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## Introduction

### OVERVIEW

More competition. Social entrepreneurship. A competitive environment. The free market. An open market. Market-based pricing. Managed care. These terms are now nearly ubiquitous in the literature of the not-for-profit world. But what do they mean to you, your staff, your board, and the people that your not-for-profit serves? And, more importantly, how does your organization fit, survive, and, yes, prosper in an increasingly competitive and rapid-response environment?

And then there is technology. The wired world, always online, always expecting instant answers, quick responses, cures downloaded on demand. The pace of change, the pace of expectancy (how quickly we expect things to be done) has accelerated and will continue to. How will your organization react?

Since the first edition of *Mission-Based Marketing* was published in 1996, so much has changed, and yet the core issues and skills of marketing for a not-for-profit have remained the same. There is more acceptance of not-for-profit advertising, and of not-for-profits using business skills to pursue their mission. There is the advance of technology. For certain things, such as printing your own marketing materials, it has reduced costs drastically; in other areas, such as maintaining a worthwhile and appealing web site, it has increased costs in time, money, and the skill set you need on staff. And, of course, there is increased competition for good staff, good volunteers, donated dollars and goods and, most importantly, for grants, contracts, and people to serve.

How do you manage an organization in a “right-now” culture, when what most not-for-profits provide is not a “right-now” solution? You don’t fix the environment, or stop child abuse, or improve pre-kindergarten education, or stop homelessness, or hunger, or discrimination right now. But

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that doesn't mean you can't start right now, and perform your mission in a way that pays close attention to the right-now culture.

This book will show you how to react, respond, and reshape your organization into one that prospers using the best tools of twenty-first century not-for-profit management. How? By becoming market-oriented while remaining mission-based. By using the well-established and time-tested methods of marketing to do more mission. By treating everyone who interacts with your organization like valued customers. By developing a team approach to marketing, where customer satisfaction is everyone's job. By asking customers what they want and trying your best to give it to them.

In my lectures and keynotes I repeatedly contend that the skill of marketing is really a business skill translated over to mission. Many people are uncomfortable with the concept of marketing in a not-for-profit because they see marketing as no more than crass sales. Sales (crass or not, your choice) is *one part* of marketing, but not the whole thing by any means. And, to help you understand right away why this book, and the concept of mission-based marketing, is so important to you, let me assure you that marketing is a way of doing better mission, sooner, and in a more focused manner. Good marketing in a not-for-profit is good mission, and I'll show you how to do it.

In this initial chapter, we will look at why your world is "going competitive" and what the linkage is between competition and marketing. We'll look at who I have written this book for (the target market) and what the benefits are of reading the book, and of investing your time with me. Finally, I'll give you a brief preview of each of the remaining chapters of the book so that you will know what the sequence of our time together will be like.

There is little if any rocket science in the following pages. But there are scores of solid, practical ideas on how to bring your organization into a competitive frame of mind that will keep it in business in the twenty-first century. In the chapters that follow, you will learn why marketing is so fundamental to your mission and how successful mission-based organizations are simultaneously market-driven. You will view a marketing cycle and see how it can be adapted to your organization and your mission. You will learn how to identify and keep close to your customers, and how to identify and keep tabs on your competitors. You will see how technology has made marketing easier, cheaper, and much more challenging all at the same time. We'll walk through the key elements of incredible customer service and show you applications for your customers.

Marketing is not a discrete event with a beginning and an end. It is a continuing process, a cycle that becomes a discipline, part of your culture. To develop that culture may take months or even years in your organization, or it may be a very short journey. It will depend on your staff, your

board, your funders, and your community, but most importantly on you, the reader. You will be the one who will have the tools to help the others cross the bridge from your current position to being mission-based *and* market-driven. It's a lot of work, but well worth it for your organization, your community, and the people you serve.

## A. A COMPETITIVE, ALWAYS WIRED, WORLD

Throughout the not-for-profit community, the tide is has been changing for the past decade. And, like tides, the changes at first are barely noticeable, and more evident on some parts of the shoreline than others. But once the tide changes, the momentum is reversed and the outcome is irreversible. The forces at play are too big, too powerful, too global to resist.

In the not-for profit world, the tide has changed and the trend is inexorably, irreversibly moving toward competition, toward freer markets, and away from monopolies and restricted markets. Governments, particularly at the state and local levels, have discovered that competition works in the not-for-profit world, and that freeing up this part of the economy produces lower cost and better services just like in other sectors. And, like other transitions from a restricted market to a free market, it always produces a market shake-out: some organizations don't survive because they cannot adjust and compete. Will your organization be a competitor or a footnote in history?

