

WHAT'S **“REALLY”**
HAPPENING WITH NONPROFIT
REVENUE?



JUNE 2020 SURVEY

THE “REAL” ANSWERS



By Karen Eber Davis and Gail S. Bower

“ We have received donations (both monetary and in-kind) from many new donors. While we understand many will not stay after the pandemic, it has been wonderful to have the opportunity to share our mission and the impact we have on our community with new people! ”

OVERVIEW

124

NONPROFIT LEADERS

74%

ANTICIPATE DECREASES

24%

STAY THE SAME OR INCREASE



In a June 2020 survey, 124 nonprofit leaders from across the U.S. shared their revenue stories and visions ahead in light of the pandemic and other upheavals. Not surprisingly, the majority of participants (74 percent) anticipate decreases by the end of 2020, compared with 2019. Declining earned revenue related to programs was the most significant concern.

All was not bleak. Some 24 percent of participants reported expecting their revenue to remain the same or increase by year's end. The revenue stream that gave them most hope was income from individual contributions, 33 percent, followed by institutional and corporate foundation grants and gifts, 27 percent.

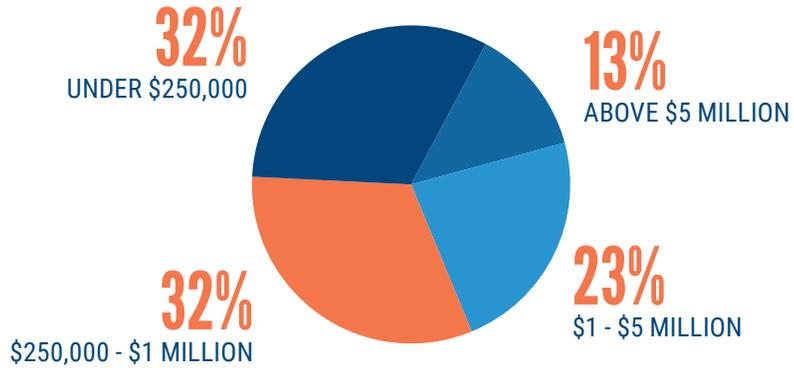
Our analysis moved beyond just data to uncover leadership mindsets. Here participants fell loosely into three categories in terms of processing the enormity of the changes facing us all. One segment of participants' answers reflected denial bordering on defeatism. A second group shared facts and a third, creative searching for solutions.

In the analysis that follows, we share the findings, our insights, and recommendations for individual nonprofits and those who serve them. For more, [watch this video](#) presentation, with additional results.

