



## Like A Boss Girls Business Plan Basics Nonprofit Versus For-Profit

Are you ready to starting building your business from the ground up? Before you get started, you'll want to figure out whether you're looking at creating a *nonprofit* or a *for-profit*. There are benefits to both—but whatever you choose will determine the direction you'll take as you start putting your plan into action.

Luckily, we've got the breakdown so you can decide what's best for you!

### WHICH IS IT?

**Nonprofit:** The primary goal of a nonprofit is to raise money to invest in a social mission or cause. You can still earn a salary, pay employees, and cover your operational costs, but the majority of the money goes towards whichever cause you're focused on.

**For-Profit:** If you are running a traditional for-profit business, the profits made (after covering expenses, paying employees, and repaying investors) can go right into the bank. Ultimately, the goal of a for-profit is to make a profit!

### HOW TO GET STARTED?

**Non-Profit:** Applying for nonprofit status is a lot of work, but it's totally doable with the right information. Here's what you'll need to do to get started:

- Develop a mission
- Incorporate your business
- Create a board of directors
- File for tax exemption with the federal government (this is called 501(c)(3) status)

- Fulfill any local or state requirements

TIP: You may be able to simplify the process by joining an umbrella group, like a church or arts council, that can receive grants and donations in your name.

Need help? The Foundation Center has a 12-step tutorial for getting through the process. [<http://foundationcenter.org/getstarted/tutorials/establish/> ]

**For-Profit:** Though launching a for-profit is less involved than a nonprofit, you'll still need to do some planning, and paperwork, before getting your business off the ground. Here are some things to consider:

- Decide if you're running your business alone or with a partner.
- Consider incorporating your business.
- Apply for any special permits that might be required to run your business.
- Check with the U.S. Small Business Association [<http://www.sba.gov/licenses-and-permits>] to learn about obtaining licenses and permits for your business, based on where you live and the kind of business you want to start.

## WHO'S IN CONTROL?

**Nonprofit:** When you launch as a nonprofit, you'll create a group of advisors called a Board of Directors. This team of people, large or small, will have the ultimate say on everything from the mission of your business and the hiring of your staff, to how the money your nonprofit brings in is used.

**For-Profit:** When you run a for-profit business, you'll have control over who is hired, how much employees will earn, how the business will be run, and the direction the business will take.

## FACTOIDS: (to be used within the infographic however you choose)

Many companies with social missions choose to operate as nonprofits, including many organizations we love like [Headbands For Hope](#) and the [Step Up Women's Network](#).

Registered nonprofits are eligible for tax exemptions and certain grants.

When supporters make a donation to a nonprofit, they can write it off on their own taxes.

For-profits often have a social mission component, like the company [Uncharted Play](#), which blends business with social good.

There are 1,409,430 tax-exempt organizations in 2013, including public charities, private foundations, and other nonprofits  
<http://nccs.urban.org/statistics/quickfacts.cfm>

In the US, nonprofit organizations paid 9.2% of all wages and salaries in 2010. (Source: *The Nonprofit Almanac, 2012*)  
<http://nccs.urban.org/statistics/quickfacts.cfm>

Almost half of all grant dollar given by foundations to nonprofits in 2012 supported health and education.  
<http://foundationcenter.org/media/news/20131001.html>

Of the 742,000 new businesses established in the US in 2010, 85 percent were startups. <http://www.sba.gov/sites/default/files/Startup%20Rates.pdf>

550 new women-owned businesses are started each day.  
<http://www.sba.gov/community/blogs/women's-history-month-bright-future-women-owned-small-businesses>