How to Prepare Your Nonprofit

FOR AN **ECONOMIC RECESSION**

BY RICHARD MALE

During the past several months a sense of panic has settled in about the economy, led by the issues of housing foreclosures, the loss of value in the international and national stock exchanges, and the federal government's economic stimulus package. Most economists are saying we are either close to or already in a recession that could last more than a year.

For nonprofits, these economic worries bring an additional challenge to raising funds. Individual giving is 85 percent of total philanthropic dollars; whether and how much someone gives away depends a great deal on how the individual who is giving the money feels about the economy. Private foundations, too, are feeling the pinch, as most are invested in a decreasing stock market.

So how should nonprofit organizations prepare for this recession if they haven't already done so? What should your contingency plan be if your fundraising results are affected by these economic changes? What can you anticipate and how will you provide leadership to your organization?

Making sure your donors understand what you are doing and feel appreciated for their support will be more important than ever.

Here are 10 tips to help your organization face a not-so-certain future. Not surprisingly, the key is to put even more attention on strengthening your relationships with your donors. And because giving in response to direct mail as well as giving by foundations and corporations are all likely to decline during this time, making sure your donors understand what you are doing and feel appreciated for their support will be more important than ever.

1. Make it personal and stay in touch with your donors. When donors feel insecure about their future they tend to pull back on their donations. One exception to this trend is faith-based giving, where donors are likely to continue giving for another 18 months at the same level as they had been giving prior to a period of financial insecurity. For all other types of organizations, it is important to get closer to your donors by doing such things as calling them by phone to thank and update them, inviting them to tour your building, or having breakfast briefings a few times during the next six months.

2. Don't rely as much on direct mail either for acquiring new donors or for getting relatively new donors to renew their support. Studies suggest that direct mail donations have been either flat or decreasing over the past few years.

3. Expect foundation funding to decrease as foundations' investment portfolios take a hit. Obviously, there are some foundations that will give more than the 5 percent of assets they are required to spend by law. But most foundations will probably decrease the amount they give, and more will be focused on their existing grantees rather than on new organizations.

4. Stay in touch with all your donors more regularly. Create a monthly e-newsletter for all of your donors, friends, and stakeholders that will keep them in touch with what is happening in your organization. Begin to collect as many e-mail addresses as you can.

5. Redefine your major donors downward so you have a larger base of "high touch donors." If you define your major donors now as those who give $500 or more, try to lower the threshold amount to $250 so you will have a larger pool of donors to cultivate and ask in personal ways.

6. Focus more on a "few major donors" and increase the personal time you spend with them. Your best donors could end up being lifesavers who carry you through when times are tough.

7. Rely less on corporate philanthropy and more on corporate sponsorship and marketing dollars. On average, corporations give about 1 percent of pre-tax earnings to philanthropy. This amount might decrease even more during a lagging economy. What is likely to increase is sponsorship and underwriting dollars for your special events.

8. Increase your fundraising capabilities. In particular, consider investing more time and money in your database, attending a workshop or training session, and increasing your development staff. Realize your costs may increase a bit during these times.

9. Increase opportunities for your donor prospects and your donors to become involved. Donors are looking for increased involvement and less checkbook philanthropy. Look for ways they can be active in volunteering, special events, and committee assignments.

10. Develop contingency plans that answer all of the "what if" questions in terms of reduced revenue. Can you use volunteers where staff were functioning in good times? Are there opportunities for board members to play more technical roles? GFJ

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