BACKGROUND

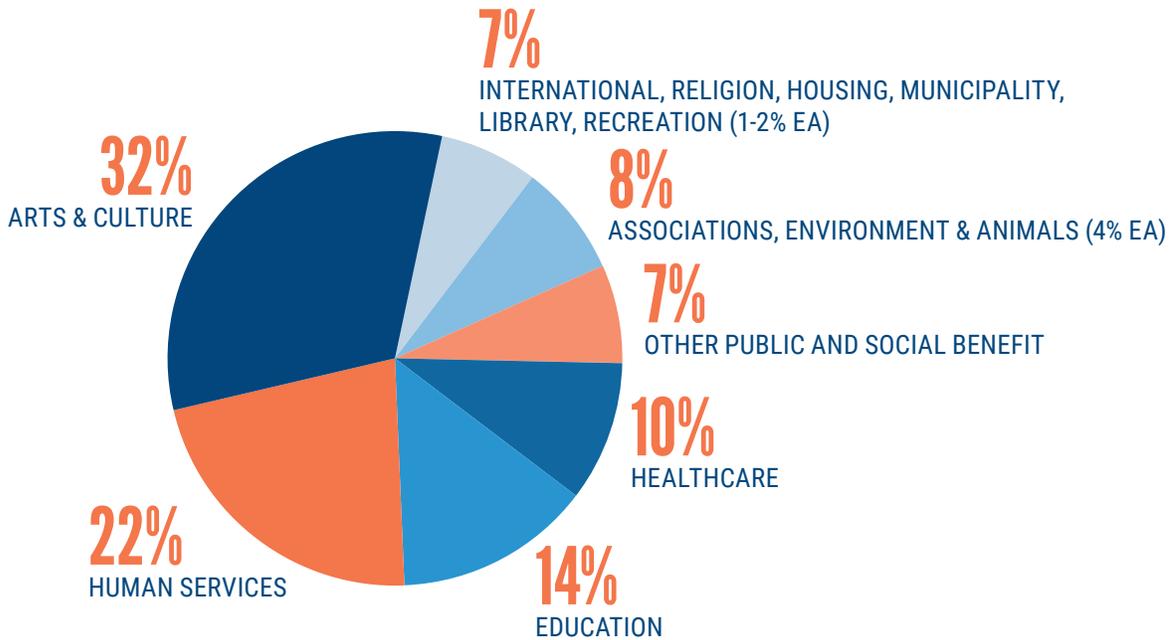
Survey open: June 1 - June 27, 2020

124
National participants with 2019 budgets



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Representing nearly all nonprofit sectors

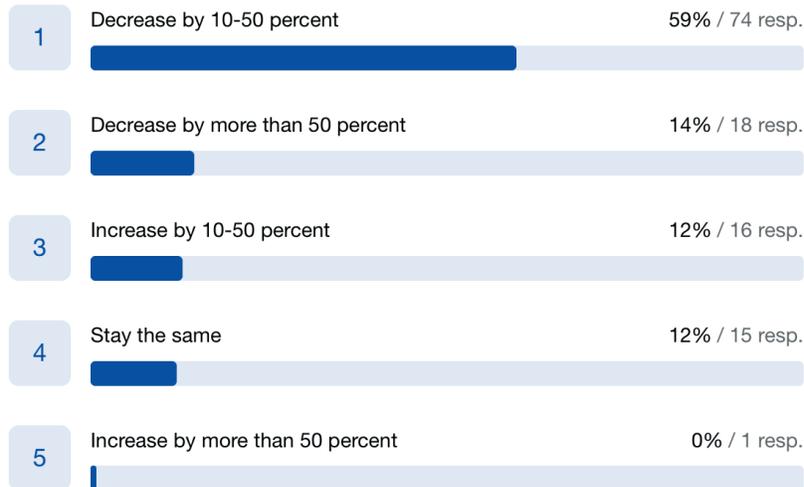


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15 Promotional partners across the U.S.

HIGHLIGHTS

“ By year-end, I expect our nonprofit’s overall revenue to...” ”



124 out of 124 respondents

FIRST, THE GOOD NEWS. While the vast majority of respondents expect significant decreases in income, 24 percent, or nearly one in four participants anticipate revenue to remain the same or to increase. One nonprofit expects revenue to increase by more than 50 percent.

The vast majority of nonprofits anticipate revenue reductions, 15 percent by more than 50 percent, primarily because their programs ceased during the pandemic.

Two leaders from this latter group commented:

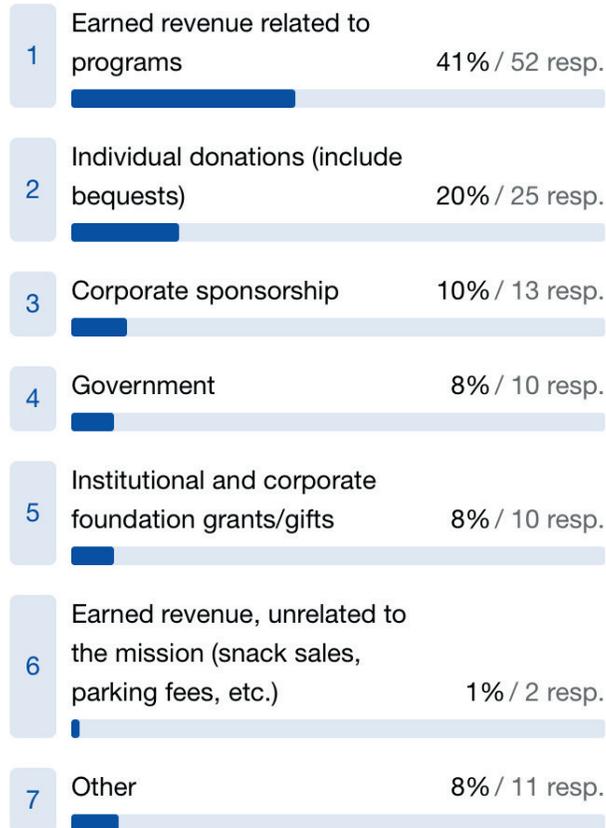
“ We cannot conduct any of the ten programs that generate net revenue due to closures.”

