Revenue Diversification:
Choosing the Right Funding Strategy

Catalogue for Philanthropy, National Small Nonprofit Summit

April 7, 2022
THREAD INTRODUCTION

Thread Strategies is a women-led fundraising consulting firm that specializes in supporting small nonprofits. We believe every nonprofit is capable of fundraising utilizing sector best practices, and we create customized development programs to chart each partner’s own course to success.

We approach consulting as partners and teammates, and we live by the phrase “Do the Work.” We work at ground-level with our partners, modeling how to do the work so the steps to implementation are clear.

WORKING HAND-IN-HAND WITH OUR PARTNERS

Thread works with our partners to understand, design, and implement the fundraising program that is best suited for each organization, team, and community. Our support covers:

1. **Performance and practices assessment**: What have you been doing and how well is it working? What else is worth your time? What’s definitely not?
2. **Strategy**: We write plans that are right sized to each organization and model how to work the plan.
3. **Systems**: We help sort out all the systems, software, and other structures nonprofits need to fundraise efficiently.
4. **People**: We can help to stop the revolving door of staff turnover by hiring and preparing team members to succeed.

Before working with Thread, **37% of partners** believed fundraising got easier year-over-year.

One year after working with Thread, **100%** believed it does.
AGENDA + OBJECTIVES

AGENDA:
• What’s the Landscape?
• Review of revenue strategies
• Key questions to ask yourself

OBJECTIVES:
• Equip you with honest assessments of what various strategies require
• Offer key questions to judge your capacity against
• Empower you to say yes, and no!
WHAT’S THE LANDSCAPE?
GIVING USA 2021 FINDINGS

$471.44 billion
In 2020, Americans gave $471.44 billion to charity, a 5.1% increase over 2019.

Where did the generosity come from?
Contributions by source
By percentage of the total

- Giving by Individuals
  - 69% ↑ 2.2%
  - $324.10 billion
  - Increased 2.2% over 2019.

- Giving by Foundations
  - 19% ↑ 17.0%
  - $88.55 billion
  - Increased 17.0% over 2019.

- Giving by Bequest
  - 9% ↑ 10.3%
  - $41.91 billion
  - Increased 10.3% over 2019.

- Giving by Corporations
  - 4% ↓ 6.1%
  - $16.88 billion
  - Declined 6.1% from 2019.

*All figures on this infographic are reported in current dollars unless otherwise noted.
FUNDRAISING IS ALWAYS...

- A long game.
- Leg work.
- Project management.
- Cumulative.
- A juggle.
- Unique to your organization.
REVENUE STREAMS
FOUNDATIONs

Foundation funding is a good fit for you if....

Your nonprofit is a few years established in its work.

You have a strategic plan to frame your future priorities and plans.

You have a measurement and evaluation framework with metrics to share.

Being successful at foundation fundraising requires certain organizational assets.
FOUNDATIONS

Foundation funding is a good fit for you if....

You have time and bandwidth to **prospect**.

You have time and bandwidth to **write**.

You have time and bandwidth to **project manage**.

You have time and bandwidth to **wait**.

Being successful at foundation fundraising requires certain internal capacity.
INDIVIDUAL CONTRIBUTIONS

Smaller/Mid-level Gifts
- Digital appeals
- Direct mail
- Multichannel
- Recurring giving
- Peer-to-Peer
- Text-to-give
- Social media

Major Gifts
- Portfolio management
- Moves management

Planned Giving
- Planned Giving
- Moves management
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<tr>
<th>Strategy</th>
<th>Good for...</th>
<th>How to ask...</th>
<th>Best when...</th>
<th>Beware of...</th>
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<td>Digital-only appeals</td>
<td>All organizations</td>
<td>Email</td>
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<td>Text-to-give</td>
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<td>Direct mail-only appeals</td>
<td>Nonprofits with big mailing lists</td>
<td>Letters</td>
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<td>Postcards</td>
<td>Specific goal</td>
<td>Vendor relationships</td>
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<td>Donor segmentation</td>
<td>Costs</td>
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<tr>
<td>Multichannel</td>
<td>All organizations</td>
<td>All of the above</td>
<td>Branded</td>
<td>Not just a button on your donate page</td>
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<td></td>
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<td>Phone calls</td>
<td>Intentional community</td>
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<td>In-person</td>
<td>Intentional messaging</td>
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<td>Managed</td>
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THE VALUE OF MULTICHANNEL FUNDRAISING

Average Revenue per Donor by Channel Cohort

Source: Analysis of 20 U.S. nonprofit organizations across verticals including faith, education, politics/advocacy, and health/human services

210% more valuable
## SMALLER DOLLAR & MID-LEVEL OTHER STRATEGIES

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<tr>
<td>Recurring giving</td>
<td>All organizations</td>
<td>Multichannel tactics</td>
<td>Branded Intentional community-building</td>
<td>Not just a button on your donate page</td>
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<td>In-person experiences</td>
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<td>Tightly Managed</td>
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<td>Peer-to-Peer</td>
<td>When stakeholders can tell their own mission-connected story</td>
<td>Online giving platform</td>
<td>Structured, time-bound campaign</td>
<td>LOTS of hand-handholding required</td>
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<td>Facebook fundraisers</td>
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<td>Team fundraising</td>
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<td>Social media fundraising</td>
<td>Orgs. with a very large following</td>
<td>Facebook fundraisers</td>
<td>Organic interest from a large community</td>
<td>Limited donor information for follow-up</td>
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<td>Instagram donate button</td>
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MAJOR GIFTS

REQUIRES....

• Strong dev. operations
• Ability to prospect
• Team capacity to relationship manage
• Staff support for the board
PLANNED GIVING

REQUIRES....

- Strong dev. operations
- Robust major donor file
- Appetite for what many view as uncomfortable conversation (but doesn’t need be!)
- Team capacity to relationship manage
- Staff support for the board
SPECIAL EVENTS

Whether in-person or hybrid, the two questions to ask when considering a special event are:

Is there an organizational objective that can only be (or best) met by bringing people together?

Is there any easier, less expensive, and less time-consuming way to raise these dollars?
CORPORATE

• CSR Staffs are small
  • Team of 1-10
  • Less time to spend with nonprofit partners
  • Smaller number of partnerships with bigger gifts is more efficient

• Focus area set by business strategy
  • Can, and does, change often

• Less Transparency
  • Don’t tend to list EVERYTHING they do on the website
  • If not a corporate foundation, doesn’t have same reporting mandates as foundations

• Governance Structure
  • Many lines of reporting
  • Several different departments might be driving the work

Blunt truth: Corporate giving tends to be a weak opportunity area for small nonprofits.
HOW TO DECIDE?
YOUR KEY QUESTIONS

What are our values as an organization?

What is our team capacity?

What are our people good at? Where are we still learning?

How many different balls can we successfully juggle?

Do we have the operations/systems in place to manage that strategy?

Is there an easier or less intense way to raise the same dollars?

What trades do we need to make for quality of effort over quantity?
Q & A
THANK YOU

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