



**Mellon**



# Discover Total Resources

A Guide for Nonprofits

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Mellon is pleased to share with you this award-winning resource development guide for nonprofit organizations. **Discover Total Resources: A Guide for Nonprofits** is neither a textbook nor a directory. It is, rather, a descriptive checklist to be used as a guide, or self-audit, by boards, staff and volunteers to assess the degree to which they are tapping a full range of community resources: people, money, goods and services.

Over 400,000 copies of **Discover Total Resources** have been distributed and we continue to receive requests daily. Requests have come from every state, Washington, D.C., Puerto Rico, the Virgin Islands, Canada, South America, Russia and Europe. Requests have come from organizations, board members, volunteers, resource centers, libraries, public agencies, professionals with nonprofit clients, foundations and many others.

Hundreds of readers have volunteered positive comments. One New York consultant to nonprofits referred to **Discover Total Resources** as "a fine piece of work, a genuine storehouse of ideas and suggestions for nonprofits." Another fundraising professional with 25 years of experience told us that she had "never seen a better resource document." A national health agency requested additional copies because "it is such an excellent guide that we wanted to share it with our chapters across the country."

Mellon Financial Corporation thanks the many organizations and individuals who shared their creativity and knowledge in the production of this guide.

We also wish to acknowledge the hard work and dedication of our colleagues in the nonprofit and for-profit sectors whose efforts enhance the quality of life for all of us.

To receive additional copies of **Discover Total Resources**, please copy, complete and mail the order form provided on the last page.

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# Introduction

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The more things change, the more they stay the same. There is no better example of this time-proven paradox than the charitable nonprofit\* organization. The greater the change in external forces—government policies, economic and social conditions—the greater the need for internal strength and flexibility. Not every nonprofit survives. The established fail along with the new. Those that make it have a number of characteristics in common. Perhaps foremost is the *ability to make the most of community resources*.

The purpose of this guide is to help you—board members, staff, volunteers—discover resources and techniques that Mellon has seen used effectively by a variety of nonprofits. We want to change your way of thinking... take you beyond traditional “checkbook philanthropy” to the concept of *total community resources*.

To make our point, we’ve shifted from the traditional emphasis on volunteers, corporations and foundations to focus on total resources—*people, money, goods and services*.

We offer a *checklist of resources and techniques* to help you reduce your vulnerability and increase your opportunities. Many suggestions will apply to you. Some will not. We hope everyone will gain something, if only new insight into an old problem.

Please *share the guide* with others. In fact, we urge you to routinely share ideas and experiences with your colleagues in other organizations. Our goal is a nonprofit sector that is *stronger, smarter and better able* to meet the community’s needs.

The information and examples presented are based primarily on our experience in Pittsburgh, Pennsylvania. We believe the basic principles to be universal, however, and encourage you to look for similar applications in your community.

*Note: Statistics and organization activities are accurate as of 2000.*

*\*For the purposes of this guide, the term “nonprofit” is limited to those organizations specified as “charitable” by the Internal Revenue Code.*

# CHAPTER 1

## Self-Discovery

*Self-examination* is the first step toward discovering total community resources. Determine who you are, where you want to be, and what you need to get there.

This evaluation should occur regularly—at least *annually*. More often in times of stress. The examination should be both *internal and external*, involving feedback from everyone connected with your organization. And it must be *honest*. You have to answer difficult questions and face hard realities. The result will be greater strength and flexibility, regardless of external factors.

Table 1 offers a checklist for evaluation.

**Table 1: Self-Examination**

- Can you state your purpose in two or three sentences?
- What are your major accomplishments?
- What community need do you serve?
- Whom do you serve? (age, sex, race, income level, etc.)
- What services do you provide?
- Does everyone who could benefit from your services know how to obtain them?
- Who delivers your services? (paid staff, volunteers)
- How is staff evaluated? Are strong performers rewarded and weak performers encouraged?
- What are your strengths and weaknesses in each service area?
- What other organizations (profit or nonprofit) provide the same services?
- What is your performance rating compared to other providers?
- Can you demonstrate public demand/support for your services?
- What are your short- and long-term goals?
- Are they consistent with your purpose and services?
- Were your goals developed with input from:
  - Board?
  - Consumers?
  - Contributors?
  - Members?
  - Staff?
  - Volunteers?
  - Consultants?
- Do you have an action plan, which includes:
  - Program objectives for each service?
  - Performance schedule?
- Do you have an annual marketing/communications plan?

**Table 1: Self-Examination  
(cont.)**

Will your goals require a change in:  
Number/Type of persons served?  
Services?  
Staff?  
Financial support?  
Volunteer support?  
Other?

Are you using technology effectively?

What internal and external factors could have a positive impact on your ability to achieve your goals?

What factors could have a negative impact?

What are your funding sources?

Memberships?  
Service fees?  
Income-generating activities?  
Individual donors?  
Federated campaigns?  
Businesses/Corporations?  
Foundations?  
Government?  
Religious organizations?  
Other?

What non-cash support do you receive?

Volunteers?  
Goods?  
Services?  
Other?

If you answered “no” to many of these questions, or couldn’t complete them, encourage your organization to commit more time to *planning and evaluating*. Planning and evaluating should occur *concurrently with resource development*. A healthy organization continually reviews program goals in light of available resources and other external factors. It’s this ability to *adapt resources* to needs that distinguishes the *successful*.

# CHAPTER 2

## Discover Total Resources

The concept of “total resources” isn’t new. It’s been around as long as supply shortages. Successful nonprofits have discovered that you don’t have to deplete one resource to look for another. To the contrary, you should carefully manage a *variety of resources*. The more the better.

Start inside your organization. Through self-examination (Table 1), determine your needs. Then identify all available resources. Again, begin within your nonprofit and move outward into the community at large. Staff, directors, volunteers, members, consumers—all are valuable *renewable resources*. So are others who share your cause... and everyone who benefits from your service, directly or indirectly.

You will discover that resources are available through numerous sources, and that sources offer multiple resources. The result is *interconnecting units of community resources*. The four major resource groups—*people, money, goods and services*—work together and independently to meet community needs.

Table 2 offers a listing of *resources and sources*, beginning with those closest to your organization and moving outward to the community. Adapt it to your needs. The four major resource groups will be discussed in subsequent chapters.

**Table 2: Total Community Resources**

Board of Directors  
 Employees  
 Members  
 Clients  
 Consumers  
 Family and friends  
 Alumni  
 Auxiliaries  
 Contributors  
 Volunteers  
 Retirees  
 Neighbors  
 Vendors  
 Civic groups  
 Small businesses  
 Corporations  
 Doctors/Lawyers/Other professionals  
 Foundations  
 Government (city, county, state, federal)  
 Schools/Colleges/Universities  
 Unions  
 Professional organizations  
 Police/Fire/Emergency departments  
 Political organizations  
 Religious organizations  
 News/Entertainment/Media  
 Other nonprofits  
 Internet/World Wide Web

Every source has the *potential* to provide every resource—people, money, goods and services. You must decide how to acquire those resources, in the right combination, to meet your particular needs. But first, discover all the possibilities.

# CHAPTER 3

## People

*People are the key* to all resources—money, more people, goods and services. For the purpose of this guide, people resources will be defined as persons giving their time free of charge, for a minimal fee, or for payment by a third party on a nonprofit's behalf.

Because people are everywhere, know everyone and do everything, their resource *potential is unlimited*. The challenge is to discover how to utilize the most people, in the best combination, to your organization's greatest advantage.

Start with Table 3, which lists primary people resources and sources. Review the list with your organization in mind. Are you taking advantage of every resource? Have you tried all sources? Have you done the *unconventional*, e.g., asked a vendor to serve as director? Consider all the possibilities.

Once you've considered the possibilities, use the chart to develop two profiles: one, current resources; two, needed resources. Plan a strategy for obtaining the people resources you need. Your degree of success depends on your creativity and organization. A summary of the primary people resources and some basic clues follows.

**Table 3: People**

#### RESOURCES

Board of Directors  
Volunteers  
Consultants  
Loaned executives  
Interns

#### SOURCES

Employees  
Members  
Clients  
Consumers  
Family and friends  
Alumni  
Auxiliaries  
Contributors  
Volunteers  
Retirees  
Neighbors  
Vendors  
Civic groups  
Small businesses  
Corporations  
Doctors/Lawyers/Other professionals  
Foundations  
Government (city, county, state, federal)  
Schools/Colleges/Universities  
Unions  
Professional organizations  
Police/Fire/Emergency departments  
Political organizations  
Religious organizations  
News/Entertainment/Media  
Other nonprofits  
Internet/World Wide Web

**BOARD OF DIRECTORS**—*Leadership prize indicators.*

A strong, informed board of directors is fundamental to any organization's success. It's essential to every aspect of your operations. Whether advisory or administrative, the board has the power to exert a positive—or negative—influence on everything you do. Don't settle for less than the best.

The ideal board is made up of skilled, dedicated persons actively involved in your organization or community and sincerely committed to your purpose. It represents a broad range of community interests and skills, e.g., business, community service, financial, legal, philanthropic and political.

Board members must be chosen according to how they can help—as donors, fundraisers, policy makers or advisors. Everyone should have something to offer—money, time, expertise or valuable contacts. Nonprofits no longer can afford the luxury of inactive board members.

A few clues toward developing a better board:

- Be creative and practical in your selection. Avoid cliques. Consider all sources in the resource list. Don't be afraid to try the unconventional.
- List assets by individuals, e.g., financial expertise, consumer experience, important contacts, money.
- Make sure members are familiar with your organization's history, purpose and services. Provide an information packet including your constitution, bylaws, organizational structure, budget and other planning documents. Offer retreats, seminars, site visits and similar learning experiences.
- Tell members what's expected of them, including a board charge and individual assignments.
- Make a wish list of needed resources: people, money, goods and services. Ask directors to help secure these resources.
- Provide regular updates on important issues, events and resource needs. Ask again for guidance and support.
- Don't underestimate the value of the board. Make use of every one's assets.
- Show appreciation. Treat members to a recognition event. Reward outstanding efforts with a special award or presentation.
- Limit membership terms to generate fresh ideas and prevent leadership stagnation.
- Consider creating a special ad hoc advisory group to supplement your board for special purposes, such as major construction campaigns. Honorary celebrity chairpersons are effective in this role.

**VOLUNTEERS**—*Time is more than money.*

Volunteers are the cornerstones of America's nonprofits. Most owe their origins to individuals who cared enough about a community service to donate time to make it available. Some still are totally volunteer operations. Most use volunteers to supplement paid staff. *Every nonprofit needs volunteers.* Volunteers are touchstones to the community, reinforcing the fact that an organization is important enough to warrant their valuable time.

Volunteers are changing. They're becoming more aware, more selective about the things they're willing to do. They still want personal rewards, but some are asking for flexible hours, reimbursed expenses, training and practical experience.

This doesn't mean volunteers won't continue to do the basics—stuffing envelopes, selling tickets, baking goodies. But many hope to find opportunities for greater personal expression and growth. The organization that appreciates all of their talents will win their allegiance.

