

North American Street Newspaper Association (NASNA)
Session #2
Starting from scratch, developing a donor base from ground
up
Notes

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Read the fundraising bible: *Fundraising for Social Change* by Kim Klein – anyone interested in fundraising should have this book.

A lot of information about fundraising focuses on the economy and how difficult it can be. But individual giving has rarely dipped regardless of economy. Money is very much on the table.

In 2009, donor-giving increased by 30%, in a year that was supposed to be financially the worst.

We all start somewhere. In 2010 Real Change's operating budget was \$825,000 – this helps pay for over 10 full and part time staff and allows us to do political advocacy.

Fundraising is not most loved job. Few get into non-profit industry because they love fundraising.

Reasons why people don't like fundraising:

- Hard
- Don't know if have capacity
- Chore
- No time/time consuming
- Doesn't feel good asking
- Difficult to achieve
- Hard to deal with big egos of donors
- Afraid
- Too shy
- Type of begging
- Fear of rejection/disappointment

These are same concerns/problems that people have no matter the industry. Acknowledging fears is the first step to overcoming them. I had many of the same fears. Learned over years that I do like to do the work. But you need to like fundraising to do the job well.

Reasons why people don't like fundraising are either emotional or based on mechanics.

Some emotional fears (Money is a taboo topic. Most of our feelings about money are based on our experiences growing up.):

- Root of all evil
- Everyone had more money than us
- Shame

Where is the money coming from?

5% corporations
10% foundations
85% individuals

Most of the money out there is with individuals. Consistently people overstate importance of corporate and foundation money. People have this miscalculation because foundations and corporations often give larger amounts and do very good job of getting recognition for the money they give.

Individuals don't come with logos or marketing requirements and tend to be forgotten.

70% of public give money. Six out of 10 unemployed people give money. Two out of ten welfare recipients give money. Over 50% of donations come from mid- and low-income people. So there's lots of money out there.

A lot of people think money comes from big groups. So it's very good news for grassroots organizations that most money comes from individuals. And individuals have few demands – they give money and have no requirements. Going out there and knowing that money is available to you, can reduce fear and anxiety.

Grassroots fundraising = sustainable

Organizations that get large sources of money are on shaky ground. If you get smaller amounts of money, then you are less dependent on single sources.

If you want to still spend time on grants/foundations, do not spend a disproportionate amount of time on grants/foundations. 75% of time should be spent on individuals – unless you have a larger fundraising shop and have staff to focus on grants and gift giving.

Why people give?

People do not give because we're doing good work; not because tax deductible. People give money because they believe in what you're doing. They want to invest in the product (the social change) that your organization brings to the table.

Fundraising and advocacy are the same thing. You cannot do effective advocacy without fundraising. And cannot do fundraising, without effective advocacy.

Mechanics

Mechanics are both easier and harder than they seem. How do you start from scratch or grow fundraising from individuals?

First step is finding people to be your donors. Each person has five circles of donors. Not only do you have to ask people for money, but have to ask people you know and like.

- First circle (the centre) is board and staff. Need to ask these people first. These are people who can be called evangelists of organizations. They are passionate about your story. Foundations will want to see that 100% of board members giving to organization. Can be any amount - Real Change has donor on board that gives \$15.
- Second circle is volunteers, vendors, former board and staff and readers. Don't assume that low-income people can't give. Just \$1 matters. Don't fall into class bias. Readers are so important and can be foundation for success.
- Third circle is family/friends of first and second circles. People you do business with. They have strong connections with your organization because connected and know story.
- Fourth circle are people who are like-minded. They don't know about you, but mission is aligned. For street papers it is people who are passionate about journalism/social change.
- Fifth circle (outer) is the rest of the world. These are people who don't know you and don't care. A lot of organizations waste time going for these people.

Common sense dictates that you should focus on the first four circles that should be spending most of time.

Exercise: Make four circles and right names that fit into each circle.

Where to Start (Asking for money)

Asking for money follows this cycle:

Introduction
Information
Interest
Involvement
Investment

The best organizations spiral people into this format.

People tend to skip from Intro to Investment. Shortcutting to investment cuts your fundraising off at the knees. Maybe the person gives, but don't give as much and don't feel personally connected.

- Introduction: People buying and appreciating the paper. First introduce yourself.

Information step is compelling and true and something you can say concisely. Tailor your information to your audience.

A business owner might be interested because the vendor keeps away panhandlers and is friendly to customers. But that reason is totally different than if the person is a journalist ready to retire who worries that print newspapers won't be there in 50 years.

- Interest: They come to a breakfast, they sign up to your newsletter. They're leaning and wanting to get a little bit more information.
- Involvement: Taking interest to the next level. Showing up to event or volunteering.
- Investment: Making a personal and meaningful contribution to organization. First gift is usually a test give. Giver is waiting to see what you do next with their investment. If get gift as little as \$10 or \$15, do not write off. One guy started out giving \$100 at Real Change breakfasts and now gives \$50,000. Think of everyone as someone who potentially gives money.

We work against poverty and classism. If we minimize small gifts, then why even bother.

Tools

You need all the people in circle in some sort of centralized system. **You need a donor database.** If in excel, get it into a donor database. Maybe free tools – Salesforce.com will donate to any 501c organizations in U.S. total package. No excuse not to have full tools.

Then you need fundraising plan. Need to know what you're going to do and when you're going to do it. The main component is not only the different kinds of strategies, you're going to want to make sure that everyone's capacity is on the plan as well.

Thank yous

There are many successful organizations that do all five steps, the money is coming in, and then they screw it up by not giving prompt and meaningful thank you. When get to investment piece you need to very mindful of thanking people – thanking them quickly and thanking them well.

Reason why people don't give prompt thanks, they say too busy, too hard. But eventually we find time to cash cheque and spend money. We don't have time to spend money if don't have time to ask for money.

Need to find a way to cash cheque fast and thank people fast. Call on phone. Mechanize form letters. All steps keep it slow. People give money out of excitement and joy, but silence can destroy that.

Follow these steps:

- Donation received
- Make quick call to donor
- Donation prepared
- Write personalized note and send in mail

Thank you really pay off – investment in future fundraising. Our goal is to send thanks in 48 to 72 hours. Do assign board members to do thanks.