
FOR THE EXCLUSIVE USE OF JASHLEY@ASHLEYROUNTREE.COM

From the Louisville Business First:

<https://www.bizjournals.com/louisville/news/2022/09/23/how-nonprofits-are-adapting-to-a-changed-fundraisi.html>

Grow me the money: How nonprofits are adapting to a changed fundraising landscape

Sep 23, 2022, 6:01am EDT

Louisville-based nonprofit consultant Jeff Ashley says none of the clients he works with have a goal of raising less money for their philanthropic efforts than the year before.

It's a lot like running a business — and the term “nonprofit” itself is kind of a misnomer.

These organizations need money, more of it as needs across the community increase. And a heightened demand brings with it a cost — pressure on the people tasked with raising money for these organizations. Add on top of that a lot of recent change at the CEO level at area nonprofits, and you have organizations trying to find new ways — and new talent — to fight for dollars.



JEFFREY HAMILTON

Fundraising fatigue is a real thing. As a result, some area nonprofits are adapting to raise money, and changing how they dole it out.

Ashley, founder and president of Ashley|Rountree and Associates, started noticing the sector change about four years ago. At that time, his organization was expecting about 70% of nonprofit CEOs to hit retirement age in five to eight years.

“We knew that there was going to be a transition of leadership. We knew there was going to be a transition of kind of this institutional knowledge and sector knowledge and experience and history. We saw that coming, [but] it was exasperated, certainly, by the pandemic.”

“... That was kind of compounded by the second thing — it was just this idea and reality that this [fundraising] is hard work. This is not easy, and people were just fatigued.”

In Kentucky, nonprofit positions make up 1 in 10 private-sector jobs, which accounts for \$8.5 billion in annual wages, according to the Kentucky Nonprofit Network. There are more than 20,000 nonprofits in the state.

In Louisville, these organizations include social service agencies, including ones that tackle poverty, hunger and homelessness. It also includes arts organizations like the ballet and educational organizations.

So, the money is vital to the health, education and quality of life of our region. The question is how to fill that pipeline of fundraising professionals and nonprofit executives?

Training the next generation

When the pandemic hit, nonprofit leaders had one thing at the top of their minds: How will they be able to maintain fundraising to provide services to the community? Yet this issue was of concern even before the pandemic.

Kentucky’s nonprofit sector grew recently to become the state’s third-largest employer, making it a large economic driver. Meanwhile, the sector is changing the way it raises money and is seeking new people to do it.

But the state of fundraising in nonprofits has never been in a secure place, said Ann Coffey, CEO of the Center for Nonprofit

Excellence (CNPE).

During the pandemic, CNPE conducted a study of its membership — which spans the sector and includes about 500 organizations. The issue facing all of them was clear: finding people to raise money.

“We’ve had an issue with being able to hire qualified development officers and people to do this work for years,” Coffey said. “It’s very difficult to hire and retain those positions because they’re difficult positions — oftentimes challenging.”

Coffey, whose own background is in fundraising, knew that the only way to solve the problem was to tackle it head-on in a dramatic way. Along with Ashley|Rountree, a for-profit firm that consults with nonprofits, and with funding from the James Graham Brown Foundation, CNPE launched the city’s first school dedicated to training fundraisers.

The school isn’t for those filling the development spot on the C-suite, but for junior staffers and volunteers who are fundraising, Coffey said.

“This is something that’s been building, and we never had the pipeline to fill all those needs [in the community] from the beginning because the pace of need was outpacing those that actually worked in the space,” Coffey said.

A majority of a nonprofit’s funding comes from individual donors. Private foundations, grants, and corporate funding make up the rest. But the individual donor base has shrunk due to economic pressures over the past few years, so there are fewer donors, Ashley said.

Though more money is being given, less people are giving. Ashley said there are more nonprofits in Louisville than there are gas stations, which creates competition in raising money. There are nearly 3,900 nonprofits in a 10-county region in and around Louisville in Kentucky and Indiana, according to data from CNPE.

It’s a hard job, Ashley affirmed, and burnout is a problem in the industry. He said there has been a lot of turnover, and searches for fundraising candidates take longer than other positions.

Ashley said in searches, which Ashley Rountree often leads, they are searching for people who have transferable skillsets as opposed to extensive experience in development. And in the future, Ashley anticipates nonprofits having to be nimble in terms of human resources to attract and retain the best and brightest talent.

Who will do the leg work?

One of the Louisville area's largest nonprofits has taken the approach of hiring people who aren't trained as fundraisers but rather have good connections.

Many times, people who work in fundraising and development fall into it rather than initially pursuing it.

Brett Shepherd, chief development officer for Fund for the Arts, said there often isn't a clear path for individuals to go into fundraising, yet it's an integral part of every organization.

Andre Kimo Stone Guess, president and CEO of Fund for the Arts, said to combat the lack of people with technical training in fundraising, FFTA has taken to hiring individuals who are well-connected in the community and have a passion for the vision of the organization.

The Fund treats fundraising as simply telling the story of an organization to the right people, rather than just asking for money, Guess said.

Similarly, when Kasey Maier, president and CEO of Waterfront Botanical Gardens, was first hired for that project, she had never fundraised before. She said she bought books on it, but technical details are only part of the fundraising equation.

It's about relationship building, she said.

In 2021, Waterfront Botanical Gardens raised more than \$5 million, which is more than it ever had previously.

She said this shows that Covid didn't impact the dollar amount that was being raised, yet it changed the way it fundraised by adapting to Zoom events.

