
Part 1:
Planning for 2011–
Prospecting Within the Nonprofit Sector

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Can your sales force afford NOT to be looking to the nonprofit sector for leads?

The U.S. Nonprofit Sector at a Glance:

- 1.5 million nonprofits were registered with the Internal Revenue Service (IRS) in 2008¹.
- In 2009, public charities reported \$1.4 trillion in total revenue and \$2.6 trillion in assets².
- Private foundations reported \$181 billion in revenue and \$621 billion in assets in 2009³.
- Other nonprofits reported \$386 billion in revenue and over \$1 trillion in assets in 2009⁴.
- In 2008, nonprofits known as “nonprofit institutions serving households,” a broad subset of the sector, generated 5.2 percent of U.S. GDP, representing \$751.2 billion worth of output⁵.
- Nonprofits’ share of GDP grew 0.4 percentage points from 1998 to 2008⁶.
- In 2005, the nonprofit sector overall employed 12.9 million people, or 10 percent of the workforce⁷.
- Based on employment, in 2005 the charitable sector was larger than the construction sector and larger than the finance, insurance and real-estate sectors combined⁸.
- Nonprofits had nearly half as many employees as federal, state and local governments combined in 2005.⁹
- Private charitable contributions were \$303.8 billion in 2009¹⁰.
- In 2009, 26.8 percent of adults volunteered for or through an organization.¹¹

Part I: Planning for 2011: Prospecting Within the Nonprofit Sector

Whether you are looking to the nonprofit sector as a new vertical to grow your business or you are already pitching your products and services to the more than 1.5 million tax-exempt organizations¹² currently in existence today, the rapidly approaching new year is a prime opportunity to plan new ways to position, prospect and sell to nonprofits.

For many companies, nonprofits are not considered a chief sales target for even the savviest sales and marketing departments. However, nonprofits should not be overlooked as a viable place to find sales leads whether you are selling banking or professional services, packaged or cloud-based software or office supplies. Nonprofit businesses are still businesses, and require affordable goods and services that drive real value by reducing costs, increasing donations and furthering their defined missions.

How do you find those leads and the right contacts within the nonprofit sector to help drive new revenue opportunities? Using accurate and detailed data with complete organizational information, and identifying contacts and targets is the easy part. First, sales teams need to be aware of the unique challenges nonprofits face and position themselves as part of the solution. This white paper identifies the key challenges nonprofits are looking to overcome in 2011 so you can sell more effectively and help drive additional revenue streams in the nonprofit sector.

While the key issues and challenges nonprofits face are perennial, dramatic evolutions in technology and modes of communication mean nonprofits, as well as solution providers, need to evolve their approach.

The Haiti earthquake marked a turning point in mobile giving. It showed that text messaging can be a far-reaching tool for immediate engagement...Because mobile phones are the one device that most people keep handy at all times, text messaging offers nonprofit organizations a powerful technology for fundraising, recruitment and engagement.

GuideStar's 2010 Nonprofit Text Messaging Benchmarks report

Deciphering not just how to grow, but to thrive, in today's tech-laden and rapidly-shifting world can be challenging for any organization, and nonprofits are no exception. Scale may differ, but challenges remain the same whether the nonprofit employs a full time staff in the hundreds or relies upon a dozen volunteers to achieve their mission.

Vendors looking to either enter or expand their business in the nonprofit sector need to be aware of these challenges and the business opportunities they present. In addition, knowing what tools and intelligent data are available to help close a deal quickly is invaluable and crucial for success.

Five of the top challenges facing nonprofits in the coming year are:

1. Social media and other new media tools;
2. Stretching resources and saving for a rainy day;
3. Raising money online;
4. Board engagement; and
5. Donor fatigue.

Social Media and Other New Media Tools:

Facebook, which surpassed Google in July as the number-one visited website in the U.S., claims over 500 million users, with more than 175 million logging in daily. Facebook is also quickly gaining on YouTube in global video distribution.¹³ To date, there are more than 30,000 nonprofits using Facebook Fan Pages.¹⁴ In January 2010, the Facebook application “Causes,” reached over \$20 million in donations.¹⁵

For the forward-thinking marketer, these numbers should translate into *opportunity*. Does your company offer public relations, marketing or social media services such as content production or monitoring? Does it build branding? Does it provide application-building software? Perhaps you offer easy-to-navigate transaction software that could be applied to the donor marketplace? If the answer is yes, your sales team should be reaching out to prospects in the nonprofit sector.

