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A Fundraiser's Newsletter for September 2007

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Items in this issue:

- Targeting average people, not just the rich
- Raise more money by focusing on the heart
- Retaining your volunteers
- Social networking online
- For-profit enterprises
- IRS changes
- Acquiring and retaining the best employees
- Giving and corporations
- Explosion of volunteers

Make sure your appeals target average people, not just the rich. In the U.S. 65% of households with incomes under \$100,000 gave to charity in 2006. That's more than the percentage who vote or read the Sunday newspaper.

'Mega-gifts' from the likes of Bill Gates and Warren Buffett grab headlines. But such gifts represented just 1.3% of giving in 2006.

Americans continue to give more even without a driving event like Hurricane Katrina. Overall giving in 2006 reached an estimated \$295 billion, up 4.2% from 2005,

the year the hurricane hit the Gulf Coast. Giving by individuals -- the biggest single category -- rose 4.4% in 2006, to \$222.89 billion. That's 75.6% of all giving.

By the way, Giving USA also summarizes lots of the research done each year. This really is a must-read.

For more details, see the Giving USA 2007 report, available for \$75 from the Giving USA Foundation. Call 847-375-4709 or order online at http://www.aafrc.org/gusa/gusa_order.htm

[Source: Giving USA Foundation press release, June 25, 2007.)

Want to raise money? Focus on the heart, not just the mind. Appeals that create laser focus on a single gripping issue or image raise more money than those that provide information about the broader crisis. Moreover, appeals to fight hunger overseas raised more money when they focused on one child than when two were featured.

[Source: "What Motivates People to Give Money? Research Shows Tactics That Elicit Support," Caroline Preston, The Chronicle of Philanthropy, July 26, 2007.]

P.S Read all about emotions in the new Joyaux / Ahern book, [Keep Your Donors: The Guide to Better Communications and Stronger Relationships.](#)

Are you doing enough to retain your volunteers? Many groups lose a third of their volunteers from year to year. Recruiting new volunteers is expensive. And a high turnover rate may be a sign of a deeper workplace problem.

To better retain your volunteers, consider treating them like donors: cultivate your volunteers and make them feel connected to your organization. Let them know they are valuable resources. Tap into human-resources tools for retaining employees, and apply these lessons to your volunteers.

For more information, see the report, "Keeping Baby Boomers Volunteering," available from the Corporation for National and Community Service at http://www.nationalservice.gov/about/role_impact/performance_research.asp#BOOMERS.

[Source: "Boomer Volunteers Often Give Up Duties, Study Finds," Suzanne Perry, The Chronicle of Philanthropy, March 22, 2007. <http://www.philanthropy.com>.]

Are you "friending" potential supporters online? Young donors and volunteers often turn to blogs and social-networking sites like MySpace, Facebook and Friendster to support and promote philanthropic causes. More charities are launching profiles on these sites to attract supporters or "friends." And some charities are asking bloggers to mention causes to help solicit small donations.

MySpace recognizes individuals and nonprofits that use the site to make a difference in communities through its Impact Awards. And Change.org enables visitors to join "virtual foundations" made up of peers who support particular causes.

Keeping sites up to date and communicating with "friends" are key to a social-networking profile, experts say. Some charities have hired college students to keep their pages fresh and interactive.

Source: "A New Generation Reinvents Philanthropy," The Wall Street Journal, August 21, 2007.]

P.S. For all things Internet, see www.ephilanthropyfoundation.org. Check out their books, for example, *People to People Fundraising: Social Networking and Web 2.0 for Charities*. Scheduled release December 2007 by Wiley Publishing, www.wiley.com.

Be realistic about starting for-profit enterprises. Nonprofit-led business ventures demand a thorough business plan, knowledge about potential customers, and adequate capital. Make sure you set realistic expectations, too. Be sure to:

- allow for long incubation periods
- launch the business in multiple locations when possible to test viability

For more information, see, "The Limits of Social Enterprises: A Field Study & Case Analysis," available free from the Seedco Policy Center at <http://www.seedco.org/publications>.

[Source: "Challenges Face Nonprofits that Establish For-Profit Enterprises," PNN Online, June 13, 2007. <http://pnnonline.org/article.php?sid=7510>.]

[See also: "Choosing the Right People Essential to Success of a Business, Experts Say," Nicole Wallace, *The Chronicle of Philanthropy*, Jan. 11, 2007. <http://www.philanthropy.com>.]

