

From Desperation To Opportunity Building A Diverse Donor Base From The Ground Up

By Judy Levine



Diversity has long been a holy grail for nonprofits, particularly in funding.

And never more so than now.

For many nonprofits, the times feel desperate: stories abound of 20%, even 40% cuts, because long-time funders can no longer be counted upon. More is still to come, as New York and other

states prepare to hack away at budget gaps and the flow of Federal stimulus money dries up.

In all the years that Cause Effective has been training nonprofits in fundraising, never has the warning “Don’t keep all your eggs in the same basket” been truer.

But for organizations without a history of diverse support...for those whose constituents, staff and boards are rooted in low-income communities...or whose work is focused on pushing social change...can you get there? How do you get there? And, is it even worthwhile starting on that path in these difficult times?

The answer is, unequivocally, yes. What follows are some of the principles and practices that Cause Effective has found most successful over three decades of helping community-based nonprofits to diversify their funding, and in particular, to draw individual donors to their causes. Woven in are the stories of how two organizations have managed this change with Cause Effective’s support in the past couple of years – St. Nicks Alliance, a 35-year-old community development organization serving Williamsburg and Greenpoint; and the Center for Family Representation (CFR), an 8-year-old law and policy organization that works to strengthen families in crisis.

Where There’s A Will

The first step in broadening your donor base is creating a collective sense of urgency about changing the way you do business – and it starts with the board. No matter what your board composition, you’ve got to bust through board members’ belief that at the end of the day, if they don’t step up to fundraise, someone (namely the executive director) will pick up the slack.

Why insist on this change from the board first? Because fundraising is all about people reaching out to people, and even if your board hasn’t been a “fundraising board,” board members need to be at the heart of creating the new relationships you need. The good news is that board members of all incomes and dispositions can be excellent relationship-builders. Indeed, once the process of fundraising is demystified, many of your heretofore fundraising-

shy board members will discover their talent at being compelling advocates. (And as part of this process, you’ll probably also meet some folks whom you can add to the board to enhance its ability to open new doors.)

But none of this takes place in defiance of the laws of physics. How are you going to overcome inertia, or, for board members, the familiar Path of Least Resistance? To wit: There are many things we ought to do in our busy daily lives, but we pick the things we actually do by weighing factors such as: “What will the consequences be if I don’t do the task at hand?” If the consequences are you’ll be fired from your job, or your 4-year-old kid will be left alone on a NYC street corner – then those tasks vault to the head of the list. But where does that leave fundraising?

If the consequences of doing nothing are that your organization’s executive director or another board member will take up more of the slack – well, it’s clear that item is going to slide lower on the list. Combine that with many board members’ natural inhibitions against “begging for money,” and you can see the challenge of activating board members if fundraising hasn’t historically been part of the board’s expected behavior.

And inertia isn’t limited to the board. Many staff members, understandably, also have an attachment to the status quo – to raising funds from a few comfortable sources that have historically been an easy lift.

If these symptoms sound all too familiar, however, don’t lose hope – because out of desperation comes opportunity.

I don’t need to go into all the reasons why organizations that have relied on single or dual-sector support need to branch out. But a few stand out: meeting general operating needs left short by cuts in government support...the chance to invest in mission-driven opportunities when they arise as opposed to only reacting to government or foundation priorities...creating a new pool of supporters who can be called upon in a pinch to help you meet a newly-emerging need...and, not least of all, the ability to gain access to funders you have yet to meet through connections initiated by a friend-of-a-friend.

So a prerequisite to building a diverse donor base in these times is harnessing that sense of desperation to create a willingness to change. The more specific you can be with your board about what’s at stake – the impact on your mission – the more likely it is they will undertake this transformation.

For the Center for Family Representation, the final push was the fact that their government funding base was shifting and would no longer cover the full costs of their program. Combined with indications that recession-weary foundations were more risk-averse, they decided to take the plunge. “The recession was like

a gun to our heads – it kept us focused on the need to do this,” explained CFR’s Executive Director Sue Jacobs. “It was clear we had to have to have a deeper funding bench to ride it out,”

Willingness comes before faith. If you can create an opening, a sense of “Let’s give it a try...what do we have to lose?” – then you’re ready to get started.