I need to digress here for a moment. At the same time (1960–1990) that we were spending trillions of dollars fighting and ultimately winning the Cold War to keep the world safe for democracy and capitalism (or was it capitalism and democracy?), we prevented our not-for-profit sector from benefiting from the open market. We had one of each kind of human services or arts entity in each community and kept others out by not funding them.

❑ **FOR EXAMPLE:** Look at how we name our not-for-profits: The Adams County Mental Health Center, Springfield Chamber Orchestra, Denver Association of Retarded Citizens, Sacramento Animal Shelter. In our very names, we declare a geographic monopoly for these groups and local donors, and then the United Ways and other funding entities keep out competition under the excuse of “duplication of service.”

When you think about it, this is not only incredible, it's also very patronizing and demeaning to the not-for-profits' staff and boards. It says, “We know you are nice folks, but you aren't very good managers and so you can't play by the same rules we do (the free market). But we need your services, so we'll protect you.”

In fact, in all of the major not-for-profit arenas—the arts, research,

the environment, human services, education, religion, and associations—only three areas are completely unfettered by this shackle of restricted markets: religion, private (usually higher) education, and associations. We see the best example of diverse organizations meeting the diverse needs of the population connected with places of worship. With no restrictions on size, location, theology, or services, religion has become a truly diversified “industry,” with an order and denomination (or “flavor” as my minister puts it) for everyone. Churches, temples, synagogues, and mosques are free to compete, and many choices have evolved, but not in the arts or in most human services, where most of the government money is spent. These groups are protected, and at a high price. And the good news (for some) and the bad news (for others) is the same: this protection is eroding as governments, stuck in a perpetual budget crunch, try to find new methods of paying for the increasing demand for social and educational services.

Part of this evolution has shown up in the outsourcing or privatizing of traditional government services, such as prisons or even public schools. As that action has become more and more accepted, funders have taken another look at how they currently fund the original “outsourcers,” not-for-profit groups. The funders have realized that they can get more for less by allowing competition to enter previously sacrosanct areas and, as long as their standards for quality are high, that it should be a win-win-win situation.

□ **FOR EXAMPLE:** In Texas, the entire Welfare-to-Work initiative was taken away from government and their not-for-profit subcontractors and awarded (on a competitive bid) to Lockheed Martin, over a huge hue and cry that a for-profit would not be sympathetic. After the first three years of the project, the customers (the people going from welfare to work) were hugely satisfied with the program and the services they received. In Massachusetts, providers of services to adults with disabilities used to get calls from the state saying, “We are going to send you George (or Nancy or Bob)” as a client. Just because the organization was there, as long as they did satisfactory work, they got more people to care for. Not any more. Since 1995 the organizations must bid against other not-for-profit providers to demonstrate both their service and financial competitiveness to “receive” the client. In Indiana, for-profit providers of residential services are required to bid against not-for-profits.

□ **FOR EXAMPLE:** The federal government, long a bastion of continuing contracts, is now bidding more and more work, particularly in the human service area. They are looking more at outcomes than at process, and are allowing for-profits and not-for-profits to bid on work that used to be set aside solely for not-for-profits.

❑ **FOR EXAMPLE:** Ask any development officer of any organization whether the fund-raising arena is more or less competitive, more or less outcome-based, more or less driven by the needs and wants of the funder. Their answer will be a resounding “YES!” I recently saw an article that noted that the ratio of corporate dollars applied for to those granted went from 1,500:1 in 1985 to 13,000:1 in 1995, and over 25,000:1 in 1999. Certainly the foundation staff that I know are deluged with applications from types of organizations that they had not even heard of five years ago.

This trend, from a taxpayer’s view, and a donor’s view, is good. We get more services, often of better quality, usually for less money. But from the viewpoint of your not-for-profit, how does it look? Scary? Exciting? Dangerous? Like an opportunity?

Probably some of each. If your organization is not market-driven, not ready for competition, probably the danger and fear are predominant. Hopefully, by reading this book and applying the ideas and techniques you will find here, you can turn the adversity into opportunity, and improve your organization’s mission capability. And here’s a note of optimism. You are already competing, and doing it successfully in some arenas. You probably just haven’t noticed, or been willing to admit it! More on that in the coming chapters as well.

## **B. WHO THIS BOOK IS WRITTEN FOR**

This book is written for the management and board members of not-for-profit organizations of all types. Whether your organization is in human services, environmental protection, the arts, education, religion, or an association, this book has something for you.

Your organization needs to be more market-oriented and, for many entities, that requires a culture change. Such changes are initiated only at the board and senior management level. And, changes of such importance need to be coached consistently over time to take hold. They need to be coached by those same board members and senior staff.

