



Research Center for
Leadership in Action
NYU Wagner



Beyond Foundation Funding:

Revenue-Generating Strategies for Sustainable Social Change

By Jennifer Dodge, Amparo Hofmann-Pinilla,
Angela Beard and Caitlin Murphy
with the support and input of the Mertz Gilmore Foundation





Mertz Gilmore Foundation

The Mertz Gilmore Foundation is a private, independent grantmaking institution in New York City that works to strengthen underserved communities, support the performing arts, and address the climate crisis. With assets of roughly \$100 million, Mertz Gilmore continues a five-decade tradition of focused grantmaking, maintaining relatively long-term commitments to its core areas of concern. The Foundation makes grants in three programs: New York City Communities, New York City Dance, and Climate Change Solutions. It also provides free convening space to civil society organizations. Mertz Gilmore is committed to and benefits from diversity at all levels of its operations.

Learn more: mertzgilmore.org

Research Center for Leadership in Action NYU's Robert F. Wagner Graduate School of Public Service

RCLA builds knowledge and capacity for leadership to transform society. Housed at New York University's Robert F. Wagner Graduate School of Public Service, a nationally top-ranked school for public service, the Center's unique approach integrates research with practice, bridges individual pursuits and collective endeavors, and connects local efforts with global trends. RCLA scholars use innovative research methodologies to advance big ideas in leadership, and the Center's customized leadership development and capacity-building programs facilitate critical reflection, peer-to-peer learning and transformation at the individual, organizational and systems levels.

Learn more: wagner.nyu.edu/leadership

Acknowledgements

The Research Center for Leadership in Action would like to extend our appreciation to all of the social change leaders, funders and technical assistance providers who have contributed their time and insights to this project. We would also like to thank the Mertz Gilmore Foundation. We are grateful not only for the financial support to carry out this important research, but also for the collaboration of Lukas Haynes and Rachael Young, whose contributions have made our work stronger.

Table of Contents

Introduction	2
Social Change Organizations and Financial Sustainability	3
Revenue-generating Strategies for Social Change	7
Chapter 1: Membership dues	7
Chapter 2: Individual and major donor practices	14
Chapter 3: Events	24
Chapter 4: Social media and technology	30
Chapter 5: Collaborative fundraising practices	42
Chapter 6: Goods for sale	52
Chapter 7: Fee-for-service practices	57
Chapter 8: Corporate relationships	61
Chapter 9: Other important sustainability considerations	63
Conclusion	72
References	73
About the Authors	78
About the Research	79



Introduction

The United States, like many countries, is facing one of the most challenging economic environments since the recession in the 1980s and perhaps the Great Depression in the 1930s. In this climate, nonprofit organizations are struggling with financial sustainability, defined as “the ability of a nonprofit to sustain a meaningful program of work with a variety of financial sources and without precarious over-reliance on a specific kind of revenue or funding source.”

This report focuses on an essential segment of the nonprofit sector – social change organizations – which are characterized by their commitment to addressing “systemic problems in a way that will increase the power of marginalized groups, communities or interests” (Chetkovich and Kunreuther 2006:14). Social change organizations also have particular features (Ospina et al 2011). Some are linked to broader social movements, but many work independently, combining activities such as service delivery, organizing, advocacy and community building, to address diverse social and economic injustices. These nonprofits tend to be small in size and budget but have formal structures with clear roles and accountability relations. They also tend to work directly with a particular community, be it defined by geography (such as a neighborhood) or identity (such as families in poverty). We suspect that social change organizations are struggling with financial sustainability more than other nonprofits because they already work under more extreme resource constraints and often address controversial issues that some audiences shy away from supporting.

Some foundations are encouraging social change organizations to become more independent from foundation funding – in part because the financial crisis has weakened their ability to support nonprofits at the level they would like, and also so social change organizations are in stronger positions of financial independence. In response, many social change organizations are adopting traditional fundraising strategies to suit the needs of social justice work. Others are experimenting with emerging approaches such as using social media to fundraise. Through this work, as well as the evolution of academics’, practitioners’ and foundations’ views on fundraising and revenue generation, new knowledge is developing about what works and how – especially about the best ways to integrate fundraising approaches with social justice missions and values.

The Mertz Gilmore Foundation and NYU Wagner’s Research Center for Leadership in Action are collaborating to develop and share this knowledge, to invite dialogue and to generate support for sustainable social change. This report is designed to aid social change organizations, funders and technical assistance providers in discussing and implementing different fundraising and revenue-generating practices. We hope it is especially helpful to social change organizations that:

- 1) receive most of their support from foundation or government sources and need to find new sources due to cutbacks;
- 2) have not yet been successful in gaining foundation support, lack a fundraising infrastructure or operate on a volunteer-run basis; and
- 3) already have a healthy grassroots fundraising program and are looking for new ideas (Vanguard Public Foundation 2002).

We are in a moment when it is critical to make investments in learning and experimentation to better understand what support can increase long-term sustainability for social justice organizations.¹ And we encourage social change leaders, foundation leaders and technical assistance providers to work together to deepen their understanding of each other’s roles in sustaining social change.

¹ Others have contributed to this effort, including The New World Foundation (2008), Vanguard Public Foundation (2002), and Beckett (2005).

Social Change Organizations and Financial Sustainability

According to Sherlock and Gravelle (2009) different segments of the nonprofit sector rely on different sources of funding. To investigate these differences, they divide the nonprofit sector into five subsectors: arts and culture, education, environment and animals, healthcare, and human services. Arts and culture organizations and environmental organizations tend to rely most heavily on private contributions – donations from individuals, corporations and foundations – while education, health care and human service organizations depend on private payment for the largest percent of their revenue.² More specifically, the human service sector provides support and services to disadvantaged members of society and, in Sherlock and Gravelle's categorization, includes most social justice organizations. The human sector overall (not just social justice organizations) receives 41 percent of its income from private payments, 36 percent from government grants and contracts, 16 percent from private contributions, 3 percent from investments, and 4 percent from other revenue categories.

The picture for social change organizations differs in significant ways from other human service organizations. A 2005 paper on revenue-generating strategies in nonprofits that do community organizing analyzes the sources of income on which these organizations rely (O'Donnell, Beckett, Rudd 2005). In the first of a three-paper report, the authors sampled 213 community-organizing groups from a database of grantees recently funded by the Catholic Campaign for Human Development to quantify their sources of revenue. As illustrated in the following figure, they found that these organizations generated 62 percent of their funding from foundation grants – the largest single source of revenue by far for these organizations.³

Dues, individual gifts, earned income and government grants were other important categories of revenue, representing approximately 10 percent, 7 percent, 6 percent and 5 percent of overall budgets, respectively. Less significantly, social change organizations received approximately 3 percent from corporations and events, and less than 1 percent from: other grassroots fundraising efforts, organizational networks, workplace giving and unspecified sources.

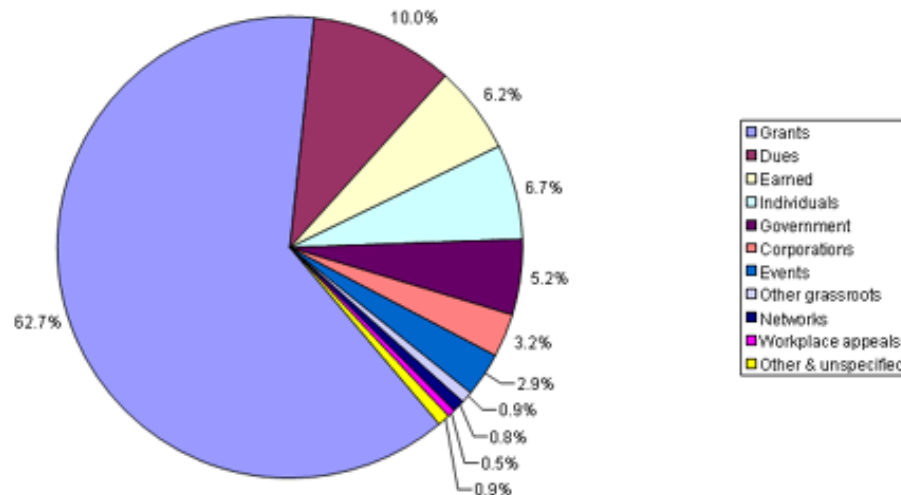
"You do not have to sacrifice your politics to fundraise. You have to fundraise in order to live out your politics."

- Sonya Garcia-Ulibarri
Raising Change Conference
(Acey 2008)

² Private payments refer to fees paid by recipients of services – for example, tuition payments or payments for medical care or counseling services.

³ This figure is used by permission. The data for this figure are from 2002.

Sources of Income for Organizing, 2002: Sampled Organizing Nonprofits
Total mean budget = \$207,686; total median budget = \$133,560; n=217



Source: O'Donnell, Beckett, Rudd 2005

While foundation funding comprises 62 percent of total revenues for social justice organizations on average (O'Donnell et al 2005), it only comprises 14 percent of revenues for the nonprofit sector in general (Giving USA 2011).⁴ This is a significant difference of almost 50 percent. Since the economic downturn in 2008, foundation giving on the whole has decreased approximately 5 percent as portfolio values have declined. Given social change organizations' reliance on foundation support, it is reasonable to suspect that social change organizations are being hardest hit by these declines.

The O'Donnell et al study (2005) suggests that social change organizations' reliance on foundation revenue as the single most important funding source can negatively affect financial stability and increase financial risk (see also Yan, Denison and Butler 2009, and Carroll and Stater 2009). This reliance comes from the particular struggles that community organizations face with resource acquisition (O'Donnell 2005). Many must compete with larger, well equipped public and private organizations. Many, as we described above, must rely on external funding. On this point, it is possible for community organizations – even in the poorest neighborhoods – to raise significant amounts of income internally from their constituents. However, O'Donnell (2005) found that even the strongest financial organizations in their study of social change organizations depend on outside sources for at least 20 percent of revenues. This finding demonstrates the tough challenges that organizing groups face in developing financial sustainability.

⁴ The Giving USA study (2011) is based on 2010 data from a different sample so these comparisons should be taken as impressionistic rather than direct.

Many factors seem to shape nonprofits' ability to diversify their financial portfolios. First, organizations that serve high-risk or low-income groups typically rely more on foundation grants or government contracts and less on fees for services or individual contributions. This may be particularly applicable to social change organizations that tend to serve disadvantaged populations. Second, according to O'Donnell (2005), organizational structure does not seem to impact whether or not an organization relies on a single source of funding. (The bulk of the paper looks at organizations' network affiliations, single or multi-issue focus, staff, local or national scope, and type of membership base as structural factors.) Instead, the tendency to favor a funding source is largely because it is convenient to do so. In other words, it is driven by institutionalized practices, norms and network connections. Developing new relationships and ways to approach funders has a cost but, as discussed above, diversity in revenue sources increases an organization's chances of long-term survival. One key advantage that social change organizations do have is that the fluid and loosely structured nature of organizing groups makes them well positioned to diversify their bases of support.

"Organizing is about building power and [power] comes from organized people and organized money."

- Vic Rosenthal
Jewish Community Action

In the first paper of their report, O'Donnell, Beckett and Rudd (2005) draw the following conclusions from a review of five studies about funding sources in community organizing groups:

- In many organizing groups one source of funding tends to dominate the revenue mix. That dominant source is typically external to the organization.
- Organizational age and funding diversity are correlated, and funding diversity promotes organizational stability (see also Carroll and Stater 2009).
- In spite of the finding that a majority of organizing groups rely heavily on a single funding source, these groups also have an impressive ability to replace lost funds with other sources of revenue. This capacity in organizing groups offers promise to those who seek to strengthen and diversify their fundraising base.
- In the organizing community, participants hold a strong belief that internal funding from members is superior for building ownership and strengthening organizing activities, while external funding displaces organizational goals and leads to instability. However, research indicates that organizational funding levels and diversity of funding sources are more important to organizational stability than any particular pattern of external or internal funding.

The strengths and vulnerabilities of social change organizations have tended to increase their reliance on foundation support. These trends have implications for the relationship between foundations and social change organizations.

Relationships to foundations

O'Donnell (2005) presents two opposing views on foundation funding. The first is that foundations find social change organizations appealing as an effective means of solving key social problems, and receiving money from them enables social change organizations to do their work. The second view, represented in O'Donnell (2005) by Sonia Garcia of the Grassroots Institute for Fundraising

Training, is that an over-reliance on foundation income may divert an organization's attention from grassroots fundraising – which may be more sustainable than foundation income. A National Committee for Responsive Philanthropy (NCRP) report (2003) also points out that social justice nonprofits may be wary of foundation funding because foundations are often built on assets that are an outcome of the inequitable allocation of power and resources that these organizations are set up to address.

Along these lines, Ahn (2007) asserts that were it not for tax laws created to protect foundation assets, approximately 45 percent of their holdings would be public funds and available for social services that the government has largely relegated to the nonprofit sector. For this reason Ahn encourages the pursuit of foundation grants by social justice organizations, claiming that foundation funds, which she calls quasi-public dollars, are rightfully theirs. On the other hand, she cautions against the phenomena known as philanthrocapitalism, where the goals of business and the market are combined with those of social change. Opponents of philanthrocapitalism maintain that philanthropy is used to further the agendas of powerful corporations and individuals without taking into account the viewpoints of those involved in doing social change work.

There is a rich literature on social justice philanthropy that addresses these questions head on. Social justice philanthropy attempts to change existing wealth and power structures, challenge traditional notions of charity and address underlying inequalities rather than alleviating their symptoms (Shaw 2002, NCRP 2003). This conversation tends to take place among funders and technical assistance providers. In our scan, we have found very little empirical or theoretical literature that highlights the perspectives of social change organizations in terms of the ways they view social justice philanthropy and how it can better support their efforts. This disconnect suggests that more dialogue between social change organizations, foundations and technical assistance providers is an important part of addressing the challenges facing social change organizations in their efforts to become sustainable.



Chapter 1: Membership Dues

Several leaders of social change organizations are using membership dues as a revenue-generating practice that has proven to produce many positive results. In the past, social change organizations were hesitant to ask their members for contributions. This hesitancy was rooted in a belief that the primary mission of social change organizations was to serve the needs of poor and low-income members or communities, and that these constituencies generally did not have extra resources to give to the organizations. Moreover, many thought that asking for contributions from their members would add to the daily burdens poor people already faced.

Social change organizations that use membership dues have learned that everyone has the capacity to give even small contributions, and that these contributions do not cause harm, but can make a real difference in their organizations and their members' lives. The strongest advantage of using membership dues is the increased degree of member ownership. A strong membership base signals legitimacy to the public and has the potential to increase indefinitely as a revenue stream (Beckett 2005). According to a report by The New World Foundation (2008), building a strong membership is a key resource to ensure organizational sustainability. The report states, "Ultimately, the most powerful way to sustain social justice organizations is through the expansion of membership within and beyond the constituency in need" (3).

Key terms

Membership dues: These are fees for the benefits that a client or beneficiary of an organization receives from its association with that organization. Membership dues may be collected from institutional or individual members on a monthly, quarterly or annual basis and may or may not include a one-time initiation fee (Kleinman 2011).

Key points to keep in mind

- An organization may be defined by its bylaws as a membership organization, where its members have voting rights. Alternately, it may choose to designate any group of stakeholders as "members" regardless of their voting status in order to confer certain benefits in recognition of their support of the organization (National Council of Nonprofits 2011).
- Organizations that have membership dues need to collect them regularly (how often depends on the organization), and review the fee structure periodically if regular increases are not in the organization's bylaws (Beckett 2005).
- Income from dues alone does not fully cover operating costs.

- Organizations should ideally implement membership dues from their inception. Adding dues later in the organization's life cycle requires member education and a clear articulation of the collective ownership and financial benefits that will result from dues collection.
- Organizations that successfully implement membership dues often attach an incentive or reward for members to stay in good standing such as member-only services, special insurance or even loans. Some organizations are involving members in recruiting new members and building the human and financial capacity of their organizations.

Membership dues practices

Collecting membership dues from members and affiliates

Pineros Campesinos Unidos del Noroeste (PCUN) – which translates as Northwest Tree Planters and Farmworkers United – has sustained and grown its membership dues practices successfully during the 25 years since its dues system was implemented in 1986. According to its Web site, PCUN is “Oregon's union of farm workers, nursery and reforestation workers, and Oregon's largest Latino organization. PCUN's fundamental goal is to empower farm workers to understand and take action against systematic exploitation and all of its effects.”⁵ PCUN was created to respond to the aggressive anti-worker and anti-immigrant policies and practices directed toward farmworkers in particular, and Latino immigrants in general, and to support immigrant workers' rights in Oregon.

Highlighting PCUN's unique approach, only a small percentage of its revenue from membership dues comes from members who work under its collective agreement. Most of this revenue comes from “associates,” farm workers who are not under a PCUN collective bargaining agreement but who live in the Mid-Willamette Valley in Marion County – an area dominated by the agricultural business – and stand to benefit from PCUN's actions. According to Larry Kleinman, PCUN's secretary-treasurer, the region in which PCUN operates “...generates more than half a billion dollars annually in farm products and is home to 40,000 farm workers. It is also home to Salem, Oregon's state capitol, and Woodburn, PCUN's home and Oregon's largest city with a Latino majority” (Kleinman 2011:1). It is smart for PCUN to nurture relationships with associates, not only to generate revenue to do its work, but also to maintain and build its base of support.

Since 1986, PCUN has registered roughly 5,600 members, 98 percent of whom are Mexican and Central American immigrants. Since 1986, PCUN has generated \$2 million from farmworker membership dues and services.

Methods for assessing and collecting dues have remained the same since shortly after the organization was founded in 1985. The associate member dues system works like this: PCUN's associates pay a one-time \$15 initiation fee and \$36 in quarterly dues (\$21 if the associate is over 65 or permanently disabled). PCUN sends news bulletins and reminders quarterly to these members. PCUN reminds members who have lapsed payments in three ways: the newsletter, house visits and member-to-member conversations, and through radio programs on PCUN's radio station.

Some members send dues by mail, but most stop by PCUN every quarter. Many members do not hold credit cards or have access to a computer so they pay their dues directly on a quarterly basis.

⁵ PCUN (Undated). About. <http://www.pcun.org/pcun> (Downloaded 9/19/11).

The face-to-face interaction between members and PCUN staff provides an opportunity for dialogue and meaningful conversation. It becomes an opportunity for the staff to update members on PCUN's main campaigns and activities and for members to express their needs and concerns. As Kleinman stated, using "...the member dues work as a fundraising strategy is a more structured and detailed practice than donation-based campaigns and fits the culture of the organization much better."

For PCUN, membership fee practices are connected to providing services to its members. As an organization protecting the rights of worker immigrants, PCUN, through its service arm, Centro de Servicios para Campesinos, has provided immigration counseling and legal representation to members since its initiation. Kleinman writes (2011) that a few months after they founded PCUN, Cesar Chavez visited the organization and advised the Board not to give their services away. His advice reinforced the organization's decision to link services and benefits to dues (Kleinman 2011). In 1986, according to Kleinman, the organization changed its language from "donations" to "dues" and along with it the connotation of "charity" that fundraising had within the organization. This move represented a cultural shift for the organization. He said, "...We (mostly) patiently answered concerns like, 'Why can't I just pay for this service?' For the most part, our base went along. Over time, the idea of membership grew on them. They owned something" (Kleinman 2011). According to Kleinman, this practice has transformed the "donation" mentality into a sense of ownership of the organization. Suggesting that the membership supports PCUN's practices, the membership has voted to increase dues six times since 1986.

A poignant example of why this tactic works relates to the organization's life insurance policy. In return for their dues, members in good standing are covered under a group policy that pays \$5,000 if a member, spouse or child dies. A major incentive to pay dues is to maintain the insurance coverage. Linking services to dues supports the mission of the organization since members know that their contributions help the organization to continue providing important services to other immigrants. At the same time, this practice helps to keep members engaged and abreast of the main issues that concern them and their communities. According to Kleinman, the membership dues practice has also inspired solidarity from their base of allies in the community: organized labor, religious groups, student groups, educators and lawyers. Since PCUN's founding, "nearly 1,500 individuals and groups have contributed a total of \$1.5 million to support our work" (Kleinman 2011), a figure that goes beyond the \$2 million they have raised through membership dues.

Developing a flexible approach to paying fees and obtaining free services

Centro Hispano Cuzcatlán (CHC) is an organization created in 1998 by a group of Central American immigrants in Jamaica, Queens to bring local ideas and leadership, backed by powerful community organizing, to address issues that affect the quality of life of the Hispanic community in New York City.

CHC members are primarily from the Spanish-speaking, immigrant communities in Jamaica, Corona, Jackson Heights, Ozone Park and Queens Village. According to Eduardo Barahona, CHC's executive director, "The organization draws its strength from a rigorous community organizing approach and from the deep organizing history that our members have from our countries of origin." CHC focuses on organizing and educating community residents around issues related to housing, immigration, health, labor, education and the good use and preservation of Rufus King Park. It also promotes preservation of the cultural values of the Latino community, while stimulating participation in the civic life of the United States.

With over 500 dues-paying members and 800 active local residents, the organization has implemented a flexible approach to member dues. CHC usually asks members to pay dues in the amount of \$25 every six months. However, to account for members' different capacities to pay – both in terms of the dollar amount and the number and timing of payments – it gives members an option. If they cannot pay the full amount, they may volunteer time to support the CHC's activities and events.

Becoming a member and paying membership dues allows members access to services and other information they need. Members can also attend diverse workshops that CHC offers on subjects like immigration, workers' rights, housing issues or tax information.

The fee for membership was an idea first suggested by the Board. According to Barahona, "...Some Board members are from Latin America. Many of them have had experience working for grassroots organizations, student organizations, social movements and unions that often used this model in Latin America. Members of the Board who had seen the positive results proposed this strategy for El Centro Hispano Cuzcatlán." Implementing this initiative has required approximately 10 percent of the executive director's time and 10 percent of the time of a staff member providing coordination.

This initiative, which has been running since the organization's start in 1998, has been effective in several ways. It provides a steady amount of money and clarifies who active members are. In Barahona's words, "Having registered members who help to sustain the organization provides a great leverage for the organization as well. Engaging members in an active manner demonstrates that the community is involved, supporting and working with and for the organization." Barahona added, "...This strategy contributes to the mission because it is helping to create a mass of people who support the organization, and in turn, help to support the organization to continue providing services to the community."

Opening bank accounts and obtaining loans to pay for member fees

Make the Road New York (MRNY) is a New York-based nonprofit that "builds the power of Latino and working-class communities to achieve dignity and justice through organizing, transformative education, policy innovation and the provision of survival services." MRNY has recently implemented an innovative program called *Fuerza Cooperativa* (or *Cooperative Strength* in English), which helps members pay dues while also building their credit histories.

Fuerza Cooperativa is a collaborative effort between MRNY and Brooklyn Cooperative Federal Credit Union (BCFCU), a small, community-based financial institution that offers savings and checking accounts, tax income preparation and loans for its clients. *Fuerza Cooperativa* provides a vehicle for immigrants to gain access to safe financial services and become members of MRNY. It works by creating an opportunity for these potential members to open banking accounts at BCFCU while simultaneously taking out small loans to pay their membership dues. Traditionally in the US, people without legal immigration status are reluctant to open financial accounts, choosing to manage their finances in cash. As stated on the MRNY Web site, the program provides

...essential banking services to low-income and immigrant community members in Brooklyn, Queens and Staten Island. Through the *Fuerza Cooperativa*, MRNY connects people to BCFCU's non-predatory lending, financial counseling, and a range of services for their families and small businesses, services previously

unavailable for those living in many of NYC's immigrant and under-banked neighborhoods, where predatory banking practices are the norm.⁶

To participate in the program, individuals are required to become members of MRNY. BCFCU offers loans to those applicants who cannot afford to pay their dues. Most members choose to take out loans for the full amount of the annual membership dues, which are set at \$100. MRNY's arrangement with the credit union gives members three to six months to pay back the loan in workable increments. In the words of Julie Miles, MRNY's director of development,

This approach creates an incentive for members because it offers them an opportunity to build a relationship with a reputable financial institution, open an account and start building a credit history. Ultimately, these experiences provide members with advantages for dealing with other personal financial affairs.⁷

When an individual wants to be part of *Fuerza Cooperativa*, BCFCU does not ask for proof of income or legal status. It only requires a government-issued picture ID from any government (such as a passport) and a letter that has been mailed to the applicant's current address. New members in the program are automatically approved. BCFCU opens an account for the new member and authorizes a debit card that can be used wherever the cards are accepted. The credit union reports the account to the three credit bureaus – Experian, Equifax and TransUnion – allowing members to build credit histories. In addition, it disburses the membership fee directly to MRNY (Bayona 2011).

