

**CHAPTER 1**

# Fundraising in a Challenging Economic Environment



**After reading this chapter, you will be able to:**

- Understand the new environment for giving.
- Take immediate steps to shore up your fundraising programs.
- Identify the Top 10 campaign mistakes and how to avoid them.
- Create a more efficient advancement operation.

## **A New Environment for Philanthropy**

Suddenly things have gotten a lot tougher in the fundraising business. What began as a credit crisis on Wall Street has become a full-fledged global recession. Investment scandals have rocked the foundation world. Nonprofits have begun searching for new ways to make budgets stretch further, to do more with less, and to maximize their return on investment.

Many organizations already in campaign mode are finding their momentum has slowed down, either because people are not giving at all or because donors who are still loyal are making smaller gifts. Some campaigns are slashing staff and budgets. Some organizations are pushing back campaign timetables to wait

## Fundraising in a Challenging Economic Environment

for better times. What can you do to strengthen your campaign and find the support your organization needs in tough times?

This book is a guide to help you develop a strategic approach to fundraising in a weak economy. In this chapter, you will find out how to tell if your campaign is in trouble, what short-term steps you can take to stem your losses, and how to avoid the Top 10 campaign mistakes. The final section of this chapter guides you on how to make the advancement operation more efficient, including some ideas for cutting costs.

The chapters that follow will help you take stock of the current environment for giving, take steps to help your fundraising programs over the long term, and retool your campaign with new strategies to take advantage of current economic and market realities.

### **Fundraising Angst**

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Historically, overall charitable giving has tended to weather the ups and downs of the stock market fairly well. In an article dated November 25, 2008, the *Wall Street Journal* notes: “In the past, charitable giving has tended to withstand economic turmoil.”

The article then goes on to explain, however, why this downturn is different, explaining that foundations are seeing hard times: “. . . some foundations are cutting budgets by up to 20 percent or borrowing . . . to fulfill multiyear commitments,” says Steven Gunderson, president and CEO of the Council on Foundations.

The news about corporate giving is not any better: “Many corporate funders are really going to be putting a freeze on any sort of new commitments and new initiatives,” says Melissa Berman, president of Rockefeller Philanthropy Advisers.

All of this bad news is producing fundraising angst among charities and advancement professionals. Given the startling devaluation of assets in the markets over the past year, a loss of donors should hardly be a surprise. We can predict longer term issues, too: If a donor’s asset levels drop, the donor’s gift size will most likely drop.

## A New Environment for Philanthropy

To quote Maurice R. “Hank” Greenberg, the former chairman of AIG, whose Starr Foundation assets suffered a 50 percent decline, falling to \$1.5 billion from about \$3 billion over the past two years: “You can’t give what you haven’t got” (“Charitable Gifts from Corporations Fall Amid Slump,” published in the *Wall Street Journal*, November 25, 2008).



### IN THE REAL WORLD

## “The Outlook is Grim”

*The Chronicle of Philanthropy* reported on December 15, 2008, that “the outlook is grim for many charities now entering the final weeks of the year when giving normally increases sharply. . . . In a *Chronicle* spot-check of donations to 35 charities, 28 organizations said that giving is flat or down this calendar year, and 10 are reporting declines of 10 percent or more.”

*The Wall Street Journal* quoted a survey released by the Center on Philanthropy at Indiana University in an article dated December 22, 2008, (“After Madoff, Donors Grow Wary of Giving”): “. . . almost 94 percent of nonprofit professionals reported that the economy is having a ‘negative’ or ‘very negative’ effect on fundraising.”

Most individuals give out of income (as opposed to giving out of assets) for annual gifts and small capital gifts, which might provide hope for giving in a time when investments have taken the brunt of the drop in market value. However, now it appears that smaller gifts made from income will be affected, too, as middle and lower income donors lose their jobs or find their income declining. For these donors, we will have to wait and see how the economic winds blow to determine whether they will still be making charitable gifts, even in small amounts.

