

Blackbaud survey finds nonprofits operating in an increasingly competitive environment — leveraging the Internet and remaining accountable to donors require attention.

## State of the Asia Pacific Nonprofit Industry — Nonprofit Professionals Share How Their Organisations are Faring in Three Key Areas

Today's nonprofit organisations face unprecedented challenges: an increased need for new donors, rising competition from other nonprofits, a greater demand for performance metrics, an ever-increasing interest in the Internet, and building relationships top the list. Although some nonprofit organisations are leading the way in establishing best practices in these areas, others don't know where to begin or how they compare to their peers.

### about the survey

In September 2006, Blackbaud Pacific launched its second annual State of the Asia Pacific Nonprofit Industry Survey. The goal of the survey is to provide an overview of critical information that helps nonprofit organisations better benchmark their operations. The results of the survey provide information on three key areas deemed vital to the management of a successful nonprofit organisation:

1. General Operations
2. Use of the Internet
3. Accountability/Stewardship

The survey was widely distributed throughout the nonprofit community, including Blackbaud clients, via industry newsletters and targeted emails. One hundred eighty-five respondents participated in the survey. Because it was administered online, it is important to take into account this sampling bias.

### results

#### General Operations

Most respondents indicated that their staffing levels, budgets, and demand for services all increased in 2006. However, more respondents said that demand for their services was increasing (82%) than said their budgets (68%) and staffing (53%) were increasing, implying that nonprofits will have to do more with a smaller increase in resources. Nonprofits feel challenged to recruit and retain donors and find funding to serve their missions.

- ♦ Nonprofits seem to be making a move toward hiring employees to handle areas such as major gifts, bequests, Internet/Web, data/computer systems, and marketing.
  - ❖ For example, in the 2005 survey 16% of respondents said they did not have an employee who was responsible for major gifts. In this year's survey, only 7% responded similarly.
  - ❖ Prospect research is another area of growth. 83% of respondents in the 2006 survey indicated that they are focused on prospect research versus 73% in 2005.
- ♦ Respondents are very versatile in their fundraising methods, with most indicating they use at least 5 different tactics to bring in donations.
  - ❖ The ones most commonly used are direct marketing, special events, bequests, and one-on-one solicitation of major donors.
- ♦ Communication:
  - ❖ 70% said they most commonly communicate with donors via mail, a decrease from 79% last year.
  - ❖ Phone and in-person communications have increased as organisations' most common communication methods from 10% in 2005 to 16% in 2006, supporting the trend towards pursuit of major gifts and bequests.
  - ❖ Respondents plan to increase use of email (70% increasing) and Web postings (64% increasing), indicating a trend toward electronic communication.
  - ❖ 43% say they plan to increase mail communications.
- ♦ Nonprofits said their biggest challenges are:
  - ❖ Recruiting new donors
  - ❖ Finding funding to serve mission
  - ❖ Retaining current donors

## Use of the Internet

The Internet has clearly become part of day-to-day life for nonprofits. The vast majority (93%) consider the Internet to be a critical tool in running their organisations. There is improvement, but still work to be done to improve the impact of nonprofit Web sites — 44% consider their Web site to be somewhat or very effective at meeting their organisation's strategic Internet goals (an improvement from 37% in last year's survey), while 28% say it is adequate and 28% say it is not effective.

- ♦ Nonprofit professionals use their Web sites primarily to educate the public about their organisation's mission, to market the organisation, and to communicate with constituents.
- ♦ 43% are currently raising funds online (up from 40% last year).
- ♦ 34% plan to use online donations (up from 21% in 2005).
- ♦ The online tools identified as most important were email (97% said it was very or somewhat important), electronic newsletters (90%), and web site usage reports (81%).
- ♦ Respondents rated the following online tools as very important to their organisations' Internet strategy in the future:
  - ❖ Email – 83% (up from 79% in 2005)
  - ❖ Fundraising – 67% (up from 64%)
  - ❖ eNewsletters – 60% (up from 52%)
  - ❖ Member acquisition – 49% (up from 44%)
  - ❖ Web site usage reports – 45% (up from 38%)
  - ❖ Supporter profile updates – 40% (up from 34%)