To begin, develop an action plan. Make a list of all the ways you use volunteers. Review the people list in Table 4 and note how each source category might be helpful to you. *Dare to dream* of the ideal volunteer program and go after it. Some clues that may help:

- Survey staff to determine the need for volunteers. Remind them that no job is too large or too small.
- Develop volunteer job descriptions and training procedures.
- Itemize groups within the primary people categories, for example:  
*Professionals*—attorneys, doctors, artists, accountants, corporate retirees;  
*Schools*—instructors, students, parent groups;  
*Civic groups*—Kiwanis, American Association for Retired Persons, Junior League and so on.

Continue to list within lists until you get to individual names.

- Ask other nonprofits about their volunteer programs. Offer to share volunteers, if appropriate.
- Plan a recruitment strategy, including personal visits, phone calls, letters, newsletter articles, posters, brochures, public service announcements, etc.
- Tap volunteers available through community volunteer programs.
- Give all volunteers information about your organization, including your mission and goals. Don't forget practicalities, make sure volunteers know who to report to, where the fire exits and bathrooms are, etc.
- Train those unskilled at assigned tasks. Provide ongoing supervision and encouragement.

- Treat volunteers as if they are paid staff. Assign real responsibilities and hold volunteers accountable.
- Regularly inform volunteers about expenses that may be tax-deductible, e.g., mileage, parking fees and toll, donated money and goods.
- Show appreciation in every way possible: coffee and donuts, thank you notes, newsletter features, recognition dinners, special awards, etc.
- Try to smile through the no-shows and simply-socializers. The pluses of a good volunteer program really do outweigh the minuses.
- Have fun! People will volunteer more if they enjoy the experience.

#### CONSULTANTS—*Jacks of all trades and masters of some.*

Though consultants fall into several *people* categories—directors, volunteers, loaned executives—they're important enough for special mention. The successful nonprofit considers consultants *essential* to its operations. Consultants offer both short- and long-term benefits. Consultants also provide an organization greater depth and credibility.

If possible, obtain consultants free of charge or at someone else's expense. When you must pay, at least ask for a nonprofit discount.

Broaden your concept of consultants to include everyone with a skill or knowledge to benefit your organization—professionals, tradespeople, merchants. Ask an electrician to donate electrical plans for a capital building project. Ask an accountant to help modernize your bookkeeping system. Review every aspect of your operations—facilities, staff training, marketing, fundraising, etc. Ask appropriate experts to help make them better.

Consider everybody. No one is too important to ask. If one prospect is too busy, ask for a referral to someone else. Keep asking until you get what you need. Remember special interest groups such as professional organizations, unions and retired executives.

Be flexible, creative and considerate. Make it easy for a consultant to give an hour, a week, a month, or whatever time is available. Remember that a brief consultation by phone can be extremely effective for short-term solutions, but long-term progress requires a greater time commitment. Learn to know the difference.

#### LOANED EXECUTIVES—*If they don't have the money, ask for their time.*

One people resource with lots of room to grow is the loaned executive. A loaned executive is an employee "loaned" by a company to a nonprofit in lieu of a monetary donation. The employee is loaned for a specific purpose and for a set period of time, ranging from a week to a year. The company continues to pay normal salary and benefits directly to the individual. Loaned executives work at either the company or nonprofit site, or both, according to the terms of the agreement.

Some loans take the form of an executive exchange. For example, a corporate specialist might serve as a guest lecturer of a college course, while the regular instructor learns about the latest in corporate technology. Both the college and the company gain through higher-quality graduates as entry-level employees.

Loaned executives are *not easy to come by*. They are not tax deductible as a contribution, and represent a considerable expense to their employer. Therefore, you must prove they're worth the company's effort. Companies are becoming aware of the positive impact of community service programs on their employees' lives and productivity. It's your job to hasten their awareness, to your advantage. The following clues may help:

- Find the corporate connection. List all the ways your organization helps Corporation X, directly and indirectly. Also list all the ways their executives can help your organization, to your mutual benefit.
- Present your executive wish list to the appropriate corporate representative: community relations director, personnel manager, various departmental managers. It varies by company. First contact the department most closely tied to your need.
- Use personal contacts whenever possible. Ask members, consumers, directors, everyone associated with the organization for names, phone numbers, introductions.
- Keep trying till you succeed. Follow through with a thank you and a final progress report, listing the benefits to your organization, the corporation and the community.
- Make executive assignments worth their time and talents.

#### INTERNS—*Making inexperience work for you.*

Though nonprofits and for-profits alike debate their value, there's no doubting the resource *potential* of interns. Generally, they are students nearing graduation or individuals seeking a career change. They offer their time at no charge, or for a stipend, in return for practical, on-the-job experience. The internship usually is limited to the length of a school term or its equivalent.

Some businesses and nonprofits complain that interns require too much management, and that they're no sooner trained than they're gone. Because of their potential, both as workers and future contacts in the community, *interns are worth the effort*. Increase your chances for success with the following clues:

- Allow adequate lead time—at least several months or one semester.
- Contact local colleges, universities, institutes, technical schools and job advisory services. Compile a list of available internships and their requirements.

- Develop a job description listing specific projects and tasks.
- Meet with the intern program manager and prospective interns. Discuss individual requirements, goals, time schedule and rate of payment (if paid position). Don't neglect the basics: dress code, work hours, etc.
- Provide ongoing supervision, guidance and evaluation. Be candid about strengths and weaknesses.
- If possible, assign specific work projects, rather than general duties. Projects are easier to manage and evaluate ... and more meaningful to the intern.
- Remember that you're in charge. Don't take the easy way out by doing it yourself. You'll both lose in the long run.
- Ask the intern to evaluate your program and performance. Learn how to do it better the next time.
- If dissatisfied with one intern program, shop around for another. Though essentially the same in theory, programs can be quite different in practice. A new advisor may make the difference. Don't be afraid to ask for skills and terms that work best for you.
- Ask a corporate contact for advice.

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Obviously, this doesn't begin to list the ways people are important to nonprofits... more than a substitute for money... more than a helping hand. People are individuals with ideas, talents, money, contacts, goods and services. *People are the source of all resources.* Discover how to use them most effectively for your organization.

As you do so, try to keep in mind the following points:

- People are not some impersonal, mass public. They are individuals known to you, your members, consumers, friends, volunteers, etc. They have names, addresses, phone numbers. Identify them.
- Most people won't know you need their help unless you ask. And they'll forget you need their help unless you ask again. Keep asking until you succeed.
- People are too valuable to waste. They need to know how, when and why you need their time, talents and other assets. Tell them, as concisely and as often as possible.
- Be organized but flexible, creative but practical. Have a people development plan and follow it.

One final point to keep in mind. In order to succeed, you must make people an integral part of a total resource package, along with money, goods and services. *But people are the place to start.*

# CHAPTER 4

## Money

Money isn't everything, but you can't run a nonprofit without it. And the less you spend to make money, the more money you'll have left for your programs.

*Everyone has money.* According to the American Association of Fund-Raising Counsel, *individual donations account for 85% of all charitable giving in America.* More than 77% of charitable contributions come from living individuals, and another 8% from bequests. The remaining 15% of donations come from foundations and corporations, with foundations giving approximately 10% and corporations (including corporate foundations) giving approximately 5% annually.

Religion receives the largest share of contributions, followed by education, health and hospitals, social services, arts and humanities, and civic and public affairs.

*Donations aren't the only source of money* for nonprofits. There is also investment income; membership dues; earned income from businesses, goods and services; government grants and contracts, and program-related investments. Table 4 offers a more complete listing, and potential sources.

**Table 4: Money**

#### RESOURCES

Internal money management  
 Operating economy  
 Cost sharing  
 Investment income  
 Membership dues  
 Earned income  
 Service fee  
 Income-producing business/Product  
 Individual solicitation  
 Door-to-door canvass  
 Phone-a-thon/Telethon  
 Direct mail  
 Canister  
 Payroll deduction  
 Matching gift  
 Annual giving  
 Memorial/Tribute  
 Planned giving  
 Bequest  
 Life insurance  
 Trust  
 Annuity  
 Pooled income  
 Real estate  
 Securities  
 Endowment/Foundation  
 Grant  
 Program-related investment  
 Special event

Table 4: Money (cont.)

## SOURCES

Board of Directors  
 Employees  
 Members  
 Clients  
 Consumers  
 Family and friends  
 Alumni  
 Auxiliaries  
 Contributions  
 Volunteers  
 Retirees  
 Neighbors  
 Vendors  
 Civic groups  
 Small businesses  
 Corporations  
 Doctors/Lawyers/Other professionals  
 Foundations  
 Government (city, county, state, federal)  
 Schools/Colleges/Universities  
 Unions  
 Professional organizations  
 Police/Fire/Emergency departments  
 Political organizations  
 Religious organizations  
 News/Entertainment/Media  
 Other nonprofits  
 Internet/World Wide Web

Looks complicated. But it's manageable. *Start inside your organization* with those who know you best and share your goals. Then gradually move outward into the community. A brief summary of the primary money resources follows. Evaluate each of them according to your needs and capabilities.

**INTERNAL MONEY MANAGEMENT**—*Making the most of the money you have.*

Analyze your internal financial situation. Have you cut unnecessary expenses? Are you making money with the money you have? Have you tried sharing costs with other organizations? Good internal money management not only saves money; it also tells potential donors that you'll use their money wisely.

*Operating Economy*

The first way to make money is to *eliminate waste*. Employees, volunteers, board members—everyone closely associated with your organization can suggest ways to cut costs. Place a *suggestion box* in a prominent place. Award a monthly *prize* for the best idea. If your situation is critical, ask a *management expert* to volunteer as a consultant until your problems can be resolved.

Other money savers:

- Get accounts receivable off your desk and into the bank.
- Avoid penalties and late charges. Pay taxes and bills on time.
- Make a payment schedule and stick to it.
- Maintain facilities and equipment on a regular basis. Deferred maintenance is expensive.
- Review insurance coverage and costs annually. Get new bids at least every three years.
- Avoid duplication of efforts and documents: assign staff responsibilities in job descriptions, route and share records and other paperwork.
- Determine your unit cost, e.g., service cost per hour, client, facility.
- Salaries and benefits are a major cost. Enforce productivity standards and conduct employee evaluations at least annually. Use volunteers at every opportunity.

### *Cost Sharing*

Cost sharing possibilities include: joint purchase of goods, equipment, services and insurance.

### *Investment Income & Smart Savings*

Before considering investment options, it is essential to consider your organization's cash flow needs. Begin the process by projecting cash flow for at least a year in advance, on a monthly basis. List confirmed budgeted items and compare those to confirmed income sources. Be conservative when projecting income. In other words, if you have been promised payment within 30 days of invoicing but you know from experience that typical payout for this funding source is closer to 90 days, be sure to reflect that in your projected cash flow.

Once you have projected your cash flow needs, you should establish goals for savings. Review your financial conditions with the aim of setting financial goals that are realistic and commensurate with the overall financial health of the organization. Take a five-year look at historical financial trends for your organization. This should provide a good starting point for setting your goals. Be realistic and remember, saving money is rarely a painless process and may seem unrealistic for an organization that is cash strapped. Yet, those with less must be most savvy about how they use their resources.

