



February 2009

To Our Clients and Friends:

“Ten Things Your Board Can Do...” “Eight Things to Tell Your Donors...” Avidly, we read each article as it comes across our desks, looking for magic. Surely, someone smarter than we must know how to bolster our fundraising in these parlous times. But we are disappointed. “Focus on your mission.” “Monitor expenses carefully.” “Be strategic.” “Thank your donors.” Please... tell us something we don’t know.

Despite all that is being written about the new philanthropic reality, no one can say what the world will look like in the next six months, 12 months, two years. All we have right now is a collection of anecdotes – many of them contradictory:

- The Brooklyn Academy of Music just announced a \$300+ million building and endowment campaign. Carnegie Hall and the Metropolitan Opera are cutting their programming this season. WNYC (New York public radio) reports the completion of a \$63 million campaign – \$5 million over goal – with the last \$11 million raised since September, 2008.
- We know of a cancer research organization in New York whose late fall Gala has historically been almost entirely supported by the financial services industry. Yet they raised nearly as much this year as last. But we’re also hearing of organizations canceling or scaling back major events for fear they will fail, or because they might be viewed as too glitzy in a decidedly anti-glitz time.
- Most of our New York City independent school clients report that they are at least holding the line with their Annual Funds at year-end – though it’s unclear what final numbers will look like in June. But we’ve seen some national data suggesting that annual giving in schools is down an average of about 9% this year.
- There are reports of people whose financial circumstances have not changed appreciably stepping up to larger gifts to compensate for those who cannot give as much this year.

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We also have some facts. More than 40 years of data from *Giving USA* makes clear that even in extended downturns and recessions, philanthropy decreases less than other aspects of the economy. While the current situation is unprecedented in our lifetimes, we think it likely that experience will hold true again. (For more on the data, go to our website, www.raybinassociates.com, and click on “Giving During Recessions and Economic Slowdowns” on the home page.)

Magical thinking got our economy where it is today. But it is only reality-based action that will eventually get us out. And it will. There is no magic to fundraising, and there never has been.

So what are the “Nine Top Things You Should be Doing to Maximize Your Fundraising in a Downturn and Position Your Organization for the Inevitable Upturn?” Just like everyone else, we’ve been reading all the words of wisdom out there. Summarized, tempered by our collective century of experience, and with a few contrarian thoughts, we offer the following recommendations.

No magic here, just practical, common sense advice:

1. **Development 101 has never been more important.** Ask respectfully for your donors’ support. Thank them promptly and appropriately.
2. **Pessimism becomes a self-fulfilling prophecy.** Stop using very negative language like “dire” and “catastrophe.” It’s not time to panic.
3. **Board members and volunteers may bring their personal anxieties to the table.** If they’re feeling poorer, and especially if they have lost high- status, high-paying jobs, they may be reluctant to consider initiatives that could require them to take visible positions as leaders and donors. Reassurance from the CEO and Development staff about their value to the institution may be required. But in extreme situations, when their negativity becomes a serious drag on the organization, they may need to be encouraged to take a leave of absence from their leadership positions.
4. **Don’t insult your donors by assuming they won’t be able to give this year** and leaving them out of Annual Fund solicitation – even if they worked for Bear Stearns, Lehman Brothers, or Merrill Lynch. Maybe they can’t do \$25,000 again, but if they’ve been steady supporters and you’ve stewarded them well, they’ll almost certainly try to give something.
5. **“Your Annual Fund gift will help support the operating budget” is not a strong enough case for support right now.** Be specific as you can about what difference giving will make to core mission-related programs – meals that will be served, families for whom financial aid makes all the difference, inner city public school children who will still have music classes. Be clear, too, about what may have to be cut.

6. **Development staff, Board members, and other volunteers may feel uncomfortable asking right now and don't know how to respond to donors who say they can't give.** They may also feel awkward about not being able to give as much themselves. Since you want to be out there asking, it would be a good idea (and probably a great relief) to get staff and volunteer solicitors together to talk about their fears and concerns, and to practice ways to respond empathetically to donors whose circumstances have changed.
7. **Don't switch your fundraising emphasis from current support to planned giving.** We're hearing some conversation that this is a good way to help donors fulfill their philanthropic urges at a time when significant other giving may be out of the question. We spend a lot of time encouraging our clients to get their planned giving programs off the ground, and would never tell them to back off. And if you're in an endowment campaign, these planned giving conversations may make sense.

But generous as it is, a \$250,000 charitable trust from a 50 year-old woman is not going to pay the rent any time soon. As income from all sources – endowment, tuitions, fees, philanthropy, government – declines, the short-term fundraising priority for most organizations must be budget support. You have to be out there asking for current gifts.

An exception may be the donor who wants to set up a charitable lead trust, which provides income to the nonprofit for a fixed period of time, then the principal reverts to the donor or designated beneficiary. Lead trusts, however, are best funded with appreciated assets, so you may not have too many candidates for this planned giving vehicle.

8. **If you've put plans for a campaign on hold, use this time to make sure your organization is ready to go when things begin to turn around.** (Even if you're not preparing for a campaign, these steps are the foundation of a strong Development program for any organization.)
 - Work on Board development to make sure Trustees understand and are comfortable with their leadership roles. Plan some form of education about the issues in your field at each meeting. Be strategic about identifying new skills and talents you'll need in the future and recruiting new champions for your cause.
 - Engage Board, staff, donors, parents/members/users, and friends in developing an action-oriented strategic plan. Identifying a hierarchy of preferred options for the next two to three years will pay tremendous dividends – both in keeping the focus on mission and priorities, and when you get ready to frame your campaign case for support.
 - Help Trustees and other volunteers refine their cultivation and solicitation skills with regular training and practice with different scenarios.

- While you’re asking for current support, take the opportunity to deepen relationships with your donors by talking with them about their interests, passions, and concerns. But don’t make every encounter a solicitation.
- Invest in building public awareness about your organization. Identify creative ways to bring the community in to learn more about who you are, what you do, and the people who make it all work. Raise your profile as an “expert” with Op Ed’s and letters to the editor. Take the time to update your website and your publications.

9. Now is an ideal time to take a step back and address all of those operational issues you swear you’re going to focus on in the quiet summer months, but never get around to.

- You may not be able to hire additional staff, but look ahead to what new skills and experience you may need when the economy begins to turn around; draft job descriptions and revise the organizational chart.
- Give existing staff a variety of professional development opportunities that will make them stronger members of your team and equip them for their roles in any future campaign.
- Take a hard look at your processes and procedures: gift handling, data entry, reporting, gift acknowledgments, relationship with the Business Office.
- Clean up your database and all those inconsistencies from past file conversions (finally!).
- Start prospect research or update existing work – recognizing that many asset values will be in flux for a while.
- Make sure you have working lists of major prospects, with detailed cultivation steps for each. Make it someone’s explicit responsibility to ensure that the plans are implemented and updated. Schedule at least bi-weekly prospect management meetings.

Some of the organization-building tasks identified in 8 and 9 above can be effectively undertaken by experienced staff and Board members. But others (strategic planning, a Development Audit, perhaps Board development and public awareness) usually benefit from guidance by seasoned outside consultants.

We know that giving is going to drop. The combination of the stock market contraction and the decline in personal income make that a virtual certainty, for philanthropy closely tracks both. But in this peculiar time of anxiety and hope, we believe that with sensitive asking, plenty of support for solicitors, pinpoint clarity about what difference people’s gifts will make, and a reasonably upbeat attitude, all organizations have it within their control to keep the slide from being cripplingly steep.

And don’t forget to focus on your mission, monitor expenses carefully, be strategic, and thank your donors.