

# On-line Philanthropy & Diversifying Fundraising Strategies

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By Faye Yoshihara (Pontes Consulting)

## Summary

The section of the conference focussed on diversification of funding streams through internet based fund-raising platforms and self-financing strategies. The working groups explored how technology tools can help grass-roots organizations increase awareness of their programs and diversify their donor base and donor communication strategies. Global Giving application forms targeting small donors were filled in by project leaders who wish to take the first steps to begin fundraising on-line. Examples of organizations that are using income generating strategies for financial sustainability were presented and participants determined whether this is an appropriate strategy for their own organization to consider. They learned about self-financing strategies with the NESsT process. Furthermore they evaluated websites with the ePhilanthropy process of tips & checklist.

## Introduction: What is your tofu?

Fay Yoshihara pointed out that one of the key take aways from last year was: we need to learn how we can we diversify our fundraising strategies. So this workshop will focus on that question. A strong metaphor is that of a vegetable market. Usually you see a number of stalls selling the same products. There is hardly any differentiation. Recently Fay Yoshihara came across a vegetable vendor in Nairobi who as only vendor sold tofu. She asked the man: “why do you sell tofu?”. And he explained that he wanted to be different compared to his colleagues’ vegetable stalls. A clear example of how market differentiation is needed to stand out from the crowd. Knowing your product –your value proposition-, knowing the unmet needs of your donors and knowing the market is essential to create long term financial success.

## Realise the power you bring to the table

Looking at business life cycle, you can distinguish between different categories of capital which are needed to create value. The World bank and Inter-American Foundation defined the following categories:

- Natural Capital supplying raw materials: conservation, biodiversity, energy efficiency, cleaner production.
- Human Capital supplying design and development, marketing, sales and distribution: knowledge, experience & skills embodied in the population. Access to education, training, nutrition, health services and the role of women.
- Built Capital supplying retail channels, events & inspiration: machines and equipment, building, building and infrastructure, urban land.
- Social Capital supplying consumer use and telling the stories. Social Capital links economic, social and political spheres. Strengthens democratic institutions & public accountability.
- Financial Capital: GDP, Profit and Loss (P&L), Balance sheet.



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### **The tables are turning: businesses want to contribute to the wellbeing of the world**

Remember that most business people nowadays want to support efforts to make this a better world. In the book 'Make poverty business' (Wilson, Greenleaf Publishing) tips are given for business people to define their so called **Development Value Proposition**. The tables are turning. They have to find out what the beliefs are of NGOs. The book tells business people to approach a local branch of the World bank...but naturally it would be better if they would approach participants working for grass roots organisations. Business is trying to meet philanthropy half way, providing opportunities for future cooperation. Let's use these opportunities!

### **Common language**

Faye Yoshihara points out that it strengthens negotiations when NGOs start to use the definitions businesses use and start to think and talk in these terms to potential financiers. Because this is the way they think and a common language is the basis for a sound agreement for future cooperation. All of the participants have a mission and a vision. Maybe not clearly defined yet, but it is there. Trying to reach donors, you should know who you are talking to and which language is effective. What is needed is a sound case statement, a clear value proposition.

Grass root organisations are often not aware they have access to social and human capital. They underestimate the value they possess. Governments and the private sector start to realise that they need NGOs to reach people. For long term success organisations need to create an emotional connection with the public. Watching the Nike swoosh go over the finish line in Casablanca can have a positive effect on the value of the brand Nike. Corporations want to establish a relation with communities and audiences. So realise the power of the individuals that your organisation and project reaches! This value should be inserted in negotiations with potential donors. So the participants are asked to look at their organisations and projects and define the power they bring to the table; their value proposition.

### **Types of Donors (broad generalizations only)**

Different types of donors can be distinguished. It is important to realise the differences.

#### **Global institutions (\$500k+)**

For example, multi/bi-lateral donor agencies, multi-national foundations and NGOs. Fundraising in this sector is a complex, time-consuming process: it takes about 1-2 years to get funds. To write proposals requires extensive up-front application time, but once funding is received there are few changes. Donor management is primarily done through visits and M&E. Decision makers want the process & outcomes to be well documented. So the budgets are big, but the investment and effort needed for success are big as well

#### **National institutions (\$50k to \$1m)**

For example government agencies, donor agencies, large national foundations and NGOs. These organisations understand cultural context. The proposal processes, donor management and M&E requirements are variable. Often they want to impact specific citizen groups.

