

E-Philanthropy Strategy for Nonprofits

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Cast a Wider Net

According to *Giving USA*, philanthropic contributions topped \$203 billion in 2000 — 75% of which were from individual donors. Organizations are devoting time and energy to phone solicitations, fundraisers and direct mail campaigns, but only the Internet provides a way for donors and potential supporters to respond at their convenience. The Web offers an excellent opportunity to cast a wider net to better communicate with current donors and reach out to new ones.

Nielsen//NetRatings reported in December 2001 that more than 167 million people in the U.S. are estimated to have Web access, and the wired population continues to grow at an astonishing rate. In fact, that's an increase of over 1 million each month since Nielsen's March 2001 report.

The Internet is critical for your organization to successfully establish a competitive advantage over other nonprofits. Planning and implementing an e-philanthropy strategy will enable your organization to better serve current donors and cost-effectively reach new potential donors. When you add a secure donation page to your Web site, you can leverage the power of the Internet to:

- ◆ **Attract new donors at a much lower cost.** Designing, printing and mailing appeals is expensive and time-consuming. By enhancing your communication efforts with a Web site and email, you can optimize each dollar dedicated to marketing your mission and reserve pricey mailings for when they will make the greatest impact.
- ◆ **Generate higher average donations.** Nielsen//NetRatings reports that wired households tend to be larger, more affluent and better educated than those without Internet access. This may be one reason that many organizations have reported receiving online donations two to three times greater than gifts that are mailed in.
- ◆ **Reach a more diverse group of people** — ideologically and demographically. 1998 Hart survey data reveals that 60% of direct mail donors identify themselves as democrats, but online activists are almost equally divided between Republicans (41%) and Democrats (39%). In addition, data indicates the average age of direct-mail donors is almost 20 years older than socially engaged Internet users, suggesting that the Internet is a good way to build donor support for the years ahead.
- ◆ **Reduce processing costs.** Online transactions eliminate costs associated with printing, stuffing and mailing pledge reminders so your staff can spend more time getting to know your new donors.
- ◆ **Access money faster.** Electronic transactions can be deposited into your bank account within hours, not days. Plus, the funds will be guaranteed because bounced checks will become a thing of the past.

Once you capture new donor information online and integrate it into your donor management system, you now have a chance to cultivate the relationship. It is critical that this information be part of your overall donor database to avoid missing important opportunities.

To capture the attention of the millions of people accessing all this information, create a marketing plan that will generate interest in your organization's Web site. Think about getting the word out as many ways as possible.

Drive Traffic to Your Organization's Web Site

Just because your organization maintains a Web site, you can't expect donors to know about it. The World Wide Web exceeds two billion pages, and Cyveillance estimates that 7 million new pages are being added daily. To capture the attention of the millions of people accessing all this information, create a marketing plan that will generate interest in your organization's Web site. Think about getting the word out as many ways as possible:

- ♦ **Register your Web site with search engines.** Check online for resources that offer advice about Web-site promotion to learn how the major search engines operate. Enlist the help of your Web guru to use keywords in meta tags and title bars, and keep tabs on your site's position in the various lists.
- ♦ **Use your telephone system as a marketing tool.** Be sure to include your Web site address, on your phone system's recordings. When callers are on hold or your office is closed, a friendly message can direct them to your Web site for information that is accessible even when you're not.
- ♦ **Send email newsletters with links to relevant areas of your Web site.** Donors appreciate that email enables you to put more money toward your mission by lowering your marketing expenses. As you communicate with your donors, collect email addresses and send occasional updates with succinct messages that drive them to specific areas of your site. Add value by including breaking news that is tailored to your audience. If your e-newsletters remain timely and reliable, your donors will come to rely on them, guaranteeing you an audience for future solicitations. Be sure to allow recipients to "opt-out" of receiving future messages. Offering recipients that kind of control has been proven to increase their loyalty — and the likelihood that they will pass your email on to their associates. Consider adding a "forward to a friend" button to make that process even easier. Your subscriber base, and subsequently donor base, will increase exponentially.
- ♦ **Co-sponsor events with other organizations.** In addition to sharing the cost of printed materials, you may be able to swap links from other sponsors' Web sites.
- ♦ **Develop a Web banner ad campaign, and negotiate for discounted nonprofit rates.** Advertise an auction, golf tournament, fun run or health fair on local sites, or strive to reach a broader audience by spreading word of your organization during an appropriate time of the year. Examples may include marketing medical research during health "awareness" weeks, appealing for school supplies in August, sharing your religious mission around key holidays, requesting gifts for disaster relief during severe weather seasons, promoting a temporary exhibit at your museum or zoo or targeting alumni around graduation or homecoming. If your organization is affiliated with larger nonprofits or associations (AFP, AHP, NAIS, etc.), keep tabs on their overall marketing efforts and look for opportunities to "piggyback" on

