



Over 400 charities gathered at Croke Park on May 23 for the Wheel's annual Summit for the Nonprofit Sector. Pictured are Deirdre Garvey, chief executive of the Wheel, the national association of community and voluntary organisations, charities and social enterprises; Taoiseach Leo Varadkar, who delivered a special address at the event; and Paul O'Sullivan, chairman of the Wheel

A little more give and take needed for voluntary sector

Non-profits contribute €2 billion to the economy annually, but their national body the Wheel warns that new regulations are stretching them to the max, and lack of trust is stifling the sector. **Siobhán Maguire** reports

The contribution voluntary organisations and charities make to Irish society is significant. There are currently 10,000 charities operating in Ireland (a subset of the country's 29,000 non-profit organisations) and they play a central role in delivering our health, social and community services and in advocating for people's needs.

Every community in the country has an army of volunteers, with over a quarter of those aged 15 and above volunteering every year. If these huge numbers were paid even the minimum wage, the cost to the economy would be astronomical.

"The work the legion of unpaid volunteers does amounts to a huge input into the economy," said Ivan Cooper, director of public policy with the Wheel. "Figures from the Central Statistics Office show that if these volunteer hours were applied to the minimum wage, it would amount to €2 billion per year of work being

done around the country.

"The NFP sector is hugely significant and the contribution of volunteers is massive, but it is not appreciated. Not many people realise that the annual turnover from non-profit organisations is €14 billion and this very significant sum is under the control of the 50,000 volunteer trustees who have responsibility for overseeing the public service work done with this money."

Of this turnover, just under half – around €7 billion per annum – comes from the state and the rest is either earned or raised by voluntary organisations towards the cost of services themselves.

Unsurprisingly, the Wheel, which is the national association for community and voluntary organisations, charities and social enterprises, is keen to make people aware of the massive contribution its members make to society.

"One of our jobs is to raise awareness of what the sector does for the country and to make sure that there is a



Ivan Cooper, director of public policy with the Wheel

supportive national policy environment for all this work," said Cooper. "While the sector has been through a challenging period in recent years with funding reductions, a corner has been turned and the future is brighter.

"Fundraising income is up year-on-year, and the government has established the Department of Rural and Community Development, which is developing strat-

egies to support the sector and to support volunteering and social enterprise too. The Charities Regulator is up and running at full speed too.

"There is a comprehensive range of new regulations in place with published guidance around fundraising and financial control, and the Charities Regulator has introduced a mandatory governance code and is developing new standardised financial reporting requirements for charities. These are all very positive developments that will help maintain the public's trust and confidence in the vital work of the sector. But we need to recognise that compliance comes at a cost."

There has always been a focus on 'what' charities do. What has changed in recent years is that there is now equal attention paid to 'how' they do it. The highest governance standards are always required in charities.

"What has changed in recent years is the huge investment the state has made, rightly, in regulation and compliance requirements, processes and systems. So charities, especially those funded largely by the state, now work to a whole range of quality standards, regulatory and reporting requirements," Cooper said.

"The problem is that meeting these requirements comes with costs, and there's been no equivalent investment in charities to enable them to meet the cost of compliance."

Another factor is that many charities find themselves repeatedly reporting the same information to many funders and regulators. A typical charity will have to report to the Companies Registration Office, Charities Regulator and their funders, and comply with requirements and codes of governance for whichever field they are in – for example the housing agency or the HSE.

"Therefore, we are calling on government to streamline and rationalise the compliance and reporting requirements and that state bodies make funds available to the charities they work with to meet the costs of compliance," said Cooper.

"We need to make sure that the added value our charities bring to the work that they do, the commitment of volunteers and staff, the assets that they make available in communities and the additional funds they raise, are valued and taken into account when state agencies are commissioning services. This will ensure that that the ethos and values of the community and voluntary approach are reflected in the commissioned services."

