

Top 3 Fundraising Risks



By

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Without fundraising, nonprofits would not exist. Ironically, fundraising itself can jeopardize our missions if we seek funds improperly or thoughtlessly. In the paragraphs below we explore three familiar fundraising risks.

- 1. Failure to anticipate donor trends:** Donors' wants and expectations change over time. Today's donors generally expect a quick acknowledgement of their support and greater transparency about how their support brings your mission to life. When you fail to anticipate how donor preferences might be evolving, you run the risk of losing long-time donors to a competitor. Follow these tips to anticipate and adapt to mercurial donor desires:
 - *Recognize the changing donor engagement model:* According to the Stanford Social Innovation Review, nonprofit benefactors expect highly personalized communication and engagement from nonprofit beneficiaries. Provide your donors with frequent communication and opportunities to volunteer or engage in fundraising contests. Today's donors also want to be kept in the loop, so share financial and strategic decisions publicly when possible.
 - *Get to know your donors:* Communicate with your stakeholders to understand their needs and wants. What do they expect from you? Do they want something in exchange for donations? Monitor donor attitudes and preferences over time. Reach out to potential donors using a fresh, personalized message tailored for your new audience.
- 2. Falling prey to viral fundraising pitfalls:** We all love the hype surrounding massively successful viral fundraising campaigns. Wouldn't it be great to engage hundreds of thousands of donors in a single day? Miracles do happen, but as you design your campaigns, be wary of viral fundraising risks. Fundraising has become a complex, multi-faceted process requiring diverse strategies and communication platforms. Donor demographics are less stable, as well. Nonprofits face unpredictable donor longevity, and unclear pathways to engaging patrons in deeper engagement. Perhaps the most worrisome pitfall is that donors have their own control and influence in a nonprofit's viral fundraising. A Twitter campaign may rock your world until a concerned donor tweets about your fundraising expenses. How can your nonprofit protect itself from viral fundraising risk?
 - *Respond to donors' negative comments:* Failure to respond or saying "no comment" allows donors to fill the silence with rumors and accusations. Smart nonprofit leaders invite donors' critical feedback; accepting feedback can strengthen donor relationships and enhance the nonprofit's operations. Monitor communication pathways for shifting donor attitudes; be ready to control viral backlash by responding quickly and caringly to negativity.
 - *Engage donors with entertainment:* The hottest viral campaigns seem to have one thing in common: FUN! Many donors love contests, timed fundraising campaigns, and opportunities to engage in advocacy or charitable action. Donors also love to participate when nonprofit leaders personally engage in programs, fundraising, and donor outreach. Show your face and inspire your

donors with entertainment.

3. **Improper use of restricted gifts:** Most of us know that some donations come with ‘strings’ attached. If a donor requests a gift be spent on a specific program or project, your nonprofit better make sure the money goes there. Donors may become angry or request the return of a gift that was allocated improperly. This may lead to legal action or public perception that your nonprofit spends funds unethically. Manage restricted gifts using the tips below:
- *Establish a Gift Acceptance Policy:* Formalize a policy to help you deliberate on the ‘strings’ before you accept a gift. Clarify donor requirements and formalize a contractual gift acceptance agreement. The agreement will hold you accountable and provide confidence to your donor.
 - *Only accept gifts that principally benefit the nonprofit:* Beware of gifts that support the donor more than the nonprofit itself. Selfish donations do exist, and nonprofits should steer clear of dramatic donors who seek limelight or ego-boosts.

To manage all top 10 fundraising risks, check out the webinar, “[Donors, Not Danger: Managing Fundraising Risks.](#)”

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