



Uncovering Hidden Wealth for Your Nonprofit, Especially in Emerging Minority Markets

Where is the new money? What are the keys to finding it?

BY RON MIRENDA

Deep pools of wealth are being created today, particularly within the rapidly growing Latino and African-American communities. The challenge is to identify and connect with these new donors—not an easy task, nor one that can be successful using only the old tried-and-true fundraising methods.

Why has prospect identification become so important?

Most organizations' fundraising goals are growing faster than known prospects can support. At the same time, individual wealth has increased so dramatically that there are untapped opportunities among all levels of donors.

Wealth also has become much more fluid and dynamic. We have moved from primarily old-industry, old-family money to "new" money. Today, 85% of this country's wealth is privately held. Moreover, wealth levels in minority communities are growing at exponential rates, so nonprofit organizations need to learn more about this important segment of wealth.

Let's look at a few facts about our country's minorities to get a feel for their philanthropic potential:

- **By 2050, half the U.S. population** will be communities of color.

- **By 2010, Latinos** will make up 13.8% of the population with 41.1 million people.

- **Home ownership by minorities** increased 42% from 1994-1997.

- **Latinos' buying power** is rising faster than any other group, from \$223 billion in 1990 to \$490 billion in 2000.

- **In 2002, minorities** had 18.1% of the nation's disposable income.

- **In Los Angeles and Orange counties alone**, there are 280,000 minority-owned businesses, which generate \$34 billion in annual revenue.

Nonprofits need to improve their access to information about these emerging markets and to harness technology to regularly update their understanding of minority philanthropic potential. If they don't, nonprofits will be left behind in a cloud of missed opportunities and canceled programs.

How do you seek out the new wealth?

It is estimated that 6.5 million millionaires live in this country. Approximately 2% of households represent this

"top wealth," but nearly all nonprofits have a higher percent of these top-wealth households as contributors.

Here are techniques to help you zero in on this new wealth:

- **Do more intensive and frequent screening** of your prospect database. Find business owners and entrepreneurs previously unknown to you.

- **Focus more on individuals**, remembering that 85% of the wealth is privately held.

- **Scan local business publications** for information on emerging companies and their owners.

- **Pay attention** to your long-time, regular, smaller donors.

- **When possible**, especially when going into a campaign, use an electronic, database-screening product, such as Prospect Information Network (PIN), to help you identify that small percentage of top donors who will ensure your success.

How do you find minority prospects?

Finding new wealth in minority markets takes some extra groundwork. Here are ways to start laying that foundation:



- **Become familiar** with the ethnic demographics of your community and your constituencies.

- **Seek out and read** key minority publications, such as the *Black Business Journal* or *Hispanic Business*, especially those targeted to the Latino and Hispanic markets.

- **Know the difference** between the terms “Hispanic” and “Latino” and when to use them in various regions of the country.

- **Join** minority chambers of commerce.

- **Focus on involving more women**, especially those in business, in your organization.

- **Remembering that people give to people, recruit** important and recognized minority individuals to your organization. People with connections wield great influence in their ethnic communities.

- **Involve leaders of color** in your organization’s fundraising strategic planning. Have them craft a systematic approach about giving traditions and patterns. For example, the Hispanic Bar Association and the African-American Lawyers Association have been instrumental in gathering pledges for scholarships.

- **Become involved with local churches** that have largely minority populations. Support for their churches is extremely important to African-Americans and Latinos.

- **Package programs** to appeal specifically to prospects of color. According to research by the W.K. Kellogg Foundation, minorities tend to support children, the elderly, and direct services rather than a general, institutional appeal. Of course, always ensure these programs are an integral, budget-relieving part of your mission delivery.

- **Hold relevant educational sessions** specific to your mission but targeted to minorities. For example, if you are a hospital, hold seminars on diabetes targeted to Hispanics, who suffer the disease at a rate considerably higher than Caucasians.

How do you cultivate these new prospects?

Once you’ve found minority prospects, what’s the next step? The most successful organizations still pay attention to the fundamentals of fundraising: strong case, good organizational leadership, careful cultivation plans, and the right solicitor for each prospect. Some organizations may need additional consulting help as they reach out to this new group of prospects.

Minority prospects have high potential as donors but may currently have a weak bond to your organization. Learning how to involve them will be rewarding for both the individual and the organization.

Minority donor or not, nonprofits still need to develop a strong relationship with the prospect. The key is finding the right individual who can influence the prospect. This is especially true in communities of color, where trust is an important issue.

Therefore, nonprofits must create a meaningful cultivation plan for these new minority prospects. Remember the five R’s of successful major gift fundraising:

- Is the Right Person asking
- the Right Prospect for
- the Right Gift amount for
- the Right Project at
- the Right Time?

The basic fundraising strategy is similar when working with minority constituencies. To be successful, however, requires carefully designed and implemented relationship building.

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CREATIVE FUNDRAISING IDEAS

Get Beyond the Closed Door

Does it seem as if you're waiting in line to see people of wealth? You can identify hidden philanthropists by learning to recognize subtle "giving signals." For example, a signal from one man was evident when he arrived at church to give his donation, having missed the Sunday collection basket. He later provided a million-dollar gift. See *Hidden Assets* (Jossey-Bass, San Francisco, www.josseybass.com).

Send a "Pre-Approach" Letter

Telemarketing remains an extremely effective fundraising tool. The key is to send an advance letter notifying prospects that you will be calling. This letter sets the stage for a positive response by phone—and you may even receive a gift by mail, making the call unnecessary.

Use the Affinity Model

Affinity fundraising focuses on donors' lifetime accumulations of funds, including insurance, stocks, bonds, and real estate. Using this model, your first task is to ascertain a prospect's willingness to make estate gifts. Once they make this decision, you can solicit them for other types of giving. Such an approach opens up a much greater pool of money than traditional methods.

Resources

Alford, Jimmie, *Resource Development Videotape*.

Conejo, Carlos, "Managers Must Become Multicultural," *Nonprofit World*, Vol. 20, No. 6.

Mirenda, Ron, "Increase Your Gifts with Moves Management," *Nonprofit World*, Vol. 21, No. 2.

Muehrcke, Jill, ed., *Fundraising and Resource Development, Leadership Series*.

Remley, Dirk, "Relationship Building: Guaranteeing the Future," *Nonprofit World*, Vol. 14, No. 5.

These resources are available from the Society's Resource Center, www.snpo.org.



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