

Fund Raising in Challenging Environments

New Kensington Group

April, 2020

The logo for vbcf is a solid red square with the lowercase letters 'vbcf' in white, sans-serif font centered within it.

vbcf

We're Living in Unprecedented Times

- **None of us have ever experienced anything like this before.** Not the market crash of 1987 nor the terrorism of 9/11. We're challenged with a new set of circumstances that evolves by the day or even the hour.
- **You're being pressed to examine everything you've planned,** trying to keep up with the latest guidance, and work with staff, donors, partners, clients, and other stakeholders to navigate the environment. You're likely looking at revising business plans and looking at how you can best anticipate what might be next.
- **I offer a few tips and thoughts ...** like trying to avoid rushed or hasty decisions, engage a broader team in your decision making, and seek the advice of board leadership. While, at the same time, keep your business running to maximize services and revenues.
- **Some donors will retreat; other donors will step up:** You're not wrong to feel nervous during these unsettling times. Some donors are going to pull back on giving for the time being. There will be others who step up to help during a time of extreme need. Your clients may need you more than ever before something that many donors will recognize and do what they can to assist.
- **This will depend on you.** Do your best to stay focused, stay the course and stay calm!
- *Let's review some tips of what to do next as you manage your development program through this pandemic and economic instability ...*

Tips of What to Do

*To leverage your relationships and
philanthropic potential*

1. Stay Focused on the Basics

- **It's no time for mission creep!** Focus on staying true to your core... the outcomes you desire and pursue ... who you serve ... and play to your strengths. You are serving the greater good.
- **Perfect your fundraising fundamentals!**
 - Excellence in stewardship
 - Power of relationships
 - Reliance on your volunteer leadership
- **Analyze your pipeline** – understand your financial picture and what it takes to maximize revenue
- **Use added time to clean up your internal 'machine'**
 - Database audit and review
 - Confirm relationships manager assignments (RM1: staff, RM2: volunteer)
 - Update (or create) stewardship plans

2. Analyze Your Pipeline

- **Run your past and lapsed donor report**

- High to low
- Include 3 years of past giving, assigned R.M.'s, date of past gift, how gift was secured (gala, annual appeal, direct volunteer appeal, etc.)
- Break into four groups:
 1. Multi-year commitment – simply need payment – 100%
 2. Feel 100% confident to renew (and ask for increase?) – 100%
 3. Nervous about renewal (assess % likelihood) – 40 – 80%
 - a. Volunteer r'ship in place
 - b. Strong staff r'ship
 - c. No r'ship
 4. Unlikely to renew -- 0 – 25%

- **Determine next steps for each past donor**

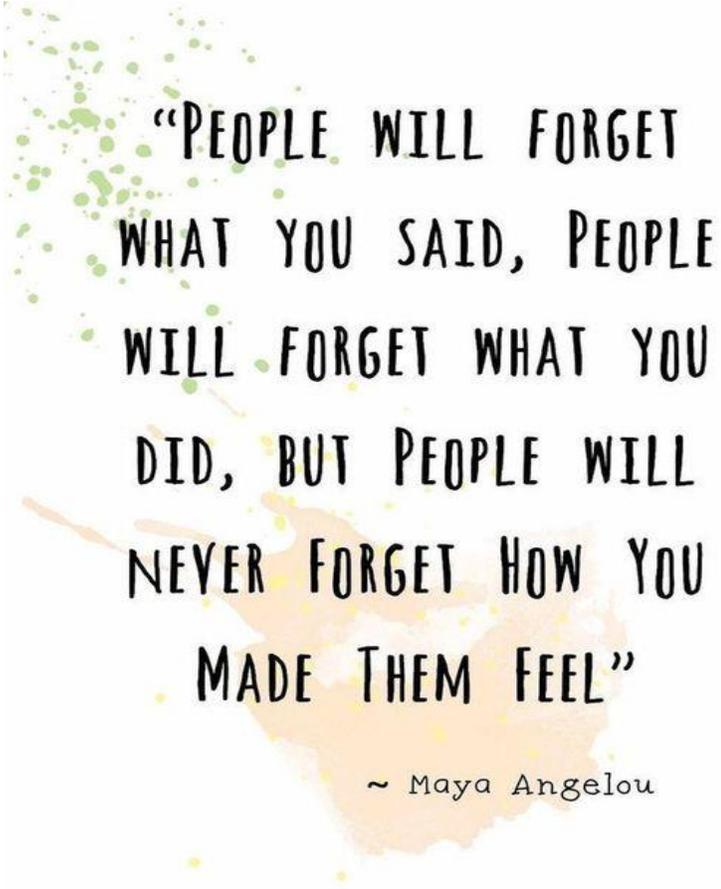
- WHO takes lead
- WHAT is being asked for
- WHERE will you engage and eventually ask (virtual?, wait for in person?, correspondence?)
- WHEN timing of appeal is best
- HOW they'll should be engaged and eventually asked

