



Before You Plan Where to Go, Find Out Where You Are

Here are six challenges to inspire your organization to new heights.

By Mark Mitchell & Thomas J. Anderson

Stephen Covey, author of the widely-read *Seven Habits of Highly Effective People*, encourages us to begin with an end in mind. One problem, however, is that you may lack a clear understanding of where you are before beginning the journey to where you want to go.

You say you want to improve your brand image. Great! What's your current brand image? You'd like to improve donors' knowledge of your services. Super! What's their level of knowledge now?

You may have clear desired outcomes. But do you know your starting point to get there? Once you establish the present, you can better plan for the future.

Charitable Challenge #1:

What information do you need to make sound decisions for your organization? Can a local college or university help?

Before moving forward with new promotional programs, the Coastal South Carolina Chapter of the American Red Cross wanted to obtain a measure of its existing brand

image, along with consumer knowledge of its service offerings. For help in gathering this information, the Red Cross turned to us (the Department of Management, Marketing, and Law at Coastal Carolina University in Conway, South Carolina).

In response to the local Red Cross's request, we collected the data needed to craft the organization's strategic plan.¹ In this article, we've summarized our results as a demonstration for your marketplace (hint: go to your local university and find a research partner!) and as a series of challenges to energize your organization.

Charitable Challenge #2:

What is your baseline brand image? How does it compare to your peer organizations?

To limit bias in people's responses, our study used a disguised-purpose format; that is, respondents were asked to evaluate seven charitable organizations (not simply the Red Cross). We chose the following as peer organizations for the Red Cross: American Cancer Society, American Heart Association, Habitat for Humanity International, March of Dimes, Salvation Army, and United Way of America. We used five statements to evaluate the

brand image of the Red Cross and its six peer organizations:

- The organization's mission is consistent with my personal beliefs.
- The organization puts resources raised locally back into my local community.
- The organization uses donated resources efficiently.
- The organization makes it easy to donate in support of its efforts.
- The organization has a respectable reputation in my community.

We used a 5-point scale (5 = Strongly Agree, 1 = Strongly Disagree) to assess the components of brand image. Mean scores were computed (high value of 5.0 possible for each dimension). Assuming an equal weighted value to each dimension (20% of 100% total), we can combine these mean values to create a measure of brand image (highest possible value = 25 (5.0 for each of the five variables listed above). The average rating for all seven charitable organizations examined here was 20.40 (range of 19.38 - 20.87). The Red Cross now has a measurement of its brand image and knows that it compares well to peer organizations.

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Hint: go to your local university and find a research partner!

Charitable Challenge #3:

What is your program-expense ratio? How does it correspond to your peer organizations? Does it meet donors' expectations?

A critical factor for many donors is the amount a nonprofit uses for administrative expenses relative to what it spends on mission-directed activities. Charity Navigator (www.charitynavigator.org) monitors and reports these program-expense ratios. For the organizations profiled in our study, program-expense ratios are reported in Figure 1.

We asked survey participants what they considered an appropriate program-expense ratio. Two-thirds expected a program-expense figure greater than 80% (that is, they believed over 80% of a nonprofit's budget should go to mission-related activities and less than 20% to administrative expenses). Only two of the seven profiled organizations—the Red Cross and United Way—actually achieves this target. Thus, the Red Cross now knows that it exceeds most of its peers in this category of great importance to donors.

Figure 1. Program-Expense Ratios for Red Cross & Its Peer Organizations

Organization	Program Expense Ratio
American Cancer Society	70.2%
American Heart Association	76.8%
American Red Cross	91.1%
Habitat for Humanity International	75.4%
March of Dimes	75.1%
United Way of America	93.8%
Salvation Army	Not available*

* Many religious organizations are not required to submit IRS Form 990, making independent audit of their financial health inaccurate.

Charitable Challenge #4:

What outcomes of your work do donors see? What tangible outcomes of your work could donors see?

Focus group research (and subsequent survey pretests) suggested five reasons people give to charitable organizations:

- to see **tangible evidence** of results from donations
- to **designate** the specific use of donations
- to **donate** to long-established organizations
- to **receive periodic updates** on the use of donations
- to **be recognized** for donations.

Survey respondents were asked to rate each of these reasons on a 5-point scale (5 = Extremely Important, 1 = Not Important at All). These five reasons, responses, and the standard deviation (a measure of dispersion) are provided in Figure 2.

Only one reason yielded a mean response greater than 4.0: the desire to see tangible evidence of results from donations. Clearly, donors want concrete proof their resources are being used well.

