

A Primer on Online Fundraising for Nonprofit Organizations

Finding new audiences

By: Michael Stein

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The boom in online fundraising services on the Internet today offers some promising opportunities for nonprofits to do outreach and build their Internet presence. Online fundraising should be considered an essential component of your nonprofit's Internet presence. By using the online medium, you are reaching out to new audiences and constituencies, introducing them to your issues and campaigns, and asking them to support you. Online fundraising should be closely coordinated with your organization's strategic plan and your overall fundraising message. It's not enough to simply put up a "donate now" button and hope for contributions to come in. Online fundraising yields few results if it is unplanned and not part of an overall fundraising strategy. When working on online fundraising, Internet staff should work closely with the organization's fundraising and development staff to coordinate efforts.

Charity Portals

The first strategy I recommend is that you get your nonprofit listed with all the charity portals on the Web today. Charity portals are Web sites that offer a directory of nonprofits, of which you'd be one of many. Their job is to attract lots of traffic to their site and encourage visitors to make contributions to the nonprofits listed. Often your listing is free, and the portal accepts secure credit card contributions on your behalf. Some charge a fee when you get a contribution, but usually there are no monthly charges. These portals make their money either from advertising on their site or through the fees they charge the nonprofit. Examples of charity portals include NetworkForGood.org, 4charity.com, GreaterGood.com, Groundspring.org (formerly eGrants.org) and WorkingForChange. Individuals interested in donating to charities often use charity portals to help them with their research, so it's important that you be listed and that your listing be up-to-date.

Donate Button

The second strategy that I recommend is that you have a "donate" button on your own Web site. You can either use the donation service of one of the charity portals mentioned above, or you can contract with a vendor to set one up for you. Using a charity portal is by far an easier and cheaper process, but you'll have less control over the branding of the pages and the various administrative and notification tools that accompany the service. Online donor relationship management services have evolved that are typically more costly, but they'll build a fully

customized system that meets your exact needs. Examples of online donor relationship management services are Entango.com, LocalVoice.com and Acteva.com.

Charity Malls

Your third strategy might be to work with a charity mall, which is an online fundraising service that returns a commission to your organization when your members or supporters make online shopping purchases through their network of online stores. Not all nonprofits are comfortable working with charity malls. Some NPOs feel that it's akin to a form of advertising or corporate sponsorship or that it supports consumerism, which may not mix well with your organization's mission. Your staff and/or board should debate the issue and develop a policy. Examples of charity malls are Igive.com, GreaterGood.com, 4charity.com, and schoolpop.com.

Evaluating Online Fundraising Services

Charity portals and malls (as well as other dot-com services) have been quite active recently in doing outreach to nonprofits. You should use sound judgment in evaluating their services. Get all the information you can about how their service works. Examine their Web site in complete detail to see how they present their service, and how they feature the nonprofits that are signed up with them. Get referrals from other nonprofits that have signed up, and try to find out how much money they've raised through the service. Ask about how the service promotes itself through marketing and advertising. You want to know how hard they're working on your behalf. Make sure you understand what the service requires YOU to do as part of the deal. Some ask for buttons on your home page or announcements in your e-mail newsletters. Make sure you have a very good understanding of what fees you might have to pay when you receive a donation, as well as any sign-up or monthly fees. Don't get forced into signing a multi-year contract if you're not comfortable with that. Tell the service that you want a shorter contract so you can evaluate the effectiveness of their service.

Relationship-Building and Campaigns

No matter what strategy you adopt, it's important to remember that online fundraising is another important way to build relationships with your members, potential members, and constituents. In the process of asking for support, you do outreach on your issues and campaigns, and stay visible online. It's also important to not have a passive relationship with your online fundraising efforts. Putting a "donate" button on your Web site or signing up with a charity mall is just the beginning of your online fundraising efforts. Now you have to create a fundraising campaign that gets people's attention, plugs them into your issues and campaigns in the real world, and makes a clear and determined pitch for their financial support. Combine online fundraising on the Web with your outreach in your regular e-mail newsletter and also with your print material. If you're active at events or in the community, be sure to saturate all these media with your fundraising message, as well.

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About the Author:

Michael Stein is a nationally renowned Internet strategist with 15 years of experience working with nonprofits, foundations, labor unions, technology providers and socially responsible businesses. He is the author of three books and numerous articles about the Internet.

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