

Feel the L-U-V or Getting Your Slice of the Pie



By Thomas G. McCarty, Ph.D., CFRE, Senior Counsel

Here is an intriguing statistic. The latest figures from the National Center for Charitable Statistics tell us that there are over 1.5 million nonprofits organizations in the country. These include everything from neighborhood associations that meet a couple of times a year and have no assets to large universities and foundations with billions of dollars in assets. They include soup kitchens and traditional charities that serve the poor, as well as a local church, the Chamber of Commerce, the Sierra Club, the United Steel Workers Labor Union, and the Metropolitan Opera. About 1 million of these can be classified as *public charities*, the types of organizations that many of us are a part of.

Just a few more informative numbers are in order. In 2013, public charities reported over \$1.74 trillion in total revenues and \$1.63 trillion in total expenses. Of the revenue:

- 21% came from contributions, gifts and government grants
- 72% came from program service revenues, which include government fees and contracts
- 7% came from "other" sources including dues, rental income, special event income, and gains or losses from goods sold

While we are 100% safe in saying that all of these are not competing for the same slice of the charitable pie (regardless of the "flavor!"), it is equally true that we all want, and often think we are entitled to, our own piece. The question, therefore, is how to maximize our chances of tasting these delicious financial morsels.

Here's one person's opinion and strategy. These thoughts apply to all constituencies, individuals, foundations, corporations, and all others.

It is an obvious fact that donors and prospect alike want to know that their support will not be wasted, that the charity in mind will be around for a while, offer programs that make a difference in their community (large or small), and will be good stewards of the finances thrown their way. To accomplish these ends, when building a case for support, we are wont to cite reams and reams of statistics. We throw in impressive numbers about:

- number of participants (often broken down by every kind of socio-economic and demographic indicator we can dream up)
- total number of "gatherings" (classes, workshops, help sessions, you name it)
- sources revenue

- how many stakeholders we have helped (be it through direct programmatic assistance, financial aid, direct support, and other types)
- number of participants
- total number performances (in the case of arts and culture organizations)

Mind you; I am not diminishing or poo-pooing the value of numbers in justifying an organization's capability or competency, now or in the future. Because we live in a time when we are inundated with such easily accessible and seemingly persuasive tools, we think that sometimes we rely on them excessively, without dwelling on other factors. I have found another way to gauge future sustainability, and it serves as a great complement to facts and figures. It goes by the very apropos acronym of **L-U-V**. Yes, it looks backward, but, again yes, it also looks into the future.

My argument begins like this.

"It is well known among nonprofit professionals that an organization succeeds because of a three-legged stool of sustainability. These legs are *Longevity*, *Uniqueness* of programs and services, and fiscal *Viability*. In each of these categories, the [name of the organization] rises to the top."

1. Longevity – While the figures are indeed fuzzy and not always able to be documented, there is a rough estimate that approximately 10% of the nonprofits in the country fail each year. Thus, an organization that is able to last (perhaps *survive* is a better word) even 5 years has at least one leg up in the paper chase for support.

What are the factors that contribute to this longevity? In an excellent table, Judith Sharken Simon enumerates several:

- Program and Services
- Staff Leadership and Management
- Staffing, Governance
- Administrative Systems/Operations
- Finances and Fundraising, Marketing/Community Awareness.

(For much more detail, see her article *Nonprofit Organizational Life Cycle*, published in 2002, adapted by Speakman Management Consulting of Atlanta, and found on the following URL: www.speakmanconsulting.com/go/speakman/resources/nonprofit-lifecycle-matrix.pdf)

2. Uniqueness – Many years ago, when I was a young and callow fundraiser, one of my early mentors gave me this sage advice: "When in doubt, steal!" While professional flattery (as he termed it) has its place and—as we all know—is used (and perhaps misused) time and time again, presenting an organization as a copycat (perhaps the current word of choice is *clone*) of one or many others is not the way to impress donors.

Ask yourself the following questions (yes, they are drawn from the business "world," but then again, aren't we *businesses* also, or—if not—shouldn't we be?)

- What indeed are the features and benefits that are unique about organization? Do a Google search and compare your features and benefits with other similarly “categorized” organizations. Identify what sets you apart.
- What emotional need is being specifically met by your programs and services? Think about this from your stakeholders’ perspectives and add it to your list.
- What are the programs and services that other organizations cannot imitate? Put a star beside anything that cannot be easily duplicated, reproduced, or copied.
- What are phrases that we can write about your unique programs or services that are short, clear, and concise.
- Answer your stakeholders’ primary question: "What's in it for me?"

3. Fiscal Stability – Again, the basic questions that any current or prospective donor wants to know are:

- Is the organization financially sustainable?
- Can it reliably support its core programs and services?
- What is its financial track record?
- Where is it vulnerable?

A good introductory statement to answering these might be, “Through its formal programs and numerous personal encounters, the [organization] has reached countless needy individuals and families on a very modest and sound budget. “These are good words to begin with. Flesh out and modify to fit your organization as necessary, without overwhelming the prospect/donor with numbers.

Extra: One final add-in goes something like this: “In the ever-increasing world of nonprofit organizations, the single question to be asked regarding future viability is the following: “If the [Name] did not exist, would it be reinvented?” From what we have said above, we believe the answer is a resounding ‘Yes.’”

IN CONCLUSION, You are receiving this just a couple of days after the holiday of love, Valentine’s Day. While that was not what directly motivated my thoughts, perhaps it was lurking in the subliminal parts of my brain.

With that in mind and staying true to the title of this article, let me close with this sweet reminder:

*What the world needs now is love sweet love,
It’s the only thing that there’s just too little of,
What the world needs now is love sweet love,
No, not just for some but for everyone ...*

(With eternal thanks to lyricist Hal David, who teamed with the one and only Burt Bacharach on this ever-popular ditty, and of course to the inimitable Dionne Warwick, who sold it as no one else could)

Go ye and prosper with **L-U-V** and get your share of the pie