Figure 2. Why People Give

Statements	Mean Response (Std. Deviation)
The desire to see tangible evidence or results from my donation.	4.20 (0.98)
The desire to designate the specific use of my donation.	3.85 (1.02)
The desire to donate to long-established organizations.	3.65 (1.11)
The desire to receive periodic updates on the use of my donation.	3.44 (1.21)
The desire to be recognized for my donation.	2.05 (1.26)

Charitable Challenge #5:

Does your organization let donors pinpoint how they want their money used? Are potential donors aware of this option?

One of the main reasons people donate to a particular organization is the ability to designate how their contributions will be used, as Figure 2 shows. In Figure 3, we report the results of another survey question: Which organizations do you believe give you the option of designating your donations for specific purposes?

As you can see in Figure 3, the Red Cross had the highest percentage of respondents reporting correct knowledge of their donation designation option. A relatively high number of respondents (about half) were unsure whether their donations could be designated for a specific purpose for all organizations.

The Red Cross now has a baseline of donors' knowledge about their ability to designate donations. As a result of this survey, the organization also has a potent marketing tool for future campaigns.

Figure 3: Donors' Knowledge about Which Organizations Will Let Them Designate their Donations' Use

Organization	REALITY	Can Designate Use of Donations	Cannot Designate Use of Donations	Don't Know
American Cancer Society	Cannot Designate	24%	18%	58%
American Heart Association	Cannot Designate	18%	21%	61%
American Red Cross	Designate	43%	14%	43%
Habitat for Humanity	Designate	30%	15%	55%
March of Dimes	Designate	16%	20%	64%
Salvation Army	Cannot Designate	24%	20%	56%
United Way	Designate	33%	15%	52%

Continued on page 18

Charitable Challenge #6:

Is your service portfolio well known? Is the public's perception of your services accurate?

To gain a baseline of public (and potential donor) knowledge, we developed a list of services provided by the Red Cross. (We included some “dummy services” to see if respondents believed such services were actually provided.) Survey participants responded most positively to the following statements:

- The Red Cross provides disaster relief services (flood, hurricanes, wildfires).
- The Red Cross provides family members outside of disaster areas the opportunity to communicate with their affected families.
- The Red Cross provides assistance to families affected by home/apartment fires.
- The Red Cross provides safety training (CPR, life-guard, first aid) to the community.

Other existing services (such as babysitter training and communication with military personnel) had lower levels of awareness. Also, many wrongly assumed the Red Cross was involved with organ donation (while it handles about half of the nation's blood supply, the Red Cross has nothing to do with organ donation) and that the Red Cross provided food and housing assistance for emergency workers (in fact, the Red Cross doesn't furnish emergency housing for workers and gives them food only in special situations). The key outcome here: The Red Cross now has facts on which to plan informative communications about its services.

Find Your Own Baseline

As the Coastal South Carolina Chapter of the American Red Cross charted its future course, we sought to provide the organization with a baseline measure of its existing brand image, brand perceptions, consumer attitudes, donor motives, and knowledge of its services. The issues faced by our local Red Cross may be similar to

Two-thirds of respondents expected a program-expense figure greater than 80%.



One of the main reasons people donate to a particular organization is the ability to designate how their contributions will be used.

your operating challenges. If so, we hope the research described here provides you some insights.

We urge you to accept our Charitable Challenge #1: Determine your information needs and contact a local college or university for help. As profiled in earlier issues of *Nonprofit World*, institutions of higher learning have much to offer you.² And you have much to offer them. You bring a laboratory of reality that students and professors can use to demonstrate methods (such as the research methods we used here), evaluate existing theories, or test hypotheses.

Whether or not you link up with such a partner, please accept our Charitable Challenges #2–#6. Use our methods to replicate this study for your use. The key: You need facts. Gather information, act on it, and assess the impact. Go back later and measure the same items to see what changes occur over time. Continuous improvement is a process, not an event. We wish you a productive journey. ■

Footnotes

¹A self-administered questionnaire was developed and used in this study; 485 responses were collected. Over 50% of respondents reported prior involvement with charitable organizations, including having made financial contributions, donated time, or participated in fundraising events.

²See “Provisions for the Voyage” below.

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Provisions for the Voyage

For help in building sound organizational strategy, check out these *Nonprofit World* articles, available at www.snpo.org/members:

- **Using Surveys & Focus Groups to Gather Market Data** (Vol. 13, No. 3)
- **Looking for a Win-Win Partnership? Look to the University** (Vol. 18, No. 4)
- **Brands: They Need to Work Just as Hard as You Do** (Vol. 20, No. 1)
- **Universities Offer Marketing Research Key** (Vol. 4, No. 1)
- **How to Conduct Focus Groups** (Vol. 17, No. 5)
- **Quick & Dirty Research** (Vol. 19, No. 3)