

Nonprofit Financial Managers

A Resource for the areas of Finance, IT, Human Resources, and Office/Facilities Management

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For information, go to npfm.org, or contact Mitzi Fennel at 617-547-1063 x235 or Jessica Zander at 617-956-0215

Mark Your Calendars

All of our meetings take place on the last **THURSDAY** of each month. **No pre-registration required.** Upcoming dates:

- **February 28:** Hiring the Right Consultant
- **March 28: Meet the Regulators! MA AG's Public Charities Division**

NPFM Membership Information

The annual membership fee of \$100 covers monthly mailings and other operating expenses. The membership period is from September to August. A part-year membership for \$60 is offered for those joining after January 1, which covers membership through August. Full-time students are welcome to join at any time without paying a fee.

In addition to attendance at monthly meetings, members receive a monthly newsletter and access to the NPFM e-mail forum. Lunch is provided for all attendees at meetings. There is a \$20 meeting fee for non-members, and since membership is by organization, there is no limit of individuals from any one organization who may attend the meetings.

RSVPs for the meetings are not required.

For renewals or new membership fees, please make your check out to:
Nonprofit Financial Managers
C/O Child Care Resource Center
130 Bishop Allen Drive
Cambridge, MA 02139

Contact Mitzi Fennel at 617-547-1063, x235 for more information.

The Next Meeting

Topic: The Nonprofit Starvation Cycle
Date: Thursday, January 31, 2013
Location: United South End Settlements
566 Columbus Ave., Boston
Time: 12:00 PM – 1:30 PM

Description: The Nonprofit Starvation Cycle dangerously undermines nonprofits' ability to deliver on their missions. The cycle starts with funders' unrealistic expectations about how much running a nonprofit costs and results in nonprofits misrepresenting costs while skimping on vital functions. Overhead and its role in enabling (or, in the view of some, limiting) social impact has gotten much attention recently. Sam Levine will help make sense of recent developments—both good and bad—and suggest ways of turning a vicious cycle into a virtuous one.

Recap of November Meeting

Evaluating the Efficiency of Your Fundraising Department and Strategies

Griet Dehandschutter, from Dehandschutter & Associates, an international fundraising firm, gave a presentation about how management and financial managers in particular can quantify and measure effectiveness in the fundraising arena. Griet has been a fundraising consultant to a wide range of organizations, with a focus on major gift giving. Three quarters of her clients are international agencies. She provided some concrete methods to analyze the following questions: How do you know if your fundraising department is operating at peak efficiency and whether it is delivering an appropriate level of return on its investment? And when is it time to eliminate certain activities if they are not generating enough revenue relative to the

amount of time and effort it takes to generate them? Are annual reports still necessary? What are you measuring and is it worthwhile to measure it? These questions seem simple enough but the answers are quite complex.

Philanthropy is about fulfilling your donors' dreams and your organization is the vessel to do this – the key is to make the connection to your donors' dreams. Any data collected should be donor centric. A lot of organizations are only interested in raising cash right now. That is not a good fundraising strategy. You have to build relationships and momentum. It takes money to make money. You need to make the initial investment in a good development director and then continue to make the commitment to retain your development staff. It takes about 18 months to properly train development staff. Hiring a consultant to do fundraising for your organization is not ideal because you have to build long-term relationships with you donors. Donors are more important than donations. You need to talk to your potential donor and understand their mindset completely, before even asking for money. And donor research is very important.

A good fundraising database is required to do the job adequately. Small organizations can use cheap databases to record prospect research and at least keep track of donor history and their relationships with your agency. The following data is important to track: How long has the donor contributed to your agency? How have you contacted them: email or in-person? How do they like to be contacted? Use your database to guide your interactions with donors. Without a good database, if your development staff leaves, then all that knowledge built over their tenure, leaves with them.

Direct mail is a poor and inefficient way to fundraise. Younger donors tend to give to a smaller number of organizations. How involved are your Board members with your organization? You want volunteers who are involved and who will spread your message to others and the community at large. It is very important that donors be immediately acknowledged for their

gift—ideally within 24 hours of received it— and receiving a thank you from the CEO or a member of your Board can be very powerful. Repeat donations are 40% higher in the following year from donors who have gotten a thank you call from a board member. After year two, 50% of your donors typically drop out and after 5 years, 75% have dropped off. 70% of first time givers are not as generous as they could be – they are testing you out.

Donors typically would prefer their donation be restricted to a certain program or activity. Management would prefer that any gifts be unrestricted for maximum flexibility. A reasonable strategy would be to first accept a restricted gift from a donor, build a relationship with that donor, and then later down the line, once a level of trust has been developed, ask them for unrestricted money. It is also better to have a long-term donor who gives smaller donations than a one-time donor who contributes more. The relationship is what is important.

There are several categories of fundraising: major giving, the annual appeal, and planned giving. An excellent way to cultivate prospects is to invite them to a dinner at a board member's home. Fundraising is not just the job of the development department – it has to be a combined effort of your board of directors and management. Your front desk person is very important first line of contact. How do they handle complaints? Are the complaints tracked?

There are three major areas that must be addressed for a successful fundraising operation. Your organization needs a strategic plan – what is your core mission, what societal problems are you addressing? Then you need a development plan – who is your target audience and how will you reach them? And finally, you need a good marketing plan. An attractive, informative, and up to date website is a must. Your annual report, or equivalent, can be published on your website, with hard copies reserved for donors and corporations who want to see a brochure. Prospective donors will most often check out your website or ask someone they know about your organization. Your 990 must be accurate

and adequately represent your mission and organization. It is very, very important that your board of directors be able to tell your agency story – in simple terms. The CFO can fill in the financials. Your fundraising strategy has to be a multi-faceted approach, with the donor at the center of it. Your organization should have at least one signature event during the year, just for the publicity. Events are generally the least cost effective and most time consuming way to raise money, but it gets your organization noticed.

Job Openings...

The NPFM group has a section on their website for job postings. Check out our website at www.npfm.org for a complete list of jobs. Contact David Richardson at dr44@verizon.net with questions or postings.

NPFM E-mail Forum

One of the benefits of membership in NPFM is a subscription to our e-mail listserv. We encourage members to post questions, announcements and new developments in finance and administration. All new members who provide e-mail addresses are automatically subscribed. To post messages send to npfm@topica.com. If your membership is current and you do not have access to the listserv, please contact Karen Kelley Gill, at kgill@cedac.org.

NPFM Steering Committee

The Steering Committee consists of several members who are responsible for the meeting topics, speakers, and other details surrounding the group. If you are interested in joining the steering committee, or in submitting ideas for future sessions, please contact any of the existing members, by email or in person at a meeting.