

Nonprofit 911 – December 2, 2008
Successful Fundraising in Turbulent Times
with Kim Klein
Sponsored by Network for Good

The MP3 audio transcript can be found at
www.fundraising123.org or www.Nonprofit911.org

Kim Klein: I want to start with the economy and just say that I don't think things aren't as bad with the economy as we might imagine.

There's a few things to know about the economy and nonprofits. One general rule is that everything that happens in the economy happens about nine or 10 months later to nonprofits. There are some exceptions, and some of you on the call may be those exceptions.

But some exceptions. Some nonprofits won't experience any downturn in their giving between now and the end of this year. Your giving for 2008 should be strong. If it was strong this year and you had a good program in place, you will be fine.

Again, of course, places of experience are very high or whatever, as much as position. And then it'll take about 8-9 months. The reason for that is because a lot of government programs and so on are already in place in giving. Foundation giving - foundations do their giving, required by law to spend 5% of their assets every year. If they don't - very few figure that out year by year. Most of them figure it out on what's called a rolling five-year average. And they would currently be four years into the five years.

So most foundation gifts will remain the same, giving will remain the same, for at least another six months. And many have announced that they'll remain the same for another couple of years. A few have cut back already, which has been surprising. But that's obviously their prerogative.

Individual giving from the private sector, when we look at foundations and corporations and individuals, individuals are 75% of what is given away in the private sector. And I guess bequests, which is people making arrangements for a charity in their will and then on their death giving the money is the other remaining 10%. So 85% of all the money given away from foundations and corporations and individuals comes from individuals.

Last year, 2007, the total given in the private sector was \$306 billion. So 85% of that was from individuals. Individuals tend to not be very affected by downturns in the economy. In fact, in the last 40 years we've been keeping track of - a group at the University of Indiana called Giving USA has been keeping track of giving for the past 40 years and there's been only one year in which individual giving went down, and that was 1986.

As some of you may recall - that was in 1987. If you'll recall in 1986 the tax code changed, making it much more favorable to give in 1986 than in 1987. So a lot of people just doubled up their giving. That's the only reason.

Otherwise giving has continued to go up. It does go up more slowly, obviously, during recession years. And of course in very deep recessions, with inflation, giving a drop of about 1%. But it's really very minor. They continue to go up, overall it just doesn't go up quite as fast as it did before.

We also know from a number of studies that in recessions, individuals often give more than during economic boom times. They recently had a study showing that right now third of people saying they were going to increase their giving between now and the end of the year. This was a study done in October. And a third said they would stay the same. Another third were uncertain what they would do. Some of the more obvious they were going to have cut.

This is not to trivialize or overlook the very real suffering of the upwards of 10% of Americans who are unemployed. But we still have to keep in mind that with 10% unemployment, that is 90% employment. 90% of people remain employed.

And most gifts that are given, the vast majority of gifts that are given, are given out of income. Most people still have income, that is why giving will not be that affected right now. I appreciate that wealthy people are feeling somewhat less wealthy. Some wealthy people who are a little bit less inclined in this area are reminding others they are about as wealthy as they were in 2003. The market has fallen to where it was then.

So if you were wealthy in 2003, you're not as wealthy as you were six months ago but you are still, by the world's standards, wealthy and you should be able to still give something.

Some sources have been wiped out. Those that were invested in derivatives and things like that. It's unclear how broadly invested some of those people were.

So I don't worry too much about the economy, and I think what's very important to note in this, and you can see this in a lot of the writing about it, is that this is not a crisis. People act like this is an economic crisis. This is not an economic crisis, because a crisis begins and ends.

So for example, if you are having a heart attack, you'll eventually not be having a heart attack. You'll either survive the heart attack or you'll be dead from the heart attack. But you'll not be having a heart attack. That's a crisis. This is not a crisis. This is actually how it's going to be.

And I think the first step for everybody is to give up hope that things are going to get better. Things are not going to get better. This is as good as they're going to get. You're going to be on an economic rollercoaster for another five or six years, maybe more. There are so many factors in place that way predate this economic meltdown.

We have a massive tax sort of overhaul that started under Reagan in which the federal government continues to do less and less and less and has the responsibility more and more and more, putting the burden on states that in turn put it on cities. This is all now playing out. We don't have nearly enough tax funding in general.

We have a war that continues to consume \$11 billion a month. We have enormous national debt. We have 40 cents out of every tax dollar being spent on the military and another 20 cents out of every tax dollar being spent on the national debt. So that's 60 cents out of every tax dollar that is not going to domestic nonprofit and is not doing good at home. And that's a very serious thing.

So there's a lot of factors. And it's very, very important to not be ahistorical. I don't want to spend much more time on this, as I'm sure all of you are more interested in what can you actually do. But I just want to make a note of another historic factor, an enormously historic factor, that I think that actually bodes very well, and that is the election of our President Obama.

And again, not being partisan, I assume most people on this call were in favor of this person. I don't know. But there is a general air in this country that we have a new administration, that there's going to be a new energy, there's going to be a new way of doing things. And I see way more than I have in many, many years, an enormous kind of vibrancy and life just on the streets. Just people kind of greeting each other and being happy and feeling good.

So I think it's an interesting thing that we have this kind of joy, this kind of general joy that there's going to be a new page and that going on against the economy being very much up and down, down and up. And I think it provides an enormous opportunity, and enormous opportunity to ask some very fundamental questions. What kind of country do we want to be? How should we be supporting? What is the role of individuals, what is the role of government?

I actually am personally so excited. It feels like the most exciting period of my entire professional life. So I hope all of you can kind of see this economic rollercoaster as a real opportunity to actually do things very differently.