Fuerza Cooperativa is helping immigrants open accounts, build a credit history and become members of MRNY. A lifetime membership, \$100 paid once, includes access to legal services and ESL and literacy classes, among other services.

Miles estimated that in the year since *Fuerza Cooperativa* was created, approximately 55 percent of its members, many of whom are single women heads-of-household, have joined MRNY through the program. These members have gained new financial possibilities that many people take for granted, like obtaining credit cards and making financial transactions electronically. The organization has brought the credit union's ATMs to its offices in Staten Island and Queens and has helped members with small businesses obtain loans from the credit union.

Proposed by MRNY's directors, the project took more than a year to develop. Board leaders, a majority of whom are elected from organizing committees in each borough, helped shape the project and introduced the idea to the committee leaders. Currently, the project requires a full-time staff person at both MRNY and the credit union. The sizable start-up costs also required several foundations – including the Mertz Gilmore Foundation, the New World Foundation and others as part of the 3D Initiative (3D for Social Justice Donor Development and Diversification) – to provide additional multi-year financial support of the pilot. So far *Fuerza Cooperativa* is a win-win-win situation. As Miles said, "Members receive high-quality, community-oriented banking services; the Brooklyn Cooperative expands their membership base into new boroughs; and MRNY becomes more financially independent, raising money for vitally needed organizing and services."⁸

⁶ Make the Road New York (Undated). Media Coverage. <http://www.maketheroad.org/article.php?ID=1827> (Downloaded 10/3/11).

⁷ Ibid.

⁸ Ibid.

This initiative is seamlessly linked into MRNY's recruitment efforts. Its community organizers have been using it to attract new members. According to Miles,

Most members are recruited by organizers at committee meetings or other community events. Organizers are in charge of enrolling members, then directing them to the *Fuerza Cooperativa* staff to complete the process. The organization has 13 organizers right now, as well as administrative staff ... in each borough.

MRNY has implemented this program as a three-year pilot, since they expected the program would need that amount of time before it would be consistently making net gains. So far the gains are evident. Many members have joined the initiative, and the organization is gaining vital new revenues from new and existing member contributions that they previously had no financial system to administer.

Moreover, MRNY leaders recognize that the program is still evolving. In the words of Miles, "If successful, as we expect, this program has the ability to raise hundreds of thousands of new dollars for social justice work, which is why Make the Road believes this is worth the upfront investment."

This is also why MRNY is grateful to the foundations willing to take the investment risk to support this work.

Building campaigns to increase membership

While the practices we have discussed so far focus on managing membership dues, we have also learned about several practices that focus on building membership bases, which in turn generate more revenues through dues.

In Los Angeles, the **Coalition for Humane Immigrant Rights of Los Angeles (CHIRLA)** has implemented a successful campaign, in operation since 2009, to increase its membership base and members' fees.⁹ CHIRLA has an Annual Membership Drive, which is mostly implemented by mailing letters and making follow-up requests. By 2011, the campaign helped the organization raise about \$15,000 and recruit approximately 275 new dues-paying members annually. On its Web site, CHIRLA has a page that calls people to join the organization and support its fight for immigration reform. It says, "To combat anti-immigrant sentiment, we need to show our political leadership that we are mobilized."¹⁰

CHIRLA offers seven membership categories: Active Member (\$25); Student Member (\$25); Supporting Member (\$100); Educators for Immigrant Rights (\$100); Business Ally/Pro-Immigrant or Immigrant-Owned Business (\$100); Nonprofit Partner (\$100); Faith Community Member - Church (\$100); and Individual Faith Leader (\$25). Member benefits include free and reduced-fee workshops, a newsletter, first priority for trips and events, and a Web site logo posting for nonprofits, businesses, educators for immigrant rights and faith community members.

Building a membership both committed to an organization's cause and willing to support it through paid dues is a promising sustainability practice for social change organizations. It presents to the

⁹ Coalition for Humane Immigrant Rights of Los Angeles (Undated). Show Our Strength: CHIRLA 2011 Membership Drive. <http://www.chirla.org/show-our-strength-chirla-fall-2011-membership-drive> (Downloaded 11/03/11).

¹⁰ Ibid.

world an organization that is rooted and engaged with its constituents, and supports the kind of relationships that social change organizations seek to build with their members, moving them from “constituents” to “stakeholders” (Minieri et al 2005). It encourages an organization to inform members and be more transparent. As Anna Fink at The New World Foundation put it, “This is a sign of a robust and accountable organization.”

One of the key messages from these efforts is that a strong membership base is synonymous with a strong political base.

Kentuckians For The Commonwealth (KFTC) launched the *Each One Reach One Campaign* to increase both its membership base and revenue from membership fees.¹¹ The organization’s goal is to inspire 1,000 of its existing members to recruit one new member each. The KFTC Web site has a section dedicated to explaining the campaign:

What [would it] look like if 1,000 of our 5,000 members talked to just one person about why they belong to KFTC? Our membership would grow in all corners of Kentucky. We would reach more people in Marion, Floyd and Franklin Counties, the neighborhoods of Lexington and Louisville and congregations of faith from all over this Commonwealth. We know the strength of an organization that is built by its membership when we stand in a crowd of 1,200 people on I Love Mountains Day. It is essential to each one of our campaigns that our members continue to reach out and bring new people who believe in the work that we are doing.¹²

According to its Web site, membership in KFTC is open to all people “who share our commitment to democracy, equality and non-violent social change.”¹³ The organization suggests annual membership dues from \$15 to \$50 per household, but accepts contributions of any size. Members can be listed individually or can include other members of their household on their membership. KFTC members receive a newsletter and periodic information about upcoming events and ways to get involved. KFTC also invites them to attend meetings, participate in activities and serve on work committees. A key goal behind KFTC’s membership drive is the need to diversify its base and bring people from a variety of backgrounds into the work.

¹¹ Kentuckians For The Commonwealth (Undated). Our Work. <http://www.kftc.org/our-work> (Downloaded 9/28/11).

¹² Kentuckians For The Commonwealth (Undated). Each One Reach One Campaign. <http://www.kftc.org/our-work/grassroots-fundraising/each-one-reach-one> (Downloaded 9/27/11).

¹³ Kentuckians For The Commonwealth (Undated). Our Work. <http://www.kftc.org/our-work>. (Downloaded 9/28/11).

Chapter 2: Individual and major donor practices

Some social justice community organizations have been hesitant to use individual and major donor cultivation practices, believing that the relationship between donor and recipient is contrary to the values held in the organizing community. However, in the last decade, this belief has been changing as many social change organizations are reporting successful results that are helping increase their revenues and independence.

Shaw (2002) found that seeking individual donations does not have to present an ethical conflict for organizers if they are mindful of what type of person is appropriate to approach for social justice funding. Beckett (2005) confirmed the importance of individual giving and its growth potential for social justice organizations. Beckett found that many organizers felt that donations from individuals fit well with organizing principles and could potentially contribute to leadership development as the organization's leaders became more confident in their negotiating skills. In support of this claim, Giving USA (2011) found that individual contributions to nonprofits made up 73 percent of total giving in 2010, an increase of 3 percent from 2009. These increases, while small, occurred despite the economic climate.

Key terms

Individual contributions and major gifts:¹⁴ A specific dollar amount separates the two categories. The number is different for every organization because it is based on the organization (its goals, mission and values) and its constituents (how much they can pay and how much they are willing to pay to support the organization). There can be fluidity between the two categories since a standard fundraising objective is to build relationships with individual donors and encourage them to increase their support by becoming major donors. However, generally major gifts come from individuals with greater means.

Key points to keep in mind

- Some social change organizations hold the view that their members or allies have insufficient income to be asked to give. In O'Donnell (2005), Sonya Garcia of the Grassroots Fundraising Institute refutes this idea by emphasizing that “lower-income people will make the same rational yet values-directed choices about giving that everyone else does, so that people can have ownership of the organizations and have reciprocal relationships with the organizer and with outsiders.” Organizations can help facilitate these gifts by implementing options for smaller recurring gifts on a monthly or quarterly basis.
- Traditionally some practitioners have argued that the nature of social justice work itself might present a barrier to raising **individual contributions** because it can appear too radical to mainstream funders and contributors. Contrary to this belief, Johnson (2010) found that

¹⁴ These two categories are usually not separated in financial statements but they reflect different strategies for raising funds – perhaps more so in social change organizations than in other nonprofits.

extremist political candidates raised more money from individuals than did more centrist candidates. This finding suggests that organizations with controversial messages might make effective appeals to audiences who share their strong feelings about a particular issue or cause.

- Social change organizations have expressed some hesitancy about using a fundraising approach that focuses on **major donors**, but this seems to be based on a misperception of what a major donor campaign entails. There are ways of thinking about major donors that can be suitable to a comprehensive strategy to raise money for social justice work and that can be consistent with social justice values.
- Kim Klein (1999b) notes that there are two absolutes in fundraising: prospective donors must be asked to give, and donors must be thanked for their gift. These principles are true of both the annual fund and major gift campaigns.
- When building an **individual giving program** the industry rule of thumb is that solicitations begin with those closest to the organization – typically the Board – then work outward through the layers of relationships with members, donors, volunteers and allies – identifying and soliciting those with the largest stake in the organization first. In both kinds of campaigns, nonprofits should keep in mind three characteristics of prospective donors well known to fundraising professionals: they have the *ability* to give, they *believe* in the organization’s mission and they have *contact* with the organization (Klein 1999b).
- Organizations also need to pay attention to important differences between the two kinds of contributions and how to secure them. **Major gift** asks are often face-to-face solicitations, while **annual fund gifts** are secured through direct mail, email, telefundraising (telephone calls from a phone bank for contributions), and newer methods of using social networking sites and soliciting text-based gifts.
- To conduct an **individual giving campaign** successfully, social justice nonprofits need to pay attention to information management systems for tracking prospects, donors and gift information. They will need sufficient staffing to manage the flow of cultivation, solicitation and stewardship of information. Often volunteers can and should play a role in these tasks.
- Executive directors and other fundraising staff members interviewed in O’Donnell (2005) emphasized the importance of face-to-face relationship building in cultivating donors, reinforcing the primacy of relationships in organizing fundraising efforts. Direct contact can be supplemented with effective written communications such as letters and newsletters.
- O’Donnell (2005) found that the people they interviewed used the following tactics to find and keep individual donors involved:
 - Have Board members, other leaders and staff contribute names to the mailing lists and write personal notes on the letters;
 - Arrange phone banks of leaders to make follow-up phone calls;
 - Plan campaigns in which letters are followed up by visits; and
 - Mail in-house whenever feasible to involve members of the organization in the process.
- Creating a “**culture of philanthropy**” in an organization can be an important strategy for a successful individual or major donor campaign (Beckett 2005). Osborne (2011) defines a

culture of philanthropy as one where everyone in the organization has a role to play in fundraising – including staff, Board, volunteers and constituents. (For more information on a culture of philanthropy, see Chapter 9).

Individual donation practices

According to both our survey and interviews, social change organizations are increasing their focus on individual giving as a fundraising practice, rethinking how and from whom they are soliciting individual gifts. Individual donation practices can be effective when it is important for an organization to have member and/or community ownership. A key strategy is to identify those “in your ranks” who have the capacity to become donors. This leads to increased investment in the organization, brings in needed revenue and produces new advocates who can articulate the importance of the organization.

For example, **Chhaya Community Development Corporation (Chhaya)**¹⁵ is a New York City nonprofit dedicated to improving access to housing, resources and information for South Asian Americans throughout the New York metropolitan area. They have also begun to build up an individual donor base through clients and community members. A key focus is their communications strategy through which they interact with donors via online solicitation, tele-fundraising and events. Each staff member contributes half a day per month to the campaigns and they rely heavily on their volunteer base. In addition, a representative from Chhaya expressed how challenging it is when an organization does not have the capacity to systematically track donor gifts and related activities. This person shared that a good database is essential to the organization’s work, which has increased their number of individual donors from seven to more than 50 a year. Individual fundraising helps them with their mission by increasing ownership of the organization and strengthening their relationships in the community. However, these campaigns do require fundraising training. With the support of local foundation staff, Chhaya has been able to train some of its staff. Its leaders believe that in-house training, which can include more staff, would be beneficial to its programs.

Fundraising through response to community needs

The MinKwon Center for Community Action¹⁶ is a Flushing, Queens-based immigrant rights nonprofit organization that addresses the needs and concerns of the Korean-American community through five program areas: Community Organizing and Advocacy, Social Services, Civic Participation, Youth, and Culture. The MinKwon Center conducts individual fundraising efforts both around general appeals and specific organizing campaigns and events. However, the organization has noticed a greater response when fundraising efforts happen in response to an organizing campaign or event. Two examples of this are the *March for America’s Future*, and *Advocacy around the DREAM Act*, which both took place in 2010. For the *March for America’s Future*, the staff made phone calls and sent emails to solicit contributions from major donors, other nonprofit organizations participating in the event, and certain foundations that provide emergency grants. This took about ten hours of the

• Chhaya Community Development Corporation (Undated). Who We Are. <http://www.chhayacdc.org/weare.html> (Downloaded 9/14/2011).

• The MinKwon Center for Community Action (Undated). Mission Statement. http://www.minkwon.org/whoweare/mission_statement (Downloaded 9/14/2011).

staff's time and raised \$18,000. The *Advocacy around the DREAM Act* was led entirely by youth members who distributed fliers, talked to people on the streets and went to small businesses to raise money. The strategy was effective because the specific issue of the campaign provided them with a clear and urgent need for financial support – something tangible for which to fundraise as opposed to a general fundraising ask. Similarly, fundraising around community organizing campaigns contributes to Minkwon's mission by getting more organizations and community members to join in the campaign, as well as raising awareness about comprehensive immigration reform and immigrants' rights issues.

Making annual appeals

Founded and led by homeless people in New York City, **Picture the Homeless (PTH)** is dedicated to “the principle that homeless people have civil and human rights regardless of our race, creed, color or economic status.”¹⁷ PTH works to change “quality of life” laws and policies that criminalize homeless people and “to challenge the root causes of homelessness.”¹⁸

The staff sends two targeted appeals a year to donors and recent event attendees. The letter asks individuals both for monetary gifts and to volunteer or participate in the organization's work. Most of these letters contain personal notes, and new donors are telephoned personally by Board members. As of this report, the last mailing brought in 20 new donors. Staff members spend about a day's worth of time to write, proofread and send each letter, in addition to about 40 hours after the mailing to enter prospects into the database and clean it up. The actual mailing takes 15 volunteers about eight hours to assemble letters and mail them. Postage, a copier, paper and labels are also needed.

Lynn Lewis, executive director of Picture the Homeless, noted that this strategy is not innovative in the fundraising world, but it is innovative for them. Given a core staff capacity of four full-time staff, two part-time staff and little experience running such an annual appeal, the initiative has been empowering to the staff and volunteers, many of whom are currently homeless. The effectiveness of the two appeals comes from the revenue they raise, plus the opportunity to keep donors and prospects informed about the organization and showcase PTH's homeless leaders. The letters give them an opportunity to collect quotes from both political and community allies and incorporate them into the appeal, demonstrating to recipients what their gifts will support.

Fostering donor stewardship

Donor stewardship is the practice of acknowledging donors and continuing to expand the organization's relationship with them. Stewardship is often neglected due to both internal and external pressures to acquire new donors. But several organizations

Donor cultivation is what you do to build the loyalty and commitment of donors or prospective donors to the organization. Cultivation techniques may include receptions or other events for donors, as well as personalization of communications with handwritten notes or by remembering birthdays, anniversaries and personal events (Klein 1999).

¹⁷ Picture the Homeless (2011). Our Mission Statement. <http://picturethehomeless.org/mission.html> (Downloaded 9/13/11).

¹⁸ Ibid.

highlighted it as a critical revenue-generating strategy.

Detention Watch Network¹⁹ is a coalition addressing the immigrant detention crisis. It manages donor stewardship via email updates, surveys and phone calls. This type of stewardship allows personal contacts with donors in which the organization can, for example, thank donors personally for their gift.

Community Voices Heard (CVH),²⁰ a member organization of low-income people building power in New York City and State to improve the lives of families and communities, manages donor stewardship through one-day “Dialing for Dollars” events. These all-day events focus on updating supporters, soliciting gifts and thanking donors. Both organizations cited these activities as an opportunity to follow up with donors to better understand their interests and how they want to be engaged. Good stewardship practices require a fundraising database in order to track the contacts staff and members make with donors.

Gathering multi-year pledges and fundraising in the streets

Chinese Staff and Workers’ Association (CSWA)²¹ is a community-based workers’ organization that addresses issues that people in New York City’s Chinatown face both in and outside the workplace, such as land use, childcare, health, youth development, immigration, and 9/11 disaster relief assistance.

CSWA identified that one of its weaknesses in the past had been making fundraising the responsibility of a few staff members, who would cultivate income from foundations. However, as a membership-based organization, it wanted their grassroots fundraising initiative to emphasize to the workers in the community that the organization belonged to them – that they played a critical role in ensuring the long-term stability and development of the organization. To correct this, the CSWA created a fundraising advisory committee comprised of Board and staff members to organize the worker members and engage them in raising funds for CSWA’s collective future. Instead of just raising money, CSWA sought to take an integrated approach that furthered its goals and improved local conditions by mixing fundraising with promoting leadership skills and awareness amongst its members.

CSWA has identified two strategies that are helping it build its revenue streams: asking for five-year pledges instead of annual gifts, and implementing a special fundraising campaign called the *Sweatshop Free Campaign*. First, multi-year pledges foster organizational sustainability as they provide a forecast of revenues over several years. They also allow donors to spread a larger gift over several years of payments and redefine themselves as significant donors to an organization. To illustrate, someone who gives \$50 per quarter versus someone who pledges to give \$1,000 over five years gives the same amount of money, but the \$1,000 pledge may feel more like philanthropic leadership because it highlights the long-term and sustaining value of the overall contribution.

¹⁹ Detention Watch Network (Undated). Detention Watch. <http://www.detentionwatchnetwork.org/whoweare> (Downloaded 9/14/11).

²⁰ Community Voices Heard (Undated). Our Mission. <http://www.cvhaaction.org/mission> (Downloaded 9/15/11).

²¹ Chinese Staff and Workers’ Association (Undated). Our Mission. <http://www.cswa.org/modx/index.php?id=3> (Downloaded 9/14/11).

Second, the *Sweatshop Free Campaign* is a fundraising campaign that aims to promote awareness and organize even more workers to eliminate sweatshop conditions in the community. CSWA distributes leaflets and newsletters, and uses the cause of eliminating sweatshops to fundraise and build membership from the streets locally. The *Sweatshop Free Campaign* focuses on asking for relatively small amounts of money – from \$1 to \$100 – from CSWA’s worker-members as a show of support and commitment for a sweatshop-free community. These two efforts are part of an overall grassroots funding strategy that has increased individual donorship by almost 60 percent.

Even though most of CSWA’s members are low-income immigrant workers whose average incomes fall below \$30,000 per year, the enthusiastic support that they have given to help build the organization as their own through donorship has encouraged CSWA to plan for continued growth of the initiative.

Getting support through litigation winnings

Restaurant Opportunities Centers United (ROCU)²² works through its national affiliates to improve wages and working conditions for the nation’s low-wage restaurant workforce. This organization has implemented another approach to individual donations that works well for social change organizations. It involves asking workers for whom ROCU had launched a workplace justice campaign to donate 6 percent of their litigation winnings to ROCU. ROCU has raised nearly \$100,000 with this strategy. While it requires significant staff time to coordinate the campaigns, asking for the beneficiaries of any related litigation to donate a portion of their winnings offers two benefits to the organization. It brings in revenue and it builds a sense of investment among workers involved in a campaign. ROCU feel that asking workers to give part of their winnings helps them to understand the organization’s mission. Perhaps not coincidentally, the idea for this strategy came from the members themselves, who felt that their fellow workers should have to donate a portion of their winnings to the organization.

Focusing on increased giving from mid-range donors

Kim Klein, partner at Klein and Roth Consulting, suggested another strategy for individual donations: identify the organization’s mid-range donors and encourage them to give more. Defining a mid-range donor can be part of a donor pyramid exercise, where an organization categorizes current and prospective donors according to gift level. While what counts as a “mid-range donor” varies by organizations, a rough benchmark is between about \$100 and \$1,000. Klein

A donor pyramid or gift chart is standard practice in nonprofit fundraising (see Klein 2011). A donor pyramid allows an organization to examine a fundraising campaign goal and segment the total goal into gift levels. The smallest number of large gifts is at the top of the pyramid and increasingly larger numbers of smaller gifts move toward the base of the pyramid. People developing the pyramid estimate the number of solicitations needed to achieve the goal based on the fundraising industry standard of three to four solicitations for every gift needed.

(Klein 1999).

²² Restaurant Opportunities Centers United (Undated). About Us. <http://rocunited.org/about-us/> (Downloaded 9/14/11).

shared that donors in this range are influenced in their contribution decisions by their level of personal income and the security they feel given their relative isolation from the recession. They are thus likely to be more willing to increase a \$10 monthly gift to \$25 or even \$50.

During an interview, Klein added another voice to the many who have spoken about the importance of good donor stewardship. Keeping current donors is very important, she argued, because an organization's best future donors are its previous donors. When organizations focus too much on foundation funding – especially after they successfully bid for a large grant – they can neglect their donor base and negatively impact donor relations. Klein said she sees a lot of organizations that find themselves in a position where they have to expend valuable time and energy in reconnecting with neglected donors. Instead, staff would make better use of resources by proactively maintaining those relationships while looking to acquire new donors.

Jewish Community Action (JCA) is a social change organization in Minnesota dedicated to “bring[ing] together Jewish people from diverse traditions and perspectives to promote understanding and take action on social and economic justice issues in Minnesota.”²³ One strategy it uses is a targeted giving day sponsored by a local foundation. A targeted giving day is chosen by a local funder who agrees to match all funds raised on a specific day for community nonprofits.²⁴ These are occurring in communities across the country and have the potential to raise significant funds for participating organizations. This strategy is one that nonprofits cannot control directly, but need to be aware of and prepared for when it does occur. More discussion on targeted giving days is included in the social media section of this report (see below).

In addition to learning about the strategies that social justice nonprofits are implementing, several funders or technical advisors had important observations to share about individual donations.

Neighborhood Funders Group (NFG)'s executive director, Melissa Johnson, described tracking fundraising activities as one of the biggest needs in fundraising and revenue generation for grassroots nonprofits. The ability to track cultivation, solicitation and stewardship activities is key to sustaining and deepening relationships with individual donors. This is accomplished by recording contacts with these individuals and information about their connection to and interest in the organization. NFG also explained that social justice organizations need to carve out their niche, be aware of what collaborators are doing and what the competition is in the marketplace. Furthermore, social change organizations need to identify why they are unique and make sure funders know why they are relevant. This knowledge enables them to create and articulate a compelling case for funding to their donors.

