BOARD ACADEMY

This publication shares information of interest to public library boards. Links to the resources and full content can be found in the e-newsletter version.

WHAT'S GOING ON IN THE ECOSYSTEM?

STATE BUDGET

The state budget passed, with the public library subsidy receiving the same amount as last year (flat funded). The new line item for Public Library Facilities Improvement Fund did not get included in the final budget.

There are some areas of contention still being ironed out, so the final fiscal code language which enacts the budget has not yet passed both chambers. The current draft passed by the Senate includes the waiver language required to apply for a waiver of standards.

If you're interested in the details, it is HB1300 on the Pennsylvania General Assemby's website at https://www.legis.state.pa.us/.

PROPOSED LEGISLATION

There appears to be a minimum wage bill gaining some traction. HB1500 has passed the house and was sent to Senate Committee shortly before the summer legislative break.

THB1500 proposes increasing the minimum wage in Pennsylvania to:

- $11.00 per hour effective January 1, 2024
- $13.00 per hour effective January 1, 2025
- $15.00 per hour effective January 1, 2026
- Beginning January 1, 2027, and each January 1 thereafter, the minimum wage would be increased by an annual cost-of-living adjustment calculated by the secretary using the percentage change in the Consumer Price Index for All Urban Consumers (CPI-U) for the Pennsylvania, New Jersey, Delaware and Maryland area.

There is some industry pushback on the bill regarding the increased base percentage for employers to pay tipped workers. Given that this bill passed a sharply divided House right before the summer break, we don't know quite what will happen with it.

You can find updates on this bill (and others of interest) at the SNOE website: https://snoelibraries.org/2023-legislative-session/

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TIMELY TOPICS

FUNDRAISING & BUDGETS

It's that time of year - the year-end crunch time! As you prepare for your fall fundraisers and municipal visits, keep these tips in mind.

- Have a good Call to Action (CTA). It should be simple, use an action verb, and create a sense of urgency. Want to make it even better? Add the "why" for them. (Firespring has a great article about creating them.)
- Keep it short! We always want to gush about our amazing work, but it's better to keep it concise so you don't lose your donor's attention. As a group, work together to develop multiple 30-45 second elevator pitches that work for different groups. (Joan Garry's Tips! & How to Cut Through the Noise)
- Have more than one story. Not everyone will care about the same things. Having multiple angles increases your chances of securing a donation.

It's also a great time to look back over the past year and evaluate how effective your fundraisers are. What is your fundraising net per source (Gross - Costs of raising money, including staff time = Net)? Are you investing your time wisely? Are you investing enough time into diversifying your fundraising? (BoardSource has some resources to help you talk about this.)

CALL TO ACTION EXAMPLES

Between the Firespring article and this one from Angela Hursh, expert in library marketing, what might be some great call to action phrases?

- Help your library help your community
- Support educational programs for all ages
- Discover new ways which the library can serve you
- Explore free resources from your own home
- Become a library advocate/friend
- Share your knowledge--volunteer today!
- Donate to a long-lasting community institution

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SPOTLIGHT ON LEARNING

ADVOCACY, YOUR LIBRARY, AND YOUR COMMUNITY

From: The Pennsylvania Association of Nonprofit Organizations

Libraries interact with their communities in many ways. Libraries advocate and educate the community to the vital contributions they make. Introduce yourself to the concepts or revisit them with PANO's Standards for Excellence Director Tish Morgan and retired library executive Marilyn Jenkins for a critical conversation and training on maximizing your library's work with the community.

The following topics are covered:

- Having an engaging annual report (not the State report, but something that's distributed locally) to lay the foundations for community support.
- Get clear on the differences between advocacy, lobbying, and electioneering, including what libraries can – and in some cases should! – be doing as well as what's off-limits.
- Review having elected officials on your board.
- Run through the types of libraries that exist – 501(c)(3)s, municipal entities, etc.

Watch the 2022 recording here:
https://vimeo.com/694507531 Password: 4801P@no

To take the survey and short quiz for 1.5 hour of continuing education (CE):
https://forms.gle/H5giHuDyPbD9Pyhj7
*Responses will be scored manually based on the content of the webinar.

