



FUNDRAISING STRENGTHS YOUR NONPROFIT COMPETITION CAN'T TOUCH

A SMART Practices Report from Bristol Strategy Group

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Here's a little hint, folks: donors and other funders just don't give you money because you need it. They don't even give you money because the economy is good (or bad) or because they get a tax break, or because their friends said they ought to give to you. Really, at the end of the day, funders give you money because YOU and YOUR NONPROFIT do something that appeals to their charitable motivations, matches their philosophy of giving, offers them a social or business benefit, or in some other way lines up with their values, be those values altruistic, self-serving, or otherwise.

There are zillions – well, actually about a million and a half – charitable organizations out there in the US alone that would be very happy indeed to accept money from those zillions of possible funders. Your job, as a responsible nonprofit professional, is to make sure you attract the right funders for the right reasons. Begging, pleading, whining about your need for the money, and twisting the arms of friends and family are, frankly, ineffectual means of getting the message across.

Your job is to help all those potential funders to understand why your nonprofit is worth funding. They'll get the message a lot faster, and you'll save yourself a huge amount of time, money and general misery if you are clear about the fundraising strengths your competition can't touch.

GOING BEYOND THE MISSION STATEMENT

Experienced nonprofit professionals appreciate the value of their mission statement, because the mission statement itself is often what persuades donors and grant makers to invest in their agencies. But the agency's mission may not always be as clear as it should. Your fundraising staff may believe that funders are attracted to your agency for reasons other than the mission; or perhaps the mission is too broad or narrow to attract all the funders you need and want. For fundraising to be truly effective, everyone on the fundraising team, be they staff, board or volunteers, must understand two things:

- Why they are raising funds in the first place, and
- Why your agency is funding.

"Why they are raising funds" doesn't just mean getting this grant, or running that gala. It really refers to understanding what it takes to deliver on your mission. "Why your agency is worth funding" means how well your agency states its mission, achieves it, and demonstrates that it is a good charitable investment. The SWOT Analysis is an extremely useful tool to help answer these questions.

SWOT Analysis, which stands for Internal Strengths and Weaknesses, External Opportunities and Threats, may already be familiar to you from strategic planning initiatives, but it also has powerful benefits for fundraisers. In this report, we will show how to use SWOT Analysis to define your agency's value-added, its competitive distinction and unique value proposition, sometimes referred to as an "elevator pitch" or "one-minute monologue."

Fundraisers who understand their agency's SWOT are better able to promote agency value, align with prospective funders' charitable philosophy and motivation, and persuade qualified donor prospects to invest in your agency rather than a competing one. SWOT equips fundraisers with powerful, persuasive messages that distinguish your agency's programs and services, its values, core competencies and outcomes more effectively than any recitation of program features alone can do.

SWOT – WHAT IT IS

The SWOT Analysis defines four conditions of the organization. The first two letters stand for Strengths and Weaknesses, elements that are *internal* to the agency. They describe what the agency does well and where it needs a boost, in terms of its internal workings. The second two letters stand for Opportunities and Threats, elements that are *external* to the agency. Opportunities describe the nature of the marketplace in which the agency operates, and demonstrate where the agency might expand in its current market or find new ones. Threats describe market conditions that could pose a challenge to the agency's growth or sustainability.

Strengths can be Weaknesses and vice versa; Opportunities can be Threats and vice versa, but Strengths cannot also be Opportunities. Internal conditions are not interchangeable with external ones. SWOT analysis is best performed in a collaborative setting, where the participants provide a more varied, richer perspective than could be obtained by a single opinion.

SWOT FOR FUNDRAISING

SWOT Analysis for Fundraising focuses on those characteristics of your nonprofit that are meaningful to the funding community. For Internal Strengths, emphasize competitive distinction or advantage that funding sources will understand. For your Internal Weaknesses, keep the focus on competitive distinction, but show ways in which your agency currently struggles to make a difference. Once you have completed your SWOT, focus on your agency's Strengths. After all, you don't sell your weaknesses, do you?

