

Week Five: Fundraising

- Trends in Fundraising
- Five Principles of Fundraising
- Giving Pyramid and Bullseye
- Relationship Management with Donors



Trends Impacting Fundraising

- Growth of nonprofits
- Transfer of wealth
- Changes in regulatory treatment
- Commercialization of nonprofits
- Competition from for-profits
- Internet use to raise funds
- Professionalization
- Social entrepreneurship



Commercialization of Nonprofit Sector

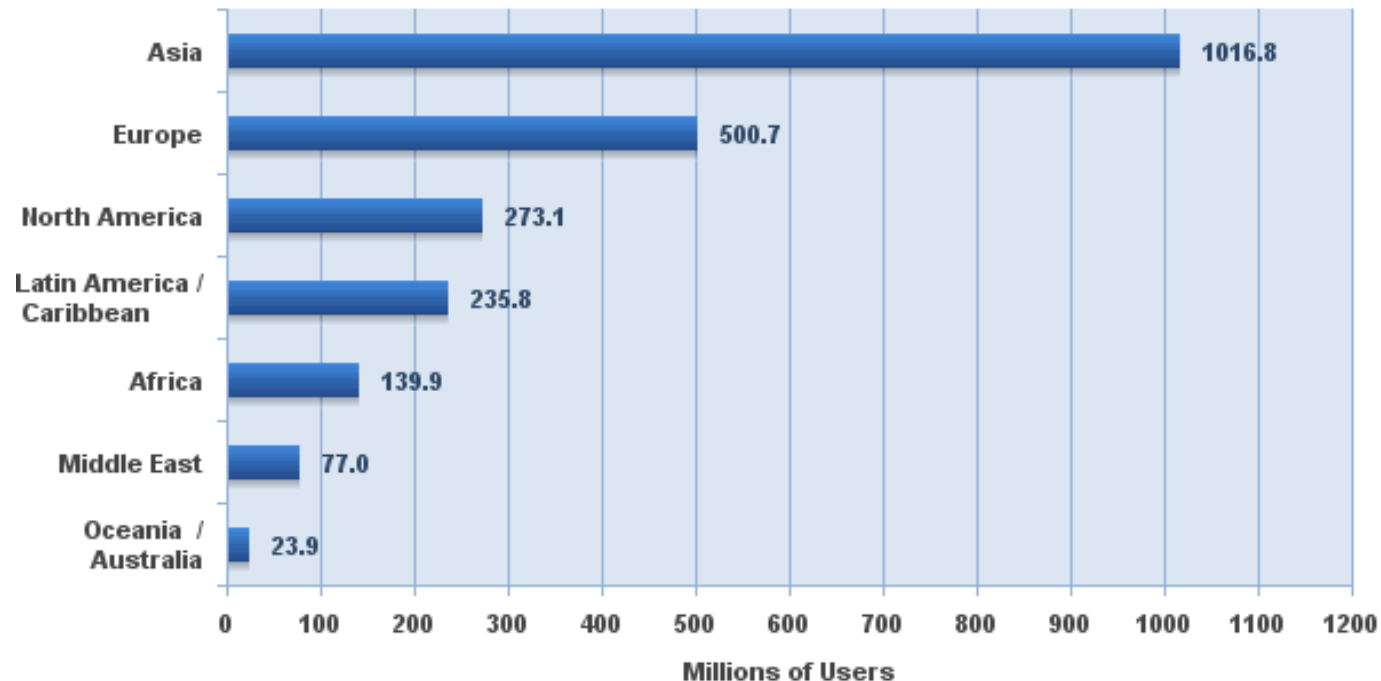
- Forms of commercialization:
 - More fee-for-service
 - Corporate partnerships
 - Social purpose enterprises
 - Market culture and practice

Commercialization of Nonprofit Sector

- Pressures leading to commercialization
 - Declining government financial support
 - Slowed growth in private giving
 - Increased service demands
 - Growing competition (for-profit and nonprofit)
 - Increased accountability demand
 - Increased presence of corporate partners