There are a few optimists, including Robert F. Sharpe Jr., president of the Sharpe Group, a fundraising firm in Memphis. Quoted in the *New York Times*, Mr. Sharpe pointed to historical trends showing that philanthropy has remained strong in past recessions and even during the Great Depression. “Just about any way you look at it, the Depression was one of the best periods for charitable

## Fundraising in a Challenging Economic Environment

fundraising,” Mr. Sharpe told the *Times* (November 11, 2008) in “Bracing for Lean Times Ahead.” The *New York Times* article goes on to discuss the opinions of Patrick M. Rooney of the Center on Philanthropy at Indiana University, who also sounds fairly bullish on giving:

The most reliable indicator of individual giving was Standard & Poor’s 500 stock index, with a 100-point jump translating into an additional \$1.5 billion of philanthropy from people who report donations on tax forms. “It works just the same way on the downside,” Rooney said, predicting that individual giving will drop far less than the financial markets have fallen.

While we can hope for the best, unfortunately, the current economic woes have hit fundraisers with a double whammy. Key assets that might have shored up a donor’s financial health in earlier recessions, such as real estate and investments, have declined precipitously. At the same time, current income and job stability have been affected negatively in industries across the world. We do not really know how donors will respond over the long term to the current economic environment, because this economic downturn is the first one that involves a global economy.



### KEY CONCEPT

We are entering an unprecedented period of global economic recession when past giving patterns may not be predictive of future giving.

Some nonprofits also face formidable issues from financial threats that reach beyond fundraising. Many nonprofits receive a portion of their annual income from their endowments (funds where the principal has been invested and only a portion of the interest income is spent each year). Because investment values have fallen, institutional endowments are down, meaning that the income from endowments will also fall. Many of our organizations rely on endowment income to balance our budgets, and with this source of income down, cuts will have to be made in other areas.

## A New Environment for Philanthropy



## IN THE REAL WORLD

## Losses in Endowment Values

Many nonprofit institutions have suffered huge losses in their endowments. The *Wall Street Journal* reports:

Donors may have reason to be concerned. Aside from the losses allegedly sustained by nonprofits in the Madoff mess, foundation endowments nationwide have lost 30 percent of their value, or about \$200 billion, since the Dow Jones Industrial Average peaked in October 2007, according to the Council on Foundations, a trade group based in Alexandria, Virginia. Yale University, for example, recently estimated its endowment, which holds many illiquid assets such as real estate and private-equity investments, has fallen 25 percent since June 30. The school, higher education's second-richest, said its endowment now stands at about \$17 billion, down from \$22.9 billion on June 30.

"After Madoff, Donors Grow Wary of Giving,"  
*Wall Street Journal*, December 22, 2008

Other sources of dependable income may also be affected as families absorb financial losses. Private school tuition may prove difficult for many families to afford. Patients who lose health care benefits may be unable to afford medical care, putting our health care institutions at a greater risk. Providing funding support for the arts and cultural sector may come to be viewed as a lower priority than supporting those sectors viewed as necessary, such as education, housing, crime prevention, and health services.

Meanwhile, the services that our nonprofits provide are being taxed with increased demand. Food banks and shelters are already experiencing longer lines and a growth in clientele. Universities are seeking to increase scholarship funds to meet increased student and family need. Government cuts in many programs have increased the demand for private support of services such as community health care, job training, and early childhood education.

## Fundraising in a Challenging Economic Environment

The problems we face are real. This economic downturn is affecting our institutions differently than previous downturns. We are all facing serious threats to the financial stability of our nonprofit organizations and finding fewer places to turn to meet our needs. The purpose of this book is to give you some strategies for dealing with the downturn by repositioning your organization, creating plans to sustain giving, and focusing on new strategies for getting your campaign back on track.

### **Is Your Campaign in Trouble?**

The purpose of this book is to help you and your organization weather the storm. To learn how your campaign stacks up, take the quiz in Exhibit 1.1. If yours is a troubled campaign, the ideas presented in this book should help you rebuild your fundraising efforts, restructure your campaign, and regain momentum. If you are considering launching a campaign, you can learn how to avoid the pitfalls described here.

#### **EXHIBIT 1.1**

### **Is Your Campaign in Trouble?**

Answer the following questions with a yes or no response. Give one point for a “yes” answer and two points for a “no” answer. Add up your points and check the key on the following page to see where your campaign ranks.

