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Effective Ways to Raise Money

As a Nonprofit Organization

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Introduction: A Sustainable Future

As a nonprofit organization, securing sustainable funding sources is a top priority. In this article, "**Effective Ways to Raise Money as a Nonprofit Organization**," we will explore various strategies and fundraising methods that can help your organization achieve financial stability and reach its goals.

Whether you're just starting out or looking to expand your fundraising efforts, this article offers valuable insights and practical advice to help you succeed. I invite you to discover new ways to raise the funds you need to make a meaningful impact in your community.

For a nonprofit organization, the key to long-term success is to build a balanced and diverse portfolio of revenue streams. From traditional methods like grants and donations to newer methods like crowdfunding and digital marketing, we will discuss the pros and cons of each so that you can find the best fit for your organization.

It's natural, as a nonprofit leader and organization, to focus on the fundraising strategies that have proven successful for you in the past. However, relying too heavily on any one source of funding can leave your organization vulnerable if that source were to suddenly disappear.

Fundraising is a constantly evolving field, and there is always room for improvement and growth. Continuously learning as a leader and developing new revenue streams for your nonprofit is crucial to your long-term success. By staying up to date on the latest fundraising trends and techniques, you can identify new opportunities and adapt to changes in the nonprofit landscape. Building a diverse portfolio of revenue streams not only ensures financial stability but also allows you to make a greater impact in your community.

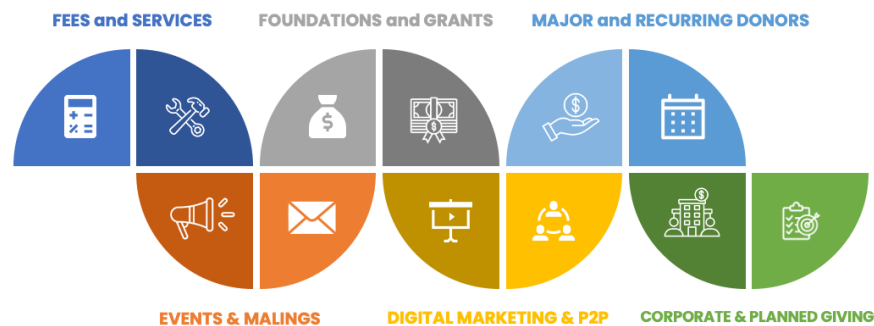
Effective Fundraising Strategy

The most effective way to raise money is to create a clear fundraising strategy for your organization that aligns the hearts and minds of donors to your unique mission, vision, and values. You can build your unique strategy around the right combination of ways to raise money outlined in this article.

At [Design Group International](#), we emphasize the importance of listening, helping, and learning as an organization and leader to continuously improve your practices and process as you move towards a healthier and more flourishing nonprofit ecosystem. Having diverse and reliable sources of revenue is a key component of building that flourishing ecosystem.

Effective Ways to Raise Money as a Nonprofit Organization

Matt Visser, Design Group International



Let's explore the diversity of ways you can raise money as a nonprofit organization and the pros and cons of each approach to fundraising. This article will give a brief overview of the following:

- **program fees and services**
- **foundations and grants**
- **major donor relationships**
- **recurring donors**
- **event-based fundraising**
- **direct mail and digital marketing**
- **peer-to-peer fundraising**
- **corporate giving and sponsorships**
- **and planned giving programs**

Program Fees and Services

One of the most overlooked and primary ways a nonprofit raises money is through program fees and services that generate revenue for the organization. A program fee is an amount your customer pays for the programs you offer. The amount paid by your customer varies significantly across industries, organization types, and regions. It is essential to recognize that these fees are often only a portion of the true cost to effectively run your programs and sustain your annual budget with a high level of quality and community impact.

Pros: Program Fees and Services

- **Additional revenue streams:** Offering services or charging fees can provide a steady stream of income for the organization
- **Increased autonomy:** By generating revenue through services and fees, the organization can become less reliant on donations and grants and have more control over its own financial future.
- **Opportunity for innovation and growth:** Offering services can be a way for the organization to expand its mission and reach new audiences, as well as to test new programs and initiatives.

Cons: Program Fees and Services

- **Access and Affordability:** Not everyone may be able to afford to pay for services, so the organization may limit the access and affordability of programs
- **Decreased social impact:** A focus on generating revenue through services and fees may lead to less emphasis on the organization's mission and social impact.
- **Potential for conflict of interest:** Depending on the services offered, there may be a perception that the organization is more interested in making money than in fulfilling its mission.

