

# The Right Fit for Events in Your Organization

BY MELISSA S. BROWN

Nonprofit organizations use direct mail, online giving and special events frequently to reach new donors and advocates. From ongoing studies of charitable receipts by the Nonprofit Research Collaborative (NRC) and the Association of Fundraising Professionals (AFP), it is possible to identify challenges and concerns about special events. About eight in 10 nonprofits use special events to raise funds, and this frequency alone suggests that events merit serious consideration, appropriate evaluation and investment for success.

## The Economy Effect

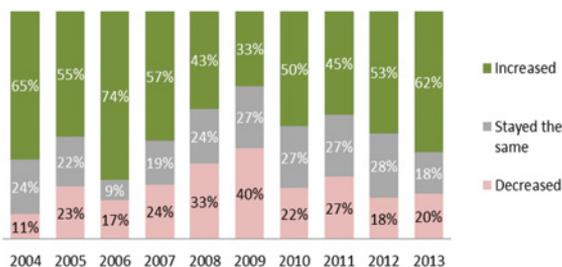
As seen in *Giving USA*, giving follows the economy. That truism applies for special event proceeds as much as for any other type of funding. Figure 1 shows changes in net proceeds from special events from 2004 through 2014. The best years for special events were 2004 through 2006, when 55 percent or more of nonprofits studied saw growth in net event proceeds compared with the prior year. During the recession, especially in 2008 and 2009, far fewer organizations saw event net proceeds increase. In 2009, just one-third of organizations reported growth



in event net proceeds compared with 2008, and 2008 was already down compared with 2007.

Even though the economy began to recover in 2009, special events did not return to prerecession frequencies of increase (above 55 percent) until 2013. The main take-away here is that there appears to be a lag time between economic recovery and event recovery. This is useful information when setting goals for 2014 and in the future. It is also a reminder to watch broad economic indicators, such as the stock market, and scale event plans if needed if trends suggest a shift, especially a decline in market values.

**Figure 1. Percentage of organizations surveyed reporting change in net proceeds from special events, 2004-2012**



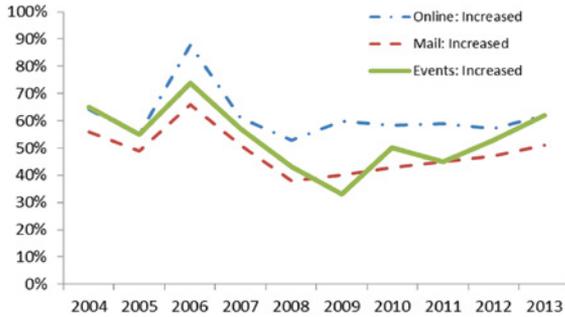
Source: *Nonprofit Fundraising Survey*, Winter 2014, page 15, available at <http://npresearch.org/about-us/new-report.html>.

## Fundraising Portfolio Trends

Figure 2 shows annual results for the percentage of NRC survey organizations that saw receipts increase by each of these fundraising methods. All three methods increased at between 55 percent and 65 percent of surveyed charities in 2004. The methods tracked together through 2006, when all three peaked. After that year, events and mail showed sharp reductions in the frequency of increased revenues, while online stabilized, with more than half of surveyed charities seeing growth in online giving annually, even during 2008, 2009 and later.

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**Figure 2. Percentage of survey respondents who saw an increase, by fundraising method, 2004–2012**



Data: AFP survey for giving in 2004 through 2009; NRC for giving in 2010 to 2013. Combines the “increases” values from graphs for online fundraising, direct mail and events available in *Nonprofit Fundraising Survey*, Winter 2014, available at <http://npresearch.org/about-us/new-report.html>.

Special events showed the steepest drop during the recession, dipping down to 33 percent of surveyed charities reporting growth in 2009 and 40 percent actually seeing a decline in net proceeds that year. As of 2013, all three are close to—but not yet past—the 2004 frequency of organizations seeing increases.

However, even with the steep drop in one year, events proceeds rose at an average of 54 percent of charities in the decade shown. This is above the average 49 percent where direct mail increased at the same charities and below the average 62 percent for online giving.

This does not mean online giving “outperforms” events. It means that there was an increase in online giving

at a higher share of charities. Online giving, however, is typically less than 10 percent of all charitable receipts at NRC responding organizations. Special events, though, often form a much larger share of a nonprofit’s total charitable revenue. So, even a higher frequency of increase for online giving may not indicate that a charity will see more revenue overall this year or next year. It depends on the current share of the charity’s total philanthropic revenue that comes from events compared with the share that comes from online giving or direct mail.