their initiatives. An easy first step is to check and see if the main Web site includes links to local chapters, and submit your Web site.

In addition to providing donors more flexibility, your online donation page can help your organization realize efficiencies in gift processing. By encouraging donors to give online, your staff will spend less time handling checks, stuffing pledge reminders and correcting data entry errors. Donors will appreciate that a greater portion of their contributions can go directly to your mission.

♦ **Include your Web site address in all communications with constituents:**

- ♦ Direct mail appeals
- ♦ Email newsletters
- ♦ Print advertising
- ♦ Membership information
- ♦ Marketing brochures
- ♦ Acknowledgement letters
- ♦ Business cards and letterhead
- ♦ Volunteer newsletters
- ♦ Annual reports
- ♦ Pledge reminders
- ♦ Press releases

- ♦ **Educate your constituents about the benefits of online contributions.** In addition to providing donors more flexibility, your online donation page can help your organization realize efficiencies in gift processing. By encouraging donors to give online, your staff will spend less time handling checks, stuffing pledge reminders and correcting data entry errors. Donors will appreciate that a greater portion of their contributions can go directly to your mission.

Make Your Site Worth the Trip

Now that you are successfully encouraging people to visit your organization's Web site, you will want to make sure it delivers a positive experience that will entice people to visit regularly. Consider the questions donors and potential supporters ask most often during phone conversations, and make the answers easily accessible your Web site:

- ♦ What is your mission?
- ♦ What community do you serve?
- ♦ How would you use my donation?
- ♦ How will you acknowledge my donation?
- ♦ Do you need volunteers?
- ♦ How do I get to your office?
- ♦ Where do you get most of your funding?
- ♦ How can I help?
- ♦ What are the benefits of joining your organization?
- ♦ What percentage of donations is dedicated to operating expenses?
- ♦ When is your next fundraiser?

Tips for ensuring your online presence is a success:

- ♦ **Educate people about your cause.** Your organization is unique, so use your Web site to share the history and provide relevant statistics about its purpose. Updating your site with

current news and supporting facts will help you present your case to potential donors. Use information to convey the urgency of your mission.

Recognize your donors. Create an online donor “wall” to show appreciation for your donors’ generosity. Divide the wall into various giving levels, setting apart a special section for exceptional contributors. Consider adding donors’ names who gave through traditional means, as well, to encourage them to visit your Web site.