Gather Your Team

The first step is to pull together a diverse group of folks to brainstorm where you might best find new supporters. Sometimes that’s your board fundraising committee with the addition of a few key staff. But if that committee is moribund, or gathers simply to plan events and doesn’t have your organization’s most strategic thinkers on it, you’ll need some new blood.

If your fundraising committee is composed of people who are primarily focused on selling tables and choosing menus, invite the most savvy of them along with some of your smartest board and senior staff members to form the nucleus of an ad hoc, short-term task force. That’s just the start to this group’s make-up, though. The next step is to brainstorm a list of people outside the inner circle.

Why invite outsiders? This process requires a thoughtful assessment of your agency’s place in the world; a nuanced analysis of who might care about you and why; and an out-of-the-box understanding of how you can use the web of connections you’ve established over the years to build new contacts who will eventually lead you to new resources and to a wider circle of “askers.” You want to capture the rolodexes – and thinking caps – of folks who care about your agency, but whom you’ve never put to work helping you reach out. People like donors, volunteers, well-networked community members, even institutional funders who’ve been personal fans – this is a chance for them to help you with advice, without asking them for more money.

St. Nicks Alliance’s 12-member fundraising task force was made up of several long-time board members together with a few new board recruits, some senior staff, a few local business people, and a donor who’d made contributions out of the blue although he was not known to the group. When Michael Rochford, St. Nicks Alliance’s long-time Executive Director, called this donor to thank him, Rochford asked if he’d be interested in joining this committee – and the donor agreed. “You have to have faith that people will be there,” reflects Rochford. “Sometimes it seems rather bleak, that you might not be able to find people who are supporters – but they are out there, and if you find the right ways to get them connected, they will support the work.”

Do people on this task force have to be donors already? Interestingly enough, no...at least not yet. They have to think you do good work, and be willing to think out loud with you about:

- i) who else might be interested in your work;
- ii) why your work would intrigue those people;
- iii) how you’d introduce your agency to these new folks;
- iv) where the relationship might get started; and
- v) what benefits might ultimately result.

Often, after learning more about your agency in these task force meetings – hearing about its impact and its needs – task force members that weren’t donors step forward to provide support,

and also bring in other prospects as well as pro bono resources.

There’s another reason to bring outsiders into this group; they see you through the lens of the general public. Yes, they may be fans (otherwise they wouldn’t have agreed to spend the time); but they’re not so deeply on the inside that they can’t tell it like they really see it. CFR’s group, for instance, told the staff:

“We’re the kind of people you want to reach; and finally, after two hours, we now understand what you do, but you need to deliver that message in a much more succinct way.”

That’s a perception that CFR clearly needed to hear, but wasn’t going to get by sitting around with staff and people who’d been on the board forever. “As a result of this process we got a second layer of people who wanted to help us,” reflects Jacobs, and those new voices articulated a crucial viewpoint that needed to be heard. (And, in fact, someone on CFR’s fundraising task force wrote a check – after the very first meeting – to help underwrite the video the group needed to tell its story in a more compelling way.)



“Friendraising” House Parties played an important role in the Center For Family Representation’s expanded fundraising efforts. Shown here is Executive Director Susan Jacobs (left) with CFR board members and a guest.

Brainstorm The Possibilities

Ideally this brainstorming group will meet 2-3 times. But start with one meeting if that’s all you can get up front. What’s on the agenda?

The first meeting sets the groundwork – why people might support your cause (your “case”) and who might be interested in that case. Keep in mind, your attraction for supporters is not just the good stuff that you do – it’s the perception of value that others have of you. Defining what that value is for different segments of donors and understanding how to communicate it effectively can give you a rich array of pathways to pursue.

Don’t worry too much about individual names at this point – in fact, put them in a lock box for now, because it’s more important to name the types of folks (we call them “markets”) who might be receptive if approached by the right person for the right reason for the right thing. You will encourage more brainstorming by focusing on the characteristics of potential supporters (i.e. retired teachers living on the Upper West Side who have a commitment to

young children) rather than diving into specific people the group thinks of immediately – so don't narrow down your list too soon.