- **Focus on prospects ONLY where relationships pre-exist between you/volunteer and prospect OR where you've already been in discussion**

➤ **NOTE:** *Do not feel distracted by the crisis or use it as an excuse not to come up with hard numbers and best approach. If you say 'no' for the donor, then the answer is 'no!'*

3. Call, email, or write your closest supporters.

- In uncertain economic times, **donors tend to continue supporting those to whom they are closest** and who they believe need the funds the most.
 - ❖ *Donors who stop supporting specific nonprofits during or after a crisis do so primarily **because they no longer feel connected.***
- ✓ Check in on your donors: **‘How are you doing? Can I help?’**
- ✓ **Thank them** for what they’re making possible for your clients ... critically important given the environment



“PEOPLE WILL FORGET
WHAT YOU SAID, PEOPLE
WILL FORGET WHAT YOU
DID, BUT PEOPLE WILL
NEVER FORGET HOW YOU
MADE THEM FEEL”

~ Maya Angelou

Show empathy and concern for your donors: We have all been impacted by this crisis in some way. Remember that giving is a partnership! Donors want to know that you value them and are concerned about their well-being.

An Example of a Simple 'Check In' Message

Received this morning from Kliptown Youth Program, Johannesburg:

Dear Chuck,

I hope all is well with you and your family, I just wanted to check and see if all is good on your end. Things have been very bad this side with the COVID-19 situation, we've had to suspend all our activities at KYP even the food program. Our President has just proposed a 21 days national lockdown and this will hit hard in all of us more especially the children. Please keep safe yourself and your family.

Regards

Monwabisi (Mo) Baleni

REC response to Covid-19 and Program Updates

March 24th, 2020

Dear Charles,

I hope this finds you and your loved ones healthy and well as we continue to experience this very challenging and evolving situation with the COVID-19 pandemic.

I am reaching out to you with an update about how the REC is working to address the needs of our community in the midst of this crisis. With your support, here are a few steps we are taking to continue our mission and to serve the needs of our community:

First, in response to growing food insecurity in Worcester and in partnership with the [Worcester Regional Food Hub](#), the REC's Mobile Farmers Market is now offering customers who use SNAP (aka Food Stamps) and the [Massachusetts Healthy Incentives Program \(HIP\)](#) pre-packaged bags of fruits and veggies for curbside pickup. We will be using CDC recommended guidelines for safe food handling and have been working with the City of Worcester to ensure the transaction process will help protect the health of staff and customers. SNAP/HIP customers can sign up here: <https://www.recworchester.org/hipshares>.

What can you do? Please share this information with anyone you know who might need it. We currently have a maximum capacity to serve 120 customers each week, but we hope to expand this over time.

Second, we've suspended all in-person youth and volunteer meetings and programming. Staff are in contact with all YouthGROW participants on an ongoing basis to assess their needs and the needs of their families and to offer support and referrals to resources. Youth and adult staff are working remotely with other youth-serving organizations throughout the city to strategize about how youth can play a leadership role in developing and providing community solutions to the crisis. Our Farm Manager, Tom Trepanier, and Farm Mentor, Valeria Nyonkuru, are working hard and utilizing appropriate safety measures to continue to care for thousands of organic seedlings and maintain the YouthGROW farm and hoop house.

What can you do? We are seeking donations to enable us to deliver fresh vegetables and fruit to the homes of YouthGROW families. If you would like to support this effort please donate [here](#). Thank you!

Third, we recognize that access to healthy food is often challenging in normal times for so many in our community but is more challenging now and throughout the current crisis. We are committed to supporting community, home gardens and urban farms as important strategies for accessing healthy food affordably. We are currently in communication with organizations in our region that promote gardening and urban farming and are making plans for how best to offer support to our community to make sure everyone has access to information and resources to grow food safely in the city.

What can you do? Follow the REC on [Facebook](#) and via our [email newsletter](#) where we'll be sharing more information about community gardens and gardening. In the meantime, the [National Gardening Association](#) has a good page about gardening during the pandemic and here are other resources:

[How Newbie Gardeners Can Safely Grow Food On Urban Land](#)
[Growing Gardens in Urban Soils](#)

Finally, we are working with our community partners and the City of Worcester to decide the best course of action for the spring events we have been planning, namely the [31st Annual REC Earth Day Cleanups](#) (scheduled for Saturday, April 18th) and the [REC Spring Garden Festival and Plant Sale](#) (scheduled for Saturday, May 16th). We are so thankful to all the sponsors, partners, and volunteers who are supporting these events. We will communicate with you by email, social media, and on our website about any changes we may need to make due to the current crisis.

