



How Nonprofits Should Identify Their Best Fundraising Sources

By Candice Pascoal

You need money. You've got staff, programs, services, rent and a seemingly endless list of costs associated with all the good work you're doing for your community and our world. You've got options. Maybe only a few of these. But you've got them:

Membership Fees

Events

Individual donations

Major Gifts

Corporate Giving

Peer-to-Peer Fundraising

Crowdfunding

Grants

Legacy Gifts

And within those, you've got more options. For instance, individual donations could include:

Direct mail

Telemarketing

Email

Social media

Which are best for you? What are you doing now? Is it working? How does what you're doing stack up against similar organizations? Do you see any signs of fatigue in your methods? Have you measured which fundraising sources are profitable now, and over time? Are you investing in learning, analyzing and exploring? What's holding you back — a lack of staff? Budget? Knowledge?

Here's a roadmap you can use to find what methods of raising money are right for you.

Assess:

How do define “best”? What are your fundraising goals? Are you measuring net dollars? Do you care how much you spend upfront to get those net dollars? Do you want to minimize your costs even if it means you'll finish with less net income? Are you able to build for the long term, with the understanding that you will not immediately recoup your costs on some fundraising sources, but those sources may be your most profitable over time?

Let the data tell you how healthy your fundraising program is.

You need to decide what you are going to track and measure.

Is it return on investment? In other words, how much did you spend to raise \$1? Let's say your gross revenue from major donors was \$1,000. You spent \$800 to get that \$1,000. Your ROI was \$1.25. Maybe you spent \$1,500 on monthly donors to raise \$5,000 for an ROI of \$3.33.

Which of those efforts are repeatable, scalable and sustainable?

If you measure ROI, make sure it's across one, two, three, four and five years, including subsequent income from ongoing giving rather than simply evaluating individual acquisition or development campaigns.

No single metric will give you a complete picture of the success or shortcomings of a fundraising source. ROI does not take into account the potential lifetime value of donors, which is more important when planning investment decisions. But ROI is a great foundation upon which to assess what fundraising source is best for you.

Learn:

Do your research. What could you be doing? What are other groups finding success with? Is there a cheaper way to fundraise? Maybe you're not investing enough? The nonprofit community is a generous one. Your peers will share their successes and failures with you.

Review:

Once you've assessed — and learned — it's time to review your options. Consider how much you can realistically fundraise from each funding source. Not every revenue stream you want to implement will work for your organization.

Select:

Commit to and begin the funding methods you've decided are best for your group.

Build a budget. And then work. Be patient. But be nimble. Test. And then expand or retract based on results. If you're going to try something new, set realistic expectations about what you can achieve and how long it will take. Remember that you've got limited resources — money, time, staff, expertise.

Reevaluate:

Even your best funding resource might experience fatigue. Market conditions change. Technology advances. Competition increases. So continue to analyze the results.

Fundraising is hard work. It's art and science. It's cost versus opportunity. It's humbling and exciting. Ultimately, it's a lifelong journey you take because you want to do best for whomever or whatever you serve.

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