Interim funds, operating surplus, cash reserve, and endowment are the four classifications of excess cash in a nonprofit organization. Interim funds are "money in the bank" or the cash you currently have in the bank that is to be spent on operating expenses. Operating surplus indicates that you spent less last year than the income you brought in, hence, there is money carried over to the current year. Cash reserve funds are surpluses that have been strategically set aside by management or board designation and may include an internal line of credit for periodic cash shortfalls, or operating reserve for

“unexpected events” or “repairs and replacement”. Endowments are funds that carry the specification that the principle value of the gift is invested in perpetuity while the earnings may be used for operating expenses unless restricted to a specific purpose by the donor.

Regardless of the amount of savings you have to invest, there are two primary investment options: cash instruments (checking and savings accounts, money market investments, certificates of deposit (CDs) and Treasury Bills); and financial assets (stocks and bonds). Deciding which investment option best suits your savings goals depends on your timeline and the risk you can afford or are willing to take.

Cash investments are an excellent interim choice for funds or idle cash that may need to be liquidated or “cashed in” over the short term. Local banks provide the convenience of these shorter-term cash investment options. Keep in mind that money market accounts and CDs typically offer a higher rate of return than a passbook savings account. Be sure to understand the balance requirements for money market accounts and terms for CDs.

Bonds can be an excellent investment option for nonprofit organizations and range from those that are extremely safe, like the US Treasury Bonds to those such as junk bonds that are very risky. The term and rate of bonds vary. An investment advisor can help you assess the risk versus anticipated rate of return. Overall, bonds have outperformed cash investments over the last two decades.

The next two types of investments, equity investments and mutual funds, are tools that most often require the assistance of an investment advisor. Equity investments allow you to invest in the stock of small and large corporations and due to the volatility that comes with this type of investment are only advisable for those with a long-term investment horizon. If you need your cash quickly, this is not a good type of investment strategy. On the other hand, if you have longer-term investment, such as an endowment, equity investments can be an excellent strategy.

Mutual funds provide an investment instrument that allows for your money to be pooled with other investors into a professionally managed, mixed portfolio of stock, bonds and cash investments. Investment objectives are established for each fund and vary widely from those that are aggressive to those that are less risky. The beauty of the mutual fund is that it helps investors diversify their risks and depending on their investment strategy, can reduce risks for those longer-term investments.

Olszak Management Consulting, Inc. of Pittsburgh (see Resources), offers these and other important considerations:

- Start-up, growing, and established nonprofits have very different cash reserve and cash flow needs. These diverse needs should be considered when establishing financial goals and investment strategies.
- Every community has investment advisors who can be employed to help nonprofit managers weigh the benefits and risks associated with investment strategies. There have also been recent cases of fraudulent investment advisors in the nonprofit community. Be sure to check the credentials of your selected advisor.

- Don't be lured into making snap decisions about using "money in the bank" or interim funds that have been designated for a future activity. Understanding your cash flow needs can prevent the temptation to consider a large bank balance as money to spare.
- Although all funders insist that nonprofit organizations demonstrate financial responsibility, there remain some funders who see a nonprofit organization's excess funds as an indicator that their funding is unneeded. It is important not to let this attitude be a disincentive toward savings. In the long run, savings will protect the financial health of your organization.

### *More Internal Management Clues*

- Review and understand donor requirements. Noncompliance can lead to disallowances and fund returns in addition to jeopardizing future funding.
- Be aware of the pitfalls of cash basis accounting. Account for and report all liabilities.
- Get to know your banker and other financial experts. Their free advice can be invaluable.
- Be aware that some grantors, particularly government agencies, require the return of investment earnings.

### **MEMBERSHIP DUES**—*Banking on their belief in you.*

People buy memberships because they believe in an organization and want to help further its goals. The value goes beyond the immediate payoff of unrestricted income. Members are a form of collateral for attracting other "investors" from the community. Grantmakers like to know that you have strong community support. Members also are prime prospects for personal donations.

Some membership clues:

- Adjust dues to keep pace with inflation and cover membership maintenance costs.
- Price dues on a sliding scale, based on ability and willingness to pay. Start with a basic, minimum rate, increasing the price and attendant privileges as you move up the scale, e.g., family, friend, supporter, sponsor, life member, etc.
- Offer discount memberships to students and senior citizens.
- Make dues paying easy. Some organizations deduct dues directly from their members' checking accounts. (With permission, of course!)
- Inform members about the tax deductibility of their dues. This can vary considerably. Dues covering the cost of benefits received are not deductible. In some instances, dues are essentially a contribution. Ask your tax expert for a ruling.

- The nonrenewable rate is high—approximately one-third in most organizations. Reduce renewal costs by replacing expensive second and third mailing with a membership phone-a-thon. It costs less and works better.
- Memberships must be sold. Sharpen your selling skills and develop a creative marketing plan. Let prospects know about benefits that accompany memberships.

**EARNED INCOME**—*Anything worth doing is worth money too.*

There's no rule saying nonprofits can't make money, only that the money must be used for charitable purposes. Services are marketable. So are program-related products. The possibilities are limited only by your creativity, skills and management abilities. Be forewarned that some ideas involve considerable risks. A brief summary of tried and proven income producers follows.

*Service Fee*

The safest, most obvious way to earn income is to charge for services you're providing free. Base fees on a sliding scale according to income and ability to pay.

If you serve only low-income persons, consider extending your services to others, especially if you face budget deficits. It's better to broaden your service base and stay in business.

*Example:*

A nonprofit organization faced closing because of its tradition of serving only low-income families. Administrators didn't realize that fees charged to higher-income clients could help subsidize care for those unable to pay. They also overlooked the obvious: the interaction of individuals from diverse income groups could be an enriching experience for all. The agency now is successfully charging according to ability to pay and pursuing other income-generating ideas.

Other incoming-earning ideas:

- Sell services to government, local businesses and corporations. Convince them you can provide a needed service better and cheaper. This can range from a one-time consultation to a long-term contract. Classic examples include employee child care, health and fitness programs, and educational and research services.
- Offer unused space to businesses, other nonprofits and government agencies for conferences for a fee.
- Sell newsletter subscriptions to "outsiders" based on the publication's informational value. Sell ad space, too.
- Share computer time, print shop and other in-house services with other nonprofits, for a mutually beneficial fee.

*Caution: Never sell services to outsiders at the expense of program goals. Staff time and talents should be shared only when it does not interfere with your primary purpose.*

*Income-Producing Business/Product*

A program-related business can be a money-maker for nonprofits. Possibilities include the sale of services, as mentioned earlier; the manufacture and sale of products; and the sale of products purchased for resale.

Well-known money-makers are Girl Scout cookies, UNICEF cards and gifts, celebrity cookbooks, posters, calendars, museum gift shops and ticket sales.

Nonprofits are venturing into *nontraditional businesses* as well.

*Example:*

The Pittsburgh Public Theater has boosted earnings and pleased patrons through a variety of program-related activities. They include the sale of T-shirts, albums, featured play memorabilia and specialty drinks. When the theater is dark, the rehearsal hall and performance space are rented for business meetings and other activities.

Beware, however. Not all income-producing activities are tax-exempt. And there's increasing resistance from commercial enterprises to "unfair" competition from nonprofits. Generally, any activity substantially related to your charitable purpose is tax-exempt. If an activity is mostly unrelated, and provides over 15–20% of your income, you may jeopardize your tax-exempt status. At this point, you must decide whether to abandon the business, or to start a profit-making subsidiary.

Before undertaking any business venture:

- Define the type of business, market, growth potential and competition.
- Identify which staff will be involved, for what percentage of their time, and at what cost to your organization.
- Develop a business plan, including preliminary budgets, funding sources, projected cash flow, and projected profit/loss for the first three years. Include a contingency plan.
- Get financial and tax advice from experts, such as an attorney, accountant, banker, lender, IRS specialist and the Small Business Administration.
- Talk to other nonprofits about their successful business ventures.
- Weigh all factors with your organizational goals and make a decision.

*The risk can be great.* It has been estimated that over half of all new commercial businesses fail in their first year. Nonprofits have an even higher failure rate. But some nonprofits are succeeding, and finding creative ways to turn their skills into money-making businesses.

**INDIVIDUAL SOLICITATION**—*If you don't ask, you won't receive.*

Because *individual giving accounts for 85%* of all charitable contributions in America, it should be a mainstay of your support. Develop a plan for soliciting individual donations and *allocate time accordingly*. Like memberships, this income tells other funding sources that the community values your organization.

There are many formulas for success. Regardless of the strategy you pursue, keep in mind these suggestions:

- Ask your board members for donations first, so others will follow their lead.
- Be resourceful in choosing prospects. Develop a list from members, volunteers, clients, businesses, neighbors, meeting sign-up sheets, alumni, on-line directories, phone books and special interest directories.
- Everyone is fair game. High density, middle-income neighborhoods should be more profitable and less time consuming than others, as should areas in which you or your solicitation team is known. People give more readily to neighbors than to strangers.
- Recruit volunteer solicitors from directors, members, volunteers, clients, alumni and the general public. Challenge local schools, colleges or community groups to compete for a trophy or other prize for the most money collected.
- Provide orientation for solicitors. Include a sample greeting and an organizational fact sheet.
- Check regulations regarding charitable solicitations in your chosen area(s) and always obey local laws. Provide a copy of solicitation permits and agency ID to all solicitors, as applicable.
- Give contributors a receipt. Give everyone you contact a leaflet or other visual reminder about your organization and your fundraising purpose.
- Use every opportunity to send follow-up letters, e.g., new programs, achievement awards, research findings.
- Keep a record of each contact for future reference, according to whether they are hot (current giver), warm (former giver) or cold (new contact or refusal).
- Weigh time and expenses in relation to value received, i.e. money and visibility—for all solicitation methods. Allow time for success, but watch for danger signs. Quickly revamp or drop obvious losers.
- Say “Thank You.”
- Dare to be different. Compare your plan to others you know to be successful. Be creative. Be true to your purpose. Remember, the simplest approach can sometimes be the most effective.

*Door-To-Door Canvass*

The more direct and personal a fundraising method, the more effective. This puts door-to-door canvassing at the top of the list. But it isn't right for every organization. To be successful, a door-to-door campaign must be well staffed by paid or volunteer solicitors. Your cause should have wide appeal. And you must be willing to commit a great deal of time to planning and management, possibly year-round.

The results can be rewarding. Though frequently gifts may be small, there will be many of them. And you will be creating grass roots awareness of your organization. People remember the causes they support, regardless of the amount they donate.

*Phone-A-Thon/Telethon*

Less direct than door-to-door, a phone-a-thon nevertheless permits a personal appeal for contributions. Volunteers are recruited to donate a set number of hours or days for telephoning potential givers. Respondents who pledge a gift are mailed a thank you letter and invoice listing the amount promised. Follow-up calls are made to those not honoring their pledges within a specified time period. Thank you notes are sent when pledges are received.

Phone-a-thon costs are relatively small, and results usually profitable. You may be able to find a business willing to donate office space, telephones and other needed equipment. This method requires a firm commitment of volunteer time and good organization.

A telethon is a televised phone-a-thon. Rather than phoning prospects, volunteers wait for viewers to call them following regular on-air appeals, usually by celebrity guests.

Before you consider a telethon, be aware that it is a major event that requires tremendous time and resources. Television time must be donated or purchased. Celebrities must be booked. Most telethons raise a majority of their pledges ahead of time, and use the event to announce the gifts—for visibility and to inspire new prospects.

