

Fundraising in Tough Times

SOLVING THE 'PRADA BAG PROBLEM'

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The headline of a recent article in *Fortune* magazine stated “Downturns aren’t for wimps.” The business visionary making this statement was about to launch a new line of luxury clothing for men and women. Its hallmark is the badly wrinkled, ordinary-looking shirt he is wearing in the cover photo. Price: \$137.

Tough times certainly are not for wimps. Economic downturns demand tough choices: caution, but perseverance and dedication as well. By using the economic downturn as a catalyst, fundraisers can help prospects and donors find their way to the right choices, ones that advance the missions of worthy organizations and give constituents the value for their giving that they deserve.

In business, the most obvious strains of a recession are heightened competitive pressures, harder work for smaller sales, dwindling margins and losing contracts for nickels and dimes. In the nonprofit sphere, the competitive atmosphere does not often pit the art museum against the university, or the Boys & Girls Club against the YMCA. For many benefactors, as times get more difficult, the real competition is between the private self of consumption and the public self of generosity.

Fundraisers have long discussed the wealth factor in the giving patterns of upper income individuals. They point to the influence that the endless rattle of daily business news plays in this phenomenon. Development officers have said time and again that difficult economic times like these, where stock market averages have dropped quickly and remained down, have a chilling effect on giving. Prospects no longer feel as wealthy as they did when the markets were up and their stocks, bonds and options were increasing in value every minute. They are more cautious about giving and more demanding of long-term value and recognition.

CHIC VS. CHARITABLE

When the bottom drops out of the markets, affluent donors make choices, often ones between public generosity and private consumption. Several years ago, the highly successful vice president of development for a major U.S. medical center learned that a member of the center’s



board had just purchased a New York apartment for \$3.5 million in cash. After years of cultivation, she was livid; her feelings of betrayal showed in her face and in her clenched fists. “That was the professorship in pediatric neurology. That was *my* money.”

Fundraisers witness this struggle every day. Some have even named it the “Prada Bag Problem.” Just opening the pages of some newspapers or magazines reveals almost endless luxury goods: a Chanel purse for \$3,500; a \$30,000 men’s Rolex watch. The horizon for high-end consumption, in the United States and the world, has proven to be limitless.

The price of the Chanel purse would be an enviable annual gift for many arts organizations, education groups, food banks or elder care centers. The cost of the Rolex represents a solid capital campaign gift for a college or a hospital.

Let us be clear: Most donors do not sacrifice their lifestyles to support their giving. Giving is easy and desirable when the Salvation Army takes away a suit one’s waistline has outgrown. The struggle between personal acquisition and public generosity will continue forever.

This downturn may mark the first time that luxury goods and luxury stocks may

not be impervious to economic reality. Business journals report that the wealthy are beginning to see the Prada bag may not be the best of use of funds. Warren Buffett and Bill Gates have set dramatic examples of the power of giving and the ingenuity that comes with it. The micro-lending movements have shown how much leverage and impact even small amounts can have. Donors are far better informed about the state of the world, and the value of giving, than ever before. A nonprofit organization’s job is to help sustain that change of viewpoint.

Fundraisers can help wealthy people see better uses for their resources than personal consumption. The apparel executive must emphasize why his \$137 shirt is really worth it. He has to make his case in a turbulent and strident market place. Fundraisers have to do the same.

MAKING THE CASE FOR DONATIONS

The rules about working smarter and faster in tough times are as true as ever; but now, smarter means staying closer than ever to board members, donors and prospects.

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Now is the time for a fundraiser to put extra effort into showing them what their giving has done in the past, while reminding them that the needs — social services, educa-

tion, arts, health care — are timeless.

Economic times like these should compel organizations to emphasize *the mission, not the mansion*. This is a good

time for religious organizations to focus on the people they help, not on the buildings they want. The same idea holds true for universities: More money for scholarships, less for buildings and for studying the history of underwater ceramics in medieval Australia. Now is a good time to revise the organization's case statement to present the organization as efficient and determined.

Highlighting the organization's productivity and accomplishments is more likely to resonate with a new generation of major donors who have emerged from venture capital and start-up cultures. They are making new demands of old nonprofits, asking them to prove their worth and their productivity. This new generation of donors is willing to use new tools to quicken the organization's advancement, and is not the least bit reluctant to build their nonprofit organizations that conform to their expectations. Through experiences distant from the existing nonprofit culture, many of this new generation of donors are impatient with nonprofit business styles.

By emphasizing how much value has been derived from the dollars that are given, fundraisers can use tough times to help donors make wise choices about public giving and private consumption. Ultimately, development officers can help them identify self-interest with public interest. Fundraisers can serve as a reminder about how philanthropy can be a form of self-expression even more compelling and durable than personal consumption.

Nothing is forever, not this downturn, nor the next upswing of the business cycle. But skillful fundraisers can use these hard economic times as a catalyst for change. Fundraisers will never resolve the Prada Bag Problem. As a very accomplished development officer has pointed out, "Nobody gives away their last million dollars." It is a classic struggle of our time, one that we all confront every day, but maybe by mobilizing the pressures and drama of the current downturn, the nonprofit side, the side of public generosity, can emerge victorious a little more often. ■

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