## Accountability and Stewardship

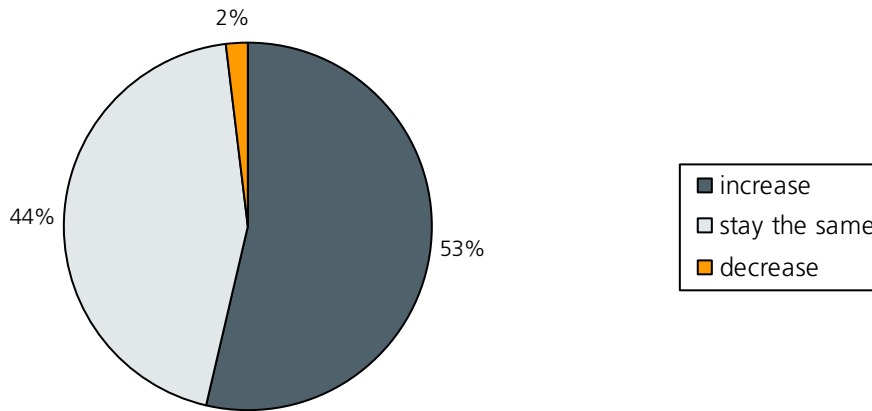
Most nonprofits think that the public trusts the nonprofit sector and their organisation in particular, but there does appear to be an increased demand from donors to be updated on how their contributions were spent.

- ♦ The 2006 results showed that more than a third (39%) of donors ask for an update on the use of their donations, versus 30% in 2005.
- ♦ 37% said they are seeing an increased demand from donors to restrict their gifts for certain purposes (this is a drop from 44% in 2005).
- ♦ Those organisations that are experiencing higher restricted gifts are being affected in the following ways:
  - ❖ Having trouble getting funds for general operating purposes (51%)
  - ❖ Specifically soliciting unrestricted gifts (47%)
  - ❖ Seeking additional foundation grants to fund operating expenditures (36%)

## Survey Results

### General Operations

How do you expect your organisation's overall staffing level to change in the next 12 months?

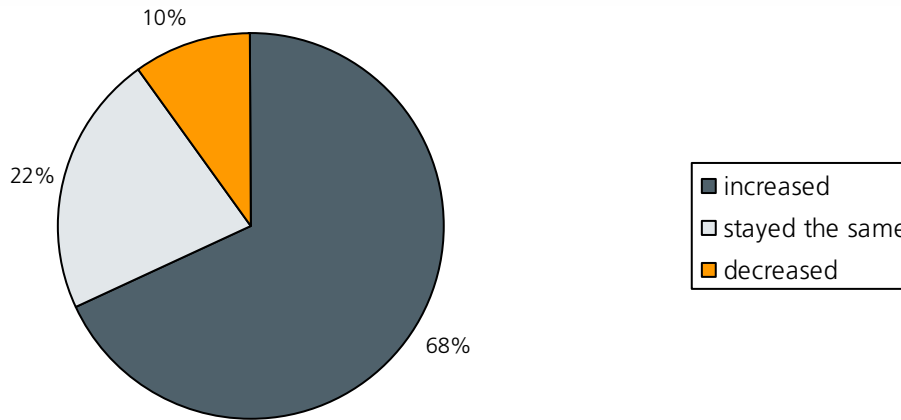


176 total respondents

How are the following roles represented in your organisation?

	full-time position	part of someone's job	part-time position	volunteer position	outsourced	N/A	response total
Major Gifts	23%	63%	4%	3%	1%	7%	167
Prospect Research	8%	66%	4%	2%	4%	17%	167
Bequests	20%	57%	7%	3%	1%	14%	169
Endowments	7%	53%	3%	2%	1%	34%	160
Internet / Web	20%	54%	7%	5%	13%	0%	171
Data / Computer Systems	40%	35%	8%	3%	14%	1%	171
Communications / Marketing	52%	36%	8%	3%	1%	1%	170
Accounting	69%	16%	9%	3%	2%	1%	169
Grant Writing	13%	64%	7%	3%	0%	14%	
Direct Mail	21%	59%	5%	2%	5%	8%	

How did your organisation's overall budget change for the current fiscal year when compared to last year?