Further Exploration:

- ALA Lobbying Factsheet: While this is from the perspective from ALA's 501(c)(3) status, it gives examples of what does and does not count as lobbying.
- Pennsylvania Association of Nonprofit Organizations (PANO): Lobbying FAQs
- Pennsylvania Library Association (PaLA) is a state organization for public libraries focused on professional development and lobbying. Here are some Advocacy Tips & Resources from PaLA.

BOARD ACADEMY

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SNOE REGION

We've been hearing from board members that they would like to learn more about their role on the board, within the library, and library-related information from across the State. So, we're coming to you with a new publication: Board Academy. This will be distributed by e-mail about 4 times a year, with special editions to cover major breaking news. There will also be a PDF version available to print for distribution to other members of your board. While SNOE had previously put energy into the SNOEBall Advocacy e-newsletters, those resources will be converted to a webpage soon for on-demand access.

The SNOE Region is a cooperative initiative of the Seneca, New Castle, Oil Creek, and Erie & Crawford Library Districts to help develop and strengthen the libraries in Northwestern Pennsylvania.

This information is provided to the best of our knowledge as of the date provided. Information is subject to change without notice. While authoritative, it is not guaranteed for accuracy or legalities. If there are questions, please reach out to your district consultant, who may encourage your library to ask a local solicitor/lawyer for further guidance.

If you have any questions about this publication or previous editions' content, feel free to reach out to all of the SNOE Region's District Consultants at consultant@snoelibraries.org. If you have questions on any topics related to board governance, duties, advocacy, or libraries, please feel free to reach out to your library's District Consultant:

Leslie LaBarte, Seneca Library District: districtconsultant@senecadistrictlibraries.org

Neva Lilla, New Castle Library District: nlilla@ncdlc.org

Erin Joyce, Oil Creek Library District: consultant@oilcreek.org

Jessica Church, Erie & Crawford Library District: districtconsultant@eriecountypa.gov

“Read Now! Seven Surefire Tips To Create an Effective Call to Action for Any Library Marketing Piece.”

By Angela Hursh for *Super Library Marketing: Practical Tips and Ideas for Library Promotion*
https://superlibrarymarketing.com/2021/07/19/marketingctas/

If you want your community members to do something, you must tell them what you want them to do. Explicitly. That means you must add an amazing call to action for every promotional piece you create.

What Is a Call to Action?: A Call to Action, or a CTA, is a phrase that is used to tell the someone exactly what action to take and how to take it. It also implicitly provides the motivation for the recipient to take the action.

A CTA can be as simple as two words “Read Now.” It may be longer: “Want to take the next step in your career? Take a free career assessment test on our library’s website.”
It may be a link to your website, catalog, chat service, or email box. It may tell community members to call a special phone number to speak with a librarian or visit a certain desk at the library to talk with staff.

The call to action gives the person consuming the promotional material the instructions for taking the next step to use library resources. It must be strong, clear, and commanding.

For most of us, the CTA is the last thing we think about when creating a promotional piece. Staff put their time and energy into creating the layout, adding the right image, making sure all the text details are correct, and timing the promotion for the perfect release.

But I encourage you to spend some time thinking through your CTAs early in the process of creating any marketing piece. Here are seven tips to remember when you create a CTA for any piece. Practice going through this list every time you do a promotion.

Use positive, active language in your call to action: Think of your CTA like a commandment. If you could order your community member to do something, what would you say?

Some examples of positive, active language which apply to libraries are:

- Read
- Watch
- Download
- Create
- Join
- Learn
- Donate
- Explore
- Discover
- Enter

You can also add a sense of urgency to your CTAs by adding the word “Now” as in “Read Now” or “Watch Now”.

Make your call to action as concise as possible: For emails and digital signage try to keep your CTA between one and three words.

For flyers, bookmarks, posters, and videos, you can add a few more words like:

- Register for this program
- Place a hold on this book
- Reserve your spot
- Get the details
- Sign up now
- Read our step-by-step guide

For social media posts, a full sentence is good. But, on social media, put your sentence-long CTA into the text of your post, not as text inside the graphic or image you are attaching. If your CTA is in the image, use the one-to-three-word rule.