Blogging and micro-blogging also continue to be important, and present a huge opportunity for nonprofits to drive donors, recruit new members, encourage activism and spread their message. There will be 26.2 million bloggers and 112.7 million blog readers by the end of 2010 —accounting for 51 percent of all Internet users. By 2014, readership is projected to rise to more than 150 million Americans, or 60 percent of the internet population in the U.S.¹⁶ Likewise, micro-blogging through sites such as Twitter and Tumblr is growing exponentially. Three in five Fortune 500 companies have Twitter accounts, up from 35 percent in 2009. Slightly fewer (56 percent) have Facebook accounts, and 168,000 people sign up for Twitter on a daily basis.¹⁷ Nonprofits looking to connect with and optimize communications with their audiences are either already micro-blogging or are seriously considering the medium.

The Red Cross: A Case Study of Mobile Networking Success

The skyrocketing mobile and wireless networking sector is one area where social media connections, technology and fundraising intersect: after the Haiti earthquake, the Red Cross partnered with mGive to set up a text donation number, raising more than \$26 million from 1 million donors in nine days.

Turning social media followers into donors, however, is a growing concern for nonprofits. Products and services that focus on executing a strategy for transforming social media “fans” and donor connections into deeper transactions are well positioned to land new clients in the nonprofit sector in 2011. The skyrocketing mobile and wireless networking sector is one area where just such transformations might take place: after the Haiti earthquake, the Red Cross set up a text donation number and raised more than \$26 million in nine days.¹⁸

Stretching Resources and Rainy Day Funds

Nonprofits have been hit especially hard by the recession and just like for-profit organizations, they are in need of products and services that help funnel resources back into the organization’s primary mission for development and planned growth. Unfortunately, most nonprofits cannot even fathom saving for a rainy day because funds are tight. They often must focus on tactical execution instead of strategic planning with a comprehensive donor, growth, finance and marketing plan. In August 2010, financial management provider SEI issued the results from a quick poll of nonprofits which found that many nonprofits are considering outsourcing their investment and asset management as a result

Nonprofit Social Media Participation Skyrockets:

The Nonprofit Social Network Benchmark Report by NTEN in April 2010:

- Facebook is still used by more nonprofits than any other commercial social network with 86% of nonprofits indicating a presence.
- Nonprofit Facebook Usage increased 16% in 2010.
- Twitter nonprofit usage increased 38% from 2009 to 2010.
- 60% of nonprofits user Twitter.

of recent economic conditions.¹⁹ This presents an increased opportunity for vendors looking to get into the nonprofit space or those already with a foothold.

Services from money management software that save a three-person nonprofit the cost of manpower over the long-term, to portfolio management for educational institutions or multi-national nonprofits, stand to gain if they can market themselves as essential to helping a nonprofit meet its rainy day fund goals.

Raising Money Online

Closely related to the challenge of transforming social media followers into active donors and fundraisers is the issue of online giving. Although online giving represents a minority of donations as compared to other methods of fundraising, nonprofit funds raised through the Web continue to rise each year. Online giving grew 14 percent in 2009, despite a difficult economy. Of those organizations that grew online fundraising, 92 percent saw an increase in the number of gifts in 2009.²⁰

The online giving surge is taking place in a loud and crowded marketplace, so as nonprofits and

corporations work to decipher what social media means to their mission, traditional branding will become more important than ever in 2011. Well-defined and clear messaging and the tools to rapidly disseminate information across multiple communication platforms, from the Web to social media, is essential to getting noticed by potential donors. Affordable cloud-based social media solutions, content producers, traditional direct-mail marketers, email marketing solutions and even integrated branding companies will find themselves at an advantage in 2011 within the nonprofit sector.

The use of online giving applications, widgets, software and mobile services that make donations quick, easy and painless offer an immense benefit to nonprofits as well and present a solid opportunity for vendors. Companies that can provide nonprofits with both easy-to-use tools *and* savvy marketing services stand to capitalize most on the growing market share that online giving represents, thus providing a timely solution to the perennial problem among nonprofits of how to easily and efficiently obtain the funds necessary to achieve their goals. For prospectors, finding the right contact for a targeted social media and online giving solution is crucial to driving leads and speeding up the sales cycle.

