

# 5 Tips for Nonprofit Fundraising During Times of Crisis

10 min read



## Key Takeaways

- You Don't Know Your Numbers, So You Don't Know Your Business: You should be able to rely on key performance indicators (KPIs) that are most important to your business.
- Set up a Sustainer Program: Monthly donors have a higher average retention rate (about 70% to 80%) and a higher lifetime value.
- Don't dismiss Corporate Giving: Despite the pandemic, corporate giving was up 0.4% in 2020 and is expected to rise another 1.4% in 2021.

Fundraising is already tough. Fundraising during economic uncertainty? Even tougher.

When the country went on lockdown in March 2020, we didn't know how long it would last or how greatly novel coronavirus would come to affect our lives at home, at work, and in our communities.

Now, almost a year later, we're still finding our footing in this strange, new world. Thankfully, we're all in this together.

However, because we're in it together, many nonprofits particularly have found it difficult to continue fundraising successfully while remaining sensitive to the personal, social, and financial struggles everyone is experiencing, and it shows.

The proof is in the numbers. According to a study from the Charities Aid Foundation of America:

- **73%** of organizations worldwide experienced a **decline in contributions**
- **91%** of surveyed organizations reported that the pandemic had **negatively impacted their operations**,
- **One in four** expect to **shut down completely** within the next year if the situation does not improve [1].

Just like everyone else going through this pandemic, nonprofits are facing unprecedented challenges that need to be remedied or, at the very least, alleviated soon for their good work to survive.



So, how can you ask people, businesses, and other organizations that are also struggling to make room in their budgets for you?

## Strategies for Nonprofit Fundraising During A Recession

### 1. Get Your Messaging Right

The first thing you should do to make sure your organization's messaging carries the right tone. Revisit any automatic fundraising campaigns you have lined up to make sure they're all timely and appropriate.

In addition to hitting the right note with your messaging, remember to personalize all communication to the donor and harness the power of narrative.

When you tell a story in your communications, you turn an abstract concept (numbers, statistics, and faceless benefactor groups) into a reality. **Communicating with storytelling, rather than throwing statistics right off the bat, enables you to create a deep emotional connection with your donor.** This helps the donor further identify the victims and cause they're helping, and positions them as the hero in the narrative. If you do this, your messaging will empower your donors, making them – rather than you – the heroes [2].

In challenging times, any promotional messaging is tough to get just right, and your communications need to be delivered with a sensitive touch. When you craft messages to your donors:

- Open with empathy, instead of the ask.
- Let them know that you miss being active in the community in whatever capacity you were before.
- Update them on what your organization has been up to, instead. (What changes have you made to continue providing services while addressing the current situation?)
- Tell a harrowing or heartwarming story.
- Politely, let them know that you still rely on the generosity of supporters like them.
- Explain what they can do to help and how their continued support will make a difference.
- Always close with gratitude, appreciation, optimism, and understanding.

Additionally, **be honest about your organization's situation and numbers.** Transparency is key in storytelling- plus, by law, Nonprofits must be agents of transparency to maintain 501(c)(3) status.

If you're struggling, don't be afraid to let your donors know exactly how big a difference their contributions (no matter how small) will make to the future of your nonprofit.

- Do you only have enough free cash to get through the next month, two months, three months?
- How much money do you need to raise to make it through the year?
- How much money do you need to keep your entire essential staff employed with health insurance?
- How many people could you serve with a donation of \$100?

Sharing financial information will give them a clear picture of exactly how much they're needed, how important they are, and how they can continue to have a positive impact on your mission and on the world.

## 2. Stay in Touch and Top of Mind

As the saying goes, blood is thicker than water, and your donors are the lifeblood of your organization.

Even if you're operating at a minimum capacity, it's important that you continue to stay in touch with your list of donors and supporters as if they were family because they are an essential part of your organization's family.

If you don't feel comfortable asking outright for donations at this time, at least keep them current on what's happening in your nonprofit and let them know you miss them. **In 2021, fundraising should feel less transactional and more personal.** Update them on what you're doing, the impact you continue to make, and let them know you appreciate the role they've played in helping you serve the community.

This type of communication will help your donors feel important and connected in a time of unprecedented isolation. It will also keep you at the top of their minds when it comes time for them to decide how any extra pennies in the budget should be spent.

## 3. Focus on the Metrics That Matter

In lean times, your organization's numbers matter more than ever. Sustain your mission by relying on the nonprofit [metrics that matter](#) most to help you make [data-driven decisions](#) to lead your organization.

**Return on Investment (Return on Gift):** Keep track of each donor's ROI on their gifts, and make a point to include the information in each donor's personalized hero story that you include in your follow-up donor messaging.

**Retention Rate :** Your retention rate will help you evaluate how well you're holding onto new donors. For example, if you have 100 new donors sign on to help your organization, do you know how many of them will recommit next year? For most organizations, donor retention rates come in at only about 25%, which means they have to work hard each year to replace 75% of their lost donors. Knowing your retention rate will help you identify ways you can improve this metric to save on donor acquisition costs.

**Second Gift Donors:** How many of your donors have made a second gift? How many stopped giving after their first gift? And, most important, why? Tracking this metric and looking at your organization's individual relationship with each donor will help you turn second gift donors into life-long donors with incredibly high lifetime value. Be sure to thank

each donor for every donation, every time, and be sure to personalize this thank you note, instead of simply mailing a tax receipt with a generic thank you message.