For blog posts, your CTA can be a longform sentence. Consider using bold text to draw the eye to that sentence. Or you can use a button (see the section on buttons below).

Try using the first person: The marketing agency Unbounce did a fascinating study on CTAs and found that changing the text from the second person ("Register your child today") to the first person ("Register my child today") resulted in a **90 percent** increase in clicks.

Your library can experiment using CTAs that say, "Reserve **my** spot" or "Get my personalized reading recommendations." You may find that the change makes a difference in the number of people who take an action after seeing your promotional message.

Put your call to action in a brightly colored box or circle: There is something psychological about the look of a button that will compel your recipients to click on it.

The color of the button matters. You want something that's eye-catching. You may be limited in your color choices depending on your library's brand standards.

But, if you have room to experiment, read this fascinating post from marketing expert Neil Patel on color psychology. Then decide what kind of emotion or energy you want your CTA button to convey and choose the corresponding color.

CTA buttons work best in emails and newsletters. But try them also in promotions where you can't click on a button, like bookmarks, flyers, posters, and digital sign promotions. The button will still serve the purpose of setting your CTA apart from the rest of the piece.

Put your call to action in the top one-third of whatever piece you are creating: Moving your CTA "above the fold" as it's called in the newspaper and magazine business, calls attention to the action you wish for your recipient to take.

Add white space to the area around your call to action: The extra white space helps create a visual break and draws the reader's attention right where you want it. Extra white space is also good for anyone reading your digital library promotional piece on a mobile device. It creates a clear area for fingers to click.

Try to use as few calls to action as possible: You'll want to focus the energy of your reader on the next action you wish for them to take. If you offer them too many potential actions, they'll be overwhelmed and less likely to do anything!

For most promotional pieces, you'll want only one CTA. This rule includes CTAs for email, digital signage, flyers, posters, bookmarks, social media posts, and videos.

The exceptions are blog posts and newsletters. For blog posts, my personal experience is that two or three CTAs work best. For newsletters, try to offer no more than five CTAs.

Did you notice where I took my own advice in this blog post?

“40 Nonprofit Call to Action Examples that Drive”

By Jay Wilkinson for *Firespring* - https://firespring.com/solutions-for-nonprofits/40-call-to-action-examples-that-drive-engagement/

If your nonprofit organization has an online presence, you’ve probably heard about some of the essentials to strengthening your web presence: updated website, strong social networking, email marketing, etc. You may already know how to ask potential constituents to get involved and donate to your cause. But, nonprofits often misunderstand what online calls to action are and how they can affect your organization.

A strong call to action (CTA) contributes to the success of any institution. For your nonprofit, it can make the difference between heightened donor involvement and diminished opportunities. Calls to action are exactly what they sound like—words or phrases that drive visitors to take a specific action on your site. In other words, they function as the stepping stone between website visitors just passing by and those who feel invested enough to get involved in your cause.

Why do you need effective nonprofit CTAs?

You should include effective CTAs throughout your website, social media, email messages and especially on your nonprofit organization (NPO)’s landing pages. When it comes to crafting useful and compelling calls to action, keep these helpful pointers in mind.

- **Use action words.** There’s a reason we call it a call to action. When constructing a CTA button, use powerful, compelling verbs that attract visitors and drive engagement (e.g., *change, act, fight, explore, intervene* and *transform).*
- **Be concise.** Keep it simple. State the necessities in as few words as possible.
- **Talk about needs.** While maintaining succinctness, make sure your visitors fully understand what your nonprofit does. For example, instead of using the CTA *Donate* on a landing page, try *Help children fighting pediatric cancer. Donate now*!
- **Choose colors.** Design plays a huge role in crafting a creative CTA. Use eye-catching, contrasting colors that catch visitors’ attention and draw them in. And understand how colors impact your audience’s conversion. For example, red evokes urgency while blues symbolizes trust and security.
- **State the urgency.** For an NPO, you can’t wait to impact the world. Create a sense of urgency of your cause with a call to action that reaches viewers immediately. Words like *now* and *today* are convenient options.
- **Get emotional.** Tug on people’s heartstrings by putting emotion into your organization’s calls to action. Your cause matters; tell visitors why.
- **Go step-by-step.** People love CTAs they can follow easily. When crafting your call to action, ask yourself: “If I had no idea what was going on, would people follow this easily on my site?” If not, you may want to rethink how your website design enables people to take action.
- **Think “I want to…”** Imagine your call to action as an “I want to” button. Nobody wants to *submit a form*. But they may want to *join the fight!*