- ♦ **Share your successes.** Demonstrate how your organization benefits the community by explaining how you use donations to transform people’s lives. Donors will hold you accountable for using their gifts to fulfill your organization’s mission, so tell this story several different ways.
- ♦ **Recognize your donors.** Create an online donor “wall” to show appreciation for your donors’ generosity. Divide the wall into various giving levels, setting apart a special section for exceptional contributors. Consider adding donors’ names who gave through traditional means, as well, to encourage them to visit your Web site.
- ♦ **Shine the spotlight on your volunteers.** Use your Web site as an outlet for volunteers to share their enthusiasm. Write a monthly feature about a special helper, and ask the volunteer to comment on why she chooses to support your organization with her time and energy. Giving money is easy for some people, but by giving time, a volunteer expresses an even deeper sense of conviction about the value of your work.
- ♦ **Communicate with images.** Include a mix of photographs that demonstrates your involvement in the community. Don’t limit this to glamour shots of your upscale annual gala — it can be helpful to share pictures of neighborhood gatherings, volunteers at work and other images that solidify your role as an organization bringing issues and action together.
- ♦ **Prove your fiscal fitness.** Donors appreciate frequent updates about how their money is being put to work. There’s strength in numbers, so publish statistics that communicate your organization’s ability to use money wisely. Show potential donors the value of investing in your organization rather than one with a similar mission.
- ♦ **Enable visitors to keep in touch.** Nothing is more frustrating to visitors than a Web site with limited contact information. Include your physical address, directions to your office and phone numbers. Also, post staff names, job descriptions, email addresses and phone extensions so your visitors will be able to reach the right person faster. The volunteers who work the switchboard will be grateful for the lighter phone traffic, and you may even benefit from a lower phone bill for your toll-free line.
- ♦ **Remember the suggestion box.** In addition to providing complete contact information, visitors will appreciate a way to provide feedback about your Web site, your organization’s services and anything else that crosses their minds. Use the Web to open the lines of communication and provide a truly interactive experience to people interested in helping your organization fulfill its mission.

Implementing an E-Philanthropy Solution

So now you’ve established a Web site chock full of useful information, and your efficient Web server is successfully averting a traffic jam. In fact, people you’ve never been in contact with

are considering making contributions to help you help others. Are you prepared to accept their donations?

To increase the odds of successful online fundraising, you can take matters into your own hands by giving people a way to “donate now” on your own Web site.

By implementing a means to accept online gifts, you can provide current and potential donors with a service that enables them to make contributions at their convenience. Your direct mail campaigns and telemarketing are important, but consider the odds of capturing someone’s attention for more than a few seconds as they sift through a stack of mail at the end of the day. Even if your appeal successfully catches someone’s eye, there are still multiple obstacles (completing a donation form, writing a check, finding a stamp, mailing the envelope) that might prevent a well-meaning person from sending a donation.

With an informative Web site working for you around the clock, your organization can make it simple for people to follow through with their good intentions. Donating online is easy and fast, and donors appreciate the option to contribute when it’s convenient for them.

Many charity portals would like you to think you don’t have to lift a finger to reap rewards from the Web, but these colossal sites pit your organization against thousands of others. (GuideStar’s site lists more than 700,000 charities.) Don’t let that discourage you from registering with any free sites — just be realistic. Consider yourself lucky if you receive a check in the mail, but it probably won’t be enough to feed the hungry, fund the research or break ground on that new building. The real downside is that you may not even be able to thank these supporters because Web sites acting as solicitors rarely share donor information.

To increase the odds of successful online fundraising, you can take matters into your own hands by giving people a way to “donate now” on your own Web site. There are many questions to ask and answer when researching ways to turn it into a revenue generator:

- ♦ **What will the donor experience be like?** Put your donors at ease by providing donation pages that maintain the look and feel of your organization’s Web site. You may turn off even the most sympathetic supporter if a click on the donate button whisks him away to an e-commerce netherworld.
- ♦ **Are the transactions secure?** Donor information may be your most important asset — protect it. Your solution should include the costs of a secure server. Create and publish privacy statements that will earn your donors’ trust.
- ♦ **Will we have to amend our Web site to implement this solution?** Evaluate how and where online donation functionality can be added to your existing site. You may need to make some changes, so use this opportunity to streamline your site.
- ♦ **Can donors earmark their gifts for specific purposes?** You can’t please everyone, but you can certainly try. Providing multiple options gives your most discriminating donor a choice in how his money is invested. Your donor will feel better about his contribution, and you can proactively update him on the project he has supported.

As you review charges associated with implementing an online donation page, be sure to weigh cost against value. Consider efficiencies that relate to gift processing and any other procedures you already have in place.

