

Introduction

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Overview

Return on investment; social enterprise; social marketing; competitive environment; social networks; market-based pricing; managed care—these terms are now nearly ubiquitous in the literature of the nonprofit world. But what do they mean to your mission, your staff, your board, and the people whom your nonprofit serves? Just as importantly, how does your organization react, respond, innovate, and, yes, *prosper* in an increasingly competitive and rapid-response environment?

And then there is technology: How do you find the people you need to find (like donors, volunteers, great employees) when some are online, some aren't, some are avid fans of social networking or texting, and some hardly check their e-mail once a week? If marketing is about meeting wants (and it is), the challenge of meeting technology wants (what I call *techspectations*) can, in itself, be overwhelming. But, if you aren't meeting those expectations, you are leaving huge and important age cohorts on the sidelines.

Since the second edition of *Mission-Based Marketing* was published in 2003, a great deal has changed, and yet the core issues and skills of marketing for a nonprofit have remained the same. There is more acceptance of nonprofit advertising, and of nonprofits using business skills to pursue their mission. There is the increasingly quick advance of technology in all facets of our lives. For certain things, such as printing your own marketing materials, it has reduced costs drastically; in other areas, such as maintaining an appealing and mission-valuable web site, it has increased costs in time, money, and the skill sets you need on staff. And, of course, there is increased competition for everything: good staff, good volunteers, donated dollars and goods, and, most importantly, grants, contracts, and people to serve.

As I write this, the world is (hopefully) starting to come out of the deepest financial crisis since the Great Depression. Thousands of nonprofits in North America have already closed, or are on the cusp of closing. Human services organizations are faced with unprecedented demand while funding from foundations, corporations, individuals, and governments has fallen. Arts organizations, on the other hand, are faced with too much capacity, as demand for tickets, classes, and the like have fallen simultaneously with outside funding. It's a hard time for all nonprofits—perhaps the worst of times.

On the other hand, legions of younger people have been raised in a volunteering culture, businesses are concerned about social impact in their community, and technology enables us to cobble together groups of supporters from all over the globe in a ridiculously short amount of time. The 2008 U.S. presidential campaign showed us all the incredible potential of large numbers of small donations, and the financial crisis we all face gives us a once-in-a-generation opportunity to reshape our organizations to focus on what we do best. Perhaps it's the best of times?

So, how should your nonprofit respond and move forward? Of course, you should always start with your mission. It's the reason your organization exists, and it's the most valuable asset you have in marketing. You also need to look at your values. While the mission is why your nonprofit exists, your values show you how you go about pursuing that mission. This is true in service provision, internal management, and, of course, marketing.

That's where we'll start, but there's much more in the following pages. I will show you how to react, respond, and reshape your organization into one that prospers using the best practices in today's nonprofit 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 all your customers what they want and trying your best to give it to them.

In my writing, lectures, and keynotes, I repeatedly contend that the skill of marketing is the most important business skill you can have to improve your mission capability and output. Many people are uncomfortable with the concept of marketing in a nonprofit 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. Here's the first takeaway of the book: Good marketing in a nonprofit is good stewardship, because good marketing enables more effective mission provision. Read on; I'll show you how to make this a reality in your organization.

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 marketing frame of mind that will keep you doing more and better mission for many years to come. 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 many and varied 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 Competitive and Always-Online World

Throughout the nonprofit community, the tide has been changing for the past decade. And, like tides, the changes are barely noticeable at first, and are 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 nonprofit arena, just as in the rest of the world, the tide has changed and the trend is inexorably, irreversibly moving toward two things: more competition and ubiquitous technology. These two facts, both individually and in combination, are reshaping the way nonprofits do their work at every level, and make the need for rethinking your marketing more important than ever. Let's look at each separately, and then talk about what their combined weight will mean to your future.

Competition

This is not as new as it may seem at first glance. Your nonprofit has always competed—for the best staff, for great board members, for donated dollars. But more and more, you're also competing for people to serve. This is the result of two things: an increase in the raw number of nonprofits (particularly in the United States) and a change in funders' philosophy about our sector. Obviously, the more nonprofits there are, the more organizations there are needing boards, non-governing volunteers, funding, and staff. The issue of a change in funders' philosophy and its implications is a little more complicated.

