

# 9 Common Fundraising Mistakes Small Nonprofits Make

By Rich Foss

## 1. The “focusing on selling products” mistake.

Nonprofits sell everything candy bars to green energy to raise money. I have nothing against selling products. My wife sells Tupperware and Tupperware has a program that helps nonprofits raise fund through selling Tupperware. The problems?

- You might sell a candy bar for \$1 to someone with the ability to give you \$1,000.
- You are marketing a product, not telling people how your nonprofit transforms lives.
- For every dollar you take in, you keep, at the most, 50¢.
- You have to have a large volunteer “sales force” to sell the products, and even then, the total funds you raise is small compared to the amount you could raise if those volunteers were asking for gifts.

## 2. The “focusing on special events” mistake.

Special events have their place, a very small place in your fundraising. Perhaps 10% of your funds should come from special events. When I first began fundraising, I didn't understand that. We were raising \$100,000 a year through special events and a holiday appeal.

Unfortunately, the special events took a lot of staff and volunteer time and left money on the table. I remember looking at the bottom line of our special events and feeling guilty. I knew that if we added in the salaries for staff time into the expenses, the numbers would be even grimmer. I wondered if all the volunteers would be happy if they saw the same numbers as me. I had another sneaking suspicion. What if we had just sold a \$100 ticket to someone who, if asked, would have given us \$5,000?

### **3. The “focusing on fundraising letters” mistake.**

There’s a truism in fundraising that applies here: “If you want to raise a little money, send a letter; if you want to raise a little more money, make a phone call; if you want to raise a lot of money, ask in person.

In my first development job, we developed a phenomenal holiday appeal. We called it the Tree of Hope and for every \$50 we received we added a light bulb to a huge Christmas tree on the lawn of the nonprofit. The appeal has been very successful every year since 1983.

But every letter has a ceiling on how much it will raise and it’s a low ceiling compared to the amount that will be raised when you are asking for larger gifts in person.

Direct mail appeals are an excellent, cost effective way for your nonprofit to reach out and include people who have the ability to give smaller gifts to your nonprofit.

Don’t sneeze at smaller gifts. They will be the difference between meeting your sustainable fundraising goal and missing your goal.

At the same time, don’t make the mistake I made in the early years of my fundraising career and ignore face to face fundraising in favor of appeal letters and special events. We left a lot of money on the table.

### **4. The “focusing on online giving” mistake.**

When I began fundraising, online giving wasn’t an option but now it is. Evergreen Leaders is a nonprofit and we have an online giving option but I know that online giving is the modern equivalent of the appeal letter.

Your online appeal may be words or it might even have a video component. Both are powerful ways to tell your story. But they are not face to face fundraising. If you want to raise a little money, appeal online. If you want to raise a lot of money, ask face to face.

## 5. The “apply for a grant” mistake.

When nonprofits begin to think of fundraising, one of the first things they think of is, write a grant proposal. In a moment, I will tell you the two circumstances where you should think of writing a grant proposal. But it’s almost always a mistake for a small community nonprofit to think they will raise a substantial amount of money through grants.

First, grants are extremely competitive. My daughter wrote eight grant proposals over three years before she had one that was accepted.

Second, while some foundations will give funds for operating costs, most foundations prefer to give for specific projects because they can measure the results of their giving. To sustain your nonprofit, you need to raise funds from sources who will give every year and that’s individuals and businesses in your community.

Three, if you do get a grant for a project, when the grant is spent, you need to raise the funds to maintain the program or end it. Either way, you are back at the starting line, needing to raise funds from individuals and businesses in your community.

My daughter received a grant for five years, hired staff, and is running a very successful program, But she’s already wondering where the money will come from to maintain the program when the grant runs out. She knows it will be a big challenge to raise as much money as she received from the federal grant.

What are the two circumstances where it may be beneficial to apply for a grant?

First, your community may have a Community Foundation. If so, your Community Foundation may be a potential source for the lead gift for one of your campaigns. Also, your Community Foundation may be a source of annual gifts to sustain your organization.

Study your Community Foundation in order to understand the fit between your sustainable fundraising campaign and the Foundation. You will increase the likelihood to receive a grant if your proposal fits with the goals and procedures of the Foundation.

Get to know the people at your Community Foundation. My daughter applied for a grant from her Community Foundation and was turned down. I counseled her to develop a relationship with a staff member from the foundation. She did and the next time she applied for a grant, she received it.

Second, apply to a smaller family foundation if your executive director or a board member may have a personal connection to that family foundation. In the last couple of decades there has been a substantial increase in the number of smaller family foundations. In the world of smaller family foundations, giving is often based on relationships. If you have a personal connection, your application is more likely to be accepted. Again, a smaller family foundation with a personal connection to someone in your nonprofit may be a potential source for the lead gift for one of your campaigns and a source of annual gifts to sustain your organization.

