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INCREASING INDIVIDUAL DONATIONS AT MILL STREET LOFT

BY

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BS, Binghamton University, 2012

CAPSTONE PROJECT

Submitted in partial fulfillment of the requirements for
the degree of Masters of Public Administration in the Graduate School of
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Executive Summary

As a percentage of its total operating budget, Mill Street Loft's (MSL) individual donations have remained stagnant at 3 percent since 2011. MSL would like to launch new programs and expand program scholarship assistance but is unable to do so because of its small level of discretionary income. This study examines how MSL can enhance fundraising strategies to increase individual donations.

I conducted a series of eight telephone interviews to learn about the fundraising strategies and techniques other arts organizations are using. Seven findings emerged from the data: (1) half of the organizations report their largest special event brings in the most fundraising income; (2) most of the organizations include youth program participants in fundraising activities; (3) a few organizations communicate with donors through phone calls, but most send out e-newsletters; (4) a few organizations use targeted campaigns to raise money; (5) a few organizations are discussing ways to receive donations from alumni program participants; (6) all organizations give donors the option of giving online, and a few organizations have been successful with using crowd-funding websites to raise money; and (7) half of the organizations require board members to give.

The findings above resulted in three recommendations for MSL to consider. These include: (1) involve youth program participants in annual special event and peer-to-peer fundraising opportunities; (2) consider launching a targeted, online campaign; and (3) adopt a "give or get" policy within the board.

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Problem Definition

Founded in 1981, Mill Street Loft is a 501(c)(3) multi-visual arts nonprofit organization based in Poughkeepsie, NY. Mill Street Loft (MSL) strives to change lives through the arts by creating local programs to foster self-expression and support economic development. MSL works to achieve its mission by offering youth and adults a range of opportunities, including summer arts camps, pre-college portfolio development, workforce readiness and skill building, middle school girls' empowerment, and healing through the arts. Through these efforts, MSL continues to bridge gaps within young people and adults of different socio-economic statuses and cultural backgrounds.

MSL is a small organization with six employees and an operating budget of \$900,000. Their revenue comes from program fees (57%), foundations, corporate, and government grants (27%), special events (12%), and individual donations (3%) (Mill Street Loft Audit Report, 2012). Recently hired development director, Maria Pranzo, has worked to increase MSL's individual donations from .05 percent to 3 percent between 2010-2011 (Mill Street Loft Audit Report, 2010 & 2011). However, donations have remained at 3 percent since 2011, and MSL has struggled to find new fundraising techniques that will boost individual contributions.

Gifts and donations are important sources of revenue for nonprofit organizations and subsidize the cost of providing government and non-government programs (Van Slyke & Brooks, 2005). Ms. Pranzo states that MSL uses its individual donations as a source of unrestricted funds, which gives the organization more freedom to expand programs as well as improve existing programs. (personal communication, October 28, 2013). According to MSL's last audit, only 15 percent of the organization's budget comes from unrestricted funds raised by special events and individual donations (Mill Street Loft Audit Report, 2011). GivingUSA (2013) reports the national rate of individual giving to arts and culture grew by \$14.44 billion or

7.8 percent in 2012, the highest growth-rate of all nonprofit sectors. However, from 2011 to 2012, MSL's individual donations only grew by \$2,916, without any significant percentage change (Mill Street Loft Audit Report, 2011 & 2012). Recent national growth in donations suggests there is a new, fresh excitement in giving to the arts, but MSL is unsure how to appeal to this new generation of givers.

The small amount of money MSL has raised in individual donations has limited the organization's ability to implement pilot programs, expand scholarship assistance, and pay for program participants to take part in unplanned special events. According to Ms. Pranzo, MSL would like to offer new programs to the youth and adults they serve but finding the funds to support new program ideas have been challenging (personal communication, November, 27 2013). Ms. Pranzo also indicated that funders are more willing to support programs with proven results than those without. As a result, MSL must rely on discretionary income, or individual donations, to launch new initiatives (M. Pranzo, personal communication, November, 27 2013). However, MSL has not been receiving enough donations to implement new pilot programs (M. Pranzo, personal communication, November, 27 2013).