“We are a professional theatre company that actively recruits actors and technicians with disabilities. We had twelve revenue-generating events planned between March and September. All were canceled.” ”

These findings are consistent with two La Piana Consulting [surveys](#) conducted March 24 to March 29, 2020, and from April 22 to May 1, 2020, with 750 respondents each. These respondents also projected revenue decreases by 73 percent and increases by 26 percent.

HIGHLIGHTS

“ Which single revenue source are you most concerned about? ”



124 out of 124 respondents

Digging into the specifics about nonprofit revenue sources tells a richer story. Not surprisingly, earned revenue related to mission, such as ticket sales, tuition, and fees, causes the most angst. For the sector as a whole, earned revenue related to mission comprises nearly half of all nonprofit income. (For more in-depth information about this revenue stream, see Davis’ book, [7 Nonprofit Revenue Streams](#).)

Two additional recent surveys found similar findings.

- The Nonprofit Finance Fund [surveyed](#) nearly 500 nonprofit leaders March 18-23, 2020, and reported that 75 percent were seeing reduced earned revenue.
- The Independent Sector’s [survey](#) of 110 mid-size and large nonprofits, released June 15 and measured just before ours, from May 27 to June 9, 2020, reports an 83 percent drop in this source.

HIGHLIGHTS

One leader's comment sums up the concern about this revenue:

“*Earned revenue accounts for more than half of our income, and we have trouble seeing a path forward to getting back to sustainable revenue. Additionally, our programs conducted in the schools will most likely not continue for quite some time. The more programming gets cut, the more we need to downsize. We also have a substantial mortgage obligation.*”

The direct correlation between earned revenue with indoor, in-person services or programs in the time of COVID-19 means decreased revenue, service delivery, staffing, and ultimately extreme hardship for organizations.

One solution many see and embrace is digital delivery mechanisms:

“*I am seeing new change and opportunities in the nonprofit sector in ways of providing much-needed services to our communities. Some are new advanced innovation in technology, effective communications, and providing services that allow others to feel that they matter.*”

While technology may not be the answer for every organization, those who experiment may find solutions, enhanced capabilities, and new post-pandemic revenue streams.

HIGHLIGHTS

“ What worries respondents? ”

Less need and demand for services.

Less customer demand since there is fear and anxiety about participating in social activities outside the home.

We lost in-person access to all of our clients due to COVID19 (nursing homes and schools serving children with challenges and day care—the most vulnerable to the virus).

Social distancing and program closures have created a drop in the number of clients served, which will result in all sources of earned revenue, including government revenue, dropping.

Restricted opportunities to connect with current and potential donors

The ability to engage with donors and convey a compelling message is challenging in a virtual environment. Also, our supporters may find it harder to bring other people along to support the mission when everything feels more impersonal.

No interactions in person to make the connections needed to partner.

Our fundraising event usually brings in 250 new donors. We have lost out on that this year.

HIGHLIGHTS

“ What worries respondents? (cont.) ”

Event cancellations

Ticket sales for our performances should return once COVID flattens and people are comfortable going out in large gatherings, but it will be awhile.

We are all about large groups, close interaction, and facility rentals. All of these activities are now severely restricted to the point of eliminating many program offerings--not just a decrease of offerings, but elimination.

We will not be able to hold our annual fundraiser, which was important to our budget. This event helped to cover essential non-program expenses such as wages, wage taxes, insurance, etc.

The size of the pie

There are so many nonprofit organizations with awful bottom lines. I am concerned our bottom line will result in grants normally coming our way being diverted to the nonprofit organizations in critical circumstances.

Potential for organizations to cannibalize one another's support.

So many nonprofits/causes reaching for the same dollar donations.