## **6. The “boring people instead of telling stories” mistake**

Most nonprofits have brochures or websites that describe their mission, who they serve, statistics that summarize the need, and descriptions of the types of programs and services they offer.

Missions, statistics and program descriptions bore people and you do not raise money by boring people. People give because they are moved and the way you move people is to tell them the stories of lives transformed by the work of your nonprofit.

The second way you move people is to tell the story of one person who has a deep need for the services your nonprofit provides.

Mother Teresa summarized this brilliantly when she said, “If I look at the mass, I will never act. If I look at the one, I will.”

## **7. Not “teaching volunteers how to ask for a gift” mistake.**

Learning to ask for a gift is a skill and you and your volunteers will want to learn how to master that skill. In my first capital campaign, I was shy about teaching volunteers how to ask for a gift. The campaign suffered because of it.

Now I teach staff and volunteers the GOOD way to ask for a gift. Here’s a quick summary:

- G** Give generously yourself first. People who have already given to your nonprofit raise more when they ask others to give.
- O** Opportunity to make a difference, not begging. Volunteers who see asking and receiving gifts as a opportunity to transform lives, raise more money than people who feel like they are begging for your nonprofit.
- O** Open with a story. Volunteers, who early on in their face to face meeting with a potential giver, tell s story raise more money. They can tell a story about a life transformed by the work of your nonprofit, the story of someone who needs the services of your nonprofit, or the story of how they became so committed to your nonprofit that they are willing to ask for gifts. Any of these stories will help prepare the potential giver to give.
- D** Defer and respect the person after you have asked for the gift.

When you ask someone for money, the most important time is not when you begin talking but when you stop. It's that moment just after you've asked for \$100,000.

Or asked for \$100.

If your volunteers have followed the GOOD way of asking for a gift, at this stage they have led by giving generously themselves, they have seen their conversation with the potential donor as offering the person the opportunity to transform lives through a gift to your nonprofit, and they've told a concrete story about how your nonprofit transforms lives.

Now is the time for each volunteer to ask the question. The ideal is for each volunteer to ask for a specific amount, especially volunteers in the advance gifts phase.

Here's the model question for your volunteers to ask for the gift: "Hannah, as you can tell, this organization is doing great work. Will you consider a gift of \$5,000?"

Then stop talking. Wait until the person answers before you say anything.

Defer in silence to the person. If you speak first, you interrupt the hard work the person is doing as they think about whether to give a gift and how much. Respect the person and accept the answer.

Whether the person says, "Yes," gives a smaller amount, or decides not to give, if your volunteer has followed the GOOD way of asking for the gift, they can respect the person and their answer knowing they have done their best.

## **8. The “not understanding that you cannot raise \$100,000 by having 100 people give \$1000” mistake.**

Inevitably when you are new to fundraising and your organization needs to raise a certain amount of money, someone divide the goal into a reasonable sounding number and say, “We need \$50,000? All we need to do is find 100 people to give us \$500 each.”

It sounds reasonable but it doesn’t work because it breaks the 80-20 rule. For decades businesses have realized that 80% of their income comes from 20% of their customers. The same is true in fundraising. Over time, fundraisers have observed that when they analyzed the giving within their campaigns, the pattern was the same: 80% of their income comes from 20% of their customers.

Recognizing this pattern, fundraisers began to create giving charts or gift pyramids that helped everyone connected with the campaign understand the number of gifts at each giving level needed to reach 80% of the campaign goal from the top 20% of givers.

Ignoring the 80-20 rule is a mistake.

## **9. The “not asking for large enough gifts” mistake.**

One mistake fundraisers make is to ask for gifts that are not large enough. I remember sitting at a table with my mentor and a colleague working on the gift chart for the first campaign I directed. My colleague kept arguing for smaller gifts on the giving chart because he didn’t think people would give at the level.

You’ll reach your campaign goal when you identify 3-4 prospects that have the ability to give at the major gift level *and* they are invited to give at a specific range within the major gift level.

As you’ve read about these 9 common mistakes you’ve probably cringed as you’ve recognized some of the mistakes you’ve made.

Don’t worry.

Every fundraiser has made at least one of these mistakes. In fact, my mentor, Bill Glenn, who consulted on 30-40 capital campaigns for YMCAs, said to me, “I have made very mistake possible when it comes to campaigns. That’s why I am so valuable to you.”

Learn from your mistakes and you'll increase your value as a fundraiser.

 by Evergreen Leaders

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