



Raising Money in a Recession

Small Business Development Program
Getting Connected Fair
Presentation

April 2, 2009
12:30-2:00pm

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Agenda

- Overview of Revenue in the Nonprofit Sector
- 10 Ways to Raise Money in a Recession
- Q & A



A Fellow Fundraiser...

“Here’s my problem: whenever I tell donors how desperate we are, I get a sob story about how desperate THEY are. (The next person who tells me he simply doesn’t read his 401K statement is getting a swift kick in the pants.) It’s obvious these people have money; they just don’t want to share it with us. What’s your advice?”

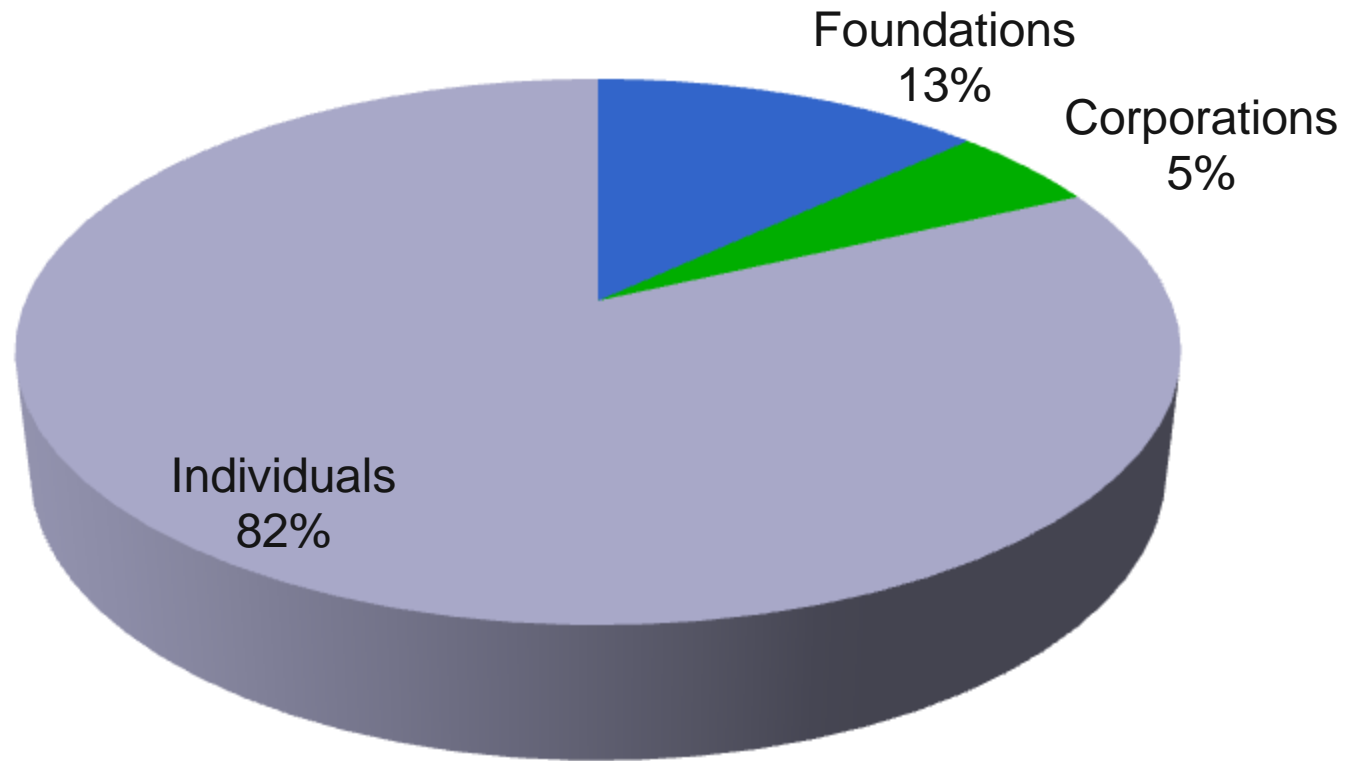
-Executive Director



Types of Funding in the Nonprofit Sector

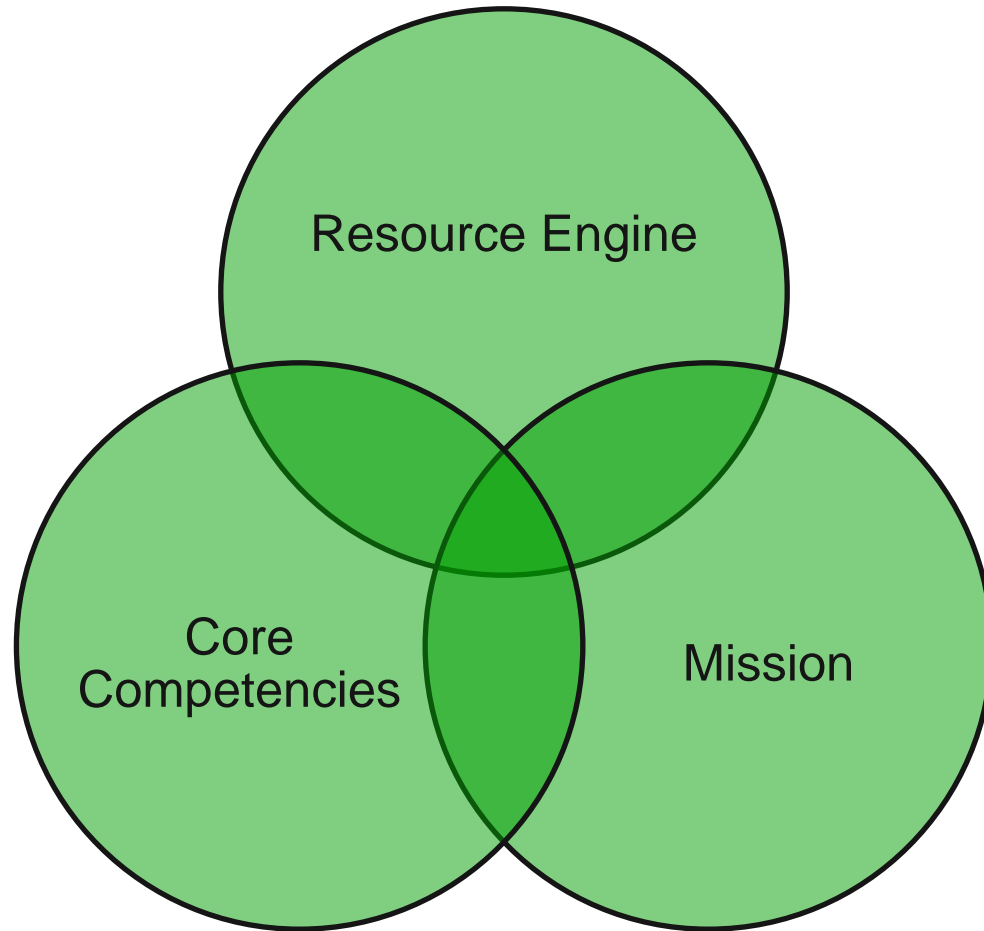
- **Private:**
 - Individual Giving
 - Major/planned gifts
 - Membership
 - Online giving
 - Direct Mail
 - Events
 - Foundation Grants
 - Corporate Support
- **Public:**
 - Government Grants
- **Earned Income**

Sources of Private Funding in the Nonprofit Sector



Source: Giving USA, 2007

Elements of Sustainability





Sustainability Case Study: FORGE

- Nonprofit working with refugees in African camps to promote peace and social stability
 - Teach skills, community building, economic development
- Old revenue model: college students running programs must raise the money for their programs
- New revenue model: Kiva-type online giving to projects
- Results: \$100K in debt and may go under
- Why?
 - No strategy for transforming revenue engine
 - New revenue engine at odds with their core competencies
 - No capacity capital to help make the switch

10 WAYS TO RAISE MONEY IN A RECESSION



1. Strengthen Your Case

- Real money is raised around a case for SUPPORT—investing donors in the change you are creating.
- Not a case for NEED:
 - “We need to raise \$50,000.”
- Clearly and articulately connect donors with your impact in the community
- Make your case for support
 - Compelling
 - Clear
 - Concise
 - Inspiring
 - Results-oriented
- Integrate it throughout all collateral and fundraising materials

