Keep the Crunch but Avoid the Bite in Sales and Fundraising

By Erin Gloeckner

Resource Type: Risk eNews

Topic: General

At a Risk Summit held in Chicago, we featured a workshop exploring the “sales” and “customer service” roles of nonprofit risk managers. The session was well attended by leaders keen to learn how to promote sound risk management and excel in serving the needs of constituencies within their organization. When I was a little girl I joined a Girl Scout troop and soon discovered that even at a young age, I was indeed in “sales.” Each year I took on the job of selling cookies to my neighbors. The fact that several neighbors told me they looked forward to my annual delivery of delicious Thin Mints made “selling” fun.

Looking back I realize that I wasn’t entirely tuned in to the fact that I was selling happiness through carbohydrates. I saw the activity as a straight-line path to earning valuable prizes. I regarded the opportunity to gain confidence and learn adolescent business-savvy as minor, secondary benefits. As a member of the NRMC staff team, I can now see that cookie sales represent a vital revenue stream for one of the most successful nonprofits in the country. And I can also appreciate that the cookie sales business has downside risk as well as sweet reward.

Increasingly, sales-oriented fundraising programs are the lifeblood of community-serving nonprofits. And the nonprofit sales force of today includes young participants, senior volunteers, and even members of the board. As you scrutinize your sales programs and strategies, keep the following risk tips in mind.

1. **Variety adds spice and safety**. A frequently overlooked downside risk is to rely too heavily on a single revenue stream. Many factors and influences beyond your control can negatively impact sales. From extreme weather to a determined competitor or poor timing, making the sale is never a sure thing. Manage this risk by considering a wide range of possible events that could sideline your campaign, and identify practical contingencies or detours.
2. **Think big but keep it real**. Whether you’re planning a brand new campaign or an update on a proven strategy, remember to dip your projections in a sticky coat of realism. Pie in the sky projections will be of little value when it’s time to count the Benjamins. Be ambitious but realistic when estimating your sales and determining what you’ll need to spend to make the sale.
3. **Get a wide-angle view**. Few sales-based fundraising campaigns have a single purpose. Reflect on the multiple benefits of your efforts beyond generating funds, such as raising awareness for your cause and mentoring ambassadors for your mission. When you overlook these additional benefits of fundraising you risk a narrow, one-note result.
4. **Do your homework before setting out**. When I was a Girl Scout I learned about having a plan before

leaving the house. My plan included the list of neighbors with a preference for Thin Mints over store brands, a commitment from a trusty adult to accompany me, and a clever line to "up-sell" the neighbor who consistently expressed an interest in "just one box." Your fundraising plan might include legal advice about how sales will be acknowledged, whether income from sales will be unrelated business income subject to UBIT, and how you will address concerns about the quality or reliability of the products or services you will be selling under your nonprofit's respected banner.

Looking back on my days as a cookie saleswoman, I realize that a few risk management insights would have helped my cause. Instead of earning that packet of temporary tattoos, maybe I would have walked away with the giant teddy bear I coveted. There's always next year.

Erin Gloeckner is a former staff member of the Nonprofit Risk Management Center.