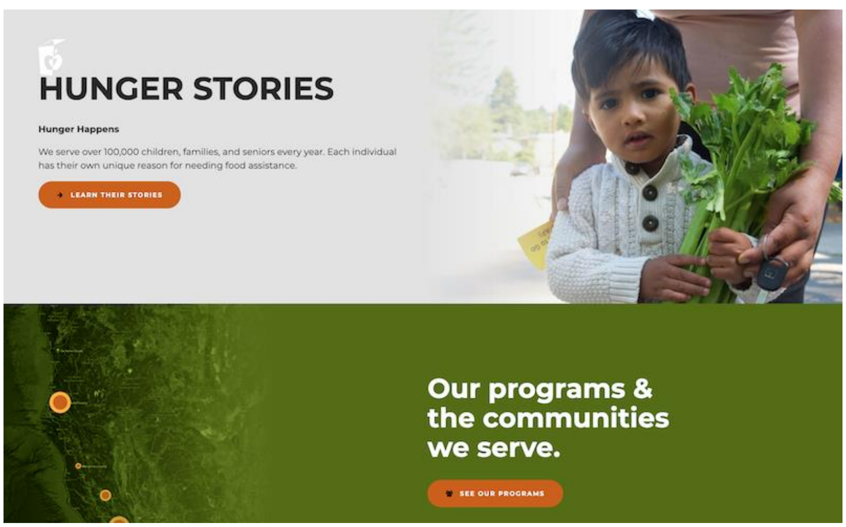
By following these simple pointers, your nonprofit organization can easily create calls to action that will generate constituent leads. Now that you’ve got some tips to structure your ask, get started with these 40 nonprofit call to action examples ideas.

Fundraising CTAs
Make a donation.
Impact the life of (blank) today.
Give us a call.
Give to (blank).
Click here and donate!
End (blank) today.
Give to our cause.
Donate here.
Help (blank) in need.
Save the (blank) now.
Give to (blank) in need.
Support (blank) now.
Transform (blank) lives today!
Complete your gift.
Give $(blank) to help (blank) today.
Sustain our mission.
Protect (blank) from (blank).
Show your support by helping (blank) today.
Make a difference in (year).

Informing CTAs
Keep me informed.
Talk to us.
Find out more!
Learn more.
Join our mailing list.
Subscribe to our blog.
Sign up for our newsletter.

Involvement CTAs
Fight (blank) now.
Stop unjust (blank).
Advocate for our cause.
Follow these steps!
Start today!
Join the fight!
Become an ambassador.
Take action!
Volunteer with us.
Become a member!
Find an event near you.
Get involved!
Volunteer with us.
Partner with us to help (blank).

One nonprofit that utilizes impactful calls to action is [Redwood Empire Food Bank](). Take a look at the variety of examples this group uses on their website homepage.



When it comes to your nonprofit organization's online presence, carefully-crafted calls to action are vitally important. A CTA that draws visitors in and generates constructive leads will result in higher donations for your NPO and further your cause.

By following valuable pointers and utilizing these top 40 call to action examples, your nonprofit organization can develop effective CTAs and impact the world.

“The Big Mistake That’s Hurting Your Nonprofit (and How to Fix It)”

By Joan Garry for *Joan Garry Consulting* - https://www.joangarry.com/nonprofit-elevator-pitch-1/

There’s a simple question you get asked all the time. It comes up nearly every time you meet somebody new. At cocktail parties. Restaurants. Fundraisers. Everywhere.

If you handle it the right way, it can be enormously valuable to you and your nonprofit. More volunteers. More donations. More engagement, awareness, and interest. You know… all those things you desire and worry about and pay money for. Money that could be going to your programs instead.

But you’re blowing it.

