

# **Fundraising When Money Is Tight**

**A Presentation by Mal Warwick  
Social Venture Network Peer-to-Peer Call  
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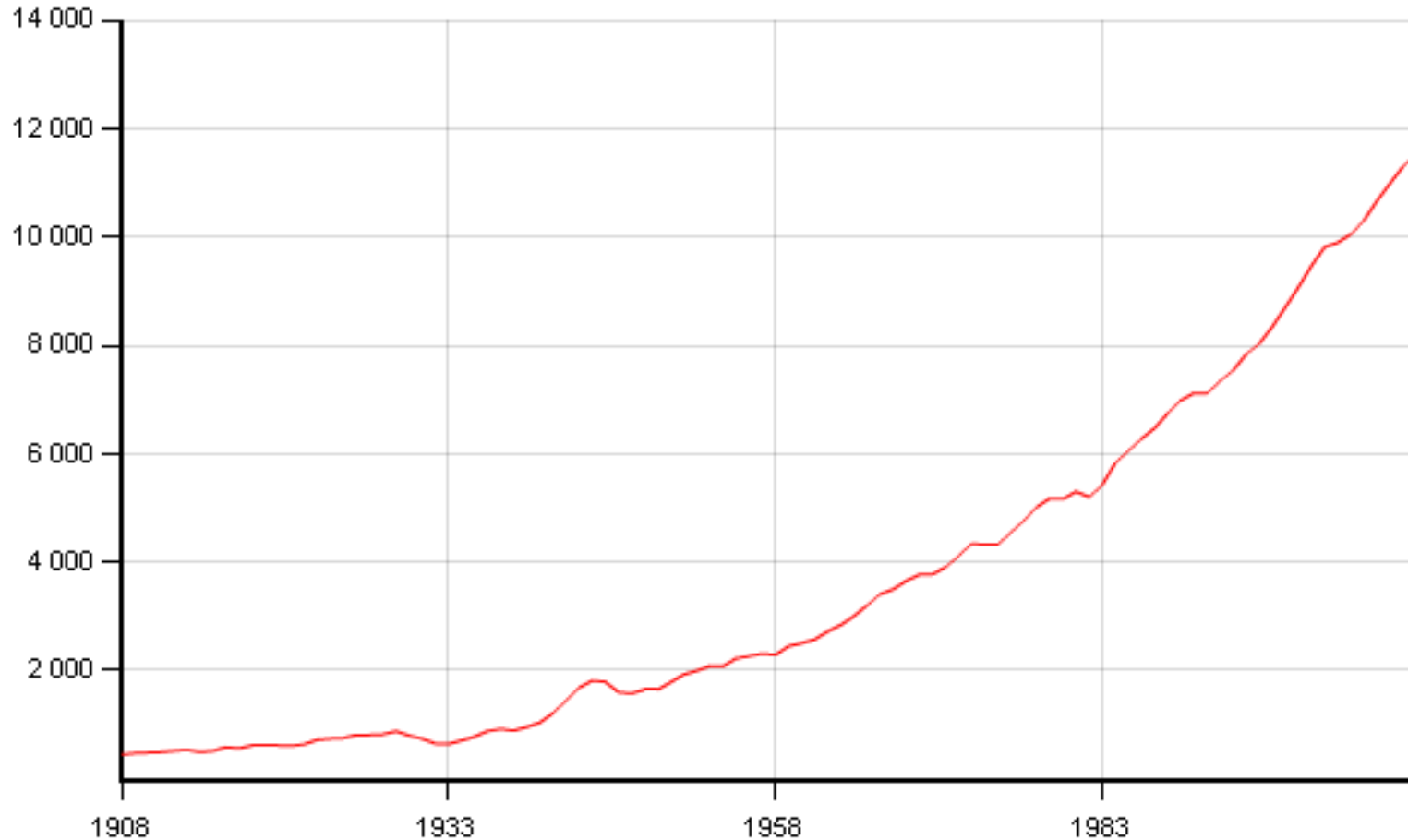
# In this session . . .