Internet Usage 2011

Internet Users in the World by Geographic Regions - 2011



Source: Internet World Stats - www.internetworldstats.com/stats.htm
Estimated Internet users are 2,267,233,742 on December 31, 2011
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Fundraising on the Internet

- Reach
- Passive vs. active involvement
- Types
 - Membership fundraising
 - SMS/DMS
 - E-mail fundraising
 - Large gifts on-line
 - Pledging on-line
 - Merchandise sales
 - Auctions

How Texting is Changing Philanthropy

- The Experience of the Haiti Earthquake
 - Red Cross raised \$30M via text donations; 10% of total funds raised.
 - Harbinger of person-to-person philanthropy change



Social Entrepreneurs: A Way of Looking at the World

- “Here's to the crazy ones. The misfits. The rebels. The troublemakers. The round pegs in the square holes. The ones who see things differently. They're not fond of rules. And they have no respect for the status quo. You can quote them, disagree with them, glorify or vilify them. About the only thing you can't do is ignore them. Because they change things. They push the human race forward. And while some may see them as the crazy ones, we see genius. Because the people who are crazy enough to think they can change the world, are the ones who do.”

— [Apple Inc.](#)

New Philanthropy



- Generation of newly super-rich
- Impatient disdain for cautious and unimaginative check-writing
- Tackling giant issues
- More strategic in focus
- More global in approach
- Demands results
- Involves more creativity and innovation
- Social return on investment

Trends Impacting Fundraising (cont.)

- Focus on outcomes
- Recession and economic conditions
- Devolution
- Strategic partnerships
- Ethics oversight

Focus on Outcomes

■ Guidestar Example

The screenshot displays the Guidestar profile for Americans for the Arts Inc. The page is titled "GUIDESTAR QUICK VIEW" and features a navigation bar with tabs: Overview, Financials, Programs & Impact, and Impact. A blue arrow points to the "Impact" tab, which is highlighted. The "Impact" tab content includes "Expert Reviews and Comments" and "Evidence of Impact".

GUIDESTAR QUICK VIEW (everything you need to know...)

AMERICANS FOR THE ARTS INC

Washington, DC

Donate Your
Time or Money to us

GUIDESTAR QUICK VIEW (everything you need to know...)

AMERICANS FOR THE ARTS INC

Physical Address: 1000 Treatment Ave 10th Floor Washington, DC 20004
City: DC 20004-027
Web URL: www.AmericansForTheArts.org
Blog URL: blog.AmericansForTheArts.org
Leadership: Mr. Robert Lynch, Chief Executive

✓ **501(c)(3) Status** Confirmed to transparency
✓ **Registered with IRS** Legitimacy information is available
✓ **Evidence of Impact** Expert Summary and Reviews available
✓ **Financial Data** Annual Revenue and Expense disclosed
✓ **Form 990** 2010, 2009, and 2008 Form 990 filed with the IRS
✓ **Mission Statements** Mission Statement is available
✓ **Impact Statement** Impact Statement from nonprofit is available
★★★★★ Average rating from 8 Personal Reviews

Legitimacy Information

- This organization is registered with the IRS.
- This organization is registered to accept Form 990 or 990-EZ.

Additional factors should include that an organization's inclusion on SelectCheck.org does not automatically mean that 2011-12 is identifying supporting organizations.

Learn more about **SelectCheck.org**. We encourage that donors to first do their own research on the IRS Form 990-EZ.

Forms 990 from IRS

View the form 990 data for the following years:

2010 Form 990 2009 Form 990 2008 Form 990

Expert Reviews and Comments

This organization is a 2010 Philanthropy Top Company, recommended by experts as having high impact.

These expert reviews were generated through Philanthropy Research Institute's rating high-impact nonprofits. [Learn More](#)

Evidence of Impact

Nonprofits credit themselves for the role of their influence on the field and address efforts to improve government/funding efforts. Their ability to fund a national or statewide advocacy effort also indicates significant success from reports.