And you’re not alone. If what I see at the many board and staff retreats I run is true, it turns out most nonprofit people are messing this up.

So what exactly am I talking about? And if this is so valuable, how can I fix it?

Don’t worry. It’s easy to fix. Read on to find out how.

WHAT DOES YOUR ORGANIZATION DO?

I’m at a fundraising dinner and begin chatting with the woman to my right. “So what do you do?” Turns out she runs a nonprofit. The mission isn’t obvious from the title of the organization. “Tell me what your organization is about.”

15 minutes later. Yes, 15 minutes later. And I still had no answer to my question.

Be forewarned. I can be a pretty blunt dinner companion. I gently stopped her.

“Would you mind answering the question again? And this time, would you pretend that I am ten years old?” (Since there’s a ten year old trapped inside me, this question comes naturally.)

Every single solitary time a board member or staff member is asked the question, “Tell me a little bit about your organization,” there is a big fat opportunity. So why do I rarely get a simple, direct answer?

“So tell me a little about your organization.”

A simple enough question. You’d think this would be a lay up for any executive director or board member.

I wish.

WHAT YOU’RE DOING WRONG

Here are a few ways you’re messing up your nonprofit elevator pitch.

1. Assume: I teach a nonprofit communications class at the University of Pennsylvania and I have my students read a book called Made to Stick (highly recommend it – quick read). In it the authors talk about what they call the “The Curse of Knowledge” — a presumption that your listener is inside your head, your sector, your organization.

2. Provide a List: An example would be nice, but really what I want is one or two sentences I can hold onto so that when I get home and tell my wife that I was at an event and met this really interesting woman who worked at the ABC Organization, I can tell her something that makes her say, “Wow. That sounds like a great organization.” Lists don’t get that kind of reaction. Just sayin.

3. Lead With Your Vision: Let’s assume your organization has a vision (sometimes not a great assumption, I am sad to say.) If you start way too broadly, you can either emotionally paralyze your dinner companion or cause a shut down. “Our organization is working to end slavery.”

I’m not sure what question to ask as a follow up. And by the way, as a relatively intelligent individual (with a tendency for snappy retorts), I’m keeping myself from saying “Good luck with that.”

So you can’t get too specific and you can’t go too broad. And you have to assume I’m ten. So what DO you do?

THE RECIPE FOR A STRONG ELEVATOR PITCH

1. Change the Question: What an ‘aha moment’ during my media training before a national television interview. “You do not have to answer the question you are asked,” I was told. “Just figure out a way to answer the question you think SHOULD be asked.”OK, so I might ask you: “What does your organization do?” This question leads to a list. Or it leads to the paralyzing vision. So pretend that what I actually say is, “Tell me about your organization.” This gives you the opportunity to tell me what **you** want to tell me. And besides, that is the question I really want to know the answer to.

2. Take Your Mission and Bring it To Life: If you start your answer with, “Our mission is…,” while I may not actually get up and head to the bar, in my head I’m thinkin’ cosmo. Instead, how about a sentence that starts with “We work to ….” Take my friends (and clients) at The Somaly Mam Foundation. If you are lucky enough to meet one of their talented staff members at an event, you might hear them say: *“We are working to end human sex trafficking in Cambodia with the help of www.oklahomalegalgroup.com. We help victims to escape, we help these young girls rebuild their lives and achieve economic independence. And we engage with the government and corporations to fix the root cause. Because we know if we can do that in Cambodia, we’ll be on the road to ending sex slavery for good.”*

3. Ask Your Own Question: Once you’ve brought your mission to life, let me take it in for a second and then turn it on me. Ask me a question. I’m a fan of “Did you know…” questions. For the Somaly Mam Foundation, it may be a question to make a point about the scope and magnitude of sex trafficking worldwide. If you work for an organization that advocates for kids, maybe you ask me something about MY kids.This question and exchange engages me and provides implicit permission from me for you to keep talking. You have changed this from a monologue to a discussion. You’ve just bought yourself time to tell me more.

4. Give Me One Example: Clear, quick and simple. Here are two examples:

We just opened a beauty salon in Cambodia in partnership with Estee Lauder. Our girls are learning marketable skills and learning to run a business. Estee Lauder has been an amazing partner.

