

# What every nonprofit leader needs to know about fundraising

A teleconference with Mal Warwick  
Social Venture Network “Calls with the Experts”  
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# Welcome to the new reality!

- A world of constant change
- “The world is flat.”
- Geopolitical realignment
- Resource limits
- The growth of global civil society
- What’s a nonprofit leader to do?

# FOCUS!

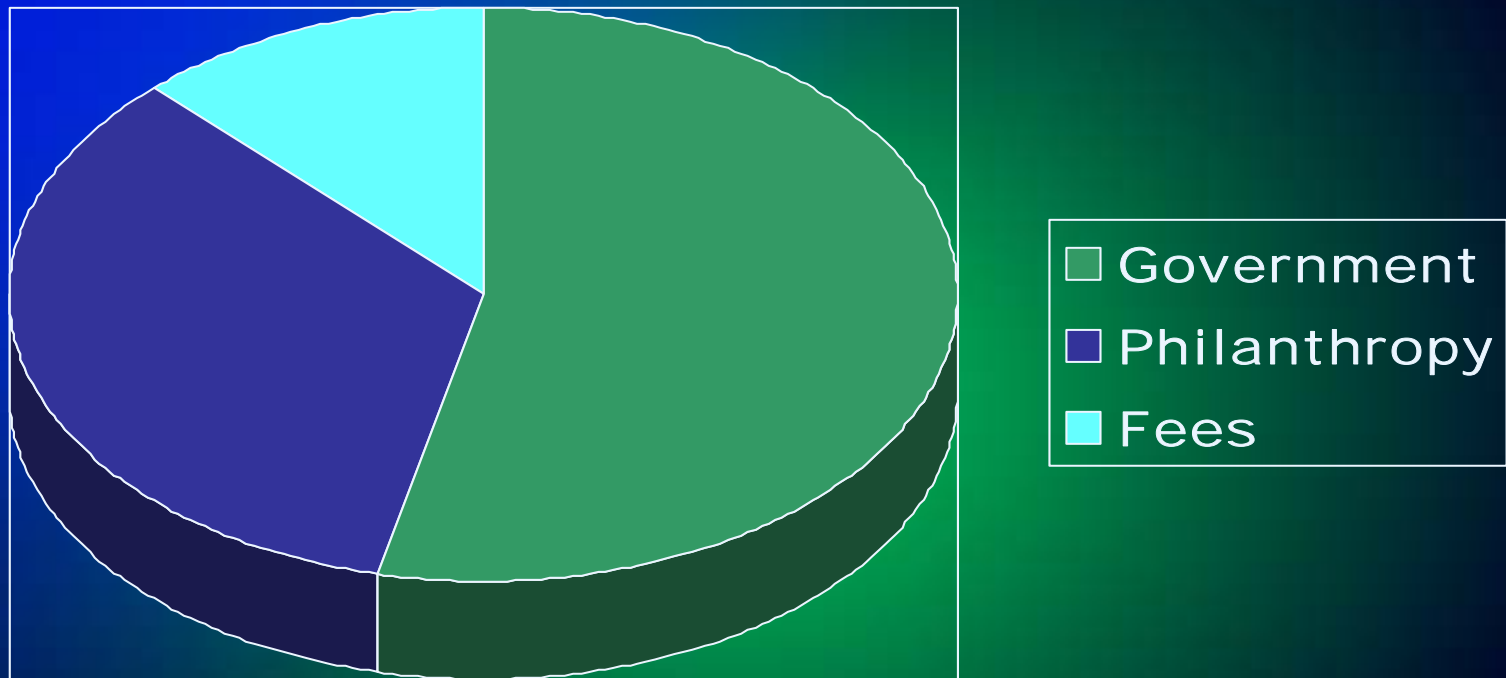
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# Our focus today

- (1) Where money comes from
- (2) Fundraising's Big Picture
- (3) Investment dynamics
- (4) Fundraising strategy
- (5) The cornerstones of fundraising