We are so grateful for the outpouring of generosity and support we have received during this difficult time. If you would like to support the REC's ongoing work and our efforts to respond to the current crisis, please donate [here](#).

Stay well.

Steve Fischer, Executive Director

Call, email, or write your closest supporters.

- They'll give less to those with whom they lack a deeper affiliation.
- Act now to make sure your closest relationships are the strongest.
- The more you reinforce their loyalty this year, the more you increase your chances of weathering inevitable but unexpected storms in the years ahead.
- Create and share the 'mission moment' – link donor to cause
- (Over) communicate your impact in clear, easy to understand terms
- Remember that donors care about the organizations they support and want to know how this situation is affecting the organization in addition to what is being done to deal with it.
- Long Term: *This is a great reminder that you need a year long '**macro**' and '**micro**' stewardship plan to ensure your communication, engagement and recognition 'touchpoints' are impactful and meaningful.*

Messaging Arc

How these times affect your clients



What innovations you have to implement to continue service



How these times affect your staff



How your financial picture may be affected: some donors may not be able to continue their support while in times like these others step up

4. Continue to schedule meetings

Push out meetings for when you feel the environment will be safer (Later May? Early June?) to get together.

Consider offering donors the opportunity to meet via video conference, rather than in person.

- ✓ Staying in touch continues to be important. Your business must still move forward
 - seek advice
 - ask for their feedback on key approaches and strategies re: activities, vision, strategic plan, etc.

- ✓ With so many cancellations, schedules may have freed up to open up time for your discussion.

- ✓ Consider scheduling a 'State of the Union' virtual convening with your donors.
 - Update on program, adjustments to model, impact on clients, impact on staff, etc.
 - Review plans / vision moving forward
 - Seek advice on 1 – 2 strategic questions
 - Offer two convening times (i.e. different times / days)
 - Follow-up to get reaction and dive deeper on specific questions / ideas

- ✓ Video calls will never be a full replacement (thankfully!) to in-person visits, but they may be a low-cost and impactful supplement.

5. Don't cancel events / meetings, simply postpone them.

- Turning meetings (i.e. board and sub committee) into virtual convenings may be an option, but don't cancel meetings as you need to maintain relationships and keep your business moving forward.
- Postpone fundraising events to new dates later in the year. You want to avoid funders requesting a refund or losing your 'day of giving' opportunities.
 - If you eventually have to convert your event to a virtual event:
 - Remind donors that 100% of their contribution is now tax deductible
 - Create a 'follow-up' tree to prior 'day of' contributors that includes:
 - Donors who have a history of multiple years of support reach out to them directly to encourage their continued generosity
 - Segment your past 'day of' givers based upon those invited by a volunteer vs. those not affiliated with a volunteer. Have the volunteers reach out to their past guests to encourage continued support. For everyone else, divide the names and call each person to encourage continued support. Provide key talking points to highlight why their support is more crucial now given the environment.
- ALSO: To maximize giving from attendees who won't be attending an event, create a 'mission moment,' forward to them, and encourage their financial support
 - Events: how much sponsorship and 'day of' giving can be secured before _____
 - The mission moment could be a video, articulate need but focus on solutions!

6. Does this environment create a funding opportunity?

- Those you serve may be most effected by this interruption in daily life as we know it.
- Would it be advantageous to create a 'focus fund' that enables your organization to provide added resources or services for those who face loss of income or support services?
- Creatively introduce a named giving opportunity, build a fundraising strategy for those closest to you and the broader community, and appeal for support.
- *Caution:* make sure you incorporate this special opportunity with any existing appeals so as to not risk compromising your annual support.
- Does this present an opportunity:
 - to create a spring appeal?
 - to partner with another provider / competitor / collaborator?

Given severe stock market fluctuations, give thought to the psyche of your donor.

7. Keep Donors' Psyche in Mind

APPRECIATED SECURITIES

Donors who traditionally contribute appreciate securities will feel less inclined to participate given market depreciation. If you're in the middle of a capital or special campaign, focus on pledge and defer payment schedules to allow for stock appreciation to occur.

FOUNDATIONS

Community-based foundations and trustee-led foundations will likely be less effected by this environment. They may give more given relative need, but they mostly make distributions based on a three year rolling average, for which you could see the effects in future years.