Each year MSL uses donations, approximately \$25,000, to finance scholarships for Dutchess Arts Camp and Art Institute applicants in need of program tuition assistance. Unexpectedly, the need for scholarship assistance grew to \$100,000 this year, but low donation levels prevented MSL from fully meeting the increased demand (M. Pranzo, personal communication, November, 27 2013).

Furthermore, MSL's narrow donor base inhibits program participants in taking part in unplanned special events that may become available after grant budgets are approved. Such events may include field trips, theater shows, or other experiential learning activities (M. Pranzo,

personal communication, November, 27 2013). MSL wants to sponsor such endeavors that arise while programs are in session, but the organization has been unable to do so. Program budgets are approved by funders a year in advance, which means allocations are already set, so funding for additional activities would have to come from discretionary streams of income (M. Pranzo, personal communication, November, 27 2013). All of these issues ultimately impact the experience of the youth and adult populations served by MSL. Increasing individual donations will assist MSL in providing more opportunities to its clients and furthering its impact on lives through the arts.

Nonprofits should work to prevent, not merely alleviate social problems (Tschirhart & Bielefeld, 2012). Although nonprofits perform the work involved with addressing social problems, it is the support of the community that allows nonprofit work to go forward. MSL's fundraising efforts have mainly targeted their loyal donors who have supported the organizations for many years (M. Pranzo, personal communication, October 28, 2013). Learning new ways to fundraise can help MSL add to its reliable pool of donors, while creating fresh relationships and connections to help address community problems.

The challenge of cultivating a healthy donor base goes far beyond MSL and Poughkeepsie community members. Having the support of a broad base of individual donors is vital to the mission and work of all nonprofits, especially smaller organizations such as MSL. Identifying new fundraising strategies can help nonprofits (1) generate unrestricted income; (2) improve their impact on the lives of constituents; and (3) expand the reach and awareness of the organization by increasing community involvement and support.

In order to help MSL increase the amount of individual donations it receives my capstone will focus on the following question: How can Mill Street Loft enhance fundraising strategies to increase individual donations?

Literature Review

The waning government support of nonprofit programs and services has forced organizations to rely on heavily on alternative sources of income, especially individual donations (Srnska, Grohs, & Eckler, 2003; Van Slyke & Brooks, 2005; Harvey, 1990). In order to help MSL find new fundraising strategies to boost individual donations, this literature review will focus on three key areas: underlying motives to charitable contributions, traditional fundraising techniques, and the new trend of online fundraising.

Underlying Motives for Charitable Contributions

Charitable giving is defined as the donation of money to an organization that benefits others beyond one's self or family (Bekkers and Wiepking, 2011; Amos, 1982; Loy Hui Sheng, 2009). Inter-disciplinary research reveals "pure altruism" as a major motivation to why individuals give to charity (Bekkers and Wiepking, 2011; Van Slyke & Brooks, 2005).

"Pure altruism," originally introduced by economist Gary Becker in 1976 (Loy Hui Sheng, 2009), refers to individuals donating money solely for "the increase in the consumption of others" (Loy Hui Sheng, 2009). In other words, one gives for the sheer benefit of others. However, other theories posit the "warm-glow effect" a donor feels after giving is an added benefit to him/herself, thus making donors motivated by altruism "impure altruists" (Andreoni, 1989). Other identified motives for charitable giving include personal values, political motives,

religious motives, sympathy, and social pressure (Amos, 1982, Ribar & Wilhelm, 2002; Clotfelter, 2002).

Traditional Fundraising Techniques

In addition to understanding why people give, it is important to review current or traditional techniques used to solicit such giving. The first major way charities fundraise is through direct mail programs. Direct mail has become an enormous industry within fundraising. Today nonprofits mail out fourteen billion campaign letters to U.S. households per year (Diamond & Gooding-Williams, 2002). Donor segmentation is found to be highly important when designing a successful direct mail solicitation. Fundraisers generally start with two segments: the acquisition list and the renewal list (Gordon, 1989; Greenfield 1996). The acquisition list includes people who have never given to the organization and the renewal list includes people who have given before. Written appeals from nonprofits range from being cheerful to extremely upsetting (Holbrook & Batra, 1987). Using an attractive, emotionally evocative appeal envelope has greater influence on an acquisition donor's decision to give than on a renewal donor (Diamond & Gooding-Williams, 2002). However, a negative consequence to direct mailings is increasing donor irritation about receiving direct mailings. Sending too many mail requests could be detrimental to a charity's revenues, as donors will feel increasingly overwhelmed and stop giving (Diepen, Donkers & Hans Franses, 2009).

