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## C H A P T E R O N E

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# Percentage-of-Sales Fundraiser

Percentage-of-sales (POS) programs with businesses are one of the more common and lucrative types of fundraisers. They're especially popular in October during Breast Cancer Awareness Month. During "Pinktober," some of the largest companies in the United States donate to breast cancer charities when consumers purchase specially marked products.

The percentage or portion of sales donated to charity varies by company and promotion, but the dollars can really add up. Although McDonald's donates just a penny from the sale of each Happy Meal, it raises millions of dollars for the Ronald McDonald House Charities, an independent nonprofit organization that provides a homelike environment for families with critically ill or injured children who must travel to receive health care.

With over 34,000 locations worldwide, McDonald's sells a lot of Happy Meals! Your business partner may not span the globe like McDonald's does, but a well-executed POS program of just about any size will make you smile.

### **BOSTON BAKES FOR BREAST CANCER**

Carol Brownman Sneider never wanted her daughter to go through what she and her mother went through.

Carol was 16 when she lost her mother to breast cancer. It was the 1970s and people didn't openly talk about cancer. They called it

## PERCENTAGE-OF-SALES FUNDRAISER



**FIGURE 1.1**

Boston Bakes for Breast Cancer

Source: Courtesy of Boston Bakes for Breast Cancer.

the “C” word. No one talked about it, including Carol’s mother. She struggled and suffered in silence.

Carol wanted something different for her daughter and for every woman. In 1999, she started Boston Bakes for Breast Cancer.

Every spring, Carol canvases Greater Boston asking restaurants, bakeries, and cafes to choose a featured dessert from which 100 percent of the proceeds benefit Boston Bakes. See Figure 1.1.

“A small business can only have so much of an impact by itself,” said Carol. “Boston Bakes allows them to join nearly 300 other small businesses in a large program that’s having a real impact.”

To date, Boston Bakes has raised \$1.75 million for its Boston charity partner the Dana-Farber Cancer Institute.

## HOW IT WORKS IN 1-2-3

1. Working with your business partner, identify a product or service from which you’ll receive a percentage or portion of sales.

### THINGS TO REMEMBER

2. Determine the percentage or portion you'll receive and for how long. It's also smart to set a maximum donation. For example, a local salon will donate \$5 (up to a total donation of \$500) from each haircut for the next three Saturdays.
3. Set an end date for the program and another date for when you can expect an accounting of donations and a check from the business owner.

### THINGS TO REMEMBER

- To drive donations, choose a product or service that will be popular with customers. It should be one of the business's signature offerings. Every business knows what does and doesn't sell. Make sure you're getting a percentage from what does.
- The business is responsible for tracking sales of the item from which you'll receive a percentage. Depending on the business, you can ask for reports and spreadsheets of sales activity. With most small businesses, however, you'll have to trust the business owner and take his word for it.
- It's a good idea to cap your donation at a certain amount, especially if this is your first program together. Working with your business partner you can choose a total donation that is fair and generous. For example, during October, a bakery may agree to donate 50 cents from the sale of each blueberry muffin—a customer favorite—to a maximum donation of \$250.
- Many businesses will agree to a minimum donation in case the percentage offered is too low or the product or service doesn't sell as expected. Our baker in the preceding point, for instance, may agree to donate \$200 regardless of how many muffins are sold.
- Be clear to customers and supporters on how much will be donated from each sale, and who will get the money. How much of a portion of the purchase price will be donated?

## PERCENTAGE-OF-SALES FUNDRAISER

To which organizations will the money be given? You want your fundraiser to be positive and successful, and not the latest example of bad fundraising practices.

- After the program, carefully review the results with your business partner. Did customers respond favorably to it? Did the business owner notice an uptick in business because of it? Was the dollar amount too low? Do you need to adjust the percentage received from each sale, or increase the maximum donation?

### Transparency Should Be a Key Feature of Your Fundraiser

The fact that Breast Cancer Awareness Month is the most popular time of year for business fundraisers also makes it a lightning rod for critics that complain that these programs aren't transparent enough for consumers.

In the fall of 2011, the New York Attorney General issued guidelines entitled "Five Best Practices for Transparent Cause Marketing." (As I explained in the introduction, "cause marketing" is another term for "fundraising with businesses.") The practices include:

- **Clearly describe the promotion.** Explain which charity is benefiting from the program, how much they will receive, what consumers must do to trigger the donation and the minimum donation, if there is one. You should also include a start and end date for the promotion.
- **Be open about how much is being donated.** The guidelines suggest a donation label with this information.
- **Tell people what they need to know.** Is the company making a flat donation instead of a donation for each

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**STEAL THESE IDEAS!**

sale? Does the campaign have a cap, a maximum the business will donate?

- **There are no exceptions.** Transparency should extend to any online fundraising promotions as well. Traditional and digital campaigns should be equally transparent.
- **Tell the public how much was raised.** With all the digital tools we have access to these days, trying isn't good enough. Use offline and online media to let people know how much each fundraiser raised.

Following these guidelines will ensure that consumers stay focused on raising money for your organization, instead of raising questions about the legitimacy of your efforts.

**STEAL THESE IDEAS!**

1. You can create a percentage-of-sale program with *anything*. I've seen the program done with donuts, massages, and even rented spaces in a parking garage. Use your imagination and let your partner's generosity be your guide. Contemporary dance company Trey McIntyre Project partnered with a Boise-based tavern to raise funds from drinks named after dancers in the company. Get creative!
2. Combine a percentage-of-sale fundraiser with another fundraising idea from this book. For example, you can include a pinup or coin canister fundraiser to complement the campaign.
3. Avoid making the program overly complicated. When consumers are searching for products or services you only have a few seconds to connect with them. If they don't quickly understand the offer and how they can help, they'll most likely pass on it.

#### **PERCENTAGE-OF-SALES FUNDRAISER**

4. Copy Boston Bakes and recruit a group of similar businesses from which you can ask for a percentage. There's efficiency in having more businesses involved in the same effort, not to mention the added visibility and money you'll generate. In this case, bigger is better.

#### **FOR MORE INFORMATION**



You can see more examples of percentage-of-sales programs by visiting <http://fwb40.us/15t9kvJ> or scan the QR code to view them on your smartphone or tablet.