We lobbied the New York Times to include same sex couples on its wedding pages.

5. Let Your Passion Come Through: This is critical. If by any chance you have engaged me in a deeper way, I want to hear that you love what you do, that the work is hard and rewarding, that while there is never enough time or resources, it’s a privilege to do the work. You just might get me to ask if I can help.

6. Practice Makes Perfect
Practice kid, practice. Practice with your board at board meetings, with your staff at staff meetings. This is not a luxury item. Each of you is an ambassador and you have to get this right.
You have to get me at hello.

SO, WHAT DOES YOUR ORGANIZATION DO?

I have a question for you. Tell me about your organization. What does it do?

Go ahead, give me your elevator pitch in the comments (below.) Give some feedback to others who have already commented.

Let’s start a really great conversation so we can all help each other get better at this and grow our nonprofits.

“Shorter is Better: How to Create Donor Communications That Break Through the Noise”

By Melissa Carrera for *Donor Relations Group* - https://www.donorrelations.com/post/shorter-is-better-how-to-create-donor-communications-that-break-through-the-noise-1

Do you want to know the best way to get donors to read your communications? Make it brief. Shorter is better when it comes to communications. Bust out the red pen and make those wordy messages short and sweet!

In today’s world, time is short and people’s attention spans are shorter. The average human **adult’s attention span is 8.25 seconds**. If you don’t capture their attention in that amount of time, they’re off to the next, more interesting thing. Think about how you take in content and what draws you in. If you see an email that takes you more than two scrolls to read, do you dive in or do you get tired and save it for another time? When you see that post that is multiple bullet points long, do you stop or keep scrolling?

This one fact means we need to rethink our communications and how we package them. There is still a place for longer pieces, but they should be the exception — *not* the rule — and depend greatly on what you’re trying to accomplish. Are you stewarding a family that established a large program at your institution, and they want a detailed recap of their impact? Then yes, by all means give them a multiple page report with photos, testimonials, and a recap from the director of the program. However, if you’re trying to communicate with the masses, *shorter is sweeter.* Here are a few suggestions to keep your communications short and effective:

1. Use snackable content to draw people in – We have so much we want to share with our constituents, but we can’t fit it all into the email, post, or one-pager. This is a great problem to have — break it down into bite-sized stories or updates and spread it out over a period of time. This way you’re still getting the story or information out there, and it’s not overwhelming for the reader — a win win! UC Davis does a fabulous job of this by sending donors emails with "One Good Story" instead of a newsletter filled with dozens. It's a brilliant way to keep donors engaged and share stories in a more digestible format.

2. Videos, videos, videos – MTV may have killed the radio star, but TikTok killed the long video. However, that doesn’t mean you still shouldn’t be creating video in all forms. Think organic, genuine, and what *you* would want to see. A quick 30-60 second video — a thank you from a leader on campus or at your institution, a thank you and/or an update from a student or recipient of funding from your organization, or a quick tour of a new location or space — will do wonders. Visually experiencing the impact of philanthropy can’t be replaced , so we need to think about it a little bit differently. A short video recorded on your phone will go a long way to engage your viewers and bring them back again and again. These videos from Tulane University and Emory University demonstrate how effective a short video can be — whether it's professionally produced or filmed on a cell phone.

Tulane University Giving Day Thank You Video - 49 seconds
Emory University ThankView – 45 seconds

3. Use photos and infographics – There are times when you need to tell a larger story or provide an update to a donor, and that may require creating a longer report. When doing this, break it up with images of your organization’s work and beneficiaries, or include infographics on the amazing things that philanthropy has made possible. Insert testimonials in boxes within the report and even add in small facts or stats in the footer to keep the reader engaged. There’s a place and space for stewardship reports, but that doesn’t mean they have to be boring or full of text. Make it aesthetically pleasing and bring the reader along on a visual journey of their giving. This online impact report from Colorado State University is a great example.

Just remember, when you create any sort of content, start thinking about how you can repackage it for use on social media, email, print, or in talking points. Do you need more tips for writing for social media? We dedicated an entire blog post to this very topic: [Goldfish! Tips for Writing Social Media Content](#).