NOTE: If you're raising money because "we need it" you might well dissuade new funders from coming on board, or turn off long-term funders who used to love you. Until you whined too often.

For external Opportunities and Threats, think about the market conditions within which your agency operates. For example, is the need for your services growing? In that case, you have an Opportunity. Are other, better-established agencies opening up programs in your area to serve that same population? In that case you have a Threat.

If possible, work with others to complete the template below; it's a lot easier to do this work when you can bounce ideas off a few participants. More detailed instructions follow the template.

SWOT Analysis Template:

INTERNAL	
STRENGTHS	WEAKNESSES
EXTERNAL	
OPPORTUNITIES	THREATS

Exercise #1: Complete the SWOT Analysis. Collaborate with others to conduct this exercise. If you have a lot of people to work with, divide the group into manageable chunks, about 5 to 8 people at a time. You may ask one group to concentrate ONLY on the Strengths and Weaknesses while the other group works on Opportunities and Threats; then trade places.

Allow no more than five minutes for this exercise. Tell each group to come up with as many ideas as they can, and don't let them discuss (i.e., argue) about the value of each idea. If you run out of ideas too early, ask questions like the following to prompt discussion:

Internal Strengths questions:

- What are our agency's competitive distinctions?
- What do our programs and services do better than/different from comparable programs and services from others?
- How well do we handle client service and outcomes? What do we do in this area that's distinctive, if anything? What do we do well, even though others also do it?
- How well do we handle our fundraising process, from identifying funding prospects through cultivation and retention?
- Have we established reasonable financial goals for the agency, enough to cover costs and extra for growth?
- *Caveat:* Avoid using "fuzzy" abstractions such as "great people" or "committed staff." Instead, choose Strengths that can be assessed by objective or quantifiable means.

Internal Weaknesses questions:

- Are there gaps in our portfolio of programs/services that hamper our success?
- Are we slow, sloppy or otherwise below par in client service delivery or program operations?
- Do our fundraisers understand how to promote our programs, services, case for support?
- Are there operational glitches or obstacles within the agency that have a negative impact on our marketing or fundraising?
- Do we have trouble with internal communications, unwieldy technology, lack of staff, uncooperative board, etc.?

External Opportunities questions:

- What's going on in our marketplace that presents us with new community needs or desires, especially ones that might be of interest to our current donors?
- Are there growth opportunities for us in other geographies or markets, especially ones we could penetrate with reasonable risk and expense?
- Are there opportunities to partner or collaborate with other agencies for fundraising purposes?
- Is there anything going on in the economy at large, that could give us a boost?
- What information do we have (or need to have) about new or expanding market opportunities that would be right for our agency and its current suite of programs and services & services?

External Threat questions:

- Have other nonprofits launched new programs and services or innovative marketing programs that are attractive to our current clients or donors?
- What's happening in the local market that would hamper our ability to sustain operations or build capacity?
- What's happening to interest rates and the credit environment; could it be detrimental to our ability to sustain operations or build capacity?
- Are there global or macro-economic forces at work (war, energy prices, etc.) that could compromise our growth or drive up our operating costs?

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- Are we vulnerable to weather disasters that could disrupt operations (blizzards in northern climates, hurricanes in southern climates)?

Exercise #2: Collate all answers. If you had more than one group working on the exercise, gather all answers onto one sheet. Eliminate duplications. Where entries may seem to be similar but not identical, determine if the entries could be merged or rephrased. Try to bring the total number of entries per quadrant down to no more than 8 or 10 per section. If necessary, assign someone to validate certain entries, especially if there is disagreement in the group.

YOUR UNIQUE VALUE PROPOSITION

The “Unique Value Proposition,” sometimes referred to as an “elevator pitch” or “one-minute monologue,” is a message or set of messages that encapsulates your competitive distinction in the market. Once you have completed your SWOT Analysis, you have a powerful set of guidelines that simplify the messages your sales personnel can work with.

Although all SWOT quadrants are valuable, the Strengths category will provide the most useful ideas for your Unique Value Proposition. Conduct the following exercise to figure it out.

