

Effective Fundraising for Effective Nonprofits

In early 2010, [Hope Consulting's "Money for Good"](#) research looked into the motivations, behaviors, and preferences of 4,000 individual donors making 10,000 donations. Results indicated that **nine out of ten donors say that nonprofit performance is important** yet only three out of ten do any research before giving. **Only three out of 100 research to find a high performing nonprofit.**

["Money for Good II,"](#) a follow-up project in 2011, completed by Hope Consulting in partnership with [GuideStar](#), set out to dig deeper into donor behavior and to imagine ways of driving dollars to high performing nonprofits. For this round of research, more than 5,000 individuals, 800 philanthropic advisors, and 700 foundation grant-makers were surveyed.

We found that many donors do want information to inform their philanthropic choices, particularly on the effectiveness of nonprofits they have never before supported. But they have specific desires and needs around what that information is and how it is delivered.

Not surprisingly, donors are pressed for time. **Giving them only what they need** and not making them wade through information they don't care about is critical. **They care about your impact.** Over two-thirds of those we surveyed are very interested in effectiveness and they want the full picture, not just the ratio of overhead to direct program expenses. More than half of the respondents were looking for roughly ten pieces of information in four categories: **impact, use of funds, legitimacy, and mission.** And they want this information **delivered in transparent ways**, preferring "Consumer Reports-style" reviews and information portals over "simple ratings" by a 2:1 margin. The vast majority of **donors who research get the information from the nonprofit itself.** But **53 percent of donors** say that in the future they **would like to get data from an intermediary**, such as GuideStar.

Based on what we learned, our recommendations for high-performing nonprofits during the year-end giving season are:

- 1. Update your profile.** Keep your profile on GuideStar up-to-date and complete through our [GuideStar Exchange](#) program. Not only are growing numbers of donors and advisors looking for this information, but GuideStar also powers other increasingly influential portals, such as [Network for Good](#), and is the basis for the internal research tools many philanthropic advisors and community foundations use today;
- 2. Chart your impact.** Overwhelmingly, donors embraced initiatives like Charting Impact that provide them with answers to questions they care about in a consistent format. Complete your Charting Impact Report at www.chartingimpact.org as soon as possible and then let people know about it. Reference the report in your year-end mailing. Feature a link on your home page. Include it in your email signature;
- 3. Focus on outcomes.** While many donors have been conditioned to care only about overhead ratios, [we know](#) from our research that they are interested in a fuller picture. Shift the conversation from overhead to impact by focusing on how you're achieving your mission. Tell compelling stories and share hard data about the change you are making in the world;
- 4. Tell your story!** Seek expert reviews from organizations like GuideStar's [TakeAction resource center](#), which provides expert analyses on more than 25 international, national, and local causes, and [Philanthropedia](#), a subsidiary of Guidestar, as well as stakeholder reviews through [Great Nonprofits](#), and showcase them in your communications. Push this positive information out where donors will see it, like your website and email signature;
- 5. Connect.** Even for donors taking a more critically informed approach, giving remains for the most part an emotional experience. It is therefore as important as ever for you to know and to understand the motivations of your donors. The original ["Money for Good"](#) report offered the most comprehensive examination of individual donors in over 15 years, and offers data and tips to connect with unique segments of donors; and
- 6. Follow-up.** Donors want to ensure that nonprofits are using their donations appropriately. Following up with them on how you have used the funds will help you continue to engage with donors and provide them useful information

We hope that you find [the new study](#) useful, and wish you all the best this holiday season!

www.guidestar.org/moneyforgood