When asked if members of social change organizations are being engaged in fundraising beyond paying membership dues, Anna Fink, senior program officer at The New World Foundation – which is supporting a group of eight social justice organizations in their efforts to expand revenue generation – stated that some are going beyond dues in different ways. One example is getting members involved in grassroots fundraising campaigns, a second is developing and implementing a curriculum for members to engage in fundraising. As a couple of the examples above illustrate, social change organizations are training members to approach other community members to join the organization, or to participate in a particular fundraising campaign or event. They are also engaging members to take the lead in discrete campaigns or events. Fink observed that these

²³ Jewish Community Action (2011). Mission. <http://jewishcommunityaction.org/about/mission.htm> (Downloaded 9/13/11).

²⁴ Sometimes the funder does not provide matching funds.

activities have led to a different sense of ownership of the organization from members. Whereas many organizations hesitate to engage members in fundraising because they work with low-income communities and anticipate a certain level of resistance, they have in fact experienced the opposite response. The new level of ownership created by fundraising from the membership base has also produced a need for greater transparency about the organization's finances and activities.

Erin Barnes, executive director at ioby.com, a micro-giving platform based in New York, shared her observation that one very important element of fundraising is to choose the right tool for the right base of people. Resource organizing is a big part of community organizing, and grassroots fundraising should be a part of everything the organization does. Organizations should choose fundraising strategies based on who they are trying to reach and what they want them to do. Barnes also stated that low-income people give more as a percentage of income than do wealthy people, and that any organization can raise money from their base no matter who their base is. (This might not apply to very low-income people who struggle with basic subsistence.) Raising money from low- or middle-income people is more in line with social justice values – because it provides more control and ownership over the organization from the people it serves. The same goes for raising funds from the community to benefit the community and changing the idea that giving is charity from wealthy people to poor people.

Kevin Ryan, program director of the New York Foundation agreed that more social justice nonprofits are paying closer attention to stewardship of their donors and using more effective tracking systems to do it. He stated that organizations with annual budgets of \$100,000 to \$150,000 are using grassroots strategies very effectively, and in some cases one-third of organizational resources come from the community. He suggested that this is driven by the loss in foundation funding that is being channeled to social change nonprofits, given that over the past five to ten years foundations have tended to increasingly avoid supporting controversial work. He also affirmed that social change organizations can raise funds from their communities if the organization takes the initiative to come up with a strategy that is appropriate for that group – such as a small monthly gift versus a large one-time gift.

Major donor practices

Many of the interviewees indicated that social change organizations are adding major gifts to their individual donor campaigns. A major gifts campaign requires a level of capacity that some nonprofits have not yet reached, but Marjorie Fine, a consultant for Public Interest Projects and Ford's Freedom Fund, identified major donors as the most cost-effective source relative to the return – and the category that social justice organizations tend to overlook completely.

According to Fine, major gifts are a step beyond a regular gift or membership fee – these are termed 'stretch' gifts in fundraising language. She said she believes it is important to get social justice organizations to reconsider their prior assumptions about major gift campaigns. This means understanding what the change in thinking will entail, getting everyone on the same page, and involving the entire organization in doing the asking. A more detailed discussion of this principle – known as creating a culture of philanthropy – is included in this report in the section titled "culture of philanthropy." Despite the relative scarcity of major gift strategies in the organizations we interviewed, none offered philosophical objections to pursuing contributions from major donors.

Instead, lack of organizational capacity was the primary reason for not implementing a major gift campaign.

Only one organization (FIERCE) shared their traditional major gift campaign as a successful strategy but elements of major donor fundraising were found in several other interviews.

Soliciting major donors

FIERCE is a membership-based organization building the leadership and power of lesbian, gay, bisexual, transgender and queer (LGBTQ) youth of color in New York City.²⁵ It conducts a focused major donor campaign around the same time as their “bowl-a-thon” in the fall. The campaign begins in late August with planning and prospecting. FIERCE members lead major donor meetings from September to December. While different organizations define “major donors” at different giving levels, FIERCE sets the bar at \$250, and typically raise around \$20,000 from major donor campaigns. On average, major donors at FIERCE give between \$250 and \$500. Members meet face-to-face with donors and talk about the organization’s work. To prepare and to create an organization-wide culture of philanthropy, FIERCE organizes several fundraising trainings throughout the year for volunteers. In addition, it organizes mini-trainings for members participating in the major donor campaign.

According to Naa Hammond, FIERCE’s development coordinator, the major donor campaign occupies about 25 percent of her time. Each volunteer participates in anywhere from two to ten major donor meetings of one hour each and spends an equal amount of time preparing for each meeting. This adds up to between four and 20 hours per volunteer between August and December. The campaign requires printing (for invitations to the meetings), refreshments and appreciation gifts for major donors at the end of the campaign. Hammond noted that the strategy is educational for first-time fundraisers as it helps to build leadership skills and for first-time donors as it teaches that it is possible to make an impact regardless of their economic circumstances.

An impressive feature of FIERCE’s approach is the way it upholds an inclusive philosophy in its fundraising. FIERCE believes that anyone, including supporters with modest incomes, can be a major donor and anyone can be a fundraiser. The inspiration to use this strategy came from other grassroots organizations, and the strategy was first implemented at FIERCE by then Leadership Development Director Yasmeen Perez in 2008.

The Poverty Initiative is a nonprofit based in New York City dedicated to developing leadership committed to ending poverty. For approximately two years the organization has taken the classic donor pyramid approach to fundraising (which includes major donors) from a workshop given by Kim Klein and also featured in her book *Fundraising for Social Change* (Klein 2011). The donor pyramid, or gift chart, is standard practice in nonprofit fundraising, but the Poverty Initiative staff considers it an innovation for the organization. (See above for a description of a donor pyramid).

The Poverty Initiative is implementing this strategy by placing more emphasis on major donors, and on smaller gifts from existing donors and new prospects. Prospective donors are approached by letter, email and then with follow-up calls. The organization’s volunteers are involved in all aspects of the campaign: planning, prospecting, emails and letters. Dawn Plummer, the Poverty Initiative’s development coordinator, stated that face-to-face solicitations would be preferable but they take more staff time than the organization can provide. The campaign already takes about 45 hours of

²⁵ FIERCE (Undated). About FIERCE. <http://www.fiercenyc.org/index.php?s=75> (Downloaded 9/13/11).

staff time including Plummer's hours and time from two additional staff. Nine volunteers participate, including members of the Advisory Committee and interns. Additional resources needed include paper, postage, a copy machine and meeting space.

Working the donor pyramid brings revenue into the organization but it also engages the advisory committee and staff. It also helps to create an organization-wide culture of fundraising that generates financial ownership of the organization and an opportunity for leadership development.

Increasing donor giving through “moves management”

Another strategy related to major gifts is practiced by **Voices of Women Organizing Project (VOW)**, an organization that organizes and empowers survivors of domestic violence. Its strategy focuses on encouraging current donors to give larger gifts. Voices of Women began prospecting with key supporters – Board members, major donors, members, and staff – asking them to complete a prospect list of potential donors who would be interested in VOW's mission. The list was segmented and participants began cultivating the prospects. The supporter who had suggested a name would seek a meeting with the prospective donor to ask for a gift or in-kind support.

This campaign of face-to-face meetings takes considerable time from staff, Board members and volunteers. The executive director spends approximately 50 percent of her time cultivating donors and preparing for and attending donor meetings. On average prospecting and soliciting for the campaign takes up approximately 30 percent of the Board's time. The development committee spends 100 percent of its time on these same activities, and the full Board contributes 10 to 15 percent of its time to prospecting and solicitation.

In addition to staff, Board, and volunteer time, the campaign requires money for meetings and events and a good donor database. Trying to increase giving from current and prospective donors has been effective for VOW. The organization chooses to focus on individual giving in order to decrease reliance on foundation and government revenue. When Raquel Singh, the executive director at VOW, arrived, VOW had a significant cash flow shortfall for expenses on hand and they needed to seek emergency funding to keep from closing. By implementing the campaign of face-to-face meetings and moving donors up in their giving, the organization has been able to increase individual giving by 83 percent.

Jewish Community Action (JCA) similarly focuses on individual donor cultivation. Both staff and Board members participate by meeting with individuals and trying to get people to increase their giving. They have been able to raise over 40 percent of their budget from this strategy alone.

Chapter 3: Events

Social change organizations have long used events as opportunities to celebrate their work, bring together current and potential donors, and raise funds. Most of the organizations with which we spoke hosted at least one event a year, such as a gala, walk-a-thon or cultural community-based event. This chapter looks at a collection of event practices being used for fundraising and revenue generation, their challenges and potential gains.

There are currently extensive resources that walk an organization through the planning and execution of various kinds of special events; some of them can be found in our reference list.

Key terms

Fundraising events: These events aim to bring in revenue for the organization. While there are as many ways to implement fundraising events as there are nonprofits, there are generally two types. First, nonprofits can host social gatherings such as galas, auctions, breakfast or luncheon fundraisers, and house parties. Second, they can enlist volunteers to gather pledges to support an activity such as a walk-a-thon or tournament.

Fundraising events have the advantage of bringing in unrestricted revenue for the organization. They can also contribute in non-financial ways such as generating visibility for the organization, providing opportunities to raise money from people who would not ordinarily give, honoring people who are important to the organization's issues, and providing a chance to engage volunteers and give them a sense of accomplishment (Klein 1999a). Fundraising events can also create ancillary fundraising opportunities such as in-kind gifts or sponsorships, build donor relationships by bringing people closer to the organization, and attract new donors (Roth 2002). Finally, events can provide publicity and leadership development opportunities (Roth 2002). Because of the high labor and financial costs of hosting events, any organization's reasons for hosting an event should be clear.

Cultivation/stewardship events: These events aim to engage potential or current donors in the organization's work. While not generating revenue directly for the organization, they still play an important role in fundraising activities and should be incorporated into the events portion of any annual development plan. Cultivation or stewardship events are typically social gatherings for the purpose of building relationships with potential new donors or thanking and acknowledging current donors.

Speaking about social change organizations in particular, O'Donnell et. al's (2005) analysis suggests that relatively few organizing groups host special events with the sole purpose of generating revenue. Rather, the groups they surveyed confirmed that events play multiple roles in the life of the organization: as sources of revenue and as opportunities to celebrate the organization's accomplishments, build relationships and create visibility. Their study also confirmed several limitations of events: they are highly labor intensive, and the tasks often fall to those in the organization responsible for the rest of the organization's activities. Social justice organizations in their study held two to three events per year on average, often with one primary large event and two smaller events.

Our research found several different types of events worth detailing:

Galas and award ceremonies: These events can take a significant amount of planning and strategizing, but their focus on high-income allies can bring in significant income. The challenge is that they can be at odds with a grassroots, community-based approach: high ticket costs and high-profile speakers can shift the focus and representation away from those most affected by an organization's work.

Peer-to-peer events: Events in this category include bowl-a-thons, walk-a-thons and any other event that requires attendees to fundraise within their own social circles. Several organizations reported training members in fundraising techniques for such events, which succeeded in tying members more closely to the operations and governance of an organization.

Small community events: Many organizations shared that their members are happy to plan and organize small, informal events such as barbecues and dance parties. Although the financial payoff is reported to be limited, these events are successful at building a sense of community spirit, spreading word of the work, and increasing membership.

Cultural events: Social justice organizations have used events such as concerts and film showings to introduce an educational framework for discussing their work or to create dialogue within a community.

House parties: House parties organized for new donor cultivation can also support efforts to acquire new sources of revenue. However, follow-up is critical to ensure that attendees who are asked to donate do not become one-time donors.

Key points to keep in mind

When planning events for fundraising purposes, there are several important points to remember:

- Events are labor-intensive and one of the most expensive types of fundraising, considering the relatively little payback in proportion to the time, energy and other resources that go into implementing them. Costs average 50 cents for every dollar raised (Greenfield 1996). This is especially true of larger events, but might not be the case for smaller events like house parties.
- Knowing your organization's capacity is key. Some organizations reference events as a "drain" even when volunteers are effectively utilized. Organizations may need outside help or a full-time staff person to produce truly profitable events.
- Despite the challenges, events remain a popular fundraising technique because of the many other benefits that they can provide to organizations – such as building community, educating members, recruiting new members, providing a forum to share their work, connecting with allies and celebrating a year's work with a fun activity.

- Organizations can make their events “pay off” more monetarily in the long run by reframing the goals of their events to focus on the avenues of income an event can produce in the future. Events can be used as an opportunity to make connections to strategically pursue later, train volunteers in fundraising to be effective future fundraisers, and promote the organization’s brand.
- Some of the most successful events are those designed to appeal to an organization’s base and respond to its members’ interests. Kevin Ryan at the New York Foundation cited an organization that works with LGBT seniors of color that hosts a fundraising cruise. The first event was wildly successful with its base and has become a yearly event. Similarly, **EqualityToledo**, a grassroots organization in Ohio that “works to eliminate discrimination in our region based on sexual orientation, gender identity and gender expression,”²⁶ has found success in hosting a summer brunch fundraiser. By putting a spin on the traditional fundraising dinner, EqualityToledo has created an annual event to which the community looks forward.

Event practices

Using events to teach constituents how to fundraise

Many social justice organizations use events as opportunities to educate members about fundraising. Considering the significant strain events put on staff time, training members in fundraising techniques could provide, in the long term, much-needed extra support. Representatives from **Parents United for Responsible Education (PURE)** shared a sentiment that multiple other organizations expressed – that their staff is simply not large enough to plan and implement the events it would like to take on.²⁷ Including members in the process helps an organization fulfill its mission, helps members become more closely linked to the organization’s work, builds constituent leadership and develops effective fundraisers for the future.

The director of development at **Make the Road New York (MRNY)**, Julie Miles, found that many questions were emerging from their base regarding fundraising during the onset of the recent economic crisis such as, “Why doesn’t the government give us more money?” “Where does the money get spent?” And “Why do we suddenly have to raise more money?” MRNY recognizes that it is important to have these conversations about funding and budgeting with their constituents to demystify nonprofit finances and allow them to “be more informed and involved.” In addition to providing “training on financial issues and the organization’s budget,” a very tangible way that MRNY includes its members in the fundraising and budgetary process is to ask members to participate in their yearly walk-a-thon. This event has helped members understand the fundraising process and increase their fundraising skills for future events. In the process, they are drawn closer to MRNY’s work and success.

²⁶ Equality Toledo (Undated). About Us. <http://www.equalitytoledo.org/about-us.php> (Downloaded 9/13/11).

²⁷ PURE’s mission is “...to support and assure a high quality public education for all children by informing parents about education issues and parents’ rights, bringing parents into the decision making process, empowering parents in their role as advocates for their children, and assisting them in their interactions within the school system.” Parents United for Responsible Education (Undated) About. http://pureparents.org/?page_id=2 (Downloaded 9/22/2011).

A similar approach is taken by **Restaurant Opportunities Centers United (ROCU)**, which works to “improve wages and working conditions for the nation’s low-wage restaurant workforce.”²⁸ Drawing on its members’ wide-ranging food-industry skills, said Co-Director Saru Jayaraman, ROCU encourages its members to put together small fundraising events where they can display their “craft,” whether that is bartending, cooking or making desserts. ROCU covers the costs of the raw materials, and members create their products and organize the events. In the process of putting together the events, members gain an “increased feeling of governance” within the organization, develop their leadership skills and learn how the fundraising process works. For these reasons, even though these events bring in little funds, ROCU considers them successful.

Another example lies with **FIERCE**, which organizes a bowl-a-thon that has been popular with its community for several years. FIERCE provides “one week of intensive grassroots fundraising training” to members to bolster their fundraising skills. It also provides “fundraising fellowships” to two youth fellows who become completely immersed in the event planning, gaining an opportunity to learn fundraising and providing the organization with the benefit of their time. Through the fellowship, the youth learn about fundraising techniques and build their leadership skills, two central aspects of FIERCE’s mission. It is also an extremely valuable skill set to impart given the constant demand for experienced fundraisers in the nonprofit sector.

In all of these instances, social justice organizations use events to train effective volunteer fundraisers who can continue to generate funds into the future.

Using events to enhance branding and attract donors

Events can be used effectively to communicate to members, potential donors and other interested parties exactly who an organization represents and what it does. Intentionally reinforcing “branding” can leave attendees with a resounding message about the organization’s work to remember and pass on. Likewise, the messaging for an event can reach non-attendees from a variety of mediums and have a lasting impact on their impression of an organization.

Project HOME, an organization based in Philadelphia that “empowers people to break the cycle of homelessness and address the structural causes of poverty,”²⁹ shared that their most recent gala was very successful in “helping us enhance our brand and broaden people’s knowledge of our mission.” Project HOME found that a particularly powerful way to do this was to “procure a well-known speaker” to get people there and engaged.

Similarly, New York-based **Community Voices Heard (CVH)** reported that they used their awards ceremony to “re-profile” themselves as a statewide organization. CVH is an “organization of low-income people, predominantly women with experience on welfare, working to build power in New York City and State to improve the lives of our families and communities.”³⁰ Led by Executive Director Sondra Youdelman, CVH was founded as a New York City organizing group, but over the past five years has expanded to other areas in the state. Staff members saw the organization’s 15th anniversary celebration as a perfect opportunity to mold a new image of CVH in donors’ minds, and to lay the foundation for marketing its work to donors into the future. CVH made sure that “what they chose to highlight, who spoke, was all related to raising the profile of organization” in their new

²⁸ Restaurant Opportunities Centers United (Undated). About Us. <http://rocunited.org/about-us/> (Downloaded 9/13/11).

²⁹ Project HOME (Undated). <http://www.projecthome.org/> (Downloaded 9/13/11).

³⁰ Community Voices Heard (Undated). Our Mission. <http://www.cvhaction.org/mission> (Downloaded 9/13/11).

image. According to Youdelman, donors who may have been unclear about their role as a statewide organization left the event with clarity, and were prepared to relay this message to their networks.

From a marketing perspective, Marjorie Fine, consultant and former staff member at the Center for Community Change, believes that organizations sometimes forget to make their messages “donor centric.” Since social justice organizations “are people oriented” they often think their messages are straightforward. They do not realize they have to take steps to translate messages about their missions in ways that make sense to potential and even existing donors. As a result, they often undersell themselves after events. Instead of simply reporting the number of attendees at an event, Fine stressed that organizations need to sell the impact of an event so that it is meaningful to current and potential donors. Organizations need to share “what difference [the event] made” and “how far the envelope was pushed” in a way that “helps the donor see their role in all of this work.” Messages tailored to donors can make the point of new or subsequent donations clear.

The messages and materials that social change organizations produce for events can continue to benefit an organization after the event by attracting donors later. This occurs when event attendees pass organizational messages on to their networks, and when the materials or messages produced are provided to new audiences through the Web site or other avenues.

Using events to network and build alliances

Organizations can strategically use events to build relationships that can be beneficial, monetarily and otherwise, in the future. Despite the potential payoffs, several organizations shared that this strategy is under-utilized by nonprofits.

Jason Franklin, the executive director of **Bolder Giving** stressed this tactic. Bolder Giving’s mission is “to inspire and support people to give at their full lifetime potential.”³¹ It encourages people of all income levels to give boldly by giving more; giving more adventurously, strategically and in involved ways; and by inspiring others to give more.

Franklin acknowledges that, especially in a difficult economy, there may be many individuals at an event who will not be able to give right away, but might nonetheless show an interest in the organization and its work. Franklin encourages nonprofits to make a point of building relationships at events that have the potential to support an organization in the long term, even if individuals cannot give immediately. To plant a seed in a donor’s mind for a future commitment, Franklin encourages “growing the relationship appropriately” by “keeping the door open” and not “pushing too hard” at the beginning.

Marjorie Fine agrees. She noted, “If you’re just finding out about the person, you might get more money [if you ask] later, once you’ve thought it through and you know how to discuss it with them based on their interests.” Fine shared that events are a great place to gather information on donors that will help organizational staff and members decide what the next steps in the relationship should be. Fine added that one of the best ways to do this is to get a current donor to make the introduction between staff and a potential new donor. She argued that staff should be strategic when conversing at events by letting “organic conversation” take place, but also getting attendees to talk about the event and reasons they attended, as well as other topics staff can follow up on later to forge bonds. If the event involves a dinner, Fine suggested assigning a staff person or a

· Bolder Giving (Undated). About Us: What We Do. <http://www.boldergiving.org/about.php> (Downloaded 9/24/11).

Board member to every table to gather information. All those who participate should share what they learned immediately after the event in a “brain dump” in which all members write down potential donors and their interests in the work. This process can generate personalized next steps that might eventually lead to a donation “ask.”

House parties can be an effective way to gather this kind of information, since they are generally small and intimate, with attendees invited by a friend who is personally connected to and passionate about the organization (the host).

Global Action Project (GAP) “works with young people most affected by injustice to build the knowledge, tools and relationships needed to create media for ... change.”³² Recently, and as part of efforts to develop an individual donor base, GAP’s Board has embraced cultivation parties. Although they are “still developing, with much to learn,” the strategy has “brought new donors and visibility” to the organization “when it has worked.”

GAP has found that house parties are most effective as a fundraising strategy when used to cultivate relationships with donors for a future ask (an upcoming spring appeal, for example) or for a specific, purposeful activity, such as \$4,000 to send a youth/staff delegation to a national conference. Executive Director Meghan McDermott shared, “Our experience is that house parties are best used as a point of entry for a targeted, formal appeal at a later date.” GAP uses a similar approach to film screenings they host. “Sharing the thought-provoking videos that youth in our programs have produced with prospective donors is an effective way to build relationships and ground people in what we are asking them to support – the process and product of creative youth engagement in social change.” These screenings function as cultivation events that establish a solid connection with attendees for future appeals.

Using events to call upon past vendors and skilled allies to contribute

In attempts to make events less of a drain on the resources of an organization, many social justice groups have found a wealth of resources they already possess in past vendors and skilled volunteers and allies. In calling upon these resources, some organizations have not only generated money, but also forged stronger bonds with these connections for the future.

Janet Marcic, executive director of the Brooklyn-based **Maura Clarke-Ita Ford Center (MCIFC)**, shared this strategy with us. The Center aims to “equip women with the educational skills needed to ... strengthen themselves, their families and their communities.”³³ It holds Open Arms events once a month with the goal of “providing our participants with additional services that promote a greater knowledge of and involvement in their neighborhood, their children’s education and their legal rights.” The Center uses its connections with people from city agencies, universities and the NYPD to invite guest speakers to give educational talks on empowerment, and legal, workforce and education issues. Marcic shared that after presenting at these events, speakers “are inclined to donate either time or money to the agency, which is a big help.” The key message is that social change organizations can tap into existing networks to find people who have skills that can enhance events and who have money to give to the organization. These organizations have not only benefited from calling on these relationships for contributions in an event setting, but have brought these contacts closer for future support.

³² Global Action Project (Undated). Who We Are. <http://global-action.org/whoweare> (Downloaded 10/1/2011).

³³ Maura Clarke – Ita Ford Center (Undated). <http://www.mcifc.org> (Downloaded 9/13/11).

Chapter 4: Social media and technology

Social change organizations are interested in taking advantage of the power of social media and other forms of electronic media to improve their fundraising and revenue-generation strategies. Many are beginning to experiment with Twitter and Facebook or are using technology to generate Web-based donations. Many are also learning how to tailor these approaches to social justice work. This chapter reviews a broad range of social media and technology practices for fundraising and revenue generation.

Key terms

Social media: These are online platforms for social interaction and networking, such as Facebook, Twitter, LinkedIn and so on.

Transactional platforms: These are usually Web sites that include a list of nonprofits, causes, campaigns or projects that donors can view and to which they can contribute. The New World Foundation (2008) calls these platforms “charity portals.”

Electronic technology: We use this term to refer to the Internet, e-newsletters, Web sites, and other online technology that is not social media. For example, a recent report by The New World Foundation (2008) offers descriptions of online affiliate marketing (putting a company’s advertisement on your Web site), online retail (selling your own products online), and online donations (posting a “donate now” button). In this chapter we focus on ways to improve how you use email communications, e-newsletters and Web sites (including the “donate” button).

