation by giving residents the knowledge and in-depth analysis necessary to become advocates for good government and social progress.”
- [Rivard Report's](#) vision is to “become San Antonio's most trusted and lively source of news and commentary. In their mission statement they declare, “We believe a well informed and connected community is essential to making San Antonio a better place to live, work and play.”
- [Honolulu Civil Beat's](#) goal is to “cultivate an informed body of citizens, all striving to make Hawaii a better place to live...through investigative and watchdog journalism, in-depth enterprise reporting, analysis, and commentary that gives readers a broad view on issues of importance to our community.”

Take comfort in the fact that most outlets have seen their vision evolve over time. As your goals change and your audience grows, you can refine your vision too. So long as it remains unique and distinguishable, and speaks to a compelling community purpose, it should serve you well.

Related Resource: News organizations that join the [Institute for Nonprofit News \(INN\)](#) can take part in vision exercises through member conferences and workshops.

Applied: Mississippi Today

Mississippi Today knew their *why*. Statehouse reporting from the capitol had been shrinking for years, existing media was tainted by partisan accusations—whether rightly or wrongly—and they wanted to give everyday Mississippians policy news through a non-partisan lens. They wanted to be, in their words, the “go-to source for policy news in Mississippi state government.” But, as one reporter described, “You need to be 100 percent certain of how you're going to be different from other news organizations.” So statehouse reporting became their *what*, and today, they have five reporters at the capitol in Jackson. In an effort to tell the important stories of civic life, and how politics and policy affect people's everyday lives, they also covered health care and higher education issues extensively.

The *how* was a bit trickier. As one editor admits, “Editorial we knew. The business stuff is what was hard.” Their work is far from over. Nonetheless, with the vision established, they were able to pitch major donors, design their website, and hire business, marketing, and technology professionals.

Step 2: Choose Your Market. Know Your Market.

The success of your venture starts with knowing the lay of the land. Quality journalism only has an impact when there is an audience to read it (and ultimately, to help fund it). You need to find and know your audience, and you need to make sure they want what you’re creating.

You want to build an outlet that reports on your city, your county, or your state. Be intentional about the specific location you choose to operate in, and get to know the area well. The vision and sense of purpose you’ve defined so far are helpful, but you may be facing a tough market, and being strategic when choosing your location and coverage focus goes a long way in securing loyalty from your audience and a viable future for your outlet.

As a starting point, complete a competitive analysis exercise to confirm that there is adequate demand for the journalism that you provide, and that other organizations or services haven’t already met this demand or saturated the market. Based on your vision, plot yourself on a map alongside other local outlets. You want to be in a space all your own.

From there, understand in detail what your audience demands and how much it values what you bring to the table. Confirm that your audience is willing to pay to support the work you do, and if so, set realistic internal expectations for how much and how often.

Answering these questions doesn’t have to be expensive or resource-intensive. Start with secondary research—the data and insights that are already available. Organizations like the [Pew Research Center](#) conduct periodic surveys on the news environment, providing analyses and datasets that can give you a broad idea of audience needs and market trends. The [American Press Institute](#) is also a great resource for research survey data. Scan sources like these and see what you can find. Then, engage in primary research to add clarity or fill in gaps.

As you begin your secondary and primary research, identify the metrics you need to know. Here are some sample questions you might want to include in your information gathering (a more complete market research questionnaire is available through the News Revenue Hub):

- Who are your readers and supporters? (audience demographics)
- How many of them are there? (market size and scope)
 - What's their propensity for giving? Does this community have sufficient income to give to support your operation?

- Is the audience big enough to support your organization? If it's not big enough to support your ideal budget, what's a realistic budget the audience could support?
- What kind of coverage do they want? (customer wants and needs)
- Why is this coverage important to them? (customer values and priorities)
- Where are they getting news and information from now? (competitive landscape)

You can also ask questions concerning the specific vision you've defined for your organization. Research can help you determine if your audience prefers local watchdog reporting, statehouse and political reporting, community news, a single subject, or something else entirely. It might also reveal potential partners in your area—journalistic or otherwise—with market data to share, and noteworthy media personalities who could speak to the nuances of your local audience.

When it comes time to gather the information secondary sources cannot provide, here are some possible options:

- Use free tools like [Google Forms](#) to design surveys and distribute them throughout your community;
- Test local market affinities using Facebook or Google ad targeting tools—which you can do without actually purchasing ads;
- Partner with a local college or university to conduct surveys, which might additionally lend your outlet local credibility and brand integrity, and;
- Hire a contractor or vendor to conduct surveys and focus groups, and analyze market dynamics.