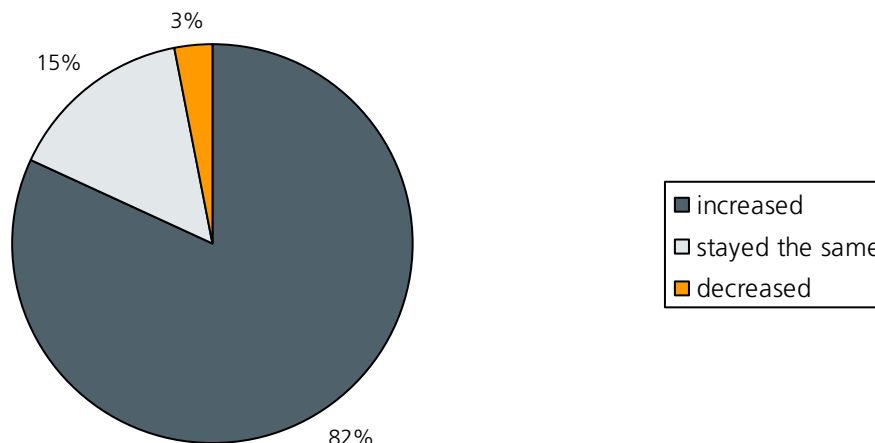


162 total respondents

How did your organisation's funding from each source change when compared to last year?

	increased	stayed the same	decreased	no funding from this source	response total
Individual Donations (not including bequests)	55%	31%	10%	3%	148
Corporate Donations	39%	33%	12%	16%	136
Government Grants	42%	48%	6%	30%	113
Foundation Grants	30%	38%	10%	21%	125
Fees for Program Services	23%	37%	2%	37%	129
Investments	39%	38%	6%	17%	127
Paid Memberships	10%	33%	6%	50%	123
Special Events	33%	34%	11%	23%	131
Bequests	37%	26%	16%	21%	138
Merchandise Sales	20%	35%	9%	35%	128
For-Profit Business Ventures	16%	24%	2%	58%	112

Over the past year, how has the demand for the services that support your mission changed?



158 total respondents

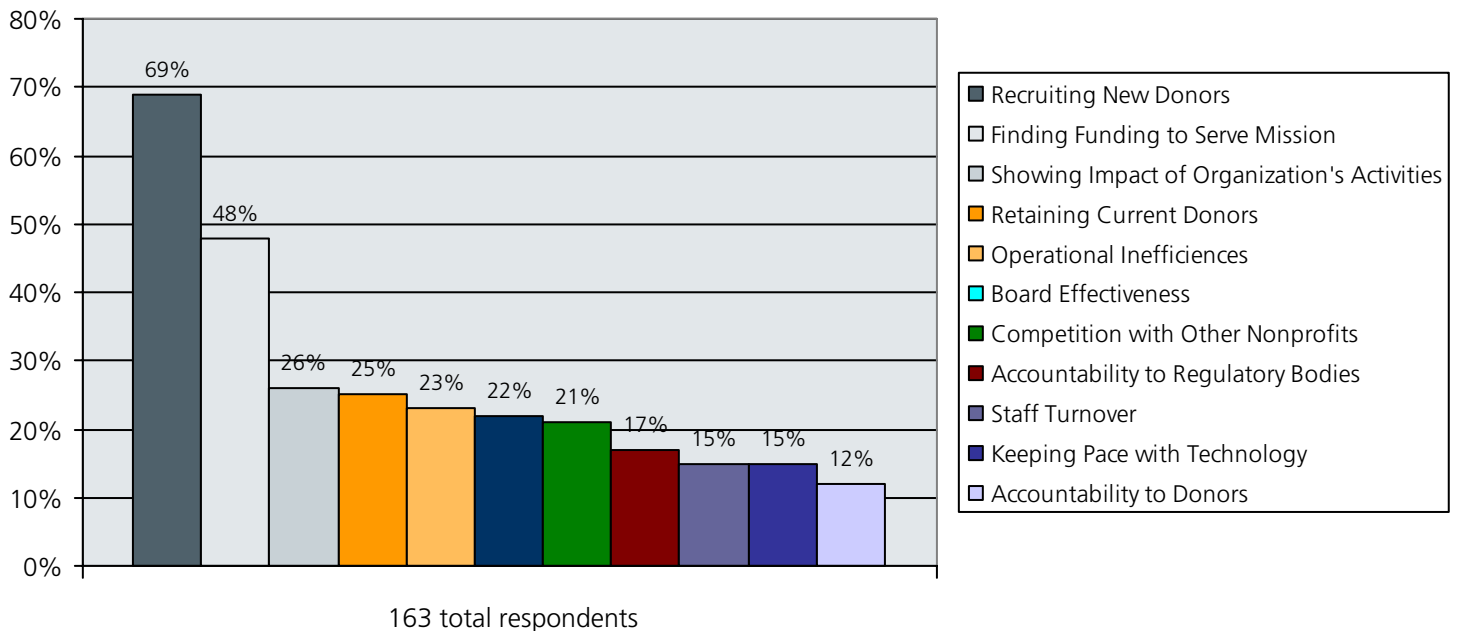
Which best describes your organisation's use of the following fundraising methods?