People are talking about recovery. I don't think we want to recover what was true before. What was true before was that millions of people were falling into poverty all the time. Upwards of three or four million children are hungry every day. We don't want to recover to that point. We want to change entirely.

And I think we have a chance to do that right now because we have so many fundamental economic things up for grabs. We can ask questions about how should an economy be structured. And we have a new administration that should be open to some of those views.

So I think that's what I want to say about the economy. If you're interested in reading more about it, you can look at Network for Good and the Association of Fundraising Professionals has a series of articles looking at some of the historical realities of recession and depression.

Let's look at four things that I think you can do between now and the end of the year to raise money. These may be things that many of you are already doing. I hope so.

One is to kind of think about that there are certain things which are kind of recession-proof and depression-proof. One is the holidays are coming up, particularly the Christmas holiday. I'm conscious as I'm sure everyone on this call is.

But most people do get involved in some kind of present buying or are caught up in the frenzy. Children of course are recession-proof. They tend to get at least some presents. So people are thinking about buying presents.

This is a good time for you to come in and to say, "How about...." For example, what I really highly recommend that you write to all your current donors and friends and family who like your organization, say to them, "How about instead of buying presents for each other, let's give a donation to an organization that we like in lieu of a present."

And as an organization what you want to do is write to people and say, "You have all of these friends, some of the have everything, they don't need anything else. They're very hard to buy for. Do they really need another CD or book or pot or houseplant? So take that \$15 or that \$20 or that \$30 and just give it to organizations you think the person would like. How about our organization?" You can kind of make a little pitch for your own organization.

If you include with that letter - of course this is also done online - you include a form that people can easily fill out. An online thing where they can actually donate right there and put in the name of their friends. If you're doing a paperthing, which I also recommend, there's three or four slots where you can write in the names.

People are kind of relieved with this, because they're casting about in their minds about what to give to people and how should they spend their money, and this is a really good thing. With your current donors, I guarantee you'll get a nice response from them, I think.

The second thing I really recommend is you want to call all your major donors. And of course with almost a thousand people on this call, the definition of a major gift will vary a great deal from the smaller organizations where you might look at a gift of a \$100, to the larger organizations where a major gift might be \$5,000 or more.

But whatever your definition is, I want you to call all your major donors. The tendency right now is to think, "Oh, these poor people. They lost so much money." These are people who are losing out on stock and highly depreciated assets. They've lost so much money that you don't want to bother them.

Well, you don't call them. What you actually wind up saying to them, even though you don't need to, you wind up saying to them, "All we cared about was your money. Now that you don't have so much money, I can't be bothered to call you." And that is really, really, really super not a message you want to give.

You want to welcome them. You want to write to them and use a follow-up phone call to say something like, "We thank you for all you've done for us over the years. We are determined to hang in there and continue to do our work as best we can. We hope you will support us at whatever level feels acceptable to you."

With all your donors, whether major donors or not, remind people that you don't need the money all at once. If it's more comfortable for people to pay it monthly, then they can go ahead and do that. Many, many people can spread their giving over the course of the year. If you don't have a pledge program now, of course you really want to start one.

Thank them again. Reassure them that you will make it. You're going to be there. You're going to be doing the job that needs to be done, and with their help you can do it better, you can do it more securely. But you want to keep them as a regular donor.

In other words, one of my colleagues says, "We focus on the donor not the donation." It's very important, because some of our donors may not be able to donate this year. But they are still donors. We still care about them, we still say nice things. We want to be there for them in this hard time for them. We are partners with them. And we also want them to be there for us at such time as their fortunes improve, as they probably will.

That's the second thing I really highly recommend. Inside of that, a, be calling donors and make sure you have a pledge program in place.

Number three, make sure you advertise the IRA rollover provision, which was extended through this year. I hope it will be extended permanently. We don't know that. It provides an opportunity, as I think all of you know, for a very, very important charitable incentive which allows individuals that are 70-and-a-half - you have to be 70-and-a-half years old, so this is for your older donors.

You can transfer up to \$100,000 in any given year directly from their IRA to a charitable organization and they pay no income tax on that. Normally if you withdraw money from your IRA you pay a tax, whatever tax bracket you're in that year. And of course if you donate it, you claim that tax donation.

This is a very nice provision that allows you to avoid taxation and still claim the donation, so it's kind of a double tax advantage. And for many people who are going to be withdrawing money from their IRAs anyway, this is a nice way to do it. A lot of people don't realize that they're withdrawing money and giving a donation. They don't realize they could actually save a lot of money by taking advantage of this IRA rollover provision.

So really, really make sure you advertise that and put that on your website, put that in all your printed material.

And of course a lot of groups have decided not to advertise the tax advantage when giving stock because the stock is no longer appreciated. There's nothing that could be further from the truth. If you bought stock in 1996, 1997, 1998, all the way up until 2002, your stock is appreciated from what it was worth then. Some stocks haven't dropped.

Now remember, we hear these reports on the Dow Jones Industrial Average, on the top 30 stocks, on the S&P 500's stocks. We don't look at the whole market. Some stocks have actually held their value. Some have actually even gone up. And some people who have

owned the stock for a long time, even if the stock is less appreciated than it was four or five months ago, it has still appreciated.

I believe that a lot of donors are going to dump stocks at the end of the year because they're not sure what's happened. Most people have think we haven't seen the bottom of the market yet. So you might as well take advantage of that. I'm sure a lot of you know the tax advantage of getting stock, but let me just refresh it very quickly.

When a person gives you stocks, they get to deduct the fair market value of the stock and they avoid capital gains on what they made between the cost of the stock and its current value.