1. Has your campaign raised less money in the past six months than in the six-month period preceding that?
2. Has the number of solicitation calls made each month declined over the past six months?
3. Are your volunteers beginning to delay making calls, fearing rejection?
4. Are your prospects telling you that they are giving to other needs that are more pressing than yours?
5. Have you given up on ever getting your top gift level met?
6. Have you begun to think about dropping the levels for donor recognition?

## Take Immediate Steps to Shore up Your Fundraising Programs

7. Are your campaign leaders burned out?
8. Is your case feeling stale when you make it to prospects?
9. Have you run out of new prospects?
10. Do you often feel like you want to look for a new job?

**Key:**

**10 to 12 points:** You might need a new job, but read this book first. Your campaign is in big trouble.

**13 to 16 points:** Your campaign might succeed if you change the way you are doing things. Hold that resume.

**17 to 20 points:** Maybe you should write a book. Your campaign is doing well and you can teach others how to hold up their end in fundraising.

If your campaign is in trouble, you are not alone, so do not take the problems personally. Even in good times, campaigns run into problems. Issues revolving around timing, donor recognition, and sight-raising plague most campaigns. The solutions to these problems can be applied to help your campaign move forward, even in a tough environment.

There are a number of ways that advancement professionals can influence the direction of their fundraising outcomes. It is important to realize that longer term strategies to fix a stalled campaign take time to identify, test, and implement. In this book, we present a strategic and long-term approach to retooling your campaign. There may be short-term steps to take first, however, before you begin addressing your campaign challenges.

## Take Immediate Steps to Shore up Your Fundraising Programs

While you undertake the in-depth analysis that is required to rebuild your campaign (see Chapter 2), there are some immediate steps you can take to shore up your fundraising. Consider implementing some or all of these options right away:

## Fundraising in a Challenging Economic Environment

- 1. *Do not hit the panic button.*** We do not know how deep and how long this recession will be. Take a deep breath and make some plans to help your institution get through this period with the best possible outcomes.
- 2. *Tighten up your case.*** Your donors need to know how important your programs and services are. Back up your case with new statistics and show how the current economic situation is affecting your programs as you meet increased needs.
- 3. *Stretch out your timetable.*** If you are in a campaign, add another six months to a year to the timetable. Offer donors longer pledge periods if their jobs have been affected by the crisis. Reevaluate timing on big asks for the moment. Even wealthy donors feel poor when their assets drop by 30 percent or more.
- 4. *Focus on the annual fund.*** Keep unrestricted funds for operations coming in so your institution's cash flow is healthy, and focus on keeping donors. Just getting all of last year's donors to give at the same level this year should be considered a victory.
- 5. *Improve communications.*** Keep communications open inside and outside your institution. Inform donors about how the changes in the economy are affecting you and those you serve. Consider brief e-mail updates, web conferencing, or other crisis communication techniques.
- 6. *Strengthen your planned giving program.*** Donors might not be able to give large gifts out of current assets, but bequests and trusts are options they can implement while hanging on to their assets for now.
- 7. *Do not fire the advancement staff.*** This is the time when your organization needs loyal, hard-working people who will stay on top of the situation. Advancement professionals should keep their profile high to earn the trust of those around them. Make the advancement office part of the solution, not part of the problem.
- 8. *Keep in touch with top level prospects and donors.*** It may be that some of your top prospects and donors are not able to make new gifts or even pay



## Take Immediate Steps to Shore up Your Fundraising Programs

on pledges, due to financial losses. Work with them individually, and do not forget that what goes around comes around. When the economy improves, donors will remember who stood by their side.

### **Employ Crisis Management Techniques**

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In many ways, navigating through the current fundraising situation is like working through a crisis. Your first steps must be to open communication channels, to keep staff focused on the work at hand, and to prevent panic by remaining calm and in control.

Keeping the organization together, or basic organizational survival, is the second step in crisis management. Organizational survival may call for taking some immediate tough measures. If you are involved in these decisions, take the lead by pushing for a quick summary analysis of the fiscal situation before any action is taken.

Your chief financial officer should help determine where your organization stands financially. If you are working in advancement, you can help by providing adjustments to projections for campaign revenue, annual fund receipts, and other ongoing giving programs. Perhaps in addition to a decline in fundraising, there are other departments that have had trouble meeting budgeted goals.