Exercise #2: Highlight Fundraising Strengths.

Highlight the Strengths that you consider to be most persuasive or appealing to funders. Feel free to add Strengths that you may have overlooked. When doing this review, think about what your donors and prospects have said about you, your agency and your solutions.

INTERNAL	
STRENGTHS	WEAKNESSES

Exercise #3: Forget the Weaknesses, Opportunities and Threats

If you were doing strategic planning, you would definitely want to know about your weaknesses. When you’re raising money, nobody wants to know about your weaknesses. So you’ll love this part of the exercise: ignore everything but your strengths. Save those portions of the exercise for your next strategic planning session.

Exercise #4: Craft Your Unique Value Proposition

Take a good, long look at your Strengths. With those Strengths in mind – and diligently ignoring your weaknesses, challenges, apologies and all that stuff – answer the questions below. No whining, no excuses, no “well we could do this if only...” baloney. Make your answers brief. Don’t try to become an award-winning copywriter here, use conversational language instead.

Questions	Statements
What Do You Do?	Describe your mission, programs and services BRIEFLY _____ _____ _____
Who Do You Do It To?	Describe the types of clients or client populations you serve, including the geography in which you serve them _____ _____ _____
What Does the Solution Do for Them?	Explain the ways your clients, or the community as a whole, or the entire planet, benefits from the work you do _____ _____ _____
What Makes Your Agency Appealing to Donors?	In a sentence or two, say how funders’ investments make it possible for you to serve, or improve your services _____ _____ _____

THE UVP

Take all the statements from the template above, and assemble them into a short paragraph. Edit the paragraph until it sounds smooth and is easy to say. Practice saying it to others, such as members of your leadership team, until you can state it clearly and simply. At this stage of the process, your UVP should NOT win awards for brilliant copywriting. Ordinary everyday language is best. You will use the UVP in conversations as well as in your website and other marketing efforts.

Great UVPs are short, succinct and clear. Ineffective UVP's fall into two camps, the overly complicated and the overly brief.

Bad Example #1: *Overly complicated UVP's* include lots of details about programs and services, a lot of history, and technical jargon about your taxation status. Here's an example:

"The Hangnail Research Institute is a Nebraska 501-c-3, launched as a result of Nebraska State Bill 392-56A on November 27th, 1873, under the auspices of then Governor Somebody who had a personal mission to reduce the pain and suffering associated with hangnails and ingrown toenails due to a personal family history of chronic ingrown toenails. And so we now have clinics every Wednesday, Thursday mornings and Saturday by appointment only, where, um, you could, um send your children or even go yourself, you know, if you have some experience with hangnails and stuff like that. And, oh yeah, we have an upcoming gala and maybe you could come to the gala and bring your friends?"

Wake up! We put you to sleep, right? This is wordy, it's not inspiring, nobody cares about what happened back in 1873, and, um, er, what were you asking me anyway?

Bad Example #2: *Overly brief UVPs* are vague in the extreme, and cover far too much in too few words. Here's another example:

"The Society for Homeless Ferrets solves problems for ferrets and all mankind."

The person who hears this sentence has no idea what the Society really does, and how it solves all conceivable problems that could ever occur to ferrets or the human population. Wait a minute – what do ferrets have to do with all mankind anyway? And what did you say you do again?

GOOD Examples: Strive for a good balance between too brief and too complex. Here are a couple of useful examples. The words in boldface type are Strengths identified through the use of SWOT Analysis and Strength Analysis.

"Our Arboretum is valuable in three important ways: our research sector has a **worldwide reputation for excellence**, our **interactive environment and school programs appeal to visitors of all ages**, and we're an **oasis of calm and tranquility right in the center of our busy city**. Whether you are motivated to support plant science, educating young people or keeping the garden for the future, The Arboretum is a good charitable investment."

"The Labor Center fills an **urgent community need, and does it well**: we provide a safe place where **clients and employers can meet, assess one another, and fulfill their different needs**. The community is better off, **street crime and traffic accidents have gone down**."

