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The Effects of Recent Economic Developments on Fundraising in Canada

By Nicholas Offord

Recent economic developments have many charities concerned about the future. I thought it would be useful to put together a few reflections on the current state of affairs that might provide some encouragement.

On the Capacity to Give

Canadians are concerned about the impact of a tightening credit and the related economic fallout that no economy, even one with strong fundamentals like Canada's, will be able to avoid. Certainly when people see their pensions go down and their house prices drop, it may give some pause around their philanthropy. However, there are reasons to be optimistic. First, the charitable sector has traditionally weathered recessions better than other parts of the economy. Second, we have a tremendous cohort of baby-boomers entering their prime giving years and they will be looking for ways to give back. Third, many charities have developed programs that are aimed at long term relationships with their donors; such donors have traditionally been loyal, sustaining supporters. And finally, awareness of the needs of others goes up during a recession, which drives generosity.

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On Campaign Planning

A typical campaign takes more than six years from conception to celebration; it's likely that any campaign is likely to see some kind of market correction or economic setback over that cycle. Those considering campaigns develop relationships that are long term. This is why in a planning study we look at the marketplace, baseline constituency, and predictive models and not just the opinions of leadership, which can be cautious. A key issue is to build confidence by building the program steadily. (It can be better to achieve modest goals regularly than to struggle to achieve a grandiose plan over a 10 year period.) Also, a focus on leadership gifts which have driven a great deal of revenue growth, particularly for the institutional sector, needs to be balanced with programs aimed at entry-level and mid-level donors. Such gifts will be harder to attain, but there is much untapped potential in the area of intermediate giving (in the \$2,500 to \$50,000 range), which will provide an important pipeline of new friends and potential leadership gifts over the next decade.

On Strategic Alliances

The proliferation of charities actively campaigning suggests that this may also be a time for organizations to come together to collaborate on projects, management, fundraising and administration. The sector has little tradition of successful mergers and collaborations, yet most charities, arguably the vast majority of them, struggle to achieve any form of public recognition or have sufficient critical mass to be sustainable long term. While cultures continue to make such collaborations challenging, the board and management must consider what is required to achieve their goals on a sustainable basis. Outsourcing administrative functions may also be a useful strategy for some charities.

On Capacity Building

In Canada, the charitable sector has been doing a marvellous job of building capacity to achieve many important social goals.

For most, philanthropy is, and can only be, part of the revenue solution. A diverse mix of revenues from government, granting agencies, fees and sponsorship are a more sustainable reality. Because community

building takes time, charities cannot respond instantly to government cutbacks or increased demands in service. It is important to remind those charities that have been growing aggressively over the past few years to conduct an operational review of fundraising activity to ensure that programs are productive and efficient, and to consider a program mix that will be sustainable over time.

On Boards and Volunteers

While there will always be folks reluctant to ask for gifts, now is the time to effectively engage board and volunteer leadership around the needs of the organization and the fundraising that is required to achieve your goal. Many charities continue to effectively engage the board around service, program and finance agendas, but have not put in place the kind of sustainable leadership required around fundraising objectives. In this regard, management has a special responsibility to develop and direct a plan that is acceptable to the Board and is not driven solely by a crisis mentality. Volunteers are reluctant to get involved with charities that neither have a plan nor have a sustainable revenue model. A relevant and achievable plan is a vital tool to build confidence in your volunteers.

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In closing, those charities that are best prepared will be the ones that not only survive any downturn, but will also come out of it as stronger and more effective organizations. Those organizations will be well focused around their cause, have an engaged leadership and donor community, have discipline around their revenues and expenses, and have a plan for success.

Yours truly,



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