Another issue, according to Cooper, is the increasing reluctance of people across the public service to take chances and trust those frontline organisations and personnel on the ground who have the best

understanding of local needs. As a result, these people are increasingly waiting for approval from the top on even the smallest of decisions.

"The problem is that people in the system are increasingly responding and accounting upwards to bureaucracy instead of responding and accounting downwards and outwards to the people and communities they serve. We think there is a great opportunity for the charity sector to show leadership for the public service as a whole," he said.

"We are asking charities to look at how they communicate and share information. We want them to see if they can better model 'downwards and outwards' responsiveness, accountability and service-innovation and show leadership around meeting people's needs. The system needs to encourage that and put as much emphasis on that type of accountability as it does to reporting upwards."

"The challenge is that public services are increasingly becoming more and more centralised and bureaucratic. This is resulting in a culture of fear with people being reluctant to innovate and take risks.

"No one wants to be accused of making a mistake, but we need to reconnect and be responsive to human beings at a community level and provide an antidote to the risk-averse bureaucratic approach that is currently in evidence. We are calling on the government to let voluntary organisations get on with what they do best, namely responding and innovating to meet people's needs. In addition, state agencies should commit to working with the sector to map the comprehensive service that people and communities, require and then fund those services in full.

"The Department of Health commissioned a report from an independent review group on the future of voluntary health and social service providers, and the report has been warmly welcomed in the sector. It recommends that government establish a forum to dialogue with the sector, develop a charter to govern future relationships, move to allocating funding on a multi-annual basis and agree a list of essential services that will be fully funded. This is hugely welcome, and we urge the government to implement the recommendations in the report," said Cooper.

"Our sector is an incredible national resource which is available to everyone. We need to support volunteers and charities as much as possible and allow the sector to give a voice to the spirit of altruism in the Irish people. Volunteering is part of our identity. We need to find a way of harnessing this for the common good."

For more information on the sector, see wheel.ie

How non-profits are sticking to the code

Aedín Morkan, audit and assurance partner at Mazars, explains why it's not always easy for organisations to comply with the new governance rules, writes **Siobhán Maguire**

Significant work has gone into the development of the new regulatory framework for not-for-profits in recent years. The Charities Regulator has been visible and delivered a consistent message on governance and regulation while publishing a steady stream of guidelines on fundraising, internal controls, conflicts, promotion of political causes and role of trustees. The latest guidance is the Charities Governance Code.

Aedín Morkan, audit and assurance partner at Mazars, said the various not-for-profit umbrella bodies have invested in building knowledge and capacity with the aim of increasing public trust in the sector.

"Initiatives such as the Good Governance Awards recognise and reward the efforts to achieve high standards in governance and financial reporting," she said.

In considering how not-for-profits are adapting to this new regulatory framework, Morkan identified three broad categories which they fall into.

First, many organisations are making a concerted effort not just to comply but to be best in class in governance, regulatory compliance and financial reporting. They are embracing the spirit of the Statement of Recommended Practice for Charities (Charities SORP) and the Charities Regulatory Authority (CRA) guidelines, and they are well on the way to early-adopting the new CRA Governance Code.

The second group are charities which have good intentions but fail to deliver on these due to lack of resources, lack of capacity or perhaps underestimating what is involved. Others in this category consider they are compliant with Charities SORP or the CRA guidelines, but evidence would suggest otherwise.

Finally, there are those not-for-profits in varying states of denial or blissful ignorance. To think there are none in this category would be naïve.



Aedín Morkan, audit and assurance partner at Mazars

"Based on my own experience within the sector, I think most not-for-profits fall into category two," said Morkan. "So why, despite the development of the regulatory framework and the extensive range of training and information sessions on offer, are all charities not in category one?"

"One of the factors is the

Charities continue to grapple with financial sustainability

size of the sector. There are 29,300 organisations, of which 9,800 are charities, according to the latest data published by Benefacts. The variation in size is enormous, ranging from the large state-funded bodies in receipt of hundreds of millions in income annually to the unincorporated volunteer-only community groups. While the new governance code has sought to be proportional, it is a difficult task to balance the needs, the capacity and the individual circumstances of such a diverse group."