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Craft a similar UVP for your nonprofit. Two or three sentences will be plenty.

Experiment with your UVP until you are happy with it.

WHAT YOU CAN DO NEXT:

- **DIY Project (Do It Yourself):** Fill out the templates in this form. Consider asking other staff members, development officers or campaign consultants for their input; many minds make better work.
- **Leaky Bucket Assessment for Fundraising Effectiveness:** Assess the productivity and efficiency of your fundraising efforts. Visit www.bristolstrategygroup.com/nonprofit-leakybucket. It's free, it only takes a few minutes, and you'll get your results immediately.
- **Fundraising the SMART Way:** Visit our website or call for information about implementing Fundraising the SMART Way, our methodology for managing fundraising for continuous improvement of results, at www.bristolstrategygroup.com/fundraising-the-smart-way.

ADDITIONAL RESOURCES FROM BRISTOL STRATEGY GROUP:

The Leaky Bucket Assessment for Effective Fundraising. Evaluates nine important business practices that either contribute to or detract from the effectiveness of your fundraising efforts. This 5-minute assessment is complementary and you'll get your results immediately. [Click here to complete yours.](#)

BSG SMART Practices Reports: [Click here to download](#) additional reports from our SMART Practices Library, including

- Fundraising Strengths Your Competition Can't Touch
- Why Your Best Donors Support You
- Three Simple Questions that Get Donors to Give
- Teach Your Pipeline to Speak "Donor"
- The Board's Role in Fundraising
- The Board's Give or Get Policy

Fundraising the SMART Way™: BSG's flagship methodology for sustainable fund development. The SMART Way process allows you to create the benchmarks, performance measurements, rules, guidelines and reporting methods that drive high levels of efficiency and productivity in the fundraising organization. The SMART Way™ Scorecard 2.0 adds an intelligent, software-based toolkit unique to your organization that ranks your donor prospects based on their potential for a Return on Your Effort, and also provides efficient Opportunity Management methods. Fundraising the SMART Way™ helps you *raise more* money while you *work less*.

ELLEN BRISTOL



Ellen Bristol, president of Bristol Strategy Group, works with nonprofit organizations to improve the effectiveness of their fundraising efforts, increase total income and fund diversification, involve board and staff members more effectively, reduce turnover in the development office and maintain desired levels of quality and services.

A classic late-bloomer, Ellen spent the first twenty years of her business career selling mainframe computer systems. Only after she launched Bristol Strategy Group did she discover her true calling: adapting the principles of business-process management to nonprofit fundraising. Since that big “a-ha” moment, she has become a true performance-management geek and a nut for metrics. Along the way, she has:

- Developed the **SMART Way™ methodologies**, an innovative, strategic approach to managing revenue generation based on classic business-process disciplines, with variations for nonprofit fundraising, social enterprise and for-profit businesses;
- Designed and launched the **Leaky Bucket Assessment for Effective Fundraising**, the largest study of fundraising staff performance, with responses from more than 1,000 nonprofit professionals around the world;
- Implemented **Fundraising the SMART Way™** for dozens of nonprofit organizations;
- Authored ***Fundraising the SMART Way: Predictable, Consistent Income Growth for Your Charity*** and co-authored ***The Leaky Bucket: What’s Wrong with Your Fundraising and How You Can Fix It***, with Linda Lysakowski, ACFRE, both available at Amazon and the AFP Bookstore;
- Produced the first benchmarking study based on the Leaky Bucket Assessment, called ***Fundraising Down the Drain: The Leaky Bucket Study of Effective Fundraising 2014***. A new edition is forthcoming in the first quarter of 2016.
- And created ***the SMART Fundraising Game***, a light-hearted way to show staff and board what fundraising is really all about.

Recently, Ellen collaborated with her grandchildren to write a children’s book called *Morton the Marvelous Monster*. Her eight-year-old grandson only agreed to participate if she promised to split the proceeds with him. He is still waiting for his first royalty check.

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