Telemarketing is another major way nonprofit organizations solicit annual contributions. Unlike direct mail, telemarketing can be more personal and allows donors to speak to a representative of the organization (Ciconte & Jacob, 2001). Hosting telethons can also serve as a useful research tool for nonprofit organizations. For example, during phone conversations, volunteer callers can gather information regarding why donors give or why they have chosen not

to give (Sargeant & Kahler, 1999). These details can motivate charities to continue what donors believe are good practices and work to resolve overlooked issues. Although telemarketing is an effective way of raising money, it has become more challenging to execute. As cell phone usage rises, the number of landlines has dropped. In addition, caller ID gives people a greater ability to screen their calls. Both of these reasons have made it increasingly difficult for charities to contact prospective donors today than in the past (Grenzebach Glier and Associates, 2013).

A third way nonprofits fundraise is by putting on special events. A special event fundraiser strengthens the nonprofit's image in the community and recruits and involves volunteers (Hager, Rooney & Pollak, 2006). Special events can bring life to an organization's mission as community leaders, volunteers and supporters gather together for a fun environment hosted by a particular nonprofit (Wendroff, 2004). Goals of special events include to: (1) raise money; (2) educate the organization's constituency on its mission; (3) motivate board members and major givers; (4) recruit volunteers and future board members; (5) expand the organization's network; (6) market the organization; and (7) solicit endorsements (Wendroff, 2004; Grenzebach Glier Quarterly Review, 2013; Webber, 2006, Waters, 2009) Hosting special events is another way for nonprofits to be personally connected with their donors (Hager, Rooney & Pollak, 2006).

Online Fundraising

As government budgets decrease and community needs increase, nonprofit organizations have been pressured to go beyond traditional strategies and explore different fundraising techniques in order to sustain their activities (Hoefler, 2012; GuideStar, 2010; Grace & Wendroff, 2001). Online fundraising is a recent method that has continued to grow each year (GuideStar, 2010). In 2012, online donations rose 14 percent from the previous year to \$2.1 billion in the

United States (Grofum & Flandez, 2013). Researchers agree that the Internet has become a low-cost way for charities to reach more people in fundraising (Chen, Li, & MacKie-Mason, 2006; Sargeant, West, Jay, 2007). Online fundraising models allow nonprofits to expand their donor base, spread awareness of their causes and needs, and rally financial support (Chen, Li, & MacKie-Mason, 2006).

In addition to reaching a wider audience, online giving is reported to be an effective way for nonprofits to acquire new donors (Saxton & Wang, 2013). By hosting a website, organizations of all sizes can enter the global market of potential donors and allow people to learn about the organization and donate at the same time (Chen, Li, & MacKie-Mason, 2006). Some organizations find first-time donors who give online make gifts that are roughly twice as large as those who give for the first time through direct-mail (Grofum & Flandez, 2013).

The social media platform has become a rapidly growing sector of online fundraising. Social networking sites such as Facebook, YouTube, and Twitter, allow people and organizations to participate in online discussion, connect with others, and create and share information (Nah & Saxton, 2012; Halligan, 2010). Social fundraising has shifted traditional nonprofit communication: from one-way communication, organization to constituents, to a two-way conversation between an organization and its social network (Lewis, 2013; Nah & Saxton, 2012). For example, rather than waiting to learn about an organization through a direct-mail campaign, potential donors could use Facebook or Twitter to start dialogue and discover more about the organization on their own. Social media has also helped cultivate peer-to-peer fundraising. This occurs when individuals donate to an online campaign and then encourage their personal web networks to give (Saxton & Wang, 2013; Lewis, 2013; Grofum & Flandez, 2013;

Sargeant, West, Jay, 2007). Through social fundraising techniques, donors can become advocates and ambassadors of the organization's cause.

The literature discusses why people give, traditional fundraising techniques, and the rising trend of online fundraising. I have used this information to develop my methodology for answering the research question: How can Mill Street Loft enhance fundraising strategies to increase individual donations?

