

MAKING SENSE OF FUNDRAISING IN COVID-19

Tips for Your Nonprofit
To Weather Times of Crisis



Windmill Hill
CONSULTING LLC

BUILDING NONPROFIT EXCELLENCE THROUGH EFFECTIVE FUNDRAISING

Within the literal blink of an eye, the entire world has turned upside down. COVID-19 has gripped everyone in some way forcing us all to redefine how we work and live. For nonprofits, this crisis places an added strain on an already tough fundraising landscape. Despite the public health emergency, we will likely face the recession that many analysts forecasted last year might occur in 2020.

All this to say, 2020 is proving to be a difficult road already.

How can you best position your nonprofit and your fundraising plans to mitigate as minimal loss as possible? Let's turn to some lessons learned from the major economic emergencies over the last century.

WHAT HISTORY CAN TEACH US ABOUT PHILANTHROPY IN CRISES

The U.S. economy—which correlates to people's perceptions of their ability to give—has generally been on a trajectory of growth over the last century despite hiccups like the 2008-9 Recession, dot.com bubble burst, etc.

- According to [Indiana University's School of Philanthropy](#), since 1956, average giving has grown 4.7% (adjusted for inflation) in times of economic growth and decreased by .5% in economic downturns.
- During the Great Recession of 2008-9, we saw more extreme measures. Total giving dropped by 7.2% in 2008, and then decreased by another 8% in 2009. While total giving dropped by 15% over these two years, giving to social services increased by 10%. We can assume that donors may have been giving less and they were reprioritizing what they were supporting in response to greater societal needs.
- Economic fluctuations affect every donor type, but lower to mid-level annual donors have seemed to remain the most steadfast throughout all of the last economic uncertainties. High net worth individuals, foundations, and corporations have lowered their giving levels as the economy has contracted during slowdowns.

- Most importantly, while the amount donors may give decreases during a slower economy, their giving has continued—especially to charities they have typically supported.

FUNDRAISING TIPS YOUR ORGANIZATION CAN DO NOW

Times are tough but fundraising must continue to carry your organization during this rollercoaster ride. Here are some steps you can take now and in the future to mitigate your financial losses:

TAKE STOCK

1. Understand your organization's cash position to determine how many months of savings your organization has to operate with no additional income.

$$\frac{\text{Cash} + \text{Cash equivalents} + \text{Accounts Receivable} - (\text{Restricted Cash} + \text{Restricted Receivables})}{\text{Typical Monthly Expenses}}$$

2. Update your cash flow projections for the next 6 months assuming some revenue loss and identifying expenses you can trim.
3. Calculate your revenue projections taking into account changes in event revenue or other fundraising activities that are either canceled or postponed including major gifts solicitations.

Don't default to a worst-case scenario. Defensive responses like cutting as many expenses as possible—especially fundraising staff and expenses—have never positioned organizations for success in past emergencies.

REDEFINE YOUR CASE

If you are a health or human services organization, your case is clearly linked to COVID-19 response. But if your mission falls into other verticals, connecting your cause and needs may be more difficult to make and may feel opportunistic. But, there will be tangential needs that arise because of pausing of your work. Think as broadly and creatively as you can to brainstorm all the ramifications COVID-19 has on delivering your mission.

We are all in this together and your donors especially will understand that this crisis has an effect on everyone one of us. Remember that they want you to survive through all this. Consider these questions to shape your new case for support:

1. What about your organization's mission is of most value now in light of COVID-19? How does your work change because of or responds to increased needs as a result of this global crisis?
2. What will you need to do more of or pivot to do to position your organization in light of the emerging needs of the community because of this pandemic?
3. How does this translate to increased funding needs that you can present to your donors as opportunities for them to help?

RECALIBRATE YOUR FUNDRAISING

Nonprofits that keep fundraising during crises like these tend to make it out the other side better than those that retreat from their donors.