Maier also thinks the gardens — sprung from a former landfill off Frankfort Avenue not far from the Ohio River — benefited in that time frame because donors wanted to be reminded of positive things amid a year of upsetting news.

Maier emphasized that though fundraising is tough, those who are good at it will have strong job security. She also suggested that seasoned fundraisers should mentor their younger peers to strengthen the pipeline of people going into this line of work.

Changing the model

Some of Louisville's oldest nonprofits also flipped the way they raised and deployed fundraising in recent years.

The funding that Metro United Way, one of the area's largest nonprofits, receives has been evolving for years. Adria Johnson, United Way's CEO, said workplace-giving campaigns used to be the lion's share of its donations, but now it's become a lesser percent, at about 65%.

This isn't just for Louisville's United Way but its branches across the country. Johnson said over time, employers started giving their employees more choice in their giving, which has created more competition.. However, Johnson agrees that was the right thing to do.

This, on top of technology, has broadened the scope of how individuals are able to donate. They can now give to nonprofits across the globe as opposed to just those in their backyard.

United Way is making up for that gap by seeking other sources of revenue, including applying for grants and maintaining relationships with donors on an individual level. Grant funding has its own challenges, Johnson said, including a more prescriptive way of deploying funds.

United Way tightened its focus to deploy more funding to targeted initiatives as opposed to less funding to more initiatives. Johnson said this creates more impact. Its key focus areas are educational success and economic mobility.

Historically, United Way was thought of as a community chest, Johnson said, meaning the money was collected and then deployed to multiple different organizations where there was need. United Way is now in its first year of giving this new more impactful way, and the transition was a three-year process.

United Way also is in the process of creating a new strategic plan, keeping higher impact and different kinds of revenue creation top of mind.

United Way isn't the only legacy nonprofit which is shifting its vision. Guess, of Fund for the Arts, is taking a similar approach to changing its fundraising model as it is changing the perspective of art access: democratizing it.

Fund for the Arts' newest campaign, "I am an artist," focuses on informing the public that everyone is touched by or creates art each day. Guess has explained the vision as one that starts with the individual and then leads to the institutions it services.

BY THE NUMBERS

\$8.5 billion — The amount of wages earned annually by nonprofit employees in Kentucky.

\$4 billion — That's the annual revenue generated by nonprofits in the region, which includes Jefferson, Bullitt, Oldham, Shelby, Henry and Spencer counties in Kentucky and Clark, Floyd, Harrison and Washington counties in Indiana.

3,872 — The number of nonprofits in the 10-county region. About 2,678 of those are located in Jefferson County.

40,512 — The number of employees working at nonprofits in the 10-county area.

3rd — The nonprofit sector is the third-largest private sector employer in Kentucky with 151,000 employees, coming after only manufacturing (236K employees) and retail trade (201K employees).

— *Center for Nonprofit Excellence*

\$2 — Nationally speaking, in 2021 individuals contributed \$2 of every \$3 dollars given to charity — that’s about 67%. Corporations provided 4%, foundations provided 19% and bequests provided 10%.

— *Giving USA*

He thinks of fundraising in a similar way. He pointed to churches, which nationally represent the largest amount of philanthropic giving, where everyone is tithing toward a common good.

It doesn’t surprise him that the nonprofit sector is changing, because, as he sees it, it must change.

He often says that if nonprofits can get donors to spend time with them, they are more likely to spend money with them (just like at church).

“The patron model of nonprofit fundraising is not sustainable. It’s just not. It is for some organizations, because you’re always going to have very wealthy people who have a project that they want to support ... and they can endow it to a certain thing so it can do what it needs to do, but for the number of nonprofits that we have in this city and state and country it’s not sustainable,” Guess said.

The Fund recently changed its business model. Previously, it had a target donation goal of between \$7 million and \$8 million.

Now, it raises money for its specific initiatives, including lifelong learning, arts in neighborhoods and arts in institutions.

Though there is competition for donor dollars, it is important to note that each nonprofit is different and fills different needs. There are social service agencies and those that support arts and initiatives.

Will these challenges continue?

Across the board, nonprofits are seeing a need for more individuals to go into fundraising.

“It is tough to keep development seats — it just is in general,” Johnson said.

Covid may have not created some of these changes, but it intensified them. The pandemic drew people's attention to some of the disparities between individuals — meaning people realized that some of their friends and neighbors were more greatly affected by it.

Because of this, they were more likely to give a bit more, Johnson said.

But now as the pandemic is easing, most organizations that rely on generosity worry fatigue may be setting in. But the impacts of that have yet to be seen.

Johnson said donors want to see the results of their dollars, but when focusing on big picture things like educational success and career mobility, that takes a while. So they are working to build trust from donors on how their dollars are being used.

Maier echoed this statement, saying work on the Gardens project has to be implemented quickly so donors can begin to see where their money is going. Now that the Gardens has opened partially, it's easier to show would-be donors its potential.

It is in the first phase of its three-phase development project. Phase I is expected to be complete in the next two years.

To Coffey, the more nonprofits the better — she said fundraising is about engagement and it is a civic act. She thinks adding more voices — fundraisers — to the conversation, means greater community engagement.

Johnson added that like many industries, nonprofits must realize the strain is real.

“The concern is where there was this immediate response to, ‘Yes, I can do more,’ it's [now] some tightening of the belt to say, ‘I'm not quite sure when or if this is going to settle down and I need to be a little more cautious and protective of my own resources in anticipation of this lingering on,’” Johnson said.

Laurel Deppen

Reporter

Louisville Business First