Whatever you decide, don't be afraid to make an investment in market research in the early stages. Every subsequent step in this playbook will build upon the things you learn. The News Revenue Hub can provide a number of resources, including suggested consultants, sample survey questions that ensure cognizant and unbiased responses, and more.

Applied: Bringing News to Northern Virginia

Before it produced any journalism, the Foothills Forum in Northern Virginia raised \$50,000 to conduct a [county-wide survey](#), led by University of Virginia researchers. Forty-two percent of residents completed the [survey](#), with the results revealing which issues respondents cared about most, from affordable housing to taxes and more. This data offered a powerful tool the newsroom could use to plan coverage relevant to its audience's interests.

A word of warning: your market research might show that your venture, as you've defined it, is not viable. In that case, being honest with yourself is as important as being honest with your readers. But what you learn will help you manage risk and make adjustments early, when it is easier to do so.

Finally, as you conduct your market research, be opportunistic. Look for potential quick wins and low-hanging fruit. Your research may present unexpected opportunities unique to your market. Appealing to a broad array of potential readers, subscribers, and supporters—and building the diverse revenue streams that follow—will depend on identifying and capitalizing on every available opening. Many organizations fall into the trap of missing these opportunities while opting for outside shortcuts or solutions that are too good to be true, such as flashy technology tools or perceived “get big quick” strategies. Such is the way of clickbait, the “pivot to video,” and other supposed secrets to social media success.

As you assess your market research and start developing your business model and organizational strategies, be open to unique opportunities. But also be skeptical and discerning. Seek out people in media technology for good advice; not just people who will implement what you tell them to. When in doubt, remember your vision and purpose, and stress test how opportunities align with them.

Market research is a continuous endeavor. Your audience isn’t static; doing research on your readers after six months, one year—however frequently you want to—can provide additional insights on what they want and how their preferences and makeup have changed. In addition, conducting surveys at different intervals of a reader’s lifespan may also reveal how effectively you’ve conveyed your vision. Do you and your readers share an understanding about what it is you do, your mission? If not, how can you bridge the gap?

Mini Case Study: South by Southwest

The mega-popular South by Southwest (SXSW) music festival got its start at *The Austin Chronicle*, where they identified an opportunity to fill an unmet need in their community. Understanding your market frees you from the need to assume what your audience wants or needs. Going beyond a narrow, prescriptive approach can help you find your competitive advantages like the *Chronicle* did.

Most events will not grow as big as SXSW, and events won’t always be profitable on their own. But they can be a great way to build loyalty and expand audience relationships—reaching new people and converting event attendees into dedicated readers and donors. Events can also be a tool for attracting partnerships with local businesses, nonprofits, and institutions. They add legitimacy to your outlet, while also showing the lighter, human side of a news organization. This can be highly valuable, as individuals and businesses are more inclined to partner with an organization that has some personality. Absent such efforts, outlets doing hard-hitting work might struggle with negative perceptions among business and community leaders.

As a much smaller example of these principles in action, consider a San Diego public agency that booked a prominent speaker to give a talk at an 850-seat theater. Selling tickets for six dollars, they sold out the theater, covered their expenses, and added hundreds of constituents to their email list. Regardless of your precise market, you could do this too.

Applied: Mississippi Today

The staff behind Mississippi Today had to—and continues having to—test their assumptions about audience. Ideally, it includes every Mississippian as well as former residents living elsewhere. But what was the initial audience, where is it now, and where is it going? In the early going, readers predominantly seemed to be elected officials, political professionals and lobbyists in Jackson, major donors, and other members of the media. Today, the outlet is exploring how to hone its coverage to reach more people. What might a less-politically connected audience want and need from their reporting?

Fortunately, there were opportunities to seize. To broaden their appeal, *Mississippi Today* introduced stories on sports and the arts—two cultural touchstones for all Mississippians. They hired a well-known sports columnist who brought with him an established audience. To better understand how they could reach millennials and younger readers, they worked with the Meek School of Journalism and New Media at the University of Mississippi to create a capstone project for students to craft recommendations for broadening the publication’s audience.

Step 3: Develop a Business Model

“Don’t make the mistake I made and wait. You have to figure this out very, very quickly.”
—Brian Wheeler, *Charlottesville Tomorrow*, on the importance of business planning
[Columbia Journalism Review](#), November 14, 2017.