Expert Comments

Impact

"This is a worthy organization in any address on the list. We'd suggest leaders from many different countries to look on behalf of the needs of artists, arts organizations, and arts education efforts." — *Philanthropy Institute*

"This review is not based on a complete file. We have a major impact on Congressional art spending and receive a large-scale marketing campaign." — *Philanthropy Institute*

Strategic Partnerships

- Cause-related marketing campaigns
- Example: Subaru Share the Love Campaign
 - Benefits: American Society for the Prevention of Cruelty to Animals, Make-A-Wish, and the Meals on Wheels Association of America

Methods for Determining Who Will Give: Prospect Research

Determining:



For your youth organization,

Who had:



What are some of the tried and true principles that guide fundraising practice?

Principles of Fundraising

- Principle 1:
 - People give to people to help people

Principle 1

- People give.....
 - *Behind every gift is the decision of an individual*
- To people.....
 - *Based on some personal linkage*
- To help people.
 - *Not to institutions or their overheads, but to human needs*



Principles of Fundraising

- Principle 2:
 - People give relative to their means

Gifts are NEVER.....

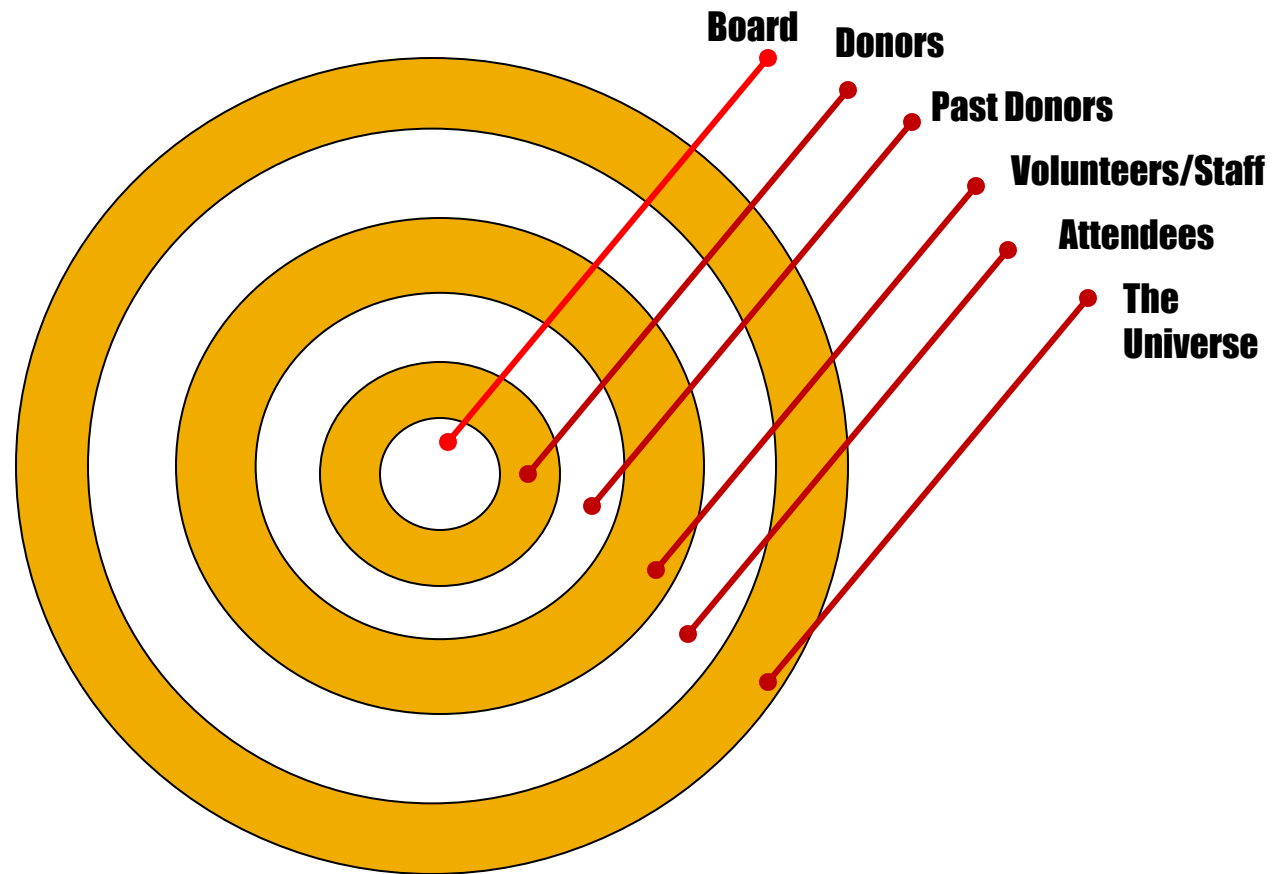
- One size fits all!!!!!!!
- So, personalize the ask amount.



