

Nonprofit Fundraising Trends 2009

Commentary and Notes

- ➔ The impact of the economic crisis does vary. Those with diverse revenue streams, good management, and what could be labeled “learning cultures” appear to be coping markedly better.
- ➔ Sound organizations put more focus on development activities, especially individual donor relations including major donor development.
- ➔ Leaders need to set the tone, be calm, and communicate clearly about decisions, priorities, and organizational vision and goals. They need to be more visible and more involved with individual donor fundraising.
- ➔ Board members need to be more engaged team members by actively participating in fundraising, cultivating relationships, and being ambassadors for the organization.

🔴* **Perceptions may not match reality.** The organizational sense of being “fine” may not match with finances, planning, activities, staff/board engagement, and other components of organizational health. Better internal communication among organizational team members is key.

Lessons:

- 1. Do the basics well.**
- 2. Focus on effective messages that match donor needs and passions**

Trends Affecting 2009 Work:

- ✓ **Increased emphasis on values and emotion** (less on hard facts, maps or plans). Touchstone experiences and needs – not as much “we’re right on the issue”
- ✓ Foundations: the 13 quarter trailing average may mean declines for quite some time
- ✓ Obama and tax issues and deductions; larger societal questions are involved. (See: <http://kimkleinandthecommons.blogspot.com/>)
- ✓ Major gifts could be a life saver
- ✓ Gifts under \$500 might increase if you put attention there.
- ✓ Mid-range gifts could be squeezed and take more effort
- ✓ **Bequests: Prime Time!** (Economy, tax law changes, age demographics, planning opportunities are major drivers)

Survey Background: A collaboration of groups and foundations conducted an assessment of the impact of the current economic crisis on nonprofits in our region. The survey was conducted at the end of January 2009. Survey response was strong and included many kinds and sizes of groups. More than 181 groups responded. There was both a breadth and depth of response in terms of sectors of work, size, and geography.

POSITIVE NEWS: Overall, fundraising in 2008 trended higher than in 2007. The majority of organizations across the board predict a recovery time of two years or less. For many groups, the economic downturn is an opportunity to focus on strategic priorities, reconnect with their mission, build relationships, collaborate with new partners, and get creative. Many have seen an increase in the use of their services and/or plan to expand programs and services in 2009.

Organizations doing well are not necessarily the ones with the biggest budgets or the ones that had the best fundraising year in 2008. Hallmarks of these organizations include:

- ✓ Diversified revenue streams and a variety of ways to give;
- ✓ Engaged leadership (executive, development/fundraising, and board) that is prepared to address the changes in the coming year;
- ✓ More effort expended into donor outreach and cultivating relationships;
- ✓ Investment in development staff, resources, and/or activities;
- ✓ Proactive planning. They are looking to do more, not less.

Selected comments (by no means an exhaustive list)

If greater (2008 fundraising), what's the primary reason for your success?

- *Better communication about our need for support and strategic plan for fundraising.*
- *More effort in reaching out to donors.*
- *Increased effort and assignment of staff for that purpose.*

- *Implementing a comprehensive strategy in lieu of limited focus on special events*
- *New fundraising plan: higher contact numbers, more grant proposals submitted.*
- *Preparation prior to economic downturn.*
- *We asked for gifts at a higher level.*
- *Luck-we did not do much direct fundraising, but increased our public awareness and visibility*
- *Personal contacts by our board members.*
- *Press coverage of growing need for services*
- *Development of personal relationships*
- *Concerted effort by board and ED on a special campaign to engage major donors; and a one-time only large event*
- *A single, large general operating grant and increased corporate sponsorship support*

If lower (2008 Fundraising), what went wrong? What was the challenge?

- *We did not make reductions in size and scope of operations early enough.*
- *... the organization had board structure issues, financial clarity issues and a host of donors that had not been stewarded.*
- *Also, no bequests were in the line-up.*
- *Areas where our fundraising was lower were major donors, foundations and corporations directly affected by the economic downturn.*
- *Internal change of development staff*
- *We didn't go out and push for contributions as much as in 2007.*
- *Foundations were a great support in the beginning but do not provide on-going support.*
- *Lead Gift donors declined to give as much or at all due to economy & retirement accts diminished. Volunteers refused to call for phonathon feeling the economy was too poor to ask....*
- *Our Board of Directors failed to make requests - assumed gifts would come*
- *County budget cuts and fewer grant opportunities.*
- *Motivating the board.*
- *We often found we were not in the top three choices of a donor's list of priorities.*
- *We followed our usual tactics and were on time with all requests.*
- *Donor fear and changes in public policy.*
- *Primarily less government support.*
- *Fewer responders to direct mail*