- 1) Historical perspective**
- 2) What not to do in tough times**
- 3) Consider the tradeoffs**
- 4) Cut costs with a scalpel, not an ax**
- 5) Fish where the big fish are**
- 6) Stay close to your donors**

# **1) Historical perspective**

# U.S. Real GDP in Millions of 2000 Dollars

chart by amCharts.com



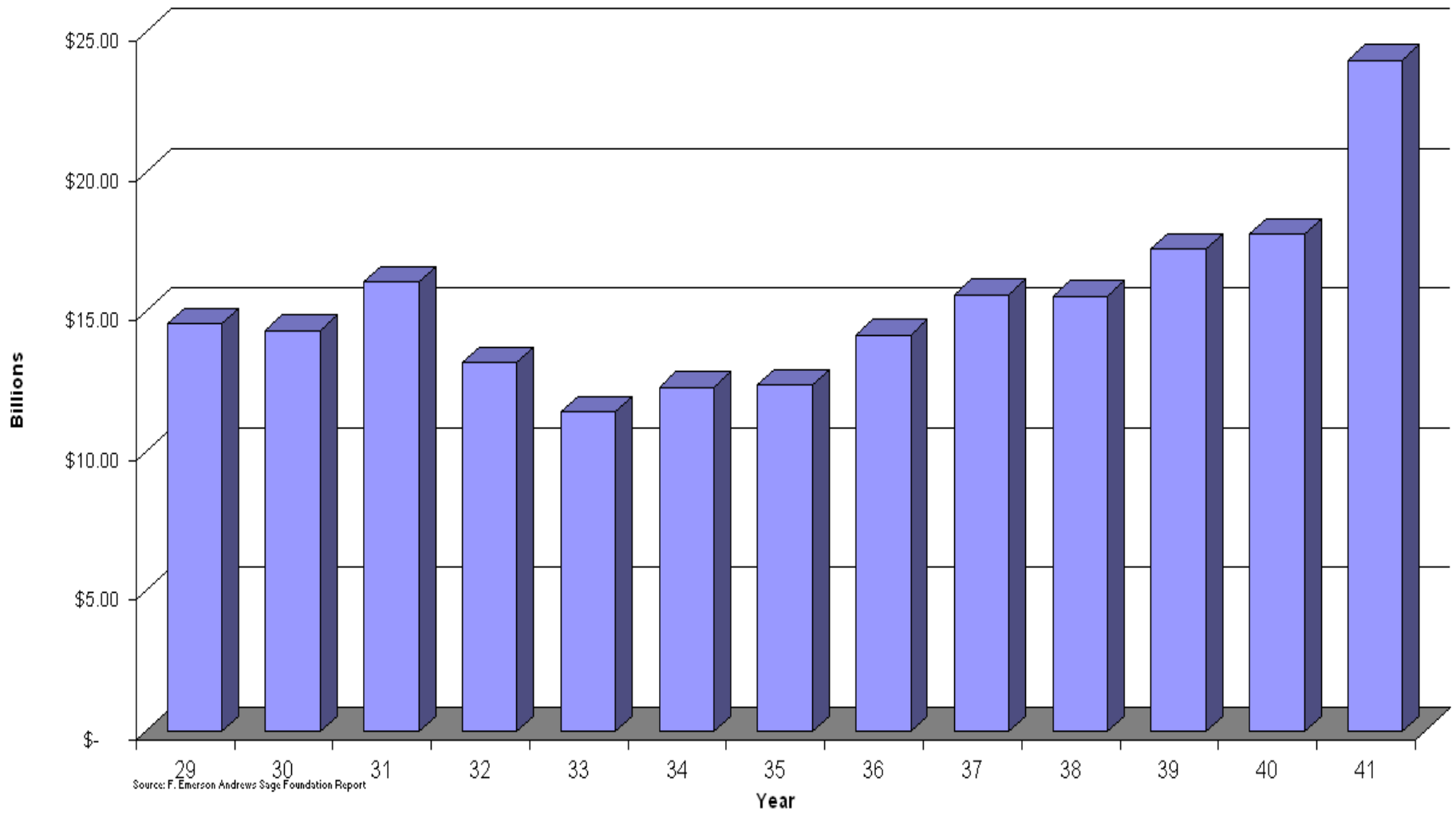
# Philanthropy in recessionary times

- **1967 to 2007 in recession years . . .**
- **After adjusting for inflation . . .**
- **Giving fell one percent**
- **When recession lasted 8 months or more . . .**
- **Giving fell 2.7 percent**

# What's different today?

- **Recession is global**
- **Already 15 months long**
- **Downside records falling monthly**
- **No end in sight**
- **So, is this a new Depression?**

