

10 Tips for Raising Money in Tough Economic Times

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At the end of 2008 and well into 2009, everyone was talking about the economy. Americans were feeling the pinch, and trepidation was rippling through the nonprofit sector. Would donors, who already were digging deep to maintain their current lifestyles, dig even deeper to continue to support their favorite charities?

As of February 2009, it was still a tough call. Certainly foundation and corporate giving were down. But individual donors historically have a way of responding to increased societal needs even as their own individual needs get harder to meet. A cadre of new, young donor-activists was awakened by the Barack Obama presidential campaign, and technology continued to open doors to better donor communications and cultivation.

Fundraising Success has lots of articles about raising money in tough economic times. And though every writer put his or her own spin on the subject, some themes and best practices did emerge. Overwhelmingly, the message was: DON'T PANIC!

A recession in the '70s and, more recently, the terrorist attacks and anthrax scares of 2001, and major natural disasters such as the tsunami in Southeast Asia and Hurricanes Katrina and Rita on America's Gulf Coast all posed considerable challenges to fundraisers. And in each case, the industry bounced back along with the economy.

"We're all in the same boat, people! This, too, shall pass. The short-term economic outlook might be dire, but an injection of new ideas could put us on the path to recovery before [2009] is out," says Steve Maggio, president and chief creative officer at DaVinci Direct. "And some direct-mail donors become motivated by a poor economy, because it's obvious that more people are hurting. Fundraising programs will rebound with a combination of 'back to basics' direct-mail strategy and an embrace of new media and technology to help us adapt to our changing world."

Following is a roundup of some of the overarching themes that sustained fundraising in 2008 and should continue to do so this year and beyond.

1

Don't give up on acquisition.

Even in good times, fundraisers often have trouble defending their acquisition programs, which are notorious for less-than-positive ROIs. In tough economic times, then, severely curtailing them or eliminating them completely might seem like the way to go.

But don't do it. Seriously. The immediate cost-savings might seem like a godsend, but they'll be short-lived.

"For every three donors you don't acquire now, that's one high-producing core donor you won't have three years from now," says *FS* columnist Jeff Brooks, creative director at Merkle. "Think of it this way: If the economy turns around tomorrow, an organization that's been cutting acquisition will stay in its own recession for two or even three more years."

Maggio agrees: "Decreasing new-donor acquisition programs will increase your net income only in the short term. However, not mailing acquisition will cost you next year ... and the year after that ... and the year after that. Your board members might not understand this, but it's your job to explain it to them."

2

Don't ignore the polka-dotted elephant in the room.

Your donors aren't stupid. Nor are they ignorant. They know the country is in the throes of a recession. They hear it on the news, they read about it in the papers and, most importantly, they feel it in their own wallets.

Still, many organizations are afraid to acknowledge the economy for fear that it will cause donors to slap themselves on the foreheads and shout, "Wait ... we're in a recession? Oh, no! I'd better rip up this \$50,000 check I was about to mail to my favorite charity!"

Our pros suggest acknowledging the country's economic woes and using them to enlist your donors as partners in continuing your mission.

From Brooks: "When it comes to the economy, your messaging probably falls into one of these categories:

- Because of the economy, the need for our services is extra high.
- Because of the economy, giving to our organization is down.
- Both of the above.
- None of the above (i.e., our nonprofit is based on planet Neptune).

“Tell the truth about the facts you face,” he says. “Openly share any hope those facts make you feel. Truth works. The best approach always is to be real.”

Jeff Jowdy, president of Lighthouse Counsel, agrees, adding that it might help to take it even a step further and seek advice from your donors.

“Be sensitive to the stress many donors are feeling,” Jowdy says. “Communicate more effectively, and work to strengthen existing bonds with your best donors — ask for their advice, and involve them.”

3 Don't inundate donors with “emergency” appeals based on the economic downturn.

At the other end of the spectrum are organizations that are using the recession as an excuse to inundate donors with “emergency” appeals that are overly broad and, eventually, fail to resonate with their recipients.

If you're going to send donors an emergency appeal, make sure it's a real emergency, with very specific causes, solutions and consequences. Don't become the organization that cried wolf.

“In a climate in which donors carefully are weighing need versus want, relevance is everything,” says creative strategist and freelance copywriter Kimberly Seville, who writes the DM Diagnosis feature for *FundRaising Success*. “A budget crisis without serious consequences that speak to donors' priority concerns isn't likely to make the cut when giving decisions are made.”

4 Get personal.

Now is not the time for generic appeals. Well, the time is rarely right for generic appeals. But now more than ever, when competition for the donor dollar is at an all-time high, it's even more vital to make sure donors feel as though you know them, appreciate them and need them.

“Don't forget to do everything you can to personalize your messages,” says *FS* columnist Katya Andresen, vice president of marketing at Network for Good. “Donors are going to be hit up for money left and right by desperate parties this year. If you show you see them as people and not walking wallets, you have a better chance of standing out. Ask them about their interests so you can cater to them.”

5 Thank donors often.

Aside from No. 1 above, this seems to be the issue most fundraising gurus are most passionate about. All the personalization in the world won't make up for the sense of abandonment and puzzlement donors feel when they make a gift and never hear a word about it from the organizations they donated to.