But, such cultural change will not be successful unless everyone in the culture adopts the new ideas, the new philosophy. As you will read over and over, marketing and competition are *team* sports, and when one person doesn’t play well the entire team loses. Thus it is essential that the key ideas in this book be transmitted to the entire team. As a former staff member, executive director, and board member of local, state, and national not-for-profits, I try to provide ideas for all levels of your organization, not just for the executive director, or solely for the board. I believe that a strong marketing effort is put forth by a team—one of line staff, senior management,

boards, and volunteers—since the more people that can see the ideas here, the easier and faster it will be to implement them.

The book is designed to give you practical advice on how to move your organization as an entire team toward a market-based philosophy. To help you, I have included dozens of real-world examples (which can be found by looking for the “☐ FOR EXAMPLE” tag), and specific applications for you to apply, in some cases, the same day you read them (which can be found by looking for the “☞ HANDS-ON” tag). At the end of each chapter, there is also a list of “**Discussion Questions**” that focus on the key points of the chapter. These questions are intended to help you generate discussion about the important issues raised in the book, and to provide a team forum to help you decide which ideas you can use right away, which will take some time, and which may not be appropriate for your organization.

***NOTE:** There is also another tool available for you to help implement the ideas in this book: The Mission-Based Marketing Workbook and CD-ROM, which is available from John Wiley & Sons. The workbook is full of self-assessments, checklists, and action ideas for you to use as you work to realize your organizational marketing ambitions.*

### C. THE BENEFITS OF READING THIS BOOK

By buying and reading this book, I know that you are making an investment of time and money. So what are the benefits of that investment? What will accrue to your organization? *I guarantee that you will get at least the following benefits from this book:*

- An understanding of why marketing is so crucial to being a mission-based organization.
- An understanding of why marketing is so important to your continued competitiveness.
- A new insight on what the marketing cycle is and how your existing and future services and customers fit into it.
- A series of methods to help you and your staff treat everyone like a customer.
- A clear understanding of the difference between needs and wants, which is crucial to a competitive organization.
- Ways to incorporate marketing concepts into your web site.
- Ways to utilize technology in producing better, more targeted marketing materials.
- Ways to incorporate e-mail into your marketing, communications, and inquiry efforts.

- Knowledge about the best ways to develop and conduct surveys and focus groups.
- An understanding of how and why to write a marketing plan.
- An understanding of why marketing principles are so important to better fund-raising.
- New insights on ways to improve your marketing materials and focus them on your many markets.
- An understanding, perhaps for the very first time, of who your markets really are.
- A list of ways to provide excellent customer service.
- Ideas on how to get your board and staff involved on your marketing team.

By the time you finish reading this book you should have an excellent hands-on understanding of marketing, competition, and your role on the marketing team.

To get the most from this book, or from any management text, I strongly recommend that you read it as a team of board and staff. By team reading and team application, there is a much higher likelihood that the ideas included here will get implemented. That is why I have included the **Discussion Questions** at the end of each chapter. Have your staff read the book, and then use the questions to generate a healthy discussion. Also at the end of each chapter is a list of online resources that were current as of the date of publication. Finally, remember the potential for implementation from the *Mission-Based Marketing Workbook and CD-ROM* discussed earlier.

## D. PREVIEW OF THE BOOK

So now you know why you need to read this book, and what benefits will accrue to you because of your investment of time and money. But what is in the book? Let's look at how the book is constructed and then at a brief summary of the chapters.

I have split the book into two major areas. The first four chapters are really about philosophy and getting you to change your ideas about the intersection of marketing, competition, and your not-for-profit mission. These chapters contain the big concepts, as well as some hands-on ideas for initiating needed changes in your organization.

Beginning with Chapter 5, we get into the more technical aspects of marketing and competition, including your markets, your competition, using technology, ways to ask, methods of improving your marketing materials, customer service, and developing a marketing plan. These seven chap-

ters are the “how-to” part of the book, where I offer specific ideas to help you embrace the concepts provided in the first five chapters.

Let’s look at the chapters in more detail.

## **Chapter 1: Introduction**

This chapter provides an overview, a method of getting the most from the book, and some focus for you on marketing and competition.

## **Chapter 2: Marketing: The Competitive Edge**

In this chapter, we will review why good, consistent marketing is a competitive edge. We will first review the six characteristics of not-for-profits that are truly competitive. You will see that competitive organizations consistently meet customers’ *wants*, not just their *needs*. You will get your first ideas on how to treat everyone (including your funders) like valued customers. We’ll also take an initial look at how your organization can be better than your competition. Finally, we’ll explore why marketing is truly a team effort and show you some ways to bring everyone in your organization onto that team.

## **Chapter 3: Being Mission-Based *and* Market-Driven**

At some point your organization will be faced with a dilemma: Follow the mission or follow the market. What do you do? This chapter will deal with ways to decide what the best path is for your organization as well as for your own personal ethics and values. The chapter will cover how to move with the markets, but maintain your mission. I’ll also show you how to delineate and then use core values to make staying on track easier. Another challenge is, how do you bring the rest of the staff and board along for the ride? This chapter will cover that by giving you some tools to motivate the staff and board, and will reiterate the six mission benefits of becoming and remaining market-based and customer-oriented. Also included are some suggestions for how to settle into the marketing culture for the long term.