# (1) Where money comes from



Source: Lester Salamon, *Global Civil Society*

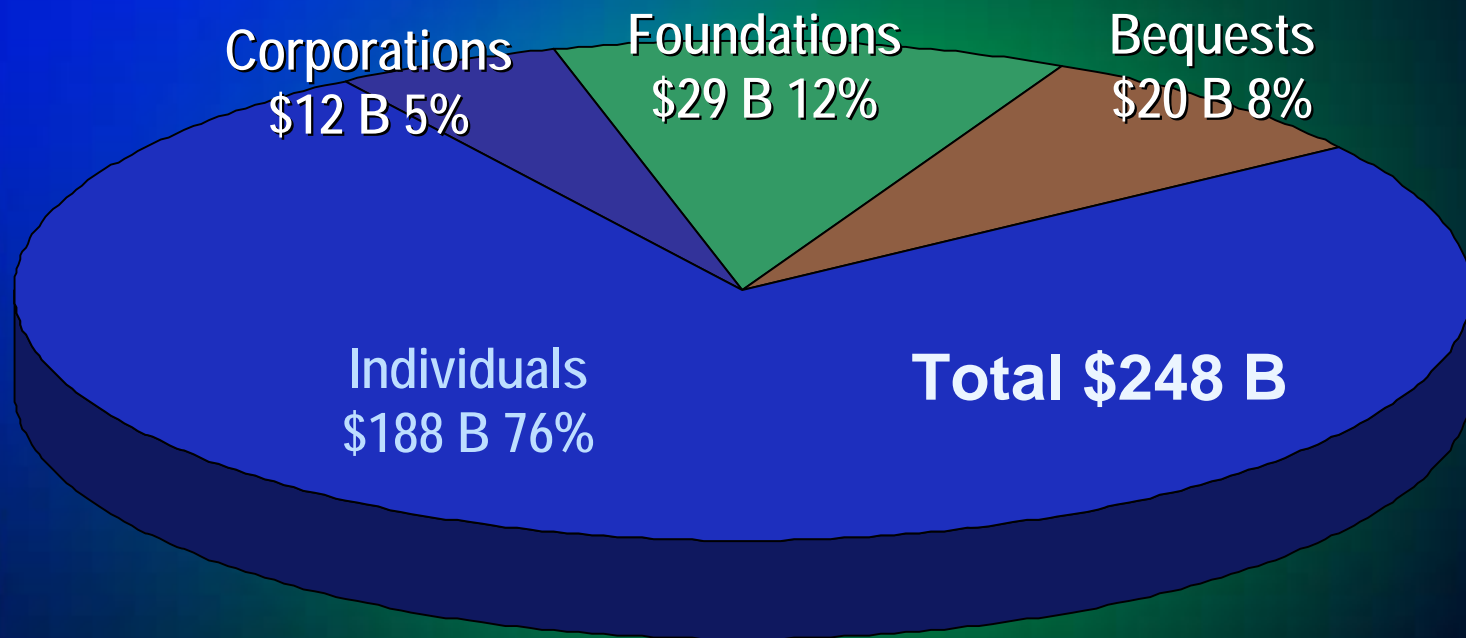
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# POP QUIZ!

- Sources of U.S. **philanthropic** support?
- How much from foundations?
- How much from corporations?
- How much from individuals?