HIGHLIGHTS

“ What worries respondents? (cont.) ” Uncertainty

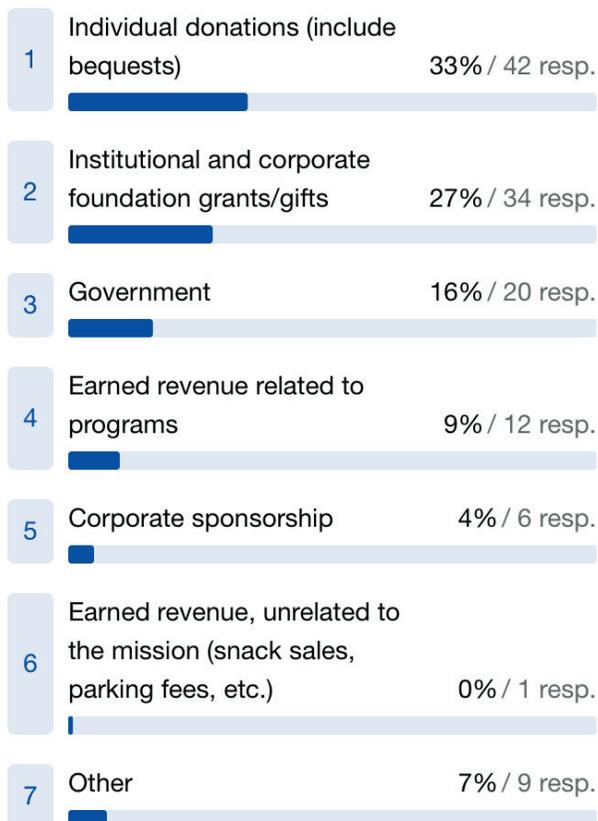
The unknown is always a concern. We are doing our best to plan and prepare for what is to come next.

It seems that just about every factor has the potential to fluctuate. Charting a viable course forward requires more faith and discernment than ever!

Seeing delays in decisions, and shifting focus, making it even more difficult to predict than normal.



“ Which one revenue source are you most optimistic about? ”



124 out of 124 respondents

HIGHLIGHTS

One through-line highlighted by leaders' survey responses is donor or funder generosity. Participants remain delighted and heartened to receive donations.

Our results are consistent with the Fundraising Effectiveness Project [survey](#). The Project found that in the first quarter of 2020, as compared to 2019, giving was down by 6 percent. In contrast, gifts under \$250 were up by 5.8 percent. While some nonprofit leaders expressed fear about asking for gifts now, other nonprofits reported securing donations and new donors.

Additionally, we see resilience as a source of optimism, especially from responses about leaders' beliefs in their abilities to:

- Generate revenue based on the organization's value
- Build awareness for the mission, and
- Develop and maintain strong relationships.

“ What makes participants optimistic? ”

Relationships and generosity of donors and funders

We are receiving a large capacity grant and also seem to be on the map now of some larger well-known foundations.

We are halfway through a matching gift campaign (two more weeks to go), and we have already achieved our goal. The donations coming in seem to be larger than usual.

Donors have really stepped up! We are trying to “front-load” as many donor asks as possible in the year, in case the downturn in the economy later in the year makes it hard for folks to give.

HIGHLIGHTS

New opportunities, including the Payroll Protection Plan

We received several new regional and national foundation grants, and government grants.

In our community, there are some big projects to help drive business downtown. I think the city will recognize the importance of art and culture in helping them achieve that and thus will grant some funds to us along these lines.

Maybe because our public health government funding, they've shown understanding and flexibility re COVID, and even sent some unsolicited extra funds to help deal with expenses. Also, new opportunities have continued to flow with new grants being awarded to us even during this period.

Increasing awareness and confidence their value

We are sharing content via every avenue available. Literally tapping into every source & using word of mouth by encouraging all contacts to also share content with their contacts. Encouraging donors to fund students who can't afford to attend courses. Also offering all our education courses online.

We will find creative and engaging ways to increase our membership by creating smaller events for members.

Our new strategy for outreach, regular asks, messaging, and transparency of our needs has been well received and our donations are up two to three times what they have ever been.