Key points to keep in mind

Electronic technology

When using technology for fundraising, there is some important advice to keep in mind:

- Email, Web sites, and social media need to be

Transactional Platforms for Social Investing

Global Giving is “a charity fundraising Web site that gives social entrepreneurs and nonprofits from anywhere in the world a chance to raise the money that they need to improve their communities.”

<http://www.globalgiving.org>

GuideStar “gather[s] and publicize[s] information about nonprofit organizations.... [And encourages] nonprofits to share information about their organizations openly and completely. Any nonprofit in our database can update its report with information about its mission, programs, leaders, goals, accomplishments, and needs—for free.” It includes a link for donors to contribute to different organizations.

<http://www2.guidestar.org>

Charity Navigator defines itself as “America’s premier independent charity evaluator, works to advance a more efficient and responsive philanthropic marketplace by evaluating the Financial Health and Accountability and Transparency of America’s largest charities.” It also provides links that allow donors to make contributions.

<http://www.charitynavigator.org>

integrated into an overall fundraising strategy (Stein 2004a, 2004b). Email, e-newsletters and social media should not be thought of as independent, stand-alone activities, but as complements to an organization's overall approach.

- These activities are not substitutes for “live” relationships, as Michael Stein (2004a) puts it, but provide means of staying in touch with existing or potential donors, and of providing easy access for them to make contributions.
- One challenge, according to Anna Fink at the New World Foundation, is that social change organizations have not yet “figured out ... what’s the best way to balance organizing online versus in-person aspects of the work.” Making a related point, Marjorie Fine noted that some donors give online because they have been in face-to-face meetings with representatives of the organization first. When seeking major donors, for example, a face-to-face meeting can be one of the most important steps, regardless of how an individual finally makes the contribution. Fine adds that using social networking as a primary tool for major donor campaigns “isn’t going to do it for most groups.” She thinks tweeting or using Tumblr to amplify a major donor campaign can be useful, but most bigger donors are not going to use the Internet to give money until a real conversation is had.
- Fine also suggested, “If you’re going to use an online strategy, it’s okay, but do it with a person who is in charge of your Web site and ask: ‘What is the need you are filling? What depth do you have to do it? And what gives you the biggest return...?’ Don’t use social media just because it’s cool. Will it give you the biggest return for your time?”

Social media

When using social media in particular, there are some reasonable cautions but also some specific uses with potentially big payoffs for small levels of effort. Therefore, small-scale experimentation might be worthwhile.

- Social media generally does not generate a lot of money as a percentage of overall budgets. A report by The Bridgespan Group finds that only 20 percent of nonprofits in a survey of 1,080 nonprofits generate more than 5 percent of their gifts from the Internet (Howard and Weber 2003).³⁴ In other words, Internet revenues tend to be less than 5 percent of overall budgets.
- Social media usually generates a one-time gift rather than ongoing, sustainable support. That trend may change in the future if groups get more savvy about proactively “friending” their donors and keeping them in mind when tweeting.
- Social media can work well as a fundraising tactic when an organization has specific, targeted goals, such as raising money for training materials, a video project, a place-based project or even responding to a crisis. Consultant Marjorie Fine offers the **National People’s Action** as an example. It started a “Courage Fund” when they lost a Board member who was

³⁴ The Bridgespan Group report also found that 60 percent of individuals they surveyed who go online visit nonprofit Web sites. The point is that there is some untapped potential to reach online audiences, although the payoff is still unclear.

the organization's founder.³⁵ She also offers the recent humanitarian crises in Japan and Haiti following natural disasters as two examples. It is possible to imagine using social media to respond to smaller-scale, more local events as well.

- Social media can also work if an organization's membership, constituency or donors use social media. Kevin Ryan from the New York Foundation points out that "a big part of making [social media] work is knowing whether your membership is attached to social media."

Below we describe some ways social change organizations are using social media and technology to fundraise and generate revenue. It includes the received wisdom from technical assistance providers, social science research, funders, and nonprofits as well as short case examples from social justice nonprofits.

Social media and technology practices

Using email effectively in campaigning

Kim Klein's number one item on her top ten list of things to know for effective fundraising is, "If you want money, you have to ask for it" (2006). This advice applies to Internet requests as well as to other modes of asking. Email and listservs can be potential outlets for making asks. In this section, we describe some suggestions for using email and listservs effectively in fundraising for social justice. Whether an organization chooses to adopt one of these approaches depends on what it is trying to do and its particular strengths. In other words, choosing to do asks through email or listservs needs to make sense within an overall fundraising strategy. Furthermore, while email and listservs can be flexible and easy to use because of their regularity in most people's daily lives, they also have limitations. People can get burned out on emails and they are easy to delete (Stein 2004a). So, *how* you use it needs to be well thought out.

Michael Stein, the associate director of Groundspring.org and a contributor to the *Grassroots Fundraising Journal*, provides some basic guidelines for using email within an integrated fundraising strategy. First, he advised, "Use email to cultivate dynamic, strong relations with your donors – and prospective donors," and to use email as part of an integrated strategy (2004a). Second, echoing Kim Klein's advice, he noted: "Don't fear using email to make a direct appeal for donations." "Most donors give simply because they're asked. It's that simple." Here are his specific suggestions for making this happen:

- Send email asks in connection with a coordinated campaign that uses multiple mediums. For example, when running a campaign, an organization might use house parties, a print mailing, a phone campaign, and an email solicitation to raise money. Fundraisers can ask people involved in the campaign to forward the email to five friends. (Kentuckians For The Commonwealth uses this approach. As described below, their Web site provides an excellent model.)
- Send email asks in connection with seasonal occasions. For example, organizations send out an email appeal in connection with an annual fund drive, an awards dinner or a holiday.

³⁵ The Courage Fund, according to the National People's Action Web site (<http://showdowninamerica.org/we-are-honored>), honors Shel Trapp, founder of National People's Action "and master organizer, whose passing this year is mourned by three generations of organizers."

Stein argues that “online fundraising works best when it’s coordinated with a real-world activity” (2004a:6).

- Use email to direct traffic to the organization’s Web site. For this to work, an organization has to first, “view your e-mail and Web site as integrated View e-mail as the outreach aspect of your Web site; the Web site is where the substantial content resides” (2004a:6). Second, an organization has to have a Web site that is rich in resources and content, with frequent changes or additions of information...” (2004a:6). If these two features are in place, then an organization can use email to send updates on its Web site or campaign, and to send e-newsletters. This step builds your online community, which “translates into higher yields when it comes time for fundraising” (2004a:6).
- Tailor email message to various constituencies and communities. For example, Stein discusses a link on the homepage for Redefining Process that invites viewers to receive electronic updates about its work. Viewers can select from a menu of newsletters based on their interests. Stein argues that this approach is extremely effective. Again, this step builds your online community to generate higher yields.
- Evaluate email effectiveness by 1) measuring the number of new e-newsletter subscribers and un-subscribers the organization has every month, and 2) comparing spikes or dips in these numbers with the messages the organization is sending at those times to understand what people respond to. (Some e-mail vendors provide built-in features for tracking email.)
- Use email addresses respectfully by letting people know 1) exactly what the organization will use them for, 2) whether or not the organization will share them, 3) how to unsubscribe, and 4) how to contact the organization with complaints. Also include a privacy statement on the Web site that people can review when they sign up.
- Avoid spam filters by 1) identifying the organization clearly in the “from” line – a good model is MoveOn.org’s approach of sending email directly from a staff member, 2) showing the name of one recipient in the “to” line rather than a “suppressed list,” and 3) identify the newsletter and the issue date in the “subject” line.
- Collect email addresses everywhere: on the organization’s Web site, on all giving forms, through phone calls and mailings, and at all events. Ask participants to provide additional information such as full name, postal address, zip code and possibly interests, and maybe how they found the Web site. (However, Ann McGivern (2007) suggests that organizations only take the information they need: email address, name, zip code and country. Later, when the donor is ready to give a gift, the organization can get more information with the payment such as opinion about the newsletter, a phone number and permission to call.)

Stein’s final advice is to think of email not as a substitute for “live” relationships, or as an all-purpose fundraising communication vehicle but as “the glue to hold your donor relations together and create traction in your communication to yield wonderful results” (2004a:8).

MoveOn.org provides an excellent example of how to use email for fundraising. Stein points out several features of their success: “They solicit on rare occasions that tie in with real-world urgencies. ... They make the pitch transparently clear and tied to a specific campaign; and they communicate with clear language and from a distinct person” (2004a:6).

Raising individual donations through online giving days

Jewish Community Action (JCA) Executive Director Vic Rosenthal organizes targeted giving days through GiveMinnesota.org that concentrate its individual donor fundraising efforts on designated days of the year. The giving starts at midnight on the designated day and stays open until midnight the following day. One year, JCA raised \$25,000 in one 24-hour period through this approach. Over the years, it has raised nearly \$100,000.

The way this approach works is that GiveMinnesota.org provides special days for online giving. Every organization that uses their services sets up their own Web page at GiveMinnesota.org and GiveMinnesota.org handles all the online credit card processing (for which they take a small cut to cover administrative costs).

To make the most of this strategy, JCA uses these dates to go after higher donations. The staff uses JCA's newsletter to remind members and other subscribers of the online giving days in a section called "News You Can Use." (The newsletter circulates every other week and at special times throughout the year – to promote action alerts, for example.) Staff members also make phone calls to donors the week before the giving day to remind them to donate, and send reminders to about 800 people through email lists. One year, JCA was also able to secure the commitment of an organization to provide limited matching funds.

JCA has experimented with other fundraising and revenue-generating approaches, such as creating a calendar for members and supporters that marks Jewish holidays, historical events and days relevant to social justice work. While the calendar serves important purposes such as thanking supporters and reminding people of important dates, it requires considerable staff time. Rosenthal points out that the targeted giving days require a couple of days of staff time – much less time and fewer complications than creating the calendar.

According to Rosenthal, the targeted giving days strategy is "very helpful in making sure that people renew [their membership] or join" JCA. It is "another way of connecting with people and reminding them of the importance of the money they devote to the work." Rosenthal argued, "Organizing is about building power and [that] comes from organized people and organized money." The targeted giving days "communicate more about what this means to donors."

JCA is currently experimenting with other social media. It hired a new development associate who is social media savvy to improve the Web site and develop plans for a Facebook page.

E-Newsletters

E-newsletters may not always be an appropriate way to make appeals, but they can be used to "keep your community in the loop, present a personal and branded mode of communication, [or] conduct a very efficient and inexpensive method of regular updates..." (Stein 2004a). According to McGivern (2007), nonprofits can also send e-newsletters to contributors as a special benefit for making a donation or volunteering.

Using a Web site to organize grassroots fundraising

Some organizations have included Web pages that describe their fundraising strategy and urge people to get involved.

Kentuckians For The Commonwealth (KFTC) is “a statewide citizens [sic] organization working for a new balance of power and a just society.”³⁶ It works “with people to organize in their home communities and across the state”³⁷ through local chapters that focus on issues such as coal and energy, economic justice, and voter empowerment. According to its Web site:

Over the last four years, KFTC has experienced explosive growth, tripled grassroots fundraising and expanded campaigns around tax and economic justice, mountaintop removal and the restoration of voting rights for former felons. This growth has expanded our reach to people in every part of the state and across the country. A donation to KFTC is an investment in a grassroots organization that believes in the power of people, working together, to challenge injustices, right wrongs, and improve the quality of life for all Kentuckians.³⁸

Its Web site describes its fundraising practices:

From this page you will find links to more information about some of our fundraising strategies and ways to get involved. From asking your family or neighbor to join to throwing a house party to becoming a pledger, your participation in grassroots fundraising and membership recruitment and renewal are essential to the long-term growth and sustainability of KFTC.³⁹

This page includes several links to the different electronic fundraising tactics it mentions including *Become a pledger* and *Each One Reach One*.

First, the *Become a pledger* page describes that a pledger is a sustaining member who “invests in the work of KFTC all year long.”⁴⁰ Instead of making a one-time donation, pledgers commit to giving a contribution every month, three months, six months or yearly, which can be set up as an automated deduction. This page includes profiles of people who are pledgers to inspire others to join them.

Second, the *Each One Reach One* campaign is a member-driven campaign with a goal to get “1,000 KFTC members to recruit just one new member to KFTC.”⁴¹ Members pay dues at \$15 to \$50 per year or whatever they can contribute. By increasing its membership, KFTC can increase its funding base. (See our chapter on Membership Practices for more information about this tactic.)

Making good use of technology, the Web page includes a link to a page that allows the member to take the pledge online, and a sample email to send out the request to potential members. There is

• Kentuckians For The Commonwealth (Undated). Our mission. <http://www.kftc.org/about-kftc> (Downloaded 9/24/11).
 • Kentuckians For The Commonwealth (Undated). Our work. <http://www.kftc.org/> (Downloaded 9/24/11).
 • Kentuckians For The Commonwealth (Undated) Become a pledger. (Downloaded 9/24/11).
 • Kentuckians For The Commonwealth (Undated). Grassroots fundraising. (Downloaded 9/24/11).
 • Kentuckians For The Commonwealth (Undated) Become a pledger. (Downloaded 9/24/11).
 • Kentuckians for the Commonwealth (Undated). Each One Reach One: 1,000 members recruit one member to KFTC. (Downloaded 9/24/11).

also an option to send a copy of the email to a staff person of the organization so the member's letter can be used as a tool to inspire others to recruit.⁴²

For the media-savvy nonprofit with members who use social media, there might be ways to apply this strategy to Facebook or some other format.

Making the “donate now” button more effective

A recent article in the *Stanford Social Innovation Review* – “Four Steps to a New Online Fundraising Strategy” – describes a powerful way the **Global Press Institute (GPI)** has re-imagined the “donate” button on its Web site. The inherited wisdom is that the “donate” button promotes one-time gifts, but is not as good at building an online community (McGivern 2007). GPI challenges this idea.

GPI is “a not-for-profit media organization that has trained and employed more than 110 women in 23 countries across the developing world to be professional journalists.” (Hegranes 2011) It “use[s] journalism as a development tool to educate, employ and empower women, who in turn, use their new skills to increase access to information and ignite social change.”⁴³ The article, written by GPI founder and Executive Director Cristi Hegranes, describes how GPI’s “donate” buttons often produced “meager and unreliable results,” but other options like social media were too expensive or time consuming. Instead GPI took four steps to revamp its “online giving culture,” which have more than tripled the funds GPI generates through its “donate” button in six months. To date, GPI has earned more than \$7,000 – nearly 7 percent of its annual budget – this way. This is crucial because the organization relies on individual contributions for what Hegranes describes as her low-cost, high-impact model.

Here is an overview of the four steps Global Press Institute took:

Step 1: Customize Vocabulary: GPI changed the traditional NGO language of “charity,” “gifts” and “donors” to an action-based vocabulary that emphasized the “value” and “impact” of investments. “Gifts” became “social investments,” “donors” became “social investors,” and so on.

Step 2: Rearrange the Online Puzzle Pieces: GPI moved its new investment button on its “homepage” from the right to the left, changed it from round to square, and transformed a text-based ask into an image-based invitation. The new button features gorgeous images and powerful taglines.”

Step 3: Emphasize Investor Motivation with a Personalized Platform: GPI changed the page that viewers would be directed to when they clicked the “donate” button. Rather than going to PayPal or a generic page for inputting their financial information, donors are now directed to a “Social Investment Center,” which Hegranes describes as “a new platform where potential investors could learn more about GPI and make social investments based on their own motivations.” The Social Investment Center first asks: “What is your motivation?” Viewers can select “People,” “Places” or “Journalism,” which, Hegranes describes, “link to program descriptions and real budget lines so potential investors can choose exactly how their investment is spent.” The links lead to “a more detailed program description and three investment options.” For example, if you chose “Places,” then “India,” you can choose between \$168, \$70, and \$21 donations and you are informed of exactly what you are paying for. For example, \$70 pays for one month of salary to a reporter in India.

⁴² Kentuckians for the Commonwealth (Undated). Each One Reach One sample email. (Downloaded 9/24/11).

⁴³ Global Press Institute (Undated). Who We Are. <http://globalpressinstitute.org/content/who-we-are> (Downloaded 9/14/211).

Backing this approach, a recent study done by Network for Good, The Bridgespan Group and Guidestar finds that the number two reason that Internet users make online donations is because they can see specifically how their money will be used to do good (Howard and Weber 2003).⁴⁴

Step 4: Engage Donors: After donors contribute, GPI takes three direct action steps to engage donors. It mails a thank-you note, it provides an update of how the money was used, and finally it sends a link to the final product. (In one example, GPI informed a donor that his investment was being used to pay a reporter to produce an article; GPI later sent the donor the published article written by the woman whose salary he supported.) This last communication comes with a link to the same investment option to make it easy for the donor to contribute again.

Hegranes admits that there are some challenges to this approach: donor follow-up is time consuming, and some people don't get it; they want to know what to do if they just want to donate. But since it changed its plan, GPI's revenue generation has increased considerably. Plus, it engages investors on a new level that "helps people understand the full value and impact of GPI."

Raising monthly membership dues with PayPal

Picture the Homeless (PTH) uses the Internet to gather monthly, sustaining donations from donors. To make this strategy work, in ongoing email appeals and a biannual letter current donors are invited to become monthly donors. Once donors sign up to be a sustaining donor, their donation is automatically renewed each month online. According to Lynn Lewis, the organization's executive director, the donors that give this way are people who generally see themselves as part of the organization's work.

Because PTH's development staff member is dedicated to raising foundation grants, the organization has hired a consultant with expertise in grassroots media to develop online approaches with a capacity-building grant. The project is still underway, but the consultant has spent several dedicated weeks building the organization's online presence to allow it to process online gifts through PayPal, and is working on plans to integrate PTH's Web site, blog and Facebook page so information can be streamlined and shared in these venues.

Implementing a virtual fundraising drive

The **New York City Coalition Against Hunger (NYCCAH)** has a mission to represent and be the voice for "the more than 1,100 nonprofit soup kitchens and food pantries in New York City and the nearly 1.5 million low-income New Yorkers who live in households that can't afford enough food." According to its Web site, "The coalition works not only to meet these residents' immediate food needs but also to enact innovative solutions to help society move 'beyond the soup kitchen' to ensure economic and food self-sufficiency for all Americans."⁴⁵

NYCCAH has used the Internet in creative ways to raise funds for specific projects. For example, it has organized a "virtual food drive" every year for the last five years. Donors visit the organization's Web site,⁴⁶ where they can make online contributions to items typically associated with a food drive

⁴⁴ The team surveyed nonprofit organizations and Internet users about their online giving practices.

⁴⁵ <https://www.nyccah.org/about/mission> (downloaded 12/2/11).

⁴⁶ New York City Coalition Against Hunger. Virtual Food Drive.
<https://www.nyccah.org/civicrm/contribute/transact?reset=1&id=7>

or for advocacy that seeks to create long-term solutions to hunger. The options include the following items:

- \$1.00 pays for a virtual can of food
- \$5.00 pays for three pounds of fresh produce for a low-income family via our Farm Fresh Program
- \$25.00 pays for a struggling family to obtain \$2,800 worth of government benefits via our Benefits Access Program
- \$36.00 pays to sponsor one AmeriCorps*VISTA's full day of anti-hunger service via our National AmeriCorps Anti-Hunger Program
- \$100.00 pays for one day of interfaith advocacy for long-term solutions to ending hunger via our Advocacy programs
- Other Amount

Donors check one of the boxes and add their payment information, as well as some other optional information about themselves.

According to NYCCAH Executive Director Joel Berg, the virtual food drive took significant time to set up and requires some time for maintenance, but the payoffs have been considerable. It has helped the organization raise money, build public awareness of hunger issues and demonstrate that advocacy can create more long-term food resources.

In another example, NYCCAH has used an online video in a one-shot fundraising drive that took advantage of a newsworthy event. Berg was marking his 10th anniversary as the executive director of the coalition. He explained, “We did a video where I was saying, ‘Take this job and shove it,’ and was throwing my papers around. I was arguing that we [the coalition] shouldn’t have to exist... In a country that was as rich as America is, hunger shouldn’t exist. We should be able to fight to get this done, so send us money.” A witty yet pointed caption under the video reads:

Joel Berg is celebrating 10 years as NYCCAH's Executive Director, and though we'd like to honor his time with us, the reality is that Joel wishes that he didn't have to do this job. In the richest city in the world, hunger should not exist. So as long as New Yorkers are hungry, he and the rest of the staff at NYCCAH are committed to advocating for better policies and improving access to benefits like food stamps and WIC that move families beyond emergency food programs. Help us honor his 10 years at NYCCAH by donating \$10 or more. It's the Anti-Anniversary challenge!

Berg said the video took about an hour to make using a very basic video camera and editing equipment. It was easy and fun to do, and according to Berg, “It did generate a few thousand dollars.”

Viral fundraising

In a very different spirit, Jason Salzman, author of *Making the News: A Guide for Activists and Nonprofits* and president of causecommunication.com, has written about “viral fundraising.” The basic idea is that a small, inexpensive appeal to a (potentially) mass audience via email can yield incredibly high returns if it goes viral. That is, if it is picked up by the news media and/or shared through vast networks – the Internet age’s equivalent of “word of mouth.” Going viral is a big “if,” but Salzman suggests that nonprofit organizations try it anyway. It can work because “each email

that is passed on carries the personal endorsement of whoever forwarded it,” giving it legitimacy in the eye of the receiver (2003:10).

The quintessential example Salzman gives is a campaign run by two committed activists – Jane Roberts and Lois Abraham – called the **34 Million Friends Campaign**. Former President George Bush had cut \$34 million in funding to the United Nations Population Fund (UNFPA) because of its sponsorship of family planning and reproductive health activities. The activists were outraged by the potential consequences, such as more women dying needlessly in childbirth, and sent a letter to the editor of a local newspaper and an email to 40 friends. The message asked people to contribute \$1 each with a goal to replace the \$34 million budget cuts. At the time the article was written (2004), the campaign had raised \$1.5 million. (Other notable campaigns include The Dean Campaign and TrueMajority.org).

Salzman offers the following advice for implementing a viral campaign:

- Design your e-mail around what’s on people’s minds. “If you don’t have a hot issue with the possibility of a huge national response, you can still put viral e-mail to use for your local or regional issue” (2003:10). But make sure it is connected to something that is a “hot button” issue.
- Be entertaining by using animation, photos, games or jokes.
- Keep it short.
- Write a brilliant zinger for the “subject” line of your email.
- Promote your campaign in the old-fashioned news media.

Salzman does caution organizations not to bank on a viral email, but to give it a chance and see if it works. He said, “Your viral dream won’t come true if you sit around and wait for it to happen while you engage in everyday activism. Study up and make it happen” (2003:10).

Transactional Platforms, Not New Social Networks

Sean Stannard-Stockton, author of the Tactical Philanthropy blog and a columnist for The Chronicle of Philanthropy, wrote a recent post on the Stanford Social Innovation Review Web site in which he cautions against developing a social network based around nonprofits. His comments focused on Jumo, started by the co-founder of Facebook Chris Hughes, a site that was “supposed to be Facebook for nonprofits.”

He said, “Nonprofit and for-profit brands may be ways that people define themselves.... **But for the vast majority of donors, nonprofits are not the central way... they seek to organize their social network**” (2011).

The message here is not “don’t use social media” but be intentional about how it is used. It is important to find ways of linking up to existing social networks to reach people whose interests overlap with an organization’s mission.

Stannard-Stockton pointed out, for example, that “[t]here is great need for nonprofit-oriented transactional platforms, such as Global Giving, Charity Navigator and GuideStar” (See Box A). The online platforms are the “connective tissue” between donors and causes, or between investors and social investments. Stannard-Stockton argued that “there is a huge interest” among members of the public “in social sector-related content, especially when it is presented as an integrated part of the fabric of life, not somehow separate from politics, business, culture, food and technology” (2001).

