

The Nonprofit Founder's Club Podcast Transcript

[00:00:00] Welcome to the Nonprofit Founder's Club, where Founders who have said, I have my 501(c)3! Now what?!? Begins building the nonprofit they [00:00:15] envisioned and helping the people they are called to serve. All, without being the sole funder.

[00:00:28] Welcome to the [00:00:30] Nonprofit Founder's Club. We are in a five part series on the fundamentals of building your nonprofit. We've talked about building a successful nonprofit framework. Next, we went in depth in the [00:00:45] infrastructure and fundraising legs of the framework and today we are talking about common fundraising mistakes Founders make and what to do instead.

[00:00:57] So I've been talking to nonprofit [00:01:00] Founders for a few years now. They are eager to start their program and make a difference. And with good reason too. They know what the people they serve are going through and want to alleviate their suffering. [00:01:15] And instead of taking the time to understand funding, they plow ahead and make some serious mistakes.

[00:01:23] So today we are kicking off the series by talking about common fundraising [00:01:30] mistakes when you are new and what to do instead. Hey, I rhymed. All right. Misconception number one, fundraising is a single activity. [00:01:45] So organizations, they may try grants, events, corporations, rich people, crowdfunding. These activities

[00:01:57] don't give you the funding you need. So you [00:02:00] try other single activities. So you start to get that fundraiser of the month or what I like to call the fundraising hamster wheel. Actually, it's the event hamster wheel. [00:02:15] So fundraising becomes a cycle of monthly, small dollar fundraisers. That is what your fundraising consists of.

[00:02:27] So fundraising is [00:02:30] part of an overall plan. So what is a fundraising plan? I think of a fundraising plan as a roadmap. You start out at one place, decide on where you want to go [00:02:45] and then choose your route to your destination. A fundraising plan is how you get to where you want to go. So what are the benefits of a fundraising plan?

[00:02:57] It gets everyone on the same [00:03:00] page. It keeps you out of crisis. No more fundraisers of the month or last minute fundraisers. With a plan, you know exactly when money will come in and how much to expect. There is no [00:03:15] more cycle of we need money. Let's do a fundraiser with little time to put together anything.

[00:03:23] It helps control your workflow too. When you intentionally plan out your fundraising strategies [00:03:30] and activities you can control when certain activities will happen, this means you can more evenly distribute your activities and manage your time. It builds confidence in your [00:03:45] program with your donor.

[00:03:47] When you can show you are financially stable and have a plan to stay that way, donors and funders have more confidence in your financial stability and longevity, making [00:04:00] you a good investment. And quite simply you raise more money. Organizations that have fundraising plans raise more money. They focus on the strategies and activities that [00:04:15] work for them

[00:04:16] and stop doing those things that don't. They can plan in advance, which means they can budget and take advantage of cost, saving opportunities, [00:04:30] lessening their expenses. Think about that for a second. When you budget and you know, what's coming and you see something at a really good price, you can pick it up at that [00:04:45] really great price and help out your fundraising, that lessens your expenses.

[00:04:50] That means you get more money in your pocket. All right. Now, the mistake. In reality treating your [00:05:00] fundraising as a single activity, leads to the mistake of trying to fundraise beyond your ability. You are beyond your ability by your resources, your [00:05:15] time, your money and your people. So if you were planning a huge gala event without volunteers or the upfront money needed for the gala, it can put you in the hole before you start.

[00:05:29] [00:05:30] If you aren't ready for this kind of event, it will take time, money, and people you don't have and distract you from the things that will establish your nonprofit [00:05:45] infrastructure. These are the basic physical and organizational structures and facilities needed to operate the nonprofit. They are the things that create and sustain a nonprofit.

[00:05:58] These things are [00:06:00] often referred to as building capacity, so different types of activities that are all designed to improve and enhance a

nonprofit's ability to achieve its mission [00:06:15] and sustain itself over time. That's what capacity is. So examples are your policies and procedures, your organizational chart for your organizational structure, your [00:06:30] boards, your programs, your financial systems, all of those things.

[00:06:35] All of the things that we talk about and the infrastructure leg of our framework. Next, skill level. [00:06:45] Your people may have the skills needed to plan and execute fundraising activities. They may not. Not being ready at that skill level means [00:07:00] you spend an increased amount of time learning before executing or you dive in and hope for the best.