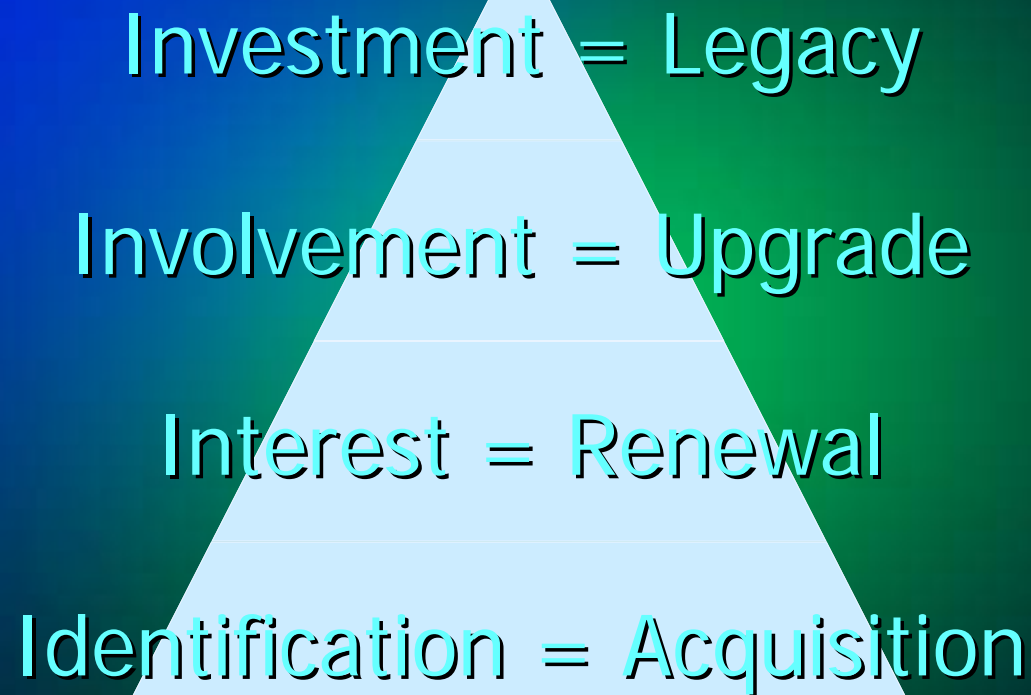
# U.S. philanthropy, 2004



## (2) Fundraising's Big Picture

- Long-term process
- Relationship-building is critical
- Data management is key
- Diff'rent strokes for diff'rent folks!
- Brand-building

# The 4 Phases of Fundraising



# Another view

Level	Character	Technique
1 <sup>st</sup> gift	Impulse	Direct mail
Habitual giving	Involvement	Monthly gifts
Thoughtful giving	High-value	Hi-\$ mail
Endowment	High-touch	Face-to-face
Legacy	Ultimate gift	Inspiration

### (3) Investment dynamics

- Why do donors give?
- What do donors want?
- What happens when they don't get it?
- Ongoing acquisition
- “The Fundraising Store”
- Donor involvement and cultivation

# Why do donors give?

- “I believe in your cause.”
- “I want to make a difference.”
- “Your work responds to my spiritual needs.”
- “I feel good playing a part in your work.”
- “I know you – or I know your leader.”
- “I have benefited from your services.”
- “You said ‘thank you’ the last time I gave.”
- “You asked me!”

# Why do donors **not** give?

- “You didn’t ask me.”
- “I don’t have enough money right now.”
- “I don’t trust your organization.”
- “Your organization doesn’t use money very well.”
- “I don’t share your values.”
- “You asked me the wrong way.”
- “I give to other charities.”
- “I was in a bad mood.”

# Donor renewal rates

Year	High	Low
1	50%	25%
2	65%	50%
3	75%	55%
4	80%	60%
5	85%	65%
6	90%	70%
7	95%	75%

# Pop quiz!

Research shows that donors' #1 desire is:

- a) Free gifts
- b) A personal visit from the chief executive
- c) Prompt acknowledgement of their gifts
- d) Newspaper ads listing their names
- e) Invitations to special donor parties

# Pop quiz (cont.)

Research shows donors' #2 desire is:

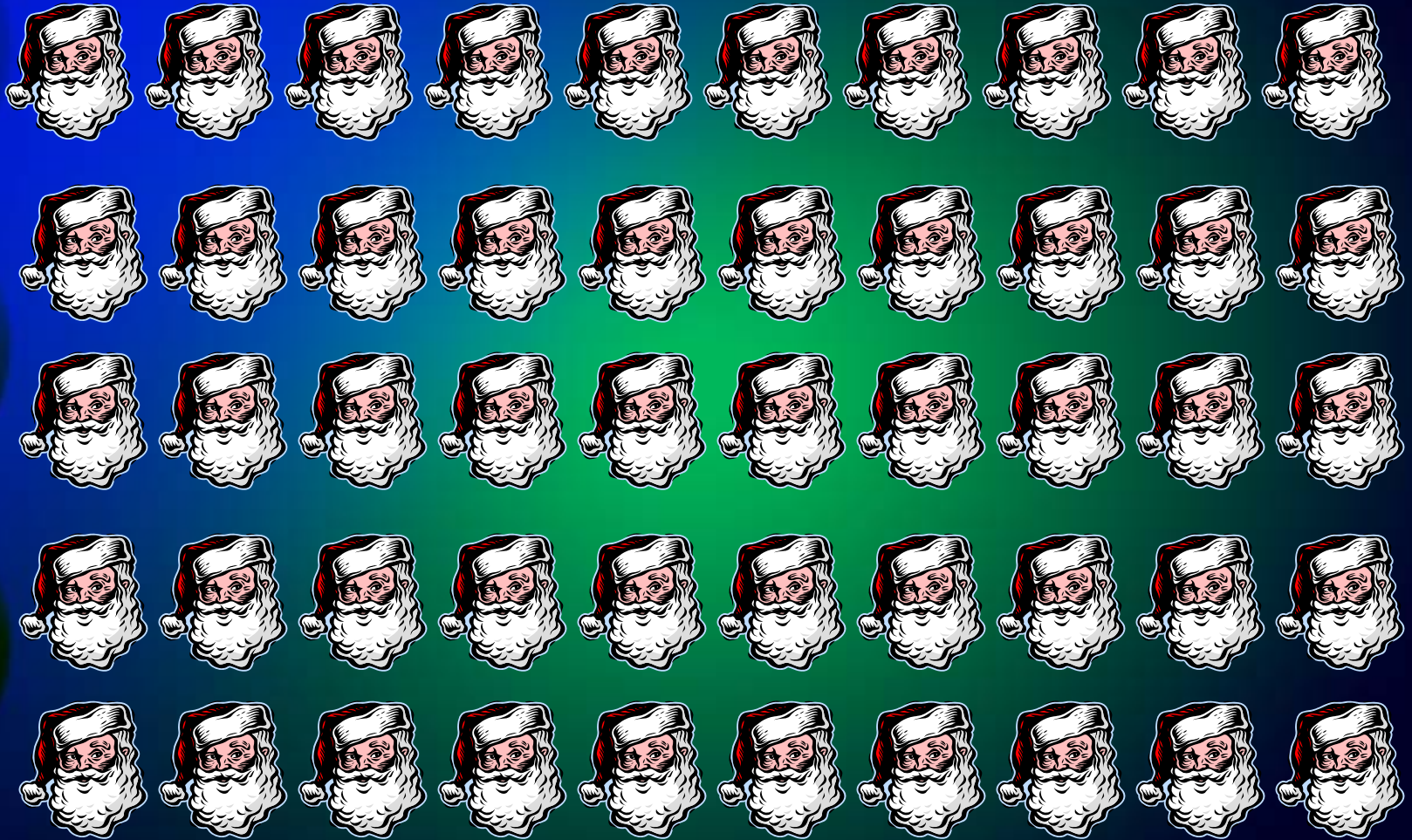
- a) Newspaper ads listing their names
- b) Personal visits from board members
- c) Free gifts
- d) Information about how their gifts were used
- e) Sex

# So, what do donors want?

- Treatment as human beings, not statistics
- Kindness and courtesy in all contacts
- Appreciation for their contributions
- Recognition that they are virtual partners
- Information that inspires their trust

And when they don't  
get these things . . . ?

# Donor attrition: Year One



# Donor attrition: Year Two



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# Donor attrition: Year Three



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# Donor attrition: Year Four



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# Donor attrition: Year Five



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# Donor attrition: Year Six



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# Donor attrition: Year Seven



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# The Big Picture

Year	Donors	Gross	Cost	Net
2006	2,000	\$60,000	\$80,000	\$(20,000)
2007	4,000	120,000	120,000	0
2008	6,000	180,000	140,000	20,000
2009	8,000	\$240,000	\$180,000	\$60,000

## (4) Fundraising strategy

- Is there a strategic plan for fundraising?
- Are strategic priorities clear?
- Are goals and objectives clearly differentiated?
- Are tactics subordinated to strategy?

# What strategy is not

- Not how to meet your funding target
- Not just “a way to do things”
- Not techniques such as advertising, direct mail, special events
- Techniques are *tactics*