Governments and foundations have come to the conclusion that competition works in the nonprofit world, and that freeing up this part of the economy produces lower-cost and better services just as in other sectors. And, as with other transitions from a restricted market to a free market, it always produces a market shakeout: Some organizations don't survive because they cannot adjust and compete.

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 nonprofit sector from benefiting from the open market. We had one of each kind of human services, or arts, or recreation nonprofit in each community and kept others out by not funding them.



FOR EXAMPLE: Look at how we name our nonprofits: The Adams County Mental Health Center, Roanoke Symphony Orchestra, Denver Association of Retarded Citizens, Sacramento Animal Shelter. In our very names we declared a geographic monopoly for these groups and local donors, and then the United Ways and other funding entities kept out competition (by not funding other organizations), using the excuse of “duplication of services.” ■

When you think about it, this is not only incredible, it's also very patronizing and demeaning to the nonprofits' 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." It also resulted (sometimes) in less efficient and less flexible organizations getting funded.

In fact, in all of the major nonprofit arenas—the arts, research, the environment, human services, education, religion, and associations—only three areas were completely unfettered by this shackle of restricted markets: religion, private (usually higher) education, and associations. We see the best example of diverse organizations trying all kinds of ways to meet the diverse needs of the population in 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 naturally evolved (no pun intended). Not so in the arts or in most human services, where most of the government money is spent. These groups have been, and in some cases still 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 charter schools. As that action has become more and more accepted, funders have taken another look at how they currently fund the original “outsourcers”—nonprofit 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: The federal government, long a bastion of continuing contracts, is now bidding most of its work annually, particularly in the human services area. They are looking more at outcomes than at process, and are allowing for-profits and nonprofits to bid on work that used to be set aside solely for nonprofits. ■



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 than it was 15 or 20 years ago. 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 13,000:1 in 1995, to over 25,000:1 in 1999, and to nearly 50,000:1

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by 2008. 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 or a donor's view, is good. We get more services, often of better quality, and usually for less money. And, competition should result in better mission on all fronts. But from the viewpoint of your nonprofit today, how does it look? Scary? Exciting? Dangerous? Like an opportunity? Probably a little of each.

One more note on the issue of competition before we tackle technology: Some funders, notably foundations and United Ways, and some academics in nonprofit management, have argued that there are too many nonprofits, that nonprofits that have similar mission should merge, and that, in general, we should consolidate the sector.

I could not disagree more.

I know I just told you that there's more competition, and that funders have found that services are better. But, it seems that with so many people knocking at the funders' doors, some have now looked out and said, "There are too many of you . . . go away." I am sure you've heard that history repeats itself. It is true here, too.

Let me tell you why forced consolidation is a *bad, bad, bad* idea. First, who among the funders can tell me how many nonprofits is enough? Which startup charity would they tell to close down? How can they tell which new organization will be the next Kiva, or the next Tom's Shoes, or the next Susan Komen Foundation, and which won't?



FOR EXAMPLE: In the late 1970s, most existing low-income housing organizations *tut-tutted* the ridiculous idea of low-income residents helping build their own houses; and besides, they said, "We're already providing low-income housing services. This new group would surely reduce resources for everyone by sucking up much-needed funding. It should not be supported."

The nonprofit in question, of course, is still with us, and wildly successful. The world would be poorer without Habitat for Humanity, not richer. ■

Can you imagine a government telling Burger King or Hardees that there are too many fast-food restaurants, and that they should merge with McDonald's? Or Lowe's with Home Depot? Neither can I. But the situation is the same. With two home improvement stores in our community, we reduce the profits of each, stretch the resources of both, and—oh, yes—increase choice for the consumer, create jobs, and push both organizations to do better. Hmmm, and this is a bad thing?

New nonprofits push existing ones to make their case to donors with more passion, to provide new services, and to pay more attention to their communities and the people they serve. In marketing terms, by having competition, existing organizations need to stay in touch with their markets and give them more of what they want. This is a *good* thing, not a bad one.