Once you’ve defined your vision and done the market research, start developing a business plan for your organization. Don’t just figure it out as you go—define the parameters of your organization in many important areas, including staffing, finances, day-to-day operations, and expected sources of revenue and their respective sizes.

The business model you create will, in large part, reflect your prior experience and expertise, whether your background is in journalism, business, academia, or public affairs. Plus, your plans will almost certainly evolve over time as you grow into your full vision. For all these differences, the sections below describe fundamentals that should hold true.

Getting Started: Nonprofit Status and Sponsorship

When launching a nonprofit news organization, you don’t have to file for 501(c)(3) status immediately. Consider fiscal sponsorship. Look to local community foundations, nonprofits with similar missions, and the [Institute for Nonprofit News](#) (INN) to sponsor you. Their 501(c)(3) status can act as your 501(c)(3) status. You can solicit grants, and your sponsor can process them for an administrative fee. This is a great way to test your nonprofit viability without having to expend vital early resources on attaining 501(c)(3) status. Indeed, some outlets, including NJ Spotlight and *The Chicago Reporter*, have been fiscally sponsored for the entirety of their existence.

Content Strategy

Your content strategy is one of the most important decisions you will make. Determine your editorial voice and style. Referring back to Steps 1 and 2, define how the content you create adds value to your readers' lives. Confirm if anyone else is doing the same thing in your market, and if so, how you can differentiate yourself.

As a thought exercise, consider which single department of a traditional newspaper resembles your niche. You could also look to topic-focused or issue-focused publications as potential models.

Products and User Experience

Great content is not enough. Just as important as the content you produce is how you deliver it and get it to your audience. Simply put: if your reach is poor, no one will find what you publish. A 2017 analysis of common gaps and pitfalls for nonprofit news outlets, conducted by the News Revenue Hub, demonstrated that this is a pain point for many. So, beyond hosting content on your own website (or websites), use email, social media, and other publishing platforms strategically to reach your readers. Think about how partnerships could help you get your message out as well.

Whatever methods you choose, determine how your products and services will generate value for your readers—and in return, revenue for your organization. This will be the center of your business model—forming the working machinery of your organization.

On this front, delivering an email product is particularly vital because it facilitates a direct line of communication between you and your readers, leading them to spend more time on your website and ultimately become paying subscribers or members. Effective outlets make email sign-ups a core part of the user experience.

Your website should be an email acquisition machine. Put invitations to sign-up for email updates at the top of your webpage, noticeable to every visitor—but don't assume that one sign up field is enough. Make sure that compelling invitations to sign up for email updates are ever-present. Embed them in stories and on social media, mention them in outreach, and place them in lightboxes and pop-ups (see this [WordPress plugin](#) INN built to maximize email sign-ups and minimize disruption). Constantly experiment with new ways to gather your reader's email addresses.

More information about acquiring and converting readers in this fashion can be found in Step 4 on audience and revenue building. For an even deeper dive on this subject, you can also refer to the Shorenstein Center on Media, Politics and Public Policy's [research guide](#) on using data science for email analysis.

Technology

Media websites tend to be either fast and simple or slow and complex. Aim for a fast website, which potential readers will equate with quality and an improved user experience. And if your site is simple, it will save you the trouble of having to spend significant resources fixing any bugs or bandwidth issues that arise.

Beyond the public-facing user experience, you need to determine your internal tools too, from a content management system (CMS) to customer relationship management (CRM) software. Focus on open source and well-maintained tools used by established news organizations. You should even consider opportunities to partner with other organizations to share costs and tackle technology projects jointly. In that spirit, the News Revenue Hub offers tools that are tailored to the needs of emerging news organizations.

For your CMS, both the News Revenue Hub and the Institute for Nonprofit News (INN) recommend [WordPress](#). For your CRM, [Salesforce](#) offers a free version for nonprofits. The Hub also offers Excel templates that can approximate a CRM when you're just starting out.

Keep in mind all technology tools require upkeep—so the more tools you have, the more you'll need to budget for maintenance. To that end, ensure that your organization prioritizes tech acumen. Someone on your staff, or available to you as a volunteer or contractor, should understand issues and trends in technology and how they relate to journalism. Make sure they are positioned to give you sound advice, not just implement fancy tech.