	use frequently	use periodically	don't use yet but plan to use	formerly used but stopped	have never used	response total
Direct Marketing	49%	26%	10%	2%	13%	157
Recurring Giving (i.e. automatically deduct bank account / credit card at regular intervals)	42%	26%	17%	1%	13%	159
Special Events	27%	45%	8%	9%	11%	158
One-on-one Solicitation of Major Donors	33%	38%	20%	1%	8%	156
Bequests	40%	32%	19%	2%	7%	159
Online Donations	21%	32%	34%	2%	11%	157
Merchandise Sales	22%	36%	11%	9%	22%	152
Payroll Giving	21%	21%	28%	1%	29%	151
Face-to-face Fundraising	30%	23%	11%	4%	32%	149
Lotteries	13%	14%	8%	3%	63%	152

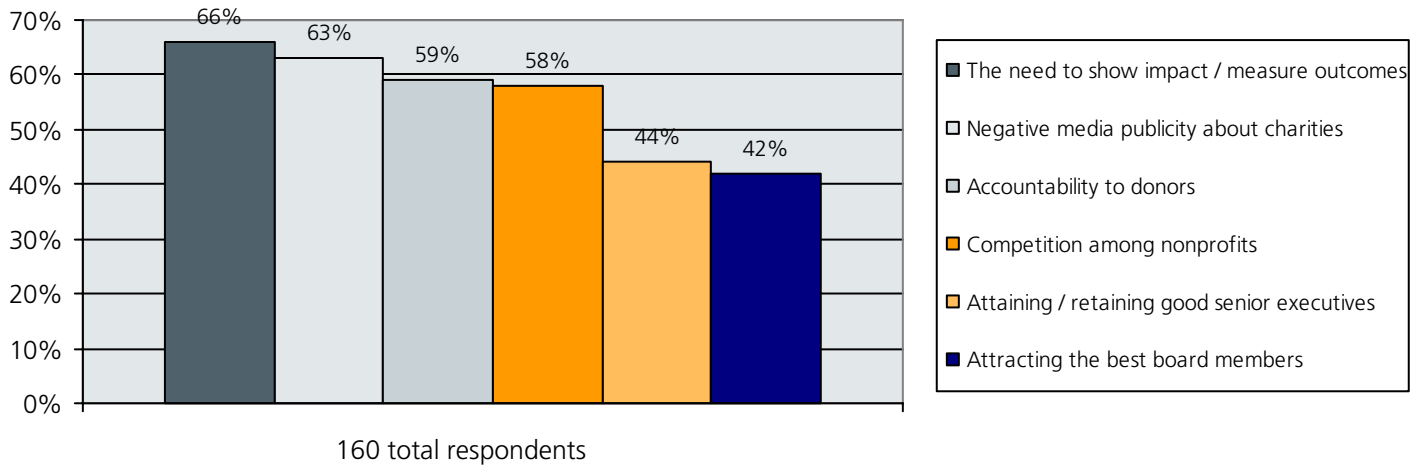
How are the ways your organisation communicates with donors changing?

	increasing	no change	decreasing	n/a	response total
Phone	56%	34%	3%	7%	163
Email	70%	20%	0%	9%	159
In Person	46%	39%	3%	12%	155
Mail	43%	45%	7%	4%	161
Web Postings	64%	17%	0%	20%	143