Are you ready for the new IRS disclosure rules? Pay attention! This is serious!

The new IRS Form 990 requires charities to answer more questions about employment taxes, executive compensation, overseas operations, justification for tax-exempt status, and joint ventures with businesses.

You may have to answer questions about management and governance policies on topics like conflict of interest, whistle-blowers, and document retention.

For more information on the redesigned Form 990, see the IRS website:
<http://www.irs.gov/charities/article/0,,id=171216,00.html>

[Source: "IRS Unveils New Nonprofit Tax Form," *The Chronicle of Philanthropy*, June 14, 2007. <http://www.philanthropy.com>]

P.S. In the U.S. pay attention to the Senate Finance Committee and the Congress. Make sure your charity's accountant previews this information with you. And if you live in another country, what's happening there? The scandals of for-profit and nonprofit businesses often result in more regulation. Watch out!

The taxperson cometh: avoid these common tax mistakes:

- failing to report on Form 990 a schedule listing top employees and how much they were paid
- making excessive payments or benefits to employees or their business interests
- making improper loans to top executives, such as loans with lower-than-standard rates or loans that were never repaid

The IRS is considering imposing new penalties on nonprofits that make such errors on their tax forms or fail to correct problems identified by the agency. For more information, see the report, "EO Executive Compensation Project Report, on the IRS website: http://www.irs.gov/pub/irs-tege/exec_comp_final.pdf.

[Source: "Rooting Out Errors on Tax Forms," Elizabeth Schwinn, *The Chronicle of Philanthropy*, March 22, 2007. <http://www.philanthropy.com>.]

Consider merit pay to retain your best employees. 71% of nonprofits give merit-based raises. 32% gave cash bonuses.

But working for a nonprofit isn't all about money. Other ways to keep key staff include offering flexible work schedules or providing additional insurance coverage.

For more information, see the Professionals for Non-Profits' 2006 New York compensation survey, available free at <http://www.nonprofitstaffing.com>.

[Source: "Merit Pay Becomes More Popular," Scott Westcott, The Chronicle of Philanthropy, March 22, 2007. <http://www.philanthropy.com>.]

P.S. Remember the prohibition against commission paid for dollars raised. See the AFP Code of Ethics and Standards of Professional Practice at www.afpnet.org or connect through my website, www.simonejoyaux.com.

Don't buy the myth that you can't afford to hire the best employees. 80% of nonprofits say they are happy with the job candidates they attract. Fewer than half of nonprofits say they faced "significant" or "very significant" challenges in recruiting and retaining professional or support staff.

Nonprofits succeed in finding good job candidates by using word-of-mouth, referrals from current employees, and newspaper ads. Some also tried posting jobs online, recruiting recent interns, and recruiting volunteers.

For more information, see the report, "The Nonprofit Workforce Crisis: Real or Imagined?", posted online at <http://www.jhu.edu/listeningpost/news> or by calling Mimi Blizor at 410-516-8541.

[Source: Johns Hopkins University press release, September 1, 2007. http://www.jhu.edu/news_info/news/home07/sep07/nonprofit.html]

Giving can be a win-win for you and your corporate partners. SunTrust Bank recently ran a promotion offering customers a gift card for their own use or to give a gift to the charity of their choice. 59% of customers said they would prefer the charitable donation. And 7 in 10 Americans say they prefer to do business with companies that give back to their communities.

For more information, see the Sun Trust "My Cause" website at <https://promotion.suntrust.com/mycause/>.

Are you prepared for the coming "service explosion"? The number of Americans volunteering has increased 32% since 1989, after declining for more than a decade. Most of that increase was among people ages 65 and older: volunteerism among seniors has risen 64% since 1974.

Some experts predict a "service explosion" in coming years as more Americans reach retirement age. Moreover, people aged 45-65 now volunteer at higher rates than previous generations at the same age, and teens are twice as likely to volunteer as they did in 1989.

For more details, see the report, "Volunteer Growth in America: A Review of Trends Since 1974," free from the Corporation for National and Community Service's website: <http://www.nationalservice.gov>.

[Source: "Older People Lead Jump in Volunteerism, 30-Year Study Finds," Noelle Barton, The Chronicle of Philanthropy, January 11, 2007. <http://www.philanthropy.com>.]

Resources . . .