[00:07:09] It can be a steep learning curve. So instead [00:07:15] the fundraising strategy has a hierarchy. Each step has three levels and all build on the step or level below it. Each needs greater resources, skills, and [00:07:30] infrastructure. Learn the fundraising strategy hierarchy so you can fundraise at your step and level and work towards the next level

[00:07:39] making fundraising easy. Alright, [00:07:45] misconception number two, building a donor list is too hard and time consuming. Building a list now with all the things that need to be done feels [00:08:00] overwhelming. I get it. I know, I understand. They don't feel they have the time to build a list. So many Founders feel they are going at this [00:08:15] alone

[00:08:15] For various reasons. They don't feel their board is taking on enough responsibility and so that leaves all of the to-dos for the Founder. You know, Founders put nights and weekends into their nonprofit and it still doesn't [00:08:30] feel like enough. So they feel adding one more thing to the list will break them.

[00:08:38] Well, three fourths of all charitable donations of an organization- no matter [00:08:45] the size, come from individual donors. This should be enough of a statistic to convince you individual donors are your foundation.[00:09:00] In reality, they don't do the things that build a list. This creates a bigger problem down the road.

[00:09:11] Organizations try fundraising activities, but [00:09:15] never get the money they need. Your funding will be limited to dollar amounts that were great when you were starting out, but not so great now. Not building a list now will [00:09:30] stunt your growth later and you will still have to build your

list. Founders find years down the road, that they must have a list to move [00:09:45] forward.

[00:09:46] So instead, take the time to build a list now. Start with these things. A donor magnet on your website. Donor magnets will meet [00:10:00] these criteria. It's going to be something your ideal donor wants. You're going to keep it simple. And it's going to connect with your vision, your mission, rather not your vision, your mission, [00:10:15] everything we do deeply connects to the mission.

[00:10:17] So this is going to do that. And then you're going to automate the process of signing up and receiving the donor magnet to save you time. What they'll do is they will sign up for the [00:10:30] donor magnet, get the magnet, and you have their email address. You now have people that are potential donors. You're going to find ways to get potential donor contact information as often as [00:10:45] possible.

[00:10:45] And you're going to get permission to contact them. I don't believe in anything other than permission marketing. So you are going to get their permission, but you're going to figure out how to do this. Maybe you do put on an event that's part of your [00:11:00] fundraising mix.

[00:11:04] At this event, figure out how to get their names and email addresses. So maybe it's a giveaway. Maybe that's what you do. And in order to [00:11:15] register, you need their name, email address, and phone number, but do something like that, that way, you're going to get people in on your list and you can start growing that list.[00:11:30]

[00:11:31] Next you're going to create your introduction appeal letter. We have talked about that. That's several episodes back, but do that, that will help you get some funding and find some donors. [00:11:45] So I will put the list of the episodes in the show notes where the description, depending on where you're saying this, all right, last, you're going to get social.[00:12:00]

[00:12:00] Profiles and pages are set to attract your ideal donor on your personal profile. Make sure you have information about your nonprofit. I am amazed when I [00:12:15] go to people's profiles. And it says nothing about the non-profit I'm like, Ooh, do they really even have one? But those profiles that have it all over their personal [00:12:30] profile, I'm like, ah, yeah, they are a founder.

[00:12:32] I see that. So make sure you are putting your information on your personal. This is also helpful because people will see you in groups and on [00:12:45] social media, you make your nonprofit visible to those people. By putting your nonprofits information on your personal profile. When they go to it, they see it. And if they're interested, they'll dive.

[00:12:59] Also [00:13:00] give links to your website, make sure you've got that on your personal profile. Next, you're going to comment like, and share on other posts with your non-profits page. [00:13:15] So my husband actually amazes me with this technique. He will tag others in posts as my page because he's an ex. This brings awareness to my business and [00:13:30] helps connect people in the community.

[00:13:32] So when, when, but you would be so surprised to know that we'll get other organizations reaching out to me and I'll be, I'll go to my husband and I'll be like, well, [00:13:45] so-and-so organization reached out to me. I don't know how they knew about me. And he's like, oh yeah, I like them several times. And so like, they just get to know.

[00:13:55] So great strategy. If you're starting out [00:14:00] the last strategy I'm going to give you is set up your pages with local organizations, businesses sponsors your dream 100 donors and other pages in your community that are [00:14:15] similar to your nonprofit, or would have similar donors liking their page as your non-prime.

[00:14:23] This will create a newsfeed on your page. It's a separate tab and we'll make it easy for you [00:14:30] to, to comment like and share. So what Facebook does you have your business page? There is a tab where you can go and look at the, your business pages feed, [00:14:45] and it's all of the organizations, people, anybody that you have.

[00:14:51] Light as your page, as your business page, your nonprofit page. [00:15:00] So what you do is you can go there, it keeps everything nice and neat. And then that's where you can comment and share and like, and whatever you need to do there to engage with those people, gets [00:15:15] them on your, their mind. All right. The next strategy hope will sustain us.