After all, digital news organizations are tech companies too—largely because changes in technology have brought continuing innovation and disruption to the media space. Find someone with strong credentials in tech who can help your organization keep up with and navigate those changes, give appropriate scrutiny to new, flashy tools, and maintain a focus on what really adds value for readers. Ideally, they should have experience in journalism as well.

If you struggle to find tech-focused personnel, keep your tech as simple as possible and suppress the urge for customization until you get good help and good advice. In addition, the Hub compiles best practices on popular technology topics, from increasing your reach on web, to expanding email signups, and more.

Talent

To find and recruit journalists, start by identifying the possible talent pipelines where you operate, such as local journalism schools or similar community programs. Also be on the hunt for prominent, inspiring local thought leaders who you could hire to lead your team. They can bring the added bonus of a built-in audience or a robust social media following with them.

You don't necessarily want to look toward the same talent pipelines and networks to find your business staff. For your marketing, fundraising, business development and technology-focused personnel, a journalism school likely isn't the best place to look. For example, you're likely better served in the long run finding an MBA student from a local business school to serve as your CEO or COO.

As a final consideration, you should strive for a staff that reflects the community you report on. This will require a commitment to diversity and inclusion. The people you hire will bring unique strengths and perspectives. Having more diverse perspectives in the newsroom will ensure you are responsive to your community and can identify editorial opportunities and blind spots.

Your organization is only as good as the team behind it, so be proactive and strategic about the team you want to assemble. Resources that can help in hiring and recruitment include:

- [Report for America](#), which places new journalists in underserved newsrooms around the country;
- [The Ida B. Wells Society for Investigative Reporting](#), which strives to “increase the ranks, retention and profile of reporters and editors of color in the field of investigative reporting”;
- [The Robert C. Maynard Institute for Journalism Education](#), which works at “training media managers, journalists, and correspondents from communities of color; creating content to demonstrate nuanced coverage; and keeping media accountable through its Watchdog program,” and;
- [The Institute for Nonprofit News](#), which can provide additional insights, connections, and experiences gleaned from their membership.

Applied: Mississippi Today

As one editor put it, “It takes extreme care to find non-journalists who understand your work.” Mississippi Today found it challenging to explain the ethics and norms of journalism to potential non-journalistic hires. But, they also quickly found that if they were serious about attracting professional journalists, they had to hone their organizational capabilities. Applicants coming from legacy media organizations expected answers to questions about compensation, time off, benefits and more. Meeting those expectations meant contracting out payroll, tax, and human resources functions early on, and then hiring operations, technology, and marketing people who were both deeply experienced in their fields *and* committed to Mississippi Today's mission.

In terms of journalistic talent, the publication has recruited a mix of both new and established reporters. For established reporters, Mississippi Today appeals to those who want to tell substantive stories, without corporate mandates and pressures to generate clicks. For recent graduates, the organization thinks of itself as a “teaching hospital”, where new reporters can join as interns, gain full-time positions, and hone their craft.

Mississippi Today wanted to reflect and represent the people of Mississippi from the get-go. They have the most diverse newsroom in the state, and this diversity has in turn contributed to their success. It's helped them produce distinctive reporting on desegregation in rural high schools, issues in higher education, and more. It's also increased engagement with communities that are commonly ignored by or skeptical of public officials and institutions, fostering new reader relationships and even generating news tips and creative coverage opportunities.

Budget

Tapping into your market research and the other sections of your business plan, you can start sketching out some “back of the envelope” math for your organization’s budget. Here are some of the questions you should be asking:

- Is your potential audience large enough to support your ideal budget?
- If not, what percentage of that budget could your audience support?
- What percentage of readers are you expecting to subscribe or donate to support your budget?

Making informed and reasonable projections for these questions will help you determine workable staffing levels, office space needs, technology options, and more.

As you make your budget estimates, you’ll also want to identify the main sources of revenue coming into your organization, and how that revenue will be used. The News Revenue Hub keeps it simple, recommending four main revenue streams—each making up one quarter of your funding: partners and sponsors, major donors, a membership program (also known as reader support), and foundation funding (most likely through grants). The pie may not look like this initially, but over time, membership should account for a larger and larger slice, eventually reaching 25 percent or more of your total income. Step 4 of this playbook is focused entirely on building out these revenue streams.



When it comes to your organization’s expenses, a central question you’ll face is how much of the budget pie to allocate to editorial and how much to allocate to business and operations. Best practices will vary, but the Hub recommends that at least 25 percent of your expenses go toward business and operations, if not more.