DONOR ADVISED FUND HOLDERS

Donors who traditionally contribute through their donor advised funds (DAF), will hesitate to make a grant recommendation at this time until the value of their DAF improves. They may still contribute directly but DAF donors may delay making their gifts.

MARKET PERSPECTIVE / MARKET RELIANCE

Know your donors. Donors who have a long term view to the stock market, will likely be less effected by the downturn of the market. Think about your donor: do they live on a fixed income and rely on the market? Do donors have a child going to college next year and face a decreased-value 529 plan?

REMEMBER: You have to keep 'asking,' but please give added thought and preparation as to the right approach related to who asks, the timing of the appeal, the structure of a payment schedule, and the unique role that their support can play in helping you achieve your goals. Negotiate on payments not pledges!

8. Secure a Challenge Grant?

- **INSPIRE CONTINUED SUPPORT:** Turn to your champions to identify a great supporter(s) to provide essential funding to inspire continued and increased support.
- **ACTION ENFORCING DEADLINE:** Add a 'pledge goal' time period to inspire response within this window of time to provide you with the funding needing to ensure you can successfully deliver your services.

9. Event Fundraising: Auctions

Convert silent or live auctions to virtual auctions

- While you may postpone your events to a later date in 2020 or early 2021, consider introducing your auction items to an online tool to market to a national audience versus your few hundred guests.
- Options to consider include:
 - Priceless experiences: charitybuzz.com
 - All experiences: biddingforgood.com
- Encourage volunteers to push the opportunity out to their networks to encourage participation in the auction and/or giving outright contributions to your organization.

10. Plan for the Future

- Times like these are the best reminders as to why less reliance on galas, stronger diversification of revenue sources, multi-year/major gift commitments from institutional and family supporters are critical to your long-term, sustainable success.
- It's never too early to plan for the future. Weather the times now while continuing to lay the foundation for your **sustainable revenue model** of the future.
- Use this time for **introspection and learning** ... what could you be doing differently in the future to better prepare yourself and your organization for tomorrow?
- **Stay positive.** You've built a solid foundation ... which gives you the strength to weather this temporary storm and build upon it for the future.

Grantmaker Encouragements (from Chronicle of Philanthropy)

Remember that most organizations have less than three months of cash on hand and nominal reserves.

Nonprofits will likely face increases in demand for nonprofit services with the accompanying revenue that for-profit businesses could charge. The burden of lost wages will take their toll.

What are donors being encouraged to do to support these organizations now and create the conditions in which more can get through this crisis?

- **Check in with your grantees.** Listen to them and thank them for the essential work they do. Recognize the pressures they are under. Mutual trust and respect are the basis for improving how well we all turn donations into results for our communities. This is a great opportunity to build that trust.
- **Provide unrestricted funding and remove restrictions on existing grants.** Even if your foundation or government agency does not provide unrestricted funding in normal times, remove those restrictions for now. Launching that new program you were excited about is likely less important than keeping the doors open. Your grantees will know better than you what the community needs in this dynamic situation. And paying staff even if attendance drops will be essential to keeping the organization together and to support families who can't afford unemployment.
- **Pay full costs.** Your grantees are in a precarious position because they operate with funding that typically does not pay what it actually takes to provide services. Many cannot build reserves that would allow them to respond and weather this crisis. The best time to upend this dynamic would have been decades ago. The next best time is now.
- **Suspend reporting requirements and evaluative site visits.** Any hour an organization spends filling out donor reports or preparing for donor visits distracts from planning and responding to this crisis. By all means, contact them to show your solidarity and ask how you can support them. And genuinely inquire about how their work is going. But limit the tax you impose on your funding by making them produce information that serves your compliance rules rather than their community.
- **Maintain funding levels.** I know a drop in the stock market is scary for foundation leaders concerned with ensuring their assets exist in the future. Your support during this crisis will be essential to allow many of the organizations you plan to fund in the future, and their dedicated staff, to survive. Remember the 5 percent spending rule is a floor, not a ceiling. The stock market will rebound. The organizations, staff, and communities they serve might not rebound without your support.
- **Mobilize recovery grants.** In the aftermath of the 2001 attacks, New York foundations such as the Ford Foundation, New York Community Trust, and United Way came together with national private and corporate grant makers like the Kresge Foundation, Citibank, JPMorgan Chase, Prudential, and U.S. Trust to set up the New York Recovery Fund. The fund, run by my organization, Nonprofit Finance Fund, channeled crucial grants (averaging \$70,000 and ranging from \$5,000 to 500,000) to affected nonprofits, with a rapid turnaround and quick assessment to determine what losses resulted directly from service disruptions after the terrorist attack. Many were able to bounce back only because of this support.

