

Fundraisers' Three Biggest Challenges

By Mal Warwick

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During the next three years, three trends, all currently underway, will gather force and pose big challenges to the nonprofit sector:

- 1) *The proliferation of new communications tools and technologies that offer new avenues for mobilizing support—and a vast new playing field for nonprofit competition.*

During the past two decades, only those who are willfully blind could have missed the virtual explosion of new communications tools and technologies, from email and the World Wide Web to mobile telephones, Internet search tools, and social networking. Adjunct technologies that are less visible have complicated the mix, including encryption and Internet security tools, data mining, micropayments, online microenterprise and small-scale multi-issue giving sites, Webinars, and virtual conferences. Meanwhile, innovation has continued to thrive in offline marketing and fundraising, with face-to-face fundraising, or “direct dialogue,” gaining a firm foothold around the world.

In the 1980s and earlier, finding the optimal balance among direct mail and telemarketing on the one hand and major gifts, planned giving, capital and endowment campaigns, and special events, on the other, was straightforward and ordinarily quite simple. Nowadays, determining the ideal fundraising mix for any forward-looking nonprofit organization is anything but simple. Shrewd and insightful management is required to determine the right balance between short- and long-term investment objectives.

In an era when major corporations engaged on the frontiers of technology are investing billions of dollars in research and development, nonprofit organizations, too, must be ready to risk some hard-earned revenue in exploring new approaches to fundraising and marketing that may not yield substantial cash returns until many years in the future.

- 2) *The need to gain an in-depth understanding of the ways networks work—and of the new opportunities that both online and offline networks offer for organizing, activism, and fundraising.*

During the past half-century, the development of the mathematical theory underlying humanity's newfound understanding of networks has brought profound changes to virtually every intellectual discipline, from the academic fields of physics, chemistry, economics, sociology, history, and psychology to the down-to-earth crafts of information science, marketing, and management. Today, as we devote ever-larger proportions of our waking hours to working, learning, and playing on the Internet, the practical reality of human behavior in networks is becoming more evident by the day.

From one perspective, it was a deep understanding of networks that led to Barack Obama's election as President. The astounding growth of [Facebook](#), currently with more than 500 million registered users, reflects a widely shared urge to congregate with like-minded individuals. Similarly, the growing polarization of political opinion in the United States gives evidence of the same point: Sophisticated communications technologies are making it increasingly easy for people to define community for themselves, transcending the traditional boundaries of neighborhood, political party, and socioeconomic constraints.

As network associations gain a stronger hold on our lives, we feel less bound by conventional loyalties to yesterday's social institutions—including the nonprofit organizations whose work has long helped so many Americans to assert their identity. Membership in familiar nonprofit causes no longer has the power to engage that it once had. While that is especially true of younger people, the evidence is growing that Gen Xers and Baby Boomers, too, are declining to enter into the life-long commitments that were once common among their parents' generation.

Another emergent characteristic of human networks, especially online networks, is the central importance of what are variously called connectors, hubs, evangelists, or missionaries—those relatively rare individuals who will transcend their activist role and reach out to their own personal networks, recruiting friends, family, neighbors, and coworkers to join them in supporting a cause. Identifying and cultivating these extraordinarily valuable individuals is one of the most important tasks facing marketers and fundraisers in the 21st century.

3) The growing importance of multi-channel marketing and fundraising, and the resulting need to integrate online and offline communications tools in a seamless, donor-centered program.

In the early years of the World Wide Web, the promise of “convergence” was widely touted. Conventional wisdom held that within the foreseeable future all principal communications channels—network and cable television, the Internet, and the

telephone—would magically merge into one universally accessible network that would slash the costs and complexities of large-scale communications. And, not incidentally, make life easier for marketers and fundraisers. However, as even the most casual observer has known for many years now, instead of convergence we have witnessed *divergence*.

Today, every one of us is confronted with a bewildering array of communications options, and, unpredictable human beings that we are, we make our own idiosyncratic choices among them. Some of us receive the lion's share of our information from traditional sources such as newspapers, network television, magazines, books, and direct mail. Others favor blogs and social networks accessed through mobile telephones. Still other people mix and match the channels. We make these choices as individuals. Age and socioeconomic categories aren't faithful predictors of our behavior.

In these challenging times, then, fundraisers must drill down ever deeper into our constituents' preferences, views, and values, if only to communicate successfully and build meaningful relationships with them. At the same time, we're forced to deal with a social environment in which only a hermit can escape a daily barrage of thousands of competing marketing messages assaulting us through every available channel. Gaining a share of any individual's mind has become a challenge in its own right—a challenge that's only met when we make optimal use of every available channel of communications to relate to our constituents, making as many adjustments as possible to individual preferences, views, and values.

Integrated, multi-channel communications, the Holy Grail of today's marketing and fundraising, remains elusive for the overwhelming majority of U.S. nonprofit organizations—but it's no longer optional. To thrive in the 21st century, it's imperative that we break down the silos and put in place a unified fundraising and marketing strategy that incorporates all the tools at our disposal.

If you're still with me, your head is probably spinning—as mine is. And if you have any bright ideas about how we fundraisers can meet these challenges in the months and years ahead, will you let me know, please? I think every one of us can use a little help!

To thrive in the years ahead, nonprofit organizations such as [Amnesty International](#) that depend on broad-based public participation must come to grips with the new reality that an individual is no longer either a member or a non-member. In these times, there are three stages of involvement, each of which requires a unique set of tools and messages:

- At the base of the new ladder of engagement are those people who will affiliate in only the most *passive* way with any nonprofit—becoming fans or followers online but doing nothing else to act out their affinity for the cause.
- One level up the ladder is a substantially smaller number of those who have taken some *active* step to engage with the cause. They have signed up for an online newsletter or action alert program; responded to action alerts with emails, phone calls, faxes, or letters; attended special events; and perhaps even written once or more often on behalf of political prisoners. They are *not* donors.
- At the highest rung on the ladder is the smallest group—those who have declared their support by becoming members, contributing money, and perhaps taken yet other steps as well, such as writing a bequest into their wills.

In the nonprofit sector generally, and even among advocacy organizations, the greatest amount of effort is usually devoted to building the largest possible number of fans and followers at the lowest rung of the ladder. Equal effort is usually expended on moving those fans and followers up to the top-most rung, converting them into donors. This is a rare enough occurrence that it makes far greater sense to focus on graduating those at the bottom of the ladder into the middle—as activists. For those who become actively engaged in the activities that define an advocacy organization, the opportunity to take a further step up the ladder may become more attractive over time.

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