Morkan said the com-

pliance requirements for not-for-profits have mushroomed in recent years.

"Is any other sector required to comply with quite so many reporting and compliance obligations?" she asked. "Regulation, reporting and compliance are critical to safeguarding the use of public funds and protecting our most vulnerable. However, a more streamlined compliance framework would make for more effective use of public funding."

"Not-for-profits continue to grapple with financial sustainability. Many have no visibility of funding beyond the end of the year; many service arrangements are not formally signed off until midway through the year of funding; many are delivering what should be state services at a cost which is significantly more than the contribution made by the state. Therefore, it is no surprise that voluntary guidelines are not top of the priority list.

"I believe that professional advisers have a role to play in rebuilding public trust in the sector. We can adopt a supportive role to our not-for-profit clients as they adapt to this new regulatory framework, actively encouraging and guiding them to achieve best in class in governance, regulatory compliance, internal control and financial reporting.

"Through my work with the Good Governance Awards and the Published Accounts Awards, I see that the degree of compliance with Charities SORP varies quite significantly. Similarly, the increase in the number of not-for-profits filing abridged accounts is of concern. While responsibility ultimately rests with the directors/trustees, I would expect all good advisers to promote early adoption of, and full compliance with, Charities SORP and to discourage the filing of abridged accounts."

For more information on Mazars, go to mazars.ie

NAVIGATING THE NOT-FOR-PROFIT SECTOR

Charities play a vital role in Irish society but continue to face significant challenges including pressures on funding, demands on services and increased accountability, transparency and reporting requirements. The Mazars not-for-profit team understands the challenges and regulations facing not-for-profits. We support our clients in navigating these challenges to ensure they meet the high standards expected by stakeholders and to build public trust in the sector as a whole.

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the wheel

Stronger Charities. Stronger Communities.

€14bn

combined annual turnover of Ireland's 10,000 registered charities

1 in 13

people employed in Ireland works for a nonprofit

233M

number of hours volunteered in Ireland every year

€2bn

estimated economic value of voluntary work carried out in Ireland every year

Talk to us today to find out how you can connect with thousands of charities, community and voluntary organisations and social enterprises throughout Ireland.

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A strong case for 'cause' marketing

Younger consumers are demanding more from the brands they engage with – and an authentic partnership with a charity can have a huge impact, writes **Siobhán Maguire**

How effectively do charities or not-for-profits compete for their share of partnership funds from brands? According to the Brand Fans, leading sponsorship and marketing specialists in this area, any successful 'cause' marketing partnership needs to be built on four key factors – authenticity, relevance, mutual objectives and genuine commitment on both sides.

"Once these ingredients are evident, charities can feel confident competing with traditional sponsorship rights holders for investment, making a compelling case for cause marketing," said Daragh Perse, managing director of the Brand Fans.

Traditional sponsorship remains the dominant recipient of partnership investment from brands with a more predictable return on investment, in the form of defined reach through branding, engagement with fans and opportunities for product/sales integration, according to Perse.

"The Brand Fans sponsorship tracker shows the sector continuing to grow with average inflation of 9 per cent over the past three years and high demand for premium

properties and more effective evaluation models to prove success," he said. "In many cases, an organisation's relationship with its chosen charity is a secondary project that is proudly supported by the brand but lacks the commitment and investment to make it a differentiator in competitive markets."

But why is this? There are pertinent questions concerning why brands invest in social causes. Is it to demonstrate empathy with the world around them? Is it to tackle a specific cause that is relevant to their sector? Is it part of a wider corporate social responsibility (CSR) strategy? Or is it a passion of, or connection to, the chief executive, chief managing officer or a board member?

"Whatever the reason for getting involved, the subsequent lack of focus screams of a missed opportunity for the brand," said Perse. "Consumers have more information than ever before, and one could argue this has created a sceptical backlash against brands. Consumers are quick to see through wallpaper support for charities with no depth or real commitment beyond a cynical marketing ploy.