#### **Private Sector/Corporate (\$10k to \$500k)**

Multinational and National. Often they start funding a certain project and organisation as a pilot, with potential for long term strategic partnerships. The proposal process is simple but expect



quick turn-around, on-going interaction and the ability to react to learning during execution. These organisations want a value-chain partner.

### **Small Donors (\$10 to \$5000)**

Individuals and social networks of friends & family. They may ask for donations to a meaningful cause rather than presents for birthday, wedding and other celebrations or remembrances. They want to make a direct person-to-person connection on a specific topic.

## **Value Proposition**

### **Introduction**

A value proposition differentiates your organization from others and articulates the specific value the organisation will deliver and to whom. For successful fundraising, participants need to develop a strong value proposition:

- Clear and concise.
- Focus on the unmet needs of your 'customers' – donors and beneficiaries.
- Helps improve operational effectiveness by focusing on what one does well.
- Differentiates your organization from others working in the same geography/issue.
- Tailor your value proposition for different types of 'customers'.

### **How to Develop a Value Proposition**

Faye Yoshihara recommends to start with an analysis of your Strengths (S) and Weaknesses (W). These are the first steps of a SWOT analysis. This is a strategic planning tool used to evaluate the Strengths, Weaknesses, Opportunities, and Threats involved in a project or in a business venture. It involves specifying the objective of the business venture or project and identifying the internal (SW) and external factors (OT) that are favourable and unfavourable to achieving that objective. It helps develop options to deal with external threats and exploit opportunities by matching external possibilities with internal capabilities.

An analysis of Opportunities and Threats will be used to develop market based funding & self-financing strategies.

Value Propositions may stem from your mission, purpose or objectives. So look at at your mission/vision/purpose and key objectives. Are they aligned with your Strengths? Are you dealing effectively with your Weaknesses?

### **Examples of value propositions:**

- **MYSA:** A self-help youth program linking sports with environmental cleanups, hiv/aids prevention, leadership training and other community service activities.
  - Creates opportunities for young persons to develop physically and personally while engaging in community development.
  - Promotes life skills and empower young people to participate in activities that affect them and their environment.
  - Mainstreams citizenship and promote responsibility in environmental issues.
  - Encourages many females to participate in sports, thus providing many sporting opportunities and opportunities through sports for the girl child.



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- **Gauteng North Sports Council:** Skills & Values through Sport, a character and morality building programme through sport, incorporating “Kicking Aids”. A school-based sports program which incorporates sports skills in 9 codes, Olympism, Wellness & Environment that can be replicated nationally in deprived communities.
- **Care with love:** Addresses community needs and national government goals. New job opportunities are created through appropriate education and training without burdening the national budget.
- **Alive and Kicking:** Makes cheap, tough, repairable footballs, netballs and volleyballs using African skills and African leather. We build the capacity and accessibility of sport within deprived communities using sport as a vehicle for health education and awareness.

## Tailoring a value proposition for different “customers”

Movimento Hip Hop (Mh20) of Fortaleza Brazil is a good example of an organisation having formulated their value proposition in several ways in order to connect to different audiences. Language is the key: always be aware who you are talking to and in which terms these people frame the world.

- Mh20 works with young people to create graffiti art, perform rap music and design & market products for sale to a wide audience through shops, production houses, talent agencies and a recording company.
- Mh20 helps young people build entrepreneurial skills, tackle social problems and find their creative voice while securing a steady stream of income which in turn leads them away from participation in criminal or gang activity.
- Mh20 balances the goals of social and economic empowerment to draw and sustain young people.
- Recognizing the negative aspects of hip-hop culture, the members of Mh20 also talk through ways to promote gender equity and prevent violence, conducting all business of Mh20 collectively.

The participants developed targeted value propositions for their ‘dream donor’. Faye Yoshihara stressed that one has to be realistic. The proposition has to be based upon the Strong-Weak analysis and has to be consistent with the mission of the organisation.