Reach out to your donors now. There are a few parallel approaches to take simultaneously:

1. Send a general e-blast updating your mailing lists about how your organization is adapting its operations and programs during this period of extended social distancing. If there are ways they can help besides making a gift, suggest that since people want to do something right now.
2. Plan to personally call segments of your donors such as:
 - Top annual and major donors
 - Donors who have been giving to you 3+ years
 - Monthly donors (depending on how many that may be, you might need to prioritize just to a certain subsegment)
 - Volunteers
 - New donors this fiscal year (ideally) or at minimum within the last two months

FACT:

An important lesson from the Great Depression in the 1930s showed that organizations that assessed their situations earlier were able to make strategic decisions which resulted in less severe measures later.

3. Personal calls are intended to check in on your donors first and foremost. Your donors will appreciate being seen as human beings. Ask how they are doing and give a brief update of how your organization is pivoting.
4. Personalize an email outreach to the rest of your current donors whom you don't call sending well wishes and thanking them for being part of your family. You can send that out after your blast email status report. Share a candid assessment of financial implications your organization may face in the short-term and long-term and invite them to help you.

This is a great way for Board members to assist in donor outreach. Be sure to script them with some general questions to ask or talking points to make the calls easy. *People look for ways to control the things they can in times when all else seems uncontrollable.*

5. Keep donor stewardship front and center. You must find a way to regularly stop in your office to look for checks received so that gift acknowledgement can continue as normally as possible.
6. Plan a series of updates over the coming weeks. Use videos, stories, and testimonials from beneficiaries or volunteers to vary the voice and perspectives your audience is hearing. Hold a virtual town hall or virtual parties to keep connected with your donors during this period of social distancing.
7. Be creative with your digital communications since we can expect that print outreach will be limited due to staff working from home and printers and mail houses closed for operations.
8. Resist the urge to not ask for money. It will feel counterintuitive to ask for money as we all grapple with stress and uncertainty. If you had solicitations planned already, keep them on schedule. But change the language to reference current times. Be honest about revenue gaps you forecast this year. Encourage monthly contributions so people can feel more comfortable making a gift that's spread out over time. Ask your audience to hold Facebook fundraisers

or other peer-to-peer campaigns for you. Issue a challenge grant (maybe from your board?) to inspire gifts. The point is, giving helps your donors feel they are doing something at a time when they might be feeling helpless.

Whatever you do, resist the temptation to cut fundraising staff and scale back donor outreach and acquisition efforts. Donor retention results from steady, careful stewardship and engagement of supporters. It takes time to grow retention numbers and to grow donor files. Having to re-hire eliminated positions and restart paused acquisition sets your organization back and will make it harder to reactivate fundraising.

If you are feeling stuck or unsure or overwhelmed with a recalibration of your fundraising, I'm here to help. [Reach out](#) to schedule a call so we can discuss how I can best advise your organization.

Resources:

1. <https://theconversation.com/what-happens-to-charitable-giving-when-the-economy-falters-133903>
2. *Fundraising When Money Is Tight*, Mal Walwick
3. <https://spectrumnonprofit.com/from-sustainability-to-survivability-how-nonprofits-can-manage-uncertainty-amid-crisis/>
4. <https://www.mooredmgroup.com/coronavirus-and-economic-challenges/>
5. <https://bloomerang.co/resources/covid19/>

Don't assume the answer you think your donors will say when you ask them for a gift to support you right now. Let them tell you they can't give or give as much as you are asking.

ABOUT BARBARA O'REILLY, CFRE, & WINDMILL HILL CONSULTING



As senior fundraising consultant, Barbara helps non-profits of all sizes cut through the noise and develop a profitable fundraising strategy that focuses on the resources, skills and tactics they need to build more effective donor relationships and catapult their revenue.

Over the last 25 years, Barbara has led record-setting reunion campaigns, been a part of three major capital campaigns, and successfully managed relationships with major individual and corporate donors. She

also helped to launch a nonprofit, spent many years in large, complex organizations, and worked with everyone in between. So she knows she can help you.

Whether you are a start-up organization, a small shop, or a large, complex nonprofit, we work with you to create a fundraising roadmap that is tailored to your staff capacity and budget through strategic development planning, annual funds, capital campaigns, individual and institutional major gifts, as well as staff and leadership training and coaching.

To learn how Windmill Hill Consulting can help you transform your fundraising strategies, visit www.whillconsulting.com.



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