Methodology

To gain an in-depth understanding of how other organizations approach fundraising, I developed a qualitative research design for this study. My research involved eight semi-structured phone interviews with development directors of local arts organizations throughout the U.S. Before contacting any of the participants I received approval from the Institutional Review Board of Human Subjects Research Review Committee at Binghamton University to ensure high ethical standards and practices throughout the study (see Appendix A for approval letter). Data collection occurred from March 25, 2014, to April 4, 2014.

Data Collection

To identify new fundraising strategies for MSL I conducted semi-structured phone interviews. Interviewees were development directors from organizations comparable in size and mission to MSL. With oversight from the MSL development director and my academic advisors, I decided to identify my sample through the online nonprofit database GuideStar. The GuideStar website is a database of all registered nonprofit organizations in the U.S. To expand the breadth of the study, I drew my sample from the national pool of local arts organizations.

I used GuideStar to collect and review 990 tax forms. From this information, I compiled a list of 40 organizations that were similar in mission and had a budget within five percent of the size of MSL's budget. Next, I visited each organization's website and found the contact information for the development director or development representative. Then, I placed the organizations' names in a Microsoft Excel spreadsheet and used the random number formula to assign each organization a number and sorted the list from lowest to highest. From this list, I selected the first 20 organizations to participate in the study. I sent the randomly selected development directors an email introducing who I was and explaining the purpose of the study and asking for their participation. However, out of this group, only four people agreed to be interviewed. I then extended my sample to the remaining twenty organizations and secured four more interviews. After securing each interview I sent follow-up emails and made phone calls to schedule a date and time for the phone interview.

Before each interview, all individuals verbally consented to participating in the study. I protected participant privacy by promising confidentiality to each interviewee. I consulted the MSL development director and relevant literature to develop fifteen open-ended interview questions. The questions focus on the fundraising strategies the organization uses, which strategy has been most successful, and which strategy was most effective in attracting new donors. The interviews lasted between 30 and 65 minutes and explored each organization's overall fundraising approach (see Appendix B for complete interview instrument).

Data Analysis

I used thematic coding to analyze my interview data. The thematic coding process involves examining interview notes and responses and sorting them based on the similarities and differences in their content. I taped each interview and took handwritten notes. I organized my

notes by interview question and began to search for themes and patterns. Since open-ended questions can yield a variety of responses, I allowed themes to emerge from data, rather than guiding my analysis with predetermined theme categories. For example, the interviews revealed the use of special events, targeted campaigns, and board contributions as major ways to raise money. I will elaborate and discuss more in my Findings section.

Strengths

One strength of my research approach was the use of multiple tools to collect my data. Reviewing 990 forms helped me determine the financial profile of prospective organizations and decide whether or not they fit the sample criteria. The use of phone interviews helped minimize the time and travel I needed to spend doing the interviews. Using a semi-structured interview format allowed me to gain a deeper understanding of other fundraising techniques and helped the interviewees feel more at ease, as questions were asked in a conversational tone. Also, I was able to clarify any questions participants didn't understand and I could ask follow-up questions to learn more about an interesting fact they mentioned. This would not have been feasible using a survey instrument.

Limitations

Although reviewing 990 forms and conducting interviews were the most feasible and practical ways of collecting data for this study, there are a few issues and concerns that limited this research method. The main issue involved the extent of data I was able to collect from the 990 forms. In addition to identifying each organization's budget size, I wanted to use the 990 forms to track the amount of individual donations each organization has received over the past four years. However, I was unable to do this because the 990 form lists individual contributions

and private grant contributions together as one amount. As a result, I could not report any trends with individual donations for the interviewed organizations.

Aside from this issue, a major concern, despite participating organizations being similar in budget and mission, is that certain fundraising strategies may not be as feasible for MSL to implement as they are for the other organizations. Another concern is that interviewees may have varying years of experience and that may have limited their ability or the extent to which they could answer some of the interview questions, especially if they had not been in their current position very long. Furthermore, by developing a sample that focused on organizations with similar missions, I may have missed organizations outside of the arts that are using effective fundraising strategies that could be used by MSL.

