

COVER STORY

The Asian Perspective

Non-profit organisations were hit the hardest but they remain confident for better times, according to global survey

by Usha Menon



Fifty percent of non-profit organisations globally reported a decline in income over the past year and 33% saw an increase. For non-profits in Asia, they were the hardest hit with

an average income fall of 13%, compared to an average decline in Europe of just 1%. This was some of the highlights from the Global Fundraising Confidence Survey 2009 by The Management Centre (=mc) that was released in September. Some 126 people took part in the survey between May and August, and they came from various regions including Europe, Africa, Australasia, North America and Asia.

The survey found that worldwide, fundraisers' confidence is growing with 56% reporting that they felt optimistic about donations in the coming 12 months. However, Europeans were more pessimistic than other regions, with only 30% feeling optimistic, compared to 70% of Asians and Australasians.

On average, income to non-profit organisations across the world fell by 3%. Of the 50% who saw a drop in income over the past year, 20% of those saw their

income fall by over 10%. And of the 33% who bucked the trend and saw an increase in income, 14% of those reported an income growth of 10% or more.

Recession not solely to blame

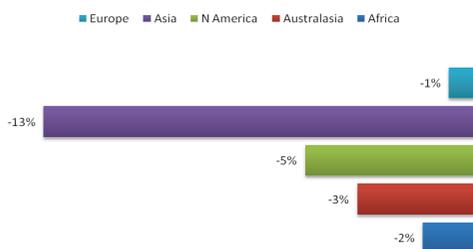
Of those who saw their income fall or stay static, the majority (54%) were reluctant to blame the global recession as the sole factor. The non-profit organisations cited additional causes such as:

1. Difficulties in recruiting good fundraisers,
2. Poor crisis leadership from other directors and the board, and
3. Lack of effective strategy for dealing with the crisis.

The most common factors reported to have positively impacted income levels were:

1. Increased investment in fundraising and working harder to counteract anticipated income falls,
2. Finding new sources of income,
3. Major donors stepping in to boost income, and
4. Innovation in fundraising to create new offerings.

Average change in income over past 12 months by region



Strategies during a recession

The research highlighted the potential for success where fundraisers took a proactive approach in meeting the recession head-on. When asked to indicate what broad strategies they had used for tackling the recession, over half of respondents favoured “fighting for market share – expansion has been our key tactic” (30%) or “taking effective action quickly to maintain donations” (25%).

When asked what fundraisers should do to build income against the backdrop of a global recession, the most common recommendations were:

1. Stay close to donors – Work with them to explain the situation for beneficiaries, but don't put them under too much pressure.
2. Diversify and improve communication with donors – Get to know their needs better by improving research and databases. Make sure feedback is sought and treated seriously.
3. Apply a variety of fundraising approaches, don't just stick to one – Linked to this was a desire to use social media more effectively.
4. Reduce costs through a range of measures – This includes from applying low-cost fundraising methods to applying a pay freeze.
5. Be innovative – This covered a range of suggestions, including working closely with other similar organisations.

The survey also noted that fundraisers predicted that the three causes whose fundraising were most likely to suffer from the global financial crisis were arts, heritage and culture; science and scientific research; and human rights. The three causes least

likely to suffer were children's causes, faith-based causes and education.

The report broadly reflects what we're hearing from fundraisers worldwide as part of our consulting work. In Asia, a strong dependence on special event fundraising and non-regular donations have contributed to a higher drop in funds raised. Fundraisers have been quick to adjust to the economic climate, and our experience is that roughly a third of non-profit organisations are stepping up to the challenge, and as a result becoming more effective and actually raising more income. In many cases, non-profit organisations report that donors are responding to the increased need by increasing donations.

In regions where fundraising fared better, major donors and innovation are seen as drivers for better results. However, this can only be achieved when organisations have a clear fundraising strategy and a diversified income portfolio. The most common advice from successful fundraisers was probably the best – stay close to donors in as many different ways as you can.

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Usha Menon is the executive chairman of Management Centre (=mc) Asia, an international consultancy for the non-profit sector. The firm, which specialises in strategy, fundraising, management and leadership development, provides consulting services to non-profit organisations and non-governmental organizations to help transform their performance. For more information, check out www.managementcentreasia.com.