

FUNDRAISING IN TOUGH TIMES

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The volatile stock market causes foundation endowments to suffer (with a corresponding impact on the availability of grant funds) and individual contributions to decrease due to financial uncertainties. At the same time, unless you are lucky enough to be awarded and willing to accept stimulus funds, federal belt tightening has caused government support to drop.

THE ROAD AHEAD

If your organization relies on foundation income or government grants, the troubled financial markets may have already had a real impact. Private foundations are required to disburse five percent (5%) of their assets annually. But, when foundation assets shrink, their giving shrinks.

Unfortunately, it takes hard times such as these for some organizations to realize just how dependent they are on foundation and government funding, both of which are deeply affected by recessions. With this in mind, it may be time to focus your fundraising efforts on cultivating individual or corporate donors during this economic recession.

EFFECTIVE FUNDRAISING

The key to effective fundraising, in a down economy, is to employ a flexible, donor-focused approach and develop a highly functioning fundraising team.

Make it clear. Be sure to clearly communicate (and stress) your organization's mission objectives and the importance and impact of the programs being offered to any potential donors.

Go high-touch. Now is the time to acknowledge your contributors, build stronger relationships and clearly communicate how your organization is making a difference. Research conclusively shows that donors give to organizations they believe are doing a good job, because they feel good about lending a hand in tough times.

Make sure you communicate your organization's needs and successes as personally as possible. Instead of an impersonal mass mailing, consider a more high-touch approach, such as a house-party program, personal lunches or handwritten letters from board members. These are certainly more labor-intensive, but they traditionally generate a much larger response.

Remember renewal and retention. You can't afford to lose any supporters right now. Consider a renewal campaign focused on keeping current donors and bringing back lapsed supporters. If your organization has already done a good job of keeping donors, focus on asking those donors to give more.

Be bold. Don't apologize when asking for money during tough times. Let donors know that recessions are particularly hard on nonprofits, and that it is especially important that they continue giving during an economic downturn to enable your organization to continue to fund its programs and achieve its mission.

Convert donors. The lifetime value of monthly donors is much higher than those who make only single gifts. Monthly donors tend to give more per year and have higher retention rates. Present monthly giving as an option to new donors and encourage your single-gift supporters to switch to monthly.

Tap the Web. With the phenomenal increase in giving over the Internet, it's critical to make online giving convenient. Prospective donors making traditional donations (e.g., by mail) are likely to visit your site before making a gift, so ensure that it makes a good first impression. And be sure to collect e-mail addresses of current donors so that you can regularly communicate with them electronically. As an added benefit, when done right, online fundraising can be more cost-effective (in many cases free) than traditional methods.

Focus on flexibility. Be sensitive to higher-end donors, who may be looking for ways to restructure their gifts as they see their investments suffering in the recent market decline. You may need to work with these major donors to reshape gifts or extend payment deadlines. Talk with them about working with their accountant, financial planner or tax expert to use estate planning tools. For example, certain types of charitable trusts may be beneficial in the current economic environment.

Treat 'em like gold. When the economy sours, individual donors may feel that they have fewer resources to give. It's important to convey to them how much they are appreciated. Remind them of the very real impact that their philanthropic dollars are having on your organization's mission.

Step up your relationships with major donors. Remember: It's always easier to keep an existing donor than to cultivate a new one. Donors who are respectfully recognized are more likely to continue their tradition of giving.

Involve everyone. Fundraising in tough times requires a team. Involve your board as well as your volunteers—board members can write personal letters and make thank-you calls, or even ask for large gifts in person. If your fundraising efforts have lagged, form a fundraising task force / team that include two or three board members as well as committed volunteers, program staff and community members who believe in your organization.

IS THERE LIGHT AHEAD?

Wise nonprofits will approach the current economic downturn with a long-range view. Following the country's last economic shock after the terrorist attacks of 9/11, it took nonprofits three years to stabilize, according to the Nonprofit Finance Fund. During that time, more than 40 percent of the 6,500 mid-size organizations that the fund tracked reported a deficit.

However, organizations that take a long-range view and use these tough times to make fundraising an organizational priority may just come out stronger in the end.

To assist, below are some belt-tightening basics for you to consider:

BELT-TIGHTENING BASICS

Nonprofits often have liquidity problems even in the best of times. So now is the time to keep a serious eye on fundraising expenses:

Reduce—Reconsider the paper you use for your newsletter or fundraising appeals, which can represent up to 30 percent of the cost of printing. Switch to inexpensive paper and consider using lower-weight stock to reduce your postage costs. Donors will understand when you explain that you are forsaking a little quality for cost savings.

Innovate—Tap into some innovative yet low-cost marketing and public relations techniques. Write letters to the editor of your local paper or provide guest columns on important issues that your organization addresses. Ask local ad agencies to create public service announcements for you.

Piggyback—Ask businesses in your community to include your fundraising appeals in their mailings. They'll appreciate the chance to do some good, and you'll enjoy some cost savings.

Network—Make sure your board helps you save money as well as raise it. Have them mine their networks to find individuals and businesses willing to donate goods and services for your projects and events.

If you'd like to discuss more about how your organization can implement some of these concepts, please email Jeff Schmitt at jschmitt@barnesdennig.com.