The key for social change organizations is linking to this connective tissue in ways that brings their causes to the attention of the audiences they want to reach, not in a way that creates a separate, isolated presence for nonprofits on the Web.

Capitalizing on the reach of Twitter

Twitter, said Marjorie Fine, is *not* a proven way to raise money even among 20- and 30-year-olds, despite their savvy with social media. On the other hand, such platforms can be powerful and cost-effective communications tools, especially with the ubiquity of cell phones and quickly dropping costs of “smart phones.” And of course, communication is key to fundraising.

If staff members are Twitter-savvy, a nonprofit could experiment with a Twitter account and advertise it to members and friends who might “follow” the organization. Staff should agree on protocols for organization-appropriate communications, even with a pilot initiative.

Funding Exchange is a “national membership organization of regionally based social justice foundations. Sixteen member funds and a national office comprise the Funding Exchange Network of progressive public foundations.”⁴⁷ It is also a national grantmaker that supports social justice work in places not served by local member funds. Its Twitter account “@funding exchange” encourages people to make a donation for a current protest or some other timely activity.

Raising funds for specific projects through transactional platforms

ioby.org is a New-York based micro-giving platform that, according to its Web site, “connects change with resources.”⁴⁸ In other words, individuals and groups around New York City who are seeking funding for small, place-based and environmentally focused initiatives can post their projects on ioby’s Web site and connect to individual donors who want to contribute to environmental projects. According to its Web site,⁴⁹ ioby has helped raise \$110,000 for 81 mostly volunteer-led projects, with an average of about \$1,140 per project. The average gift amount is \$35, and, reflecting ioby’s local approach, the average distance that donors live from the projects they fund is two miles. The platform shows real promise for funding local environmental initiatives with local dollars. Seventy-five percent of ioby’s projects raise their full funding goals.

Erin Barnes, one of ioby’s co-founders, described ioby’s philosophy as one that emphasizes connecting people with people in tangible ways versus connecting people with seemingly intangible environmental problems like “climate change,” or even “the Amazon.” ioby founders added to this philosophy an interest in using the Internet, and in creating a platform for urban projects that would create a network of supporters in project leaders’ own neighborhoods.

The way ioby works is that grassroots organizations in New York City can apply to post a project. If they meet ioby’s criteria, they can use ioby as a platform to request donations. Barnes noted that this is one of the ways ioby adds real value to these groups: “We fiscally sponsor more than half of our projects [in other words, extend 501(c)3 status to them]. In general, ioby supports specific projects rather than action campaigns. “If you can put a pin on a map and show us where it is – for example, improving a community garden, installing solar panels or making a safer bike lane – then we’ll support it.” They also tend to support small organizations with fairly small projects. More than 85 percent of participating groups on ioby have annual budgets of less than \$5,000, and nearly all have budgets of less than \$100,000. It only recently posted projects from a handful of organizations (three) with more than one staff person and/or more than a \$1 million annual budget.

⁴⁷ Funding Exchange (2011). About Us. <http://fex.org/about-us> (Downloaded 9/15/11).

⁴⁸ ioby.org (2011). About ioby. <http://www.ioby.org/about> (Downloaded 9/13/11).

⁴⁹ ioby.org (2011). About ioby. <http://www.ioby.org/about> (Downloaded 9/13/11).

The micro-giving model is consistent with building resources through a membership base. Putting it succinctly, Barnes said, “Everyone can raise money from their base no matter who their base is.” She gave an example from one of the groups using ioby’s platform. B.K. Farmyards is a farm-sharing program in Crown Heights, Brooklyn that borrows yards or empty lots in the neighborhood to build farms. It trains neighborhood volunteers, who run the farms, and then gives the produce away. Barnes asked staff members from B.K. Farmyards why they use ioby, and they said it is because the model fits their own philosophy. B.K. Farmyards refuses to grow food for fancy restaurants like many urban farms do because “they want locally grown produce kept local.” It seeks to fundraise in the same way: from the community, for the community. The point is that using online technology can be a useful tool to raise money from an organization’s base.

While ioby’s model has not yet gone to a scale at which it can sustain its operations without foundation support, it has been able to meet its goals of connecting people with people to fund local projects.

Chapter 5: Collaborative funding practices

Social change organizations may form fundraising collaborations to generate greater income from fewer resources by sharing donor lists, creating joint appeals or co-hosting events. As the following section suggests, organizations choosing to strategically fundraise together can raise more money than they could have on their own (Klein 2007).

Many organizations are uncomfortable discussing collaboration for fear of getting “burned” (BoardSource 2007:1). Groups can resent the process, since money is something that can “bring out the best and worst in everyone” (Klein 2007:1). As one staff member we spoke to noted, “It’s hard enough to collaborate. It’s really hard to collaborate on money.” Additionally, since nonprofits can have conflicting ideas about how to do social change work, even basic, concrete decisions can cause disagreements. Organizations may also be concerned about benefitting equally from the collaboration: organizations with larger budgets may believe smaller organizations stand to benefit more financially from the partnership, or may feel that they should have greater influence on decisions made. This in turn can cause smaller organizations to feel that they have limited input and power (Mosaica 2008).

Despite these challenges, our scan found that many groups successfully fundraise collaboratively. In addition to raising more funds together, collaborations can help fulfill broader missions. Nonprofits working together to generate revenue can “establish new practices based in community principles” that gets organizations “closer to the world we are fighting for – a world where we look out for each other’s dignity and do what we can to ensure collective success” (Guilloud 2001:7).

Several organizations’ staff members with whom we spoke seemed to focus their collaborative fundraising efforts on jointly applying for foundation grants, or receiving grants to specifically fund collaborative work. We include these strategies. However, given the project’s emphasis on alternative or emerging approaches, we highlight efforts that use collaboration to raise other sources of funding. One of the most interesting approaches we found is not about generating funds at all, but creating efficiencies in fundraising by sharing fundraising tools and resources such as space, equipment, staff and/or skills.

Key terms

Our research found several different types of collaborative fundraising worth detailing:

Collaborative grant applications: When organizations use this strategy, they share their staff and time to apply for foundation grants together. This approach can allow organizations to go after larger grants than is possible for most organizations working separately (Mosaica 2008).

Sharing lists: As part of this approach, organizations agree to pool their lists of donors or constituents for collaborative fundraising appeals. Sharing lists provides a much larger group of donors for organizations to contact together in their collective issue areas.

Collaborative events: A collaborative event is an opportunity for nonprofits to pool their particular strengths and skills to achieve more than each organization could have alone. When groups

collaborate on events, the events become “informed by multiple ideas, attended by diverse communities, and people learn about what’s happening in the community from multiple perspectives” (Guilloud 2001:6). When planning a collaborative event, one organization usually takes on the bulk of the work in return for a larger amount of the net profit (Klein 2007).

Sharing space and equipment: Organizations can share items such as common meeting space, kitchens, bathrooms or technical equipment, allowing them to utilize more resources together than they could have separately. Organizations that have the most success with this kind of collaboration are those with overlapping donor bases, so that donors’ money can efficiently be pooled toward certain shared items (Klein 2007).

Aggregate purchasing: Organizations will sometimes attempt to drive down the cost of items by purchasing them together as a group. Buying expensive equipment such as copy machines, laptops and printers can save an average of 10 percent on total purchases and up to 78 percent on individual products like recycled paper when bought in bulk (New World Foundation 2008).

Shared staffing: When organizations share staff, they agree to divide up the hours and workload of an individual and then share the cost of his or her salary. This approach is perhaps the “trickiest” collaborative practice since “more things can go wrong” (Klein, 2007:1). However, Kim Klein has seen organizations with similar goals share staff such as a development director, communications and marketing person, and a database manager.

Key points to keep in mind

When forming collaborations for revenue generation, there are a few important points to remember:

- Collaborations that are internally motivated are more effective than those that develop from external forces, such as foundations. Although foundations can provide important support for collaboration, externally driven collaborations have been found to be weaker than those internally driven because they lack intrinsic motivation and rationale for the collaboration, and may last only as long as the funder’s money does (BoardSource 2007).
- If not watched closely, fundraising collaborations can “just create more work” (Mosaica 2008, Heasley 2010). According to Jason Franklin at Bolder Giving, collaborations can be a downward drag on an organization if groups merely call their project a collaboration but fail to develop significant depth to their joint work.
- A key motivating factor for organizations to collaborate is whether they can see the reward as greater than doing the work on their own (Klein 1999). Jason Franklin shared that collaboration can be successful when organizations see that “collaboration offers a value proposition that groups couldn’t offer on their own” or when it helps organizations reach a new constituency.
- Kim Klein advises social change organizations to start small with collaborations: begin with “a landscape review” of potential participating organizations, then pool the leadership and see if there is anything that could be usefully done together, then consider projects that are low-risk to test out at first. If the project fails, she noted, you can learn something and the

costs are small.⁵⁰ As an example, Klein describes a rural community that has a flea market every year in which each nonprofit hosts a booth. The nonprofits successfully split the booth costs and a portion of the total donations.

- Bringing old and new organizations together in collaboration can provide a fresh perspective to the more established organizations and a sense of history to newer organizations, which “allows for creativity and wisdom to work in unison for the common good” (Heaslet 2010:12).
- To address decision-making problems in collaborative fundraising, it is important to establish clear decision-making and accountability mechanisms ahead of time to prevent misunderstandings, tension and feelings of unfairness. Organizations can do this by agreeing on the scope of the collaborative fundraising ahead of time, clearly delegating responsibility and making expectations explicit, and establishing a clear mechanism for decision making. The process “needs to be considered fair by all members, so that they will accept the decisions made even if they do not receive desired funding” (Mosaica 2008:4).
- In collaborative fundraising, it is important to give credit where credit is due by publicizing the contributions of each member organization and deliberately ensuring that each organization’s visibility is lifted up (Mosaica 2008). Kim Klein contended that the most successful collaborations need “a few people who will be the ‘champions’ – who will heap praise on people, be very positive and quietly take aside people that are not doing their work.”
- It can be important to involve the Boards of Directors in collaborative fundraising. Two recent studies – one by Southern Illinois University and one by a collection of researchers including the TCC Group – show that when Boards are actively involved in the planning and maintenance of collaborations, most partnerships encounter few problems (BoardSource 2007).

Collaborative fundraising practices

Collaborating through a shared services and cost-sharing model

Fifth Avenue Committee (FAC) is a nationally recognized community development corporation in South Brooklyn. Its mission is to “advance social and economic justice in South Brooklyn principally by developing and managing affordable housing and community facilities, creating economic opportunities and access to economic stability, organizing residents and workers, providing student-centered adult education, and combating displacement caused by gentrification.”⁵¹ FAC reaches over 5,000 poor, low- and moderate-income New Yorkers annually.

⁵⁰ Fifth Avenue Committee (Undated). Mission. <http://www.fifthave.org/index.cfm?fuseaction=Page.viewPage&pageId=564&parentID=559&nodeID=54> (Downloaded 9/13/11).

To achieve its mission, FAC raises funds through government, foundation and corporate grants and sponsorships, as well as from individual donors and earned revenue derived from its housing development and management activities. FAC also employs a collaborative approach to building revenues and organizational growth with its various affiliate organizations that FAC Director of Development and Communications Ron Zak describes as a strategy of cost-sharing and consolidation. FAC implements this model in several ways, with partnerships that have included mergers, formal affiliations and spin-offs. FAC's affiliates are separate 501(c)(3) organizations whose missions are aligned with one another. They share resources, including office space at the FAC Center for Community Development, the use of FAC's finance office, personnel department, general administrative functions and some direct fundraising. These smaller, affiliated groups benefit because they typically would find it prohibitively expensive to hire and maintain administrative staff at the needed levels while still achieving their community-based missions. FAC receives benefits from these partnerships not only through fees for its services, but also by broadening the diversity of its programs, deepening its reach into the communities it serves, and allowing for collaborative program development and funding opportunities.

To illustrate, in 2003 the Carroll Gardens Neighborhood Women's Association merged with FAC to become FAC's *Adult Education Program*. Through this merger, FAC expanded its program offerings to low-income, predominantly immigrant, non-English-speaking New Yorkers throughout South Brooklyn by offering English as a Second Language (ESL), Adult Basic Education, GED Preparation and Basic Computer Skills.⁵² It holds classes at the FAC's Adult Education Center on Smith Street, as well as at churches and public schools throughout Sunset Park and Red Hook, Brooklyn. Since merging with FAC, the program has secured multi-year funding from the New York State Education Department, New York City Department of Youth and Community Development, and others for its wide range of model adult education offerings that perform in the top quartile of all New York State-funded adult education programs. These programs also include Family Literacy classes at local elementary schools, where children and parents work together on reading and learn to use community resources, such as public libraries and museums. The goal of these family programs is "to give parents the opportunity to become active participants in their children's education."⁵³

For FAC, this approach is not just about raising revenue. Most importantly, it supports the organization's mission, broadens its programmatic reach, and benefits its participants by offering them a holistic set of community development programs.

FAC's creation of the FAC Center for Community Development in the neighborhood of Gowanus in 2002 significantly contributed to the success of this approach by providing space for affiliated nonprofits working to sustain the community, create local jobs and beautify the area.⁵⁴ The Center provides cost-effective use of office space, meeting areas, childcare space and a computer lab for its affiliates, which otherwise might not be able to afford the space and shared services. These services

• Fifth Avenue Committee (Undated). "Adult Education."

<http://www.fifthave.org/index.cfm?fuseaction=page.viewPage&pageID=613&nodeID=54>. (Downloaded 9/24/11)

• Students in FAC's Adult Education classes can also access free one-to-one legal and financial counseling, assistance with their tax preparation, and help accessing their public benefits through FAC's *Single Stop* program. They may also receive free job placement services through FAC's *Neighborhood Employment Services* program and participate in skills-based workforce training and job placement programs delivered through its workforce development affiliate, *Brooklyn Workforce Innovations* (BWI).

• Fifth Avenue Committee (Undated) "The FAC Center."

<http://www.fifthave.org/index.cfm?fuseaction=Page.viewPage&pageID=585&parentID=560&nodeID=54> (Downloaded 10/16/11).

in turn benefit the community. Because the amount of FAC staff time required can vary depending on the particular needs and capacities of the affiliates with which FAC collaborates and the role that FAC plays in the partnership, the fees to FAC from its affiliates also vary.

Using existing collaborations for collaborative fundraising

Pineros y Campesinos Unidos del Noroeste (PCUN), a union in Oregon representing farmworkers as well as nursery and reforestation workers, has been collaborating on various immigrant policy issues with eight sister organizations⁵⁵ through CAPACES.⁵⁶ PCUN's Web site describes CAPACES as "a movement-building collaborative fostering relationships, cross-training, plus [developing a] more shared sense of vision and scale."⁵⁷ According to Larry Kleinman, the secretary-treasurer of PCUN, CAPACES has been underutilized in the past as a coordinating mechanism for Oregon's Latino organizations, particularly around funding issues. To address this, PCUN has organized a monthly roundtable for affiliated organizations to discuss funding strategies. It is too early to assess the impacts of these meetings, but the organization is hopeful that they will support the development of joint fundraising projects.

PCUN and the CAPACES network created the CAPACES Leadership Institute (CLI) to better utilize the collaboration to serve the farmworker movement in Oregon.⁵⁸ The Institute aims to be a place for members to learn about the farmworker rights movement and its history, to develop movement capacity, to create a space for critical thinking and analysis, and to "offer a faster and surer route to leadership skill mastery" than has been possible before in the movement.⁵⁹ According to Kleinman, PCUN hopes to tap into its relationships with a wide array of foundations to support the CAPACES Leadership Institute. The project has already brought in in-kind labor and materials from its affiliated organizations and their members.

Through its networks, CAPACES has hosted 11 gatherings to raise funds to complete a building to house the Leadership Institute. For example, they held one in New York City in 2010, where the party's host as well as staff and members of PCUN invited contacts within their networks. What is unique and exciting about PCUN's approach to these parties is that it strategically taps into potential donor pools from across the United States who are not directly impacted by PCUN's work but who see themselves as having a stake in the larger immigrant rights issues for which PCUN is working.

As of this report, CAPACES' capital campaign has raised an impressive \$750,000 – \$247,000 of which was from individual donors (145 of whom were new). Kleinman attributes this success to a

• Sister organizations (and their areas of focus) include: CAUSA (immigrants' rights), Farmworker Housing Development Corporation (farmworker housing), Latinos Unidos Siempre (youth leadership), Mano a Mano Family Center (social services), Mujeres Luchadoras Progresistas (women's economic development), Oregon Farmworker Ministry (faith-based solidarity) Salem-Keizer Coalition for Equality (education reform), and Voz Hispana Causa Chavista (voter organizing and civic engagement). CAPACES efforts have focused on policy changes related to immigrant rights and workplace issues such as pesticide use, safety practices and sexual assault.

• CAPACES means "capable" in English, and stands for Collaborative Assisting Personnel to Advance Capacity, Engagement and Solidarity.

• PCUN (Undated). About. <http://www.pcun.org/pcun> (Downloaded 9/16/11).

• PCUN (Undated) CAPACES Leadership Institute Brochure.

http://www.pcun.org/sites/default/files/CAPACES_Leadership_Institute_Brochure_6-4-11_o.pdf. (Downloaded 9/16/11).

• Ibid.

concentrated campaign focused on its current relationships and new ones fostered around the country.

Collaborating with local services to generate income

Chhaya Community Development Corporation (Chhaya) created a local partnership with the New York Mortgage Coalition to establish a program that both generates income and provides direct benefit to their constituents. For the last year, Chhaya has provided mortgage counseling to community members (which is consistent with its goal to provide housing resources and information to South Asian Americans in the New York metropolitan area). For every individual counseled and every loan that Chhaya closes with a coalition lending partner, the New York Mortgage Coalition gives Chhaya a \$500 contribution. Chhaya Executive Director Seema Agnani shared that this alliance has not only generated increased funds, but has helped Chhaya “engage with the community more ... and ensure community members buy homes that are within their means.” According to Agnani, Chhaya has also begun to form coalitions with other organizations to fundraise together for certain projects. She explained that the largest challenge is that there is not always sufficient funding to share with all the partners.

Pooling resources to hire consultants to support fundraising (and other activities)

The Colorado Community Organizing Collaborative (CCOC) identifies itself as “a unique model of collaborative organizing.”⁶⁰ According to FRESC,⁶¹ one of its members, CCOC includes nine of the largest groups doing grassroots community organizing in Colorado who all “are committed to identifying opportunities to work together and across issues to achieve social justice and equality.”⁶² Furthermore, “[t]hese organizations, through their active membership bases, all have a strong commitment to progressive social change. Focus areas include health care reform, immigrant rights, educational reform, economic justice and affirmative action.”⁶³

The CCOC, launched in 2004, was initially supported with a grant from the Ford Foundation and by The Piton Foundation. According to Piton’s Web site,⁶⁴ “The purpose of the CCOC is to foster collaboration among community organizations and build philanthropic support for organizing with a big-picture agenda toward creating a social justice movement in Colorado.”

To foster collaboration among community organizations, CCOC successfully submitted a joint proposal to fund a collaborative approach to small donor funding that it calls the Grassroots Fundraising Project (GFP).⁶⁵ GFP has established a set of quantitative goals for members – such as to increase the average donation size from \$30 to \$40 and to increase donor renewal rates from 30 percent to 40 percent – and a set of qualitative goals – such as to create a culture of fundraising and to connect fundraising and organizing. It has used the grant to collectively hire a shared fundraising

⁶⁰ FRESC (Undated). The Colorado Community Organizing Collaborative. <http://www.fresc.org/section.php?id=47>. (Downloaded 9/16/11).

⁶¹ FRESC is formerly the Front Range Economic Strategy Center but it shortened its name to FRESC in 2008.

⁶² Ibid.

⁶³ Ibid.

⁶⁴ The Piton Foundation (Undated). Support to community organizing. <http://www.piton.org/SupporttoCommunityOrganizing>, (Downloaded 9/24/11).

⁶⁵ The description of GFP relies on CCOC’s grant proposal and an unpublished evaluation of the initiative.

team that includes three lead consultants, an on-the-ground “circuit rider” who provides direct support to all member organizations, and technology support.

The team began the project by assessing each of the eight participating organizations’ current individual donor programs. Through the assessment, the team has identified the most-needed services among the organizations and developed a menu of services for members – from proofreading online solicitations to helping complete comprehensive grassroots fundraising plans. The program also includes grassroots fundraising training for members and learning communities, and academic evaluations to evaluate the efforts with the greatest impact. The group intends to use lessons learned to enhance its own efforts and to share more broadly with the field.

While the group has faced several challenges – for example, technology upgrades are still sorely needed – they have achieved notable accomplishments in their first year:

- The average donation size increased for every single organization.
- The project-wide donor renewal rate increased in 2010.
- Each organization launched or focused on growing a monthly sustainer program.
- Organizations expanded their donor recruitment strategies.
- Organizations began or enhanced their ability to analyze donor giving levels.
- Most groups made strides in shifting their fundraising culture and connecting organizing and fundraising.
- Multiple organizations hired development staff as a direct result of the project.
- Organizations developed realistic and challenging grassroots fundraising plans.
- Groups maximized special event income and experimented with other strategies.
- Each organization underwent a rigorous end-of-year evaluation to drive future planning.

Anna Fink at The New World Foundation noted that the CCOC is a good example of an intense and strategic collaborative that shares resources among organizations to build their own capacity. She also said, “Very few of the organizations in that collaborative would have had the capacity or vision on their own to make this happen, but teaming together recognizes the need for it broadly. And they were able to channel some resources that way.”

In addition to this collaborative of grassroots organizations, CCOC has developed a “philanthropic arm” called the Philanthropic Community Organizing Collaborative (PCOC). According to the Web site of The Piton Foundation,⁶⁶ “The PCOC is a partnership of state and local funders supporting grassroots organizations. The collaborative places a special emphasis on helping community organizing partners and others build their individual and collective ability to inform and advance a regional agenda.” More specifically, it connects funders with grassroots organizing groups “to elevate funders’ understanding of organizing, campaigns and capacity-building initiatives.” Between 2004 and 2008, CCOC successfully worked with PCOC foundations to quadruple their contributions to CCOC members from \$350,000 to \$1 million annually.

Other members of PCOC include: the Bamboo Fund, Brett Family Foundation, Buck Foundation, Chinook Fund, The Colorado Health Foundation, Denver Foundation, Gay & Lesbian Fund/Gill Foundation, General Services Foundation, and Rose Community Foundation.⁶⁷ A set of principles

⁶⁶ Ibid.

⁶⁷ Ibid.

agreed upon by members of CCOC and PCOC in order to support unity in their collaborative is available online.⁶⁸

In these challenging economic times, collaborative efforts – among social change organizations, among foundations that support community organizing and social change, and between the two – can provide a powerful platform for keeping organizing and social justice issues on the agenda.

Sharing lists to reduce competition and produce collaborative appeals

St. Louis Justice and Peace Shares is “a collaboration of seven local groups with different missions, all committed to nonviolent social change and justice for the poor.”⁶⁹ The collaborative formed as a result of internal dynamics that emerged in the St. Louis nonprofit sector. Multiple organizations had been sending multiple appeals to the same segment of donors, overwhelming them and creating an atmosphere of competition for limited resources. Members of the collaborative realized that if they worked together, they could present a different front to potential donors; otherwise, they could become embroiled in what Andy Heaslet has described as an “infamous trap” in which nonprofits spend much more time fundraising than working toward their missions (2010:10).

The seven participating organizations in Justice and Peace Shares decided to start their collaborative work by each providing a list of 100 of its most reliable donors. Together, they identified overlapping donors to whom they could make a collaborative appeal. The success of this initial work built a base of trust, which allowed the organizations to move beyond their reluctance to share valuable resources and do a larger appeal in the future (Heaslet 2010).