DAF Holder Encouragements *(from Fidelity Charitable)*

Stay Informed

Philanthropy is
an accelerator

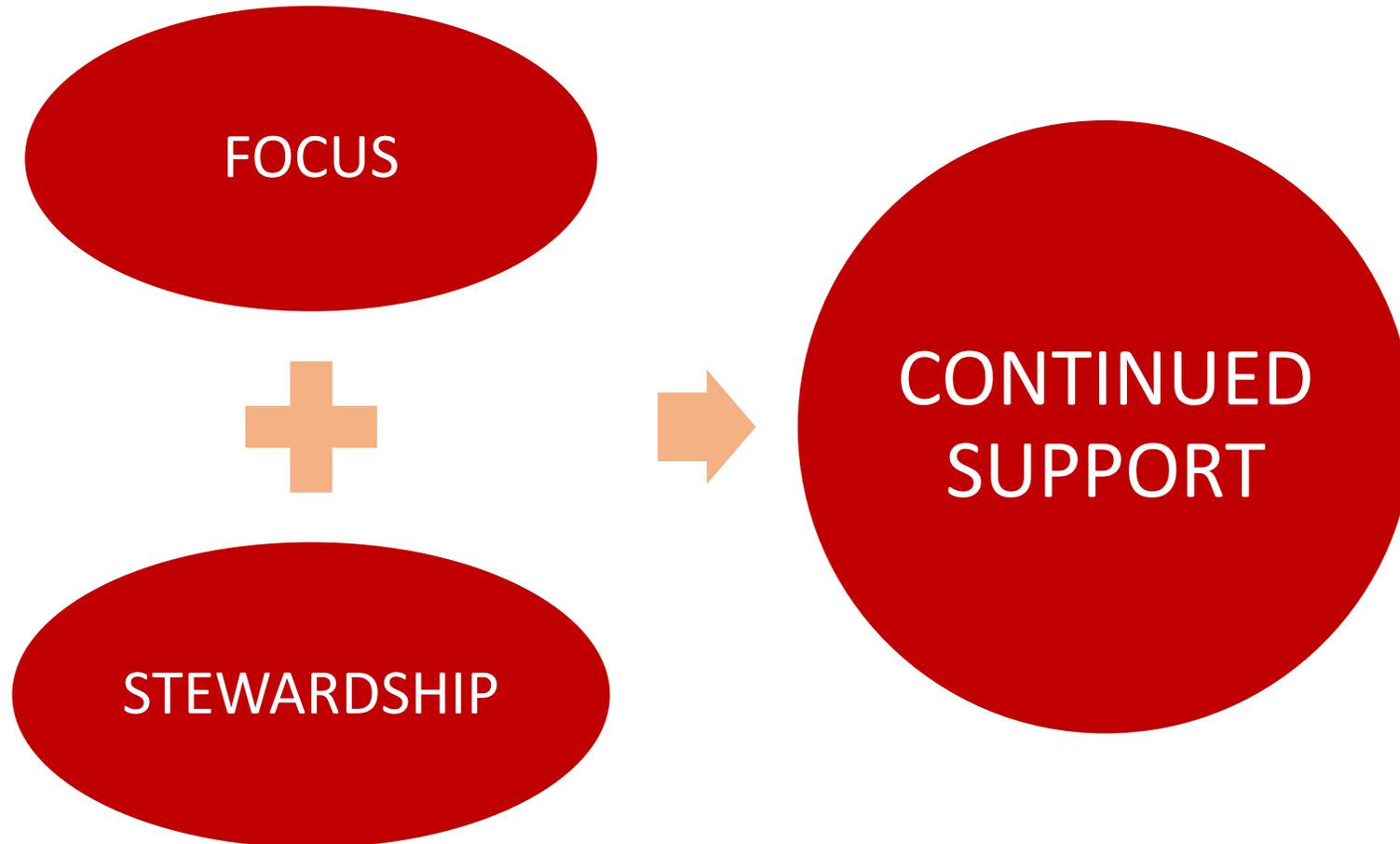
Best Gifts:

- (1) Unrestricted
- (2) Geographic Focused
- (3) Cause Focused

Donate Now

“Donors are funding longer term needs while addressing urgent and immediate needs ... but are still prioritizing longer standing needs.”

In summary ...



Nonprofit organizations that stay the course and keep their stakeholders engaged ultimately emerge from challenging periods successfully.

QUESTIONS?



REMEMBER: You're Not Alone ... Everyone's in the Same Boat ... *Hang in There!*



If you need help navigating this challenging environment, please don't hesitate to call.

THANK YOU!

THANK YOU,

vbcf

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