You'll likely be relying upon seed funding or grants to get you started, but it's never too early to start a cash reserve. Setting a responsible and realistic budget to start will help you make the most of those starter funds while you work toward the revenue building activities described in Step 4. And it will prevent you from facing make or break moments should a big funder pull back their support after a certain period of time.

Organizational Culture

A supportive and collaborative work culture, established workplace norms, and a strong and consistent onboarding program for new hires are all a must. [The Democracy Fund's Local News Lab](#) and [Project Include](#) provide resources for onboarding. You can also look to [INN](#) and other trade organizations for additional guidance in handling these functions.

One piece of the culture-building effort that merits emphasis is this: explain from the beginning what nonprofit journalism means. Journalism, while not a new cause, has not implicitly been seen as a public service, both in the journalism community and the broader world. As you move toward the fundraising strategies outlined in Step 4 of this playbook, you'll need your whole team committed to the cause of journalism as a public service. A fundraising or development manager cannot be the sole person in the organization engaged in asking people to support your journalism—and in fact, editors and reporters are often in the most powerful position to make convincing fundraising appeals.

On that note, with these core components of a business plan in place, you can turn your attention to the final step of this playbook: building an audience and diverse revenue streams to support your organization.

Related Resource: The [Institute for Nonprofit News \(INN\)](#) is a network of more than 150 news organizations in North America, all of them nonprofit, nonpartisan and dedicated to public service. INN incubates news startups, provides training and services to public service newsrooms, and functions as an innovation network to help members develop new ways to support quality journalism, engage people, and serve their communities. The INN community shares best practices, collaborates on stories, pools resources, and receives training in professional, organizational and business development. INN Labs provides website development and support, builds publishing tools, and helps media innovators solve problems and make prototypes easy to implement for WordPress sites. INN's work helps newsrooms bring investigative and civic news to more people, hold the powerful accountable, and build participation in public life.

Step 4: Build an Audience and Diverse Revenue Streams

You may have a certain amount of seed money in the early stages—enough to get you on your feet—gifted from a major donor or foundation. Some experts suggest that outlets should strive for a three-year runway. But, the runway will run out. Identifying

and leveraging all available sources of revenue as soon as possible is crucial to your future sustainability.

Earning income for your outlet and balancing the books is a skill that, like reporting, you build by doing. Your first instinct may be to produce stories and let the rest follow. Figure out early what you need to do to pay for your reporting—and practice doing it. When it comes to revenue, you may not be able to play catch up later. Many outlets learn this too late.

Be familiar with a variety of fundraising strategies and be willing to raise funds locally. While your outlet may be a nonprofit in terms of tax status, you should think of your venture and its day-to-day operations as a business. Every step in this playbook has reinforced that mindset, from defining your vision, to knowing and serving your customers, to having a solid business plan. Now, you need to equip your outlet with a strong financial foundation.

Diversify your income, because relying on only one or two sources of revenue carries with it enormous risk. Tap into the following four revenue streams, plus the possibility of other miscellaneous sources of income:

1. Major donors;
2. Membership program (small dollar online fundraising);
3. Foundation support; and
4. Partnerships and sponsorships with local businesses and community organizations.

Major Donors

These are your champions, the people who have deep roots and influence in your community, and an even deeper belief in the importance of the work you'll do. Find these individuals, begin to build relationships, and establish a dedicated fundraising strategy for garnering their support.

Because other revenue streams, like reader support and sponsorships, depend upon the journalism and the audience you'll create, major donors can play a vital role at the start. They are your initial investors, helping your organization get up and running. Presenting them with a robust business plan, in line with Step 3's recommendations, will help you make a strong case. Show them your path to sustainability, and ask them to provide the runway.

Cultivating major donors is a science and an art. It takes time and won't come in one meeting or ask. Keep in mind, many in the philanthropic sector are just starting to recognize journalism as a cause. You may have to work a little harder as a result, but you can get them on board by connecting your work to broader principles and purposes, such as strengthening community, improving civic life, and preserving the health of our democratic society.

As you look to your personal and professional networks, also be strategic about who you solicit. Choose influencers in the community whose investment will spark others. Early on, you should also put together an advisory board with a sole purpose of helping you connect with potential funders. That board can grow and evolve over time to support the needs of your organization.