The success of the list-sharing also paved the way for Justice and Peace Shares’ organizations to jointly develop training workshops on Board development, planning nonviolent campaigns, organizing communities of color, accessing mainstream media, creating alternative media, and discussing alternative economics (Heaslet 2010).

Making collaboration appealing by contributing useful resources at the outset

Kevin Ryan of the New York Foundation discussed how collaboration can bring in national money for organizing campaigns. “Groups interested in doing that,” he said, “have come up with citywide or statewide strategies where they’re pooling resources.” A key point, he noted, “is that they are all coming to the table with some resources” and that makes the project more appealing to foundations because the groups are showing their commitment to it.

As an example, Ryan described the **New York Stimulus Alliance**, a “coalition of community organizing groups and researchers who have teamed up to fight for an economic recovery that lifts up all New Yorkers, especially in communities of color and distressed areas.”⁷⁰ After money was allocated for organizational or sector “infrastructure” development, several groups organized the alliance to ensure that federal stimulus money was being applied fairly. Ryan explained that each organization “put in a couple thousand dollars to hire a staff person to monitor the [federal

– The Piton Foundation. Support to Community Organizing. <http://www.piton.org/SupporttoCommunityOrganizing>.

– Wiser Earth (Undated). The St. Louis Justice and Peace Shares.

<http://www.wiserearth.org/organization/view/9f651b30387a8d7c65b549a9c7b1087b>. (Downloaded 1/23/12).

– New York Stimulus Alliance (Undated). <http://www.nystimulusalliance.com/> (Downloaded 1/23/12).

stimulus] money.” The organizations have also used the coalition to activate and encourage their members to engage in a campaign to examine deficiencies in resource allocation.

Illustrating the idea that social change organizations are collaborating to share methods and fundraising tools, Ryan also highlighted the **New York Civic Engagement Table**, a collaborative effort of “organizations across New York State that do non-partisan voter registration, voter education and get-out-the-vote work, as well as other kinds of civic engagement work.”⁷¹ The group came together to figure out how to integrate their databases to attract members and to do electoral organizing. Together, they developed a joint budget to pay for staff time and campaign development. In the end, they successfully integrated database systems of about 25 organizations around the state. They shared membership and other information to make it easier to do joint organizing campaigns. Ryan stressed that what helps this work is the initial investments of each organization.

How foundations are supporting collaboration

According to Anna Fink, The New World Foundation is supporting social change organizations and their efforts to collaborate on funding strategies in a variety of ways. First, the foundation is supporting learning exchanges among the nonprofit organizations that it funds. While this work is in the early stages, the organizations seem eager to learn from each other. Second, it is working with the Grassroots Institute for Fundraising Training (GIFT) as a technical assistance provider to learn ways of supporting social justice work through fundraising. Perhaps most interesting are foundations’ efforts to collaborate on social justice funding. Fink pointed out that the collaborations among foundations that she has been involved with have

allowed us to support organizations who are not in our portfolios.... [This] allows us to see outside the spheres our programs fund, and get to know some new work and models that we might have not been familiar with. That’s been really useful. It has also allowed us to have some conversation and think about the kind of impact we might have more broadly in social justice philanthropy. That’s still something we’re talking about.

Kevin Ryan also described several different ways that the New York Foundation collaborates with other funders to support social justice work. First, the foundation collaborates with seven other foundations to build the organizational capacity of social change organizations through joint training.⁷² Second, it aligns resources with other funders to support one-time, time sensitive organizing and advocacy strategies. For example, in 2010, the foundation and five grantmaking partners awarded more than \$500,000 to 35 community-based organizations to conduct Census outreach in historically undercounted communities. Part of this collaborative work involves engaging in “funder advocacy” with the goal of “encouraging other foundations through one-on-one conversations to support emerging social justice organizations that are trying to build their capacity.”

Ryan also said that the New York Foundation tries to find ways for other foundations to collaboratively support social change work. Rather than just encouraging everyone to invest money

⁷¹ Community Voices Heard (Undated). Civic Engagement. http://www.cvhaction.org/civic_engagement (Downloaded 1/23/12).

⁷² These foundations include Cricket Island Foundation, Daphne Foundation, Mertz Gilmore Foundation, New York Women’s Foundation, New York Foundation, North Star Fund, Stonewall Community Foundation, and Union Square Awards.

in a certain initiative, the New York Foundation works with foundations to find ways to contribute to community organizing work even if community organizing strategy falls outside of their grantmaking priorities. Ryan described efforts to fund statewide community-based organizing initiatives. “Not every funder can plug into an initiative given our different guidelines and structures. We all have different processes for how we do grantmaking,” he explained. “But maybe one funder, if they don’t support organizing directly, maybe they fund research. So, they can fund a group to do research to build a campaign [that we’re supporting]. Or [we get funders] to talk about the synergy of the grantmaking that we each do.”

A key question is how each foundation’s work can be complementary. For Ryan, this work is about “supporting change in a strategic way.” He said he believes that organizing, advocacy and service provision are all important. But he finds it troubling that foundations do not coordinate effectively or have conversations more often about how to do that.

“My hope,” he said, “is that we can find ways that all – or a significant portion of – local and national funders can work together so strategies intersect.”

Chapter 6: Goods for sale

There are multiple reasons that organizations hesitate to produce goods for sale as a fundraising strategy, including a perception that the practice can be risky, time-consuming and yield too little income. Our scan confirmed that actual earnings from a market-based initiative can be quite small, and they make up a relatively small portion of annual funds for social justice organizations (Foster and Bradach 2005). Additionally, we found the need for caution if goods for sale are being used for “quick cash” or are too disconnected from an organization’s mission. Foster and Bradach (2005) have stressed that nonprofits’ optimism about market-based practices to solve their financial problems needs to be tempered with realistic expectations.⁷³

However, there are successful ways to incorporate market-based practices into overall fundraising. Successful strategies for social change organizations appear to focus on producing goods that are tied closely to the organizational mission, are easily produced or that facilitate a business process that benefits constituents directly. The closer an organization is to serving its target constituency with its products, the more effective the strategy appears. As Andy Robinson has suggested, “Target your outreach to the customers you most want to serve. Everything else is wasted effort” (1998:3).

Key terms

Goods for sale: These products result from business-like ventures within nonprofits. Some organizations will use this strategy to help diversify funding, expand their donor base, create flexible funds with “no strings attached,” or create tangible and memorable products that individuals will associate with an organization.

Key points to keep in mind

When using market-based practices for fundraising, these are some items to remember:

- There is temptation to view market-based practices as a “quick fix,” with the increasing “pressure for nonprofits to perform, a surge in the intensity of the contest to win philanthropic money, and a new crop of MBAs joining the nonprofit world” (Kooker 2005:1). However, as Nell Edgington shared in her online series, *Financing, Not Fundraising*:

Earned income is not a panacea, it cannot transform a shaky financial model into a sustainable resource engine, it cannot provide fast cash. Earned income should be explored only when your organization is relatively stable and you are planning for the long-term. Earned income ventures could take years to reach profitability (2011:1).

⁷³ “When we examined how nonprofits evaluate possible ventures, we discovered a pattern of unwarranted optimism. The potential financial returns are often exaggerated, and the challenges of running a successful business are routinely discounted” (2005:1).

- Many nonprofits underestimate the work, staff time and cash flow required for market-based initiatives (Kooker 2005). And, as the Society for Nonprofit Organizations has found, “It’s time-consuming to do the market research, prepare the business plan and come up with financial projections. But it’s vital that you do all these things before you start an earned income venture” (2011:1).
- Nonprofits may find that trying to introduce a market-based initiative without sufficient capacity may cause more harm than good. According to Terry Miller (as quoted in Robinson 1998), “Nonprofits are rarely managed well enough to run their regular projects’... By adding more work, they tend to divert management time and energy away from their main programs.” In fact, this challenge can result in split staffs and increase the risk of a conflict of interest (1998).
- Organizations should be honest about the resources they can devote to this strategy. They should think realistically about their potential opportunities and assets, such as their constituents; Board members; volunteers; staff; and relationships with government agencies, local corporations and community leaders (Masaoka 2008). Organizations should also look for unexpected assets, such as the specialized expertise of under-utilized staff or clients, or access to special equipment or facilities not being used to capacity such as computers, a kitchen, meeting rooms or an auditorium (Society for Nonprofit Organizations 2011).
- If an organization has the correct staff capacity, selling goods can increase their skills by introducing them to business planning, market research, graphic design, advertising, accounting and customer service, all of which “can have a positive ripple effect throughout the organization” (Robinson 1998:2). Additionally, successfully enterprising nonprofits can have a better understanding of the real cost of programs, better coordination between departments of the organization, and enhanced marketing and communications efforts (Social Enterprise Alliance 2011).
- If a social change organization starts producing items too far removed from its mission, it may face issues with its tax-exempt status. For example, for-profit businesses “may feel you’re competing unfairly and may challenge your tax-exempt status” (Society for Nonprofit Organizations 2011:2). Or, nonprofits may have to pay the Unrelated Business Income Tax if the income from sales of their business ventures is found to be unrelated to their mission (Robinson 1998). Some organizations may attempt to re-write their mission to escape this cost, but Robinson warns strongly against shifting your goals and programs in case the tail (the need for money) starts wagging the dog (your mission) (1998).

Goods for sale practices

Raising awareness through sales

Ending Child Prostitution and Trafficking (ECPAT-USA) is a “network of organizations and individuals working together to eliminate the commercial sexual exploitation of children around the world.”⁷⁴ It seeks to protect children being trafficked to the United States from other countries, American children trafficked within the US, and children being abused abroad by American tourists.

⁷⁴ ECPAT-USA (Undated). Who We Are. <http://ecpatusa.org/who-we-are/> (Downloaded 9/26/11).

ECPAT-USA has been producing and distributing a fair trade-certified luggage tag as part of its “TassaTag Project.” The TassaTag is a brightly colored tag with the image of a flower with one petal falling, meant to represent a tear. The luggage tag not only helps travelers find their luggage quickly, but allows “travelers [to] take a responsible role in increasing awareness”⁷⁵ of the child trafficking industry. According to ECPAT-USA Executive Director Carol Smolenski, this project both “raises awareness of child sex tourism issue[s] and also gives us income.”

The tags are produced at the Regina Center in Nongkhai, Thailand, which runs a range of development projects that aim to “enable young girls and women to remain with their families and in their village communities, rather than moving to the cities in search of work.”⁷⁶ The Regina Center trains women and girls in embroidery and the management of craft production, including accountancy, invoicing, quality control, packing, salaries and supervision, with the ultimate goal of providing women with the tools to establish their own businesses one day.

In this way, the production of the TassaTag fulfills ECPAT-USA’s mission at all levels – by raising awareness, helping girls escape sex tourism in their own countries, and raising funds for the work it does. The mixture of these elements has made this a successful strategy for ECPAT-USA, and it aims to continue to expand and market it. According to the Web site, the tag’s purpose, design and production, and its partnership with the Regina Center, were all facilitated by Brenda Helper, a children’s right activist that brought her vision to ECPAT.⁷⁷

Jewish Community Action (JCA) has been putting together a Jewish social justice calendar for several years that as Executive Director Vic Rosenthal explained, “raises important dates in peoples’ minds in the Jewish and social justice tradition.”

Each year, JCA gives away this calendar to its members for free – which serves as a “thank you” for their support and also ensures that the content is distributed as widely as possible. Instead of raising money through sales, income is raised from calendar advertisements and sponsorships purchased by local businesses. The printing cost is kept low by providing a “free” advertisement to the printing company. In all, the calendar strategy nets \$15,000 to \$16,000 a year. JCA considers the calendar a success, both financially and in terms of its educational component.

SouthWest Organizing Project (SWOP) organizes to build power in historically disenfranchised southwestern communities (Robinson 2011). It has an active publications program that has distributed 22,000 copies of *500 Years of Chicano History*, a 240-page book which builds on an earlier edition published in 1976. SWOP advertises to teachers, bookstores and recipients of their 11,000-household newsletter. SWOP also distributes an accompanying curriculum guide and an English-language video, *¡Viva la Causa! 500 Years of Chicano History*, with narration, archival footage and lively music that has sold hundreds of copies. According to Louis Head, SWOP’s development coordinator, “the biggest response came from Chicano students,” which means the organization is reaching its number one target market.

• ECPAT-USA (Undated). Tassatag. <http://ecpatusa.org/take-action/tassatag/> (Downloaded 9/26/11).

• Ibid.

• Ibid.

Benefiting constituents through sales

Another approach is to develop businesses that generate income for the organization and that benefit constituents directly. Social change organizations have used this strategy in different ways. They train members and volunteers in production, fundraising and leadership within various business models. As with other strategies, the ones we describe here are most successful when the product of the business is tied to the organization's mission and when the business is designed to directly benefit the community.

Project HOME, an organization that empowers people to end homelessness and address the structural causes of poverty, runs three social businesses: a thrift store with donated goods, a café and a restroom attendant business in a local library.

These businesses help the formerly homeless to hone job skills and prepare them to work outside of the organization with partner companies that provide internships. Through their experiences as attendants, cashiers and managers of the businesses, people who might have been on the streets for years are eased back into the workforce with supportive services. Eighteen formerly homeless residents are employed throughout the businesses.

Two of the businesses meet other critical needs of the Project HOME mission. The thrift store provides very low-cost clothing to extremely low-income customers. The library restroom attendant program provides peer counseling training, so that attendants may reach out to the homeless people who use the free library bathrooms and enable them to share their stories. This process aims to convince others to come in from the streets and get help themselves.

The Groundswell Community Mural Project (Groundswell), led by Executive Director Amy Sananman, is a New York-based organization that “brings together artists, youth and community organizations to use art as a tool for social change.”⁷⁸ Groundswell has several youth programs for low-income students who are interested in developing their art and leadership skills through the production of public murals. One such program is the *Summer Leadership Institute* (SLI), in which “six teams of youth work with artists and community-based organizations to learn [to] create large-scale works of public art that beautify neighborhoods and give voice to ideas and perspectives that are underrepresented in the public dialogue.”⁷⁹ Another is the *Teen Empowerment Mural Apprenticeship* (TEMA), “an after-school program, modeled on a traditional apprenticeship, in which teens create public art for community-based organizations, working in Groundswell's studio and with a particular emphasis on skills development,”⁸⁰ These are two of Groundswell's several programs that, in total, produce approximately 30 public murals each year.

Sananman shared that the murals produced are always “high quality” pieces for which various organizations are willing to pay. In most instances, the murals are “commissioned by community partners, creating an earned income stream” that covers some or all of their budgetary and programmatic expenses. Selling the murals to clients ties in directly with Groundswell's mission of youth development, building youth leadership, and teaching lasting art and business skills. “Creating purposeful public art for a client,” Sananman said, “reinforces the skills we teach.”

⁷⁸ Groundswell Community Mural Project (Undated). Mission. http://www.groundswellmural.org/about_mission.html (Downloaded 9/26/11).

⁷⁹ Ibid.

⁸⁰ Ibid.

Other organizations are piloting new, but as yet unproven, earned income initiatives. **Operation REACH Inc. (ORI)** is a New Orleans-based nonprofit that seeks to engage, empower and inspire children, youth and families through innovative community-based learning opportunities (Quillen 2009, Operation Reach Inc. 2011). ORI is crafting an ambitious program called the Gulf South Youth Biodiesel Project that would employ young people to collect discarded cooking oil from restaurants, industrial cafeterias and perhaps cruise ships, convert it into biodiesel fuel and sell it to distributors.⁸¹ The plan is still in its early stages, but ORI believes it has the potential to generate \$400,000 a year. Underserved youth will receive job training that enables them to connect to job opportunities in the new green economy. Additionally, they will become part of the movement to conserve natural resources and reduce the South's dependence on traditional fossil fuels.

Renting space

Finally, several organizations rent space in their offices. **The Red Hook Initiative (RHI)**, a Brooklyn-based organization, works with the community to “confront and affect the consequences of intergenerational poverty through an approach that offers support in education, employment, health and community development.”⁸² Under the leadership of Executive Director Jill Eisenhard, RHI rents its space out to local community members for parties or other events on weekend evenings. Although this strategy requires some post-event cleanup, it is a successful way to bring in revenue. Plus, it doubles “as an outreach method.” As community members come into the office for events, they walk through the space, which “increases community awareness” of the work RHI is doing.

As with the other approaches, renting space appears to generate revenue most effectively when it is coupled with other parts of an organization's mission. Providing space to local organizations and community members not only provides a valuable service, but creates an expanding community network that can advertise the space to peers.

⁸¹ Operation Reach Inc. Gulfsouth Youth Biodiesel Project. <http://www.operationreach.org/programs/gulfsouth-youth-biodiesel-project/> (Downloaded 9/26/11).

⁸² Red Hook Initiative. (Undated). About us. <http://www.rhicenter.org/about.html> (Downloaded 9/26/11).

Chapter 7: Fee-for-service practices

Traditionally, the missions and visions of community-based organizations are connected to values that justify providing free services to vulnerable and in-need populations. However, many organizations have started to use a fee-for-service model as a way to generate revenue and help cover some costs associated with service provision. In addition to contributing to financial sustainability, some nonprofits also believe that this practice is a healthy way to inform members and others of the cost of services and the organization's needs as well as to create more ownership and commitment among stakeholders.

The New World Foundation (2008) documents several benefits that result from the fee-for-service approach. This practice not only allows organizations to generate revenue using differential pricing for services and organizational expertise, but it also allows organizations to optimize organizational resources. Many social change organizations can expand the volume and type of services they provide, at the same time utilizing untapped skills and expertise from their staff. The fee-for-service approach can also enhance clients' outcomes as the organization responds to their needs. It can engender a sense among clients that they are getting their "money's worth." According to the Foundation's report, a fee-for-service approach can also strengthen community ties by increasing client commitment through fees, as well as improving services.

Key terms

Mandatory fees: A mandatory fee is the cost for a service a nonprofit charges based on a pre-determined set of criteria. To adhere to the law, the fee must be below the current "market rate." When organizations first start charging for services, they sometimes encounter difficulties, and find more success initially using voluntary or requested fees instead (Compassion Capital Fund National Resource Center n.d.).

Voluntary donations: Fees for service can be made voluntary by requesting (but not requiring) a donation to cover some of the costs incurred. This can be good strategy for introducing clients to the concept of financial support while eliminating any feelings of coercion to pay. However, this is also the least effective fee-for-service strategy, since clients tend to give only very small donations (Compassion Capital Fund National Resource Center n.d.).

Requested fees: When organizations request fees, they ask clients to pay a specific amount for a service so that the client knows the cost of the service to the organization. This strategy involves providing a list of costs to the client (but still not requiring full payment), which fulfills a client's expectation that quality services incur costs (Compassion Capital Fund National Resource Center n.d.).

Means-based sliding scale: A means-based sliding-scale model involves charging clients fees depending on what they can afford. This ensures that clients receive the services they need and the organization receives the revenue it needs to defray costs and serve more people (The New World Foundation 2008).

Key points to keep in mind

- Blakley (2010) identifies three types of fee-for-service programs: mandatory fees, voluntary donations and requested fees. First, with mandatory fees the organization determines a price or fixed fee for the service that must be below market rate. Second, with voluntary donations the organization requests or suggests a contribution, but does not mandate fees. Finally, with requested fees the organization requests fees for each service and allows flexibility for people to pay what they can. This might take the form of a “menu” of services that includes the cost associated with each service.
- In a slightly different vein, The New World Foundation (2008) documents three fee-for-service options that can help social change organizations optimize their resources and improve constituents’ outcomes. First, social change organizations can charge clients fees for existing services on a means-based sliding scale. Second, social change organizations can charge for related products and services to an expanded client base. An example of this practice would be an environmental organization that provides air quality testing services and decides to extend them to other organizations and/or companies for a fee. Third, social change organizations with expertise in a given subject area can sell “how-to” consulting services to other organizations. For example, an organization working on educational policy with expertise in creating popular education modules can sell “how-to” consulting services to other organizations doing similar work.
- The use of fee-for-service can allow social change organizations to earn income while simultaneously disseminating mission-related products and services. However, it comes with some challenges. One concern is that sometimes foundation grants come with stipulations attached that prohibit or limit earned income. Therefore, social change organizations have to examine the grant stipulations before they decide to implement this strategy. This includes examining closely the type of grants they hope to receive, their clients and the services they provide. The organizations should also consider potential conflicts with current grants, as well as legal and tax implications of earned income.

Fee-for-service practices

Some social change organizations are using fee-for-service practices as an alternative to revenue generation that will allow them to sustain their programs. The fee-for-service model appears to make sense for many organizations; the financial crisis has affected poor communities deeply while simultaneously creating an increased demand for services and putting a strain on the organizations that provide them (Blakley 2010).

In what follows, we describe two ways organizations are using this approach: voluntary donations and workshops, and consulting services for a fee.

Providing services for voluntary donations

The Centro Hispano Cuzcatlán (CHC) provides services to the Latino immigrant community in Jamaica, Queens, including CHC members and other people from the community. Many individuals seek out CHC for help with housing or immigration status issues. CHC staff and volunteers provide

useful information to help immigrants understand their rights and how to navigate different systems to exercise them. They also help translate documents, write letters and fill out forms. Eduardo Barahona, CHC's executive director, stated, "We have in our community undocumented persons, Temporary Protected Status (TPS) beneficiaries from Central America, 'green card' holders and US citizens. Each group has different needs." CHC staff and volunteers are prepared to provide services to the immigrant community in exchange for a voluntary donation. According to Barahona, "Many people donate \$10 to \$20 dollars. However, sometimes individuals give \$2 or \$5 if they do not have a job or money."

Providing these services requires at least 15 percent of time from one staff member and the time of three to eight part-time volunteers per week who are trained to respond to the multiple requests the organization receives. Barahona said he believes that this initiative is very much in line with the organization's mission. In his words, "The mission of the organization is to improve the quality of life of Latinos in NYC. We are providing services and information, which are resources the Latino community needs very much to survive and navigate the system."

Providing workshops and consulting services for a fee

Parents United for Responsible Education (PURE), a Chicago nonprofit, works to secure high-quality public education for all children by empowering parents in their role as advocates for their children.

PURE has developed parent workshops that it offers to public schools and agencies for a fee. The organization has developed these workshops over time based on the practice and experience that associated leaders and activists have gained through years of educational organizing. PURE started doing workshops for Chicago's local school councils shortly after it organized the group in 1987. They soon added parent workshops on a variety of topics. They used to do all workshops for free, but schools were eventually granted funds for Local School Council Member Trainings and LSC training. In Title One schools, there are resources already earmarked for parent involvement (which amount to about 1 percent of the overall Title One budget at a school), and PURE started accessing some of these funds.

The workshops – which focus on issues that parents care about – require minimal preparation time since PURE staff have already defined and prepared the workshop content. The initiative does require time from staff to deliver the workshops, prepare materials for participants, and travel to different schools and locations. It also needs some staff for marketing, billing and accounts receivable, and money to invest in materials and the books they provide as "take-away incentives" for parents to read to their children.

According to Julie Woestehoff, the executive director at PURE, this strategy has greatly contributed to the organization's mission. The workshops bring PURE into contact with people who are unfamiliar with its work but who are pleased to find a parent advocacy organization that can help them. In the words of a staff member,

It gives parents a positive reason to go to the school [most workshops are presented in schools], and gives them ideas about how to help their children and improve schools. All of our workshops are based on issues that are important to parents, from helping their children at home to helping solve national education problems, such as excessive standardized testing.