*Direct Mail*

Less personal than the canvass or telephone, direct mail still offers individual communication with prospective donors. An organization develops a mailing list, writes a form letter, and mails it, bulk rate.

It sounds easy. But there are drawbacks. Direct mail is expensive, involving printing, paper, postage and staff time. It has a low rate of return—only one percent of the initial mailing. It requires thorough planning and follow-through. But it's an excellent way to reach large numbers of people, some of whom will become regular contributors; a few others, major givers.

Direct mail had been refined to an art and a science. There are excellent books detailing everything from how to develop a mailing list to how to choose the most effective paper color and format. After you've done your homework, contact another nonprofit that has conducted a direct mail campaign. Most will share dos and don'ts. There are also professional mail services.

### *Canister*

The canister offers advantages of both direct and indirect contact. Among its numerous variations are the Salvation Army Christmas pot and collection cans at traffic intersections. All make a personal appeal for support, while increasing the organization's visibility. A stationary canister, placed near a busy cash register or other high traffic area, reminds discretionary spenders of your cause and need.

Though relatively simple, this fundraising method still requires good organization and commitment.

### *Payroll Deduction*

Getting to the money before your contributors is the philosophy behind employee payroll deduction programs. Make it easy for the employee to give, easy for the employer to collect, and in theory, you have easy money. But it isn't that simple. The competition is stiff, and most employers prefer to collect for a single organization rather than for many. However, due to high profitability, you should consider at least one of the following payroll deduction options:

### *Federation Membership*

United Way is the best-known payroll deduction federation. Member organizations agree to limit individual fundraising in favor of group solicitation. United Way handles all solicitation, collection and allocation, reserving a percentage of funds raised for administrative expenses. Volunteer review committees allocate money to member agencies.

The advantages are obvious. Both employers and members save on administrative costs. However, there are disadvantages. Membership isn't guaranteed. Some federations have been criticized for being slow to add new organizations. Allocations aren't always sufficient to make up for restrictions on individual fundraising. Still, federations continue to be a mainstay of individual donations.

### *Contributor Choice Program*

Until recently, only member agencies could receive federation funds. However, some United Ways have instituted a Contributor Choice Program that permits donors to contribute to qualified non-member agencies. The program allows greater personal choice in giving, and therefore encourages broader-based donor participation. It also reinforces the idea of regular giving.

In southwestern Pennsylvania, the program works as follows. The United Way distributes pledge forms, upon request, during its regular annual campaign. Employees may designate all or a portion of their gift to a particular qualifying nonprofit health and human services organization, or to a specific community need.

Contributor Choice agencies must do their own soliciting. Due to employer resistance to multiple solicitations, many nonprofits contact potential givers through direct mail, flyers, personal contacts, union and employee meetings, and other methods. Prospects include members, directors, patrons, clients, volunteers, others associated with the organization, and the community at large.

Participating agencies generally report profitable returns. Contributor Choice is on its way to becoming one of the basics of a comprehensive fundraising program. Contact your local United Way office for details.

### *Do-It-Yourself Deduction Program*

If participation in an existing federation isn't feasible, a nonprofit can start its own payroll deduction program. You can act independently, or form a coalition of nonprofits (federation). It won't be easy, but it is possible. Though many employers restrict payroll deductions to one organization, there are those who don't.

Start with employers sympathetic to your cause. If refused, be courteous, and go to the next prospect on your list. Include local colleges, small businesses and government offices. Be prepared to knock on many doors, and be persistent. An employer who can't make a long-term commitment may be willing to help once.

Once you locate a willing employer, recruit an employee to coordinate the campaign at the work site. Provide brochures, posters and other promotional materials. Schedule speakers and slide shows for different departments and employee groups. Arrange to have contributions collected through the employer's personnel office.

### *Matching Gifts*

Many companies encourage employee support of nonprofits through a matching gifts program. Details vary, but employers generally match worker contributions according to a set ratio, such as one or two to one, up to a specified maximum. There may be minimum amounts eligible for matching. The program may be open to retirees, directors and spouses, in addition to active employees.

#### *Example:*

Through Mellon's Gift Matching Program for Education and the Arts, employee donations are made to a broad array of organizations including high schools, colleges and universities, libraries, museums, historical societies and public broadcasting services. In 1998, Mellon and its employees donated over \$603,000 to some 1,500 educational and cultural organizations.

In addition to cash gifts, some employers match the cash value of employee donations of real estate, stock, art and life insurance. A few companies match payroll deductions. Some companies contribute to organizations where their employees volunteer time, based on a dollar/hour formula.

*Example:*

One of the ways in which Mellon honors its volunteers is through a Volunteer of the Month program. Winners receive a check for \$500, payable to the organization for which the winner volunteers.

Matching gifts have traditionally gone to educational institutions, but the door is opening to include cultural, health-related and social service groups. Many experts see this area of giving as a rich, largely undiscovered resource just waiting to be tapped. It's particularly attractive to employers who want to extend their philanthropy to communities beyond headquarters locations.

Though the potential is great, there are challenges. Contributions must be solicited through the employee. This should be done on an ongoing basis, through regular communications with members, contributors, directors, volunteers, clients, customers—everyone associated with your organization. There are, however, occasions when you should contact the company directly: to initiate a program, to expand an existing program to include your organization, or to encourage increased company participation through a change in giving ratios.

A few additional clues:

- Get a list of matching gift companies from the Council for Advancement and Support of Education (CASE).
- Print a brochure or other listing of matching gift companies. Distribute to potential donors.
- Promote matching gifts at every opportunity, e.g., newsletter, direct mail, phone-a-thon.
- Acknowledge gifts to both the employee and company.
- Keep accurate records of gifts—pledged, received and outstanding. Keep in mind that some companies send matching gift checks out weekly, while others may only do so quarterly or twice a year.

*Annual Giving*

Every organization needs a core of loyal supporters who can be counted on for a gift every year. These givers usually are developed over a period of years and include individuals and companies.

Once a year, the contributor is sent a personal letter requesting a pledge for a specified amount. The pledge may be paid in a lump sum or in payments. Thank you letters are personalized and signed by the board president. Regular contact is maintained to keep donors informed of the organization's activities and need for continuing support.

If a gift is substantial, the contributor may be honored with a special award. Inexpensive, creative reminders of the nonprofit's purpose often are the most valued.

Organizations differ on what constitutes an annual campaign and the best time to solicit, but there are some basics to remember:

- Set a fundraising goal and collection deadlines based on your annual budget.
- Review donor records to determine if and how much pledge requests should be raised over the preceding year.
- Don't take anyone for granted. Thank contributors for past support and explain why you still need them.
- Add new prospects to your list regularly. Possibilities include directors, other contributors, corporate and business contacts. Ask community and religious leaders, bankers and estate attorneys for recommendations.
- Maintain regular contact with contributors through newsletters, annual reports, progress reports, invitations to special events, phone calls and personal visits.
- Remember that everyone is a potential major giver. An annual pledge of \$10 monthly is \$120 per year.

#### *Memorial/Tribute*

Many nonprofits benefit from the custom of honoring a friend or loved one with a memorial (deceased) or tribute (living) contribution. Though not a mainstay of support, these gifts provide unrestricted income and increased community visibility.

Memorial and tribute donations can be solicited through reminders in newsletters and other regular communications with members and friends. Suggest occasions for making tribute gifts, e.g., birthday, anniversary, retirement.

Send acknowledgments to both the contributor and the person or family of the person in whose name the gift has been made. Some organizations also publish memorials and tributes in newsletters or annual contributor reports. Naming a special fund, room or section of a building after the person in whose name the gift has been made is a common way of recognizing a major memorial or tribute gift.

#### **PLANNED GIVING**—*Where there's a will, there's a payday.*

As noted earlier, 8% of all charitable giving in America comes from bequests—gifts received at a donor's death. (Corporate donations only represent 5%.) Yet many nonprofits avoid the area of bequests and other planned gifts due to fears of high costs and the loss of regular contributions needed for daily operations.

Though a planned giving program can be costly to implement, experience shows it more than pays for itself for most organizations. Rather than siphoning off regular donations, it encourages increased giving, for the present and the future. It helps build a solid financial base, decreasing vulnerability to changes in the economy. Planned giving should be part of every serious development program.

Stated simply, planned giving is the making of charitable gifts through wills, trusts, gift annuities, life insurance, securities and real estate. Though sometimes called deferred giving, not all planned gifts are deferred. A brief description of the most common planned gifts follows.

### *Bequest*

A gift made to a charity through a donor's will.

### *Life Insurance*

In addition to death benefits, a nonprofit can be assigned annual policy dividends, annuity payments, maturing endowments and cash surrenders.

### *Charitable Trust*

Money or property given in trust to a charitable organization, in return for tax benefits and a fixed dollar or percentage income for the donor's lifetime, or as otherwise specified. Trusts can be short-term, and are irrevocable for the term of the trust. All have the potential for producing regular income for the nonprofit, over and above the amount reserved for the donor.

### *Charitable Gift Annuity*

Cash or securities given in exchange for a fixed amount of annual income and tax benefits.

### *Pooled Income Fund*

A trust formed with assets from several different donors. Each receives a pro rata share of income based on the amount given.

### *Life Estate Contract*

Real estate donated in return for tax advantages and the lifetime use of property by the donor.

### *Securities*

Stocks and bonds donated outright in favor of reduced taxes.

These planned gifts may sound alike, but they have distinct differences, and complex variations within categories. Each type of gift offers special advantages based on tax laws and donor needs.

This is where cost enters in. A comprehensive planned giving program requires expertise in estate planning and law, taxes and investments. It's advisable to have a staff person just to solicit and manage planned gifts. This is in addition to a development director.

The organization director, with the help of volunteer experts, can initiate a planned giving program on a smaller scale. In time, with strong board of director support, you can have a full-scale program. Any planned giving program will take from three to five years to show significant results.

Begin with research. Get all the facts and figures and sell the idea to your directors. Then develop a marketing plan, keeping in mind the following clues:

- Survey present contributors to establish a general donor profile. Most planned givers come from the top three percent of regular donors, but there are always exceptions. A small contributor may be rich in property or securities, and thus a prime prospect. These and similar considerations should determine what kinds of gifts your donors are most likely to give. Solicit accordingly.
- Promote the idea of planned giving. Stress the importance of will and estate planning in your newsletter, on your Web site, or in other appropriate communications. Follow up with articles about the planning services you offer, changes in tax laws, and other giving updates. Announce important gifts received.
- Solicit regular contributors—your prime prospects—through direct mail, special fundraising newsletters and brochures, telephone calls and personal visits.
- Periodically contact local life underwriters and estate attorneys. Remind them of your willingness and ability to help solve their clients' estate planning needs.
- Offer will and estate planning workshops. If individualized attention seems appropriate, suggest personal consultation, including visits to the home or attorney's office.
- Once an individual becomes a planned giver, maintain regular communication. Recognize special contributors through an annual dinner or other social event.
- Publicize significant gifts on your Web site and through news releases, with donor permission.
- Cultivate associations with planned giving experts such as attorneys, financial trust officers, investment brokers, CPAs, tax specialists and insurance underwriters. Most willingly share general information, if you don't ask too often.
- Be smart about investments. If you lack expertise, get it from paid or volunteer consultants. Trust management can be arranged through a financial institution or management firm.
- Never underestimate a donor's potential. Many regular contributors, large and small, can give now for the present and future. Show them how to do it to your mutual benefit, and they're likely to share the good news with friends, thus creating new prospects.