What are your organisation's biggest challenges? (totals more than 100% because respondents chose 3)



What do you feel are the most pressing issues facing the nonprofit sector as a whole? (totals more than 100% because respondents could choose more than one)

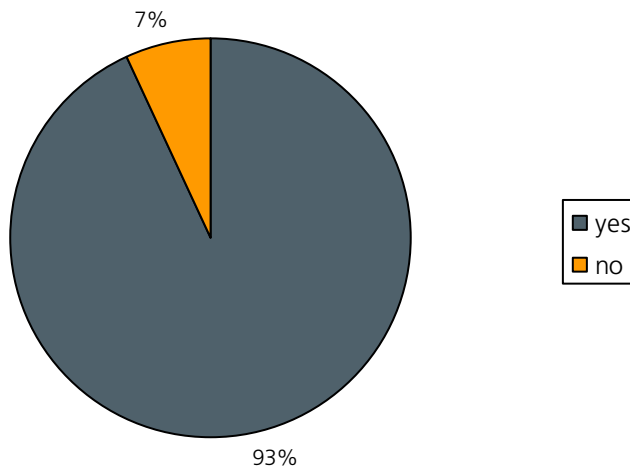


Does your organisation have the following?

	yes	working on it	no	response total
High Speed Internet Connections (not phone line)	96%	2%	2%	164
Employees Who Work Remotely	66%	8%	26%	165
A Technology Budget	74%	11%	15%	158
A Technology Training Budget	58%	12%	31%	160
A Written Technology Plan	40%	17%	43%	149
A Data Acquisition Budget	40%	14%	46%	153
A Branding / Marketing Strategy	68%	27%	5%	161
A Documented Internet Strategy for Marketing / Fundraising	20%	46%	35%	158

