



Introduction

In the currently changing charity and not-for-profit (NFP) sector, commercialisation can represent a valuable tool in ensuring the long-term viability of your organisation. This checklist is designed to guide your organisation through the key questions that should be asked before you commercialise.

Benefits of commercialisation

- increased funds and resources
- access to new knowledge and resources
- broader social reach
- increased opportunity for funding and grants
- competitive edge

STEP 1: KNOW YOUR ORGANISATION'S PURPOSE

1. Review the objects clause of your organisation's constitution and ensure it accurately reflects your organisation's purpose and activities.

It is common for organisations to depart from their originally determined path, and this often results in the objects, activities and operations practised by the organisation being out of sync with those stated in its constitution. You should consider:

- *What sort of activities does your organisation engage in?*
- *Who are the members and/or beneficiaries of your organisation?*
- *Does your organisation's objects clause accurately reflect these?*
- *If **not**, your organisation may need to consider revising its constitution; if **yes**, proceed to Step 2.*

STEP 2: CONSIDER DIFFERENT COMMERCIAL LEGAL STRUCTURES

2. Consider entering into a collaborative arrangement with an existing organisation.

Some useful matters to consider include:

- *Are there other organisations or businesses with a similar purpose and social concern?*
- *What products or services does your organisation rely on to survive?*
- *Would it be possible to enter into a collaborative arrangement with current suppliers?*
- *What can your organisation offer other businesses and/or organisations?*
- *How can your organisation make the most out of a collaboration?*

3. Consider integrating commercial activities into your organisation's current structure.

Some useful matters to consider include:

- *Does your organisation already provide products or services to its members/beneficiaries?*
- *Would it be possible to start charging for these products or services?*
- *Would charging for these products or services compromise your organisation's patronage or membership?*
- *What skills or expertise does your organisation already have?*
- *Is it possible to use these skills to start providing goods or services at a cost?*
- *How can your organisation make the most out of its current structure?*



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4. Consider starting up a separate entity.

See questions above in relation to step 2(b). Some further matters to consider include:

- *What type of legal entity should your organisation establish?*
- *Will the new entity be a subsidiary company or a parent organisation?*
- *What skills will be necessary to set up the new entity?*
- *Can your organisation afford the start-up costs?*
- *What relationship will the new entity have with your current organisation?*
- *What services or products will the new entity provide?*

STEP 3: UNDERSTAND THE RISKS OF COMMERCIALISING

5. Understand the risks of commercialising and the impact on your organisation's current activities.

- *What impact will commercialising have on current funding agreements?*
- *What impact will commercialising have on your organisation's ability to obtain future grants?*
- *Will commercialising affect your organisation's current tax endorsements?*
- *Does your organisation already possess the requisite skills for new commercial activities?*

STEP 4: DETERMINE THE COSTS OF COMMERCIALISING

6. Determine the various costs involved in commercialising your organisation.

- *Will your organisation need to hire new employees? How will they be remunerated?*
- *Where will your organisation need to conduct its activities?*
Will your organisation be able to cover the start up costs?
- *How might the use of your organisation's surplus affect its current operations?*
- *What are the financial and other risks involved?*
- *If your organisation loses patronage, will the new commercial activities make up for the loss?*

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