



Schultz & Williams

development, management, marketing

**Association of Partners for Public Lands
Navigating the Future
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Fundraising in a Challenging Environment

**L. Scott Schultz
President
Schultz & Williams**

Discussion Outline

Situation

Extensive downturn in market assets along with a deepening recession will provide both immediate and long-term challenges for nonprofit organizations of all types and sizes.

Major gifts are threatened by the market, annual gifts by the economy. Your unique situation will dictate the extent and length that the economic crisis will have on your organization.

Organizations already familiar with the public/private paradigm could be well positioned for fundraising in a challenging environment.

Sadly, I believe many, smaller nonprofits will fail if the economy doesn't "recover and reset" sooner rather than later.

We are seeing that organizations that have established a well cultivated constituency of donors are continuing to do well in spite of the recession.

We are starting to see some evidence of declining average gifts.

Surprisingly, even shockingly, our clients have continued to see stronger donor acquisition results than expected.

While concerns about fundraising in this environment are valid and justified, history has shown that giving overall will certainly continue to grow – although possibly at a slower rate. There could even be a brief decline (my opinion), especially if you exclude the mega-gifts that continue to be given across the country.

Giving in America will continue – but you will have to *earn* your share.

Navigating Your Future – a Few Tips for Surviving the Economic Crisis

This is not the time for business-as-usual thinking – *assess* your organization’s fundraising program and *adapt* as necessary.

Build a plan for fundraising in these turbulent times and follow it. This might be the time to drop an unprofitable special event, or to reduce your mail schedule. If you are in a building campaign, go back to the facilities plan – can a project be scaled back if phased? When the economy picks up, can your fundraising?

At the other end of the spectrum, are you thinking big enough? You are going to have to work harder than ever to motivate your donors – assess your plans and make sure they will stand up to a higher degree of scrutiny than ever before.

Update your strategic plan – even if it is still current. Today’s donors are “investors”. They need to know that you are using solid business practices to evaluate your options. Include your donors in this process – develop a sense of ownership that will ensure fundraising success down the road.

Continue to build your donor base. If you have a proven donor acquisition program – even if it requires an investment – don’t stop or cut back without careful consideration. You should do everything possible to acquire and retain donors cost-effectively, but you do not want to stop and then re-start a program. You could lose top-of-mind awareness, and that will actually cost you more than you will save now. Do the math.

On average, about 20% of the donors that are acquired in a given year will still be contributing in five years’ time. This is what makes donor acquisition an investment. The five-year value of a group of donors having an average contribution of \$20 is \$80 to \$90 per donor acquired. Therefore, cutting a campaign that could acquire 5,000 new donors will result in a loss of \$400,000 to \$450,000 in future income.

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Communicate with your donors – frequently. If you haven’t already done so, communicate with your donors via mail/email on how your organization is dealing with this crisis and let them know that their past and continued support is appreciated. Keep them informed with personal correspondence and face-to-face meetings. Fundraising is an “inside-out” process. You need to make every effort to keep your donors involved in your organization.

Be donor-focused. Each of your donors is in a different situation – do not paint everyone with the same brush. Spend the time needed to understand how this economic situation is affecting each of them and respond accordingly. You may have major gift prospects that are essentially unaffected by the damage on Wall Street and would be

happy to continue, or even increase, their support. For others, asking now would be insensitive and counterproductive. Do your homework and respond to the individual circumstances of your key donors (individual, corporate or foundation). Consider ways in which you can “package” giving opportunities to meet the needs and expectations of your donors. (Planned vs. Outright Sponsorship vs. charitable gift)

Build your brand and create awareness. People give to organizations that they know and consider a priority. Use this period to strengthen your marketing and communications. Consider issues such as the “competitive landscape” – keep an eye on what other organizations are saying – and define your “positioning statement”. Examine your creative and production strategies. Are your materials and website current and compelling? Are they cost-effective? Now is the time to hone your message and stay in front of your key constituencies.

Brace yourself – this could take a while. Plan on campaigns taking longer to complete and pledges taking longer to fulfill. Consider what is going to happen to your organization when the crisis is over and the government realizes it is time to balance the budget. Is your organization prepared for “stimulus hangover”? Is this the time to build your endowment? Be prepared for unprecedented challenges, a long recovery and generational change.