So a very simple example. I pay \$1,000 for a stock in 1996. Today my stock is worth \$10,000. True, six months ago it was worth \$15,000, but it's still worth \$10,000. I give you the stock. I get to deduct \$10,000 from my income, which probably saves me \$3,500, depending on what income bracket I'm in. And I get to avoid capital gains on the \$9,000 gain. The difference between the \$1,000 I paid for it and the \$10,000 it's worth. The \$9,000 gain.

It's a very, very, very nice tax advantage. Please do advertise that everywhere you can and encourage people to take advantage of that. So I really, really encourage you to get out there with those.

Finally number four. This is all stuff that you can do now - December 2nd - and the end of the year. Some things that you can do this year. I really encourage you to create a wish list. Many organization, especially those of you in rural communities, have very, very big wish lists. Sometimes some of you in rural communities or in urban communities in neighborhoods, people will see an ad in their local newspaper.

"This is the stuff we need. We need four ergonomic chairs. We need 10 printer toner cartridges. We need 75 reams of paper. We need new filing cabinets." And you just kind of list all the stuff, everything in your budget. You say, "Well, this is stuff." But if the person gave you the stuff, you wouldn't have to buy it.

You would be amazed at who has access to some of this stuff. They either have it - somebody may already have it and be able to give it to you. Or somebody's brother-in-law works in an office supply place and can get you a 50% discount. It's pretty, pretty amazing.

And what it also does is it gives donors a sense of, "Oh, I see where the money goes." Especially a lot of things like paper and computer monitors and stuff like that, which in a budget would show up as overhead. But actually it gives donors a sense of, "Oh, this is what it takes to run the organization." And it really reinforces their confidence.

I love wish lists. They're a really good thing. And they're a fun thing to publish.

And the final item thing - this is along with the four things, kind of wrapped in the whole thing, is the notion to keep your donors giving to your group. Most donors are in a

position right now of thinking, "What groups can I keep giving to and what groups should I stop giving to?"

What can put you in the group that they keep is that they can trust you. They trust that you spend your money wisely and they trust that you're honest and they trust that you're doing a good job. This is a far more important thing than the economy. This is a far more important problem in the private sector the last eight or nine years, is that the public confidence in us has gone down precipitously. People don't have the confidence that we spend money properly.

They think we cheat. They think we pay too high salaries. They think we are ineffectual. And we allow them to think that. A number of stories have been in the paper. We have had some scandals. There are 1.5 million nonprofits in the United States, and there's bound to be a few that do embezzle money or engage in various kinds of scandals. But the vast majority of them - and I'm sure the vast majority on this call - are scandal-less.

You don't pay very well, your offices are furnished with ancient equipment and you work too hard. That's the real scandal. So make sure that people understand and have confidence in your group. Have everything with this kind of transparency in what you do.

So that's what I want you to do between now and the end of the year. Let me just take a few minutes to say that also this is a very good time - in fact there is no better time than right now - to fix the problems in your fundraising program.

If you have weaknesses in your fundraising program, they are going to be massively exacerbated by this economic downturn. Every crack that you have in your program is going to become an enormous, giant hole in your wall if you don't fix it.

And I think some of the most common problems that I see in my clients are simple ones. For example, your database. If your database doesn't do what you want it to do, it doesn't keep internal reports, it doesn't give you the kind of information, it's very hard to use.

Learn how to use it. Take the tutorial. Get the key agents in there. Many times the problem is no one took the time to learn how to use it. Or if it's not good enough and it's not doing a good job, then get rid of it.

I was with some groups the other day, about 50 groups, one had a budget of a million dollars. Relatively small, but some were not so small. I asked, "What database do you use?" Somebody said, "Excel." I just wanted to say, "Excel is not a database." Get a database that is designed for fundraising and get on it.

I would say if you carry people on your mailing list, particularly if you mail to them with paper mail - I'm not talking so much online. But if you mail a newsletter or something like that, don't carry people on your list who don't give. I see organizations all the time that have 4,000 or 5,000 people on their mailing list and maybe 1,000 donors.

Those other 3,000 on your list, what are they doing there? If they want to be on your list they have to at least give something. They have to give time. They have to open doors.

They have to say nice things about you. They have to at least say, "I want to be on the list."

Many of you are carrying people on your list who nobody even knows who they are, how they got on the list, whose friend they are. And those people, when they get your newsletter, they say to themselves with a great sigh, "Oh, lord, how did I get on this list. This is just wasting so much money." And they throw the newsletter away and they throw the appeal away.

A cost to really keep in mind is a cost called "fulfillment cost." How much is it going to cost you to keep somebody on your mailing list? It's at least \$5 or \$10 a year. And so you want to at least get a few dollars of something out of these people. Weed out your list and use the money you save to beef up your website or beef up your acquisition mail program.

I helped an organization recently to get rid of 3,000 names on their mailing list that they had been carrying for years at a cost of \$4 a year or \$12,000 a year that they've been spending on these people to no purpose. It's not even clear who they were. So with that \$12,000 they can really do a lot with their online presence.

A lot of you probably want to, going into 2009 - as many of you as are appropriate - you want to explore some other forms of income besides donating income, particularly earned income. What are the things that you do for free for some of the people that people would pay you to do?

For example, a friend of mine that works with Amherst University translating documents for immigrants, one of their commitments it to be available to whoever comes into their storefront. Someone come in with a lease, say a rental lease, or they come in with a bill, and they say, "Can you translate it for me?" And so they translate it. This is a service they provide for free to their clientele.

But more and more they realize all kinds of people are coming in the door, some of whom are perfectly able to pay and who would pay. And the reason they're not paying is they don't know where to go get these documents translated. Landlords are coming in. Lawyers are coming in.

So they started a translation service and they charge people for translation who can afford to pay. And they don't charge people who can't afford to pay. It's actually working out very nicely.

