

Rules of the Road: Fundraising in Tough Times

By John H. Motley JD and Elvin D. Turner, JD MBA

Fundraising can be a grueling experience, especially when times are tough. But it is also the lifeline of your organization and a critical activity that ensures that your nonprofit will continue to do good things for those you serve. Your mission is important; you do good work. Somewhere out there is a growing core of loyal supporters who will enjoy donating money to you. They will sleep better at night because your charity goes where they cannot and puts their money to work where it matters the most. But you need to make the connection with them for all of these things to happen. This article passes along some time-tested principles that will help you to connect with donors, earn their trust and interest, secure the funds you need and maintain good relationships that keep the doors open for additional funding.

Connecting with Donors

The first rule for connecting with donors is to know your current and prospective donors well. Do your homework. Before you ask any organization or individual for money, thoroughly research the foundation, company or individual to be clear about their funding interests. Next, look to see if there is any bad news you should

know about such as job losses, profit decline, decrease in foundation budget, lower award given to any organization, etc. Use resources available to you such as the local newspapers and their websites, or Google them to stay abreast of the most recent news, positive or negative, that may impact their ability to give.

Earning Donors' Trust

After you meet with donors and get to know them, you still need to be a good listener. At this point, you need to focus on them and be sensitive to what they are going through. Get to know your donors, volunteers and prospects. Earn their trust, loyalty and continued interest and stay connected with them. Relationship building is the name of the game before, during and after a recession.

Be realistic, however, about your expectations of prospects that have not yet been won over. Consider revising your annual fund expectations. Be aware that your competition and others would love to draw away your supporters and prospects. The old camp song still holds true: "Make new friends, but keep the old; one is silver and the other is gold." As a general rule, when all target donors are equally endowed, existing donors will give you more money than new donors; typically

donors increase their giving over time as they get to know your staff and capabilities better, see better results and influence, and become comfortable with the prospect of your organization's ability to do more with more funding. The bottom line is that you must nurture and deepen all existing relationships and selectively work on developing relationships with targeted hot prospects.

Even if donors do not increase their giving, retention of donors is more important than ever and cheaper than obtaining new donors. Work hard to keep current donors giving (even at reduced levels) and to bring back lapsed donors. Set a goal of getting at least some amount from every current donor, with the amount being dependent on their circumstances. Be aware that even with your best efforts, you may lose some donors, but understand why you lost them and get a commitment to speak with them again when situations improve. Are individual donors concerned about job security, decreases in dividend, interest income or other investment income, college loans for children, substantial losses in their 401(k)s or individual stock values, decrease in value of home with loss of equity, floating rate mortgage, stock options in the red, or retirement planning? Are funding governments concerned that income tax or sales tax receipts are projected to fall? Are

the foundations' endowment returns down; are they experiencing losses in investment accounts? Are corporate donors showing losses or profit or stock declines? Are they planning layoffs, a merger or consolidation or to move their headquarters? Do not be discouraged and permanently write-off a committed donor who is facing current challenges. Things turn around – people find new jobs, down investments go back up, kids graduate from college, tax receipts recover, as do corporate profits. Keep the lines of communication open with good donors and scan the web or papers for news of their success. When they recover, do not let them be prosperous alone. Those who consistently give are often the ones most likely to increase their gifts as their means increase and their own needs decrease.

Maintaining Good Donor Relationships

Relationship building is the name of the game. Do not neglect any donor, large or small, but concentrate on cultivating the larger ones; nationally two-thirds of all gifts are given by about 3% of donors and 85% of all gifts are given by individuals. See your top donors in person if possible and if not, call and deliver well thought out and well prepared presentations. You never know which small donor will eventually become a major donor or which donors will ultimately help you to thrive.

But whether the donor is large or small, always ask for money. Remember the core rule of fundraising: if you don't ask, you don't get. Your most loyal donors are loyal for a reason – most often they give because they care about your organization and its mission. Even in crunch time and crisis mode long term donors who have consistently supported you in the past are your best prospects for providing much needed additional dollars during this downturn. Do not deny them the opportunity to help during this crisis. The gift they give now might bring them more satisfaction than contributing to your annual campaign.

Stop assuming – do not walk into a meeting assuming that a company will not give because it has incurred losses or because its stock is down. Sometimes the corporate

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foundation is in a very different circumstance than its sponsoring corporation. The foundation may not own company stock and may not be as affected by the recession as the company sponsor is or as other corporations. Besides, foundations must give away 5% of their assets annually and usually peg their giving to a three to five year rolling average of the endowment's value. A dip in the value of their endowments caused by negative returns this year will have a lagging affect on giving, showing up two to four years later.

While this is not the time to be afraid to ask for money, it is the time to be flexible. Those major donors who have seen a big drop in their income or portfolios may be more willing to make a smaller pledge this year with a larger one later. Work with them. Lengthen the terms of their payments if necessary. Evaluate your existing multi-year pledges and determine if any are at risk given what you know about the sponsors. Make a judgment regarding whether these pledges are salvageable if you are more flexible with the payment terms. Think outside of the box when working with donors that are responsive, but cash-strapped. If a corporation cannot give as much money, maybe it can provide employees as volunteers, leaders as chair or honoree of your fundraising events, or leadership for your fundraising committee. Apply for a larger grant rather than a sponsorship if that is more likely to succeed.

Keeping the Funding Door Open

Finally, like cream in coffee and sugar in cake, appreciation makes the donor's experience enjoyable, satisfying and complete. Let donors know the impact their gifts have made. Ensure that your valuable donors and volunteers feel valued. Be sure to acknowledge and thank donors and volunteers and recognize them in a manner

appropriate for them and their gifts of time and/or money. Some donors do not expect or want public thanks, but meaningful gestures given privately might be appreciated. Respect requests that gifts be anonymous. Let donors know how their money is being used in an efficient, effective manner to accomplish your mutual

goals. Hand-written thanks are a must for major gifts, so every communication from you should not be to ask for money. Sometimes you should just say "Thank you." Get donors involved, if that is one of the things important to them, so that they feel connected to your organization. Donors' funding, energy, ideas, and time are the lifeline of your organization and are worth their weight in gold. Donors need to know that you know that fact and they can only know when you tell them. Cultivate the art of appreciation – this practice pays dividends. Donors who feel appreciated often increase their giving, if not now, at a later time.

The authors are also presenting a workshop through CT Nonprofits' Center for Professional Development. "Working with Important Donors" will be held on Friday, October 1 from 9:00 a.m. to 12:00 p.m. at CT Nonprofits' Hartford office. This workshop will discuss more ways to solidify your organization's funding base. ■

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