If you're uncertain about the particulars, observe other nonprofits in your region. You can also watch what state political parties and local candidates for office do. Even national institutions, like the American Civil Liberties Union and the Sierra Club—or respective local chapters—can provide insights. These organizations have experience turning supporters into major donors, and given their national scope and established record, have likely experimented with different kinds of fundraising appeals.

Learning from their examples can help you identify individuals to target and the most powerful outreach options for reaching them. Partnering with these kinds of organizations can be helpful too if they agree to share email or events lists that you could tap into.

Membership Programs

“In its inexhaustible capacity for experimentation, digital media has pivoted to programmatic advertising, pivoted to native advertising, pivoted to venture capital, pivoted to Facebook, pivoted to distributed, and pivoted to video. Here is a better experiment: pivot to readers.”

—Derek Thompson, writing about the 2017 media landscape in [The Atlantic](#), November 29, 2017.

Your readers are your lifeline—the most important source of ongoing revenue and support. Accordingly, this is where the News Revenue Hub looks to help new outlets establish comprehensive membership and crowdfunding programs. Building on the Hub's insights, you can engage your audience, build their trust and loyalty, and convince them to invest in your work. Your journalism provides a public service, so be candid about enlisting your readers to contribute to it.

The two fundamentals of generating revenue from your readers are acquisition (via email) and conversion. Acquisition is all about reaching a broad audience and turning them into dedicated readers. Conversion is about getting those readers to make a financial contribution to support your work. Think of it like a funnel. The widest part includes all of the people you can reach with your reporting. Next, in the middle of the funnel, come the dedicated readers and email subscribers, a smaller subset of the total audience. And finally, at the bottom of the funnel are the donors, an even smaller subset of the dedicated readers.

Broadly, there are two ways you can widen the bottom of the funnel, and increase the amount of reader support coming your way: you can increase the size of your total

audience and dedicated readers, or you can increase the rates at which you acquire dedicated readers and convert them to donors. To illustrate, here's a hypothetical example:

- There are 200,000 possible readers in your market.
- You reach (or acquire) 10 percent of them (meaning you get their email address).
- You eventually convert 10 percent of those readers into paying members.
- Your members give an average of \$10 a month or \$120 per year.
- You are projected to make about \$240,000 in initial, annual revenue from your readers.

In this example, your organization has an audience of 200,000 possible readers, which you acquire and convert both at a rate of 10 percent, for a total of \$240,000 in reader revenue. If you expand that audience to 250,000 possible readers, your organization can generate \$60,000 in additional revenue, even if the rates of acquisition and conversion remain the same (250,000 readers * 10 percent acquired * 10 percent converted * \$120 average donation = \$300,000).

Conversely, you could commit to increasing the rate at which you acquire dedicated readers, instead of trying to increase the size of the possible audience. If you increase this rate to 15 percent, your reader revenue grows by \$120,000, even if your conversion rate for donors remains at 10 percent (200,000 readers * 15 percent acquired * 10 percent converted * \$120 average donation = \$360,000).

The farther down the funnel you go, the harder it is to increase your numbers. Your conversion rate will likely be smaller than your acquisition rate, and achieving a higher conversion rate will be more difficult than achieving a higher acquisition rate. So growing your audience and acquiring more dedicated readers can be a strong place to start.

To put these acquisition and conversion ideas into practice, seize on every opportunity to **build a habit of news** and **ask for reader support**. Make email your first priority, as it is highly effective in both of these areas. As social media platforms and smartphones have made audience attention more elusive and advertising dollars more tenuous, email remains one of the most proven and powerful methods for directly reaching your audience and attracting their attention and loyalty.

Right when you begin publishing, start collecting email addresses and engaging in direct dialogue with readers. Daily and weekly newsletters, akin to a print newspaper in the mailbox or on the front step, get readers in the habit of reading your reporting. It becomes a part of their routine. In aggregate, this increases your acquisition rates and develops dedicated readers.

Use free tools to set up a customer database and convenient checkout for financial transactions. You'll rely on these when you introduce fundraising appeals into your emails. The News Revenue Hub recommends the payment processing tool [Stripe](#) to

process secure payments from members. This can be used in tandem with [Mailchimp](#) and [Salesforce](#), which the Hub finds to be the best suite of tools for news organizations, relative to other comparable tools (i.e. PayPal, Pardot, Allegiance). Bear in mind that payment processors require transaction fees. As previously noted, the Hub also offers spreadsheet templates to manage the customer database portion of this work, which can be used in lieu of a full software solution initially.