In CFR's case, the list of markets included:

Law firm partners • Women Associates • Board • Staff • Leadership Council • Women's Legal Associations • Women Corporate Lawyers • Women in Finance • Women in Communications • Women in Marketing/ Publishing • Journalists/ writers with time to tell a story • Faith-Based Organizations and Churches • People focused on good government • Corporations that serve women • Student Associations • Politicians and Public Officials • Women's Donor Network • Vendors • Retired Judges • Retired Professionals in the field • Psychiatrists & Psychologists • MDs & RNs • OBGYNs • Pediatricians • Young professionals • Working professional moms • Celebrities • Teachers & Academics • People tied to systemic justice • Fiscal conservatives • Grandparents • 2nd generation parents

When the group brainstorming really gets going, this list invariably covers an entire easel pad sheet and more. The question then becomes: how do we choose the most important of all these potential donor markets since we clearly can't follow up on them all?

To winnow the list down, remember three critical letters:

- **L** – for Linkage (how close they are to the organization or to someone connected to the organization)
- **I** – for Interest (how interested they are in issues related to your mission – they don't have to know about your organization yet, but if they have no interest in children or legal access or social equity you might as well move on to someone who does)
- **A** – for Ability (if they make charitable gifts, how readily they do so, and what kind of capacity they have to give; but note, this factor alone does not make them a ready prospect to give to your organization, as opposed to the nonprofit down the block)

How likely someone is to give and the size of their gift will be in direct proportion to these three criteria.

The next step is to go through this long list of markets and use the general principles of LIA to sort out three levels of priority. Delineate each market as part of either:

The "A" List – we MUST have these folks as donors (how could we hold up our heads if they weren't supporting us?)

The "B" List – these folks are important to our donor development effort; we'd better work toward getting them on board

The "C" List – it would be nice to reach these folks, if there were time

As you might imagine, you'll probably never get to the C's, and even the B's will most likely go onto a "back burner" type of cultivation – sending them a newsletter or invitations to events but not spending a lot of energy on actively developing those connections.

That energy is devoted to securing the A's.

This is how St. Nicks Alliance's listing broke out:

Primary Markets (A's)

Current donors • Board members • Staff members and the people they can reach out to • Business owners involved in the local BID • Professional service providers – lawyers, architects, accountants

• Local developers • Contractors and other vendors • Corporations seeking goodwill in the area • Banks • Small business owners • Local newspaper advertisers • Local newspaper readers • Residents of St. Nicks-developed housing • St. Nicks area homeowners, including new, affluent residents • Young professionals interested in community development issues • Ex staff/board members • Families of clients • Neighborhood artists

Secondary Markets (Other)

Unions • Employers who hire trainees • Ethnic organizations • Local industry outside of the BID • Local retailers, restaurants and bars • Real estate firms • Elected officials • Homebuyer clients • Coop owners • Former clients • Educators

You can see that there's a wealth of prospects to be pursued, once you widen your view from just "people with money" as the primary determinant and start looking for people with connections and likely interest.

Create a Year-Long Donor Development Plan

Now that you know who the likely candidates are, the next step is to develop an annual plan of action that embraces each phase of the development cycle (Identification-Cultivation-Solicitation-Recognition) to build prospect interest, commitment and "readiness."

Just like you put a toe in the water before diving in, prospects have to get introduced to your work and "fall in love" (or at least be pretty darned impressed) before they're going to be ready to make a meaningful gift.

And while of course you'll take a contribution of any size, your ultimate goal is a deliberate decision by a donor to invest in your impact...which you then "pay back" with acknowledgement of the effect of their donation...which leads to a second contribution...and then perhaps to a larger gift...and eventually to that person's becoming an asker themselves.

That sequence moves you toward an ever-widening circle of askers. It also stops your board from getting stuck at the broken-record response of "We've already asked everyone we know." Remember, the key question for your long-term fundraising success is not "Who can we ask for money?" but "Who can we get to ask for us?"

Your plan should include opportunities to: i) introduce your agency to prospects in your target markets; ii) solicit them in a variety of ways once they've "gotten" why your work matters; and iii) recognize their impact in a way that's meaningful to them. Fundraising has to happen year-round, and your plan provides the scaffolding for your agency's day-by-day actions. The plan can also serve to give your board members the courage to get on the bandwagon, notes St. Nicks Alliance's Rochford:

"We'd wanted to encourage the board to be more active in fundraising for years, but had been met with blank stares. No one objected, but no one knew personally how they could go through with that. The plan got the board over that hump – now there was a clear path to doing more direct fundraising."

At St. Nicks Alliance, a more fundraising-savvy board also resulted in board contributions themselves increasing 10-fold (from a nominal total of \$1,000 to a more broad-based total of \$10,000) – a side benefit of "Be the change you wish for..."