And there's a lot of example of that, of earned income. It's relatively easy to build into what you're doing. It wouldn't take that much effort and people would be willing to pay.

You of course will want to clean up your online presence. Online is definitely the future of acquisitions, particularly, and can do a lot of things with retention. It's the way we're going to attract much younger people. So Network for Good can help you with that.

On the other hand, you are going to want to create a planned giving program. We have 78 million baby boomers who are getting older all the time. Of course I'm a baby boomer, I'm 55. Of course my parents, my mother and that generation are very much in this category. And we want to encourage them to make plans. Right now in the United States, only four out of ten people die with any form of will or trust in place. Most people die without any plan for what's going to happen to their stuff after they're dead.

Of those 40% of people who die with a will in place, only 8% leave any money to charity. But 90% of the gifts that are left to charity by that 8% are bequests. So it's very easy to get into giving and create a simple bequest program. You really don't need to know a whole lot to do that.

Finally, I would say build a team of people who will help you raise money. Some of the big problems is a tendency to see mistakes made or economic downturns or times of financial crisis for themselves, is whether it's up or down, hope that the crisis will pass if they only work harder and spend more time and so on. And they kind of try and hold their breath and wait for it to be over.

Well, this is not going to be over. You cannot hold your breath long enough for this to be over.

And the second thing they do is they don't -- of course waiting is the first thing -- is you do not reach out for help. You want to make a list of the 50 people or 30 people or 100 people who, if they heard your organization was closing down, would be very upset. They'd go, "I can't believe that. That's unbelievable. How did that happen?" And they would also say, "Why didn't they call me and ask for help?"

Reach out and ask people to help you. Ask them to open doors for you. Ask them to give money to you. Ask them to hold a house party for you. Build your team. Build your support. Don't be ashamed to do that. Don't be afraid to do that. People want to help.

One of the reasons why giving does not go down in a recession or depression is because I believe giving is very powerful for people. Seven out of ten Americans give away money and it makes them feel good. It makes them feel powerful. It makes them feel like they have some control. It makes them feel like they're part of the community, and that they're integral and an important part of the community.

And in economic downturns, as people feel more and more powerless and they feel like there's nothing they can do, this is an important feeling for them to have. And you can help them have that feeling and you can continue the work that your organization does.

So let me pause here now and see what questions or concerns or disagreements have come through. And we'll try to take a bunch of questions between now and the end of our call.

Jono Smith: Great. Thank you very much, Kim.

I want to extend another apology to everyone on the failure of the conference call from here that for some reason knocked everybody off the call. We're investigating why that happened. And I do want to apologize and also offer an apology gift of sorts.

Network for Good has recently offered a 45 page ebook called "12 Main Strategies to Survive and Thrive in a Down Economy," and it had only been available to subscribers of Network for Good, but because of the problems we had on the call today everybody who registered for the call is going to receive a copy of that ebook as well. So, once again, our apologies for those difficulties.

All right, we do have some great questions already, and I want to remind folks that you can email us your questions at fundraising123@networkforgood.org.

The first question comes from Stephanie, and she asks, "Do you have any content we could use around tax deduction and IRA rollover provision?" This is just great. I just don't know how to write it. Maybe, Kim, if you could just kind of recap that point for Stephanie on that.

Kim: Oh yeah, well, I could recap. I tell you, what I would do is just go to a big organization like Amherst University or any university or museum or hospital, and I would look up on their website under Planned Giving, and you'll see the language that they use. And you can use that language, believe me, it is in the public domain. It is not a trademarked set of words that they're using.

Some of you may also want to go to a website called leavealegacy.org. [Leavealegacy.org](http://leavealegacy.org) will also have the kind of language that you need. So that's where you get it.

Again, the IRA rollover provision simply says that individuals who are 70 1/2 years old or older can transfer up to \$100,000 directly from an IRA to a charitable organization and pay no income tax. So that's a very nice thing.

The other place you can find this language that I'm thinking about is the Association of Fundraising Professionals, those of you who are members of that. And actually, it says on their website that you don't have to be a member to get it. AFPnet.org. So I hope that's helpful for Stephanie and the others who wanted to know about that.

Jono: Great. Second question from Esther, and I might chime in on this one as well. Esther asks how often she sends e-newsletters to subscribers during the holiday season.

Kim: Well, why don't you tell us your opinion, because you're way more the expert than I am on that note?

Jono: Sure. So, the first thing I say is, the number one issue if you are sending an email newsletter or any sort of email, fundraising emails or the like, is you don't send those through Outlook. Sending them through Outlook is a recipe for disaster, because you can end up on the blacklists, you can have your design end up looking really poorly, and if you send it to a large number of people you're going to have a lot of out-of-office emails and bounces and things like that.

So the most important is to be sure you're using an email service provider. And we hear this question quite a bit, and the most important thing especially during the holiday season is to test, test, test.

So, change the frequency of different email campaigns and different email newsletters and see which performs the best. As well as, I always encourage folks to survey their email lists, ask subscribers to give their communication preferences. Ask them how often they want to hear from you and then make sure you use those preferences.

Most importantly, I think it's very urgent that every nonprofit that has an email list sends a fundraising appeal by email on December 27th. Because a lot of folks are going back to work and are thinking about their year-end gifts, thinking about getting those last-minute tax deductions, and we see a large quantity of online fundraising happening between December 27th and December 31. So make sure that you have something in their email box for people during that week of the year.

OK, next question comes from Paula. And Paula asks, how you acquire and cultivate new donors if you take them off your mailing list.

Kim: How you acquire and cultivate new donors if you take them off your mailing list. Well, the idea is that the donors -- the people that are on your mailing list that are not donors are not donors. So we're not going to cultivate them, because they have been very clear -- you've been sending mail to them for probably upwards of a few years -- that they don't wish to be donors.

