

Fundraising in a Recession: what can your organisation do?

This is an extract from the publication 'Fundraising in a Cold Climate: An Analysis by 2into3', published on 6th October 2008. Authors: Dennis O'Connor and Deirdre Hatch from 2into3.

History shows us that, in past recessions, donations at a macro level have not been significantly affected. However, there have been winners and losers. So what can your organisation do to ensure you are strongly positioned to face challenging times?

- 1.** Examine your income streams. Not all income streams will be affected in the same way. Identifying income streams that are likely to be cut will allow you to take preemptive action to minimise the effect of the cut.
- 2.** Diversify your income streams. Over dependency on one type of income stream, one person or one company is far from ideal. This is an important fundraising principle – one that becomes even more important in economic downturns. If you do have a high dependency on one income stream, be it a foundation, corporation or individual, talk to your key donors early. Talking to them about their plans will help you to develop a realistic plan for the coming year, or make adjustments as required.
- 3.** Re-focus on donor retention, through focusing more than ever on donor cultivation and donor stewardship.
- 4.** Keep communicating with your donors. Focus on the importance of the cause rather than the organisation, and explain how the donor's support will make a difference in a positive way. Let your donors know much their contributions mean to you, by showing the impact of your work on the life of an individual. In addition, focus on long term plans and transparency in how money will be spent – a recent poll in the UK showed that nearly a quarter of donors stopped giving because they were unable to see where their money was being spent. For companies, clearly articulate the benefits to the company of partnering with a non-profit. Speak in their language, highlighting the business benefits of the partnership.
- 5.** While it is critical to focus on donor retention, do not stop efforts to try to find new donors. Given the gloomy outlook and the increased difficulty in finding new donors, the tendency for many may be to stop trying to recruit new donors. This happened in the US after the 2001 terrorist attacks – many non-profits stopped mailing appeals to potential donors, from a fear of offending or alienating people. However, this could be a mistake □ eighteen months after 9/11, many of these non-profits were looking at a significantly shrunken donor pool, which took time to rebuild.
- 6.** Keep in touch with people who have stopped making donations. Although the tone and frequency of your communications may change, keeping the relationship alive is likely to increase the chance that donors will resume giving when they can.
- 7.** Research, research, research. Be aware of the environment and adjust your approach accordingly. The economic downturn does not affect everyone in the same way – some may be thriving through the downturn. On the other hand, potential donors that may have seemed likely supporters may need to be approached differently today, or not at all, until things improve. Before approaching a key donor, refresh your research into their background and assets.

Your donor's situation may have changed – an awareness of this will allow you to pitch in an appropriate way, at an appropriate time and at an appropriate level.

8. Consider your use of planned giving, including regular giving and legacies. Planned giving is the one fundraising method that has in the past shown an increase during times of recession. Therefore, if you do not currently include planned giving in your fundraising mix, consider including it. If you currently have planned giving in your mix, consider moving some of your resources from other fundraising methods such as direct mail or events to planned giving.

9. Avoid fundraising cuts if possible. This can have a negative impact, particularly on planned giving. It can also cause problems with donor retention, if donor stewardship services are neglected. If you do make cuts, think carefully about the adjustments you make. Research found that during the last major downturn in the US, decisions that were intended as temporary short-term cuts and changes have had permanent effects.

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