WHAT THIS DATA MEANS TO YOU?



1 Take care of yourself and others

Don't ignore the grief work that needs doing as you move forward. All nonprofits lost a lot in 2020. Even if your finances are on an upward trend, recognize that you can add value by being a safe place to express disappointment, frustrations, and sadness. Nonprofit leaders and staff members won't make progress until these feelings get heard, processed, and accepted.

- For more information, here's a useful [article](#) about recent thinking on the stages of grief.
- You will also find Davis' [video series](#), *How to Lead with Vision Not Fear in the Times of COVID-19*, helpful for dealing with the stress and uncertainty you're experiencing.

2 Revamp your strategy

In light of COVID-19, virtually all nonprofits must reexamine their strategies—that is, their master plans on how they will win. We have collectively learned that even the most certain revenue streams face risks.

- For additional ideas about risk, see Bower's [special report](#), called *The Real Risk of Not Taking Risk*.

The pandemic reminds us about the value of and dependency on face-to-face interactions to deliver services, cultivate relationships, and bring communities together. The key strategic questions that nonprofits must answer now is how to safely deliver value and receive revenue from providing it.

Individual strategy—while best created by boards, stakeholders, and an advisor—can be stimulated by collective strategic exploration about the possibilities. For instance, some organizations are taking their galas online. The LA Zoo Foundation recently earned more with its digital gala than its in-person one, reaching over 10,000 new people. While a gala is a tactic, not a strategy, successes like the zoo's, using digital means represents new ways to think about providing value and profitably expanding reach that can be shared and examined collectively.

One disturbing trend we noticed among some respondents was a sense of resignation that their organizations had nothing to offer or hopeless circumstances. These are difficult times. It's easy to feel overwhelmed. The key is to mix in creativity and imagination and hope. For example:

- You canceled your events, so what other ways can you build relationships with donors and fundraise?
- Your organization may not be curing or treating coronavirus, but it contributes to your community's infrastructure. What stories do you remember and tell?
- You assume your sponsors will abandon you if your events go online. But will they really? Have you explored other possibilities for sponsorship?

Having fresh perspective from an outside resource who specializes in nonprofit revenue may help you unlock the path forward. Where you see a brick wall, we can help you see multiple possibilities on the other side. We are experts at helping nonprofits strategize income and value.

3 Boost individual contribution fundraising skills, including bequests

Most nonprofits love donations—for the money. More astute nonprofit leaders realize that donors bring new contacts, wisdom, political clout, insights, and other value, which usually far exceed contributions.

The survey has revealed another value of individual donations: hope in troubled times. If seeking individual contributions has not been part of your revenue strategy, consider it. See Davis' book, [*Let's Raise Millions Together*](#), for more on how to create a culture of philanthropy that attracts resources.

We cannot close without concurring with the survey participants who noted that thoughtful planned gift requests need to be added to your nonprofit revenue portfolios. Planned gifts follow what Davis calls The Rule of Sevens. Planned gifts take seven years to come to fruition. Only one in seven people will tell you they made a planned gift. They average \$70,000, and you can obtain them by investing 70 minutes of your time per month.

Tragically COVID-19 has shortened the lives of too many. Naturally, these deaths remind your nonprofit that life is impermanent and eventually all your supporters will die. By failing to offer people who love your organization an opportunity to have the joy and peace from knowing that they organized their estate to match their values, your nonprofit is remiss.

4 Scenerio planning for earned revenue related to mission

Pre-COVID, many nonprofits that depend on earned revenue streams assumed they would earn this stream uninterrupted. They sought to enhance this revenue at the margins (e.g., selling more tickets) while focusing on obtaining other revenue, such as sponsorships, grants, and donations.

The pandemic points to the need to explore previous assumptions and begin imagining the unimaginable through strategic foresight and scenario planning to identify risk and uncertainty in all revenue streams, especially earned revenue. While it may not be possible to develop revenue streams impervious to fluctuation, now is the time to focus on evergreen earned revenue—predictable and within your control—and reimagine and innovate your earned revenue planning.