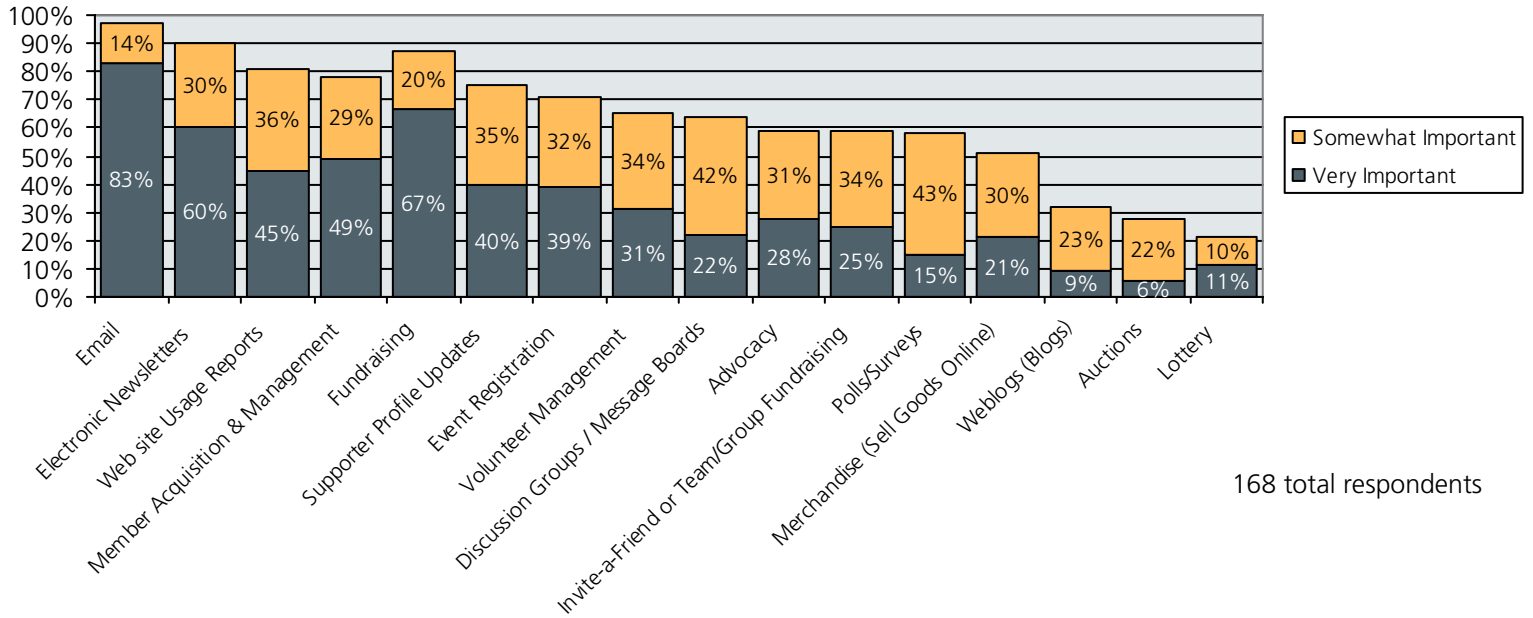
## Use of the Internet

Do you consider the Internet to be a critical tool in running your organisation?

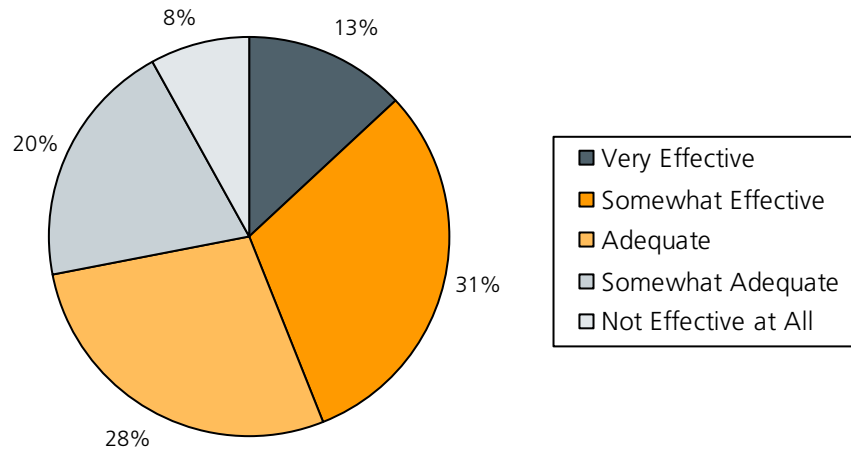


166 total respondents

How important will the following online tools be to your organisation's Internet strategy in the future?

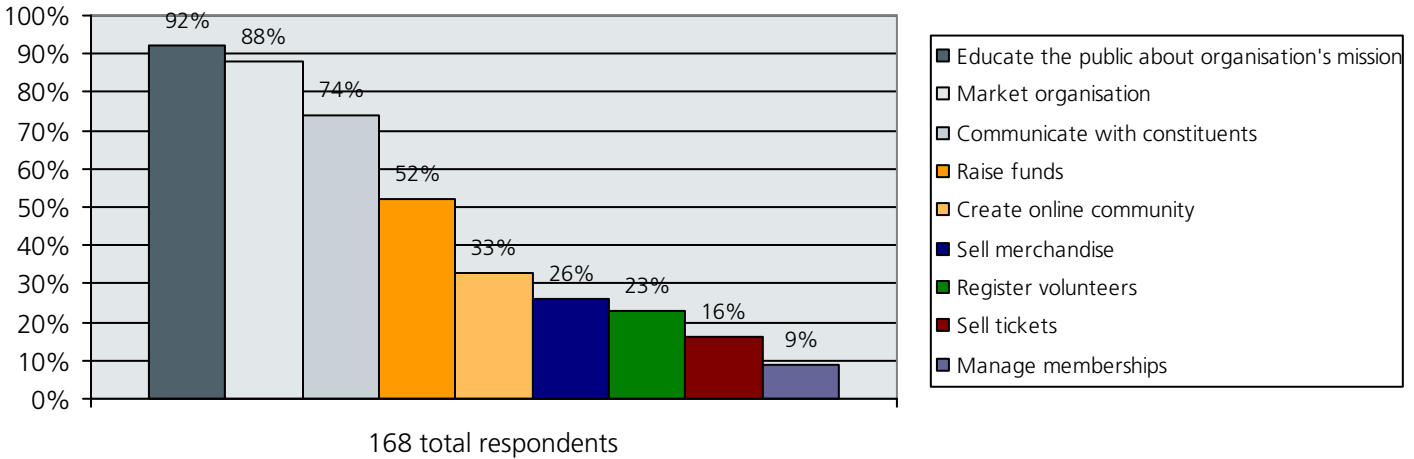


How effective is your Web site at meeting your organisation's strategic Internet goals?

