



for Nonprofits to Survive & Thrive Now and into the Future

BY KIM KLEIN

The economic problems nonprofits are facing now began in the 1980s, and this particular economic meltdown has been a long time in coming. I strongly caution against being a-historical. This particular market drop is one in a series of problems that started during the Reagan Administration, when the tax structure was changed dramatically to favor the wealthy. Since then, a series of events has contributed to the current problems: massive cuts in federal spending and changes in the way government programs were administered under Reagan, the devolution of welfare under President Clinton, the first Gulf War, the dot-com bust of 1999, the attacks of Sept. 11, 2001, and the sharp market drop that had begun before that and continued for more than a year after, the vast gap between rich and poor, the number of people propelled into poverty over the last twenty years (and especially the last few years), the ongoing \$9 billion-per-month wars in Afghanistan and Iraq, continued government cutbacks in social services and the growth of the nonprofit sector to its massive current size, plus a number of other factors that you undoubtedly can name. These are all part of what is hurting us now.

Although this global market drop may be the final straw that pushes some nonprofit organizations out of business altogether, most organizations will survive and some will thrive in this next period. If you plan to be in either of those groups, there are things you will need to do to raise money. In this piece I present five of them to get

you started. But first, I want to discuss the frame of mind that you need in order to take this advice seriously.

CULTIVATE AN ATTITUDE OF EXCITEMENT

Most important, be very clear that we are not “in a crisis” right now. In a crisis, we can pinpoint the beginning and often the ending, or at least the easing of the crisis. In a crisis, staff work longer hours, volunteers give lots of time temporarily, even the most inactive boards meet and decide what to do, and some donors make larger gifts on a one-time basis to get you through “the crisis.” Everyone steps up their pace, knowing the situation is temporary.

Then the crisis passes, and the organization returns to a more normal way of functioning.

The current period is not a crisis because this economic roller coaster, this unpredictable

global economic reality, is how it is going to be for several years to come. It may get worse before it gets better, but more likely it will get worse and better, better and worse, with new and unimagined happenings that will help or hinder recovery. In fact, “recovery” must be defined differently than just going back to the way things were. Unemployment will spread, more venerable iconic corporations will declare bankruptcy, prices of some things will go way up and costs of other things will go way down. Donors will be nervous and uncertain about what they can give, and they will be much more particular in choosing which organizations to support.

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Because this is not a short-term situation, you have to see this next period of time as exciting, as full of possibilities, as an opportunity to expand your individual donor base, to work with more volunteers, and to sharpen your mission and goals. Dee Hock, the founder of VISA International, coined the term “chaordic” to describe certain kinds of organizations. The word is a combination of “chaos” and “order,” and the concept of operating at the crossroads between those two states needs to be the driving force of successful organizations over the next decade.

Second, be very clear that whatever weaknesses are in your fundraising program now will be magnified during this time. If your organization relies heavily on foundation funding, if you don’t have a fundraising team that includes some board members and other volunteers, if your records are spotty and poorly kept, if your website is static and boring, if you are not clear on your vision, mission and goals, if you treat your donors like ATMs, you will be hurting financially over the next months until you fix your fundraising problems.

Finally, don’t hope for things to get better. Think, “This is a very exciting time to be doing our work.” Say it often and get other people to say it. We know that words have power, and the fact is, this is an exciting time. We have a new president, capitalism has been (at least temporarily) disgraced, people are open to new ideas and new organizational forms. I really believe that the next five years could be the most creative time in my entire life. It won’t be easy, and people will suffer, but whole new ways of doing business and being in community are already arising.

HOW TO RAISE MONEY NOW

So here are the five things your organization needs to do to raise money in this immediate next phase of its life.

1. In all your communications, acknowledge, but don’t dwell on, the economy. Focus on why the work of your organization is important and continues to be important: What are your plans for 2009? What are your accomplishments for 2008? If I am already a donor, am I proud of you? If I haven’t given before, why would I start now? People don’t need to be reminded that this is a hard time for everyone. They need to be inspired that good and important work is happening and will continue.

