



Numbers Needed: Five Reasons to Use Financial Data in Fundraising

Are your accountants involved in your fundraising efforts? If not, you're missing a potent communication tool.

By Holly Scheuble



In most organizations, fundraising plans are created without input from the finance staff. And why should they be? How would financial information, other than a budget, contribute or impact a fundraising campaign or strategy? Financial information isn't known to inspire creative ideas nor provide a deeper understanding of people and what motivates them. So why bother using it in fundraising? For five simple reasons:

1. Set Goals

The factual nature of financial information makes it a perfect benchmarking and goal-setting tool. Financial data can provide a true assessment of an organization's fiscal landscape and be used to set attainable goals.

For example, you can compare financial data from the previous year to determine how much you need to raise in the current year. Such comparisons will help you develop better budgets and set reasonable goals—important components to any fundraising plan. Proper budgetary details lead to better decisions, which lead to better fundraising results.

2. Allocate Effort

Financial information is a vital element when determining a campaign's effectiveness. Most organizations evaluate a campaign's cost vs. the amount raised to determine the campaign's return on investment. This assessment provides an over-

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view of a single campaign but can also be used to determine overall fundraising success.

Although a good overall indicator, return-on-investment (ROI) information leaves many essential details undiscovered. You can gather much more detailed information on your fundraising efforts by incorporating financial data into the evaluation mix. Does direct mail bring in significantly more than what it costs, or does it barely break even? Do constituents write checks and, if so, do they do it on a regular basis or just during certain appeals? How much did a certain group or individual donate? To which appeals did these people respond? Is the organization on track to make its goal? Are there enough funds to cover rent and operations costs? This type of financial data provides a way to understand constituents' behavior as well as determine which fundraising tactics are most effective.

3. Be Accountable

By now everyone has heard the troubles one organization or another has endured related to mishandling funds. These stories have led many donors to question how their dona-

tions will be spent. Providing financial data is the single most important way for organizations to demonstrate accountability.

Understandably, many organizations have been hesitant to share financial details, but the reality is that donors want to know. And to keep donors donating, you need to make them feel part of the organization and minimize skepticism by being open and honest about fiscal matters.

With modern technology, organizations can integrate financial systems with their online giving applications, letting donors view their individual giving reports. Thus, donors can see exactly how much they have given and how much of that went to administrative costs, specific campaigns, or certain programs.

Likewise, nonprofits can use technology to communicate individually with a donor on the impact of a specific gift. The personalization and impact of these messages, combined with the willingness to share such information, will serve as a tool to demonstrate accountability and build donor trust.

4. Communicate with Constituents

Building on the idea of accountability, financial data can be used as a reason to communicate with stakeholders. Organizations are constantly searching for new and relevant information to share with their constituents to maintain top-of-mind awareness. Because today's constituents are bombarded by messages from zillions of organizations, you

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need to stick out and communicate value. Financial information isn't the typical message constituents have come to expect, which is one reason it's so powerful. It lets constituents know, see, and understand the impact of their donations. It demonstrates the difference your organization has made and serves as a tool to grow and build the constituent relationship.

Not only does financial information share facts, but it can also be used as a motivational tool, encouraging constituents to attain an identified goal. It may be just what people need in order to click the donation link or write the check.

5. Increase Donor Affinity

The final and probably most important reason to incorporate financial information into fundraising efforts is to increase donor affinity—the primary goal of every organization. By sharing financial information with your constituents, you open the conversation. You convey the trust required to sustain a long-lasting relationship.

When you demonstrate trust with constituents, you'll find that constituents will open up and reciprocate that trust. Trust is one of the most effective ways to build donor affinity.

Team Up with Your Accountant

Although finance and accounting teams haven't traditionally been involved in fundraising strategy, the output these teams produce is vital. Your accountants might not be able to brainstorm a new, fun initiative or fundraising campaign, but they have the information that can help make your next fundraising project a success. ■

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RESOURCES

Allen, Nick, "Using E-Mail & the Web to Acquire & Cultivate Donors," *Nonprofit World*, Vol. 21, No. 1.

Austin, Gene, "Ten Ways to Raise More Funds Over the Internet," *Nonprofit World*, Vol. 24, No. 4.

Barnes, Martha, "Reducing Donor Fatigue Syndrome," *Nonprofit World*, Vol. 24, No. 2.

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

These resources are available at www.snpo.org/members. Also see Learning Institute programs on-line: Resource Development (www.snpo.org/lino).

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