Are some mergers and consolidations good in nonprofits? Of course, but only if *the nonprofits* decide they are, not some outside funder or government.

So, competition is good for mission—hard, exciting, and nerve-racking, but good for mission. Now, let's look at our second trend, technology.

Technology

Let's start with the takeaway here: It is my passionate belief that the future of philanthropy is in the successful merger of mission and technology. This does not mean that we won't still hug people or read to second graders or counsel face to face. What it does mean is that nonprofits that do not *embrace technology for mission* will be less effective than they can be, and will perhaps fail.

Note that I said *embrace* technology. Not *accept* technology, not *use* technology, but rather wholeheartedly *embrace* technology for mission.

Nowhere is this more important than in marketing for your nonprofit. If you don't have an awesome web site, if you can't accept donations or guide people to volunteer opportunities online, if people can't deeply educate themselves about your organization's mission at your web site, or find out about careers in your organization online, you are excluding millions of people who will not, repeat *not, ever* pick up the phone or a piece of printed material. Good tech and good marketing go hand in hand in your nonprofit, and that's why we'll spend a whole chapter on technology.

More on both of these trends later, but let's revisit our initial metaphor: The tides have changed, and we need to adapt to the flow or perish. If your organization is not market driven, not ready for competition, not tech savvy, then these trends probably result in deep concern, as well they should. 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.

Who This Book Is Written For

This book is written for the management and board members of nonprofit 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. And, if you want to promote your mission, hire better staff, get terrific volunteers, engage your community, provide better mission, increase your donations, and recruit and retain the best board members, this book will show you how.

Your organization needs to be more market driven, 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. Like so many other key facets of your nonprofit, good marketing needs to be led by example.

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 in the following pages, marketing is a *team* sport, 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 nonprofits, I try to provide ideas for all levels of your organization, not just for the executive director/CEO, 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 there are who 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 a 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 of the following chapters, 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.

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 an effective mission-based organization

- An understanding of why marketing is so important to your continued competitiveness in every aspect of your nonprofit
- 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 valued customer
- A clear understanding of the difference between needs and wants, which is crucial to a successful mission-based organization
- Ways to embrace technology in your marketing efforts at all levels of the organization
- 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 more successful development efforts
- New insights on ways to improve your marketing materials (both paper and electronic) 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. With 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 the remaining chapters. Have your staff read the book, and then use the questions to generate a healthy discussion. Use their ideas to improve your efforts at all levels of the organization.

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 nonprofit 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 eight chapters are the “how-to” part of the book, where I offer specific ideas to help you embrace the concepts provided in the first four chapters. Let’s look at the chapters in more detail.

Chapter 1: Introduction

The present introductory chapter provides an overview, a method of getting the most from the book, and some focus for you on key nonprofit trends affecting your marketing efforts.

Chapter 2: Marketing: A Key to Better Mission

In this chapter, we will review why good, consistent marketing is a mission imperative. We will first review the seven characteristics of nonprofits that are truly market driven. You will see that market-focused 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 is the best path 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 to 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 Innovating 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 identify the ways that you can retain your organizational flexibility in the right-now environment.

Chapter 5: The Marketing Cycle for a Nonprofit

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 nonprofit staff and boards.

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 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 both in 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 flipside 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 customers 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 just 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

If you need to embrace technology for mission, you certainly need to push your use of tech in marketing to the absolute limit. This chapter will show you how, starting with your web site and including discussion of online asking and social networking. Finally, since tech changes so quickly, I'll give you some great resources to use to keep current.

Chapter 11: Incredible Customer Service

When you have attracted people to your organization, whether as employees, volunteers, or consumers of 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 with 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.

Recap

In this initial chapter, you have had your first exposure to the more competitive, always-online world in which your nonprofit serves. We have discussed ways of getting the most from the remainder of the book, and previewed the chapters for you.

There is no question that marketing and mission 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? The same holds true for staff, board, donors, and community support. You can't do much mission without them, and good marketing is the key to improving in these areas as well.

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 mission success and to organizational survival.

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