Find out how deep and how fast cuts have to be made just to keep your doors open. Then take stock, plan for some measures for survival, and communicate them across the board to all of your constituents. Measures for survival might include taking tough actions to staunch losses. Here are some ideas for immediate measures to take across the entire organization:

- Freeze open positions to help cut costs.
- Halt new construction and movement on new programs.
- Cut back or delete the annual raise pool.
- Fall back on cash reserves or other sources of income held in reserve.
- Move to increase earned income wherever possible.

## Fundraising in a Challenging Economic Environment

The third phase of crisis management, after shoring up the survival of the organization, is to make new long-term plans for the organization. This may include small or large changes to the structure, staffing, and goals of the organization. The end result after this phase may be an organization that does not look exactly like what you started with.

Your job in advancement is to absorb these changes into your own department's outlook and to determine how they affect fundraising outreach, planning, and staffing. Then you must find ways to communicate the changes to your outside constituents, especially in your campaign. The campaign's needs, goals, and timetable may all change as the organization changes. The flexibility to think ahead and plan for new challenges is exactly the skill needed for fundraising professionals who want to succeed in this difficult environment.

### **Take a Hard Look at Your Campaign**

After you have implemented some of the immediate fundraising recommendations discussed previously, take a hard look at your campaign. This may require taking a short campaign time-out. You will need time to analyze and review campaign results, assess changes in campaign structure and timing, and to identify and cultivate new prospects.

The first step in fixing a broken or stalled campaign is to learn what went wrong. The external environment is difficult, granted, but that only means that you cannot afford to make any errors. The current fundraising environment is not going to grant you any room for mistakes.

There are many mistakes common to campaigns all over the country that can delay or hurt your fundraising progress. We will take a brief look at the 10 most common of these in this section and offer some ideas on how to correct them (see Exhibit 1.2). Later chapters of this book will give you a more detailed outline for how to analyze your campaign, what to fix, and how to build on your strengths.

## Take a Hard Look at Your Campaign

**EXHIBIT 1.2**

## The Top 10 Campaign Mistakes

1. Not asking for a large enough leadership gift at the top of the gift table.
2. Not identifying and cultivating enough prospects to meet your needs.
3. Weak leadership from board and/or campaign leaders.
4. Asking too soon.
5. Not asking at all.
6. Not closing the solicitation once it has been made.
7. Taking donors for granted once a gift is closed.
8. Going back to the same old donors over and over.
9. Not energizing your constituents at all levels on your behalf.
10. Not developing a strong enough case to show why you need the money.

Let's review the issues raised in Exhibit 1.2 in more detail to understand them better:

**1. *Lowering the leadership gift size.***

Many campaign planners now presume that top level gifts will be smaller than leadership gifts received by the organization in the past. Do not downsize your top gift expectations until they are tried and proven to be too high. With many prospects, we do not know yet which assets have been affected in what manner, so making assumptions could be a mistake. Use enhanced recognition options, gift matches and challenges, or planned giving tools to raise the level of your top gift. It is much easier to raise one large gift in this economy than many small ones! Do not be afraid of asking for more at the top.

**2. *Identifying too few prospects.***

Yes, your campaign will need to identify new prospects. First, make sure that you are treating your current donors well (see mistake 7). Then invest

## Fundraising in a Challenging Economic Environment

in some prospect research techniques, including new ones like electronic prospect screening. Do not dismiss older, more personal methods of screening, like holding screening and rating sessions with supporters. Carry a prospect list with you to all meetings and ask donors to review it—you can never tell when someone close to you will have a connection to a distant prospect.

### **3. *Weak board or campaign leadership.***

Now is the time for board and campaign leaders to stand up and be counted. Your leaders need to take charge by addressing key financial issues, cutting back if necessary, and taking part in the reassessment of your campaign. This also means ensuring they give to their level of capability and continuing to ask them to open the door to others who can give. Make your board members part of the solution—inform them, involve them, and give them important tasks to do.

### **4. *Asking too soon.***

Some organizations have a short-term approach to cultivation and campaign giving. They roll through prospect lists like a steamroller, extracting the gifts that are easily available and balking at donors with more complex demands. Take time to cultivate. There is a better chance of getting a higher gift level if the prospect truly understands your needs. Do not rush large gifts. It may be more important to wait and get a big gift next year than to close a small one right now.

