

You Can See the Future by Looking Within Yourself

The eight hundred pound gorilla in the room at a recent non profit conference was, of course, the economy and how charities are coping with these tough times.

To be sure, many faith-based charities and others serving human needs saw contributions rise. Perhaps media coverage of suffering caused by job cuts helped build a case for giving.

But many others are seeing a real downturn. Particularly among new donors in response to prospecting appeals.

Some fell into the trap of trying to compare today with the Great Depression, or the stagflation of the 70's, or any one of a series of recurring recessions. They sought solutions to today's issues by comparing 2010 to the days when the world was a very different place.

I suggest you look at your own life for guidance. How are you weathering the economy? If you remain hopeful and confident of the future, shouldn't you translate that same feeling into the fundraising decisions you make?

BY
TOM HURLEY
PRESIDENT, FUNDRAISING
GROUP

It doesn't make sense to me to recommend cutting back on a fundraising program and still contribute to one's 401k. The first almost certainly guarantees a smaller donations program in future years while the latter will guarantee a comfortable future when the economy and market recovers.

Sure, it's difficult for a non-profit to decide between program cuts versus the continued investment in fundraising. Especially donor acquisition. Many organizations that are used to paying \$40 to acquire a donor now see the price rise to \$60 or \$70. But, so what? That donor who cost \$70 to acquire will still contribute \$250 or more over a 5-year lifetime.

The cost of fundraising rises, but the program continues to generate net revenue. And most importantly, the contributions program will continue to fund the organization in the future.

So, if your organization's financial house is on fire, then take emergency action. Cut all fundraising programs except perhaps renewals and sustainers and take the maximum amount of net revenue.

But if prospecting results are down and retention rates are within 5% or 10% of normal, suck it up and plan for the long run. If you're still investing for your own personal future, then give that same advice to your executive director and your board.

Tom Hurley is president of the DMW Direct Fundraising Group – a division of DMW Worldwide LLC. DMW Direct is a results-driven, full-service direct response agency with offices in Wayne, PA, St. Louis, MO, and Plymouth, MA. You can reach Tom at 508-202-4007 or via e-mail at thurley@dmwdirect.com.