2. Plan

- Create/refine your strategic plan and development plan
- You raise money by being strategic:
 1. About what your organization is and does, and
 2. About how you will create sustainable revenue streams
- People give more \$ to organizations that are strategic
- A good strategic plan is an invaluable tool to build investment
- A good development plan gives a fundraiser a step-by-step way to generate revenue



3. Harness Your Board

- (Ideally) They:
 - Are committed to and invested in your organization
 - Have relationships and connections that could help your organization
- Educate them about what your organization needs
- Brainstorm who they know and how they can help
- Ask those who have the capacity, to give more



4. Take Care of Donors

- Keep and upgrade donors you already have
- Thank them for each gift within 24-48 hours
- Make thank you notes
 - Thoughtful
 - Results-focused
 - Appreciative
 - Connected back to the mission
- Reconnect with donors who made a gift 3-6 months ago to:
 - Thank again
 - Ask why they invested
 - Ask how to further invest them
- Begin renewing donors who gave 9-12 months ago
 - Customize your renewals as much as possible
- Gather and use knowledge about your donors to reinvest & upgrade



5. Clone Your Best Donors

- When you are struggling to find new donors, go back to the source
- Mine your database for the characteristics (demographics and psychographics) of your best (most years of giving, biggest dollar, greatest upgrade) donors
- Survey them (formally or informally) to find out
 - why they give
 - what messages resonate with them
 - what they read
 - where they get their information
- Find others like them



6. Determine Your Fundraising ROI

- Determine the Return on Investment of all of your fundraising activities
 - Revenue raised – Costs to raise it = Net Revenue (Return)
- For example: What is the true NET revenue of an event?
 - Calculate the direct (food, band, decorations) and indirect (staff time) costs of that event
 - determine the real net income you generated
- Are there better, more effective ways to raise more money for less cost and effort?
- Individual fundraising (especially major gift solicitation) has a much higher ROI

7. Diversify Funds

Are there other revenue streams you could launch or strengthen?

- Foundation dollars: Do some research on foundations that give to organizations in your program area.
- Corporate money: Do you have a program or event that a corporation might like to sponsor because it hits their target audience?
- Earned Income: Do you have an asset that might be saleable?
- Individual Donors: Do you have on-going annual givers? If not, could you launch an annual fund program?



8. Build Your Infrastructure

- Determine what it would take (and cost) to upgrade your fundraising function
- Pitch that plan to someone close to the organization with \$
- When purchasing technology
 - Don't skimp. You'll end up paying for it elsewhere (lost revenue, lost time)
 - Do your research. Purchase to decrease staff time & increase productivity
- When hiring staff
 - Hire best and brightest and ABOVE the position
 - Craft a thoughtful job description and position posting
 - Create resume review criteria and interview questions to uncover candidates skills, experience, working style, and past results

9. Use the Internet

- Move some/more communications with donors and prospects online
 - Saves money
 - Has a better chance of getting more/bigger gifts
- Includes:
 - Solicitation emails
 - Event invitations
 - Surveys
 - E-Newsletters
 - Social media (Twitter, Facebook, blogs, etc.)

10. Keep Learning

- Ask other successful fundraisers what they are doing
- Research best practices of the most successful nonprofits in the region/country
- Attend classes, workshops, conferences to make connections and learn best practices
- Experiment with what you are doing and analyze what worked and what didn't



Finally, most importantly

- It TAKES money to MAKE money
- Money will not just show up at your doorstep
- You have to be strategic and make an investment of time AND money to create a sustainable revenue engine



Capacity Capital Case Study: KLRU

- Raised \$350K from 6 individuals/foundations to revamp fundraising function
- Components included: technology (new donor database, online giving software), staff, training, market research, collateral
- Results:
 - Revenue up by \$1.6 million, or 40%, annually
 - Fundraising expenses down by 20%
 - # of donors up by 36% to over 19K
 - \$ raised from major donors up by 195%
 - The number of days of on-air fundraising down 33% (from 89 to 60 days)
 - Foundation support up by 171%
 - Online revenue grew by 250%
 - Size of average online gift up by 164%



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-Executive Director

What's Your Advice?



What's Your Advice?

- Focus on impact not need
- Fundraising is really marketing. If you aren't getting the desired results, change the message
- Don't complain, figure it out
- Be strategic

Q & A