Donors remain on your list. And I hope I didn't misspeak. I was discombobulated with our earlier [inaudible 30:09]. The donors stay on your mailing list. Anyone who gives you money, anyone who gives you time, anyone who gives you something that is of value to your organization, stays on the mailing list. People who give you nothing and no one knows, get off the mailing list. That's it.

Now, when we think about acquiring new donors to put on our list that are actually donors and not deadbeats, we acquire new people to put on our mailing lists, there are a number of ways to do that, and a lot depends on the size of your organization. I think a lot of organizations, even very large ones, overlook the strategy that smaller organizations use a lot, and we small organizations use it because we don't have very much money.

And that is, who is most likely to know somebody who would want to give to your organization? The answer is, the people who already give to your organization. So something I do once a year is send out a letter to all my current donors, and of course, again, you can also do this by email... by email it's already happening, because of the viral nature of email.

You send out a letter to all your donors, and you say, "Dear friend, who are your friends? Please send us three of their names. And we want to invite them to be donors to our organization." Then you add a little form for them to fill out with the names and addresses of their friends, and then a little box next to the name and address, and the box

says, "You may use my name in contacting this person," or the next box says, "You may not use my name in contacting this person."

So this gives the person putting in the names a little bit of an out, say, "Well, I don't know, I'd like my friends to be invited to give, but I don't want them to know I turned in their names." They can do that.

And then at the bottom of the form, it also says, "I don't want to send you the names but I'm happy to ask my friend myself. Please send me..." and then you have a little blank, a little line, for a number of invitations to join.

So, you know, somebody says, "I want three, I want seven." You send those out, and you think that the people who request those invitations to join, probably half of them actually send them out to half the people they said they would. But you know, it's a lot cheaper than direct mail.

So we do that. We use donors to find donors. That's where you're going to find most of your donors. Use your staff. Use your board, also, to find donors. They should know other people who are... [inaudible 10:56] that on the board used to be donors, and board members who are not donors of money, which is a very different thing than time. Time is our most precious nonrenewable resource. Money is a different thing from time. That's why we have two words, time and money. They are not the same.

Board members are donors of time, of course, obviously that's their main gift. But they are also donors of money. They judge the proposition if the group is worth supporting against their own bank account. They ask, "Is this a good group? Well, let me see, would I support it?" And the answer must be yes. Communities follow the example of boards. The board gives, so will the community.

So we ask the board also, then, to go out in their own community, their own people, their friends, their neighbors, their Rotary club, whatever, and bring in donors that way.

And of course we also are very disciplined, very systematic, about capturing these people that come in. I see organizations all the time, somebody calls and goes, you know, "I just saw your name in the phone book and I was wondering if you could tell me, how can I..."

Like, I was talking to this group the other day that's an environmental group, and they said all these people call in because they have "environment" in their name. -- It's a really small town. -- And people call in and say, "Do you know where I can recycle batteries?" "Do you know where I can take this or that?" "I have lead-based toys. What should I do to dispose of them safely?"

This is an organization that does not deal with hazardous waste, but they get this call a lot. And they have actually developed answers, and they give out all this information. It's not entirely related to their mission, but they're happy enough to do it.

And I say, then you need to capture those names. And when people go on your website and they type in these questions, you need to get their names and start being a little bit

more systematic and saying we would like to provide this information to all the people that call in, if you can help us please do it.

And so a lot of people, a lot of names are flying through their fingers. They don't pay any attention, so be very disciplined in capturing those. And then of course for those of you that want to go a little bit further, you go into really having an online presence, e-newsletter, blasting that out and I am sure the Network For Good booklet will give you a lot of information about how to do that or other people, that are experts online or some of you may want to go into direct mail.

Direct mail is still working, it is fading and it probably will not be working after a while, but it is still a strategy that works and it works with particularly older donors. And so those are how we capture, we get donors and we actually put donors on our list and we don't just put any old person on our list.

So I hope that helps. I think that was Paula who asked that.

Jono: Absolutely, thank you.

A great question from Astrid and actually several folks have written in with a similar question, what type of advice can you give to a small organization that doesn't have a long history of fundraising or trying to grow fundraising, but I am not sure that now is the best time to do that?

Kim: Well, now is the only time that you have, so you might as well do it now. And as I said, I really don't think and I hope I am wrong, but I really don't think things are going to get better in the next four or five years, so unless you intend to postpone growing your fundraising for four or five years, I think you might as well start now.

My advice to small organizations is to really kind of -- you know we get in this habit -- and I have worked with really small organizations, so I totally understand this. -- We get into this habit and we almost have this mantra, "we are a small organization, we are small, we are small, we are small," so we kind of say it over and over until it becomes sort of self-fulfilling.

And we don't think well, OK we are not as small as we could be, we could be tiny and we could be bigger.

And we got to kind of break out of that and think OK, who, why -- there are many many donors who love small organizations. They love them because they feel like there is not much money is wasted and they like the idea of kind of getting started.

And also those of you are brand new, are in a great position in some ways because there are donors that are totally attracted to brand new things. They are like, "ah this is great, let's push this out; this is so exciting, this is fun." It is all those kind of fun stuff.

Older groups, they don't have that appeal, they don't have that kind of excitement. It is almost like a new relationship or something, very exciting. You want to kind of capture those donors. Y.

ou want to think, all of you, actually new, old, whatever, you want to think who cares about us, of all the people who should know about us, who knows about us, what kind of people are they, what are they characterized by, what other groups do they give to, what is the medium by which they give. Are they largely attracted by special events, do they largely give online, are they all kinds of people, are there any particular age more than another, are they more urban or rural. What kinds of people, what core values would they have, what would identify them.