Because planned giving is such a vast, complex resource area, it's imperative that you do extensive research before starting a program. With patience, persistence and planning, you'll be rewarded with a substantial payoff.

**ENDOWMENT/FOUNDATION**—*The gift that never stops giving.*

Some nonprofits take planned giving one step further and establish their own internal endowment or foundation. Large and small contributions are pooled in a single fund and invested—ensuring permanent interest income.

Growing numbers of nonprofits are developing such funds. Donors enjoy knowing that they're helping to perpetuate a favorite charity. Organizations gain important protections against the loss of funding in certain government contractual agreements.

Like planned giving, the creation of an endowment or foundation involves complex legal and financial issues. It should be undertaken only after extensive research and planning.

**GRANTS**—*The grand obsession.*

Somewhere in America, some time ago, someone must have started the rumor that grants are the solution to every nonprofit money problem... because many nonprofits allocate a disproportionate amount of time and money chasing grants, when they should be pursuing renewable resources.

True, a few grants are renewable, and grants play a vital role in the funding of America's nonprofits. But they can't possibly live up to everyone's expectations. And grants aren't easy money. The competition is getting tougher, the criteria more explicit and grantors more discerning.

Still, there's a time and a place for grant solicitation. Before beginning the search for grant funds, however, it's essential to understand grants and their purposes. A grant is money given in return for action promised. A grantor agrees to give a specified amount only on the condition that the nonprofit use it for a designated purpose. Though names and descriptions vary, a brief summary of the most commonly known grant types follows:

*Capital*

Usually made to established organizations to meet future service demands. Includes funding for land acquisition, building construction and equipment purchase.

*Challenge/Matching*

The pledge of a specified sum, to be paid only if the nonprofit raises an equal or otherwise designated amount.

*Conditional*

Similar to a challenge grant, but the grantee must satisfy some condition other than matching funds.

*Earmarked*

Grant made to a third party for use by a nonprofit just getting organized and that has applied for 501(c)(3) tax-exempt status. Allows the grantor to meet contributors' requirements, and still help an organization it believes in.

### *Endowment*

Funds donated for investment to provide a nonprofit with regular income.

### *Funding Crisis*

Grants to nonprofits experiencing unexpected or temporary financial problems, including cash reserve, debt reduction and emergency grants.

### *General Support/Unrestricted*

The most liberal of grants, funds may be used for a broad range of organization needs, including general operating—usually at the recipient's discretion.

### *Research*

Grants for medical, educational and other types of research and associated research activities—from special projects to the construction of a research facility.

### *Seed*

Start-up funding for a new program or organization. Sometimes renewable.

### *Technical Assistance*

Grant awarded to a nonprofit or to a third party to provide needed services (see Chapter 6, Services).

After deciding what kind of grant you need, discover where to get it. There are a number of possibilities. Though the best known grantmaker is the private foundation, other types of organizations, including corporations, government agencies and religious organizations also offer grant funds.

### *Foundation*

A foundation is a nonprofit organization created for the purpose of establishing or maintaining charitable, educational, religious, social and other activities for the common good. Because foundations enjoy special tax privileges, they are required to donate at least five percent of the market value of their assets to charitable causes.

It's important to note that there are various *types of foundations*. Know the differences before making a grant request.

### *Independent/Family Foundation*

Usually funded or endowed by a single source, such as an individual or family. Sometimes limits support to special purposes, such as the founder's designated cause or charity.

### *Company Foundation*

Funded by profit-making companies for the purpose of corporate giving. Often responsive to grant requests from organizations who: serve employee needs; conduct research in company-related areas; and organize community projects located near company headquarters, plants or branch offices. Typically give a large number of small grants.

### *Community Foundation*

Funded by gifts and bequests from many sources that want their contribution to benefit a particular city or region. Gifts may be restricted to a specific agency or field of service.

### *Operating Foundation*

Generally established by a nonprofit to fund its programs. External grants are unusual.

For more information on foundations, see the Foundation Center listing in the Resources section.

### *Corporation*

Not all corporations have company foundations to channel their charitable giving. Even those that have foundations often reserve part of their gift dollars for direct allocation by the corporation.

The grantmaking process differs from company to company. In most cases, there is a contributions committee comprised of the chief executive officer and other senior management. It may meet monthly, quarterly or annually. Some corporations give preference to organizations recommended by branch managers, or charities in which their employees are actively involved. Learn who does the staff work and ask for criteria and deadlines.

### *Community Organization*

Civic, service and religious organizations are good prospects for small grants. The Jaycees, Junior League, Rotary and auxiliaries are prominent examples. Contact usually is made through the local president or other leader, though some requests may be referred to state or national funding levels. Most likely to be funded are programs that provide for a known community need.

### *Government*

Despite periodic changes in funding policy, government is still big business. Government continues to make grants—large and small—to nonprofits with creative ideas and aggressive follow-through. Though the emphasis may shift from federal to state or local offices, public funding is available for those interested enough to track it down.

### *Bank Trust Departments*

Banks and other financial institutions manage an impressive number of trust funds of all sizes. In some cases, the investment income is pre-designated for a specific purpose. In others, there may be more freedom for dissemination to charitable causes.

The decision-making process differs, but typically includes the donor, family members and possibly a trust officer. A phone call or visit to various trust officers should result in a listing of trust funds and eligibility requirements.

**THE GRANTSEEKING PROCESS**—*Looking for funds in all the right places.*

Learn as much as possible about grants and grantmakers to increase your opportunities for success. They vary almost as much as grantseekers do. Some discovery clues follow:

- Research potential grantmakers thoroughly. Use the library, chamber of commerce, local business and organization directories, yellow pages, government development and program offices, and the Internet. Put your ingenuity to work.
- Regularly review grant publications and periodicals. Some of these are listed in the Resources section. Others can be found at the library, bookstore, or on the Internet.
- Request an annual report and funding guidelines from prospective funders. Review interests and requirements. Note special restrictions and application guidelines and procedures. List the best prospects.
- Make an informal inquiry, by phone, letter or e-mail to the top prospects. Briefly describe your organization and need. Offer to send a formal funding proposal. Schedule a preliminary meeting to discuss proposal basics.
- Be realistic about the amount you request. It enhances your credibility and chance for success.
- Be aware that some grantmakers expect to be consulted in the early stages of project planning. This is particularly true of major project sponsors.
- Keep trying. If at first you don't succeed, go to the next grantmaker on the list. Some projects require multiple grants, thus simultaneous submissions to several grantmakers. Most funders appreciate knowing about all outstanding proposals.
- Don't limit yourself to local funding sources. If your proposal is unique, or of national significance, approach major, national grantmakers.
- Send proposals only to grantmakers expressing an interest in the project. Grant applications greatly exceed available funds and staff review capability. Repeated submissions of inappropriate requests may cause reviewers to pass over your proposals for those they know to be on target.
- Consider sharing a grant with another nonprofit. Grantmakers have long joined together to fund community projects. Creative nonprofits are gaining their support by doing the same.

*Example:*

In Boston, the Mellon CityACCESS program links five organizations—The New England Aquarium, The Museum of Fine Arts, The Wang Center for the Performing Arts, The Museum of Science and The Children’s Museum—with over 50 community-based organizations to augment their outreach initiatives. Mellon’s sponsorship underwrites admission and transportation to performances as well as workshops and exhibitions at the five institutions for more than 8,000 young people each year.

- Get to know the people who make the decisions and let them get to know you. Take advantage of networking opportunities.
- Good research, followed by a good proposal, will gain you consideration. A great proposal, supported by appropriate communication with the grantmaker, may get you the grant. There are numerous books explaining how to write a grant proposal. Read several. Use them for reference, along with grantmaker guidelines, as you prepare your request. Though criteria vary, most grantmakers expect a proposal to include the following:

—Cover Letter

—Proposal Summary (Abstract)

*Limit to one page and include the amount requested, total budget, project purpose and planned results.*

—Introduction to Organization

*History, general purpose, goals and objectives, accomplishments, service area and population served.*

—Statement of Problem or Need

—Project Goals and Objectives

—Staffing Requirements

*Job descriptions, resumes, recruitment and training plans.*

—Project Implementation Method and Schedule

—Evaluation Criteria and Procedures

—Itemized Budget

*Program and operating costs, other sources of funding.*

—Future Funding Plans

—Appendix

*Support documents, including tax-exempt status letter, board of directors listing, annual report, current operating budget, audited financial statement, recent and current funding sources (cash and in-kind), and community support letters.*

Despite the volume of information required, keep the proposal brief and to the point. Don’t beg. You have a legitimate need, prove it. Grantmakers want to know how their money will benefit the community, economy and their special interests. Tell them clearly and concisely. If you have an emotional story to tell, do it in the appendix, or on a follow-up visit.

Submission of the proposal is not the end of your involvement. There are several ways to remain active in the grantmaking process and enhance your chances for this and future grants.

- Two to four weeks after submitting a proposal follow-up with a phone call. Offer additional materials in support of the project. Arrange a personal visit to the grantmaker for further discussion. Invite the grantmaker to visit the site of the proposed project.
- Many corporate and foundation grant decisions are made by a board of directors or contributions committee. Learn when they're meeting and call the day before to provide additional last minute details.
- Grant decisions can take from a few weeks to more than a year. Plan accordingly and be patient, but persistent, in checking your proposal's progress.
- Upon acceptance, remember to say "Thank You."
- Unless the donor wishes to remain anonymous, mention donations in your newsletter and other communications. Announce major gifts through a news release and on your Web site, with donor permission.
- Keep grantmakers informed of your continuing success. Send donors regular progress reports on the funded project and other major activities.
- Acknowledge rejections with a thank you letter (for consideration).
- Keep detailed records of all grant activities, including contacts and payments. Make an activity schedule for report deadlines and follow-up calls. This is particularly important for campaigns of long duration, such as a capital fund drive.

#### **PROGRAM-RELATED INVESTMENT**—*Getting credit for your good work.*

The next best thing to an outright grant is a program-related investment (PRI). Stated simply, a PRI is an equity investment, loan or loan guarantee made by a foundation to serve a charitable purpose. It is sometimes called a social investment. Unlike grants, PRIs must be repaid, sometimes with the addition of a low interest rate.

Though PRIs vary by type and complexity, a majority support low-income and minority community development programs. Others include temporary advances to educational or cultural institutions for projects expected to become self-supporting, and the purchase of stocks in a for-profit business that uses the money for charitable purposes. PRIs often are used to leverage broad-based community support for projects that otherwise might seem too risky for a single funder's involvement.

Strict regulations govern the making of PRIs. Foundations must prove that the money is being used only for a charitable purpose, and that the recipient could not have secured funding through normal financial sources. Despite this and other complications—and the risk of non-payment—an increasing number of foundations are making PRIs.

**SPECIAL EVENT**—*One for the money, two for the show.*

Overrated, underrated - special events have the distinction of being both. Overrated because special events are hard work, even when they fail. Underrated because they offer much more than money. Community visibility and involvement, new donor prospects—special events have the potential to keep you in the public's eye and budget.