Daragh Perse, managing director of the Brand Fans

"Young consumer groups are more socially conscious and are demanding greater ethical and sustainable standards from the brands they do business with. A genuine, authentic, relevant and committed cause marketing partnership underlined by a complete CSR strategy should be part of every business. If it is, the results can be very powerful."

One part of the challenge for charities is to develop the infrastructure and knowledge to support their partner brands in the way traditional spon-

sorship rights holders do. The second is to prove the case for cause marketing.

The Brand Fans, in partnership with Amárach Research, took a closer look at attitudes and behaviours resulting from cause marketing and five brands in Ireland that are active in this space. These brands are not only investing in social causes, but are backing it up with a real commitment to marketing and activation, making the partnership a core pillar of their brand. The results demonstrate the real potential for cause marketing to engage with consumers, differentiate the brand and drive business results.

The vast majority, 84 per cent of Irish adults, were aware of at least one of the brand partnerships we mentioned. In general, the female audience were more aware of brand partnerships than males. General awareness was also strong among most age cohorts, with the 45 to 54 and 55+ age groups more likely to be aware of brand partnerships. Awareness amongst 16 to 24-year-olds was also high.

"Traditional sponsorship is likely to deliver a stronger performance for awareness and reach," said Perse. "The case for cause marketing is at

its strongest when we examine the impact social partnerships can have on brand equity through positivity, trust, closeness and loyalty.

"From our research, over four in ten would feel more positive about a brand as a result of them supporting a good cause. The impact of a more socially conscious younger generation is also evident with our research demonstrating that supporting a good cause is more effective on younger audiences than on older age cohorts, with positivity at over 60 per cent.

"Technology has allowed brands to engage with consumers, driving perceptions of closeness to the brand, which in turn influences be-

haviour. However, trust is the real winner.

"Trust is an incredibly important characteristic for any brand and is particularly important in sectors like insurance, telco and banking. We see the huge potential cause marketing has to drive trust in a brand but how does this convert into intention to purchase or stay loyal to a brand? One quarter of our respondents would consider switching to

a brand if it supported a good cause, which brings us onto the matter of loyalty."

Survey results show the effect of the partnership, with 41 per cent of respondents more likely to stay loyal to a brand that supports a cause or charity. This figure rises to a huge 60 per cent for the more socially active 16 to 24-year-old audience.

"The case for cause marketing has never been stron-

ger, and the data proves that both trust and loyalty are the big winners," said Perse. "Consumers are demanding more from the brands they engage with and, in increasingly competitive markets, brands are looking for more meaningful ways to differentiate.

"By 2025, approximately 75 per cent of the workforce and the subsequent purchasing power will be millennials. For this audience, social responsibility is not a nice-to-have, it's a must-have."

The Brand Fans are leading sponsorship and cause marketing specialists delivering strategies, evaluations, negotiations and activation. For more information, go to thebrandfans.com



Helping the charity sector excel at 'proud-funding'

Since 2015, Nexus Direct, an internationally recognised fundraising agency, has worked closely with leading Irish non-profit groups, writes **Siobhán Maguire**

Recruiting new donors is one of the most important and most expensive challenges of any fundraising programme. Get it right, and you're on your way to sustainable growth. Get it wrong, and you're investing precious resources without getting the return on investment you deserve. And it's not getting any easier.

Nexus Direct, a privately held, internationally recognised fundraising agency, has established itself as a vital partner in the not-for-profit sector. By specialising in developing donor-centric, integrated, omni-channel fundraising programmes, the firm can optimise the donor journey while maximising the return from fundraising.

Joana Ramalho, account director with Nexus Direct, said prospective donors were being bombarded with messages from several sectors through conventional media like TV, newspapers, and radio, as well as highly personalised content delivered by digital and social media.