And really begin to be much more systematic about going after those people. Or, where do those hang out, what do they read, who do they trust, what radio stations do they listen to. And be very systematic about trying to get yourself in front of those people.

I see groups all the time that will say to me, "Oh we got three articles in the paper about our group." Fantastic, you know what, the people that you are trying to reach, don't read the paper. There are people that don't the paper at all. And so, here they kind of reach the people they had already reached and\$\$ they are so proud of themselves. They don't start to think, what we really need to reach is a whole other group of people.

I was with a group the other day that, they realized they had nobody in their neighborhood based group. They had very few people in their neighborhood that gave them money. Then they were like, well I wonder why that is. And so they went on this campaign and they put up all these flyers on telephone poles all over their neighborhood and they went into these small businesses and asked them if they would give out a stack of brochures.

And now their traffic into their organization, donation traffic as well as client traffic has monumentally increased, because they actually went - they were sort of so puzzled, why don't the neighbors know about us, well because you never went into the neighborhood and actually invited the neighbors. I mean, so sometimes we overlook the most obvious things and I know having done that many times myself, I am not trying to be critical, I have done that many times myself.

So again, coming back to the idea of, use your newness to your advantage, use your smallness to your advantage, and be very clear who is a donor, who should be a donor so you can go after those people, go to where they live, go to where they work, go to the places that they get their information and be there.

Jono: Great. The next question, actually both Lee and Vicki asked a similar question, how long do you leave previous donors on lists after they stop giving? How much effort do we put into finding out where they went and why they don't give anymore? And along the same lines, Vicki says, how long should you keep somebody on your mailing list who hasn't given time or money before deleting them?

Kim: OK. So, let's look at the issue of what we call lapsed donors, people who have given in the past but haven't given in the last year, two years, or something like that. I really recommend --actually this is another thing you can do between now and the end of the year, if you want, if you have the time -- that you actually invite those people back into your organization with a very low entry fee, like "please come back, we really miss

you, help us out" and maybe suggest \$10, \$15, something kind of small, so they will come back.

I also highly recommend calling them, by creating a phonation and calling those people and asking them to renew. You will find that many of them are people that just feel that they drown in mail and they can't keep up with mail, but they are more likely to give on the phone. So invite them back.

So assuming and I want you to pay very close attention to this assumption to make sure you have it in place, assuming that your donor, your lapsed donor, you know the that person gave you money and then they didn't for say a year or so, and you have been actually in touch with them and invited them to give three or four times in that year, OK that is one assumption I am making.

Second assumption is now we are going to write to these people and this is something you can do between now and the end of the year and say, "In the interest of good stewardship of resources, we need to know if you want to stay on our mailing list. We'd love to have you. We value your support and we'd like to invite you to support us again, even if your support is telling your friends about us, thinking well of us, we just want to know, do you want to continue to hear from us?"

And you have a little card and people write in a box, "yes I do want to stay on the mailing list, no I don't."

OK, so then most people who don't want to stay on the mailing list, do not send the card back, in fact they never even open that envelope. So don't worry if you don't get a lot of cards back, but you will get some. Then you take the people off the list, their names are suppressed for mailing until they miss like say three newsletters, three or four newsletters, so they have actually missed you now.

And then you write them a final letter and it says something like "Is it all over between us? We really miss you. I can't believe that it is ending this way. Something like that." and you will invite them back. And a certain percentage of them will realize that actually this time you meant it, because many of you have threatened to take people off their list, then you don't, so they have no reason to think you are telling the truth.

So "please come back, please come back" and then a certain percentage will come back. And then those that don't are then dropped.

And it is important to remember couple of things. One is that most people who make one gift to your organization will not make a second gift, the majority of people.

A person who makes a first gift and then we try to get a second gift from them, but people that go from the first gift to the second gift, that number expressed as a percentage is called your conversion rate; how many people converted from one gift to a second gift, your conversion rate. And your conversion rate is usually about 40%.

So you can see most people don't make a second gift. Then overall, your retention rate, what is called your retention rate, which is how many people who made two or more gifts, continue to give. Your retention rate should be about 65, 70%. So you are going to want to figure that out.

In terms of your second question: how long should you keep people on your list who have never given? I don't entirely see the point of keeping them on for any length of time at all. I mean maybe you've tried twice, three times to get a gift out of them, but not more, certainly not more than a year. You want to keep your list clean, so you can really sort it easily and so you can focus on the donors that are really productive.

Jono: And quite a few questions sort of related to segmentation. For example, Anne says, "We have older donors, and some young donors. But there are other groups we'd be researching." And then Kerry, who's the art director of the Shakespeare Festival says, "Are there any techniques or strategies to use in rural areas rather than urban areas?"

Kim: OK, we'll list some of the rural things because I haven't really given the rural people that much attention so far. The techniques for rural communities are not so dissimilar. I imagine there's a kind of mythology that urban and rural are so, so, so dissimilar.

But in rural communities, I think you want to focus on very, very - more personalized relationships with donors. If you've been in a rural community that's really very vast and spread out, this wouldn't be so useful. But if you're kind of in small town and surrounded by other very small towns or wide open spaces, I would say you would probably want to focus way more on events than I would recommend for urban communities. Because events are going to be the place where people come together and form a community.

So you will probably have an open house at the end of this year, you would have more events than we would advise for urban groups. But more kind of person-to-person stuff in rural communities. So a lot of attention to that is very important.

I suggest just in the interest of time that you might want to go - if you're interested in rural strategies - that you might want to go the website of CASA, Court Appointed Special Advocates. The CASA website has on its website a compendium of fundraising in rural communities which a lot of organizations send in how they raised money, and some of them are in extremely rural communities with very, very low populations and very wide open spaces.