Foundations and Grants

Within each community, region, and state, there is a network of Public and Private Foundations with a core mission to support the funding of healthy nonprofits making a difference. Public Foundations primarily focus on large grants and often provide open RFP processes to apply for and receive grants. With these public foundations, pay close attention to the grant requirements for reporting, tracking outcomes and collective impact, and monitoring the effectiveness of the grant. Private Foundations are often established by individual families as their primary strategy to distribute their philanthropic dollars. A private foundation will operate more like a major donor with diminished reporting requirements and monitoring. Government Grants at the state and federal levels provide specialized resources that vary from industry to industry. These grants are often highly competitive and yet can provide great sources of long-term funding aligned with a particular goal and outcome.

Pros: Foundations and Grants

- Larger amounts of money: Foundations and grants tend to provide larger sums of money than individual donors, which can be beneficial for organizations with large expenses.
- Consistent funding: Foundations and grants can provide a steady stream of funding for the organization, which can help to ensure financial stability and sustainability.
- Ability to fund specific projects: Many foundations and grants have specific areas of focus, which can allow the organization to secure funding for specific projects or initiatives.
- Professional development opportunities: Applying for grants and working with foundations can provide opportunities for staff and board members to develop skills and gain experience.

Cons: Program Fees and Services

- Competitive process: There may be many other organizations competing for the same grant, which can make it difficult to secure funding.
- Stringent requirements: Many foundations and grants have specific guidelines and requirements that organizations must meet, which can be time-consuming and resource intensive.
- Limited control: The organization may have limited control over how the funds are used, as foundations and grants often have specific guidelines on how the money can be spent.
- Dependence on external funding: Relying too heavily on foundations and grants can make the organization dependent on external funding sources, which can be risky if funding is not renewed or cut in the future.
- Administrative costs and time investment: Applying for grants can be a time-consuming and resource-intensive process, which can increase the organization's overhead costs.

Major Donor Relationships

Every nonprofit organization will have several intentional relationships with major donors who make a significant investment of resources to support your organization and your mission. Who should I consider a major donor? The definition of what is considered “major” varies from organization to organization. I suggest that if it feels “major” to you, it is a major gift! When working with major donors, intentional relationship development toward aligned vision and values is important. You want to consider quality over quantity in these relationships. Many major donors may choose to give through a donor-advised fund (DAF). These funds allow them to diversify their giving to a variety of causes. The donor gives to the DAF and immediately receives the tax deduction. The fund then distributes the money through grants to diverse organizations.

Pros: Major Donor Relationships

- Long-term relationships: Building relationships with major donors can result in long-term financial support for the organization.
- Significant Impact: By focusing on a small group of donors who can make large gifts, organizations can potentially raise a significant amount of money.
- Increased visibility: Having major donors can increase the visibility and credibility of the organization.
- Building community: Building relationships with major donors can also foster a sense of community and support for the organization.
- Personalized approach: Organizations can tailor their approach to each major donor and cater to their specific interests and needs.

Cons: Major Donor Relationships

- Reliance on a few: Organizations can become overly reliant on a small group of major donors, which can make them vulnerable if any of those donors decide to stop giving or if they pass away.
- Time-consuming: Developing and maintaining relationships with major donors can be time-consuming and require a lot of resources.
- Limited audience: This strategy focuses on a small group of individuals, which means it may exclude a large portion of the population who may be interested in supporting the organization.
- High-pressure: Having a few major donors can also create high pressure and stress to maintain their support and could lead to burnout for the nonprofit staff

Recurring Donor Programs

A growing number of nonprofits have developed recurring donor programs that invite individuals or families to support the organization through monthly support with automatic monthly payments. Often done through an online donation portal for efficiency and consistency, a recurring donor program can ensure high retention and be relationally connected with a group of dedicated donors. Many of the popular nonprofit CRM systems (e.g., [Kindful](#), [Neon One](#), [Donor Perfect](#), etc.) have user-friendly systems to manage and organize your recurring donor program.

Pros: Recurring Donor Programs

- Consistent funding: Monthly or recurring donations can provide a steady stream of funding for the organization, which can help to ensure financial stability and sustainability.
- Increased donor retention: Monthly or recurring donors are more likely to remain donors for a longer period, which can help to build a stable and reliable donor base.
- Reduced administrative costs: Monthly or recurring donations can reduce the administrative costs associated with acquiring new donors and processing one-time donations.
- Increased donor engagement: Monthly or recurring donors are more likely to be engaged with the organization and its mission, which can lead to increased donation amounts and longer-term support.