Next the formulated value propositions are evaluated:

- Are they clear and concise?
- Do they focus on the unmet needs of ‘customers’ – donors?
- Do they help improve operational effectiveness by focusing on what you do well?
- Do they differentiate your organization from others working in the same geography/issue?

## On-line Philanthropy

### Introduction

Before you can develop a sound internet marketing strategy you need answers to the following questions: What do you want to achieve on-line? And in which position are you now? There are websites that provide you with info, tools and support for online fundraising and marketing efforts. In this paragraph these elements are elaborated.



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## Where are you now?

There are different ways for being present on the web, listed below, the third option being the strongest:

- “Free” email address (example: [yourname@hotmail.com](mailto:yourname@hotmail.com))
- Email address & use of an associated organization’s website (example: [yourname@toolkitsportdevelopment.org](mailto:yourname@toolkitsportdevelopment.org))
- Your own email address & website (example: [yourname@yourNGO.org](mailto:yourname@yourNGO.org), website: [www.yourNGO.org](http://www.yourNGO.org) )

It is important to realise that fund raising is actually friend raising: it is a relationship you are building. A donor may start with as little as 10 dollars, it might go from 20 to 50 dollars a month and when a sustainable relation is established a donor in the end might donate thousands in his legacy.

## Tips and tools for online strategies from the ePhilanthropy Foundation

[www.ephilanthropy.org](http://www.ephilanthropy.org)

The online philanthropic market grew to \$4.5b in 2005. USA donations make half of the market. Online fundraising will continue to grow and develop so it is important to get onboard. There are many organisations providing support and knowledge on internet for NGOs that want to make the next step, for instance the ePhilanthropy Foundation.

The ePhilanthropy Foundation is “the global leader in providing training to charities for the ethical and efficient use of the Internet for philanthropic purposes through education and advocacy”. The foundation provides educational services via conferences, live eTour seminars, the eZine newsletter, and in over 50 online eLearning courses. It helps large and small nonprofit organizations learn to utilize the best Internet practices and services, in order to build and enhance relationships with supporters, to raise money, and to build trust among donors in their use of the Internet to aid in various philanthropic endeavours.

## Why use a website?

First you have to decide what purpose a website would serve for your organisations and what you would like to achieve. Options are:

- Communications/Education/Credibility
- Donations & Members
- Event Registration & Management
- Prospect Research
- Volunteer Recruitment & Management
- Relationship Building & Activism

Remember it is still about relationships not technology! Faye Yoshihara stresses that technology needs to enable a relationship and should not be the centre of attention.

## What Works On-Line (ePhilanthropy.org)

ePhilanthropy uses the following slogan which demonstrates the ultimate building block of successful fundraising: relationships!

**Cultivate Prospects - Build Relationships - Raise Money**



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The foundation supplies useful tips, both from a donor point of view as from the perspective of the fundraiser. These last tips are of course tailored to the way donors look -and are stimulated to look- at charities and online fundraising activities.

<http://www.ephilanthropy.org/site/PageServer?pagename=givingtips>

## **THE TEN RULES OF e PHILANTHROPY EVERY NONPROFIT MUST KNOW**

ePhilanthropyFoundation.Org (copyright 2001)

**Rule #1: Don't become invisible**

If you build it, they won't just come. Building an online brand is just as important and just as difficult as building an off-line brand

**Rule #2: It takes "know how" and vision**

Your organization's website is a marketing and fundraising tool. NOT A TECHNOLOGY TOOL. Fundraisers and marketers need to be driving the content, not the web developer.

**Rule #3: It's all about the donor**

Put the Donor First! Know your contributors, let them get to know you.

**Rule #4: Keep savvy donors; stay fresh & current**

Make online giving enjoyable and easy. Give the donor options. Use the latest technology. Show your donor how their funds are being used.

**Rule #5: Integrate into everything you do**

Your website alone will do nothing. Every activity you have should drive traffic to your site.

**Rule #6: Don't trade your mission for a shopping mall**

Many nonprofit websites fail to emphasize mission, instead turning themselves into online shopping malls, without even knowing why.

**Rule #7: Ethics, privacy and security are not buzzwords**

Many donors are just now deciding to make their first online contribution. They will expect that your organization maintains the highest standards of ethics, privacy and security.