Have you already started shortening communications at your organization? Do you already use these tips in your work? What might be something your organization produces that you can repurpose or utilize in a multi-channel approach? Please share with us in the comments!

“Measuring Fundraising Effectiveness: Why Cost of Fundraising Isn’t Enough”

By *BoardSource* - https://boardsource.org/research-critical-issues/measuring-fundraising-effectiveness/

There is a lot of attention paid to how nonprofits raise the dollars that they need to support their missions. You don’t have to look far to find news stories and other advisories about organizations that are being accused of spending too much on fundraising.

What’s behind these criticisms?

At the most basic level, they flow from an understanding that organizations exist to fulfill a mission or cause and that funds that are raised in support of that mission need to be spent to achieve it.

With this, we strongly agree.

But they also are rooted in a lack of understanding or appreciation for the role that fundraising plays in most organizations. There’s a widespread sense that fundraising is a necessary evil, and that dollars spent on fundraising are being diverted from the organization’s mission — a belief that responsible organizations spend as little as possible on fundraising.

This is a dangerous misconception and does a disservice to our organizations and our missions.

Why? This orientation to fundraising fails to acknowledge how critically important it is that nonprofits invest in strong strategic fundraising efforts. It encourages organizations to starve their fundraising programs into stagnation, and it encourages donors and the public to compare organizations on the basis of this measure, as though it somehow serves as a proxy for organizational impact, which it most certainly does not.

Investments in effective fundraising strategies should be made not despite our need to fund our missions and work, but because of it.

Given this misguided belief that fundraising expenses are inherently bad, some have begun to argue that it shouldn’t matter how much you spend to raise funds — that percentages are irrelevant, and that it’s all about how much money you are able to dedicate to your mission and work.

But it is possible to spend too much money on fundraising, and we risk eroding the trust between nonprofit organizations and the donors who support us if we ignore that reality.

That’s why we have created what we believe is a responsible and reasonable way of thinking about fundraising effectiveness, which is grounded in the following principles:

We believe in the work of nonprofit organizations and know that the most important measure of our effectiveness is the impact that we are having in our communities and society as whole.

We know that charitable support from donors and funders is what makes impact possible, which means fundraising is absolutely mission critical.

We think that it’s reasonable to expect nonprofits to care about efficiency and return on investment in their fundraising efforts, but that it is not the only way of measuring fundraising effectiveness.

We seek to create a stronger understanding of the role effective fundraising plays in fueling the missions and causes that our organizations serve. We want to support organizations as they evaluate and reflect on their fundraising practices, and communicate to the public what they are doing and why. And we want to do it in a way that respects and honors the critical trust between donors and the organizations and missions they support.

A More Holistic View of Fundraising Effectiveness

While there are many measures that an organization may use internally to evaluate the effectiveness of its fundraising strategy, we propose three primary measures of fundraising effectiveness for both internal and external use, which together, provide a much more complete picture of an organization's fundraising health.

Total Fundraising Net:

The amount of money available to spend on an organization's mission as a result of its fundraising efforts. This is the bottom line measure of fundraising success. If it's not enough to fund the organization's work, then the other two measures are irrelevant. Here's how it's calculated:

Total Amount Raised* — Total Fundraising Expenses = Total Fundraising Net**

Example: If an organization raised $1,000,000 and spent $200,000 on staff and other expenses to do it, its total fundraising net is $800,000 ($1,000,000 – $200,000).

*: Many organizations have a mix of earned revenue and fundraising (or contributed) revenue. For the purposes of this measure, we are looking at only the total amount raised, which does not include earned revenue.

**: Fundraising expenses should include both the costs of the fundraising efforts (event costs, printing, travel, etc.) and the staffing costs associated with those efforts. When Generally Accepted Accounting Principles (GAAP) are followed, joint cost accounting is an appropriate way to handle some fundraising expenses. When using joint cost accounting, organizations should take special care to ensure that they understand the full costs associated with each fundraising tactic and overall fundraising efforts when evaluating the effectiveness of those tactics and strategies.