The **Network of Ensemble Theaters (NET)** is a national coalition of ensembles created by and for artists. According to its Web site,

The Network of Ensemble Theaters (NET) exists to propel ensemble theater practice to the forefront of American culture and society. NET links a diverse array of ensembles and practitioners to one another and the performing arts field, encouraging collaborations and knowledge building and dissemination. NET is committed to the advancement of the ensemble form and strives to bring about change in the world beyond ourselves through the transformative power of collaborative theater. We support bold artistic and civic experiments and aim to heighten the impact and excellence of ensemble theater.⁸³

While different from the social change organizations in this report, NET's practices can provide a model for organizations interested in developing fee-based workshops and consulting services for peer organizations. For example, for more than three years the coalition has offered capacity-building workshops such as "Financial Literacy 101" and workshops on strategic planning to arts groups and organizations. In the past year, the organization has started to charge fees for their services. Executive Director Mark Valdez said, "We have offered our services for free to support artists and small arts organizations. Now we are asking for donations and/or setting fees."

The cost of the "Financial Literacy 101" workshop includes an optional one-on-one coaching session, which last 45 minutes and is available to each participant. Facilitated in a highly participatory manner, the workshops are designed to empower artists working in ensembles and other small arts organizations. They also serve to increase participants' comfort, confidence, comprehension and competency levels by sharing the basic tools needed to manage the financial "business" of art making. The workshop provides an overview of the financial components involved in operating an arts organization, including: planning; day-to-day fiscal management and reporting; and evaluation and review tools for staff/company members, Boards and external stakeholders. Participants receive in-class handouts, as well as a take-home USB drive that includes a number of templates, forms and informational articles that they can put to immediate use with their own art companies.

NET also offers workshops on the fundamentals of strategic planning, with a focus on how to develop a strategic planning process applied to ensemble theaters. The workshop includes case study discussions about planning processes at several ensembles, encouraging the interchange of ideas and practical, useful knowledge.

Charging a fee for the workshops has been a learning process for the organization and participants. Fees remind everyone that these services have a real cost, and it teaches organizational members to value their work and knowledge. As NET's executive director stated, "By paying a fee for services, participants become more aware of the value of membership and the real value of services."

⁸³ National Ensemble of Theaters (Undated). About. <http://ensembletheaters.net/about/> (Downloaded 9/23/2011).

Chapter 8: Corporate relationships

Some social change organizations are tapping into relationships with corporations to generate revenue in creative ways, although this practice seems to be underutilized in the social change world. While there may be good reasons for avoiding such relationships, some social change organizations have natural partners in the corporate world, and they are beginning to cultivate those relationships for fundraising purposes.

There are several different approaches to corporate funding (Male 2002). Many corporations have separately incorporated foundations, where gifts are made through the earnings of the foundation's investments. Otherwise corporate giving is tied to company profits that fluctuate depending on earnings. Corporations generally fund nonprofits through corporate memberships, direct philanthropy and cause-related marketing.

Key points to keep in mind

When building corporate relationships, there are some important points to keep in mind:

- Even though corporate giving constitutes the smallest percentage of giving to nonprofits – equaling about 5 percent of total income in 2010 – it still represents an important part of most nonprofits' fundraising strategy. Corporations gave away \$15.29 billion in 2010, which represents an increase of more than 23 percent from 2008 to 2010 (Giving USA 2011).
- While there are multiple ways of approaching corporations for funding, and while there are many possibilities for accessing funding, researching and planning the most appropriate strategy takes time.
- Corporations generally fund nonprofits through corporate memberships, direct philanthropy and cause-related marketing. The assistance of a Board member or volunteer who is also an employee of the target corporation can make a significant difference in connecting with staff who make funding decisions.
- Corporate funding has distinct advantages and disadvantages for nonprofits, especially in the social justice field. Though overall corporate contributions have grown in the past two years (Giving USA 2011), corporate contributions to social justice organizations in the mid- to late-1990s is estimated at between 0.7 and 2 percent of corporate pretax profits nationally (Bothwell 2003). O'Donnell (2005) reports that corporate funding comprises only 3.2 percent on average of social justice organizations' funding. Male (2002) notes that corporations are conservative institutions that may be hesitant to align themselves with controversial causes which may make it more challenging for social justice organizations to position themselves to benefit from corporate funding. Of course, social change organizations might have ethical reasons for not wanting to receive corporate sponsorships.

Corporate relationship practices

Using cause-related marketing

In her discussion of social justice organizations, Beckett (2005) explains cause-related marketing, where corporations partner with nonprofits to promote particular goods or services that are of interest to nonprofits. Beckett argues that cause-related marketing can work for organizations that have a long track record of intervention in a marketplace relevant to the corporations. A good example is the partnerships between financial services companies and nonprofits that have been active in making mortgage credit available (on terms advantageous to individual borrowers and communities where loans are made). These organizations receive grants and earned income contracts from the financial services industry partly because the Community Reinvestment Act requires lending institutions to demonstrate both effort and results in making credit available in lower-income and minority communities.

Getting corporate sponsorships for events

Fifth Avenue Committee, Inc. (FAC) is a nationally recognized community development corporation in South Brooklyn. Its mission is to “advance social and economic justice in South Brooklyn principally by developing and managing affordable housing and community facilities, creating economic opportunities, organizing residents and workers, providing student-centered adult education, and combating displacement caused by gentrification.”⁸⁴ FAC hires a number of vendors to build affordable housing units. Ron Zak, the director of development, explained that these businesses – which include contractors, plumbers, construction suppliers and bankers – make considerable money in the construction of the units. Fifth Avenue Committee realized that it would be beneficial to call upon them to return the support. Therefore, it asked these contractors to take part as sponsors in their awards ceremony. FAC received an overwhelmingly positive response and “raised more money than any of the other [event] practices at much lower cost.”

The MinKwon Center for Community Action has received corporate donations for its events. During its *Advocacy around the DREAM Act* campaign, volunteers went to small businesses to raise money. Not only did it gain financial support, it also got unusual participants to join its campaign and was able to raise awareness about comprehensive immigration reform.

⁸⁴ Fifth Avenue Committee (Undated). Mission. <http://www.fifthave.org/index.cfm?fuseaction=Page.viewPage&pageId=564&parentID=559&nodeID=54> (Downloaded 9/13/11).

Chapter 9: Other important sustainability considerations

Several themes regarding financial sustainability and social change emerged from our interviews, surveys, Internet scan and literature review. This chapter summarizes some of the observations and recommendations from social change leaders, technical assistance providers and foundation leaders. As with the other sections of this report, these ideas should be understood as a reflection of the concerns of the people with whom we spoke. We are not making any claims that these issues apply to social change communities broadly, but they were important for the participants of this project. We hope that this section will contribute to our goal of generating conversation about effective ways of fundraising for social change.

Fundraising as organizing

One theme that emerged from the surveys and interviews was the concept of fundraising as organizing. Consultant Marjorie Fine said that you have to “show people ... [that the skills] for fundraising are the same as organizing.” Thinking about fundraising as organizing can help nonprofits define and articulate their mission, set clear goals, build strategic relationships, increase exposure to a more diverse community, and create additional opportunities for community building.

A report from the Center for Community Change notes, “There are dozens of examples of high-performing organizer fundraisers, whose work we describe; the single most important factor in their success is that they see fundraising as organizing” (O’Donnell 2005).

According to Raquel Singh, executive director of the Voices of Women Organizing Project, such fundraising strategies “contribute to the mission by forcing them [members and staff] to hone in on their mission and articulate it clearly in order to speak with donors. It also forces them to incorporate activities, impacts and outcomes in everything they do, since donors want to see the outcome/impact of their giving.”

Sondra Youdelman, the executive director of Community Voices Heard, similarly explained that a focus on fundraising helped in “setting clear goals,” and gave her organization an opportunity to “intentionally build relationships with people that may result in a donation but also to... open doors” for generating in-kind contributions and support. The concept of fundraising as organizing clearly benefited these organizations.

Fundraising as organizing
is the idea that all the skills
required for effective
fundraising mirror those skills
required for effective
organizing.

Culture of philanthropy

Some of the people we interviewed connected the idea that “fundraising is organizing” to the idea of a “culture of philanthropy.” Osborne (2011) defines a culture of philanthropy as one where

everyone in the organization has a role to play in fundraising – including the staff, Board, volunteers and constituents. Larry Kleinman at PCUN noted, “Raising funds must be part of all educational, service and organizational activities as much as possible and should not be seen as separate work.” Integrating fundraising into daily organizing activities builds fundraising potential.

Anna Fink, senior program officer at The New World Foundation, talked about one organization that

has really integrated fundraising within their membership and leadership across staff titles and sort [of] integrated the fundraising piece of their work into the organizing, so it’s now a part of lots of people’s jobs. And the identity of being a member of the organization [means that] you’re also invested in building an income base [for the organization].

Jason Franklin of Bolder Giving said that fundraising is a central theme in the training of staff and members. It helps them “become comfortable with fundraising; they see it as part of their organizing training.” Marjorie Fine said she believes that “fundraising is about the right strategy,” which includes myriad skills for organizing: the right message, relationships, good planning and execution, great visibility, community building, getting members and retaining them, and team building. Adopting this culture means integrating fundraising as a value integral to successful community organizing.

Incorporating a culture of philanthropy does not mean that everyone makes solicitations. Rather, it means that the organization nurtures a group of people who are aware of the power of fundraising, who can communicate the vision and values of the organization, and who can be an organization’s ambassador in any given situation (Association of Fundraising Professionals, undated). The indicators that an organization has adopted a culture of philanthropy include the following (Alcock 2011):

- Everyone understands the need to raise money and is willing to do what is necessary to support the effort, regardless of their role in the organization
- Everyone behaves as the organization’s ambassador, helping to identify new friends and partnerships whenever possible
- Everyone can articulate a case for giving and how a gift will be used
- Organizational processes are donor-centric, i.e., they are set up for the ease and comfort of donors, not staff
- Visitors are welcomed in to program sites; dialogue is encouraged
- The front desk personnel are welcoming and have received adequate training to handle all inquires about involvement in the organization
- Everyone can answer basic questions about the finances of the organization
- The executive director sees him/herself as the “face of the agency”
- The executive director is 100 percent committed and personally involved in fundraising
- Recipients of services are viewed as experts in how the organization carries out its mission and are invited to share their stories whenever possible
- The executive director and Board members (and others directly involved in soliciting contributions) make a financial contribution at least annually

All of these activities support the culture of philanthropy within the organization and offer the practical advantage of saving staff time and money, thus lowering the costs of the fundraising campaign. Vic Rosenthal of Jewish Community Action noted that the executive director can empower

staff, volunteers and constituents by trusting and allowing them to take up leadership in the fundraising process. Invoking organizing wisdom, he repeats the refrain, “Never do for someone what they can do for themselves.” For Rosenthal, “This implies asking yourself, ‘Can a reasonably trained person do this? Then why are you doing it?’” Julie Miles, director of development at Make the Road New York, also mentioned that her organization encourages staff and members to get more involved and knowledgeable about financial and fundraising issues. For her, teamwork and good communication are essential. She implements this philosophy in Make the Road’s annual walk-a-thon, a fundraising event that allows everyone to get involved and raises awareness of the importance of fundraising. As a result, members and the Board learn about the cost of running a campaign or activity and of the organization’s programs and operations. This also helps the elected Board members feel more prepared to answer questions in their committees regarding funding.

FIERCE similarly involves and educates its members about financial issues and fundraising through its annual bowl-a-thon. According to Naa Hammond, FIERCE’s development coordinator, “All members, staff and Board members are required to participate in fundraising. Each year the organization runs a one-week intensive, grassroots fundraising training. There are also fundraising fellowships available for members.”

The July-August 2011 issue of the *Grassroots Fundraising Journal* contains a series of articles on organizations that have dispersed fundraising responsibility throughout their organizations. One article documents how the SouthWest Organizing Project (SWOP) created shared responsibility for fundraising and how this shift supported the organization while the executive director, a person who had managed the organization’s funding relationships, moved on (Childress 2011). To ease this transition, SWOP created new program director positions that would be responsible not only for programmatic areas but also fundraising. SWOP focused on “supporting staff and key leaders to develop confidence and the ability to fundraise.” New leaders began developing relationships with funders and created opportunities to involve staff members during site visits and other fundraising-related activities. These changes helped increase staff involvement and commitment to fundraising and strengthened SWOP’s potential for long-term sustainability.

Creating a culture of philanthropy does not happen overnight (Association of Fundraising Professionals, undated). To foster a culture of philanthropy, each organization needs to develop its own fundraising model according to its own needs and context. The effort requires the organization to reflect on how a culture of philanthropy would look in its organization and what kind of strategy it would need to put in place to achieve its goals.

The role of foundations

Through our interviews and surveys we sought opinions and feedback from social change organizations, funders and technical assistance providers about how foundations can support social change organizations in their efforts to become more financially self-reliant and independent. Below we discuss the following themes: investing in value-added capacity building; providing support through technical assistance; allowing more flexibility in grant requirements; and recognizing the critical reality that building sustainability takes time. We also include an example of donor-driven philanthropy. We chose to keep these comments anonymous so that we could include

this information in a way that would be more comfortable for the people who contributed to this report.

Investing in value-added capacity building

Social change organizations are aware of the time and demands associated with fundraising, but many lack the capacity and resources to pay and train staff to attend to the organization's development needs. One development director explained, "Development is very labor intensive and there are no shortcuts." In the words of another, "It takes enormous capacity to generate meaningful revenue from non-grant sources. Individual donor development is very time-consuming and requires a strong infrastructure for outreach, development, tracking, stewardship and donor recognition."

Some people we interviewed expressed the view that many foundations do not fund salaries for development staff, or prefer to fund nonprofits with low administrative costs (at about 15 percent or below). Social change organizations are thus challenged to fully staff development initiatives and create capacity for large-scale individual donor fundraising and special events, while maintaining low administrative costs. Social change leaders agree that they greatly need support for capacity building, especially for paying and training staff to advance development efforts in a consistent manner.

Executive directors and staff from these organizations face an ongoing struggle to simultaneously attend to demanding development and programmatic tasks. From the perspective of social change organizations, capacity-building grants are a way to ease this struggle and support organizations to become more independent.

One executive director mentioned the possibility of seed money grants: "Foundations could support social change organizations to become more independent by giving organizations seed money that allows them to 'buy the time' to do this work. Groups can't afford to take staff resources away from fundraising that meets the current budget in order to invest in new fundraising strategies that may take a couple of years to net. Yet, income diversification is vital for the health and growth of individual nonprofits and the social justice movement overall. Investing in fundraising is one vital way foundations can get significant bang for their buck."

Similarly, another executive director said, "...Having a full-time person to do publicity for special events could be very helpful. Preparation of these events takes an incredible amount of time and staff effort."

"It takes enormous capacity to generate meaningful revenue from non-grant sources. Individual donor development is very time-consuming and requires a strong infrastructure for outreach, development, tracking, stewardship and donor recognition."

-Nonprofit development
director

Another theme that emerged in our interviews and surveys was the need for social change organizations to communicate better and for foundations to increase their awareness of organizations' capacity-building needs. Many mentioned the need to ensure good communication and feedback between organizations and foundations.

Caroline Hotaling, program officer at the Ms. Foundation for Women, recommended that social change organizations use organizational assessments to understand their real needs. “When an organization goes into an organization assessment, they feel that they need one thing. Following the assessment, they realize they need something else entirely. For instance they will think they need help with their Web site, but their real problem is their finances.” She added, “... This practice could yield very good results, but there are also some challenges. Some of them include the amount of resources and time organizations will need to implement ... [in the assessment]. And the other is that if this is done with money from a foundation, this might create expectations sometimes beyond the capacity of foundations to respond to all the needs.”

Providing support through technical assistance

Many directors and staff in the social change organizations we interviewed or surveyed said that foundations could support organizations’ sustainability by providing technical assistance to develop fundraising skills and financial plans. Some directors felt that this kind of assistance produces results that reinforce other capacity-building activities such as training. Other experienced individuals believed that training is not enough if there is no follow-up mechanism to ensure that ideas get translated into practice. In the words of one executive director, “...[I]f you don’t have built-in time to look at how to integrate it into program, [it] isn’t worth all that much.”

Other people suggest that hiring a consultant to work with the staff to examine the organization’s particular needs and challenges produces positive results. For example, Sondra Youdelman at Community Voices Heard explained that the technical assistance program offered by one foundation is a good model for other foundations and organizations. It simply involves small “top up” grants provided to the nonprofit to pay for specific technical advice and assistance that the nonprofit, rather than the funder, identifies. In Youdelman’s words, “Getting technical support from a consultant was exactly what we needed. It was very useful to have someone working with us on a constant basis and providing input and suggestions.” The consultant, Greg Cohen (from Cause Effective), provided training on relationship building to the staff and Board. According to Youdelman, “...[I]n the first year, they helped us with training and with developing a comprehensive grassroots fundraising plan.” The process included holding a four-part “focus group” of allies and supporters and friends to brainstorm “markets” to tap into for individual donors. The focus group discussed how the organization and its supporters should think about meeting new people and getting the word out. “Out of this,” said Youdelman, “a fundraising plan was generated [and] the people that had been involved became part of a newly created Solidarity Board.” She continued, “Often organizations do not have money in their budget for this kind of need.”

Other foundations have established new initiatives to support capacity building and financial capacity in social change organizations. For instance, the Ms. Foundation is supporting capacity building through “Organizational Development Funding” and “Field Focus Funding.” The first supports organizational leadership development through consultants or an executive coach. The second builds on the fact that convening grantees has been a priority for the Ms. Foundation for 15 years. It emphasizes trainings and convenings to help grantees to deepen knowledge about their best practices and challenges, elevate their visibility, and learn about additional fundraising and grantwriting trainings provided by the foundation.

One clear need for technical support in fundraising is developing and operating a database. One funder pointed out that “one of the other clear needs that has come out of [one of our grantee groups] is not social media-related but database work. This is not sexy but it has come out strongly

as critical to this aspect of work, and it seems like there is a real desire on the part of organizations to build more sophisticated database structures. They want to know how to navigate what's out there better, and integrate fundraising databases with other things they're doing, like civic engagement and that kind of thing."

Allowing more flexibility in grant requirements

Social change organizations feel that foundations could support their efforts to become more self-reliant by creating more flexibility in grant requirements, especially those related to evaluation and outcomes measurement, and in supporting advocacy work that is difficult to measure rather than focusing on funding other kinds of programs. In the words of one director, "Foundations could broaden the field of justice [if their grants had] fewer strings attached [and were] not as project-oriented."

Some directors mentioned that many foundations only fund short-term projects, but these projects usually do not support organizational sustainability or the capacity to recruit and retain staff. As stated by another executive director, "They [foundations] are funding too short-term, and this make[s] organizations jump through too many hoops. Long-term funding will help to respond to the organization's needs and capacity-building."

Representatives from some organizations feel frustrated that they do not qualify for social justice funding focused on smaller organizations that serve fewer individuals and have smaller budgets. They also do not qualify for larger sources of funding because they do not look like a major agency. One executive director explained,

What I have found is that my organization is too small to be considered for major funding and too large to get funded as a start-up or small agency. I am always looking for ways to counteract the "more bang for your buck" argument. What I mean by that is that several foundations have told me "Why would I give you \$50,000 to serve 100 individuals when I can give \$50,000 to ABC organization that serves 400 individuals?" What they do not understand is that our 100 individuals are served regularly, where out of those 400 individuals, a large portion of them are one-time intakes or after a few sessions their issue is resolved and they do not return. [I'm] not saying that ABC organization is doing a bad job. It is just that our needs may not be similar. I would like for my organization to be considered for funding based on what it accomplishes, not how many people are served.

Another executive director similarly explained, "We're bigger, and my frustration is that funders have an arbitrary cut off: 'At this level you're too big.' Rather than making funding decisions "based on budget, they should look at the needs served. Because growth has been in areas that people like funding more: bringing fresh food, helping people accessing food stamps, these are highly funded. But [our] core [funding] of advocacy is as low as ever, as low as ten years ago."

Another preoccupation expressed through the interviews and survey is that foundations are moving more and more in the direction of outcome-based evaluation. Social change leaders expressed that an outcome-based approach has many limitations and does not fairly assess the gains and challenges related to community organizing and social change. Moreover, some expressed that in the long term, the outcome-based approach can affect the support they receive from foundations and therefore the sustainability of their organizations. As stated by an executive director, "The more

you make it outcome-based, the harder you make it for organizations trying to get support. So much of social change comes from organizing [where] results cannot be based too much on quantitative data.”

Kim Klein has similarly observed that “outcome-based evaluation completely depresses creativity and innovation. This holds nonprofits back from fundraising. You have to give space for experimenting and even failing.”

Some officers from progressive foundations shared similar concerns. One noted, “Philanthropic institutions have moved toward evaluation and trying to measure all the works that different groups try to do. I think that’s very dangerous. We need to take a look at the human element and the work these organizations do to change people’s lives, not from a numbers standpoint. In social justice work there are no easy solutions; [this] is long-term work.”

Recognizing that building sustainability takes time

Social change leaders expressed a major tension between the amount of time required to build a fundraising strategy and the pressure they feel from foundations and some constituents to show positive results. One technical assistance provider observed, “Some funders and groups have [an] unrealistic sense of how long it takes to build a fundraising group. Ninety percent of people in nonprofits have no experience in development. They [foundations] have to be aware of this and allow them to learn.”

Many social change directors recognize that building alternative funding sources, diversifying funding and developing a solid sustainability plan are critical for developing sustainability and independence. However, this task requires a great investment of time and energy, as well as the ability and willingness to try new alternatives and learn from successes and failures. The following quote is typical of the responses from social change organization representatives:

The framing and outcomes for social justice organizations are a challenge in engaging people that generally give to traditional charities and/or faith-based causes. Additionally, our constituencies are generally low-income, so even when we are successful in engaging folks as donors, the total amount is often not a huge amount of money. Our Board, staff and core members have been committed to increasing non-foundation and government funding, but it is a slow process and takes time to find out what works and what does not.

The same thought was re-stated by a development director:

Taking enough time for “organizational process” could make everything easier.... We feel great pressure from the fundraising side to move quickly. Without additional resources, we do not have the luxury to take time with each need or initiative. It would be very helpful to have cycles to think things through and get feedback with concerns and then make some changes to implement, instead of implementing all at once.

Some staff and directors from social change organizations discussed how the financial crisis has exacerbated these challenges. One said,

The disastrous economy means that the needs of our communities have significantly increased even as revenues decline. Foundations have taken a beating in the stock market. Many major donors will be focused on the 2012 national elections, making it more challenging to get money from them. Even developing a for-profit is much more “iffy” in these difficult economic times. We have to devote significantly more time to fundraising. And while we are working to expand our donor base, we have to put even more time into writing proposals to foundations and cultivating that work because donor work takes a lot of time to develop. And of course, government money is fast drying up. But even in the face of all that, we have been able to raise our budget. It is just taking much more time and resources – time and resources that could be used for programmatic work.

Many directors and staff talked about the importance of foundations better understanding social change organizations’ needs to incorporate reflection and strategy into their fundraising as well as social change work. As stated by one director,

Many organizations operate on a shoestring – they need the time and resources to step back and strategize, get away from the scarcity mentality. Fundraising can be uncomfortable for people, and social justice organization staffs need to understand how to approach it.

In conclusion, social change organizations, technical assistance providers and funders are aware of the many challenges that prevent social change organizations from finding effective ways to sustain themselves. Some foundations are responding to these needs in productive ways. Because the needs are complex and require more understanding to formulate effective solutions, a path forward is open communication, feedback and dialogue between all three groups. This path allows each group to better understand the other’s needs and concerns.

Donor-driven philanthropy

Social Justice Fund Northwest (SJF), a funder of social justice organizations but also a nonprofit that raises its own revenues,⁸⁵ has developed a model for fundraising that is project based. Recognizing a need to more effectively engage diverse populations in philanthropy, SJF created its first project-based fundraising group called the *Next Generation Giving Project*, with an objective to engage people under 40 in philanthropy and bring in voices not usually at the table, meaning the people and organizations receiving their grants. The organization recruited a wide range of participants from its grantees and the community at large and focused its fundraising approach on relationship building. Relationship building was seen as part of a process of “democratizing” philanthropy so that everyone would have an equal voice in grantmaking priorities, no matter how much they could give.