### **5. *Not asking at all.***

We have all seen campaigns that never get to the point. A prospect is cultivated, cultivated, and cultivated without an ask ever being made. This is not respectful to the needs of the organization, to the volunteers, or even to the donor. Decide when enough is enough, and cut to the chase. Making an ask can be tough, but spending all that time and money on a prospect with nothing to show for it is just not productive.

## Take a Hard Look at Your Campaign

### **6. *Weak closing skills.***

Work with your volunteers, staff, and executive director/CEO on their skills, especially in asking for and closing a gift. Too many solicitors lose their focus during the last segment of a solicitation call and fail to get a gift closed. There are real techniques to learn here, so plan a workshop or do role playing to bring everyone up to speed. You have invested so much in getting a prospect to the point of an ask, do not let your staff or volunteers fail when it comes time to close the gift.

### **7. *Taking donors for granted.***

We have included a whole section on donor stewardship in this book (see Chapter 3). Treating current donors well means more than writing a thank-you letter. Keep your donors informed and involved, and they will keep giving back. It costs much less to return to a prior donor for a gift than it does to find, cultivate, and solicit a new prospect. Implement a strong stewardship program and it will pay you back many times over.

### **8. *Going back to the same old donors.***

See mistake 2 on page 11. If you are only soliciting prior donors, your organization will die on the vine. New constituents are the lifeblood of any organization. If you cannot figure out how to reach new groups, consider developing a partnership with another organization in your community that has the kind of audience you would like to reach. Offer to trade lists, to combine asks, or to develop programs together to cement your partnership. Be creative about outreach to younger donors; try social networking or viral campaigns to broaden your base.

### **9. *Not energizing constituents.***

If your campaign needs are truly urgent, your constituents at all levels need to share that sense of urgency. Create energy for your campaign by harnessing new electronic communication methods like interactive web sites and social networking, develop public events to showcase your services, and create a new PR plan to build support for your cause. Find ways to

## Fundraising in a Challenging Economic Environment

get people talking about your organization and create a buzz. Study the Obama campaign's strategy of building a broad, energized base of support through regular e-mail communication. Ask your supporters to do something to help your cause, such as watching a video, forwarding a message to friends, or making a small donation.

### **10. *Presenting a fuzzy case.***

It can be surprising how weak some campaigns are when it comes to making their case. "Because we need it," is not a case. "We are doing good work," is not a case. Make sure that your case answers questions like these: Why should I give? What are the needs I can give to? How urgent are these needs? What will happen if I do not give now? What impact will my gift have? Spend more time sharpening your case to stand out in the crowd and you will improve your fundraising results exponentially.

Each of these points represents key areas of campaign knowledge that will be developed further in the chapters that follow. You will learn specific techniques and tips, and see examples of how to counter problems like those identified above. Now it is time to plan a time-out so that you can get started on the analysis and planning effort that will help get your campaign back on track.

### **Take Time Out while You Plan**

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Putting things on hold in the middle of a campaign runs against basic fundraising instincts. Momentum is the heart of a strong campaign, and taking a decision to slow the momentum seems counterintuitive. Your gifts have probably slowed considerably already or your campaign would not be in a slump. There are good reasons for taking a short time-out from the campaign to get things in order.

The first step toward restarting the stalled campaign is to conduct or commission an in-depth analysis of funds raised to date (see Chapter 2 for specifics).

## Take a Hard Look at Your Campaign

Movement forward from this point should be based on a set of strategies to be developed using the results of the campaign analysis. To keep pushing now, without the proper plan in place, will not help the outcome improve.

There are several reasons for calling a campaign time-out when fundraising results begin to slow down. It is very important when the going gets tough that advancement professionals work smarter, not harder. Pushing ahead against a brick wall will simply exhaust everyone and burn out staff and volunteers alike.

The campaign time-out can last any amount of time you need, from two months to two years. Three to six months is probably a good range to consider. Calling a campaign time-out offers the following benefits:

- Additional time to focus on campaign analysis.
- Additional time to develop new strategies.
- Time for longer term planning such as campus planning or facility planning to identify future needs.
- Time to allow donors to take stock of their finances.
- Time for prospects to reassess their giving strategies, especially foundations and corporations that have suffered significant losses in annual giving budgets.
- Time to work with your board and volunteers on new campaign strategies.
- Time to identify and cultivate new prospects.
- Time to reassess the advancement budget and staff and downsize if needed.