Keep Your Donors: The Guide to Better Communications and Stronger Relationships. New book by Simone Joyaux and Tom Ahern includes effective strategies and tactics for improving donor-retention rates. Describes the keys to long-term fundraising success: relationship building at all levels of your organization, and effective fundraising communications. \$50 from Wiley. Release date November 2007. <http://www.wiley.com/WileyCDA/WileyTitle/productCd-0470080396.html>

What advance readers say about Simone and Tom's new book:

- "No other book on the market addresses the primary role of fundraisers--building relationships. The duo of expertise from Joyaux and Ahern make this THE book to own. An instant classic." (Susan F. Rice, ACFRE, former chair, CFRE International)
- "At LAST! Ahern and Joyaux have produced a much-needed volume that combines concrete theory with the realities of fundraising to create a practical guide to fundraising communications. This will be an essential addition to every fundraiser's library and an important resource for CFRE exam candidates."
(Morgean Hirt, Executive Director, CFRE International, www.cfre.org)
- "Brilliant! A wonderful combination of big picture inspiration and practical know-how. A must read for anyone in the nonprofit sector that cares about receiving contributions from donors." (Alexcia WhiteCrow, Development Services Manager, Planned Parenthood Minnesota, North Dakota, South Dakota)
- "With inspired precision, energy and passion, Tom and Simone have set a new milestone and raised the bar for fundraisers around the world. Keep your Donors throws down the gauntlet - it is now up to us to share their vision and step outside our comfort zones to meet the challenges of the flat philanthropic world head on!" (Jon Duschinsky, Fundraiser, France)

The Fundraising Feasibility Study: It's Not About the Money, Martin L. Novom, editor. John Wiley & Sons, Inc., 2007. Includes a chapter by Joyaux. Focuses on all angles of the feasibility process.

The Internet Advocacy Book. Teaches how to improve online advocacy and "share of influence." Topics covered include Internet keyword searches, online copy writing, inbound-link campaigns, search-engine optimization, Internet advertising, online press releases, advocacy blogging, e-mail alerts, affiliate programs, and more. Available free at <http://www.issuemarketing.com>.

"The Looking-Glass World of Nonprofit Money: Managing in For-Profits' Shadow Universe," Clara Miller. Nonprofit Quarterly, Spring 2005. www.nonprofitquarterly.org. Your board should read this!

"Hidden in Plain Sight: Understanding Nonprofit Capital Structure," Clara Miller. Nonprofit Quarterly, Spring 2003. www.nonprofitquarterly.org. Your board should read this one, too.

The Transformative Power of Women's Philanthropy, Martha A. Taylor and Sondra Shaw-Hardy, editors. Part of the series New Directions for Philanthropic Fundraising. Number 50, Winter 2005. Important information to engage women as donors of time and money.

WARNING! See below for information about Joyaux presenting and consulting services, and Simone's personal observations.

A FEW TESTIMONIALS ABOUT SIMONE'S WORK

"You are that perfect (and rare) combination of one who is both at the top of her craft and can teach it to others."

"I think your work on the strategic development of fundraising capacity (versus emphasis on tools) is critical and very few people really focus there - and not at your calibre."

See www.simonejoyaux.com for information about training and consulting - and lots of free handouts you can use in your organization.

SELECTED TITLES FROM SIMONE'S PERSONAL READING LIST

America Against the World: How We are Different and Why We Are Disliked, by Kohut and Stokes

Prisoners: A Muslim & A Jew Across the Middle East Divide, by Jeffrey Goldberg
Communicating our American Values and Vision, by George Lakoff

SELECTED DVDs FROM SIMONE'S FAVORITES

The Corporation (also the book of the same title.)
Control Room
Shut Up and Sing
Who Killed the Electric Car

SELECTED QUOTATIONS FROM SIMONE'S 30+ YEARS OF COLLECTING

"When you become a leader, you lose the right to think about yourself." (*The Reverend Gerald Brooks, Tony Coooke Ministries*)

"...Our society is more than happy to accept spin and cant because we have come to believe that all expertise is bias, that all knowledge is opinion, that every judgment is relative...[We] seem to have lost the ability to think critically about the world...[We] do not believe in the transformative power of knowledge...[We] do not believe in knowledge itself...people have become consumers who demand the right to choose as they wish...[no] serious problem can be addressed by a society that equates willful ignorance with freedom of thought." (*Bernard Dov Cooperman, Department of History, University of Maryland, College Park, from a letter to the editor, Newsweek, September 3, 2007*)

"The quality of leaders matters less than the quality of citizens." (*George Scialabba, The Nation, January 29, 2007*)

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