

## Raising Money During Economic Uncertainty

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There is hardly a segment of our world economy that has not been affected by the current economic recession and financial turmoil. The impact is especially great in Arizona, a state whose economy is so heavily dependent upon real estate development and housing construction.

Historic declines in the stock market and lack of liquidity in the housing and real estate sectors along with unprecedented projected deficits in the state's budget will have a measurable impact on Arizona's nonprofit organizations. On one hand, donors reeling from shrinkage in their own portfolios will be cautious about making major gifts and long-term commitments. On the other hand, demands on educational institutions, social service agencies, health care providers and other nonprofit organizations will be at an all-time high.

It is tempting to bury our heads in the sand, slash budgets and use the struggling economy as an excuse for not making every effort possible to move our development programs forward.

However, a research study by the Center on Philanthropy at Indiana University suggests "total philanthropy appears to weather storms in the stock market with greater resiliency and less dramatic fluctuation."

The study goes on to report "even during (last) worst decline in the stock market (in 2002 when the Dow Jones Average decreased 17 percent and the S&P 500 Index dropped 23 percent), philanthropy increased by 1 percent."

The report concludes that there has been only one year (1987) in the past 27, in which philanthropy has dropped from one year to the next, even during years in which the market has dropped.

So, what are board members, senior nonprofit managers and development officers to do? Here are a few tips for navigating troubled waters:

**Keep moving forward.** You are in your position to *advance* the organization. Do not retreat. Do not withdraw. Do not go back. Advance. The going may be tough. It may be slow but keep going. Others will rally around your leadership. Your conviction will be appreciated. No matter what, continue to move toward your institutional objectives and do not allow pessimism and fear to shoot down your strategic plans, capital development needs and the endowment fund that is so necessary to your organization's future.

**Adapt.** Many Arizona nonprofit organizations have been active here for over 50 and in some cases 100 years – longer than most for profit businesses. Their secret...they stayed true to their mission. They were led by capable, forward-looking people and they *adapted their techniques to fit the times*.

**Keep your friends.** Now is the time to invest in *renewing* annual gifts. In many organizations, the gifts of less than 100 donors make up 80 or even 90 percent of the philanthropic support that is needed. Make a list of your organization's top 100 friends. Keep it on your desk. Look at it every day. *Pick up the phone and call somebody*. Make certain that these friends — on whom you so heavily rely

— see or hear from you at least every 60 days. Take no one — not your board chair, not your CEO, and certainly not that little lady who has been putting some of her social security money in an envelope for you every month for the last 15 years, for granted.

**Be frugal.** Special events, direct marketing and fancy websites are luxuries that often cannot be afforded during these times. *Face-to-face requests, especially of our closest friends, have proven time and again to be the most efficient use of time and money.*

**Articulate a compelling case.** Let's face it. It's tough out there. When it comes down to writing a check, donors are going to be making some hard choices. Simply rehashing the same hash from last year's appeal isn't going to cut it. Neither is simply listing your organization's many accomplishments. To be compelling, you must clearly express why a donor should take *their* hard earned money and give it away — and the *impact their gift will have on another human life.*

*Donors respond to organizations that do society's heavy lifting and get the big jobs done. They do not respond to institutional whining.*

**Keep asking.** It is our duty to represent our constituents and ask for support — in good times and in bad. Throwing up our hands in frustration and predicting dire outcomes will lead to disaster. Some will say “yes.” Some will say “no.” Some may even surprise you with a larger gift than you expected. Always express your deepest and most sincere gratitude, even when the answer is “no” or “not now.” The economy will rebound. Keep communication open. These donors will be back and they will remember institutions that treated them with thoughtfulness and respect.

**Surround yourself with the best.** Now is the time to *rely on the very best staff, vendors, suppliers and consultants* — ones with a proven track record of getting the job done on time and on budget. In times like these, it is critical to rely on their expertise. Good people are going to be working somewhere. Keep them on *your bus.*

**Invest.** We know that even during good times, the amount returned to a nonprofit organization in charitable gifts is highly dependent upon the amount invested. The more invested the more returned. To achieve the same results, *more*, not less, must be invested in the development function. Use every single penny wisely and stay within budget.

**Volunteers.** Be prepared and make good use of fundraising volunteers. Chances are that their business is suffering and that their time is more limited than ever before. Nothing is more frustrating to fundraising volunteers than plans, lists, materials, agendas and appeals that have been poorly prepared by staff.

**Be tenacious and resilient.** If one way doesn't work, try another. When that doesn't work, try still another. The cost, in very real, human terms, is simply too great for us to fall short of our mission.