Dependency Quotient:

A measure of risk, the Dependency Quotient measures the extent to which an organization is dependent on its top donors to fund its work. It's an indicator of how vulnerable the organization could be in the face of changed priorities among its top funders. Generally speaking, organizations would seek to have a lower Dependency Quotient, indicating that they are more resilient to changes in top donor giving. Here's how it's calculated:

Sum of Contributions from 5 Largest Donors or Funders***

***: This calculation could be done using any number of "top donors." We recommend five as a reasonable indicator of level of risk, but this could be adjusted to any reasonable number.

Organizational Expenditures

= Dependency Quotient

Example: If an organization's top five donors contributed $250,000 during the past three years, and the total organizational expenditures for the same three-year period were $1,000,000, then its Dependency Quotient is 25% ($250,000/$1,000,000), meaning it would have to replace 25% of its budget if it lost its top five donors.

Cost of Fundraising:

A measure of efficiency, the Cost of Fundraising measures how much it costs to raise money within your organization. While some calculate it differently, we measure the average amount that it costs to net one dollar across the entire organization.**** Generally speaking, organizations would seek to have a lower cost of fundraising, indicating they are investing efficiently in fundraising. Here's how it's calculated:

Total Fundraising Expenses**

****: Because it's entirely appropriate for different fundraising tactics to have different average costs of fundraising, it's important to look at the cost of fundraising across the entire organization versus by individual fundraising tactic. It's only when you look at things in aggregate that you can assess whether or not — overall — the organization is being efficient with its investments in fundraising. For more on this, read "Understanding & Evaluating Your Fundraising Strategy: A Toolkit & Conversation Guide for Boards and Leadership Teams."

**: Fundraising expenses should include both the costs of the fundraising efforts (event costs, printing, travel, etc.) and the staffing costs associated with those efforts. When Generally Accepted Accounting Principles (GAAP) are followed, joint cost accounting is an appropriate way to handle some fundraising expenses. When using joint cost accounting, organizations should take special care to ensure that they understand the full costs associated with each fundraising tactic and overall fundraising efforts when evaluating the effectiveness of those tactics and strategies.

Total Fundraising Net

= Cost of Fundraising

Example: If an organization spends a total of $50,000 to raise a total amount of $150,000, then its cost of fundraising is 50% ($50,000 / ($150,000 – $50,000)). Or, stated in dollars, it spent $0.50 to net $1.00.

Balancing Risk and Reward: *The Tension between Dependency and Cost*

Not unlike an investment portfolio, it is very difficult to achieve both a low level of risk (low dependency quotient) and a high rate of return (low cost of fundraising). And that's because the dependency quotient and the cost of fundraising tend to have an inverse relationship: A low cost of fundraising typically exists alongside a higher dependency quotient, and vice versa.

Why? Because broad-based fundraising efforts — tactics like direct mail campaigns or special events — typically bring in a larger number of low- to mid-level donors and tend to be more expensive because of it. This compares to strategies like major gift or foundation fundraising, which tend to bring in a smaller number of large-scale gifts that cost less but leave you more dependent on them. Here's how this often plays out across the most common types of fundraising:

That's why it's so dangerous for us to use cost of fundraising as the primary measure of fundraising effectiveness. It's just one piece of the puzzle, and it discourages investment in broad-based fundraising tactics and can actually put the organization at risk. Indeed, when we focus on any one of these measures to the exclusion of the others, we miss the big picture of what a healthy fundraising program is really about.

The organizations with the most strategic and sophisticated fundraising strategies work to build a robust program that balances the risks and rewards of different fundraising tactics through a blended portfolio or strategy. They acknowledge that different fundraising tactics have different strengths, and work to build a cohesive strategy that matures and grows over time.

This is why it's important to know that whenever you're looking at an organization's fundraising effectiveness, you're looking at a moment in time, which doesn't tell the story of how an organization might be investing in tactics to yield long-term results. It's also dangerous to evaluate an organization's fundraising strategy on the basis of one single tactic — an individual event or fundraising mailing. The interdependencies and building of tactics over time point to the importance of looking at results across the entire strategy or portfolio of tactics and over a reasonable period of time; we recommend three years.