### KEY CONCEPT

Taking a campaign time-out will allow you the time needed to identify and implement new strategies to put your campaign back on track.

## Fundraising in a Challenging Economic Environment

Be sure to include your board and senior administration in your decision to take a campaign time-out. Board and campaign leaders may have mixed reactions to hitting the pause button. Some may feel that momentum will be lost or crucial dollars missed out on by not continuing aggressive action in the campaign.

The truth is that if your campaign is lagging, it has already lost its momentum. If dollars are not coming in at the desired level to meet your stated needs, you already have a stalled campaign. Pretending it is not so will not help the situation. The best response is to stop, identify the issues, determine how to address them, and then develop a plan to reinvigorate the campaign.



### TIPS AND TECHNIQUES

## How to Talk to Your Board about a Campaign Time-Out

- Line up your arguments ahead of time. Do not make them up as you go.
- Use facts, such as decreased participation levels or decreased gift sizes, to shore up your argument.
- Ask board members to talk about their experiences with other campaigns across your community. Yours is hardly the only organization affected by sluggish results.
- Explain how you will use the time-out: to analyze your results to date, to identify strengths and weaknesses in your campaign, and to come back with new strategies for this environment.
- Set a specific time frame, such as eight weeks, for the time-out period.
- Involve your campaign leaders in the answer: Suggest that the board and campaign leadership hold a retreat after the campaign analysis has been concluded. Present them with a summary of the analysis and ask them to help you formulate strategies to turn around the campaign.
- Share information fully, even bad information. Your board and administrative management will trust you if they always hear the whole truth from you. Do not hide bad results—use them as a reason to stop, analyze, and strategize.



## **Improving Advancement Efficiency: Campaign Staffing and Budgets**

### **Advancing in the Face of Downsizing**

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It is not always a good strategic move to make cuts to the advancement team. In the long run, cutting the advancement operation will hurt the entire organization if fewer resources are raised for all as a result. As all experienced development people know: *It takes money to raise money.*

How can you make the case for spending on advancement? Try to mount a good rationale for keeping (or even increasing) advancement resources by taking the lead in conversations about the economy, sharing knowledge about the funding community, and providing a plan for how to move forward. Create a table that shows the historic relationship between dollars spent on advancement and dollars raised over the past 5 to 10 years. Keep visible with senior level managers and board members. Make them look to you for answers. Become indispensable as the interpreter of what is happening externally to those who are struggling internally.

Know and defend your cost per dollar raised. In many campaigns, the cost per dollar raised is surprisingly low; many independent schools, community nonprofits, and museums spend from 3 cents to 10 cents per dollar on their campaign activities. At universities, which often have larger and more sophisticated fundraising teams, the average cost runs between 10 cents and 20 cents for every dollar raised. Use good data from your own organization to help make a strong case that investment now will pay off for the organization later.

### **Review Advancement Staff and Budget**

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There is no question that the challenges of the current economic environment will pressure nonprofits to cut overhead. In the long run, this is not always a bad thing. Staff members get added, programs become more complex, and goals are set higher in good times. It is only natural to expect that the pendulum will swing back. But how can you still run your campaign with less staff and/or a smaller budget?

## Fundraising in a Challenging Economic Environment

There are many ways to keep a campaign going on limited resources. Some of these ideas may even strengthen your campaign. Let us review some methods for saving money that can be effective in any campaign right away.