## **Chapter 4: Being Flexible and Changing with the Market**

Flexibility is the key to marketing and competitive success. The wants of your markets will change—in unpredictable ways and not always on your schedule. This chapter will show you why you need to stay flexible, provide some examples of the pace of changes in the market, show you seven workable methods of becoming a change agent in your organization, and iden-



tify the ways that you can retain your organizational flexibility in the right-now environment.

## **Chapter 5: The Marketing Cycle for a Not-for-Profit**

The cycle for marketing is endless, and it starts at a place that may surprise you. This chapter will show you in detail the proper sequence for marketing, and will also go through the marketing cycle of competitors. Additionally, we will review what may be the biggest barrier standing in your way to becoming a competitive marketer: the marketing disability of most not-for-profit staff.

## **Chapter 6: Who Are Your Markets?**

In order to serve the many markets of your organization, you need to first know who they are. This chapter will walk you through the surprising process of market identification, and then will show you how to segment those markets to decide which ones you want to pursue most avidly. Once that is accomplished it will then be time for you to select and focus on target markets. The discussion here will show you how. You will see that you can use this technique in both the provision of mission, and in your fund-raising activities. Finally, we'll make sure that you, your staff, and your board all understand why all of your markets (even your funders) should be treated like valued customers.

## **Chapter 7: Who Are Your Competitors?**

The flip side of identifying your markets is to identify who is going after those markets—other than you. This is already occurring in fund-raising, volunteer recruitment, and hiring of good staff. How do you compete? You start by looking at your competition. This chapter will show you how to identify and continually monitor your competition. Then, we will review ways for you to focus on your core competencies so that you can successfully compete.

## **Chapter 8: Asking Your Markets What They Want**

You need to give your markets what they want, within the constraints of your mission and marketing strategies. But you can't know what they want until you ask them. This chapter will cover asking in detail, including surveys, focus groups, informal asking (and common mistakes), and what to do after you ask. We'll talk about asking online, and how to ask your cus-

tomers for key information about your competitors. Finally, you'll learn critical ideas on what to do *after* you ask.

## **Chapter 9: Better Marketing Materials**

With as many markets as you have, it makes little sense to have one or two pieces of marketing material. It makes even less sense to have those marketing pieces focus on your services rather than on your customers' problems. This chapter will show you some specific ideas on how to improve your marketing material, seven things to include in your material, seven things to *avoid* in your material, ways to customize your materials for various markets, and how to use the latest (inexpensive) technology to develop very focused and very inexpensive marketing materials.

## **Chapter 10: Technology and Marketing**

Technology has affected everything we do, and this includes marketing. I'll show you some ways that your peer organizations have utilized technology to find markets, meet the wants of their markets, and save money and time in doing so. We'll also cover some online issues such as improving your web site, asking customers online, and providing an online newsletter.

## **Chapter 11: Incredible Customer Service**

When you have attracted people to your organization, whether as employees, volunteers, or to utilize your services, you need to keep them. To do that, you need to employ top-notch customer service methods. This chapter will reiterate the three core rules of customer service, show you how to empower all your staff to solve customers' problems *now*, help you instill the necessary attitude of what I term "compassionate urgency," provide you eight ways to do better customer contact, and show you tried and true methods of turning your customers into referral sources.

## **Chapter 12: A Marketing Planning Process**

Like other key functions, marketing should be planned, with strategies, goals, and objectives. This chapter will show you how to develop your marketing team, plan your asking, target your marketing, and utilize the best current marketing planning software, and it will provide an outline that you can use as you develop your organization's marketing plan.

## Chapter 13: Resources for Marketing

If you are serious about becoming a market-driven yet mission-based marketer, this book can get you started, but you will undoubtedly need to have more information, more tools, more specific help in particular areas. That's why I've included a chapter with lots of resources for you. Here, I've included information on books, software, publications, organizations, and web sites that can help you boost your marketing effort starting today.

### RECAP

In this initial chapter, you have had your first exposure to the more competitive, more wired, always online world that your not-for-profit is entering. We have discussed the ways to get the most from the remainder of the book, and previewed the chapters for you.

There is no question that marketing and competition go hand-in-hand. If you don't know who your customers are, how can you find out what they want? If you don't know what they want, how can you attract and keep them as customers? And you fail the competitive test without customers!

The challenge for you is to bring your organizational culture, which for a variety of valid historical reasons may have less than a fully focused marketing worldview, into a world where such an outlook is critical—essential to success and to survival.