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Exploring Creative Means to Increase Resources for Nonprofit Organizations

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Exploring Creative Means to Increase Resources for Nonprofit Organizations

Nonprofit organizations face the daunting task of remaining strong, viable and relevant in a climate of stiff competition and difficult financial times. The changing economic climate provides both a challenge and an opportunity to nonprofit organizations throughout the country to examine structure and practices to ensure the maximization of available resources.

More than 1.4 million nonprofit organizations operate in the United States, with a combined total revenue of $1.1 trillion. Of that figure, 23 percent comes from contributions, gifts and grants, and 71 percent comes from program service revenues. While a trillion-dollar figure sounds plentiful, many nonprofit organizations still lack the resources to meet the needs of all their constituents.

Currently, several issues face nonprofit organizations, including a need for more funding and the cultivation of staff and executive management. Often times, organizations large and small compete for the same pools of money and human resources, leading to deficits in operating infrastructure. While charitable giving shows strength in the Northwest, only 16 percent of grant dollars given to nonprofit organizations is directed to general operating support. This trend goes directly to the heart of infrastructure issues by curtailing charities' ability to upgrade technology, maintain sufficient office space, and pay comparable salaries and benefits.

> Diminishing operational functions, such as publicity and fundraising, directly and negatively impacts the ability to grow and sustain programmatic services.

When budgets decline, vital staff are often sacrificed, both in the administration and program realms. But diminishing operational functions, such as publicity and fundraising, directly and negatively impacts the ability to grow and sustain programmatic services.

Nonprofit entities work within limited budgets to achieve their missions and serve their communities, leaving little room for building a highly experienced or fully trained staff. The work is intensive but the resources are limited; recruitment and retention of mid- to upper-level staff can become a roadblock to efficient fulfillment of the organization's mission. Additionally, staff may not be adequately prepared to take over leadership positions. Succession planning is vital, as the nonprofit executive population is aging, but few organizations have a structure in place to address the fostering of future leaders.

In light of these issues, it would seem logical that the answer lies in increasing funding. Throw more money at the problem and solve everything. Yet, as nonprofit organizations' budgets dip and services must be cut, what can nonprofit groups do to differentiate themselves from the other worthwhile causes? And how do nonprofits target the most likely donors?

Despite these challenges, nonprofit organizations have the opportunity to capitalize on creative methods of operational administration as well as place themselves at the forefront of new philanthropic trends.

Leveraging Resources

Despite funding and human resource deficits, nonprofit organizations are employing innovative solutions to recruit experienced talent and capture the attention of potential donors and supporters. Rather than relying on conventional tactics, nonprofit groups can involve the business and corporate communities to fill vital roles, beyond traditional donations and volunteerism.

Identifying Talent Gaps

Charities should examine their strategic plans, service delivery models and administrative functions to determine if and where holes in expertise exist. For example, personnel in nonprofit organizations often wear many hats and serve in several different capacities. Perhaps financial management needs greater scrutiny or the organization needs advanced marketing proficiency.

Tapping Expertise

In 2004 in Dallas, the law firm of Weil Gotshal & Manges developed the "Lend-a-Lawyer" Program to enhance its already vibrant pro bono program. The firm paid the salary of an associate who worked full time for three months at the office of a local legal aid organization helping the poor with civil legal issues.

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Several companies, such as Starbucks and Toyota, offer similar programs in which they lend executive staff to nonprofit groups; some companies lend executives for a year or more. This type of unique philanthropy serves a dual purpose: 1) it puts a significant resource with specific expertise directly into a charitable organization's operations, 2) it gives businesses the opportunity to enhance corporate image in a sustainable manner.

Loaned-executive programs have seen a rise in popularity recently as businesses look for creative ways to expand their social responsibility programs. These executives can offer significant experience from a business perspective with the backing of a for-profit budget.

As an alternative to loaned-executive programs, nonprofit organizations' staff and board can seek mentoring from individuals with a background in business or corporate America. While these executives may not be able to devote significant time or energy to directly assisting the charity, they can offer valuable insight and advice in terms of leadership, administration and governance of an organization.

Another trend gaining momentum can be found in baby boomers' interest in using their skills and experience to help others. This phenomenon has led 5.3 to 8.4 million people ages 44 to 70 to move from their midlife careers to those with a social impact—the encore career. Of people between 44 and 70 not already in encore careers, half are interested in jobs in fields such as education, health care, government and the nonprofit sector. This population offers a significant wealth of knowledge and expertise that can be tapped to supplement nonprofit infrastructure.

Marketing a Cause

Both nonprofit organizations and corporations stand to derive a significant benefit from cause-related marketing, a term used to describe programs in which corporations market themselves by promoting their support of charities or causes.

In 2004, Nike aligned with cyclist Lance Armstrong to produce and promote the "LIVESTRONG" bracelet, raising money for the Lance Armstrong Foundation. The campaign resulted in more than 47 million bracelets being sold, at $1 a piece, raising significant funds for the organization. Additionally, the visibility of the Foundation increased considerably with the backing of Nike's marketing dollars.

According to a study conducted by the American Marketing Association, 2007 holiday trends showed that one out of every three consumers said they were more likely to buy a product if they knew a certain amount of the purchase price was being donated directly to a cause or campaign. In this vein, charities have an excellent opportunity to partner with businesses or corporations in the pursuit of a

cause-related marketing program, thus expanding audiences exposed to the organizations.

