

Investing in CEL's Future

Since our founding, Citizen Engagement Lab has always had the same goal– to **accelerate** the pace of **change** in order to tackle the biggest problems of our time.

The CEL Model

Since 2008, CEL has worked with more than 30 social change startups, dozens of entrepreneurs, and hundreds of philanthropic partners to expand the impact and reach of people-powered change.

As a learning organization we have evolved our model into three distinct approaches to meet the needs of the field:

- **Acceleration Services** provide a tailored suite of support to a rigorously selected set of entrepreneurs, increasing the chances for lasting impact.
- **Innovation Labs** create issue specific test-beds where innovative experiments can be designed, tested, and refactored to get substantive results.
- **Engagement Consulting** is a mechanism for CEL to provide our expertise to the field and for diversifying our revenue and increasing our sustainability.

Challenges of the CEL Model:

- General operating support is difficult to raise for a mixed program and fee-for-service organization.
- Acceleration Services is difficult to scale to profitability because higher volume (ie. Tides) decreases impact and back-end ROI (ie. Y-Combinator) is not possible in nonprofit context.
- Offering three lines of services to achieve sustainability increases complexity of business and necessary management and business systems to chart growth.

Opportunities of the CEL Model:

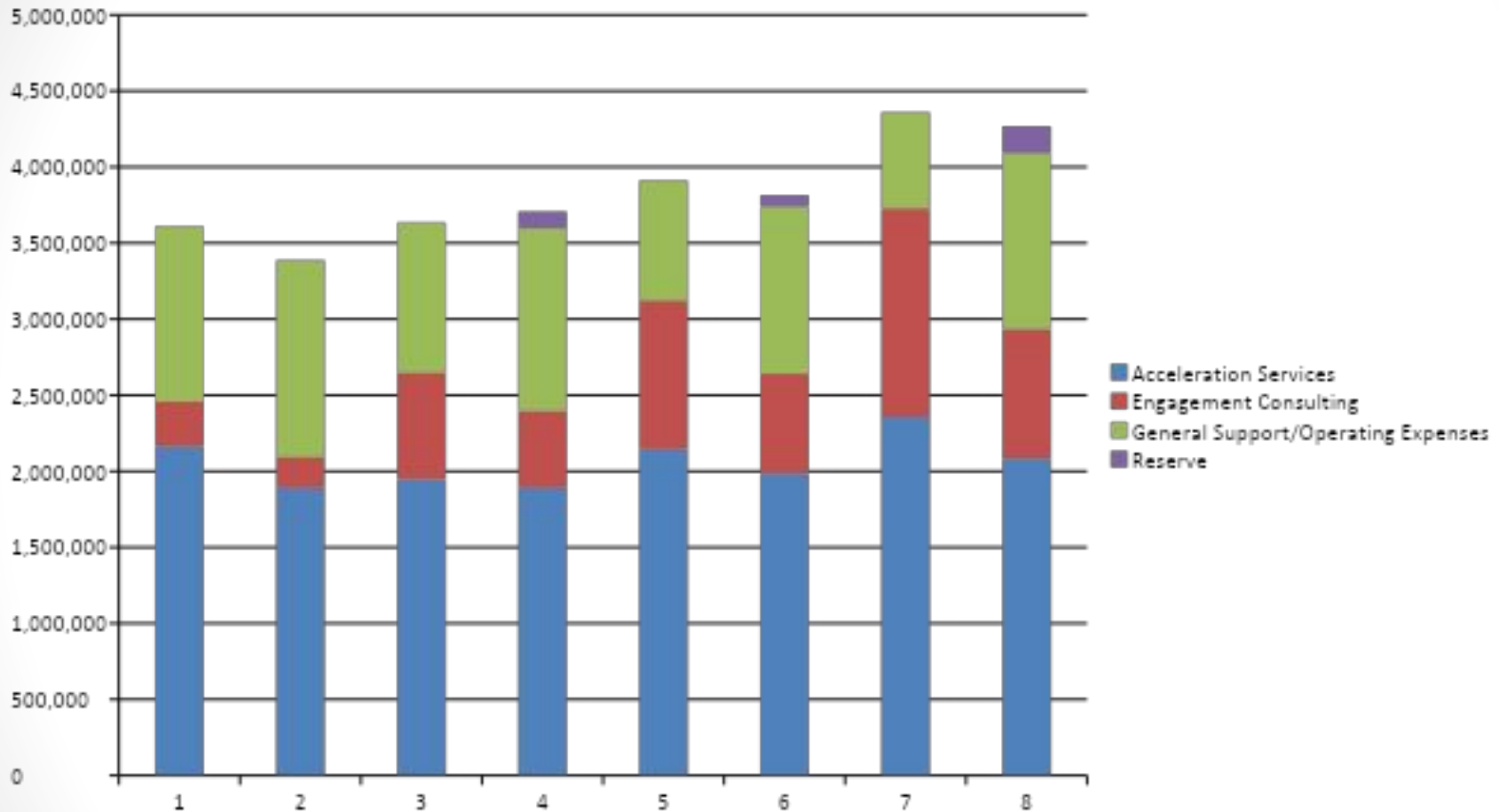
- We have seen an increase in applicants to the Acceleration Services program, indicating the ongoing need in field and value of CEL's unique offering.
- There is an increased demand for Engagement Consulting from funders and legacy organizations who are increasingly seeking to operationalize engagement and cultural strategies.
- New types of efforts from tech start-ups to mission driven for-profits also need incubation services providing future applications for CEL infrastructure.