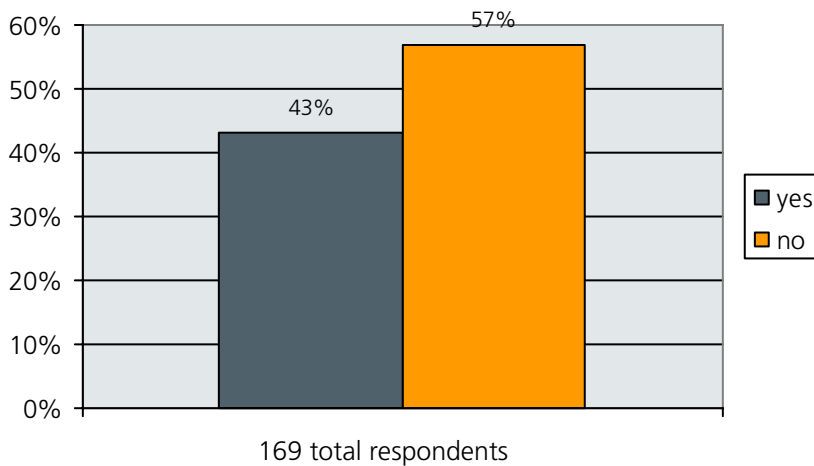


170 total respondents

What purpose does your organisation's Web site serve? (totals more than 100% because respondents could choose more than one)

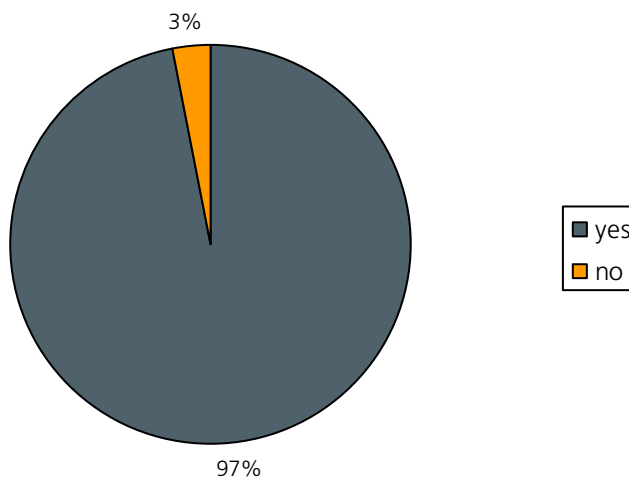


Does your organisation actively raise funds online?



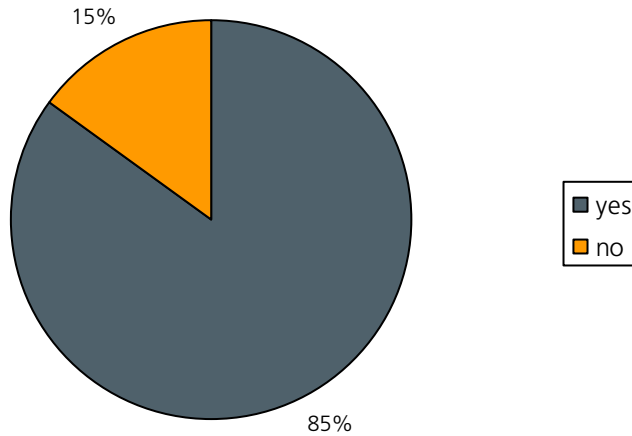
## Accountability and Stewardship

Do you think that your donors trust that their donations to your organisation will be spent appropriately?