Core Service Values

Through the Masters of Public Administration program at Binghamton University I have learned about a number of core public service values that will influence my life and career going forward. My methodological approach largely relate to three service values: accountability, transparency, and sustainability. My methodology maintained a high degree of accountability, as I had to receive approval from Institutional Review Board of Human Subjects Research Review Committee (HSRRC) at Binghamton University before performing any research. The HSRRC requires anyone whose research involves human beings to submit their research plan and methodology before beginning their study. Once the HSRRC ensures that the humans' rights and safety will not be compromised by the study, they send an approval letter allowing the researcher to begin their project (see Appendix A). Undergoing this process held my study accountable to the regulations and expectations of the HSRRC, while increasing the transparency of my research approach. Also demonstrating the value of transparency, I asked development directors

for their oral consent before each interview. I carefully explained the subject and purpose of the project, their right to skip any question, and asked for their permission to tape record our conversation. This helped ensure that I was transparent with interviewees about the purpose of my study and my research method. Sustainability is the third major service value to influence my methodology, particularly when drafting interview questions. It was vital that the questions I asked interviewees aimed to collect the information needed to identify new fundraising strategies for MSL to remain sustainable. In addition, my overall research question was influenced by sustainability. Researching ways for MSL to enhance its fundraising strategies could help the organization become more financially secure, so it may continue to carry out its mission within the community.

Findings

Based upon thematic analysis of data collected through eight phone interviews with development directors of different arts education organizations, I have identified seven key findings listed below. This section will describe each finding in more detail.

1. Of the organizations interviewed, half report their largest special event brings in the most fundraising income.
2. Most of the organizations include youth program participants in fundraising activities.
3. A few organizations communicate with donors through phone calls, and most send out e-newsletters.
4. A few organizations use targeted campaigns to raise money.
5. A few organizations are discussing ways to gain donations from alumni program participants.
6. All organizations give donors the option of giving online, and a few organizations have been successful with using crowd-funding websites to raise money.
7. Half of the organizations require board members to give.

Finding 1: Of the organizations interviewed, half report their largest special event brings in the most fundraising income.

Out of eight interviewed organizations, four host special events following the more traditional, banquet style and four organize more informal, casual special events. The findings show the informal events tend to engage guests on an interactive level. One development director said her organization's annual event involves collaborative art making, where older youth (high school aged) participate as art teachers and work with guests to create different art pieces. This interviewee went on to say, "It's nice to see someone in a suit get engaged by picking up a marker or a paintbrush." Another development director explained their organization's event featured "a seventeen piece band and professional dancers who did a demonstration and taught a lesson with the guests, it was a lot of fun." Three of four organizations that put on a formal annual event say it is their most successful fundraiser, in terms of individual donations. However, only one of four organizations that put on informal events say it is the most successful fundraising strategy. This may suggest MSL should continue using the traditional, formal model for their largest, annual event.

Finding 2: Most of the organizations include youth program participants in fundraising activities.

The findings show that six out of eight interviewed organizations involve the young people they serve in fundraising activities. Three organizations include a youth component in their large annual event and three engage young people through peer-to-peer fundraising tactics.

Special events: All three organizations that include youth in their annual special event agree that involving young people adds to the success of the event. One respondent said:

We usually have a youth component. In the past we've had a youth performance to kick-off the evening. We also have a youth honoree, who talks about the impact of the program. These are ways to get our young constituents represented in the room.

Another interviewee explained that including young people in the special event helps donors see who their money is going to benefit, thus making the cause more tangible. This organization has students participate in the major event by "ushering, checking people in, talking with people about auction items, or introducing awards through the night." The development representative went on to say, "this helps create a nice one-on-one connection for donors and constituents."

Peer-to-Peer Fundraising: Three organizations have involved the young people they serve in the rising trend of peer-to-peer fundraising as detailed in Saxton & Wang (2013). Peer-to-peer fundraising events are usually all supporter-run and organized with little to no staff involvement. In this case, these three organizations had events where the fundraising was mainly constituent-run. One development director explained that their older, high school students organize a small annual event that involves improvisational stand-up comedy and musical performances. The students are in charge of everything from creating props and promotional materials to advertising. Another respondent described their peer-to-peer fundraising event as:

Current and past program participants raise money to perform in short ten minute plays. The more they raise, the more roles and larger parts they get. Those who want to participate pay a \$25 registration fee for commitment and we provide them with their personal web portal for their friends and family to support. Donations range from \$50-500.