"So, how is a non-profit to compete? How do we cut through the noise and clutter

to recruit new donors?" she asked. "The long and short answer is to know your prospect."

To do this, Nexus Direct and Coyne Research profiled Irish consumers in terms of attitudes and behaviours towards charity donations.

"We segmented the entire consumer market, not just existing donors, because we wanted to help Irish non-profits recruit new donors," explained Ramalho. "We took a deep dive, going much further than simply demographic data about age and gender, into what's called psychographics. This means segmenting consumers based on their psychological attributes around donating to charities and things like lifestyle, personality, and consumption."

The research identified key features of those most likely to donate. For example, middle-class women aged over 45 give regularly and are the most trusting in terms of donations and gifts. Men and women aged 35 to 44 were also keen



Joana Ramalho, account director with Nexus Direct

donors. Traditional and social media were key influences in terms of to whom and why people donated.

"In this media environment, the only way to cut through the clutter is with an integrated, omni-channel approach to fundraising carefully targeted to the most promising donor segments," said Ramalho.

"Our knowledge and commitment to the Irish market has deepened over the last four years of operating in the country. A Charity Institute Ireland fundraising partner in 2017, [partner to] the Wheel [in] sponsoring two Future Waves conferences and the host of the National Fundraising Awards of Ireland in 2018, we have a real commitment not only to maximise income and impact from our clients but to also support Irish fundraisers themselves to deploy state-of-the-art communication strategies and grow their transparent donor relationships.

"Our expertise in donor acquisition, engagement and relationship management crosses all fundraising verticals and is founded in our knowledge of donor behaviour across channels. This is driven by the historical results of our past efforts combined with constant data analysis, a commitment to ongoing testing and a contemporary but proven strategic approach to the many tactics and techniques that lead to donor response."

Nexus Direct is an international, full-service, direct response marketing agency with 15 years of experience. It uses data to drive innovation and produce better results for clients.

Its campaigns are award-worthy too. One of the campaigns Nexus Direct worked on was shortlisted in three categories in the An Post Smart Marketing Awards, which took place last week. The agency has also been shorted for Communications Agency of the Year in the Charity Excellence Awards towards the end of this month.

"We are never satisfied with good," said Ramalho. "We're committed to great."

Nexus Direct has delivered a combination of direct marketing and digital services to a number of charities across Ireland including MSF Ireland, Irish Red Cross, St John of God, and CMRF, in addition to international clients including Operation Blessing International, International Medical Corps, International Justice Mission, and Vets Without Borders.

"All of these have provided us with a very clear understanding of how to attract, maintain, and grow donors," said Ramalho. "This clearly shows experience in both the Irish and American markets. This breadth of experience not only ensures we understand and can deliver in the Irish market but allows for us to combine this with emerging trends and approaches from other markets, giving our clients opportunities to learn and innovate.

The message to the not-for-profit sector is to look at how groups target potential donors in the Irish market.

Ramalho asked: "Are your acquisition response rates dropping as you struggle to find new prospects? Do you have lots of data but no insights? Are donor fatigue and lack of engagement setting in? Are mismatched messaging and strategies between direct mail, telemarketing and online channels hurting your brand? If so, we can help."

"Nexus Direct is passionate about partnering with mission-driven organisations in the United States, Ireland, Britain and mainland Europe to grow their donor base, raise funds, and help support services and advocacy for those in need.

"By communicating the

passion of your organisation to prospects and donors through direct-response marketing, we're able to create and cultivate deep relationships be-

tween your mission and your supporters, leading to greater lifetime value from your donor base.

"Some 99 per cent of our

client relationships are a result of referrals made by our clients, which is not only a tremendous compliment, but also a testament to our com-

mitment to our client partners and their results."

For more information, visit nexusdirect.com

Nowadays people know the price of everything and the value of nothing.

Oscar Wilde

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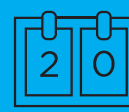
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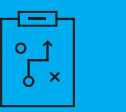
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