

Are These Fundraisers More Trouble Than They're Worth?

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In a time when public and private philanthropic funds are shrinking, non-profits are scrambling to come up with bigger and better fundraisers to get their share of a smaller pie. In this difficult development atmosphere, non-profits must get the most out of the time and money they spend on fundraisers. Here are three fundraisers to watch out for because, if not done carefully, they can end up costing your organization money.

The Gala.

The major problem with the gala, or really any special event, is that running a special event is actually quite similar to starting a business. Have a fundraising dinner and you're opening a restaurant for one night. Put on a charity concert and you're in the music biz for the evening!

Profit margins can be small in many of these businesses, even when professionals run them year round it often takes time to create those small margins. It's rather unlikely for an amateur to come up with a great "product" and profits in one night. Thus, most special events fail for the same reasons most new business fails: costs are too high, prices are too low, not enough "products" (tickets, for special events) are sold, and expectations are unrealistic.

These common causes of failure stem from problems, not surprisingly, that also plague new businesses: lack of funds for front money; underselling (i.e. admission is too cheap); persuading the skeptical consumer (why buy a \$300 ticket to a \$40 dinner?); and no disaster planning. When you look at it from this perspective, it's easy to see that most special event fundraisers are more likely to be high-cost image boosters.

The Monthly Breakfast.

There are many problems with this recently trendy fundraiser, and underlying them all is that it is an activity out of context. Monthly breakfasts, or any regular meetings, really only work well for groups whose members want to meet on a regular basis. True, most invitees are not repeat attendees of the monthly breakfast, but, believe it or not, they still do not want to meet with you for breakfast, particularly if they are going to be asked for money.

We live in an overcommitted society, and the last thing people need or want is another social commitment. For most people, that's all this is, another social commitment that they have to fulfill because a friend or colleague asked them for a favor. This brings us to two other problems with the event. Most attendees are not going to donate; they never had any intention of donating. Rather, they are just there to fill a seat because someone asked them.

Often these events rely on board members to tap their social and professional networks to fill each

breakfast. Monthly events are a strain on these networks both because board members tire of repeatedly asking their friends and acquaintances to attend events, but also because when it comes time for the most important ask - the one for donations - potential donors already feel as though they've done something for the organization by attending the event and are likely to give less money, if any. Combine this with the cost to buy or cook breakfast and the time to organize the event and what you end up with is a fundraiser that costs more than it will ever bring in.

The Mailer.

In the face of rising costs, growing competition from other means of communication, and the increasing sophistication of donors, the net return on an investment in direct mail just isn't what it used to be.

Another problem with using direct mailings to raise funds, just like with the monthly breakfast, is that it's a method out of context. Direct mail is a marketing technique to sell stuff to as many people as possible. Fundraising, no matter how it's done, is a process for getting a relatively small amount of people to give money without getting stuff. The latter requires relationship building, and the former operates in the absence of a relationship. When the fundraising is undertaken with a marketing mindset, the relationships that fundraising is built on suffer.

Basically, with direct mail, you may get a few small, one time donors, but if you take the time to build relationships, you are much more likely to get larger, long-term donors. While most non-profits need any funds they can get their hands on, in the long run, funds generated through direct mail don't seem quite as valuable as those generated from well-maintained relationships.

These fundraisers do have a purpose - usually they heighten name recognition within the community for the organization; and they can be used to introduce specific donors to the organization in a more meaningful way - it's just that the purpose is less financial than many organizations think.

Many non-profits will be better off if they undertake direct mailings, monthly breakfasts or open houses, and special events with no fundraising expectation at all.

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