

Fundraising in Recessionary Times



The Bad News

“We know from research that giving historically goes down by 1%-5% in recessionary years.”

*Patrick Rooney, Director of Research,
Indiana University Center of Philanthropy*



“American giving follows the economy. The average American saw rising prices in nearly all categories, leading to difficult decisions on where to put discretionary income.”

Giving USA 2007, Richard T. Jolly, Chairman

“Most people put philanthropy in the ‘discretionary spending’ category. That’s what they pull back on first if they’re not feeling comfortable.”

Sandra Miniutti, Charity Navigator



The Impact

Nonprofits could feel the impact in:

Declining corporate giving

Reduced foundation grantmaking

Cutbacks in individual giving

Survival Strategy – It’s Really Just Fundraising 101!

“For donors, the state of the economy and their own personal finances are just some of the factors that affect their decision to donate. The other key factors are whether an **organization makes a compelling case**, whether the **donor has a personal connection** to the cause or the organization and whether the **donor believes the organization demonstrates the ability to make good on what it promises.**”

*“The Shifting Bottom Line,” Paul Lagasse,
Advancing Philanthropy, January/February 2008*



Strategy #1

Tell a compelling story

“There’s an innate drive that makes most of us want to support something. The organization that appeals to that will be a winner.”

Steve Batson, CFRE, Cargill Associates



Tell a compelling story

Always focus on the end beneficiary of your assistance.

Paint a picture with your words – and make sure all photos support those words.

Connect on an emotional level by telling a story with life-or-death consequences.

Avoid “program-speak.”

Strategy #2

Provide more information

Donors want and deserve to know how their investment is going to be used, particularly in a shaky economy. The more information you provide about how gifts help you fulfill your mission, the more likely it is that your donors will continue to support your organization.

*“Enjoy the Ride,” Mary Ellen Collins,
Advancing Philanthropy, January/February 2008*

Provide more information

In all communications, including newsletters and magazines, emphasize facts and figures that show success.

Add credibility with maps showing project locations and lift notes from recipients, workers and independent endorsers.

Emphasize your record (especially in an election year).

Candidates flip-flop on issues; you have a history of success.

Be forthcoming about the challenges.



Strategy #3

Say “thanks” more often

**In a recent survey of donors who stopped supporting groups,
“47 percent did so because they felt uninformed or unappreciated.”**

Penelope Burke, Cygnus and Associates, Contribute Magazine



Say “thanks” more often

Limit the number of receipt inserts asking for additional giving.

Send “milestone letters” acknowledging donors who have given X years.

The letter thanking donors for their second gift must be even warmer and more appreciative than the one acknowledging their first gift.

Place more pure thank you calls.

Send emails to say “thank you,” in addition to the receipt letter.



Strategy #4

Keep your offers basic

“If nonprofits stick to their message and develop strategies to compensate for potential shortfalls, most will be able to ride it out.”

*“The Shifting Bottom Line,” Paul Lagasse,
Advancing Philanthropy, January/February 2008*



Keep your offers basic

Non-basic offers may seem like luxuries in a recession time.

Food, medicine, clothing and basic shelter overcome this barrier.

“Repair” or “replace” will not be as compelling as meeting basic needs.

Life-and-death is a hallmark of a great offer.

Emphasize how you stretch every dollar to do that much more.



Strategy #5

Use tried-and-true solicitation methods

“Don’t jump on a trend and change fundraising tactics to something that isn’t in sync with how your people like to give.”

Laura Fredricks, vice president for philanthropy, Pace University



Use tried-and-true solicitation methods

When a donor demonstrates (by actions) that mail is preferred over online, honor that preference (and vice versa).

Accelerate all efforts to recapture lapsing donors.

Put compelling video clips online – stories that spark emotion and end with a call to action.



Strategy #6

Focus on mid-range donors

“Seventy-one percent of Americans file a short form. They don’t receive a (tax) benefit for giving. Only 40 percent own stock. Focus on the people who are unaffected by stock market ups and downs because they don’t have stock.”

Kim Klein, principal, Klein and Roth Consulting



Focus on mid-range donors

Give extra attention to the \$100 - \$1,500 donors.

Invest in a strategy to secure the second gift. Don't assume the first-time donor is committed to you.

Be specific about what a gift can do.



Strategy #7

Nurture relationships

“Make them feel wanted and needed. Broaden the base, but don’t forget who brought you to the dance.”

Steve Batson, CFRE, Cargill Associates



Nurture relationships

Give donors more insight into *who* you are and the challenges you face.

Incorporate more personal stories from your spokesperson into the appeals.

If you receive a large grant, don't position it so the donor feels less "in your league" or senses the problem is solved. Instead, focus on smaller chunks of the need.

Strategy #8

Be financially transparent

“Teach donors that adequate overhead costs are critical to running an honest and transparent organization. . . . Teach donors that giving unrestricted donations is the best way to help a charity keep overhead costs low.”

Kim Klein, principal, Klein and Roth Consulting

Be financially transparent

Make financial information more accessible and prominent – call attention to it in receipts, for example.

Direct donors online to learn more about your fiscal responsibility – and have non-accountant-friendly charts and graphs prominent on the web page you send them to.

Strategy #9

Focus on retention

Boosting the retention rate by as little as 10 percent can increase the lifetime value of a nonprofit's donor base by up to 200 percent.

*Adrian Sargeant, Indiana University School of Philanthropy, quoted in
Contribute Magazine, December 2007*

Focus on retention

Test a success-focused mini-newsletter in receipts showing the good you do with donated money.

Send a very personal, “no ask, just thanks” mailing to mid-level donors.

Test a continuity-based premium offer for acquisition (a series of premiums that build on one another).



Strategy #10

Stress efficiency and effectiveness

“Charities are in it for the long haul. For charities, the day after the election will be just another day, a day to do their jobs and to try to make the world a better place.”

***Trent Stamp, “Don’t Let Hillary Steal Your Donors”
Fundraising Success, January 2008***



Stress efficiency and effectiveness

Every offer should be tangible – clearly say what is being delivered for how much.

Include third party endorsements validating your work.

Incorporate statistics (in an engaging way) showing progress made in terms of your mission.

There is no magic bullet

“Everything we know tells us that people want to give. When people are attuned to the mission and say, ‘I want to do something,’ that’s the key. Stay close, and don’t give up.”

*Eleanor Levy, director of gift planning,
Nova Southeastern University*



Thank you!

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