**Rule #8: It takes the Internet to build a community**

Many nonprofits (particularly smaller ones) lack the resources to communicate effectively. The Internet offers the opportunity to cost effectively build a community of supporters (for example Hyves, You Tube).

**Rule #9: Success online means being targeted**

The website alone is not enough. You must target your audience and drive their attention to the wealth of information and services offered by your website. Permission must be sought before you begin direct communication via the internet.

**Rule #10: ePhilanthropy is more than just e-money**

ePhilanthropy is a tool to be used in your fund raising strategy. IT SHOULD NOT be viewed as quick money. There are no short cuts to building effective relationships. But the Internet will enhance your efforts.



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### **Ten tips when going online**

Tip #1 – Clearly display name, logo & mission

Tip #2 – Register with local, state and federal authorities (as required)

Tip #3 – Make it easy for donors to get quick answers to questions

Tip #4 – Make sure your website uses encryption technology whenever you request sensitive or confidential information

Tip #5 – Provide multiple opportunities & methods for gifts to be made both on-line and off-line

Tip #6 – Post a comprehensive privacy policy

Tip #7 – Provide quick documentation of gifts made

Tip #8 – Provide on-line and off-line contact information

Tip #9 – Provide method for communication/information/education (i.e. newsletter, etc)

Tip #10– Provide information on how donations made are used to support your mission (stewardship)

Download quick guides:

<http://www.ephilanthropy.org/site/PageServer?pagename=AllGuides>

## **Global Giving: online marketplace for international giving**

### **Sport section supported by Nike on Global Giving launched**

After Casablanca 2006 it was clear that participating organisations want to broaden their reach. Organisations have to diversify our fundraising strategies and find new ways to look for donors. Nike therefore has sponsored the set up of a sports section on the website of Global Giving. This instrument will help to create a movement. The address is [www.globalgiving.com/sport.html](http://www.globalgiving.com/sport.html)

NIKE, through the Sport for Social Change Network, is offering ten \$1,000 grants in the name of the late Geoffrey Chege, CARE International's East Africa Regional Director. The grant is open to projects appearing on this page and is first-come, first-awarded to projects receiving donations from 25 new donors after February 9, 2007. Once a project has recruited 25 new donors, a \$1,000 donation will be made to the project in Chege's name.

### **About Global Giving**

GlobalGiving connects the public with grassroots charity projects around the world. The organisation ensures that 85-90% of donations gets to the local project leaders within 60 days. It's a direct connection between givers and project leaders.

- Mission: Build an efficient, open, thriving marketplace that connects people who have community and world-changing ideas with people who can support them.
- Get on-line, without building a website, but be prepared to engage in a marketplace.
- Think Small and Be Specific: Learn what donors are giving to and why.
- Access tools & resources: Lessons for creating a great donor experience, best practices from your peers, tools to promote your projects.
- Centralized track record and due diligence: A history of your organization's projects and complete due diligence.



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- Donor tax deductibility: Enables US & UK donors to get involved in your work.
- Donor Feedback: Global Giving lets donors comment on your updates and projects.
- Sport for Social Change Homepage at [www.globalgiving.com/sport](http://www.globalgiving.com/sport) .
- Project leader support & peer network at [www.ggconnect.org](http://www.ggconnect.org).

### How it works

- Project Leaders from around the world post their causes and details about what they need on GlobalGiving.com.
- Potential donors browse and select from a wide offering of projects, organized by geography or by themes such as health care, the environment, and education, and pick the ones that match their interests and passions.
- Donors make a tax-deductible donation using a credit/debit card, check, PayPal, or stock/wire transfer.
- The donations reaches the project within 1-2 months and makes an immediate impact, and the donor gets regular updates telling which difference the gift is making.

### Global Giving: think small and be specific

To post a project on GlobalGiving, think small and be specific. The website reaches a wide range of donors, those who can give you \$5000 and those who can give you \$10. People can “adopt” a project and rally friends and family to raise the entire amount asked for, so it is recommendable to ask for small pieces.