**Lifetime Value:** Lifetime value assesses the amount of money a particular donor and/or donors on average generate over a multiple-year period. This KPI is a long-term metric that's essential to understanding whether or not you're spending your money correctly and treating your donors properly.

These insights will arm you with the information you need going forward.

Also, make sure you have at least the basic reports your board needs for informed decision-making.


#### 4. Set Up A Sustainer Program

If you haven't already done so, set up a sustainer program. Sustainer membership programs present an opportunity to boost revenue and bolster donor loyalty- two key metrics that can make or break your nonprofit.

The statistics speak for themselves. Sustaining donors have a higher average retention rate (about 70% to 80%) and a higher lifetime value [3].

But the benefits don't stop there- **not only will you improve your donor retention rate, but, you are more likely to receive higher gifts.** Monthly givers tend to donate more over time than their counterparts who donate once per year. The annual value of regular givers is worth nearly three times more than that of one-time donors.[4]

On top of that, with a steady stream of cash, monthly giving helps improve cash flow. In economic uncertainty, this will be the life raft that keeps your nonprofit afloat.



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Make sure you have good [donor management software](#). A Nonprofit's CRM should be set up properly and you have a well-designed data flow to monitor programs. This includes answering questions like "how will sustainers be tracked", "how will we accept

transactions”, “how will we deactivate + activate monthly givers”. Having an efficient system in place is always step one before launching a new program!

## 5. Don't Dismiss Corporate Giving

Now more than ever, in 2021, corporations are starting to feel a powerful sense of social responsibility.

Despite the pandemic, corporate giving was up 0.4% in 2020 and is expected to rise another 1.4% in 2021. [5]

One of the main reasons why we expect to see an increase in corporate gifting is the expanding variety of giving options companies are offering.

Businesses across the US are beginning to see the benefits of recognizing their employee's philanthropic passions. **A recent study found that 58% of U.S. workers look at a company's social and environmental commitments when choosing a workplace.** [5]

As a result, businesses are putting new philanthropic programs in place to encourage employee involvement, and fulfill their sense of social responsibility. One common example is the Matching Gift Program, where companies will match a ratio of gifts made by employees, in donation to a nonprofit of their choice.

How do you get started? We suggested having your current donors ask their companies if they offer these types of corporate giving programs. You may be surprised to see they jump at the opportunity!



## Access Nonprofit COVID-19 Relief: How to Stay Current with State and Federal Relief Efforts

With in-person fundraising events mostly canceled, you don't have to rely on your donor list to bear your entire fundraising burden thanks to relief efforts made available by the government.

In March 2020, Congress approved the Coronavirus Aid, Relief and Economic Security (CARES) Act and again approved additional funding in December. The date by which state and local governments must make expenditures with CARES Act Coronavirus Relief Fund awards has been extended from Dec. 30, 2020, to Dec. 31, 2021. [6]

Through the CARES Act, both small and large nonprofits have been given access to relief funds in the form of employee retention credits, Emergency Economic Injury Disaster Loan (EIDL) Grants, and Small Business Administration loans with loan forgiveness application opportunities [7]. All of these programs are designed to keep your organization afloat and your employees on-board.

See what you might qualify for and keep a close watch on the news for additional relief funding. Although there's paperwork involved and a lot of fine print to sift through, the potential payoff of this relief is well worth your time and energy investment.

### **Tips for Accessing Federal and State Relief Funds**

- Start by contacting your bank. Local lenders are the primary agents responsible for administering loans through the SBA's Paycheck Protection Program. (Visit the SBA's website to view a list of [SBA-approved lenders near you](#).)
- If you're not sure whether you're eligible for relief, apply anyway. There's no fee or penalty for submitting an application. The SBA will consider your request and decide whether you qualify.
- Each state is offering its own relief programs, loans, and grants to help nonprofits through these challenges. Check with your State Governor's Office of Economic Development for information about the programs that might be available to you.
- Look for programs specific to your nonprofit's function. If you're involved in the arts and culture, or providing healthcare, education, food, shelter, or have government contracts, you might qualify for special COVID-19 relief grants.

## **Rely on Data-Driven Decisions to Navigate Your Nonprofit Through Distress**

Half the stress of leading a nonprofit through a crisis comes from uncertainty.

However, with a strong management accounting system established, you'll have reliable, accurate, up-to-date data that you can count on. When you have the financial insights available to foresee cash flow challenges before they occur, you'll be in a poised position to



make the data-driven decisions that will see your nonprofit, its people, and its mission through the good times and the not-so-good times.

With a clear picture of your Nonprofit's finances, you'll know exactly what you can and can't afford to do, how much money you need to raise, and you'll see creative ways you can adjust your organization to cut costs and increase your outcomes.

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[1] <https://www.cafamerica.org/covid19report/>

[2] <https://www.classy.org/blog/infographic-nonprofit-storytelling/>

[3] <https://npengage.com/nonprofit-fundraising/healthcare-sustaining-donors-programs-tips/>

[4] <https://www.nonprofitpro.com/post/2018-mr-study-monthly-giving-revenue-40-percent/>

[5] <http://philanthropyoutlook.com/projections/corporations/>

[6] [https://www.mma.org/congress-moves-to-vote-on-new-stimulus-bill/#:~:text=133\)%20is%20a%20one%2Dyear,31%2C%202021](https://www.mma.org/congress-moves-to-vote-on-new-stimulus-bill/#:~:text=133)%20is%20a%20one%2Dyear,31%2C%202021)

[7] <https://independentsector.org/resource/relief/#1585589824856-0879fadc-9a69>