

Don't Leave Money on the Table

How Nonprofits Can Embrace Digital Strategies and Maximize Potential



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Revenue generation is going through tremendous change in the nonprofit industry. Traditional sources of revenue, such as government grants, are becoming more difficult to secure. At the same time, competition among nonprofit organizations is at an all time high. As nonprofits hope to rely less on government funding, how can they leverage technology to generate a larger share of revenue through private means? Pioneers in the nonprofit space are looking at new ways to boost revenue and achieve their mission.

Changes to Government Funding

84.8%

of nonprofits say that compared to five years ago, there are more conditions attached to the receipt and expenditure of funds from government sources.

Traditionally, government has provided a helping hand to nonprofits in the form of tax exemptions as well as opportunities to receive public grants. While this is still the case, there are new challenges. The primary obstacles are changes to regulations and tax reforms that prevent donors from deducting as much on their tax returns for charitable contributions as they have in previous years. This is a problem, especially when large donations from major donors can make up a significant portion of private

funding. Nonprofits also face fierce competition for government grants and the process of applying for them can be long and arduous. The worst case scenario for some nonprofits is that government regulations could cause them to lose funding altogether.

The Way Nonprofits Connect with Donors

Nonprofits need to better invest in sourcing individual donations as a result of this transition away from government funding, and the most effective way to engage with these donors is through mobile and social channels. Donors will willingly hand over personal information about the causes that they care about, but in return they expect communication that is personalized. Nonprofits need to reach donors where they are, regardless of device or channel, and provide custom interactions to make the most impact. Nonprofits that don't provide personalization will get ignored by donors or, even worse, risk repelling them entirely.

By the Numbers

- * **88%** of dollars raised come from 12% of an organization's donors.
- * **75%** of donors turn to online resources to look for information on nonprofits.
- * **47%** of donors visited multiple nonprofit websites before donating.
- * **51%** of people who visit a nonprofit's website do so on a mobile device.
- * **Nearly three out of four** young adults are willing to raise money on behalf of an organization that matters to them.

Revenue Isn't One Dimensional

Historically, many nonprofits derived private revenue dollars primarily from one place or type of donation. Regulations and competition have caused the industry landscape to become more complex. Not only do nonprofits need to meet donors where they are, but they must value different types of revenue, from sponsorships to peer-to-peer fundraising, otherwise they risk leaving money on the table.

Individual donations make up 72 percent of charitable contributions for most nonprofits. Seems simple enough, right? In actuality, individual donations can come in a variety of forms:

1

Online
Giving

2

Monthly
Subscriptions,
Sustainer & Membership
Programs

3

Peer-to-Peer
Fundraising

4

Major
Donations

All of these different types of individual donations can happen at various stages of the donor lifecycle and through a number of digital channels. The question is, is your nonprofit capturing all of that potential?

Diversify Revenue Channels

The hard truth is that nonprofits will need to start relying less on government funds and get more creative about how they are earning each dollar. Organizations should seek to move their revenue generation approach from one-size-fits-all to one that takes advantage of various devices, communication vehicles, and digital platforms. A robust digital strategy could include:

- A strong user-friendly digital experience with a robust set of donation options
- Engaging social content that speaks to donors' individual causes and preferences
- Email marketing that is highly customized and segmented
- Mobile-first strategies that emphasize reaching donors even as they are "on the go"
- Digital channels that tie into traditional communications such as direct mail

Know Your Donor and Prove It

A successful strategy is not just about providing content to solicit, cultivate, and engage donors. It's about making sure that every single one of those touchpoints is relevant. It's no longer acceptable to send a generic email blast out to an entire subscriber list. Do this and you risk asking for \$25 from a donor that is worth millions. In the Amazon age, people expect personalization from everyone they communicate with, including the nonprofits they support. By collecting the right information on donors, you can make recommendations and cater your communication to their preferences, increasing the possibility that they will continue to support the cause. Once you have data points in place, the possibilities are endless.

Data Points for the Modern Nonprofit

Data leads to insight and insight leads to action. Modern tools give nonprofits the ability to pave a way forward through actionable insights.

*** Campaign Segmentation:** Understand how to break down your audience and cater your message to each segment's unique needs.

* **Predictive Analytics:** Know where to spend your finite resources and focus on the right potential donors.

* **Memberships Over Time:** Analyze how your membership program has grown over time as compared to growth goals.

* **Contact and Account LYBUNT/SYBUNT:** Understand who has given in the past that may need a nudge to donate this year, and easily send them a tailored message.

* **10% Projection Report:** Allow your development team to quickly see projections based on a percentage increase.

* **Closed/Won Opportunities by Type and Fiscal Year:** Give your board or executive director a glance at high-level fundraising forecasts and metrics.

* **Wealth Screening:** Gain a fine-tuned understanding of how much prospective donors could give to your organization.

With the right suite of tools, nonprofits can use data to be proactive, monitor giving trends, forecast based on open opportunities, and analyze campaign ROI stats.

Offer More, But Keep it Simple

Ideally, nonprofits are collecting funds in many ways, on different channels, and on a recurring basis. That doesn't mean, however, that it should be harder for the donor. In fact, as revenue channels multiply, conversion processes should be streamlined and user interfaces should be easy to

use. In practice, this includes mobile responsive donation pages, creating journeys that minimize the number of clicks required to make a donation, and ensuring that social sharing is accessible throughout the process.

For Nonprofits, Experience Delivers Success

For large nonprofits, even a 1% improvement in conversion rate can equate to millions in additional revenue dollars. By leveraging Salesforce Marketing Cloud and forward-thinking digital strategies, Acumen Solutions helps organizations address changes in the nonprofit landscape and pave the way for years of healthy growth.

Acumen Solutions has worked with some of the largest enterprise-level nonprofits in the world to help them solve problems that can't be addressed by technology alone. Our multi-cloud Salesforce solutions prime organizations for dramatic growth and gains in revenue. To learn more, contact us today at contact@acumensolutions.com.

Sources

Council of Nonprofits | Think With Google | De Gruyter | QGiv @Pay | The Concord Leadership Group | Nonprofit Tech for Good Optimal Giving | Double the Donation | DonorSearch

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