## Inflation-Adjusted Giving in America From 1929 to 1941

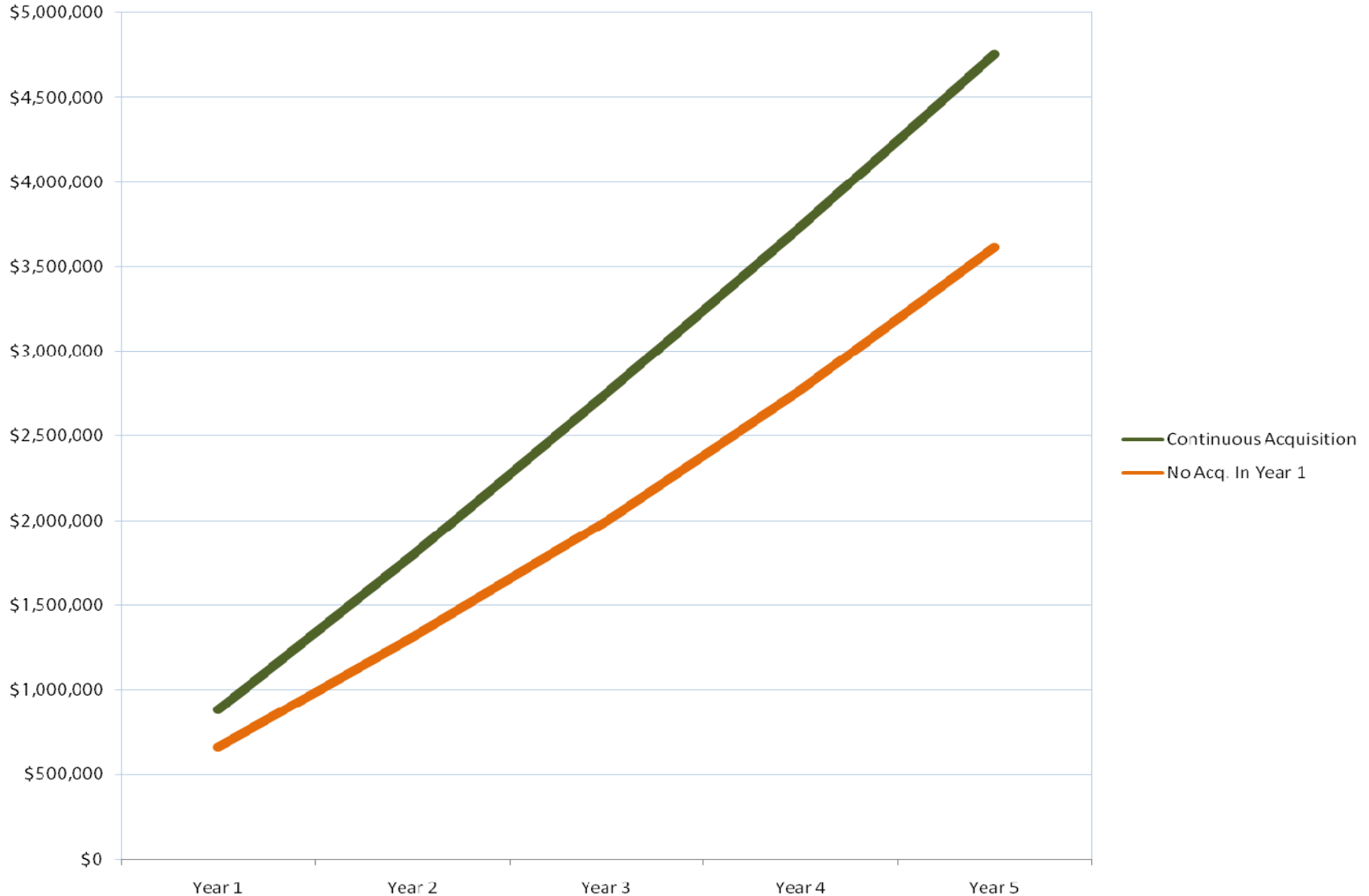


## **2) What not to do in tough times**

# The new no-no's

- **Don't panic**
- **Don't stop asking for money**
- **Don't stop recruiting new donors**
- **Don't slash donor stewardship**
- **Don't slash fundraising costs**

# Revenue Impact of a One-Year Lapse in Donor Acquisition



# Consider the tradeoffs

- **If your donorbase shrinks, you raise less**
- **If you slow fundraising, you have less money**
- **Effects are cumulative**
- **Eventually, the organization dies**
- **Then where is your program?**

**3) Cut costs with a scalpel, not an ax**

# Cut costs creatively

- **Rethink where you draw the line between major donors and small donors**
- **Consider outsourcing back-office operations**
- **Approach donor acquisition cautiously**
- **Reactivate lapsed donors**
- **Gang-print materials**
- **Clean your mailing list**

**4) Fish where the big fish are**

# Learn the rules of segmentation

- **Recency**
- **Frequency**
- **Monetary level**
- **Source**

**“RFM Formula”**

# A simple segmentation plan

<b>Segment</b>	<b>Label</b>	<b>Recency</b>	<b>Frequency*</b>	<b>Giving Level*</b>
<b>1</b>	<b>Hi-\$ Donors</b>	<b>0-36 months</b>	<b>1+</b>	<b>\$250+</b>
<b>2</b>	<b>Core Active Donors</b>	<b>0-18 months</b>	<b>2+</b>	<b>\$50+</b>
<b>3</b>	<b>Non-Core Active Donors</b>	<b>0-18 months</b>	<b>1+</b>	<b>\$25+</b>
