



Make the Overseas Leap to Raise More Funds

International fundraising can enhance your mission while bringing in more donations. Here's how.

BY ERICA WAASDORP

Expanding fundraising beyond your borders may seem daunting at first. But if you ask the right questions and develop the right answers, it can be very worthwhile. Here are questions to ask and answers to light your way.

Why raise funds internationally?

- **International fundraising will broaden your organization's mission** and build awareness while raising more funds.
- **If your organization already has an office abroad**, it makes sense to expand your fundraising there. The infrastructure already exists, and development becomes, in essence, just another department.
- **International fundraising offers growth potential**, especially if your cause hasn't yet penetrated other markets.
- **Your board may like the idea** of being represented in a number of countries.
- **You may attract more local support** by showing you have a reputation for good work elsewhere.

Are you ready?

- **Make sure your organization is well established at home**, with money to invest over the long term. Acquiring

new donors costs money, and it will take time to break even. So, you must be prepared to make a significant investment not just in the first year but for a number of years.

- **Take a look at the exchange rates** and check how your current accounting system is set up to ensure that adding another country to the mix isn't a problem.
- **Be prepared to conduct extensive research** into issues such as how each country has historically responded to fundraising and the nature of the overall economy. While such research can be costly, it's worth every penny—especially if you want to expand into more than one country.
- **Ensure that personnel are available** and that they have the training, experience, and resources needed to make the right decisions.

What steps should you take?

1. Pick a target country in which to start your fundraising efforts. Be able to back up your choice. It's not enough to select a country just because the board wants it.

2. Visit your target country, on-line and in person. Read about it. Go to conferences there. Talk to people who live in that country and who have expert knowledge about it.

3. Check out other organizations that are active in your target country, especially in your type of cause. If your organization is the fifth cancer charity entering, it's going to be easier to compare, but it may be harder to raise funds. How are other organizations doing? What are they doing? You'd be amazed how



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willing people are to share “war stories” as long as your cause isn't immediately competitive. In fact, sharing information with you may even help their fundraising efforts.

4. Examine the “giving” culture in your target country. Do they give small gifts often (as in the Netherlands) or do they give big gifts less often?

5. Estimate the expenses of setting up an office in your target country.

6. Decide how to direct the fundraising. Will it be handled from U.S. headquarters or from the office in your target country? You need to make this decision before you hire someone to run the office abroad.

7. Provide plenty of PR support to establish your organization's name in your chosen country and communicate your message well. The last thing you want is for your organization to get bad press. If that happens, it's virtually impossible to build the name back up, a fact that's even more true when your organization is a foreigner in another country.

8. Decide what fundraising methods to use in your target country. Is direct mail an option, or are other approaches better? In some countries, postal service isn't very reliable, so mail doesn't get delivered, and responses don't make it to the organization. Also, nonprofit postal rates don't exist in most countries, so postage cost can be high. Thus, many organizations use door-to-door canvassing and personal contacts rather than direct mail.

9. Seek legal advice on how to register your organization. Look for someone who's familiar with regulations and customs in your target country.

10. Obtain the best tax and accounting advice available. Use an accounting firm in your target country. Rules for financial reporting are different abroad and are sometimes quite harsh. For instance, some countries have very strict rules on how much money can be spent on fundraising versus program expenses and how many years are allowed as “investment” years before red flags go up and scrutiny of the organization increases. Accountants in your target country will be familiar with these

situations. Try to find a firm that's familiar with your organization here and has offices overseas. That will save some education.

11. Learn how things are done in your target country, asking the following questions:

- **What standards** regulate fundraising in your target country?
- **What payment types** and currency are used?
- **Are you aware of cultural sensitivities** in your target country? (In Japan, for instance, you shouldn't start a conversation until the Japanese person looks you in the eye.)
- **If you plan to send direct-mail appeals**, what are the production, sizing, and personalization options? Will you need more space after translating your direct-mail copy into another language? (For example, German takes up 20% more space than English.) Use someone who can translate and write copy, preferably with a fundraising background so you don't get a translation that's not really a fundraising appeal. If in doubt, have it translated back into English to ensure that it says what you want it to say.
- **How will you obtain** your mailing lists? Are list exchanges allowed? In most countries outside the U.S., nonprofit rates for lists are unheard of, so you can expect to pay a lot more for mailing lists. (In Germany, for instance, the average list costs \$350 to \$450 per 1,000. Fortunately, response rates tend to be higher as well.)
- **On your response devices**, will you ask people to use postal forms or checks for their donations? Many countries (including Mexico, Germany, the Netherlands, and Italy) use postal forms and deposit monies directly into an organization's so-called giro account, so you need to set up data-transfer arrangements to be able to receive donor information.
- **How will you handle** data entry? If the bank takes care of data entry in the case of postal forms, this will save on data entry at the organization.
- **What are the privacy** standards? Check with the DMA in your target country.
- **What amounts** do fundraisers for other organizations in your target country typically ask for?

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12. Prepare a budget based on a test and rollout options.

13. Assume that *everything* in your target country is different from what you're used to and must be checked.

14. Get expert advice from an agency or consultant who knows the pitfalls and opportunities of international fundraising.

15. Once you've started and donations are coming in, be sure your local and international offices communicate with each other. Some organizations set up regular meetings between offices to compare notes and learn from each other. Be sure everybody uses and understands the same lingo and jargon within the organization. This is especially important in countries where they've not yet used much direct mail or where they've not built an extensive database. In these cases, they may not be familiar with the extensive jargon of fundraising.

16. Be patient. An international effort can't be set up in a few months. Be committed and willing to meet new challenges. And now, let the international fundraising fun begin! ■

Resources

Koenig, Bonnie, "Is It Time for You to Go International?," *Nonprofit World*, Vol. 16, No. 3.

Lauer, Larry, "Nonprofits Going Global: Opportunities and Problems from a Communicator's Perspective," *Nonprofit World*, Vol. 13, No. 6.

Vartorella, William, "Test Your Board's Global IQ," *Nonprofit World*, Vol. 17, No. 3.

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

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A Truly Global Presence

The nonprofit sector is a major economic force in the world, as a new study (John Hopkins University's "Global Civil Society At-a-Glance," www.jhu.edu) makes clear. In the 26 countries for which researchers have assembled data, nonprofit organizations account for:

- \$1.2 trillion in expenditures
- 31 million full-time equivalent workers, or 6.8% of the nonagricultural workforce, including 19.7 million paid workers and 11.3 million volunteer workers
- six times more paid employees than work in the largest private firm in each of these countries.

The United States doesn't have the largest nonprofit sector in the world, as people often assume. In the Netherlands, Ireland, Belgium, and Israel, nonprofit paid employment is a larger share of total employment than in the U.S.

Nonprofit organizations aren't restricted to any one region. They are present in virtually every part of the world. While the nonprofit sector is larger in developed countries, it is also a significant force in parts of the developing world. The nonprofit sector in the developing world goes well beyond the "NGOs" that have long attracted the bulk of the attention and includes schools, hospitals, and other organizations. In the countries for which information is available, employment in nonprofit organizations is growing three times faster than overall employment.

On average, volunteers account for 2.4% of total nonagricultural labor, or over one-third of nonprofit labor. In Sweden, Norway, and Finland, volunteers account for over half the nonprofit workforce.

Private philanthropy—from individuals, corporations, and foundations—accounts for only 10% of nonprofit income worldwide. Fees and other commercial income make up 51% of all nonprofit revenue. Public sector payments account for 39% of total nonprofit revenue. These revenue patterns vary considerably by regions. In only one region besides the U.S. (Central Europe) is private giving much more than 10% of nonprofit income.