It also begins with an essay that I wrote about fundraising in rural communities. And also how to differentiate one from another. So I really suggest that you go to that CASA site. You might also want to go to that internal site and find that compendium of strategies. It's very, very excellent real-life, real-time strategies for people.

And the first question I lost track of, that you mentioned.

Jono: Anne was sort of just saying, it looks like their sort of targeting is limited to older donors versus younger donors.

Kim: Oh, the segmenting thing. Right. Segments, well older/younger is good. Volunteers really are tremendous. The volunteers tend to be segments themselves, because these are people that are giving time. Their most precious non-renewable resource is time, which you also want them to give.

But other segments are probably longevity, how long has a person been a donor. I love to write to people and say, "This is the 5th anniversary of your gift." We tell you all the things your money has done over these past five years. I love that. Longevity is a very, very important segment that is often overlooked.

Size is obviously a segment. People who give \$100 and up expect different treatment than people who give \$35, so segmenting a little bit by size.

Frequency is another segment I would really keep track of. So people who give several times a year get asked several times a year. People who only give once a year - no matter how often you ask them, they only give once a year - at a certain point, after two or three times, I would say, "Let's just get them back down to once or twice a year." And that's a segment.

And the people who give frequently, I would ask them if they want to be part of a pledge club, if they want to be a monthly donor, and try to push that out that way. Obviously, depending on the size of your organization, you may have alums, people that have used your service in the past. You may have neighbors.

Don't drive yourself crazy with segments. Just segment to the point that you can actually handle it. I was with somebody the other day and they had 50 segments. They had divided their 10,000 people into 50 segments, but they had 25 segments they weren't going to do anything with because they didn't have the time. So that was kind of a waste of time. So just keep the segments that really make sense.

Jono: OK. Amber asks if that website is just nationalcasa.org?

Kim: That should be, hm-mm. If you type in Court Appointed Special Advocates into Google you'll get right there too.

Jono: Exactly. A great question from Sarah. "Only about 5% of my board has made donations to my organization. Do you have any tips to get your board to understand the importance of making financial contributions to the nonprofit?"

Kim: Well, yeah. In fact, I really recommend going to the grassrootsfundraising.org website and looking under "board" and you'll see a whole essay that I wrote about what a board should give. Basically the board sets an example. The board carries legal fiduciary responsibility for the organization. And because they carry that responsibility, people look to them and say, "Oh, well, you're on the board, you must really care about that group."

And how does one express one's caring? Oh, it looks like the board does. So that's one reason. They need to see that. And you sort of think, "Why doesn't a board member give? What do they know about the group that I don't know?"

The second reason is very practical. A lot of time foundations and corporations will ask, "Do you have donors on your board?" Donors will certainly ask that. "Do you have 100% giving from your board?" The only way to really emphasize 100% giving from the board, and that is if a person gave a dollar they'd be in the group that gave as opposed to the group that didn't.

Sometimes people make a mistake and they demand that each board member give a certain amount of money. I think that's really a mistake. It should be what is for them a significant gift. And that is self-defined. And I would use the 5% of the board members that give, I would use them to convert the others.

They should go one by one and actually just say. Probably in Sarah's case - and many people are in the same position - the board members don't give because no one ever told them that was part of the job. And they're going to be mad and they're going to say, "You're changing all the rules in the middle of the game."

And you know, that's right. You say, "That's right. We are. I'm sorry. I apologize for that. But you know what? The game has changed." You need to be very clear about that. The game has changed and to be really ready for this next period of time, which is unlike any that we've seen before -- both in hopefulness and in turbulence - we need a group of people who are really behind us and who are not just kind of sitting around occasionally eating pizza at our board meetings.

Jono: I just wanted you to do a quick time check. We are a couple minutes over. Can you have some time for some more questions?

Kim: I have time for two or three more questions and then I just want to add a couple of closing statements. We can make up that time that we lost at the beginning.

Jono: Excellent. Thank you.

This question comes from Diane. We are a not-for-profit nursing home and retirement community. Many of our supporters feel that they paid for services provided while they were here. What type of things can you suggest to help encourage these people to donate to our organization?

We mail our newsletter to all our sponsors as well as family members. And to make matters more complicated, I'm a part-time development director with a four-hour program assistant. I need suggestions."

Kim: OK, that's not an easy situation that you're in right now. I'm sure a lot of people are in that, you're either part-time or a lot of people don't even have any assistants. In that situation, people feel that they've paid. They're elderly, probably many of them living on fixed incomes. There's not a lot of maneuvering room for them.

That's why I look at earned income strategies. I worked with a client once that was a similar thing. A nonprofit, a nursing home, and it also had a senior center. They had a very small gift shop that actually residents of the nursing home staffed as well as volunteers I really loved.

And one woman who was very artistic, she made these really lovely notecards. They were really very nice. They sold, and people would actually come in off the street and buy them. People had different kinds of talents, and some of the stuff was not really very good, but it was fine.

A lot of people bought it to be nice. But some of it was very high quality, like knitting and sewing, and then occasionally during the holidays they would always do bake sales.

So that's a little bit more earned income. People think like, "Well, I'm buying this thing and doing good." And a lot of Americans love that feeling that I'm getting something and I'm doing good. So I would probably move away from trying to hammer on them for the money and move in that.

Also, I feel like if you are just sending newsletters and you are kind of doing this all very impersonally, you are really not going to get anywhere. We need to go and sit with people, listen to their stories, and then talk to them about making a gift, sometimes about making a planned gift. And of course you are not going to be able to do that with the time you have.