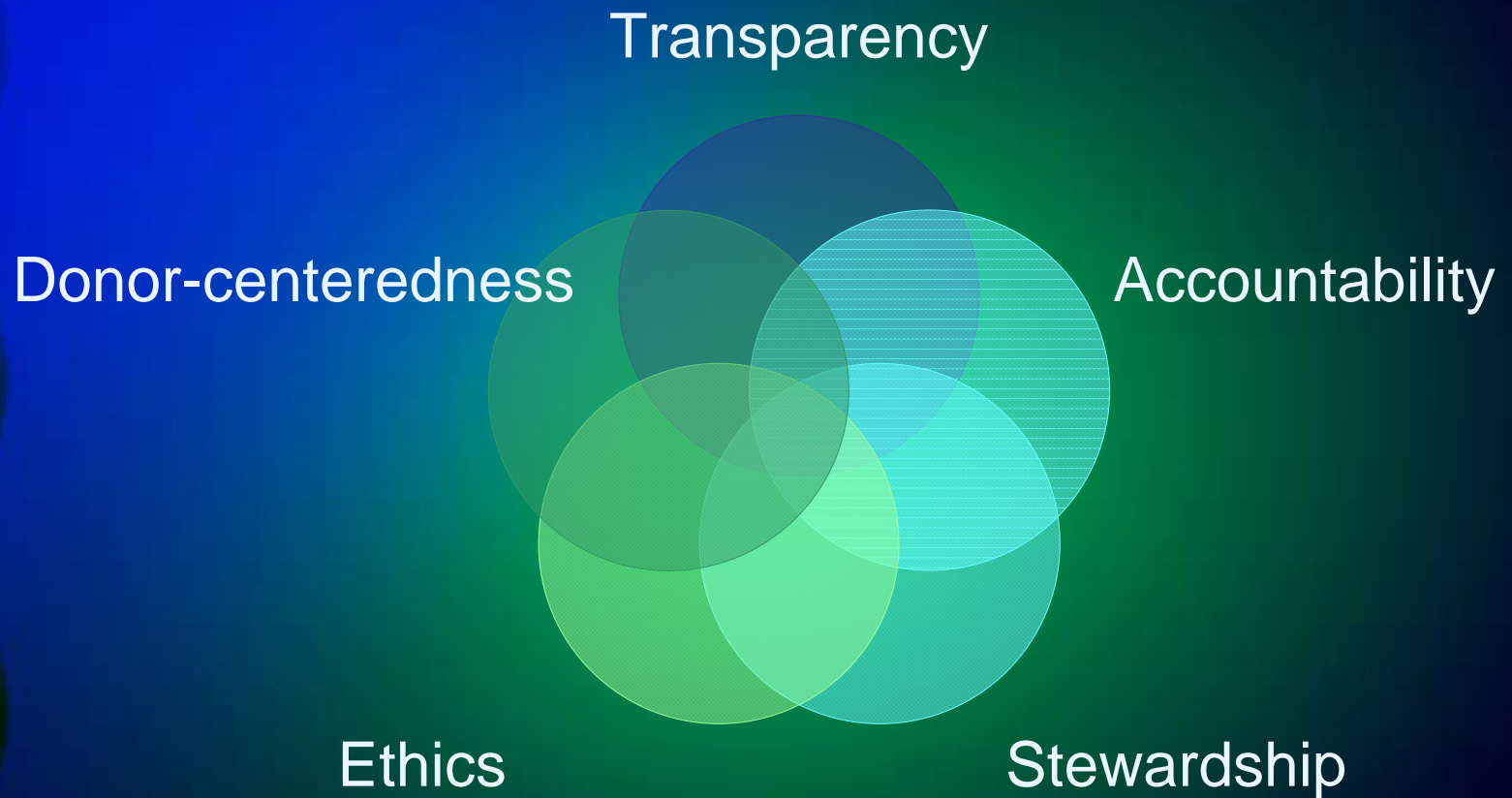
# What strategy is

- Strategy vs. tactics
  - Strategy = “win the war”
  - Tactics = “win the battle”
  - No strategy = muddle
- The concern of the commander-in-chief, not captains and majors
- How to deploy all your resources
- The Big Picture, not the small stuff

# For example . . .

- Growth: direct mail
- Involvement: telemarketing
- Visibility: TV/radio
- Efficiency: major gifts
- Stability: endowment

## (5) Cornerstones of fundraising



“Focus on share of customer,  
not market share. Fire 70  
percent of your customers,  
and watch your profits go up!”

—Seth Godin, *Permission Marketing*

# Essentials of strong fundraising

1. Clear and consistent message
2. Flexible database
3. Newsletter 3+ times/year
4. Annual fundraising calendar
5. Annual donor or member renewal

## Strong fundraising (cont.)

6. Diversified funding techniques
7. Donor-centred orientation
8. Focus on benefits, not needs
9. Say thank you often
10. Deliver results information

*Ask not what your donors  
can do for you. Ask what you  
can do for your donors.*

# Time for discussion

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