[00:15:26] This is the idea that we will hope [00:15:30] funds come and do activities that are stabs in the dark. You know, characteristics of a hope will sustain a strategy. Are. Small fundraisers [00:15:45] that received small dollar

amounts, but we require a lot of work. The fundraisers that are chosen think too small. This leads to the fundraiser of the month.[00:16:00]

[00:16:00] They just bring in smaller amounts of money. It's like that for a reason. I mean, that, that is what the. Fundraiser is actually designed to do [00:16:15] is just to get in smaller amounts. So you want to think bigger when you think of fundraising. So this also means you will always have a last minute fundraiser to deal with.

[00:16:28] Your time will [00:16:30] always be wrapped up in the next fundraiser. It will burn you out and never give you the funding you need for some breathing room. We also have the, if we build it, they will [00:16:45] come attitude. I see this most often when founders just simply don't know what to do, they are passionate about the nonprofit and now everyone else will be just as passionate, but here's the truth.[00:17:00]

[00:17:01] No one will ever be as passionate about the nonprofit as you, but that doesn't mean others won't see the value in the mission or have the compassion for those you serve. [00:17:15] It just means you will have to work at finding those people. The next one. We'll figure it out, fly by the seat of our pants. This strategy is triggered [00:17:30] by feeling of lack of time.

[00:17:32] It creates worry because you won't know where or when your next dollar is coming from. It creates a cycle of never having enough money to [00:17:45] build anything. And it stunts your growth. In hard economic times, it will destroy your nonprofit because you don't have a plan and can't shift your activities to those that are working.

[00:17:59] [00:18:00] You won't be able to be flexible. So all of these characteristics lead to a common mistake. They don't build the skills to [00:18:15] think like a fundraising. They don't build the planning and goal creation skills to plan their fundraising strategy for a year at a time. This includes a calendar. So, you know, when to start planning their fundraising [00:18:30] activities, when different fundraising activities will happen and how to spread out their workflow more efficiently.

[00:18:39] Their goals. Don't include donor acquisition and retention, necessary goals [00:18:45] to build and sustain funding. They don't build the organizational skills that put the systems in place to automate and delegate those things that can help with workflow [00:19:00] and get in funding dollars. They don't build the strategic thinking skills, where they learn how to

measure their fundraising activities and how to make the best use of [00:19:15] their resources.

[00:19:16] They also don't build the skills necessary to understand who their donors are and to attract them. So they increase funding [00:19:30] so steady. Don't be those people don't be that funder instead, learn to think like a fundraiser, the fundraising framework helps you think like a fundraiser by [00:19:45] helping you be consistent, focused, and intentional with the right things.

[00:19:50] So we've talked about this in another episode, but let's quickly go through it again so that you can understand that. What this [00:20:00] framework consists of. So the first thing is know your donors to knowing your ideal donor helps you attract new donors to your nonprofit. It makes donor acquisition easier and more [00:20:15] efficient.

[00:20:15] And when you think about it, Donor acquisition is the most costly between acquisition and retention. You want to make it efficient knowing your current donor [00:20:30] helps you with donor retention and fundraising planning. When you know your donors prefer email over snail mail for information and snail mail over email for donation.

[00:20:43] You can more [00:20:45] effectively communicate and maximize your time and other resources. When you are planning a fundraising activity, you can more accurately predict whether it will be a hit among your current donors, because you [00:21:00] designed the activity with them in mind. Now. No, your strategy, your strategy is the steps of the fundraising strategy hierarchy.

[00:21:12] And we'll talk about that in a later [00:21:15] episode, within that strategy, you can have multiple activities at, or below your level. So working on the level you are at or below your level gives you the [00:21:30] opportunity to make the most of your fundraising. It helps you focus on the things that will be most effective for your stage of the fundraising process.[00:21:45]

[00:21:46] Next know your numbers. This is about more than just knowing how much your fundraiser. It's about setting fundraising, dollar [00:22:00] amounts, acquisition numbers, retention, rate goals. These numbers also include knowing your budget, your average donation and your cost per unit

of service, knowing your numbers [00:22:15] helps inform your decisions on expansion and when to change up strategies and activities.

[00:22:22] When, you know, these numbers, you have a bigger picture of how effective your fundraising is and [00:22:30] how you can shift fairly quickly to the things that will work better for your organization. Check out the nonprofit founders. There are [00:22:45] some different trainings on how to, to find some of these numbers. So make sure you check that out.

[00:22:52] All right. We've covered the three common mistakes founders make when it comes to fundraising [00:23:00] and the misconception conceptions that lead to those mistakes. I've also given you action items to do, to avoid those mistakes. All right. It's time to get to work.[00:23:15]

[00:23:18] That's it for the nonprofit founders club podcast get subscribed. So you won't miss the next episode in the meantime, keep building your nonprofit so you can help those. [00:23:30] You are called to serve.