Fundraising During an Economic Downturn
Experiences in the USA and Canada

Presentation to
Brakeley Briscoe Inc.
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Objectives

- Has the fundraising climate in the U.S. been effected by the economic downturn?
- Is Canada headed in the same direction?
- Advice/strategies for raising funds during hard economic times?
- Positioning ourselves (BBI/CanFund) to help our clients succeed in this environment
Introduction

- Mortgage and housing crisis has negatively affected charitable giving sector in the USA

- Though overall charitable giving in 2007 increased by 3.9%, the number of donors declined

- AFP 2007 study ranked the economy as the number one concern among charities surveyed

- Fundraising revenues and donor counts are both down for the first quarter of 2008 compared to the same time last year [Target Analytics Index of National Fundraising Performance]
How is the economy affecting the sector?

- Report of both fundraising revenues and numbers of donors down in first quarter of 2008
- Small charities affected more than larger ones
- Level of optimism for near future very low
- Increased (and funding) need for services for charities that serve low income families (food banks, shelters, gas vouchers, etc.)
Economy’s Effect on Sector

- “The latest victims of the sagging economy: charities.”

- “Our most optimistic forecast is now $1.5 million, compared with $2 million raised last year. The downturn in the economy has played a big part”

- “It makes a hell of a lot of difference ... You have a person who’s worth $5 billion, and the next morning they’re worth a billion.”

- “It looks like 2008 could be one of the most challenging years charities have seen in some time.”
Meanwhile, the Canadian Economy

- Domestic demand remained robust in the fourth quarter of 2007, rising 6.9%, its strongest growth rate in 11 years.
- Strong household and corporate balance sheets, together with a healthy labour market, continued to underpin domestic demand.
- Employment rose 2.9% in the fourth quarter, up from 1.7% in the third quarter. In February 2008, the unemployment rate remained at 5.8%, matching a 33-year low.
- Real consumer expenditure increased 7.4% in the fourth quarter, the strongest gain since the third quarter of 1985. Spending in all major categories rose.

From Department Finance Canada and Statistic Canada – Economy in Brief April 2008
The Canadian Economy

But . . .

- 4th quarter GDP increased 0.8%, the slowest pace of growth since the second quarter of 2003
- Residential investment rose 2.4% in the fourth quarter, less than half the pace in the third; home resale market softened
- Corporate profits rose 2.2% in the fourth quarter after rising 7.9% in the third quarter
- Following latest reduction in its key policy rate, the Bank of Canada noted: “the deterioration in economic and financial conditions in the United States can be expected to have significant spillover effects on the global economy. These developments suggest that important downside risks to Canada’s economic outlook...are materializing and, in some respects, intensifying.”

From Department Finance Canada and Statistic Canada – Economy in Brief April 2008
Ways to succeed in challenging climate (1)

- Increase corporate giving
  - Giving from large multinational corporations increased in 2007 to a median of $26.1 million from $24.7 million in 2006
  - The Committee Encouraging Corporate Philanthropy reports over half those companies who experienced losses in 2007 increased their giving; 7 out of 8 of those with negative earnings did too
  - Companies see greater need for philanthropy during troubled economic times; get creative and offer product donations or in-kind services; understand importance placed on corporate giving by employees and customers especially in times of greater community need
Ways to succeed in challenging climate (2)

- Find religion – religious charities likely to feel the pinch of declining economy because their donors’ giving is often based on faith, not wealth.

- Streamline efforts but don’t cut back too much. Becoming more lean and efficient will serve an organization well when the economy rebounds as they will be prepared to take full advantage.

- Remain optimistic people want to support and winning, worthy cause.

- Don’t apologize for asking – but do show sensitivity to how the softened economy may have affected a prospects ability to give.
Ways to succeed in a challenging climate (3)

- Focus on major donors and stewardship – they are less likely to be severely affected by economy and donor retention is easier than donor acquisition.
- Concentrate on donor stewardship and cultivation – donors who have a history and relationship with your organization are more likely to continue giving during a slow economy.
- Focus less on special events and direct mail – these types of fundraising programs will likely suffer more from the effects of a downturn in the economy.
- Target a diverse array of funding sources.
Ways to succeed in a challenging climate (4)

- Focus on niche markets
- Re-invest in infrastructure
- Use down time to prepare/plan for upcoming campaigns
- Don’t stop fundraising efforts, keep momentum going and stay prepared
- Use time to work on planned giving program
- Basics more important than ever, need to be sharper and more confident
- Opportunity for gifts in kind
- Consider contracting out for certain projects/programs (but no buy-in to organizational culture)
How BBI/CanFund can help our clients succeed in challenging economic times

- Work through objections; there will always be challenges no matter what the economic climate.
- Stress that well organized campaigns that have solid fundamentals in place generally succeed regardless of the economy. We know this to be true because our clients have succeeded. [Prepare a list of examples; provide references in this specific area.]
- Note that we have experience to draw on; we have already weathered similar economic storms before; we know how to continue to fundraise successfully in difficult times.
- Position ourselves as short-term contractors to take the place of hiring full time staff.
- Position ourselves as “turn around specialists” for organizations facing difficulties or stalled campaigns.
- Work with clients in other areas (e.g. board development/governance).