A fundraising team can do the math and determine its own share of giving from each method over time. This will help the organization assess where it is most likely to raise more funds. It is also important to remember that events have additional purposes, such as to connect with new potential donors and to share mission-based stories that help build long-term relationships with partners. All three methods have an important role to play in a multichannel fundraising program that offers a number of “ports of entry” for donors and advocates.

### Reliance on Events

Eighty percent of nonprofits in the NRC studies use events, about 80 percent use direct mail and about 80 percent use online giving. However, some organizations are slightly more reliant on funding from special events.

From the NRC study conducted in the winter of 2012, the “small” category (total budgeted expenditures from \$250,000 to less than \$1 million) shows that 28 percent rely on events for one-tenth to one-quarter of their total charitable revenue. This is a higher share than seen in the largest charities (total budgeted expenditures of \$10 million or more), where 22 percent received between 10 and 25 percent of all charitable dollars from events. (See Figure 3.)

**Figure 3. Percentage of responding organizations by percentage of total charitable receipts from special events**

Organization budget	0%	1–9%	10–25%	26–50%	51–75%	76–100%
All responding	18%	31%	23%	16%	8%	4%
\$250,000–\$999,999	15%	28%	28%	17%	8%	4%
\$10 million	22%	37%	22%	11%	4%	4%

Data: *Nonprofit Fundraising Survey*, Winter 2012 report, page 15. Available at <http://npresearch.org/winter-2012.html>. All other sizes of organizations are between these 22% and 28% for the share that receive between one-tenth and one-quarter of their charitable dollars from events.

As your organization plans for 2014–2015, one question to consider is whether the fundraising goal is “too reliant” on events. Or is there perhaps unexplored potential for events to help you achieve your goals?

### Budget Size Matters

Do special event results differ with the size of a charity? Yes. Smaller organizations are both slightly more reliant on events, statistically speaking, and typically less likely than large ones to see an increase in net event proceeds in any one year. Furthermore, the trend line shows a somewhat concerning “flat line” for very small organizations (those with budgeted expenses less than \$250,000), which did not see the bump up in event proceeds that larger groups reported for 2013. (See Figure 4.)

In most years, the share of surveyed “very small” charities has been the least likely (except in 2012) to see increases in event proceeds. The other size groups move together. As the chart illustrates, the share seeing an increase in event net proceeds rises or falls in the same direction as the other size groups. However, very small charities hovered between 45 and 55 percent, with no lift in 2013.

This suggests—but does not prove—that very small charities need to consider alternatives to events or alternatives in how they do events.

### Hope for the Best, Prepare for the Worst

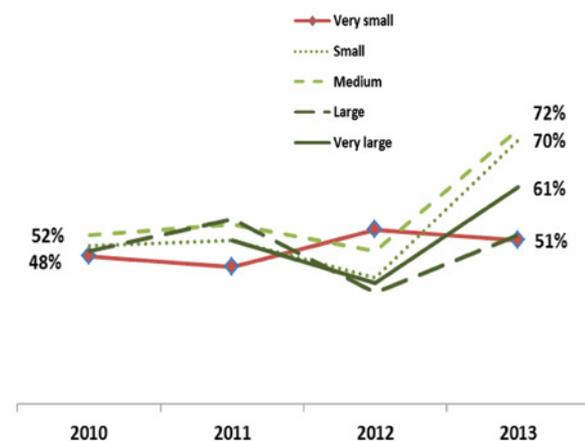
Even with great plans and an innovative idea, events can go off course. The steep drop shown for 2008 (see Figure 1) reflects the recession and the financial crises that started in September 2008.

In early 2014, the weather affected many planned events. The NRC will not know the results for 2014 event fundraising until the next survey (July/August 2014). However, NRC results for 2013 show the impact of Superstorm Sandy in the Northeast. As one respondent wrote, “We had an event scheduled near to where Superstorm Sandy hit, and that made an impact on our special event goals for our FY13 budget.”

Between being buffeted by swings in the stock market or the winds of “100-year” storms, charities have learned in the past few years to plan for a special event worst-case scenario.

- Include possible risk management steps that your organization could take, such as insurance, contingency clauses in contracts, stated “no refund” policies on event presales and contract terms with venues that include “rain/snow date” alternatives.