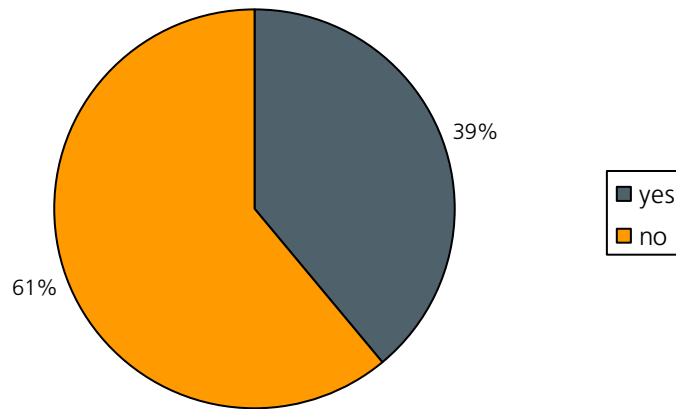
170 total respondents

Do you feel that the public trusts nonprofits in general?



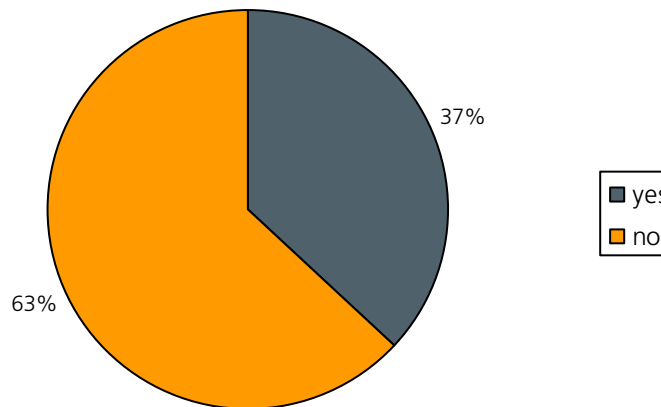
169 total respondents

Has your organisation seen an increased demand from donors asking to be updated on how their contributions were spent?



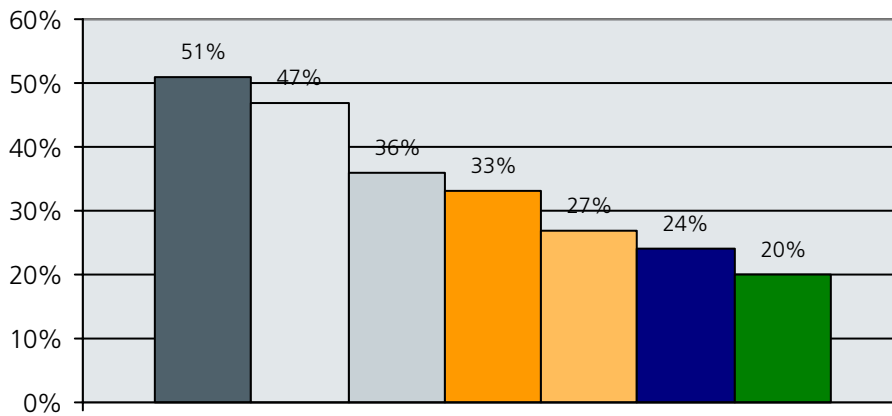
171 total respondents

Has your organisation seen an increased demand from donors asking that their contributions be restricted for a certain purpose?



154 total respondents

How is this move toward increased restricted gifts affecting your organisation? (totals more than 100% because respondents could choose more than one)



55 total respondents

- We are having trouble getting funds for general operating purposes
- We are specifically soliciting unrestricted gifts
- We are seeking additional foundation grants to fund operating expenses
- We are looking to other non-grant revenue sources to fund operating expenses
- We are seeking additional government grants to fund general operating expenses
- We have had to limit the number of initiatives for which we accept restricted gifts
- No effect on our organization

For each of the following practices, please indicate the action your organisation has taken.

	implemented more than 1 year ago	implemented within the past year	plan to implement	no plans to implement	response total
Audited Financial Statements	89%	7%	1%	2%	168
Formed Audit Committee	50%	6%	11%	33%	142
Purchased Directors' and Officers' (D&O) Insurance	70%	6%	2%	22%	93
Communicated Proactively to Donors on How Donations Were Spent	65%	12%	16%	7%	167

## for more information

Toll-free: +61 2 9211 7366 | Email: [sales@blackbaud.com.au](mailto:sales@blackbaud.com.au) | Web: [www.blackbaud.com](http://www.blackbaud.com)

### Blackbaud Pacific Pty Ltd.

ACN 095 925 170

PO Box K736

Haymarket NSW 1240 Australia

© December 2006