Board Engagement

Keeping board members active in the nonprofit's mission—and in its fundraising to achieve that mission—is another ongoing concern for nonprofits, and one that will continue to rise to the forefront in 2011. Results of a survey on the boards of midsize nonprofits (organizations with annual expenses between \$500,000 and \$5 million) state:

“Many boards are not very actively engaged in several roles...only 20% were very actively engaged

in fundraising, 20% were very active in community relations, and 16% were very active in educating the public about the organization.”²¹

Clearly nonprofits are not just competing for limited resources, but for the limited time of those who serve them.

How does this apply to sales? Vendors offering community-building services and fundraising tools stand to benefit, as do companies that provide low-tech tools that make it easy to communicate specific information and metrics on their successes. For example, how many meals their time and money were able to provide, or how donated seed money resulted in a new community center.

Also, companies that specialize in everything from integrated branding to marketing materials and gifts are at an advantage when it comes to engaging a board. Engaged board members are more likely to stand behind and carry the message of a nonprofit into the world if it is packaged effectively, whether it's an alumni association laptop case or a mobile app that allows donors to trace every dollar spent by the nonprofit of their choosing.

Donor Fatigue

There has been a lot of talk about engaging donors that are tired of being asked for money, especially among nonprofits with on-going missions and fundraising drives. In August, the *Financial Gazette* of Zimbabwe reported donor fatigue as a serious threat.²² The same month, Reuters reported that the UN was struggling against donor fatigue to provide aid to earthquake victims in Pakistan.²³ Donor fatigue may be a global problem, but it hits home for even the smallest of nonprofits: many people are simply tired of giving and wallets are stretched in a down economy.

Accenture's Top Identified Solutions for Nonprofits

1. Convince corporate and private-sector donors to fund operations instead of “signature” or “vanity” programs that may advance the donor’s agenda but do little to help the organization’s day-to-day financial viability.
2. Implement appropriate metrics that enable organizations to evaluate the success and impact of their delivery of services and programs.
3. Make better use of technology.
4. Engage board members to ensure that quality governance structures are in place that not only minimize the risk of inappropriate actions, but also help the organization create an effective and efficient operation that can be sustained over time.
5. Explore and adopt new collaborative business models with complementary organizations.
6. Overcome the inherent limitations in headcount by more effectively organizing and managing volunteers as an extension of paid staff.

How do nonprofits keep donors engaged in such a rough climate? Services that help to build community and individualize an issue to target donors will be especially useful in 2011 and in the years to come. Whether your company specializes in targeted marketing, data services, or service, sales and support software, nonprofits looking to maximize resources in 2011 will notice those who offer the ability to keep donors involved in fundraising. Goods that keep the nonprofit top-of-mind among regular contributors will be in demand. Marketing and sales people offering knowledge and services on maintaining repeat customer relationships in the for-profit world can also put it to use for the nonprofit world.

Next Steps: Knowledge is Power

After more than two years without a full economic recovery, nonprofits will have an even greater need for innovative approaches to help them streamline their operations and grow their donor base in 2011. The new year will bring an uphill battle for nonprofits in order to grow, drive funds, and accomplish their mission. The good news is that shifting member demographics and donor targets, increased collaboration between the technology and nonprofit sectors, and the skyrocketing adoption of social media pose a number of opportunities in 2011 for businesses clued into making sales and providing solutions that meet the specialized needs of nonprofits.

Now that you know a few of the key challenges facing nonprofits in 2011, finding the right person is the next step in viable prospecting. You will then need to craft your pitch to suit the prospect's size and scope, and have a basic understanding of the nonprofit's primary mission. All of these steps require accurate and intelligent data.

There are resources out there that offer comprehensive, up-to-date details on the "who, where, what, how much and why" of the 6.6 million individuals working in the nonprofit sector. Whatever product or service you are offering, if it's cost-effective, there's a nonprofit principal out there who wants to know about it.

Effective prospecting means contacting the *right* people—the decision makers and influencers and learning everything possible about the target organizations

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