New Trends in Philanthropy

In order for nonprofit organizations to remain competitive, they must evolve to address the needs of funders and potential funders. While continuing to adhere to core missions, nonprofit groups must look to the future and plan for trends that will affect their ability to raise funding down the line.

Economies of Scale

According to the Giving USA Foundation, when the economy experiences a slowdown or even a recession, philanthropic giving may grow slowly, but it continues to grow. Giving USA outlines the following steps organizations should take, particularly during difficult economic conditions:

- Work closely with the board of directors to ensure they are current donors and advocates for the organization's mission.
- Develop and adhere to a strategic fundraising, communications and stewardship plan in order to stay focused and maintain momentum.
- Focus efforts on renewing gifts from current donors. Nonprofits should not take any donors for granted, including individual, foundation and corporate.
- Maximize the use of all fundraising tactics available, including thank-you calls, online giving, planned giving, and public and media relations efforts.

These steps will keep a charity top of mind and demonstrate its commitment to the importance of serving its clients.

In the Wake of Tragedy

While challenging economic times can pose difficulties for organizations that rely on donations and grants, even the most successful fundraising organizations can be adversely affected by natural or man-made disasters. When tragedy strikes, people and organizations find themselves compelled to generously offer assistance. Does this mean that other organizations, and thereby their clientele, will suffer? Not necessarily.

In her article "Fundraising in the Wake of Disaster," Terry Axelrod of Raising More Money states that in addition to the funds they provide to their favorite charities, donors often seem to find extra funds to donate in times of disaster. Rather than operate under the assumption of a scarcity mentality, nonprofits can and should stay visible and stay on course in terms of fundraising.

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First and foremost, organizations should not discontinue fundraising activities; if they are affected by or serving populations affected by the tragedy, this is the right time to ask for increased funding. If the nonprofit cannot link its services to assisting during the tragedy, it must still, in a respectful away, continue to raise awareness of its good works and need for continued contributions.

Who's Your Donor?

This year, the Center on Philanthropy at Indiana University issued a report on the "Generational Differences and Motivational Differences in Charitable Giving." The study revealed that giving differs less by generation and more by educational attainment, frequency of religious attendance and income. Motivation differs for similar reasons, varying very little by generation. Nonprofit organizations should be heartened to know that younger generations are attuned to community needs and

willing to put resources toward them. In particular, the millennial generation (born after 1981) is most likely to be motivated to give by a desire to make the world a better place.

Further research indicates that entrepreneurs are younger and are more interested than their previous-generation counterparts in becoming involved in nonprofit and philanthropic work. Nonprofit organizations must tap into this new generation of entrepreneurs as a means of expanding their donor pool and creating lasting relationships with an important source of financial and volunteer support.

Giving circles bring together individuals interested in pooling assets to create proprietary giving programs.

Opportunities exist in cultivating the next generation of donors, but the methods may be slightly different than in the past. The ePhilanthropy Foundation estimates that online giving has reached about $2.62 billion. According to Blackbaud, an industry leader in the development of donor database software, online donors are younger than the average donor and they have little to no history of giving with that organization. So for younger donors who are looking for opportunities to contribute in a meaningful way, organizations with fully developed online giving programs will serve to inspire their generosity.

Collaborative Giving

In 2006, Warren Buffet and Bill Gates collaborated to put resources toward global health initiatives. The intent behind this partnership was to maximize dollars to gain a more comprehensive and expeditious solution to the problem. No doubt the enormous amount of funding Buffet and Gates assembled will have a significant impact on such initiatives, but programs on a much smaller scale can still have a lasting impact on local communities.

A fairly new trend is gaining momentum throughout the country, with a Seattle group serving as one of the catalysts for this creative movement. Giving circles, also known as collaborative giving groups, bring together individuals, usually with similar interests, professions or demographics, interested in pooling assets to create proprietary giving programs. Typically these circles require a membership fee, most or all of which is donated to local charities based on a grants process administered by the members.

In 2001 in Cincinnati, Ohio, a group of women joined forces to form Impact 100, with the goal of recruiting 100 women who would give $1,000 each to make a meaningful donation to a local charity. In 2008, the group's membership has grown to more than 200 members, allowing them to make donations of $111,000 each to two local charities.

Similar groups exist throughout the country, including the Washington Women's Foundation, which served as an early inspiration for this movement, and the Oregon State University Women's Giving Circle, which provides grants to OSU programs benefitting women and girls. Fifty-two percent of giving circles indicate they receive additional funding or matching grants from outside sources. And approximately 70 percent say their members give additional money directly to organizations the circles support.

Conclusion

Even during challenging economic times, nonprofit organizations have the opportunity to maintain and possibly increase resources to ensure fulfillment of their missions. Studies have shown that philanthropic giving continues despite the prevailing economic climate. Moreover, nonprofit leadership

can augment infrastructure by employing creative methods of involving the business and corporate community. Likewise, charities must look to the future when structuring strategic fundraising plans to ensure the inclusion of potential donors, such as the millennium generation and up-and-coming collaborative giving alliances.

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Pacific Continental Bank maintains a strong connection to the communities where we operate. The bank empowers its employees to actively engage in fostering an environment where all community members can flourish. We endeavor to work with local nonprofit organizations and community-based businesses, ensuring more dollars stay close to home. The bank supports hundreds of nonprofit organizations in achieving their missions – both philanthropically and through direct participation.

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