- ♦ **What information is required from the donor?** Donating online is supposed to be an easy alternative. Make sure you understand why each piece of information is necessary, and focus on keeping the process quick and simple for your donors.
- ♦ **Can we run reports comparing online donations to gifts received via other ways?** Because online giving is a new endeavor, you'll want to measure its success against traditional fundraising methods. Your donor database should enable you to track online donations from both current and new donors and analyze the effectiveness of your efforts.
- ♦ **Who will have access to our donor's information?** Given your donors' concern about privacy, the fewer people who can access their information, the better. Make sure that your online donation solution uses proven security technology and procedures.
- ♦ **What's the process for acknowledging donors who give online?** Most of your Web site visitors have little experience making online donations, so you need to build their confidence in Web-based transactions. Acknowledge every online contribution instantly, with an email letter, thanking them for their donation. This letter should include all the information your donor needs for tax records. Timely acknowledgement is critical for inspiring your online donors' confidence and recurrent generosity.
- ♦ **How will the online giving solution interface with our regular gift processing?** Once a donor enters gift information into your donation page, it should be maintained in a digital format so you can add it to your donor database without manual data entry. Adding an online donation page to your site should not require additional staff resources to maintain and process the donations.
- ♦ **How much money can we expect to raise online?** Tough question, but it pays to devote some thought to answering it. The Initiative on Social Enterprise predicts that by 2010 one-third of money donated will be given online. American Red Cross raised \$2.5 million online in the 15-day period following an earthquake in El Salvador, and since September 11th they have brought in over \$67 million in online donations. Your results may vary, and for most organizations, only a fraction of one percent of their total private contributions has come from online donations so far. This will surely increase over time, just as e-commerce transactions are becoming a greater portion of retail sales, so start small and think big. Consider the number of donors you already have, current Web site traffic, marketing plans for your Web site, campaigns in the works, fundraising events and the average online donation compared to pledges and mailed-in gifts. Even the most tech-savvy organizations admit that initial projections are just educated guesswork, but you need to create estimates so you'll have something to measure against and a basis for projecting required investment.
- ♦ **What will we have to spend to provide our donors with this service?** As you review charges associated with implementing an online donation page, be sure to weigh cost against value. Consider efficiencies that relate to gift processing and any other procedures you already have in place. Keep in mind that many vendors charge a per-transaction fee or a claim a percentage of each gift. As your volume of online donations rises, the fees you incur will do the same.

- ♦ **When can we accept our first online gift?** Time is of the essence. As you evaluate costs, consider your current fundraising campaigns, and plan to offer this service to your donors before your busy season arrives. Make sure you have a clear idea of the steps required to accept online gifts and how long it will take to implement a solution. Identify what your vendors will handle and create a checklist of the pieces your team is responsible for. The sooner you can offer this option to your donors, the better positioned your organization will be to reap the benefits of the Internet.

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Blackbaud is the leading global provider of software and related services designed specifically for nonprofit organizations. More than 12,500 organizations use Blackbaud products and consulting services for fundraising, financial management, business intelligence and school administration. Blackbaud's solutions include The Raiser's Edge®, The Financial Edge™, The Education Edge™, The Information Edge™, WealthPoint™ and ProspectPoint™, as well as a wide range of consulting and educational services. Founded in 1981, Blackbaud is headquartered in Charleston, South Carolina, and has operations in Toronto, Ontario, Glasgow, Scotland, and Sydney, Australia.

For more information about Blackbaud solutions, contact a Blackbaud account representative. In the United States and Canada call toll-free 800-443-9441. In Europe call +44 (0) 141 575 0000 or visit us on the web at www.blackbaud.com

Summary

E-philanthropy is a popular topic among all types of nonprofit organizations, both for its fundraising potential and for its case studies of the volatile market that serve as lessons learned. The recent shakeout of service providers will surely continue, and organizations that have not yet made a move to formulate an e-philanthropy strategy can learn from those whose early offerings were unsuccessful. The choices will be simplified as vendors with unsustainable business models are eliminated as options. Only when we focus on making online tools that are both useful and affordable will charities begin to realize the Web's true potential.

For more educational papers like this or to request a speaker to present on this topic, please visit the Resources section of

Blackbaud's Web site:

www.blackbaud.com

solutions@blackbaud.com | 800-443-9441



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