Through the *Next Generation Giving Project*, SJF developed 18 “donor/organizers” and trained them in fundraising, with an emphasis on relationship building and organizing as central to the fundraising model. The donor/organizers then went into the community to fundraise and organize – seeing these as parallel strategies. The project’s initial goal was to raise \$50,000. In the end, the *Next Generation Giving Project* almost tripled that amount, at \$135,000. According to SJF, one

* Social Justice Fund Northwest (Undated). Mission, Vision, Values. <http://www.socialjusticefund.org/mission-vision-values> (Downloaded 9/15/11).

benefit of this approach has been that it leads to decisions being made by those on the ground rather than donors (donor-driven philanthropy).

Now at SJF, grants are made only through these giving projects – including projects related to civic action, LGBTQ issues, environmental justice and social justice organizations located in the state of Montana. It has completed five fundraising projects so far that have generated nearly \$400,000 in revenue. This model has created enough excitement in the membership that SJF increased its budget by 60 percent from 2010 to 2011, and plans to increase the number of giving projects from five to eight. The eventual goal is to increase its grassroots fundraising capacity to bring this kind of success to other projects.

SJF recognizes its limitations as a foundation but also sees a role for itself in using this approach to change philanthropy. Some SJF grantees have adopted SJF's fundraising model and are finding that it helps them to increase relationship-based fundraising; to move away from their dependence on events or auctions and toward increased asks from individuals; and to generate more smaller gifts.

Conclusion

Social change nonprofits, and the foundations and technical assistance providers that support them, are seeking new ways to develop financial sustainability for social change. As groups experiment in the field, new knowledge is developing about what works to strengthen relationships with donors, build organizational capacity to plan and hold events, and strategically make the most of limited resources for fundraising. As this report demonstrates, social change organizations have shown tremendous resilience, diligence and creativity in developing more diverse funding streams and sustainable finance models.

Efforts to fundraise and generate revenue take tremendous time and energy. The practices that we have documented here are not easy to implement and often require a delicate balance with making investments in other critical areas of work such as managing programs, organizing constituencies and networking. At this time, the authors see an important opportunity to make investments in learning and experimentation – not only because there are new tools available, including through social media – but also because we need to better understand what kind of support social change organizations find effectively for increasing long-term sustainability.

Beyond that, there is a need for open communication and spaces for reflection among these distinct groups – social change leaders, funders and technical assistance providers – to deepen their understanding of each other's role in sustaining social change. We hope this report contributes to this goal by documenting emerging practices – with much of this knowledge coming from social change nonprofits' on-the-ground experimentation. Foundations play an important and distinct role in supporting both their present activities and future sustainability goals. We hope this report invites dialogue to expand mutual understanding and collaboration for long-term social change.

References

- Ahn, Christine E. 2007. "Democratizing American Philanthropy" in "The Revolution Will Not Be Funded: Beyond the Nonprofit Industrial Complex." Redmond, WA: INCITE! Women of Color Against Violence.
- Alcock, Jeri. 2011. "Embracing a Culture of Philanthropy: Why It Matters." Hillsboro, OR: On Course Consulting. Retrieved on September 15, 2011. (www.oncourseforsuccess.com/adopting_a_culture_of_philanthropy)
- Association of Fundraising Professionals. 2011. "Building a Culture of Philanthropy." Retrieved on October 10, 2011. (<http://www.afpnet.org/ResourceCenter/ArticleDetail.cfm?ItemNumber=4858>)
- Bayona, José. 2011. "Citizenship NOW! 2011: Immigrants finding financial aid available right around corner." *New York Daily News*, April 20. Retrieved on September 15, 2011. (http://articles.nydailynews.com/2011-04-20/local/29472987_1_debit-card-credit-history-credit-card)
- Beckett, Jane. 2005. "Improving How Organizing Raises Funds" in "Promising Practices in Revenue Generation for Community Organizing: An Exploration of Current and Emerging Fundraising and Grantmaking Practices in Community Organizing." Washington, DC: Center for Community Change.
- Blakley, Stephen. 2010. "Exploring Fee for Service." Isleton, CA: Measured Outcomes LLC. Retrieved on September 18, 2011. (measuredoutcomes.net/cfb/wp-content/.../Fee-for-Service-Model.pdf)
- BoardSource. 2007. "Making Nonprofit Partnerships Effective." Washington, DC. Retrieved on September 29, 2011. (<http://www.boardsource.org/Spotlight.asp?ID=116.375>)
- Boschee, Jerr. 2001. "Eight Basic Principles for Nonprofit Entrepreneurs." *NonProfit World* 19:4. Retrieved on September 28, 2011. (www.socialent.org/pdfs/8BasicPrinciples.pdf)
- Bothwell, Robert O. 2003. "The Decline of Progressive Policy and the New Philanthropy: Progressive Foundations and Other Alternatives to Mainstream Foundations Are Created and Become Substantial, But Fail to Reverse the Policy Decline." Comm-Org, The Online Conference for Community Organizing. Retrieved on September 18, 2011. (<http://comm-org.wisc.edu/papers2003/bothwell/bothwellcontents.htm>)
- Carroll, Deborah A. and Keely Jones Stater. 2009. "Revenue Diversification in Nonprofit Organizations: Does it Lead to Financial Stability?" *Journal of Public Administration Research and Theory* 19(4):947-966.
- Chetkovich, Carol and Frances Kunreuther. 2006. *From the Ground Up: Grassroots Organizations Making Social Change*. New York: ILR Press.
- Childress, Marjorie. 2011. "Developing Leadership for Fundraising." *Grassroots Fundraising Journal* 30(4).
- Coffman, Suzanne E. 2004. "Should Nonprofits Coordinate Fundraising Efforts?" Washington, DC: Guidestar. Retrieved on September 28, 2011.

(<http://www2.guidestar.org/rxa/news/articles/2004/should-nonprofits-coordinate-fundraising-efforts.aspx?articleId=843>)

Collings, Terry R. and Deborah Jacobs. 1998. "Books, Bytes & Believers: Seattle's Grassroots Fundraising Campaign." *American Libraries* 28(8):40-42.

Compassion Capital Fund National Resource Center. n.d. "Understanding Fee-for-Service Models." Dare Mighty Things, Inc. Retrieved on January 23, 2012. (http://www.acf.hhs.gov/programs/ocs/ccf/ccf_resources/understandingffs.pdf)

Edgington, Nell. 2011. "Financing Not Fundraising: Evaluating Earned Income." Austin, TX: Social Velocity. Retrieved on September 20, 2011. (<http://www.socialvelocity.net/2011/04/financing-not-fundraising-evaluate-earned-income/>)

Foster, William and Jeffrey Bradach. 2005. "Should Nonprofits Seek Profits?" *Harvard Business Review* 83(Feb). Retrieved on September 18, 2001. (<http://ssrn.com/abstract=1498256>)

Giving USA Foundation. 2011. "Giving USA 2011: The Annual Report on Philanthropy for the Year 2010." Indianapolis, IN. Retrieved on September 19, 2011. (<http://www.givingusareports.org/libDownloads.php>)

Grant Space. 2011. "Knowledge Base: Where can I find information about collaboration and other kinds of strategic alliances?" New York, NY. Retrieved on September 29, 2011. (<http://grantspace.org/Tools/Knowledge-Base/Nonprofit-Management/Sustainability/Collaboration>)

Greenfield, James M. 1996. *Fund Raising Cost Effectiveness: A Self-Assessment Workbook*. New York, NY: John Wiley & Sons Inc.

Guilloud, Stephanie. 2011. "We Are Stronger Together." *Grassroots Fundraising Journal* 30(4).

Heaslet, Andy. 2010. "Justice and Peace Shares: A Case Study in Collaborative Funding." *Grassroots Fundraising Journal* 29(6).

Hegranes, Cristi. 2011. "Four Steps to a New Online Fundraising Strategy." *Stanford Social Innovation Review*. Retrieved on September 24, 2011. (www.ssireview.org/opinion/entry/four_steps_to_a_new_online_fundraising_strategy/)

Howard, Dan and Ken Weber. 2003. "Seeing the Internet's (Not So) Obvious Benefits." Bridgespan Group. Printed by Permission in *The Chronicle of Philanthropy*.

Johnson, Bertram. 2010. "Individual Contributions: A fundraising advantage for the ideologically extreme?" *American Politics Research* 38(5): 890-908.

Klein, Kim. 1999a. "The Correct Use of Special Events." *Grassroots Fundraising Journal* 18(1).

Klein, Kim. 1999b. "Getting Major Gifts: The Basics." *Grassroots Fundraising Journal* 18(5).

Klein, Kim. 1999c. "Collaborative Fundraising." *Shelterforce Online* 105:May/June. Retrieved on September 26, 2011. (<http://www.nhi.org/online/issues/105/fundraising.html>)

Klein, Kim. 1999d. "Donor Cultivation: What it is and what it is not." *Grassroots Fundraising Journal*

- Klein, Kim. 2006. "10 Most Important Things You Can Know About Fundraising." *Grassroots Fundraising Journal*.
- Klein, Kim. 2007. "Dear Kim: Collaborative Fundraising." *Grassroots Fundraising Journal* Dear Kim Q&A Column Archive. Retrieved on September 27, 2011. (<http://www.grassrootsfundraising.org/article.php?story=20071117112354428>)
- Klein, Kim. 2011. *Fundraising for Social Change*. 6th Edition. San Francisco, CA: Jossey- Bass.
- Kleinman, Larry. 2011. "Dues Worth Paying." *Grassroots Fundraising Journal* 30(5). Retrieved on September 18, 2011. (<http://www.grassrootsfundraising.org/memberdl/member.php>)
- Kooker, Naomi R. 2005. "As donor dollars fade, nonprofits eye earned income." *Boston Business Journal*, June 20. Retrieved on September 18, 2011. (<http://www.bizjournals.com/boston/stories/2005/06/20/story8.html>)
- Male, Richard. 2004. "Fundraising from Corporations : Old and New Approaches." *Grassroots Fundraising Journal* 23(4).
- Masaoka, Jan. 2008. "Just Tell Me: What's the Best Way to Raise Money?" *Grassroots Fundraising Journal* 27(4).
- McGivern, Mary Ann. 2007. "Building Online Community: A Key to Fundraising on the Internet." *Grassroots Fundraising Journal* 26(4). Retrieved on September 14, 2011. (<http://www.grassrootsfundraising.org/memberdl/member.php>)
- Minieri, Joan, Jennifer Dodge, Erica Foldy, Amparo Hofmann-Pinilla, Marian Krauskopf, and Sonia Ospina. 2005. "From Constituents to Stakeholders: Community-Based Approaches to Building Organizational Ownership and Providing Opportunities to Lead." New York: Research Center for Leadership in Action. (<http://wagner.nyu.edu/leadership/reports/files/ConstituentstoStakeholders.pdf>)
- Mosaica. 2008. "Fundraising for Collaborative Projects." Washington, DC. Retrieved on September 28, 2011. (<http://www.partnershippgc.org/resources/20080620/Fundraising%20for%20project%20collaboratives.pdf>)
- National Committee for Responsive Philanthropy (NCRP). 2003. "Understanding Social Justice Philanthropy." Washington, DC. Retrieved on September 20, 2011. (www.ncrp.org/files/Understanding_Social_Justice_Philanthropy.pdf)
- National Council of Nonprofits. 2011. "Membership." Washington, DC. Retrieved on September 19, 2011. (<http://www.councilofnonprofits.org/resources/resources-topic/membership>)
- O'Donnell, Sandy. 2005. "How Organizing is Funded" in "Promising Practices in Revenue Generation for Community Organizing: An Exploration of Current and Emerging Fundraising and Grantmaking Practices in Community Organizing." Washington, DC: Center for Community Change.
- O'Donnell, Sandy and Jane Beckett and Jean Rudd. 2005. "Promising Practices in Revenue Generation for Community Organizing: An Exploration of Current and Emerging Fundraising and

- Grantmaking Practices in Community Organizing.” Washington, DC: Center for Community Change.
- Osborne, Karen. 2011. “Building a Culture of Philanthropy.” Arlington, VA: Association of Fundraising Professionals. Retrieved on September 17, 2011. (<http://www.afpnet.org/ResourceCenter/ArticleDetail.cfm?ItemNumber=4858>)
- Ospina, Sonia, Erica Foldy, Waad El Hadidy, Jennifer Dodge, Amparo Hofmann-Pinilla, and Celina Su. 2010. “Social Change Leadership as Relational Leadership.” *Advancing Relational Leadership Theory*. Greenwich, CT: Information Age.
- Quillen, Kimberley. 2009. “Nonprofits are increasingly launching business-like ventures to sustain themselves through the recession.” New Orleans, LA: Nola.com. Retrieved on September 17, 2011. (http://blog.nola.com/tpmoney/2009/03/nonprofits_are_increasingly_la.html)
- Robinson, Andy. 1998. “Selling Social Change: How to Earn Money from Your Mission.” *Grassroots Fundraising Journal* 17(2). Retrieved on September 15, 2011. (<http://www.grassrootsfundraising.org/memberdl/member.php>)
- Robinson, Andy. 2002. “Business Planning for Enterprising Nonprofits.” *Grassroots Fundraising Journal* 21(4).
- Rosso, Henry. 2003. “The Annual Fund: A Building Block for Fund Raising, from Achieving Excellence in Fundraising.” *John Wiley & Sons*. Retrieved on September 18, 2011. (http://www.philanthropy.iupui.edu/TheFundRaisingSchool/PrecourseReadings/precourse_annualfundbuildingblock.pdf)
- Roth, Stephanie. 2002. “Making Special Events Work for You.” *Grassroots Fundraising Journal* 21(6).
- Salzman, Jason. 2003. *Making the News: a Guide for Activists and Nonprofits*. Basic Books.
- Shaw, Aileen. 2002. “Social Justice Philanthropy: An Overview.” New York, NY: Synergos. Retrieved on September 20, 2011. (<http://www.synergos.org/knowledge/02/socialjusticeoverview.pdf>)
- Sherlock, Molly F. and Jane G. Gravelle. 2009. “An Overview of the Nonprofit and Charitable Sector.” Washington, DC: Congressional Research Service. Retrieved on August 14, 2011. (www.crs.gov)
- Social Enterprise Alliance. 2011. “Funding Them to Fish: The Case for Supporting the Earned Income Activities of Nonprofits.” Minnetonka, MN. Retrieved on September 15, 2011. (https://www.se-alliance.org/making_the_case_final.pdf)
- Society for Nonprofit Organizations. 2010. “Fundraising Guide: Earned Income.” Livonia, MI. Retrieved on September 17, 2011. (<http://www.snpo.org/funding/earnedincome.php>)
- Stannard-Stockton, Sean. 2011. “GOOD Buys Jumo, Seeks Social Connective Tissue.” *Stanford Social Innovation Review*, August 23. Retrieved on September 8, 2011. (http://www.ssireview.org/opinion/entry/good_buys_jumo_seeks_social_connective_tissue/2011)
- Stein, Michael. 2004a. “Put E-mail to Work without Becoming a Spam Artist.” *Grassroots Fundraising Journal*. 23(1).

- Stein, Michael. 2004b. "Web sites for Fundraising." *Grassroots Fundraising Journal*. 23(1).
- The New World Foundation. 2008. "An Economic Stimulus Package for CBOs: Ideas for Developing Financial Resources." *The New World Foundation*. Retrieved on September 12, 2011. (<http://newwf.org/publications/archive/report-ideas-for-developing-financial-resources>)
- Vanguard Public Foundation. 2002. "A Grassroots Fundraising Guide for Social Justice Organizations: Raising Money from Individuals in Tough Economic Times." San Francisco, CA.
- Yan, Wenli, Dwight V. Denison and J.S. Butler. 2009. "Revenue Structure and Nonprofit Borrowing." *Public Finance Review* 37(1):47–67.

About the Authors

Jennifer Dodge is assistant professor of Public Administration and Policy at the Rockefeller College of Public Affairs and Policy, University at Albany – SUNY, and a research fellow at RCLA. Her research focuses on the role of nonprofit organizations in democracy, public and social change leadership, and environmental politics. She has conducted policy research at MDRC and has partnered with various organizations to research and support nonprofit organizations.

Amparo Hofmann-Pinilla is RCLA's deputy director. She directs RCLA's social change leadership strategic initiatives and is the director of RCLA's Emerging Practices for Financial Sustainability project, done in collaboration with the Mertz Gilmore Foundation. At RCLA, Amparo's main accomplishments include the successful direction of the Research and Documentation component of Leadership for a Changing World, the Social Change Leadership Network, the Global Social Change Leadership Institute, and the use of Participatory Action Research for several social change leadership projects. Amparo has taught as an adjunct lecturer at NYU, CUNY and Columbia University.

Angela Beard is director of Development for the Seattle Youth Symphony Orchestras and holds a PhD in Public Administration – specializing in Nonprofit Management and Finance – from NYU's Robert F. Wagner Graduate School of Public Service. Angela's fundraising experience spans more than 15 years and includes substantial expertise in major gifts, grants management, special events and capital campaigns. Her research focuses on nonprofit leadership, budgeting and philanthropy and has included appointments at Leadership for a Changing World, Freeman Frazier & Associates Inc. and RCLA.

Caitlin Murphy is research assistant and project coordinator at RCLA and a current MPA-PNP candidate specializing in Public Policy Analysis at NYU's Robert F. Wagner Graduate School of Public Service. Previously, she has worked at the Ms. Foundation for Women and with Human Rights Watch's Development and Women's Rights Divisions, providing data and research support. Her research interests focus on the safety of vulnerable communities, with an emphasis on gender and health issues.

About the Research

Methods

A primary goal of this project was to explore revenue generation in social change organizations from a variety of perspectives: social change organizations (CBOs), funders, and technical assistance (TA) providers. To maximize the number and depth of responses, we chose a multiple-modal research design. Based on this design, we simultaneously:

- 1) did Internet research to identify Web sites and case studies, and other sources from which we could identify social change organizations and emerging practices of financial sustainability;
- 2) distributed a national survey to nonprofit organizations, funders and technical assistance providers primarily in cities (New York; Los Angeles; Chicago; Dallas; Philadelphia; Houston; Washington, DC; Miami; Atlanta; and Boston) where we would expect to find social change organizations developing innovative practices of financial sustainability;
- 3) conducted in-depth interviews with 27 people who represented these three perspectives in the social change field to learn more about promising fundraising and revenue generating strategies, starting with a list of suggested contacts from the Mertz Gilmore Foundation and then using a snowball sampling approach, where we asked the people we contacted to recommend further organizations to include in the study; and
- 4) reviewed the academic and practitioner literatures related to fundraising, with a special focus on social change organizations.

Interview Participants and Survey Respondents

Interview participants

Organization	Contact	City, State	Org Type ⁸⁶
Bolder Giving	Jason Franklin	New York, NY	Funder
Consultant (Public Interest Projects and Four Freedoms Fund)	Marjorie Fine	New York, NY	TA
Centro Hispano Cuzcatlan	Eduardo Barahona	Jamaica, NY	CBO
Chinese Staff and Workers' Association	Josephine Klee	New York, NY	CBO
Colorado Community Organizers Grassroots Fundraising Collaborative	Jason McKain	Denver, CO	CBO
Community Voices Heard	Sondra Youdelman	New York, NY	CBO
FIERCE	Naa Hammond	New York, NY	CBO
Fifth Avenue Committee	Ron Zak	Brooklyn, NY	CBO
ioby	Erin Barnes	New York, NY	TA
Jewish Community Action	Vic Rosenthal	St. Paul, MN	CBO
Klein & Roth Consulting	Kim Klein	Oakland, CA	TA
Make the Road New York	Julie Miles	Brooklyn, NY	CBO

⁸⁶ In this column, CBO stands for Community Based Organization and TA stands for Technical Assistance.

MinKwon Center for Community Action	Jenna Ness	Flushing, NY	CBO
Ms. Foundation for Women	Caroline Hotaling	Brooklyn, NY	Funder
Neighborhood Funders Group	Melissa Johnson	Washington, DC	TA
New World Foundation	Anna Fink	New York, NY	Funder
New York City Coalition Against Hunger	Joel Berg	New York, NY	CBO
New York Foundation	Kevin Ryan	New York, NY	Funder
Parents United for Responsible Education (PURE)	Julie Woestehoff	Chicago, IL	CBO
Picture the Homeless	Lynn Lewis	Bronx, NY	CBO
Pineros y Campesinos Unidos del Noroeste (PCUN)	Larry Kleinman	Woodburn, OR	CBO
Poverty Initiative	Dawn Plummer	New York, NY	TA
Social Justice Fund	Estevan Munoz-Howard	Seattle, WA	Funder
Voices of Women Organizing Project	Raquel Singh	New York, NY	CBO

Survey Respondents - Quoted in the Report

Organization	Contact	City, State	Org Type
Chhaya Community Development Corporation	Seema Agnani	Flushing, NY	CBO
Coalition for Humane Immigrant Rights of Los Angeles (CHIRLA)	Angelica Salas	Los Angeles, CA	CBO
Detention Watch Network	Ana Carrion	Washington, DC	CBO
ECPAT-USA	Carol Smolenski	Brooklyn, NY	CBO
EqualityToledo	Sherry Triperi	Toledo, OH	CBO
Global Action Project	Meghan McDermott	New York, NY	CBO
Groundswell Community Mural Project	Amy Sananman	Brooklyn, NY	CBO
Network of Ensemble Theaters	Mark Valdez	Los Angeles, CA	CBO
Project HOME	Amy Burns	Philadelphia, PA	CBO
Red Hook Initiative	Jill Eisenhard	Brooklyn, NY	CBO
Restaurant Opportunities Centers United	Saru Jayaraman	New York, NY	CBO
The Maura Clarke - Ita Ford Center (MCIF)	Janet Marcic	Brooklyn, NY	CBO
Washington Empowered Against Violence (WEAVE)	Jeni Gamble	Washington, DC	CBO

Survey Respondents - Not Quoted in the Report

24 Community-based Organizations:

- 9 in New York
- 6 in California
- 2 in Washington, DC
- 2 in Ohio
- 1 each in Michigan, Illinois, Texas, Massachusetts and Pennsylvania

Internet Scan - Organizations

Organization	City, State	Org Type
34 Million Friends Campaign	Pasadena, CA	Funder
Funding Exchange	New York, NY	Funder
Global Press Institute	Healdsburg, CA	CBO
Kentuckians For The Commonwealth (KFTC)	London, KY	CBO
MoveOn.org	National	Funder
National People's Action	Chicago, IL	CBO
New York Civic Engagement Table	New York, NY	CBO
New York Stimulus Alliance	New York, NY	CBO
Operation REACH Inc. (ORI)	New Orleans, LA	CBO
SouthWest Organizing Project (SWOP)	Albuquerque, NM	CBO
St. Louis Justice and Peace Shares	St. Louis, MO	CBO

Photo credits

Front Cover: Make the Road New York

Inside Cover: Make the Road New York, Community Voices Heard, Fifth Avenue Committee

Table of Contents: MinKwon Center for Community Action

Page Six: MinKwon Center for Community Action, Fifth Avenue Committee, Fifth Avenue Committee

Copyright © Research Center for Leadership in Action, 2012

All rights reserved.



Mertz Gilmore Foundation
218 E. 18th Street
New York, NY 10003
mertzgilmore.org
info@mertzgilmore.org
212.475.1137

Research Center for Leadership in Action
New York University's Robert F. Wagner Graduate School of Public Service
295 Lafayette Street, 2nd Floor
New York, NY 10012
wagner.nyu.edu/leadership
wagner.leadership@nyu.edu
212.992.9882