The third organization uses the peer-to-peer model for programming reasons instead of fundraising. The interviewee reported they allow their young constituents to hold free "open-mic nights" in their gallery space. Although the direct purpose isn't to raise money, these events may increase the organization's visibility in the community, which might attract potential donors, thus indirectly raising funds for the organization.

Finding 3: A few organizations communicate with donors through phone calls, and most send out e-newsletters.

Two of the eight organizations use phone calls as a way to communicate with donors. Although they are not telethon phone calls, these phone conversations may still reveal significant information from donors and their decision to give or not (Sargeant & Kahler, 1999). One development director said, “Occasionally, I call major donors to check-in and update them on our programs. It’s important to maintain the relationship through communication.” Another organization plans to do thank you phone calls a month before this year’s annual appeal. This development director said:

This year we plan to have board members and some volunteers do thank you phone calls before our annual appeal. We simply want to thank people for their previous support and end the conversation without soliciting them. I think it will be a nice surprise for donors because they’re so used to being asked for money

Seven of the eight interviewees also reported their organization uses e-newsletters to communicate with donors. Due to lack of capacity, one organization is unable to send out e-newsletters at this time. The information sent through e-newsletters tends to be general organizational reminders, such as information about upcoming events, or specific program updates. For example, one interviewee said “we personalize them [the e-newsletters] so donors feel they are fully apart of the work. We aim to use our monthly newsletters [as a way] to make things tangible and real for donors by featuring testimonials and the impact of our programs.”

Finding 4: A few organizations use targeted campaigns to raise money

Three organizations have successfully raised money by using targeted campaigns. A targeted campaign usually has a deadline and focuses on a specific program the organization wants to raise money for or a specific amount of money it wants to raise, or a combination of both. These types of campaigns can help an organization narrow its cause for support and the “ask” it makes to its donors. One interviewee commented that the deadline helps “gives them [the donors] more of a push to participate now, rather than later.” This interviewee discussed their success in launching a targeted annual appeal. They presented how much money they wanted to raise, asked for help, and gained \$50,000 in donations. Separate from their general annual appeal, another organization sent out a direct mail campaign specifically geared toward raising money for summer camp scholarships. Through this campaign they raised \$80,000 in individual donations. The third interviewee mentioned their organization’s history of using program specific campaigns and plans to launch another one this spring to raise money for their camp scholarship fund.

Finding 5: A few organizations are discussing ways to receive donations from alumni program participants.

Four of the eight organizations interviewed graduate students from their art programs. Three of these four have discussed the idea of developing a fundraising strategy that targets these alumni students. Currently, these three organizations have loose, informal relationships with alumni program participants, but none have formally approached these alumni requesting donations. In an effort to initiate a fundraising relationship with alumni, one organization discussed having a party or “get together” for students when they return home from college. Another organization is “trying to put together an alumni association and have them meet

periodically.” This development director went on to say, “we just sent out a survey [to alumni participants] to gather updated contact information, gauge interest regarding the alumni association, and learn how the organization’s program has affected their lives.”

Finding 6: All organizations give donors the option of giving online, and a few organizations have been successful with using crowd-funding websites to raise money.

Online fundraising is a growing method within the nonprofit sector (GuideStar, 2010). My findings are consistent with this. All of the development directors said their organization’s website has a donation page. Most of the organizations that send out e-newsletters provide the link to their website’s donation page in the newsletter. Three of the eight organizations have recently revised and reconstructed their website to be more user-friendly. One of the remodeled websites gives donors the option to sign up for monthly giving, this option seemed to be received well by donors.

None of the organizations have done a successful social media fundraising campaign, but one organization has used social media (Facebook and Twitter) to advertise and enhance their annual appeal. Outside of social media, three organizations have benefited from using crowd-funding websites to raise money. One respondent said they raised “\$10,000 to go toward program expenses using Kickstarter.” Another interviewee said her organization is “currently using Kickstarter to raise \$4,000 to go toward a 3D printer. It looks like we’re going to meet our goal because we are only \$300 away with ten days left.” A third development director mentioned having success in the past with the crowd-funding site Razoo, and plans to use it again this year.

Finding 7: Half of the organizations require board members to give.