2. Let donors know you are spending your money properly. In addition to your vision, mission, and goals, donors are going to be most concerned about your financial decisions. So give out a lot of budget information, and be as financially transparent as possible. Use narrative explanations of budget information and don’t use words

like “overhead” or “administration” without a narrative explanation. For example, let’s say “bookkeeper” is one line item. The narrative explanation would be, “Our bookkeeping system is designed

to ensure that money is used properly and that we get maximum mileage out of every donation. For five years, our audit has showed that we follow all ‘best practice’ standards for accounting.” Or “rent” might be accompanied by this explanation: “We have offices that are comfortable, inviting, with windows and up-to-date equipment, allowing our staff to work to their maximum efficiency. But most of the furniture was donated and because we are in a building with other nonprofits, we share a photocopy machine and other office equipment, keeping our costs down.”

Publish your budget, expenses, and income on your website, as well as your audit, if you have one. Tell people they are welcome to write to you if they have any questions and give them your email address. Very few people will write, but the fact they can write a real person and are invited to do so is very reassuring.

3. Focus a lot of energy on your mid-range donors — people who give \$100-\$1,500. Gifts in this range indicate

the donor likes you well enough to give you a bigger than usual gift. These gifts are almost undoubtedly made from income (rather than investments), and even if unemployment goes to 10 percent, 90 percent of your donors still have jobs, so they can still afford to give you money. A person who can afford \$100 once a year can afford that amount twice a year, or with effort, four times a year. Many people who give \$100 could give \$200 or even \$500.

Mid-range donors are often people who are giving what is for them a large gift. They are thinking about your group and stretching to reach \$250, \$500, or \$1,000. A person who gives \$35 does not imagine that their gift is making a big financial difference. This person gets a thank you note, a newsletter, an invitation to an event, and another request, and doesn’t really expect more than that for their donation. A person who gives \$5,000 gets a thank you call,

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a visit, and more personal attention. This person gets what they expect for that size gift. But for \$250, a donor may well get a thank you note and a newsletter, not much more than if he or she had given \$35. These are the people who should get more consideration.

Focusing attention on these mid-range donors will keep them giving and will give them respect commensurate with the stretch they are making to give this donation. Call to thank them.

Write to them personally when asking them to renew their gift, and use a letter followed up by a phone call to ask them if they can give

more this year. If you have enough people on your fundraising team, these are also donors you should consider meeting with in person.

4. Examine your fundraising program for problems and solve them. Are personalized thank you notes sent out promptly? Is your database adequate? Is your website up to date and does the content change frequently? Is your newsletter well written, with news and analysis, not just puff pieces about your organization? Does everything you produce invite people to give money? (Some invitations will be softer and some more assertive, but if I look at all your communication, I should be very clear that I am invited to be part of your work with a donation.)

5. Make a list of the 50 most important people to your organization: Who are the people who would be very

upset if you went out of business? Who are your founders and visionaries? Who has given you money for the most number of years? Who are your biggest donors? Who are your best and most reliable volunteers? Who opens the most doors for you?

If your list contains more than 50 people, that's great. If fewer, that's OK. Make a note beside each name about what you are going to do with this person next. Ask for

more money? Ask them to host a small house party? Ask them to introduce you to someone? Ask them if they would be willing to help with fundraising? People like to be

needed, and as Cesar Chavez said, "People are far more appreciative of what they do for you than of what you do for them." So ask for what you need, and don't mind if some people say they can't help right now. You will be very surprised at what some people are willing to do for your organization, and you need to mobilize that energy.

These five suggestions are just a start, but they are all things you should be doing all year long, year in and year out. A strong, diverse, flexible fundraising program that uses a lot of strategies and a lot of volunteers is one that will help your organization stay solvent and vibrant in the weeks and months to come. **GFJ**

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