So the first thing I would really recommend to this person is to build a team of three or four volunteers who will really help you. And for many of you, the secret is to get some helpers, get a team, do not do this by yourself, because you can't, you simply cannot, even though you have several staff, you cannot keep up with the volume of business that you have.

Jono: And Dan just wrote in with a comment on the board question. He says, when we placed on the board job description making a financial donation, we achieved 100% almost immediately, so that's just a great...

Kim: That's a great tip, yeah. I highly recommend that.

Jono: From Bonnie: we are a state-wide legal services organization dependent on volunteers, but we do not routinely ask our volunteers to also donate. Of course, some do donate on their own. How can we do this without turning them off? Many are small or solo practitioners, so their volunteer time is extraordinarily valuable to us, but we must be missing many that can and would give?

Kim: Yes, that is exactly right. And a lot of us have that shyness and I understand where that comes from, it comes from a very kind place and a place of not wanting to appear ungrateful for the time that they are giving, which of course in the case of legal services and lot of programs is critical. I mean you couldn't do your program without it.

So when we ask volunteers to give, what we want to do is first of all in the beginning of our letter and throughout or beginning of our presentation to them and throughout it, is to appreciate their time. Their time is most valuable, their time is critical, we don't want to do anything to jeopardize their time, but if you could see your way clear to an additional thing and so the kind of donation of money is seen as an additional.

If you do an additional, if you could go that second mile with us, if it is possible at all for you to also share with us financially, we so so appreciate it and it is kind of done in a very low key way, there is no pressure. Someone could absolutely say no.

I mean some volunteers, they sort of give their time to one group and their money to another group, so that is fine, it is their business, but we don't want to leave money on the table, which we often wind up doing because our volunteers - we know that seven out of 10 Americans given away money.

So you can see more people give away money than vote or volunteer or go to any house of worship, giving is absolutely - probably the one thing we have in common as Americans is we give away money, but most volunteers are in the seven out of 10 who give.

We very rarely find in the three out of 10 who don't give money, we find very few volunteers. There are very few people that don't give money, but give time. The people that don't give money, don't give anything, for whatever reason, often for some very understandable reasons, they are very disengaged.

So our volunteers, you look at those volunteers, even the fellow practitioners you are talking about, they are giving money somewhere and that they are not giving it to you is about not being asked.

Jono: OK. And since there are a few things we didn't have time for, maybe I could just ask you Kim to point people in different directions for more information. For example, people had asked about where to go for information on setting up a plan, a giving program, setting up a pledge program and on finding strategies for institutional funders.

Any recommendations or do you cover those topics on the *Grassroots Fundraising Journal* websites?

Kim: We talk about a number of those, anything related to individuals, we cover on the *Grassroots Fundraising Journal* website, that is grassrootsfundraising.org. There is a lot of free information on that site. It should be on the Network for Good promo that takes you to a very special offer to be able to subscribe to the journal for a very little money.

You can also of course write to me. I also have an online e-newsletter that is separate from the journal. And I answer these questions. They are called "Dear Kim" in kind of a "Dear Abby" format. You can write them in and I will answer some questions every month. So some of those questions get answered that way. And we have also an archive of articles that will answer some of those.

Other places I would look, I would look at the Foundation Center, foundationcenter.org for anything about institutional funders, particularly foundations and corporations, keeping in mind that foundations are only 12% of all the money given away in the private sector and of course it will be less than that in the next few years, because of the fallout from the market.

And corporations, only 5% really, actually almost unimportant in terms of their role except for some few organizations.

I would also suggest AFP, as I said earlier AFPnet.org. That is the Association of Fundraising Professionals, compasspoint.org.

And I am sure all of these can be found on the links from Grassroots Fundraising or from Network for Good, so just follow the links and you will find them.

Jono: Absolutely. We will include all these links in the Network for Good Learning Center Fundraising 123 in Kim's article with all of her bonus information. And I would just add one more to that list; our partners at GrantStation.com provide a lot of great information for grant seekers as well.

Kim: Oh good, yeah. I did want to just kind of end with a couple of things if I could, if people will tolerate just a little bit more. I wanted to just say there is some ground rules for kind of the end of the year.

One is of course, unless you are a faith based organization, avoid religious reference or any symbols of holidays and things like that, be very careful about that. I only say that because I just got a card from someone with a Rudolf, the red-nosed reindeer on it.

And you know, for me that is fine. I am a Methodist. But I think for people that aren't out of their religious tradition that is a little bit of a problem, so just be very generic about that.

Remember also, we say in fundraising, "only promise in the front-end, what you can deliver on the back-end." So don't promise people little gifts if you don't have the wherewithal to send them and don't offer premiums if you have no ability to get them out of the door, so be very careful about that.

Remember, that December is really a very short month, after about December 15th not much work gets done. A lot of people are gone.

And I want to underline what was said earlier actually that you want somebody in the office on the 30th and 31st of this month until five o'clock on New Year's Eve, wherever you are, you want somebody in your office, in case someone calls who wants to give you stock, you really do want to put out some online appeals on the 26th, 27th, maybe even the...

A couple of my clients are doing them on the 29th and then on the 31st itself, so that you capture all that kind of last minute energy and all that kind of oh my god, I better hurry up and do something. It is really kind of amateur hour when you see groups that close on

the 15th and no one is in their office for the rest of the year. That is just not going to work for good solid fundraising.

And just to keep in mind that most organizations are going to survive this. You probably will if you have a good solid mission and you put your mind to it. You are going to be fine. Just take a deep breath and just kind of think, you know what, this is how it is going to be, let's figure out how to make it exciting.

Jono: Great. Well, this has been fantastic Kim. I know I have learned a lot.

Kim, thank you for your time today. And thanks again to everybody who joined in and we look forward to speaking with you again on another Nonprofit 911 call. Have a great day everyone.