Four of the eight organizations require board members to support the organization through giving. These board members give according to their organization's 'give or get' policy. This policy requires each board member to donate or fundraise a certain amount of money annually. Two of the organizations have a hard "give or get" policy where board members are the amount of money they are required to give. The other two organizations have a soft "give or get" policy, where board members are required to give a gift of personal significance. With a gift of personal significance each board member defines what a significant contribution would be for themselves and "gives or gets" that amount. One interviewee explained, "board members are required to 'give or get' \$1500 per year. Some do this by throwing local happy hour fundraising events." At another organization board members contribute by paying a set annual membership fee. This development director said, "Board members are required to become members of the organization. With the annual board membership fee of \$500, they get a 20 percent discount at local art stores and music shops." The remaining two organizations with soft "give or get" policies instruct board members to give an annual gift of personal significance or whatever is meaningful to them, individually

Recommendations

Based on my findings above, I am making three recommendations to help MSL increase individual donations. These recommendations include: 1) involve youth program participants in annual special event and peer-to-peer fundraising opportunities; 2) consider launching a targeted, program specific online campaign to raise money for summer art camp scholarships; and 3) adopt a policy that requires all board members to "give or get" at a level of personal significance.

Recommendation 1: Involve youth program participants in annual event and peer-to-peer fundraising opportunities.

Based on Finding 2, I first recommend MSL involve youth program participants in the annual special event by honoring a young person from one of their programs. Finding 2 shows the majority of organizations incorporate their youth constituents in fundraising either through the annual special event or other peer-to-peer fundraising events. Including a youth honoree could help MSL reveal to its donors the face behind the organization's cause. Involving young people in this way could also enhance MSL's effort to demonstrate impact and remain accountable to donors. Remaining accountable to stakeholders, one of Binghamton's MPA core service values, is especially important when trying to retain current donors and appeal to prospective donors. If implemented, the youth honoree could be a current program participant or an alumni participant. During the annual event, the current program participant could speak on the impact MSL has on their life thus far. If the honoree is an alumni participant, they could speak about their experience as well as how MSL has helped them get to where they are in life. Hearing the stories of these young people could help donors put in perspective the impact of MSL programs and may inspire them to give larger donations at the event and in the future.

In addition, Finding 2 indicates three of the interviewed organizations use either peer-to-peer fundraising or programming models. With this, I also recommend MSL create a peer-to-peer fundraising initiative that allows youth participants to organize and manage their own fundraising event. During interviews, one organization mentioned they allow their students to hold open-mic nights in their gallery space for programming purposes. MSL could adopt this type of event and use it as a small peer-to-peer fundraising opportunity. Young people could name the event, design flyers, set a small admission fee (around \$5) and advertise to their

friends, family, and community at large. Hosting this type of event could help shift youth participants from constituents to ambassadors of MSL while showcasing local talent in the arts.

Recommendation 2: Consider launching a targeted, online campaign to raise money.

Based on Findings 5 and 7, I recommend MSL consider launching a targeted, program specific online campaign outside of its general annual appeal. As reported by GuideStar, online fundraising is a recent method that has continued to grow each year (2010). This online campaign could be an email or Kickstarter campaign specifically dedicated to raising money for program scholarships. As mentioned earlier, Finding 5 shows that organizations have raised a considerable amount of money when they narrowed the focus and presented a specific goal to donors. Launching a targeted scholarship campaign with a specific goal will help MSL communicate the urgency and need in this area of the organization. MSL could use the campaign as way to explain the growing demand and need for scholarship assistance mentioned in the Problem Definition section.

Finding 7 reveals the success some of the organizations have had with crowd-funding online campaigns websites. I suggest MSL assess whether it is feasible for the organization to use the Kickstarter website. Although two of the organizations have experienced high impact on individual donations using Kickstarter, they have done so at a high risk. Through Kickstarter, money is only awarded to the beneficiary if the entire goal is met. If MSL decides to run the campaign through email this would remove the third party and allow MSL to receive all donations made. However, the reach of the campaign may be limited to those in the MSL database. I recommend discussing the advantages and disadvantages of both options and decide which approach makes the most sense for launching a targeted online campaign.

Recommendation 3: Adopt a “give or get” policy within the board.