- To learn more about earned revenue, [download Gail Bower's Guide to Earned Revenue.](#)

5 Digital skills

Expanding our digital capabilities is not just a requirement in the wake of COVID-19; it's an opportunity. Compared with live events and face-to-face interactions, digital may seem to have less value. Compared with other forms of marketing, digital seems to be a throw-away, because so far, it's often been "free." However, compared to live, digital is cheap. The Disney Channel now offers us *Hamilton* for \$6.99 for all the people we can safely squeeze six-feet apart in our living rooms vs. \$199 for a top balcony seat.

We believe we will find that like all technology changes, some activities and services work through digital and others demand in-person experiences. Just as Airbnb did not replace hotels, digital offers new options and possibilities that will add to, not replace, in-person experiences. As you survive and thrive through these interesting times, remember to incorporate digital and explore how it can serve your nonprofit.

6 Look at your markets carefully

Not everyone has lost their job. Not every business or industry sector is facing collapse the way travel and hospitality is. Don't you wish you'd bought a few shares in Zoom in January?

Therefore, you may have opportunities with new markets or new audiences. Your corporate sponsorship program may require a couple shifts—new prospects and, in a socially distanced environment without in-person events, new value. If your sponsorship program is structured correctly, your business community needs you now more than ever. After all, sponsorship is a marketing activity. And because of recent and future trends, you have more ways to collaborate with corporations than you might realize.

If you follow our recommendations above, you'll find that your sponsorship program will certainly require an update, providing still further opportunity for visibility and revenue.

- For a brief overview, take a look at Bower's blog post [*Sponsorship Love in the Time of Coronavirus*](#).

CONCLUSION

The U.S. faces five simultaneous crises—the pandemic, the financial destruction in its wake, racial injustice, plus ongoing political division, and largely unaddressed climate change issues. We launched this study to address the first two.

Just as our first respondents opened the survey, peaceful protestors across the country and around the world demanded justice for George Floyd, Breonna Taylor, Ahmaud Arbery, and the victims of countless other atrocities. Simultaneously, the rate of coronavirus infection, complication, and death among Black, Latino, and Native American populations has brought health disparities to light with a new lens.

While we designed and launched our study before the protests and thus have not directly addressed racial justice issues, your strategic work ahead provides new opportunity to deepen individuals' and organizational commitments to anti-racism and make change, identify mission and revenue opportunities, and hopefully create more equitable futures. We know it's on your minds, too:

“ Besides COVID, the big thing impacting our work is leveraging anti-racism work already underway to take advantage of the current movement for change and challenge ourselves to go further, ask harder questions, make more change, and find more ways to dismantle racism in our organization and in our work. ”

We face ongoing uncertainty and one of the most challenging periods in our lives. Yet we believe more than ever in the pragmatism and passion of the nonprofit sector to bring ingenuity to the tasks of business model reinvention, revenue generation, and mission delivery. For years, nonprofits have been exploring and addressing diversity, yet today demands that we go deeper. We anticipate the vital answers to most or all of these five crisis opportunities will come from organizations like yours. The nonprofit sector is the true creative sector, especially when it comes to resilience through crisis.

We hope you'll galvanize support from your staff and board, then your broader community, to protect and expand the vital work of your mission with new levels of funding this year and into 2021.

We are here to help you and cheer you on.

Sincerely,

Karen Eber Davis



Gail S. Bower



Study developed and managed by nonprofit experts Gail Bower and Karen Eber Davis.

4 Ways Gail Bower Can Help You Today

Nonprofit Strategy

Whatever you had planned for this calendar or fiscal year needs to be altered, updated, or scrapped entirely. Gail can work remotely with you, your board, staff, and stakeholders to set direction to best navigate the uncertainty, see new opportunities, and overcome whatever is blocking your path forward. Clients value Gail's clarity, creativity, future-orientation, and focus on financial resilience. If you want a rapid process, how does strategy within a week sound?

Corporate Sponsorship Expansion & Reinvention

While most organizations are assuming their sponsorship revenue has dried up forever, Gail's clients are rocketing ahead. She's helped invent and iterate new and better opportunities. Two months into the pandemic, one client closed a healthy six-figure deal, noting that this level of revenue from a donor would have taken 12 to 18 months or longer to secure. Gail wrote the book on sponsorship strategy during the Great Recession, called "How to Jump-Start Your Sponsorship Strategy in Tough Times." If you're stumped or seeing "meh" results, talk to Gail about how she can help you revitalize this revenue source.