**Figure 4. Percentage seeing an increase in net proceeds from events by size of charity, 2010–2013**



Very small = budgeted expenses less than \$250,000  
 Small = budgeted expenses \$250,000–\$999,999  
 Medium = budgeted expenses \$1 million–\$2.99 million  
 Large = budgeted expenses \$3 million–\$9.99 million  
 Very large = budgeted expenses \$10 million or more

Data: *Nonprofit Fundraising Survey*, editions from Winter that appeared in 2011, 2012, 2013 and 2014. Analysis prepared especially for *Advancing Philanthropy*. All reports are available at [www.NPRResearch.org](http://www.NPRResearch.org).



- If you have to cancel an event, use email to contact ticket holders, and ask them to convert their ticket price (paid or not yet bought) into an outright gift. Provide links to a record-keeping system to document when people say yes. For events with venue costs (food, space, etc.), have a rain date contract and/or insurance, plus the ticket-conversion step. Turning tickets into gifts also works for low or volunteer-borne venue costs, such as garden/home tours.
- Include advance consideration by the board to develop emergency fundraising efforts, program change proposals and budget alternatives that can be called upon if an event significantly misses the goal for net proceeds.

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### Good Ideas

When 80 percent of the nonprofit sector uses the same tactic, it can be difficult to differentiate your activity from those of other organizations. One NRC respondent wrote, “Long-time major donors are tired of the ‘same’ events and pleas for support that look like everyone else’s.” Another said, “With limited staff, it will be a challenge to plan and carry out the fundraising events that the board is looking at.”

The NRC asks organizations to write responses about areas of challenge or innovation, and in recent surveys, several respondents have volunteered comments related to special events.

A few respondents are taking specific steps to be more efficient in how they conduct events and more effective in how they seek sponsorship. Many more wrote about efforts to publicize events more widely to build an audience or increase participation.

- A small human services charity in a mid-Atlantic state: “We are looking to do more collaborative fundraising events with similar charities.”
- A very small western public society benefit organization: “We condensed our fundraising events and connected with funders once instead of going back and asking for funds several times throughout the year.”
- A very small southern religious charity: “We started using a Web-based program for ... email newsletters about events.”
- A health charity in Canada said it is “increasing the visibility of ... [our] sites through friend-raiser events.”
- A very small northern Great Plains arts charity: “Our fundraising events are taking hold in the community and becoming annual family events. We have really stepped up promotional efforts, which has helped.”

Events require personnel, whether paid or volunteer. Organizations in the NRC surveys have offered ideas about the rewards—and, sometimes, challenges—of event staffing.

- A large (\$3–10 million) human services charity: “We hired an energetic, innovative special events coordinator who breathed new life and vision into our signature special event.”
- A small health charity in a state bordering one of the Great Lakes: “We’ve hired new staff for special events and are planning more third-party events.”
- A small health charity in a state bordering the Mississippi River: “With limited staff, board members chair all of our events and fundraising committees. We have an engaged board ... they solicit the help and expertise of their business friends throughout the community.”
- A small northern Great Plains educational organization: “Increasing [volunteer] interaction at reunions. We had many alumni that were not connected ... we were able to reconnect with them, update their addresses and reengage them in our events and mailings.”
- A very small northeastern arts organization, responding to a question about the best engagement strategy for board members: “Asking each member to take one month of the year and plan fundraising events for that month, as well as contribute and work together on several large events.”

In other words, seek efficiencies where possible, promote the event widely, use available staff resources wisely and ask volunteers to take on specific tasks to meet the fundraising or friend-raising goals.

### Conclusion

Slightly more than half (54 percent) of responding organizations, on average over 10 years, saw special events yield higher net proceeds than in the prior year. This is despite two years with steep declines during the recession from 2007 to 2009. This rate of increase also compares favorably with direct mail, where the 10-year average

frequency of growth is 49 percent of organizations. Small charities (those with a budget less than \$1 million) rely slightly more on special event proceeds overall for charitable receipts than do very large organizations, but the differences are small. Very small charities (those with a budget less than \$250,000) have been the least likely to see increases in special event proceeds since the recession (2010–2013).

These factors together suggest that special events have an important role to play in fundraising for a very large share of organizations. Given that important role and the uncertainty of success, events need to be planned and executed well and have good promotion, engaged volunteers and qualified staff. 

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The Nonprofit Research Collaborative (NRC) was formed to reduce survey burdens on charities, and each member of the collaborative has experience collecting information from nonprofits concerning charitable receipts, fundraising practices and/or grant-making activities. Partners are the Association of Fundraising Professionals, CFRE International, Campbell Rinker, Giving USA Foundation, the Partnership for Philanthropic Planning and the National Center for Charitable Statistics at the Urban Institute. The NRC conducts surveys twice a year. To sign up for more information, view reports or obtain PowerPoints, visit **[www.npresearch.org](http://www.npresearch.org)**.

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