Cons: Recurring Donor Programs

- Limited reach: Not all donors may be able or willing to make monthly or recurring donations, which can limit the potential funding sources.
- Time-consuming for Staff: Developing and managing a monthly or recurring donor program can be time-consuming and resource-intensive, which can increase the organization's overhead costs.
- Reliance on Technology: An effective program requires a level of technological integration and development that may be intimidating to staff

Event-Based Fundraising

A common way to raise money for a nonprofit organization is event-based fundraising. The staff plans an event like an annual banquet, walk-a-thon, silent auction, or concert and invites the community of supporters to attend and participate in the event. Often during the event, the executive leader or development leader will give a formal appeal to invite the participants to consider a financial gift to the organization.

Pros: Event-Based Fundraising

- **Visibility:** Events can increase visibility for the organization and raise awareness about the mission.
- **Community building:** Events can be a great way to build a sense of community among supporters and create a shared experience.
- **Engagement:** Events can be a way to engage and involve supporters in the organization's mission and work, which can lead to increased loyalty and support.
- **Immediate returns:** Events typically generate immediate returns, which can be useful for organizations that need to raise money quickly.
- **Flexibility:** Event-based fundraising offers a lot of flexibility in terms of the type of event, format, and location.

Cons: Event-Based Fundraising

- **High costs:** Event-based fundraising can be expensive to organize, with costs such as venue rental, supplies, marketing, and staffing.
- **Time-consuming:** Event planning can be time-consuming and require a lot of resources.
- **Limited audience:** Event-based fundraising may attract a limited audience, which could exclude potential supporters who may not be interested in or able to attend the event.
- **Limited control:** Organizations have limited control over the attendance and participation of the event and the amount of money raised.
- **Limited data:** It can be difficult for organizations to track and analyze donor data for event-based

Direct-Mail and Digital Marketing

Most nonprofits have some form of a direct-mail and digital marketing campaign with a series of appeal letters, newsletters, and invitations to give through response cards or online giving. This common way to fundraise provides a baseline method for communicating with donors in an efficient and clear manner. The level of complexity and methods of direct-mail campaigns continues to evolve with advanced strategies in segmentation, personalization, drip-mailing campaigns, and the emergence of digital marketing. Effective digital marketing incorporates best practices in email marketing that takes the communication methods of direct mail and applies them to our digital world.

Pros: Direct-Mail and Digital Marketing

- Targeted Communication: Mailings can target specific demographics or geographic areas
- Clear Invitation: Direct mail and digital communications include a call to action, such as a donation form
- Personalization: You can personalize digital marketing to increase engagement
- Cost-Effectiveness: Can be cost-effective, especially for nonprofits with a smaller budget

Cons: Direct-Mail and Digital Marketing

- Time-consuming: A print campaign can be costly to print and send, especially if a large mailing list is required.
- Low Response Rates: You may find that these campaigns have a low response rate compared to other forms of outreach. Nationally, the average response rate is 1-3% on a mail campaign.
- Do Not Contact Me Lists: These campaigns can be seen as intrusive or unwanted by some recipients and lead to diminished trust and relationships.

Peer-to-Peer (P2P) Fundraising Campaigns

Peer-to-peer (P2P) fundraising is a fundraising strategy that involves recruiting individuals or teams to raise funds on behalf of an organization. These individuals or teams, known as "fundraisers," can be friends, family members, or members of the community who are passionate about the organization's mission.

Pros: Peer-to-Peer Campaigns

- **Increased Reach:** P2P fundraising allows organizations to reach new audiences by leveraging the networks and connections of the fundraisers.
- **Empowerment:** P2P fundraising empowers individuals to take an active role in supporting the organization and can also create a sense of ownership among supporters.
- **Cost-effective:** P2P fundraising can be a cost-effective way to raise funds as it relies on the efforts of volunteers rather than paid staff.
- **Personal connection:** P2P fundraising allows fundraisers to create a personal connection with their donors and share the organization's mission and impact in a more intimate way.
- **Creates a sense of community:** P2P fundraising can create a sense of community and shared purpose among fundraisers and donors.

Cons: Peer-to-Peer Campaigns

- **Reliance on volunteers:** P2P fundraising relies on the efforts of volunteers, which can be difficult to manage and coordinate, and may not always be reliable.
- **Limited control:** Organizations have limited control over the actions and messaging of the fundraisers, which can lead to inaccuracies or misunderstandings about the organization.
- **High-pressure:** P2P fundraising can pressure fundraisers to raise a certain amount of money, which can cause stress and burnout.
- **Time-consuming:** P2P fundraising can be time-consuming to set up and manage, which can be a challenge for organizations with limited resources.