Principles of Fundraising

- Principle 3:
 - Those closest must set the pace.

The Giving Bullseye



Principles of Fundraising

- Principle 4:
 - Successful fundraising is the right person asking the right prospect for the right amount for the right project at the right time and in the right way.

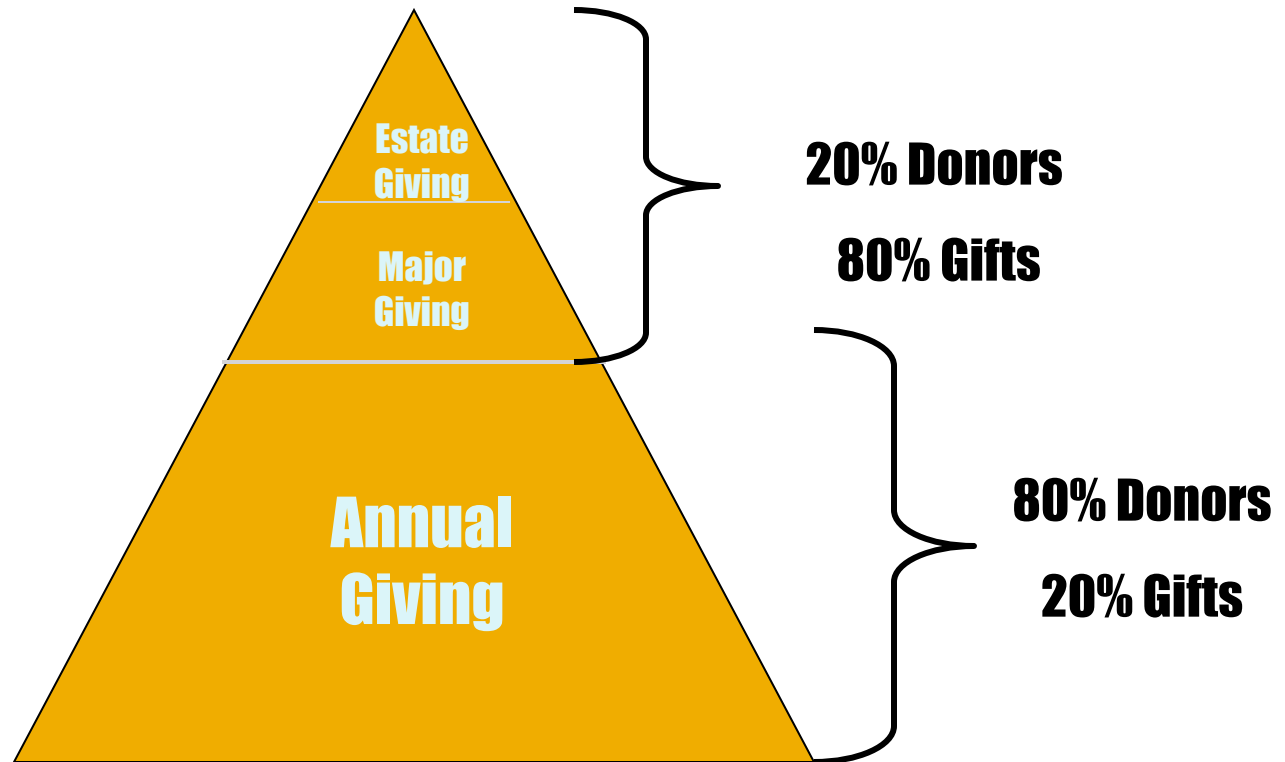
Principle 4

- Right person= Peer, acquaintance, leader
- Right prospect = linkage, ability, interest
- Right amount = personalized request based on history and capacity
- Right project = interest of donor
- Right time = avoid conflicting requests and bad times of year
- Right way = tactic that is successful for that prospect