Making conversions happen—turning those dedicated readers into donors—requires a focus once more on fundraising strategies. Build on what you learned when pursuing major donors, but tailor the fundraising strategy for readers, who will give in smaller amounts. What levels of giving will be available, and what incentives will there be? Keep the levels simple and shy away from resource- or time-intensive benefits that require fulfillment on your end. Depending on your audience and your market, you might find success with exclusive newsletters, tote bags, or inside looks into your newsroom.

Best practices recommend a bell-shaped benefits curve, with the best benefits at the \$100 to \$120 level and lesser benefits above and below that point. You can also rely upon altruistic appeals, speaking to a sense of community identity and belonging. Many of your readers will simply want to give, to support the work you do. Don't be afraid to be repetitive about your mission, or use messaging that resonates with your readership. As you fine-tune these strategies, experiment and continually scan the market to see what you can learn from other nonprofit organizations and fundraisers.

Figuring all of this out may seem daunting at first. But keep in mind these fundamentals: People will only give if you ask them to, and they will be receptive to give what you suggest. If you suggest \$5, they'll give \$5. If you suggest \$15, they'll give \$15. How you value yourself very much informs the public's perception of your worth. For many organizations, \$10 to \$20 per month is a reasonable ask.

Foundation Support

Many outlets seek some form of foundational support to help get their operation off the ground or expand its scope, but it's important to recognize the limitations of a foundation strategy. These funds will not come indefinitely and may include demands that conflict with or constrain your editorial team's ability to serve audience needs. Because nonprofit news is an emerging field, many grant writers, businesses, and local benefactors may not be familiar with the strict “separation of church and state” between editorial and business that has traditionally been observed in journalism. It's important that you're ready to explain these dynamics and provide a path forward that secures the grant but doesn't compromise your mission.

For these reasons, recognize the constraints that come with making foundation funds a primary source of revenue in the long term. Position them to serve as a helpful supplement or a vital source of runway in the start-up phase. When considering your foundation strategy, look for opportunities to cultivate support from local foundations

first, before you start looking to the big national foundations. Beyond providing revenue, this has the added benefit of further strengthening your local ties, giving you the opportunity to work with others who know your audience and have shared community interests.

Also, be on the lookout for opportunities that will help your organization build capacity and develop new capabilities, not just collect grant money. For example, recent Knight Foundation grants have connected outlets with organizations like the News Revenue Hub and the Shorenstein Center to help with data analysis, audience building, and technological innovation. These organizations are able to provide analysis, tools, and recommendations at scale so you don't have to reinvent the wheel.

To help identify the full range of possible foundation support, look at organizations like yours and identify their funders. And remember, similar to your major donors, garnering foundation support will require sustained effort and relationship-building.

Through grants and fiscal sponsorship, previously mentioned in Step 3, foundations often seek to help news organizations work toward long-term sustainability. Understanding this, and emphasizing your commitment to it, can help you make a strong case for your organization when competing for grants and seeking foundation support.

If possible, find someone with experience navigating the grant-writing process to assist your organization. Whether they are on staff or act in an advisory role, they can help you seek out the right kind of grant opportunities, in line with what we've written here. They can also help you navigate the intricacies of putting together winning grant proposals and manage expectations.

Recognize the value of foundation support without becoming entirely dependent upon it. Don't fall into the trap of chasing grant money as a means to avoid the hard work of building diverse revenue streams.

Applied: Mississippi Today

The Walton Family Foundation, in its effort to highlight education issues in rural areas, provided a substantial grant to Mississippi Today, which used it to deploy two reporters to the Mississippi Delta region of the state. Through the grant, they can cover education and economic issues for communities that otherwise get very little coverage. The grant aligned with Mississippi Today's mission to focus on civic issues and how public policy affects everyday life in the state. Because of that, they felt there were no undue pressures or demands on their coverage. And, although Mississippi Today's attention to educational issues in the region came about because of this grant, these issues are important enough to them that they would, going forward, continue their coverage without it.

Applied: NJ Spotlight

NJ Spotlight provides nonpartisan news and analysis on politics and public policy in New Jersey. But eight years ago, it was just an idea envisioned by two print refugees, who found a natural partner in the Community Foundation of New Jersey (CFNJ). CFNJ granted them \$10,000 to build a business plan and a website prototype, which in turn, they used to attract a significant grant from the Knight Foundation. CFNJ has also supported NJ Spotlight by acting as its fiscal sponsor, providing financial and administrative services and even covering a portion of the outlet's employees under the CFNJ health insurance plan.