With the increasingly competitive nature of nonprofit fundraising, no organization can afford to ignore special events. The challenge is to find the right event—and the possibilities are endless. Art shows, athletic events, auctions, benefit performances, cocktail parties, dances, dinners, excursions, flea markets, galas, holiday events—through every letter of the alphabet there are countless ideas.

Choosing the right event is just the beginning. You also need dedicated staff and/or volunteers, at least a minimal operating/promotional budget, and good organization. Hard work isn't enough. Therefore, it pays to do thorough research and planning before undertaking any special event. You might also want to remember the following clues:

- Allow plenty of lead-time for planning and developing community support. Too many great ideas fail due to poor timing and organization. A year in advance isn't too soon to start on major events.
- Be creative. Choose an event that relates to your good work. Or, take advantage of current events. Caution: you need strong organizational skills and volunteer support to cash in on "in" events.
- Develop a budget and a planning schedule—and stick to them. Keep detailed records of contacts, expenses and receipts.
- Recruit volunteers to form a central planning committee. Get them to ask friends to serve as workers.
- Seek broad-based community support. This can vary, depending on the event, but there are numerous ways to involve students, businesses, employee groups and civic organizations. Ask them to be sponsors, participants and underwriters.
- Annualize your most successful event. Turn it into a major fundraiser.
- Ask community groups to sponsor special events for you.

*Example:*

One extremely successful example of community-wide support for a nonprofit through special events is the ongoing campaign for the Children's Hospital of Pittsburgh. Countless individuals, businesses, and community groups try to out-do one another year after year—raising millions of dollars annually through creative, fun, grass roots events. This type of support didn't happen overnight, however. It took years of ongoing awareness and development efforts by Children's Hospital.

- Publicize your event. If you have a Web site, use it to generate excitement for your event, and to provide useful information such as time, date, location, etc. Also use posters, flyers, bulletin board notices, newsletter announcements, public service announcements on radio and TV, announcements in employee or civic group publications, feature stories in local papers, and any other clever promotional method you can think of. Don't forget to ask for pro bono services from advertising and public relations firms.
- Include time for fun in your planning. Though most people participate for the cause, they're more likely to help again if they've had a good time.
- Show appreciation. Consider rewarding workers and top money raisers with an inexpensive memento of the event, such as a T-shirt.
- Learn from your mistakes—and successes. Evaluate each event according to its visibility, cost, difficulty level and effectiveness at raising funds. Determine how to do it better the next time. Get rid of events that consistently lose money, or bring too little return for the effort.

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*Everyone has money.* It is for you to develop the resources mentioned here, as well as others you discover on your own, to meet your organization's financial needs. As you progress, keep in mind the following major points:

- *Know your organization*—who you are, what you do, why you're needed and what you need.
- *Know potential funders*—who they are, why they give and what they expect in return.
- *Be creative and organized*—great ideas supported by thorough planning rarely fail.
- *Learn to share*—ideas, techniques, solutions to mutual problems.
- *Be courteous*—corporations, businesses and institutions don't give money, people in them do. Don't neglect the personal touches.

The final, most important, point is this: money isn't everything. For long-term success, you must integrate financial resources with other community resources—people, goods and services—into a program that makes the most of total resources.

# CHAPTER 5

## Goods

Any personal property of value, excluding money and securities, is a good. Often called a money substitute, a good is a vital non-cash resource for any organization.

Goods are available everywhere there are people... homes, businesses, governments, civic groups. A list of the primary goods resources and their sources follows:

**Table 5: Goods**

### RESOURCES

- Used/Surplus goods
- New products/Merchandise
- Loaned goods
- Cooperative purchase/Use

### SOURCES

- Board of Directors
- Employees
- Members
- Clients
- Consumers
- Family and friends
- Alumni
- Auxiliaries
- Contributors
- Volunteers
- Retirees
- Neighbors
- Vendors
- Civic groups
- Small businesses
- Corporations
- Doctors/Lawyers/Other professionals
- Foundations
- Government (city, county, state, federal)
- Schools/Colleges/Universities
- Unions
- Professional organizations
- Police/Fire/Emergency departments
- Political organizations
- Religious organizations
- News/Entertainment/Media
- Other nonprofits
- Internet/World Wide Web

Goods are obtainable in much the same way as the resources discussed earlier. List your needs, match them to the most probable sources and develop an action plan. A brief summary of the major categories follows.

**USED/SURPLUS GOODS**—*A rose is a rose, even secondhand.*

Corporations probably donate the majority of used or surplus goods, usually in the form of outright donations of office furniture, equipment or supplies. But there are many other sources. Government agencies regularly auction off surplus goods. Homemakers give food, toys, clothing—you name it. Prove you need something and it may be yours for the asking... or for a bargain price.

Look first for obvious sources. Every business has furniture and equipment that must be replaced now and then. Make your request early. Ask your printer for odd lots of paper stock, for free or at a discount. Check newspapers for notices of surplus or going-out-of-business sales. Also watch for businesses or corporations planning to relocate.

Don't limit yourself to the conventional. Ask local government, school districts or religious organizations to donate unused land or buildings for a charitable purpose. Ask a dealer for a trade-in. Ask celebrities for used personal items for fundraisers. List all the goods you need. Think of all the ways you and a potential donor might benefit from a gift, and ask for it.

**NEW PRODUCTS/MERCHANDISE**—*Realizing the impossible dream.*

Yes, it is possible to get new goods absolutely free. Nonprofits do it all the time. It's hard to imagine an organization that hasn't asked the business community for prizes for special events or fundraisers. But you don't have to wait until you are planning a special event to ask for a donation of new goods.

Merchandisers often donate surplus inventory rather than pay expensive storage costs. This is especially true of seasonal items or last year's models. Manufacturers test market and demonstrate new product lines. Offer your location as a test site. The possibilities are limited only by your imagination and marketing skills.

New product manufacturers and distributors are the best prospects. They're the most likely to benefit from the publicity and goodwill generated by their gift. Obvious associations are best. Ask a car dealer for a new car or van. Ask a florist or floral association for plants or flowers for your office or open house. Ask a computer company for a new computer and printer. The more direct the connection, the more obvious the benefit to the donor, the greater your chance for success.

No item is too large or small, or too expensive, to request. Be alert for new ideas. Read business reports for tips on new products. Get to know manufacturers. Watch for notices of seasonal surplus or overstock sales. Think of all the things money can buy and find a way to get what you need, absolutely free.

**LOANED GOODS**—*Both a borrower and a lender be.*

Sometimes it's better to borrow a good than to buy or solicit it. This is particularly true of anything needed on a temporary or infrequent basis. Goods most commonly loaned include office equipment and space. But everything and everyone is fair game... coffeepots to concert halls, corporations to consumers. Most sources willingly lend goods for a worthy cause. Some charge a minimal fee to cover extra costs (utilities and maintenance) of using goods on their premises. Others may ask for a security deposit.

To be a successful borrower, you must be creative, pragmatic, flexible and dependable. If it's impractical to use a good at your location, ask to use it at the lender's site. As with used goods, consider both obvious and nontraditional sources.

*Examples:*

When not in use for its annual subscriber telethon, Pittsburgh's WOED-TV makes its studio and telephones available to local nonprofits for similar fundraisers. Local company sales offices also make their phones available to nonprofits for phone-a-thons.

Don't overlook any possible source, including other nonprofits. Offer to loan your resources on an equal basis.

It's also important to remember that, for the most part, loaned goods are not tax-deductible. You must convince potential sources that the loan will benefit them and the community. Show consideration and appreciation. Never request a good during a lender's seasonal rush. Always send a written thank you and return the borrowed item(s) in a timely manner.

**COOPERATIVE PURCHASE/USE**—*It's cheaper by the dozen.*

The next best thing to getting it free is to get it at a discount, as more and more nonprofits are discovering. One of the most popular methods is the joint purchase of office supplies.

Some nonprofits ask private companies to piggyback small orders of equipment and supplies onto their larger orders, thereby benefiting from the large firm's volume discounts. This may take some time and effort to arrange, but the result is worth it. Ask companies who know and appreciate you.

Another way to make togetherness pay is the joint use of goods.

*Example:*

Located in Pittsburgh's Hill District, the Hill House Association serves as a resource center housing community support programs run by 17 organizations that focus on quality health, welfare and recreational needs.

Where could you use a cost break? List all of the goods you use. Then make a list of other organizations that share your needs. Get together with the best prospects and begin developing the possibilities.

These are just a few of the ways nonprofits are getting goods they need by going directly to the source. Develop a goods acquisition plan for your organization, keeping in mind the following clues:

- Make a wish list of all needed items and potential sources. Use your ingenuity to develop new possibilities.
- Distribute the full list of goods to those closest to your organization (directors, members, volunteers, etc.) on a regular basis.
- List both cash and non-cash needs in all funding proposals. A source that can't give cash may donate part or all of the goods you need from surplus inventory.
- List both cash and non-cash needs in your newsletter, on your Web site, and in other communications.
- Review IRS regulations about charitable contributions. Ask your tax specialist to provide general guidelines and notable exceptions. Most goods are tax-deductible at their fair market value or a percentage thereof. Some are nondeductible. Know the basics before contacting prospective donors. When in doubt, ask the IRS for a special ruling.
- Remember that the primary reasons sources donate goods are to receive a tax deduction or to improve their standing in the community. Tell sources how their gifts meet these criteria.
- Acknowledge gifts of goods just as you would gifts of money.
- Check the phone book, Internet and other community resources for organizations that match community goods and services to nonprofit needs. Some key words are cooperative, alliance, coalition, barter and association.
- Initiate your own goods exchange program.

Most importantly, remember that goods are a vital part of your total resource package. They require scavenger skills and creative brainstorming, but the result will be well worth it. And, there is a corollary bonus. As with money and people, your search for goods will further expand your access to other community assets.

# CHAPTER 6

## Services

Services are the most underrated of all community resources, often grouped with goods and loaned executives as “in kind” gifts. One reason for their low visibility is that, with a few exceptions, services are not tax-deductible as a charitable contribution.

The giving of services is undoubtedly a community affair. Corporations, small businesses, vendors, colleges, other nonprofits, individual professionals and tradespeople... everyone providing a service for a fee is almost certainly also providing it free, or at a discount, for some worthy cause.

A list of primary service categories and their sources follows, in Table 6.

**Table 6: Services**

#### RESOURCES

Free/Discount service  
Shared service  
Bartered service

#### SOURCES

Board of Directors  
Employees  
Members  
Clients  
Consumers  
Family and friends  
Alumni  
Auxiliaries  
Contributors  
Volunteers  
Retirees  
Neighbors  
Vendors  
Civic groups  
Small businesses  
Corporations  
Doctors/Lawyers/Other professionals  
Foundations  
Government (city, county, state, federal)  
Schools/Colleges/Universities  
Unions  
Professional organizations  
Police/Fire/Emergency departments  
Political organizations  
Religious organizations  
News/Entertainment/Education media  
Other nonprofits  
Internet/World Wide Web

Services are acquired much like people, money and goods. First discover what services you need and what sources provide them. Then develop a strategy for obtaining the most services at the least cost, both in time and money. A brief summary of the major service categories follows.