Principles of Fundraising

- Principle 5:
 - Understand the 80/20 rule.

The Giving Pyramid



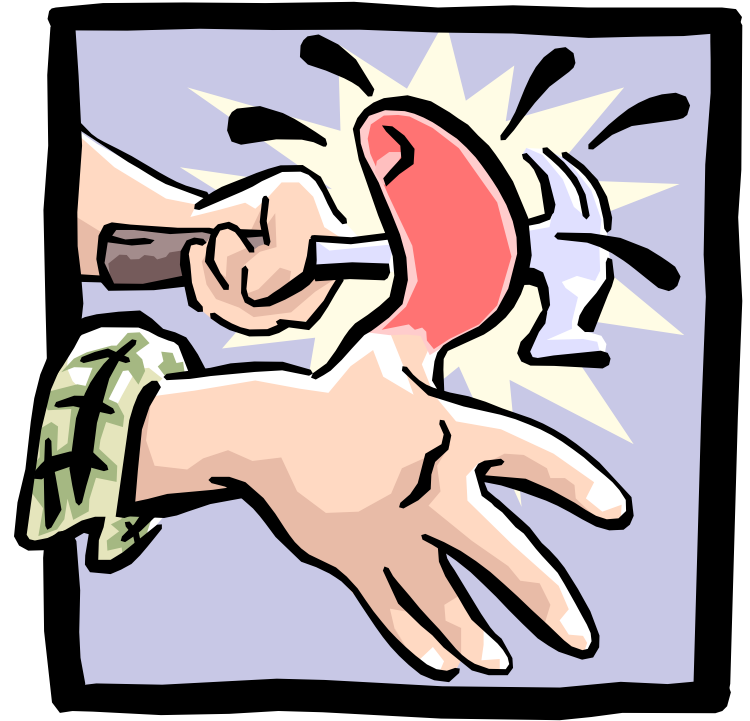
“Little from many, much from few”



- Build a base of small donors
- Work to increase gifts of many over time

Pitfalls in Following the Five Fundraising Principles

- Conflicting demands
- Indecisiveness
- Confusing means with goals
- Giving up too soon
- Following personal preferences
- Failing to look at fundraising as an investment



Never forget.....

- Fundraising is friendraising
- It's all about building relationships with donors!

Elements of Relationship Building

- Donor Cultivation
- Donor Thank Yous
- Donor Recognition
- Donor Education

Donor Cultivation

- Treat all donors as prospects
- Remember that donors are investors
- Get to know your donors
- Have a regular schedule of “host opportunities”
- Be mindful of donor interests and concerns
- What are some ways the organization could cultivate donors?

You are the fundraising director for the Girl/Boy Scouts.....

- What are three ways you could cultivate a relationship with a major donor prospect?



Donor Thank Yous

- Timeframes: No more than seven days
- Personalization (include spouse/partner)
- Benefit focused
- Specify amount
- Recognition option
- Tax statement

Donor Recognition

- Ways to do it:
 - Timely acknowledgement system
 - Visibility
 - Incentives
 - Naming opportunities
- Emphasize continuing relationship (number of years)
- Rule of seven
- Personal notes/calls/visits
- Encourage participation in life of organization
- Accuracy
- Use of donor recognition levels

You are the fundraising director for the Girl/Boy Scouts.....

- What are five ways you could recognize the gift from a major donor?



Donor Education

- Information media
 - Newsletters
 - Annual reports
 - E-mails
- Open houses
- Program visits
- Conferences



Review

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