Based on Finding 8, I recommend MSL adopt a “give or get” policy within its board. Implementing this kind of policy would create another source of individual donations, while raising the stake board members have in MSL. I suggest the MSL development director propose a soft “give or get” policy, where board members give a gift of personal significance. Since there currently is not a policy like this in place, board members may be more inclined to approve this proposal if it allows them to define what a meaningful gift is for them rather than being forced to give a specific amount. Giving or fundraising at a rate of personal significance would be an added effort for board members’ to show their commitment and dedication to MSL. Similar to one of the interviewed organizations, board members who choose to fundraise could do so by hosting happy hour events at local restaurants or maybe host a small luncheon event at their home. MSL could also offer board members the option to do a combination of giving and getting. With this option, board members can donate a portion of their own money and fundraise the rest of their contribution.

Conclusion

Increasing individual donations is vital to continuing and advancing the mission of MSL. With shrinking government funding and an aging donor pool, MSL must find new ways to gain community and monetary support. The findings and recommendations in this capstone project may help MSL identify new fundraising strategies and ultimately increase individual donations.

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Appendix A

Date: March 7, 2014

To: Anreka Gordon, CCPA

From: Anne M. Casella, CIP Administrator
Human Subjects Research Review Committee

Subject: Human Subjects Research Approval
Protocol Number: 3226-14
Protocol title: *Enhancing Mill Street Loft's Fundraising Strategies*

Your project identified above was reviewed by the HSRRC and has received an Exempt approval pursuant to the Department of Health and Human Services (DHHS) regulations, 45 CFR 46.101(b)(2) .

An exempt status signifies that you will not be required to submit a Continuing Review application as long as your project involving human subjects remains unchanged. If your project undergoes any changes these changes must be reported to our office prior to implementation. Please complete the modification form found at the following

link: http://research.binghamton.edu/Compliance/humansubjects/COEUS_Docs.php

Principal Investigators or any individual involved in the research must report any problems involving the conduct of the study or subject participation. Any problems involving recruitment and consent processes or any deviations from the approved protocol should be reported in writing within five (5) business days as outlined in Binghamton University, Human Subjects Research Review Office, Policy and Procedures IX.F.1 Unanticipated Problems/adverse events/complaints. We require that the Unanticipated Problems/adverse events/complaints form be submitted to our office, found at the following

link: http://research.binghamton.edu/Compliance/humansubjects/COEUS_Docs.php

University policy requires you to maintain as a part of your records, any documents pertaining to the use of human subjects in your research. This includes any information or materials conveyed to, and received from, the subjects, as well as any executed consent forms, data and analysis results. These records must be maintained for at least six years after project completion or termination. If this is a funded project, you should be aware that these records are subject to inspection and review by authorized representative of the University, State and Federal governments.

Please notify this office when your project is complete by completing and forwarding to our office the Protocol closure form found at the following

link: http://research.binghamton.edu/Compliance/humansubjects/COEUS_Docs.php Upon notification we will close the above referenced file. Any reactivation of the project will require a new application.

This documentation is being provided to you via email. A hard copy will not be mailed unless you request us to do so.

Thank you for your cooperation, I wish you success in your research, and please do not hesitate to contact our office if you have any questions or require further assistance.

cc: file

Kristina Lambright

Diane Bulizak, Secretary

Human Subjects Research Review Office

Biotechnology Building, Room 2205

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Appendix B

Interview Instrument

1. Describe the special events that your organization uses to raise money.
2. Outside of special events, what other fundraising strategies does your organization use to raise money?
3. What has been your overall most successful fundraising strategy and why?
4. Now, what has been the most effective strategy used specifically to attract new donors?
5. Has your organization developed a fundraising strategy to encourage alumni participants (or mentors) of your programs to contribute to your organization?
6. If so, what strategies did you use to implement alumni giving?
7. In regard to donor retention, how do communicate with current donors, how often?
8. To what extent has your organization incorporated online giving into your fundraising?
9. What does your organization do to remain visible within the community?
10. To what extent do you use board members to help raise funds for your organization?
11. What is the average age of your donors?
12. What percentage of your organization's budget accounts for individual donations?
13. What percentage of your organization's budget is allocated to fundraising activities?
14. What is your organization's average donation amount? What has been the highest donation amount?
15. You've given a lot of great information, is there anything else you'd like to tell me?