**FREE/DISCOUNT SERVICE**—*One good service deserves another.*

The kinds of services available to nonprofits vary as much as service providers. However, you can't assume a source will donate only those services it sells. It also can give a service it provides for its own operations, such as accounting, budgeting or staff training.

Services are frequently given to the organization which asks first (or most convincingly), rather than according to a set formula, as is customary with cash gifts. In fact, the difference in paying for a service and getting it free, or at a discount, is often in the asking. Keep in mind, however, that there are rarely tax incentives for service gifts. A list of some of the most commonly donated services follows:

- Accounting
- Advertising
- Auditing
- Audio-visual (graphics, design, layout, production of videos, publications, etc.)
- Board development
- Career counseling
- Communications
- Computer/Technology services
- Employee loan or exchange
- Facility design
- Fundraising
- Investment counseling
- Internships
- Legal advice
- Loans (no or low-interest)
- Mailing services
- Marketing
- Office management
- Printing/Copying
- Product development
- Program planning and evaluation
- Public relations
- Public service announcements
- Purchasing
- Special event and meeting planning
- Staff development and management
- Strategic planning
- Survey development and administration
- Tax services
- Telecommunications
- Transportation
- Volunteer training and management

One of the services most valued by successful nonprofits is technical assistance. This service is often provided by loaned executives and volunteer advisors, including directors and director contacts. Technical assistance is also available through many nonprofit organizations, usually at a cost based on ability to pay.

One word of warning about services: non-paying clients are not a priority. If you are getting a service for free, or at a discount, be prepared to be flexible.

**SHARED SERVICE**—*United you stand, at divided the cost.*

An old idea gaining new momentum among clever nonprofits is the sharing of mutually needed services. One-to-one arrangements, small consortiums, large umbrella groups, short- and long-term agreements ...the possibilities are unlimited.

Nonprofits with similar missions sometimes join together to purchase outside services, or to share internal services. Other dissimilar organizations share services due to their geographic proximity. A few groups practice service sharing on a grand scale.

*Example:*

The Southwestern Pennsylvania Commission (SPC) offers below-market rents to nonprofit economic development and social service agencies in The Regional Enterprises Tower, a downtown Pittsburgh office building owned by the SPC. Nonprofit tenants benefit from the low rent and centralization of resources, and the SPC profits by being able to offer its clients—everyone from individual visitors to out-of-town corporations looking for sites to build new offices and factories—a wealth of information in a one-stop-shopping format.

To start sharing, identify existing cooperative service groups. Check the phone book or a directory of charitable organizations and contact those nearest you, in distance or purpose. If none exists, be the first in your area to prove that togetherness pays.

**BARTERED SERVICE**—*Getting something for nothing you'll miss.*

An obvious extension of shared service is the trading of services with nonprofits and other sources. Businesses actively engage in service "trade-outs." Follow their example and everyone will benefit.

Every organization has more service capacity than it needs in at least one area. Inventory your resources, including professional expertise and technological capability. Locate unused service hours and offer to exchange them with a source that has a service you need. Be creative. Consider all sources in the resource list. Offer employee training or counseling in return for computer technical support services. Provide free admission to arts and cultural events in exchange for vendor services. This is really an area where anything goes.

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The opportunities available to nonprofits for obtaining services are as specialized as each organization's needs, resources, creativity and ambitions. The better you know your nonprofit, the easier it will be to increase your service resources. The following general clues may help:

- Ask employees and volunteers for regular updates on service needs. It's not unusual for one area of an organization to decline a contribution desperately needed by another. Also, request a listing of unused service hours, staff and equipment. Actively trade and market with other nonprofits.

- Include service needs on all wish lists, including funding proposals. Distribute to employees, directors, volunteers, members and other sources, as appropriate.
- Sharpen networking skills. Learn which services are donated, and by whom. Keep a list for future reference.
- Don't be afraid or embarrassed to ask. You're providing a valued community service. Helping you helps the community.
- Be alert to hidden service needs. A recurring problem might require technical assistance.
- Show consideration and appreciation. Locate alternative sources to avoid overextending your welcome.

Be assured that service resources are well worth the extra time their development demands. You can't have a total resource package without them. With services, along with people, money and goods, you maximize your options for success.

# CHAPTER 7

## Final Clues

This guide doesn't provide all the answers. Everyday, nonprofits are discovering new and exciting approaches to the challenges of resource development. Some of their strategies are recapped here.

### RESEARCH

Resource discovery begins with research. This is simply fact-finding to maximize awareness of your organization, community resources and development strategies. It can be far ranging, from informational phone calls and literature review to sophisticated consumer surveys and library research. It should be internal and external, continuing through all stages of resource development: self and community evaluation; identification of resources, needs and sources; solicitation planning; follow-up evaluation and reporting. It should cover at least the following basics:

- Internal resources and needs (people, money, goods and services)  
*What, who, where, when, why, how and how much*
- External resources and needs
- Present sources  
*Giving history, motivation*
- Potential new sources  
*Special interests, objectives, requirements*
- Development strategies  
*Publications, experts, other nonprofits, past experience*

### EVALUATION

Once sufficient information is compiled, evaluation can begin. This means assessing all relevant data to determine where you are in comparison to where you should be or want to be, relative to community need. Some basics that should not be overlooked include:

- Organizational structure, goals and performance record (for the organization, fundraiser, volunteer program, resource network—whatever is being evaluated)
- Existing resources and needs
- Documentation of community need
- Potential resources and needs, existing and future
- Source goals and needs
- Developmental strategies
- Influential factors

### PLANNING

Funders and other sources place emphasis on organizational and strategic planning, both immediate and long-term. They like knowing that they're investing in something with a future. Develop strategies and action plans for everything you do... programming, marketing, fundraising, volunteer recruitment, etc. Some basics of a good plan are as follows:

- Stated goals/Objectives
- Planning calendar, annual; daily for specific activities
- Community calendar of major events
- Budget, including projected income and expenses
- Start-up resources (people, money, goods, services)
- Current resources/Needs listing
- Job listing
- Assigned leaders
- Resource management plan
- Cost monitoring and other record keeping systems
- Communications plan
- Promotional strategy
- Contingency plans
- Evaluation process

### ORGANIZATION

No amount of planning can make up for poor organization. You have to be able to put it all together for success.

#### *Example:*

The Child Health Association of Sewickley, Pennsylvania, is a totally volunteer nonprofit organization. This organization has had phenomenal success raising money through production and sales of its Three Rivers Cookbook. Sales of the first three editions of the Cookbook resulted in a net profit of over \$2 million. Some of their organizational secrets follow:

- Strong volunteer management  
*Volunteers do everything: solicit, taste-test and proofread recipes; compile mailing lists; promote and market the books, including individual sales and solicitation of free advertising and display space.*
- Creative, aggressive marketing  
*Wholesale discounts to retailers, food tastings in bookstores, cooking demonstrations in kitchen stores, personal visits to gift shops and stores throughout the country, and promotional linkages with grantee organizations are just some of the tactics used to generate cookbook sales.*

- Firm production schedule
- Cost management  
*Competitive bidding, printer discounts and production shortcuts.*
- Donor acknowledgment
- Clear purpose  
*All profits are donated to children's programs and services in Western Pennsylvania.*

The secret to their success is simple: have a plan and stick to it. That's organization.

### COMMUNICATION/MARKETING

The basics of communication and marketing are too complex to do them justice here. Suffice it to say you can't succeed without them. They work hand in hand to inform and to sell. They are lifelines into your own organization and the community at large.

Fortunately, there's lots of help. Nonprofits often are in the enviable position of receiving for free or at a discount the same service for which for-profits must pay costly sums. Radio and television stations, newspapers, magazines, public relations firms, printers and production companies—most donate some portion of their services to charitable purposes. Recognize the value of such contributions. Treat them with respect and use them wisely. Some communication and marketing tools are, by their nature, free. Letters to the editor, editorials, news and feature stories are a few examples. Yet even these generally are the result of ongoing communication and marketing efforts. And don't forget phone calls, internal memos and meetings, e-mails, personal contacts. A partial listing of basic tools follows:

Annual report  
 Billboard  
 Brochure, fact sheet  
 Bulletin board (office, school, church, Internet, community)  
 Bus/Train/Subway card  
 Chamber of commerce, business, trade, school, other publications  
 Classified advertising  
 Clipping/Scrap book  
 Corporate sponsored advertising  
 Editorial  
 Feature article  
 Film, slide show, videotape  
 Interview/Talk show  
 Letter to the editor  
 Lettered sign (bank, hotel, fast food)  
 Logo, slogan  
 Memo, phone call, personal contact, networking  
 News release/Press Conference  
 Newsletter  
 Photography  
 Poster, flyer  
 Print advertising (newspaper, magazine, employee publication)  
 Proposal, progress report  
 Public address system (school, office, manufacturer)

Public service announcement (radio, TV)  
Speakers bureau  
Special, documentary, public education programming  
Specialty advertising (balloon, calendar, key chain, mug, T-shirt, etc.)  
Staff meeting, in-service training, workshop, seminar  
Tie-in trailer to commercial programming  
Web page  
Wire service

This list offers a general idea of the kinds of sources available for effective internal and external communication and marketing. Use them for success. Also consult one of the many fine media guides now available. Some of them are listed in the Resources section.

### TECHNOLOGY

Advances in technology are continually affecting the way the world does business—and the way nonprofits provide services and raise funds. The nonprofit organizations that use technology effectively will be the ones best suited to meet the challenges of the future.

Technology is not just computers—it's all the ways we use the advancements of science to make our lives and jobs easier and more productive. How can technology help us? Ask this question during every annual evaluation. Are clients, volunteers or prospective donors having a hard time reaching anyone at your office? Then maybe you need e-mail, or a voice mail system that can be accessed remotely. Is the maintenance of mailing lists a constant problem? Then maybe a good database program could facilitate mailings. Printing costs eating you alive? Maybe producing some materials in-house with desktop-publishing software could ease the pain. Can't spend a lot of time on marketing? Maybe your own Web page could provide pertinent information to the community you serve as well as prospective volunteers and donors. Be creative. Think long-term. At this stage, don't worry about your budget.

After you've pulled together a list of problems and possible solutions, prioritize. What are the most pressing problems? What weaknesses most directly affect your ability to meet your goals? Focus on the most important areas.

Now—educate yourself. Go to the library or bookstore. There is a wide variety of reference guides, books and magazines dedicated to computers and technology. Find some you like and read them. Subscribe to appropriate magazines. Search the Web for information on nonprofits and technology. Save information on technology that appears in any trade publications that you receive. If you have the money, hire a consultant. Find out what other nonprofits are doing. And look for services in your community that exist to help nonprofits use technology effectively.

*Example:*

Three Rivers Free-Net, a service of the Carnegie Library of Pittsburgh, offers free Web page hosting, including training, support and email, for local nonprofits and government agencies.

Once you have an idea of what you need and how to make it happen, take a look at your budget. If you can't afford what you want, search harder for services that may provide what you need free of charge, or at a discount. Would a business, corporation or foundation see an advantage in helping you achieve your goals? What grant money is available? Look outside your usual funding sources. Many high-tech companies will fund projects with a technology focus. Consider joining with other nonprofits that have similar needs.