<b>4</b>	<b>Lapsed Donors</b>	<b>19-36 months</b>	<b>1+</b>	<b>\$1+</b>
<b>5</b>	<b>Former Donors</b>	<b>37+ months</b>	<b>1+</b>	<b>\$1+</b>

**\* During the most recent 24 months**

# Maximize net income

- **Eliminate deadwood from your list**
- **Cut mailing or phoning quantities**
- **Focus on big fish (top donors)**
- **Vary frequency and character of contact**
- **Tailor appeals to different interests**

**5) Stay close to your donors**

# Build strong donor relationships

- **What have you done for your donors lately?**
- **Do you **know** your donors?**
- **How much time do key staff and board spend with donors?**
- **Enhance gift acknowledgments, don't cut them!**
- **Now **all** your donors are your best friends!**

# Low-cost cultivation techniques

- **Board members to make monthly thank-you calls**
- **Organize a thank-a-thon**
- **CEO or board chair to sign thank-yous personally**
- **“Insider’s newsletter”**
- **Offer free periodic tele-briefings**
- **Send unsolicited white paper**
- **Attach CEO’s card to a mailing**
- **Phone lapsed donors**
- **Donor consultation groups or advisory panels**



# Fundraising When Money Is Tight

A Strategic and  
Practical Guide to

**SURVIVING TOUGH TIMES**  
and **THRIVING IN THE FUTURE**

**MAL WARWICK**

**To learn more or buy the book, go to . . .**  
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# Time for questions now!

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