Corporate Giving and Sponsorships

You can find effective and quality relationships through a corporate giving and sponsorship program inside your nonprofit organization. Businesses are growing increasingly aware of their social and community impact and want to make a difference in the world. A corporate giving program can include event sponsorships, donations of all sizes and scopes, and even [corporate matching programs](#) to promote the giving of their employees.

Pros: Corporate Giving and Sponsorships

- Additional revenue streams: Business partnerships and corporate sponsorships can provide a steady stream of income for the organization, which can help to ensure financial stability and sustainability.
- Increased visibility: Partnerships and sponsorships can provide a valuable marketing opportunity, raising the organization's profile and reaching new audiences.
- Increased credibility: Partnerships and sponsorships can provide an endorsement of the organization's mission and work, which can increase credibility and trust with donors, stakeholders, and the public.
- In-kind donations: Businesses may also offer in-kind donations of goods or services, which can help to reduce the organization's expenses.

Cons: Corporate Giving and Sponsorships

- Limited Audience: Not all businesses may be interested in partnering with or sponsoring the organization, which can limit the potential funding sources.
- Potential for conflict of interest: Depending on the business partner or sponsor, there may be a perception that the organization is more interested in making money than in fulfilling its mission, which can damage its reputation.
- Administrative costs: Developing and managing business partnerships and corporate sponsorships can be time-consuming and resource-intensive, which can increase the organization's overhead costs.

Planned Giving Programs

A purposefully planned giving program can be a powerful way to raise money for your organization. Planned giving incorporates a wide range of donor giving that may include bequests through wills or trusts, charitable gift annuities, remainder trusts, life insurance policies, real estate gifts, or stocks and securities. Planned Giving Programs are an important aspect of growing a culture of Philanthropy within your organization. Often overlooked by leaders, an intentional and well-executed planned giving program can help unlock significant funds for your organization. Senior Consultant at Design Group, Kate Frillman, has extensive knowledge of planned giving programs and [shared her insights to the ways planned giving can help transform](#) your organization.

Pros: Planned Giving Programs

- Long-term financial stability: Planned Giving allows organizations to secure long-term financial commitments from donors, which can help provide financial stability for the organization.
- Tax benefits: Planned giving can provide donors with tax benefits, which can be a powerful incentive for them to make a gift.
- Building relationships: Building long-term relationships with donors through planned giving can lead to increased donor loyalty and a deeper understanding of their philanthropic goals.
- Legacy creation: Planned giving can be a way for donors to create a legacy and make a lasting impact on the organization and its mission.
- Increased visibility: Having a planned giving program can increase the visibility and credibility of the organization.

Cons: Planned Giving Programs

- Complexity: Setting up and administering a planned giving program can be complex and requires specialized knowledge and expertise.
- Limited audience: This strategy focuses on a specific group of people, typically older donors, who have accumulated wealth and may be more likely to consider a planned gift, which may exclude a large portion of the population who may be interested in supporting the organization.
- Long-term investment: Setting up a planned giving program can be a long-term investment, and it may take time for the organization to see a return on that investment.
- Limited control: Organizations have limited control over the timing and amount of the gifts received through planned giving, which can make budgeting and forecasting difficult.

A Path Toward Sustainability

Achieving financial sustainability for your organization is a vital step in making a meaningful impact on your community. The good news is, there are many ways to raise funds for your mission. By diversifying and exploring different revenue streams, you'll have a clear picture of all the opportunities available to you. Developing a comprehensive fundraising strategy is key to successfully utilizing these streams and building a strong financial future for your organization.

At Design Group International, we have developed unique process approaches to walk alongside you and your organization as you develop your fundraising strategies, grow your capacity to raise money, and transform as a leader through the process. [The POP Fundraising Lab](#) is a particular community of care for you as a fundraiser to gain the support and community you need to accelerate your fundraising goals and raise more money through transformational relationships.

About Matt Visser

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[Matt Visser](#) serves as a Senior Design Partner with Design Group International. Matt's greatest joy is empowering you as an adaptive leader to tackle your most difficult problems and help you build a healthy organizational ecosystem. Matt has invested over 20 years in growing nonprofit organizations focused on leadership development, community engagement, fundraising, and innovation.

About Design Group International

Design Group International is a group of consultants who have chosen to be part of a community that is committed to the craft of Process Consulting. Process Consulting is our shared foundation, approach, and framework. Our values of listening, helping, and learning help us fulfill our mission to help leaders and their organizations transform for a vibrant future.