### ***Methods for Cutting Campaign Costs:***

- 1. *Stop printing campaign brochures.*** Buy pocket folders, attach your logo to the front as a sticker, and fill it with materials created in-house and copies of local PR articles describing your organization. Donors will be thrilled to see that their gifts are not being spent on fancy printed materials.
- 2. *Develop a PowerPoint presentation that can be used in solicitations.*** Make one great presentation and add video and music to help tell your story. Then personalize the presentation for each major campaign ask. Burn it onto a CD and leave it behind after a call, so the prospect can show it to his family or to his trustees.
- 3. *Move more campaign information to your web site.*** Create a campaign page, or a whole new campaign web site with a link to your home page. Add a video showing the most recent campaign event. Put up blueprints, stories about gifts made, and profiles of the users of your services. Then start directing traffic to the web site by referring to it in all of your materials.
- 4. *Bring down the cost of campaign events.*** Think smaller, as in intimate cultivation events for four or five couples hosted by volunteers at their homes. Ask the hosts to help out by paying for the expenses. Tap corporate volunteers for the use of their boardrooms for local campaign events. Ask volunteers to pay for their own travel to out of town events.
- 5. *Cut back on travel.*** Many out of town donors will respond to e-mail, phone calls, and even the rare personal letter. Think about ways to hold down the cost for events out of town, like using a donor's club instead of a restaurant for a gathering. Do not stay in expensive hotels; instead, look up an old friend or even a donor you like and ask to use their guest bedroom.

## Improving Advancement Efficiency

- 6. *Ask volunteers to do more.*** Volunteers can be difficult to manage, but those who care about your organization's success are worth their weight in gold. Teach them new skills, bring them into your planning meetings, and keep them active on your side. You will need them.

**KEY CONCEPT**

Try outsourcing selected campaign functions to lower the overhead and cut back on the number of full-time staff.

Outsourcing works well for industry because it saves on benefits, keeps the business from paying its staff through downturns, and provides expertise only when it is needed. Consider doing the same thing with some of your campaign staffing functions. These are areas that can be outsourced while still preserving quality and functionality:

- ***Prospect research:*** Researchers are most valuable at the beginning of the campaign and when retooling in the middle. Keeping a full-time research office open through the ups and downs of the entire campaign timeline may not be necessary. Research skills can be bought by the hour from consultants or from moonlighting specialists working for another nonprofit.
- ***Direct mail:*** Direct mail has become so specialized that hiring a consultant who does this work full-time will usually produce better results than bringing it in-house. Find an experienced firm or ask your peers who they use.
- ***Proposal writing:*** Many advancement pros prize their proposal writing skills, but this is one area where a skilled outsider can deliver high quality work efficiently. Either a consultant or a part-timer can fill this need while you go see prospects. And you only need to pay them when you need a proposal.

## Fundraising in a Challenging Economic Environment

- ***Volunteer training and management:*** Volunteers become more useful as budgets tighten, but they often need training and oversight. Use your campaign consultant to do this task, or better yet, find an experienced volunteer and pay her part-time to work with her peers.
- ***Planned giving:*** Try working with one of the large national planned giving consulting groups. They supply everything from printed newsletters to web site links that feature interactive giving planners. And you do not have to worry that they might not know the law—these people are the experts.
- ***Event planning:*** Campaign events can be a huge time suck, and they often distract from important cultivation and solicitation activities. Consider hiring an event planner or ask an experienced volunteer to manage events for you.

### **Work Smarter, Not Harder**

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The addition of outside experts allows you to focus on what you and your staff do best, which should be representing your organization in the best possible way to prospects and donors. Personal time spent with prospects is even more important now that you need every supporter on board. Use your time wisely by developing strategies, building relationships, and keeping major donors in the fold, rather than spending days in the office doing research or writing. Identify the major functions that can be moved away from full-time staff and focus on making the best use of the staff you have.

### **Summary**

We do not know for how long the economy will remain in a recession, but certainly it provides challenges for the immediate future. You will want to re-focus your campaign by developing new strategies to help your organization move forward in the face of a difficult environment. Employ some of the

## Summary

short-term techniques presented here for dealing with the crisis, and then take a time-out to plan for an overall strategic approach.

You can help your institution weather the storm by becoming familiar with the Top 10 campaign mistakes and learning how to avoid them. Plan with your board and staff members to take a campaign time-out while you correct mistakes and develop strategies to improve your fundraising results.

Learn how to make a strong case for spending on the advancement enterprise. While it still takes money to raise money, you can make your advancement operation more efficient by cutting costs and outsourcing selected staff functions.

Tough times call for more flexibility in your approach to problem-solving. Think creatively, draw on the creative energy of your staff, and use this as a period to try out new ideas. Embrace change, and both your attitude and your ability to work with those around you will improve.