Because NJ Spotlight's vision aligned with the goals of CFNJ, the partnership represented much more than an exchange of grant money. CFNJ's support opened doors for NJ Spotlight to gain support from other foundations and to pursue long-term sustainability. And, they learned that for foundation relationships to work well, news organizations can't just show up to ask for money during grant cycles. NJ Spotlight drew upon its local foundational supporters when establishing an advisory board, and continues to keep them in the loop on noteworthy stories and organizational milestones. As one executive put it, "Relationships matter. It's not just some date that turns into marriage. You have to work at it."

Partners and Sponsors

Operating as a nonprofit news organization doesn't necessarily mean you can't sell advertising space. And even if your outlet isn't ad-supported, you can still attract business support through underwriting, partnerships, and sponsorships. This can take many forms, but some common examples include events, content and resource sharing, donation matching programs, and in-kind contributions.

When done right, business partnerships and sponsorships may align with your efforts in other areas, benefiting multiple revenue streams. For example, because events are a powerful way to build audience relationships—wherein event-goers become loyal readers and paying subscribers—they may become an important part of your membership program strategy. At the same time, local businesses may be eager to sponsor your events as a way to reach your audience.

Similar opportunities can be found in content and resource sharing, and in-kind contributions. You could partner with a local newspaper or TV news affiliate to share content, expanding the reach of your reporting to new audiences. Similarly, you could share resources with local community organizations, like libraries or schools, to serve the public interest and advance your mission. Finally, local businesses, universities, or other institutions may be willing to offer complimentary services or expertise to your organization out of appreciation for your work. As an example, schools and universities could offer venues or subject matter experts to support your events.

Finally, though advertising will be a smaller focus for digital, nonprofit outlets, it can still provide meaningful revenue, particularly when used effectively within email newsletters, podcasts, and other channels that reach your audience directly and face less competition from major platforms like Facebook and Google.

Always be on the lookout for opportunities where your outlet and a community player have mutual interests. This leads to fruitful partnerships for the long-term.

Applied: Rivard Report

The Rivard Report in San Antonio, Texas, got its start as a for-profit newsroom, but eventually transitioned to nonprofit status. In making the switch, the team has broadened its approach to business partnerships, today boasting a corporate membership program that offers much more than advertising space alone.

Rivard Report finds success in corporate memberships by listening and identifying opportunities for collaboration. Corporate members might give anywhere from \$250 to more than \$5,000 per year, but each partnership starts with discovery meetings, formal proposals, and partnership agreements as a means to craft and cultivate mutually beneficial relationships.

Some corporate members seek more visibility or name recognition, some want to bring more attention to a specific issue via an event, and others just want to support public service journalism. In one scenario, a corporate member helped the newsroom underwrite a new business technology reporter. Through it all, the expectation is set that when it comes to reporting, editorial integrity and independence reign supreme and members will be treated like any other business.

Other Possible Sources of Income

It pays to be creative and entrepreneurial at every turn. Four major revenue streams are outlined above, but you may find other ways to generate revenue for your organization. In general, the more revenue streams you have, the better—but be thoughtful and don't spread yourself too thin.

When in doubt, return to the previous sections of this playbook. Looking at your vision and business plan, what does your organization do particularly well? Looking at your market research, what does your audience really want and need? How can you tap into these things to mine revenue? Could you compile some of your coverage and offer it as a book or special publication? Could you sell specialty merchandise to loyal readers at events or online? Could you offer services based on your in-house talent? Always look for opportunities to capitalize on the work you do. It's the best way to ensure you can keep doing it.

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About the Shorenstein Center

[The Shorenstein Center on Media, Politics and Public Policy](#) is a research center based at the John F. Kennedy School of Government at Harvard University, with a mission to study and analyze the power of media and technology and its impact on governance, public policy, and politics. Research, courses, fellowships, public events, and engagement with students, scholars, and journalists form the core of the Center.

About News Revenue Hub

Founded in 2016, [News Revenue Hub](#) helps others in the news industry set up comprehensive membership and crowdfunding programs so they can achieve greater sustainability. The Hub helps organizations with member recruitment and retention, audience engagement, and custom software installation, so participants can focus on what they do best: producing high quality journalism.