“Say thank you. All the time,” says Jo Sullivan, senior vice president of development and communications for the ASPCA. “People are making harder and harder choices with their money, and their gift may be more thoughtful than ever. Always, always remember that they thought of you when they made the gift — and make sure you think of them when you deposit it!”

Brooks adds, “Treat [donors'] giving with respect. Receipt promptly — 24-hour turnaround is not asking too much. Be heartfelt and genuine with your thanks. And don't screw up their data!”

6 Be flexible.

If you have someone on your donor file, it's because, well, he or she is a donor. Donors like to give. But even the most devoted of them might not be able to write checks as often as they (or you) would like in these difficult economic times. Or maybe the checks aren't quite as large as they have been in the past. But that doesn't mean your donors don't want to help.

“Unless donors specifically tell you they don't want to hear from you or they can't give, you should be asking,” Brooks says. “Assume they want to give, that their giving makes them happy. Recession or not, donors love to donate. Don't let the atmosphere of pessimism and fear obscure that for you.”

That's why it's important to work with donors so they can continue to work with you. You might suggest tiered giving, where donations are paid over time in predetermined intervals rather than all at once. Or monthly giving, where smaller amounts are deducted from donors' credit cards or bank accounts each month.

And even if cash is tight at the moment, work with donors to give them opportunities to help in nonmonetary ways.

“Not everyone can give as they have in more prosperous times. Recognize that fact, and give donors flexibility in how they support you,” Andresen says. “How can they volunteer their time or talents? How can they assist you in spreading the word? Make it easy for people to help, no matter how hard the times.”

Keeping donors and other supporters involved even when they can't give at their previous levels will only make for a smoother transition back to active giving once the economy picks up.

7

Focus on multichannel.

Most fundraisers probably have been collecting donor e-mail addresses for at least a few years now. If you haven't, you should be. An organically generated e-mail list is an important start in engaging your donors through a variety of channels.

"Include a URL on each direct-mail package that drives folks who prefer to give online to a unique landing page. The landing page echoes the look and feel of the direct-mail appeal and allows you to measure results," Maggio says. "Test e-mail blasts that focus on specific offers or urgent needs. Test e-mail and phone as a premail setup or postmail reminder for special programs such as monthly donor clubs. SMS, or text messaging, also is being explored by some organizations to engage young people.

"The key to future success will be to integrate the donor data you receive through the direct-mail program with all of your other sources, such as Internet donations, special events, volunteer programs, text messaging, etc., to create a multichannel donor-communication strategy," he adds.

Our pros agree that the more donors hear from you, the better your chance of maintaining your relationship with them. Just be sure that, no matter how you contact donors, you respect their wishes, protect their privacy, and send nothing but relevant information. Nothing will wear out your welcome in their mailboxes and inboxes faster than a series of irrelevant communications for communications' sake, or anything that even hints at the idea that you are unable or unwilling to communicate with them in ways that work for them.

8

Be transparent and accountable.

Gone are the days when a donor wrote a check to a charity and then forgot about it until the next time the organization contacted her for more money. Gone, too, are the days when donors gave just because they were asked to give.

These days, donors have almost limitless resources for researching nonprofit organizations and, once they give, they want to know exactly how their money is being used. It's getting easier and easier for supporters to weed out inefficient charities. That's why it's getting more and more important for nonprofits to be transparent in and accountable for their financial decisions and use of donor dollars.

"You need to show you're going to be a very trustworthy, efficient and effective steward of [donors'] money — and there's no better way to do that than to be very concrete," Andresen says. "Where will the money go? What dollars buy what changes? What good is going to result from a gift? Answer these questions many times: when a donor gives, after she gives and the next time you contact her for help."

Maggio agrees: "Accountability is important these days, especially for the younger donors we all covet. Explaining how careful and efficient you are with donors' hard-earned money is helpful. Describe exactly what their donations will do."

9

Stay positive and mission focused.

When the economy tanks, fundraisers are faced with a pretty daunting task. And even those of us with the best intentions can't, in good faith, tell you not to worry about it.

But no matter how you might be feeling, the pros suggest that you avoid spreading messages of gloom and doom all over your donor communications. Focus on all the good your organization is accomplishing, and pepper your donor communications with stories of the people or causes that you (partnered with your donors) have helped. And whatever you do, don't let the economy turn you, your organization or your fundraising into shrinking violets.

"Maintain positive, mission-focused leadership," Jowdy says. "Donors will continue to respond to bold visions with shared values that transform lives and communities. Stay positive, and don't focus on the current economic fluctuations.

"Share life-changing opportunities. People want to be a part of something larger than themselves, leave a legacy and make a difference," he says. "If we are timid in inviting donors to invest, they'll follow our lead. Keep sharing your story."

10

Be innovative.

While your first instinct might be to find a little hole and hide yourself away from the whipping winds of economic turmoil, our pros think that's exactly what you shouldn't do.

Now is a good time to get creative, to get innovative. Try out some new ideas, some new strategies — especially online where the cost of entry is minimal and where there are throngs of new, young donors just waiting to meet you. Can't come up with something particularly innovative in-house? How about swiping from other organizations that are seeing the kinds of results you'd like to see and have already laid the groundwork with their own creative thinking?

"You can't make fear go away just by waving a wand," Brooks says. "You may need to just pretend you aren't afraid and act like you're not. By doing that, you'll make your courage grow."