Our Three-Year Strategy

1. Modest growth of Acceleration Services and increased efficiencies to improve margins.
2. Focus on increased growth of Engagement Consulting and solidification of key new Innovation Labs (Culture, Democracy, Economy).
3. Explore new areas for investment (tech and for-profit incubation).

We see strategies 1 and 2 as our keys to sustainability within three years. The third strategy is a riskier growth strategy.

2014 Actuals, 2015-2017 Projections



CEL Base Scenario Detail

Growth assumptions

	2015	2016	2017
Consulting Revenue		40%	40%
Consulting Cost		30%	30%
Acceleration Revenue		10%	10%
Acceleration Cost		05%	05%
General Support		-20%	-20%
Operating expenses		10%	05%

Business Mix

Consulting Revenue	700,000.00	980,000.00	1,372,000.00
Consulting Cost	503,290.00	654,277.00	850,560.10
<i>Consulting Margin</i>	<i>28%</i>	<i>33%</i>	<i>38%</i>
Acceleration Revenue	1,947,210.30	2,141,931.33	2,356,124.46
Acceleration Cost	1,890,950	1,985,497.50	2,084,772.38
<i>Acceleration Margin</i>	<i>3%</i>	<i>7%</i>	<i>6%</i>
General Support	987,000	789,600.00	631,680.00
Gross Revenue	1,239,970.30	1,271,756.00	1,424,471.98
Operating Expenses	<u>1,201,319</u>	<u>1,101,450.90</u>	<u>1,156,523.45</u>
Change in Reserve	38,651.30	170,305.93	267,948.54
<i>Net Margin</i>	<i>1%</i>	<i>6%</i>	<i>9%</i>

CEL Low Growth Scenario Detail

Growth assumptions

	2015	2016	2017
Consulting Revenue		15%	15%
Consulting Cost		20%	10%
Acceleration Revenue		-10%	-10%
Acceleration Cost		-10%	-10%
General Support		0%	-10%
Operating expenses		0%	0%

Business Mix

Consulting Revenue	550,000.00	632,500.00	727,375.00
Consulting Cost	483,948.00	580,738.00	638,811.00
<i>Consulting Margin</i>	12%	8%	12%
Acceleration Revenue	1,947,210.30	1,752,489.00	1,577,240.34
Acceleration Cost	1,890,950.00	1,701,855.00	1,531,669.50
<i>Acceleration Margin</i>	3%	3%	3%
General Support	987,000	987,000.00	888,300.00
Gross Revenue	1,109,312.30	1,089,396.00	1,022,434.84
Operating Expenses	1,220,661.0	1,020,661.00	1,020,661.00
Change in Reserve	-111,348.70	68,735.00	1,773.84
<i>Net Margin</i>	-3%	2%	0%

CEL High Growth Scenario Detail

Growth assumptions

	2015	2016	2017
Consulting Revenue		40%	30%
Consulting Cost		40%	20%
Acceleration Revenue		20%	20%
Acceleration Cost		10%	10%
General Support		-25%	-25%
Operating expenses		10%	10%

Business Mix

Consulting Revenue	750,000.00	1,050,000.00	1,365,000.00
Consulting Cost	550,000.00	770,000.00	924,000.00
<i>Consulting Margin</i>	<i>27%</i>	<i>27%</i>	<i>32%</i>
Acceleration Revenue	2,163,567.00	2,596,280.00	3,115,536.00
Acceleration Cost	1,890,950.00	2,080,045.00	2,288,049.50
<i>Acceleration Margin</i>	<i>13%</i>	<i>20%</i>	<i>27%</i>
General Support	987,000.00	740,250.00	555,188.00
Gross Revenue	1,459,617.00	1,536,485.00	1,823,674.48
Operating Expenses	<u>1,201,319.00</u>	<u>1,321,450.90</u>	<u>1,453,596.00</u>
Change in Reserve	258,298.00	215,034.50	370,078.49
<i>Net Margin</i>	<i>8%</i>	<i>5%</i>	<i>7%</i>

2015/16 General Support Plan

Funder	2015 Commitments	2015 Projections	2016 Projections
Nathan Cummings Foundation			\$100,000
Delaney	\$75,000		\$75,000
The Libra Foundation	\$75,000		\$75,000
Voqal	\$32,025		\$32,025
Rockefeller Brothers Fund	\$75,000		
Mathieu	\$10,000		
Ford Foundation		\$300,000	\$150,000
Hull Family Foundation		\$10,000	\$10,000
Rudd		\$25,000	
The Chorus Foundation		\$250,000	\$250,000
Villers		\$5,000	
Wallace Global Fund		\$35,000	
Totals	\$267,025	\$625,000	\$692,025
Base Case Need	\$970,000		\$789,000
Still to be Raised*	\$702,975		\$789,000

*Other prospective sources of support include Democracy Alliance partners and increased grant amounts from projected funding.

Impact

With The Chorus Foundation's support we anticipate the following outcomes:

- In 2015 we will invest in CEL's core infrastructure including strategic investments in our Engagement Consulting operations and new office facilities to accommodate growth.
- In 2016 we will improve efficiencies of Acceleration Services and exhibit modest growth to maintain high degree of selectivity, while also continuing to invest in Engagement Consulting
- In 2017 we will reduce our dependence upon general support and will have diversified our business, providing CEL more flexibility to apply our assets to supporting change-making in our various modes to maximize impact and sustainability.