

Three Recession Results That Can Benefit Nonprofits

Rachel Dukeman 18 May 2012

The recession has had an undeniable impact on arts and culture nonprofits. Considering the nonprofit sector lags behind the general economy by at least 18 months, it will be some time before we see any significant changes. That said, some of the best ideas are born during hard times, and noting the trends that resulted from the recession can work to our advantage.

From both firsthand experience and through reading the *2011 Portfolio* report released by the Greater Philadelphia Cultural Alliance, I've noticed three particular trends that emerged from the recession and can be beneficial to the field: increased volunteerism, increased individual giving, and increasing use of social media. If nonprofits target resources in these three areas by hiring new professionals or adding these responsibilities to the workloads of current staff and increasing their salaries, the organizations will see a great return on their investment.

Volunteers to the Rescue

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The nonprofit workforce has felt the strain of the recession. According to a national June 2010 GuideStar survey, the most common ways nonprofits reduced their budgets were: reduction in activities/services (58 percent); salary freeze (50 percent); layoffs (38 percent); hiring freeze (30 percent); reduction in employee benefits (23 percent); and salary reduction (21 percent). Add this to the increased use of independent contractors—who now constitute up to 52 percent of Greater Philadelphia’s arts and cultural workforce—and it is easy to see how stretched employees in the arts and culture field can be. A full 28 percent of this region’s cultural workforce is part-time and juggle multiple positions, but, regardless of part-time or full-time stature, employees are overburdened with multiple job responsibilities.

To compensate for the reduction in staff capacity, many organizations turned to volunteer assistance. In the survey noted above, GuideStar found a remarkable 32 percent increase in the number of volunteers. The Greater Philadelphia Cultural Alliance’s Portfolio (2011) found that volunteers provide 29 percent of total hours worked in arts and culture nonprofits. This means that almost one-third of work by Philadelphia’s arts and culture nonprofits is being completed by volunteers, a striking statistic.

With a current national unemployment rate of 8.2 percent (Bureau of Labor Statistics 2012), many well-qualified people are without work and recognize that a good way to demonstrate and hone skills is by volunteering at local

arts and culture organizations. A win-win situation, nonprofits reap the benefits of in-kind services and volunteers can network with new people, improve skill sets, and contribute to nonprofit organizations at the same time.

But volunteers come with some costs. They tend to have relatively brief tenures and may not be the most reliable. Careful management of volunteers is critical to their success. Many nonprofits currently share volunteer management among many staff. Streamlining this responsibility to one new hire can increase volunteers' productivity while freeing up other staff time for fundraising, development and other job descriptions. This way staff can still delegate volunteer tasks to departments where they are most needed, but leave the logistical management to one professional. Moreover, a single Volunteer Manager would be able to customize incentives for different types of volunteers, track volunteer work, monitor progress, and assure institutional memory remains when a volunteer leaves the organization.

If it is not feasible to hire a new position, nonprofits should better compensate this work when completed by the existing staff. The volunteer work hours completed will be more efficient, more effective and more beneficial to the organization.

The Individual Donor

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As all other sources of contributed income declined during the recession, the single saving grace has been individuals. Greater Philadelphia institutions experienced a 20 percent increase in individual contributions. New media helped give rise to a recent trend, micro-giving, and has changed the way organizations execute their fundraising plans. Traditionally, nonprofits raise the majority of their revenue from a small percentage of total donors. With online fundraising campaigns and the ability to utilize their social capital, savvy nonprofits can raise more money through smaller gifts. Philadelphia-based examples include Plays & Players' "10 for 100" campaign in which theater patrons donated \$10 to celebrate the theater's 100 years of service, and the Painted Bride's 40th Anniversary campaign to acquire 400 donors at the \$25 level to raise \$10,000.

Larger organizations already assign development responsibilities by donor type: corporations, major donors, foundations, etc. And many have External Relations or Community Outreach positions that are separate from Public Relations and Marketing. I'd like to call for organizations to figure out how a position dedicated to Individual Relations, for both marketing and development purposes, can help move them forward.

With greater reliance on smaller, individual gifts, cultural organizations will need to increase the manpower to

cultivate and coordinate these donors. Consequently, they should increase staff capabilities to meet these needs.

Social Media Marketing

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Ten years ago, very few nonprofits marketed via their websites, but since then the industry has done a 180-degree shift. During the recession, all operating expenses except marketing stayed steady (Greater Philadelphia Cultural Alliance 2011). While marketing budgets dropped, online expenses rose, which verifies a shift to online marketing via social media and emails.

Social media marketing and fundraising have the same core principle as traditional marketing and fundraising: relationship-building. Social media can make it more affordable for nonprofits to connect with their audiences and reach new ones. It can also make it easier for organizations to personalize their communication. The key to effective social media is to be "social" by interacting with others online. This interaction also helps form personal connections with patrons, donors, etc., and can make communication more time-efficient and effective. Online marketing also allows an organization to benefit from its core audience as those members forward messages through their social networks.

Use of social media today extends beyond young adults

and college campuses. According to iStrategyLabs, "The 55+ audience [on Facebook] grew a whopping 922.7% in 2009" (2010). Nonprofits should hire a full-time professional to further build relationships with their audiences online. Having one person direct social media will make communication more consistent and thorough. This position can handle social media usage for marketing, outreach and development purposes.

Furthermore, most organizations already have the budget for this hire and would quickly see a huge return on their investment. Look at it this way: the largest expenses in most nonprofits' marketing or development budgets are printing and postage. We are already seeing those numbers drop, and this will likely continue as organizations "go greener," replacing more direct mail campaigns with email marketing and social media.

Moreover, while online costs have risen, they've risen from relatively low numbers to begin with and are still considerably low. Social media usage is free. Personnel time and outside contracts cost organizations money, but the better someone does at managing social media, the better the return on investment. Many organizations give interns the task of handling social media. While this may seem intuitive, it takes a professional to do the job right: someone who has the skills, time and acumen to build relationships, tying in mission and assuring a dynamic online presence. That said, with the strategy and infrastructure in place, the organization can more

effectively use interns or volunteers for implementation, but hiring or further compensating a staff member will reap the largest return on investment.

Post-Recession Predictions

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Some people contend that a benefit of the recession is organizations "trimming the fat" and keeping only the essential expenses (and personnel). Hopefully, this will make it easier for organizations to provide services more efficiently and sustain themselves. For nonprofits, this should mean focusing their mission. It also means focusing on those that support the mission: audience and staff. As we emerge on the other side of the recession, the trends that grew during it will continue. Organizations that invest in professionals' expertise in volunteer management, individual giving, and social media will reap benefits in the years ahead.

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