Cultivate Through Trusted Messengers

Peer-to-peer is the single most important principle in fundraising, and never more so than in introducing your agency to new donor prospects.

To catch the attention of prospects and penetrate the fog of the 3,000 promotional messages we see each day (between corporate ads and direct mail from other charities), we need trusted messengers.

When you use such a messenger, like a board member (or a benefit committee member, in the case of a special event), a contact of theirs who is a stranger to you is much more likely to pay attention to a cause they might otherwise have overlooked. This means you will need to identify key individuals in each of your core target markets to carry your message to their peers.

This could look like... a board member at a law firm hosting a breakfast for her colleagues in which you talk about the cutting-edge legal issues your organization's work touches on.

Or asking one of your most loyal donors to invite two couples to be their guest at your annual benefit, and sitting an alumnus at their table to spark those newbies' interest in the life-changing impact your organization has.

Or inviting a current funder to present the completion certificates at your ESL graduation (giving people a part in the proceedings is one surefire way to ensure they show up), and asking them to bring along a peer who would meet with you and them afterwards.

All of these involve using a personal connection along with a programmatic hook – in other words, capitalizing on linkage while building interest. The fact is, getting back to L-I-A, that we can't do much about someone's A(bility) – but we can do a lot to build someone's I(nterest) and our L(inkage) to them, and that's what the cultivation phase of the development cycle is all about. For organizations that are building relationships in new markets, using the people they know in those markets to reach out to others is key.

CFR transformed its escorted tours of the NYC court system from an occasional ad hoc activity into a planned, deliberate process of donor development that board members now use to introduce their contacts to the agency's impact: "Before, if we met somebody who seemed interested in us I'd say 'Well maybe you'd like to come to court.' Now, we have dates to do this quarterly and it's much more structured – we know why we are doing these and what we want to get out of them," explains Jacobs. Several new board members joined after such a tour, where they witnessed firsthand the vital nature of CFR's work.

St. Nicks Alliance's board fundraising committee sponsored two "friend-raiser" cocktail parties and asked the staff to put together a community engagement event (the Alliance sponsored a park cleanup which got 200 community members more connected with the agency). In addition, the board took on forming an active benefit committee for the first time, recruiting 18 members who were asked to come to two meetings, purchase tickets, and bring 4 new people to the event. All of this outreach enabled the agency to exceed its benefit's goal by almost 50%, raising \$180,000 despite bleak economic conditions. "Broadening the circle of supporters was the key to changing the direction we were going in," reflects Rochford.

Ask for the Right Thing

Sometimes you don't ask for money right away. Consider asking for something easy to start out with (in-kind resources, advice, expertise) – something that builds a relationship and increases someone's sense of being an investor in your organization, without pulling at their purse strings before they're ready. "The biggest change for us," reflects Jacobs, "was our understanding that the bulk of the work is in building the relationship, and that the smallest part of the effort is the ask, which is always the scariest part."

And remember: ultimately, you are asking – not for a gift, which sounds optional and discretionary – but for an investment in changing lives. You're asking on behalf of your constituents, clients, and community...which deserve the change that your organization's work makes possible. This perspective should embolden you, your board members and other volunteer solicitors – and make broadening your donor base a moral imperative as well as a financial one.

St. Nicks Alliance's staff became so enthused about this process they decided to ramp up the agency's annual program-related Health Walk into a parent- and staff-driven fundraiser, raising \$40,000 to send kids to summer camp. In the same way, once your group gets some early fundraising success and it is clear that these new ways actually pay off, you'll find that a "second layer" of enthusiasts appears and even more ideas flow.

As Sue Jacobs of CFR realized, "I didn't know the path to getting people to connect with this mission who didn't have a natural inclination to do so, but I've discovered that you just have to scratch the surface and it is there. It's completely do-able... although originally I probably thought it was as difficult as learning Chinese."

Building a diversified funding base is obviously more complicated than the simple outline in this article, but these principles should get you started. It may be helpful to use a consultant to shepherd you through the planning stage and move your vision beyond the "usual" and habitual. Consultants can help to recognize your hidden assets as well as keep you on course, especially through your first steps in implementation. (And often board members will listen to consultants in a way that they can't hear the same message from staff.)

But if you don't have access to one don't let that stop you – your mission deserves more money, from a wider range of sources. The steps summarized in this article can start taking you there.

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