Marketing Communication & Growth Strategy

If you're like many nonprofit leaders, you're wondering how your messaging can help your organization stand out from the cacophony. Are your Facebook posts enough? Who's reading your newsletter? And how will you engage donors without galas and other events? Gail can help you look for new marketing and communication opportunities, better strategies and approaches, plus more compelling ways to tell your story. Let's figure out what will cause your clients and funders to get it and, most importantly, take action.

Trusted Advisor and VIP Strategy Days

Gail works with clients in many ways, and in these socially distanced and challenging times, most clients find that having a strategic advisor for a day, a quarter, or longer—through remote means, of course—is the perfect way to infuse new thinking and ideas into their organizations. She will schedule only a limited number of VIP Strategy Days, very personalized, hands-on day-long sessions to focus on your agenda. As your trusted advisor, whether you want:

- Feedback on your strategy,
- Support executing your updated strategy,
- Fresh thinking on your marketing plans or campaign, your sponsorship value or sales approach, or how to overcome challenges that might be blocking your growth, or
- A trusted partner to help maximize a fantastic new opportunity you have,

you'll have Gail a Zoom or phone call away. Let's find out if one of these options is right for you.



Gail Bower

Gail Bower is the founder and president of Bower & Co. Consulting LLC, a revenue strategy firm that helps nonprofits become self-sufficient by developing reliable sources of revenue. Gail has been working with nonprofits of all sizes and scope for over 25 years. Her clients have doubled, tripled, and quadrupled revenue sources in under a year. And that's just the first year.

Trained as a futurist, Gail studies where society is headed and what trends may impact her clients' businesses. Author of *How to Jump-start Your Sponsorship Strategy in Tough Times* and a frequent speaker, Gail has been interviewed about her work by the *New York Times*, the *Wall St. Journal*, *Marketplace*, *Time* magazine, *U.S. News & World Report*, and other media.

To learn more, visit GailBower.com
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[To schedule a call with Gail, click here.](#)

4 Ways Karen Eber Davis Can Help You Today

Karen's Mentor Program

Karen's mentor program is a six-month opportunity for individuals to meet their professional and personal goals. At the beginning of this six-month program, you and I will reach a joint decision about how this program will help you. Together we will set specific goals for our time. It's so powerful many folks sign up more than once. Mentees have growth results by over 100 percent during the program and it's virtual. Set a no-obligation appointment to talk with Karen if mentoring is right for you.

Nonprofit Strategy

Every nonprofit needs a strategy to win. Karen will help your organization identify the critical question you face, find multiple options to answer it and discover your best strategy, based on your needs and vision. With her guidance, you, your board, staff, and supporters will know how to "win" more outcomes, money, and friends to propel you toward your vision. Available virtually, face-to-face, or a mix of both.

Personal Strategy-in-a-Day: Karen's Custom One-on-One VIP Program

Invest a day (or two half days) discovering where you want to be in the future and setting your agenda for your long game.

- Gain control of your most valuable asset: your time
- Get rid of the clutter: claim your musts and wants
- With Karen's guidance, craft your optimal plan to win.

Isn't it time you made your goals and needs the center of attention?

Discovery Call

Most nonprofit leader's needs don't fit neatly into one category but overlap the ones listed above and more. If you need to get ahead of the game, find a fail-proof process, or map out an undiscovered destination, give Karen a shout. Discovery conversations help you to gain clarity and identify options for moving forward. Karen offers discovery calls pro-bono to strengthen the nonprofit community and bolster you. Explore what's possible.



Karen Eber Davis

Most nonprofits struggle to obtain adequate revenue. Karen Eber Davis Consulting guides executive directors and CEOs to construct strategies and revenue streams that generate the resources they need, so that they can focus on their missions. Karen is the author of *Let's Raise Nonprofit Millions Together* and *7 Nonprofit Income Streams*.

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[To schedule a call with Karen, click here.](#)

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