*Example:*

With the assistance of a Mellon grant, various Pittsburgh nonprofit organizations, including Hosanna House, Catholic Charities and Focus on Renewal, have become virtual learning centers. These virtual learning centers use advanced technology known as "distance training" to accommodate individuals in communities where they live. In addition to training for entry-level positions in the financial services industry, this consortium of nonprofit centers provides candidates with the support systems they need to obtain and maintain meaningful employment, including transportation to and from work and day care services.

A final word of advice—if you don't already have a PC with access to the Internet, buy one. If this is impossible, find someone who will let you use theirs. Try local libraries and universities. There is a wealth of information on the World Wide Web no nonprofit should be without. If there is no one in your organization that can use a personal computer, remedy this situation immediately. Classes are always offered on basic computer skills at community colleges, tech schools, universities and corporations. Find a way to get the training you need.

Using technology well is a necessary nonprofit survival trait. If you feel unfit to meet this challenge, take heart. Learning to use technology effectively is something that all of us—individuals, small businesses, nonprofits and corporations—are working toward every day.

### COOPERATION

Sharing, trading, collaborating—by all of its names, togetherness is the key to success for the future. Funders and other sources are increasingly looking for cooperative solutions to community needs. These take many forms, from basic networking and information sharing to shared grants, goods and services, and sophisticated private/community/government partnerships.

*Examples:*

**Pittsburgh Cultural Trust**

This unique organization has united public and private interests in the creation and support of Pittsburgh's Cultural District. Some of the Trust's successes: the purchase and renovation of older buildings in downtown Pittsburgh to house various arts and cultural organizations; the production of a Cultural District Visitors Guide, newsletter and quarterly Calendar of Events; and a Tix for Teachers program that provides discounted tickets for Cultural District shows and events.

**Neighborhood Assistance Programs**

Pennsylvania, through its State Department of Community Affairs, was the first of several states to establish a system of tax credits for corporations investing in community nonprofit enterprises.

**West Jersey RENEW**

St. Joseph's Carpenter Society and West Jersey Health Systems have joined forces to create a neighborhood counseling center that will serve as the cornerstone for the West Jersey RENEW project. West Jersey RENEW is a comprehensive community initiative that combines the development of affordable housing with social services.

**RELEVANCE**

Sources are more responsive to a request when they understand its relevance to their own or the community's needs. To make the most of cooperation and other development techniques, you must be able to establish these relationships between even seemingly unconnected entities.

*Example:*

A consortium of nonprofits, under the direction of The National Council on the Aging (NCOA), has joined with Mellon Financial Corporation to recruit, train and employ mature workers. Goodwill Industries of Pittsburgh and the Greater Pittsburgh YMCA use state-of-the-art systems and technology to conduct free computer training classes for older, economically disadvantaged members of the community. The Urban League of Pittsburgh, the YMCA and the Area Agency on Aging actively recruit community members for participation in the classes. Mellon steps in after the training is completed, and employs the graduates in full- or part-time positions. Mellon also conducts a second round of job-specific training.

Though this association is obvious, many are not. Step outside your organization. Take an objective look at your role, your contribution to the community. Visualize your relevance to the community and its respective resource providers.

### CREATIVITY

It isn't true that you have to be born with it. Creativity can be learned. Everyone has creative potential. Creativity is the ability to make light from darkness, wine from grapes, cookies from oatmeal. It's imagining the impossible and making it happen. It's being original, resourceful, unconventional, different.

Nonprofits are known for their creativity—necessity is the mother of invention.

*Example:*

In Boston, the Reach Out and Read program integrates literacy development into regular pediatric visits for children between the ages of six months and six years at Boston Medical Center. More than half the children come from families with yearly incomes of less than \$10,000. In the clinic waiting room, volunteers (some of whom are Mellon employees) read to children. In the examining room, nurses introduce culturally and developmentally appropriate books, commenting on the child's response and offering information for the parent about the child's development. Finally, at each visit, the child is given a new book to take home.

To develop your creative talents, remember that personal experience is a great teacher. Observation, too. Positive thinking also helps. Open your mind to the possibilities, look beyond the obvious, and you'll have it.

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Throughout this guide you have seen examples of nonprofit organizations that have been successful in using a broad range of resources. Now it's your turn. Remember: think big. Expand your definition of resources to include people, money, goods and services. Research, evaluate, and plan. Dare to be different, creative and strategic. Appeal to self-interest. Demonstrate support from those you serve. Be assertive and ask. Share ideas and resources. Embrace change. Know what your community needs. Tell your story. Believe in yourself. And don't forget to have fun.

Best of luck to you!

## FUNDRAISING ASSISTANCE

**The Center for Nonprofit Boards**—a national nonprofit organization offering various resources and support programs to assist nonprofit organizations and their board members. (202) 452-6262

**The Center for Philanthropy**—a nonprofit research organization focused on exploring what motivates people to be philanthropic. (347) 274-4200

**The Council for the Advancement and Support of Education (CASE)**—a national membership service organization that provides education programs and publications for institutions of higher education and private elementary and secondary schools. CASE also operates the National Clearinghouse for Corporate Matching Gift Information. (202) 328-5978

**The Foundation Center**—a clearinghouse for information on foundation and corporate grantmaking. The Center has research libraries in New York, Washington DC, Cleveland and San Francisco, and cooperating collections in libraries and community foundations in each of the 50 states. (800) 424-9836

**Gifts In Kind America**—a national nonprofit organization that solicits donations of products from large national companies and distributes them to nonprofit organizations. Products include building supplies, furniture, uniforms, computer software and a myriad of other resources. (703) 836-2121

**Grant Guides Plus, Inc.**—provides information and educational services to the grantseeking industry across the United States. Guides provide basic information needed to determine what grant opportunities exist, and which are appropriate to specific needs and interests, all in a format that is easy to use. (888) 247-2689

**The Grantsmanship Center**—a fundraising training organization that offers courses and publishes information on grantsmanship, program management and fundraising. (213) 482-9860

**National Society of Fundraising Executives (NSFRE)**—a professional association of individuals responsible for generating philanthropic support to a wide variety of charitable organizations. (800) 688-3463

**The Points of Light Foundation (POLF)**—a national nonprofit organization that actively promotes volunteerism. The Foundation works closely with Volunteer Centers that provide nonprofits with volunteers of varied skill levels. (202) 729-8000

**Support Centers of America**—a nonprofit management assistance organization. Workshops address a wide range of nonprofit management topics, including strategic planning, fundraising and program evaluation. (415) 552-7584

## RESOURCE BOOKS AND DIRECTORIES

Call your local government offices and foundations to ask about resource books and directories that may have been developed to provide specific fundraising information in your community.

Annual Survey of Corporate Contributions, The Conference Board, New York. (212) 759-0900

Budgeting for Not-for-Profit Organizations, Maddox, D., John Wiley & Sons, Inc. 1999.

Catalog of Federal Domestic Assistance (CFDA), Washington, D.C. Lists federal projects, services and grant programs. (800) 669-8331

Financial Empowerment: More Money for More Mission, Brinckerhoff, P.C., Alpine Guild, Inc., 1996.

Financial Management for Nonprofit Organizations, Hankin, J.A., Seidner, A., Zietlow, J., John Wiley & Sons, Inc. 1998.

Financial Planning for Nonprofit Organizations, Blazek, J., John Wiley & Sons, Inc. 1996.

Financial & Strategic Management for Nonprofit Organizations, 2nd Edition, Bryce, H., Prentice Hall, 1992.

Foundation Center Directories. Directories of corporate and foundation giving. (800) 424-9836

Giving USA, American Association of Fund-Raising Counsel Trust for Philanthropy, New York. (888) 544-8464

Guide to Federal Funding of Volunteer Programs and Community Service, Government Information Services. (703) 528-1000

National Service and Public Safety Partnerships for Safer Communities, The National Crime Prevention Council, Publication #NCJ146842. (800) 688-4252

National Service Resource Guide: Strategies for Building a Diversified Funding Base, Corporation for National Service, Washington, D.C. (202) 606-5000

Taft Group Directories. Directories on corporate and foundation giving. (800) 877-8238

## "HOW TO" BOOKS AND PUBLICATIONS

All the Way to the Bank: Smart Money Management for Tomorrow's Nonprofit, The Stevens Group, Inc., 1997.

The Budget-Building Book for Nonprofits: A Step-By-Step Guide for Managers and Boards, Dropkin Murray and LaTouche, Bill, Jossey-Bass Publishers, 1998.

The Complete Idiot's Guide to PCs, Kraynak, Joe, Que Corp., 1998.

The Foundation Center's Guide to Grantseeking on the Web, Schoff, Frederick, (ed.) Foundation Center, 1998.

Foundation Fundamentals: A Guide for Grantseekers, Morth, Margaret and Johnson, Pattie, (eds.) Foundation Center, 1999.

Fundraising for Social Change, Klein, Kim, Chardon Press, 1994.

The Grantseeker's Toolkit: A Comprehensive Guide to Finding Funding (Nonprofit Law, Finance and Management Series), New, Cheryl Carter and Quick, James Aaron, John Wiley and Sons, 1998.

Grantseeking: How to Find a Funder and Write a Winning Proposal, Decker Larry and Decker, Virginia, Community Collaborators, 1999.

The "How To" Grants Manual: Successful Grantseeking Techniques for Obtaining Public and Private Grants, Bauer, David G., Oryx Press, 1999.

Managing a Nonprofit Organization in the 21st Century, Wolf, Thomas and Carter, Barbara, Fireside, 1999.

Marketing Magic, Debelak, Don, Adams Media Corp., 1994.

The New Publicity Kit, Smith, Jeanette, John Wiley and Sons, 1995.

## PERIODICALS

Advancing Philanthropy, National Society of Fund Raising Executives. Quarterly journal focusing on fundraising. (800) 666-3863

The Chronicle of Philanthropy. Comprehensive biweekly publication providing information on issues and trends in the nonprofit sector including grantmaking activities, nonprofit management, laws and regulations, volunteerism, fundraising, and corporations and foundations. Also contains a calendar of events, job openings and a listing of recent grants. (202) 466-1200

Corporate Philanthropy Report, Aspen Publishers, Inc. Monthly report on issues and trends in corporate giving. (800) 638-8437

Foundation News and Commentary, Council on Foundations. Reports bimonthly on current developments in foundation giving. (202) 466-6512

Fund Raising Management, Hoke Communications. Monthly report on fundraising issues and tactics, includes a calendar of events. (800) 229-6700

The Grassroots Fundraising Journal, Chardon Press. Monthly journal for nonprofits and fundraisers. (888) 458-8588

The Nonprofit Board Report. Monthly "fast-read" journal of tips and real-life examples for building stronger board-staff relationships. (800) 220-5000

The NonProfit Times, Davis Information Group. Features monthly news items on legislation, management and fundraising as well as a calendar of events, book reviews and classified ads. (973) 734-1700

Nonprofit World, Society of Nonprofit Organizations. Bimonthly report focusing on nonprofit management. (800) 424-7367

### OTHER SOURCES

Olszak Management Consulting, Inc. helps nonprofit organizations capitalize on all available resources by providing strategic, financial and business planning; outcome and evaluation research; strategic restructuring and alliances; social entrepreneurship and earned income ventures. (412) 281-9262

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