- If this is your first outreach online, we recommend building a track record and posting smaller budgets, say in the \$10,000-\$20,000 range. This range seems more manageable when you have people who adopt your project. Donors say that seeing a smaller project need makes them feel that their donation would have more of an impact.
- Be specific in what you ask for. Donors are drawn to projects where they see who will benefit, how they will benefit and what activities will deliver these benefits. It may be best to start with a smaller, targeted piece of the entire project budget
- Break your project into a smaller component and make sure your donation options match accordingly.

**Remember: it is easier to get more donations than more donors. Big donations often start with a small amount.**

Global Giving gives you access anywhere in the world to philanthropists in the UK & USA.

### Go online: This is about getting your story out!

Faye Yoshihara invites participants to go online on Global Giving; Nike will help drive traffic to the site and take advantage of the challenge grants! Your project will also be cross marketed and shown to people with an interest in specific issues—for example- health, education or environment.

Think about who you are talking to. In five years donations online grew to a staggering 4,5 billion dollars and is still growing. The number of donating platforms is amazing and expanding as well. And they are not only about money. Remember, there are five types of capital, and an organisation like Nabuur ([www.nabuur.nl](http://www.nabuur.nl)) offers human capital (volunteers). Global Giving has as valuable proposition a strong focus on ‘due diligence’ and this is a very important selling point for donors. Naturally they want their money to be invested in a wise way by trustworthy organisations. Due diligence (research and analysis of a company or organization done in prepara-



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tion for a transaction) gives guarantees that certain standards are met. In other words, to a potential donor, due diligence means "making sure your money is wisely spent on what you are told you are paying for."

The participants practiced getting their project online on Global Giving. They answered the following questions, answers were discussed and elaborated.

- What is a Snappy Project Title? (50 characteristics, concrete and easy to remember)
- Who are your beneficiaries?
- How are you benefiting them?
- Where is the project based?
- Project Summary (200 characters):
- What are you doing?
- How are you doing it?
- What will you accomplish?

## **Nonprofit Enterprise and Self-sustainability Team (NESsT)**

[www.nesst.org](http://www.nesst.org)

### **Introduction**

NESsT (Nonprofit Enterprise and Self-sustainability Team) provides exercises to get insight in the opportunities and challenges for self-financing ('Get Ready Get Set' kit which can be bought online for 60 dollars including shipping.)

"NESsT is dedicated to finding lasting solutions to systemic poverty and social injustice through the development of social enterprises -- mission-driven businesses that increase the financial sustainability and social change impact of civil society organizations."

### **"Get Ready, Get Set" Steps**

Is self-financing right for your organization? NESsT "Get Ready, Get Set" Steps help to find an answer to this question:

- Getting Ready – Understanding self-financing and the key risks & contributions it may have to your organization
- Defining the Way – Assess your funding mix & the cost/benefits of fundraising versus self-financing
- Assessing Readiness – Determine if you are organizationally & financially ready for self-financing & social enterprise
- Selecting an Enterprise Idea – Identify the idea(s) which best meet your criteria and core competencies
- Conducting a Pre-Feasibility Study – Determine which of your idea(s) have the most potential to achieve your self-financing goals. Requires at least 7 full days of time over a 4 to 8 week period
- Feasibility Study – Requires 2 to 3 months
- Business Plan – Requires 2 to 3 months

### **Market based fund raising & self-financing strategies**

When you start to explore self-financing strategies, you have to know your product, you have to know what you bring to the market place. Besides knowing the strong and weak points of



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the organisations one needs to identify external elements: What are your Opportunities and what are your Threats?

The following three steps help you to identify your best opportunities:

- Leverage your “5 Capitals”:
  - Social
  - Human
  - Environmental
  - Built
  - Financial
- Support your mission/purpose. This is very important! Otherwise you might damage your core activities.
- Acknowledge the risks.

When you have identified the biggest threats, try to identify ways how to address these threats. Think about the following options:

- Advisors and Technical Assistance?
- Capacity Building?
- Outsourcing?
- Partnerships?

Sustainable Fundraising Keys:

- Understand your organizational strengths & weaknesses
- Understand your donors, their objectives & funding strategies
- Move to strategic diversification of funding sources without defocus
- Effective marketing of your organization to donors and the marketplace
- Delivering on your value propositions to ‘customers’

**Offer solutions to unmet needs of potential donors, that is the key to success. Under promise and over deliver!**



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