Special Report: Weathering the Economy

How nonprofits are feeling the pain and taking action

A Survey of The Chronicle of Philanthropy subscribers
Sponsored by Sage

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Background/Methodology

Sage worked with the publisher of The Chronicle of Philanthropy to create an online survey that would be distributed among their subscriber organizations. The objectives of the survey were to identify and measure how nonprofit organizations were weathering the soft economy, and, more specifically, to identify the impact of the economy on giving and how nonprofit leaders are responding.

Survey invitations were emailed on September 29, 2008 to approximately 5,000 Chronicle subscribers. The survey was closed on Wednesday, October 15, 2008, with 1,412 completed surveys.

Key Findings

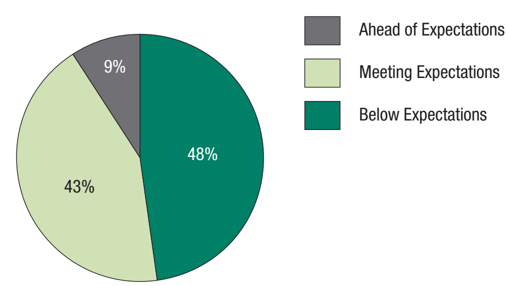
- Almost half (48%) of the surveyed respondents indicated that their organization's income this year is below expectations. 43% indicated their organization's income is meeting expectations and only 9% of organizations were ahead of expectations.
- As a result of the economy, respondents said their top challenges were: decline in total revenue, decline in revenue from individual gifts, and increase in expenses.
- Clearly, individual donations has had the greatest impact as a result of the economy, with 61% of respondents mentioning this source.
- Over half (54%) of the respondents said they "Improved how we communicate impact to donors" as an action they have taken regarding increasing expenses.
- 64% of respondents indicated they plan "additional personal asks with major donors" and 52% said they would "increase number of private grant applications" to increase funding.
- Almost all (90%) of the surveyed organizations said they were not considering a merger/consolidation due to the economic conditions.
- Two thirds of the organizations (66%) said their organization planned to diversify funding sources.
- Major gift asks and private foundation grants appear to be the most important funding strategy areas for the remainder of 2008 and 2009.
- The donor management/CRM system was clearly the most important technology in helping organizations with their fund diversification.

Detailed Findings

Income Expectations

- Almost half (48%) of the surveyed respondents indicated that their organization's income this year is below expectations.
- 43% indicated their organization's income is meeting expectations and only 9% were ahead of expectations.

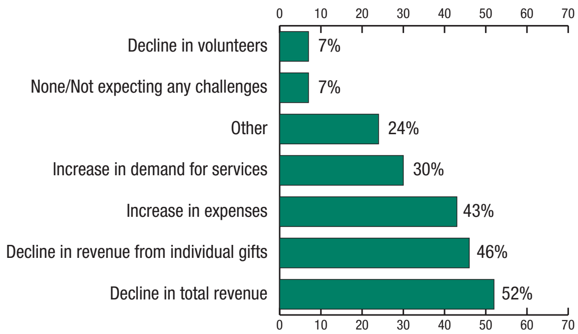
What is the status of your organization's income this year?



Economic Challenges

- As a result of the economy, respondents said their top challenges were: decline in total revenue, decline in revenue from individual gifts, and increase in expenses.

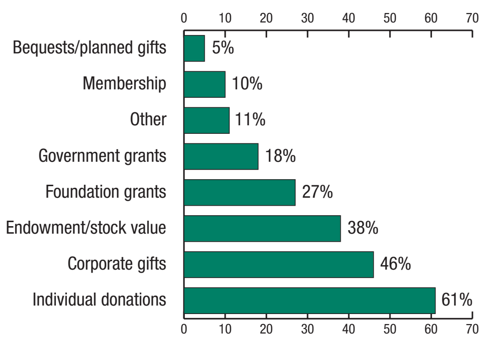
What challenges are you experiencing as a result of the economy? (Select the top 3).



Funding Source

- Clearly, individual donations has had the greatest impact as a result of the economy.
- Corporate gifts and endowment/stock value also had a fair number of mentions.

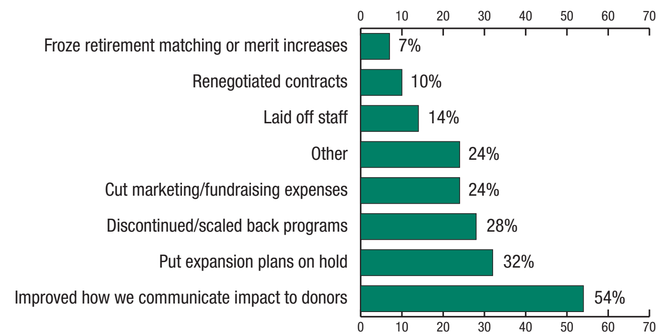
Which funding source has experienced the greatest impact as a result of the economy? (Select your top 3)



Actions Taken

- Over half (54%) of the respondents said they “Improved how we communicate impact to donors” as an action they have taken regarding increasing expenses.
- Other actions taken or plan to take are: “put expansion plans on hold” (32%) and “discontinued/scaled back programs” (28%).

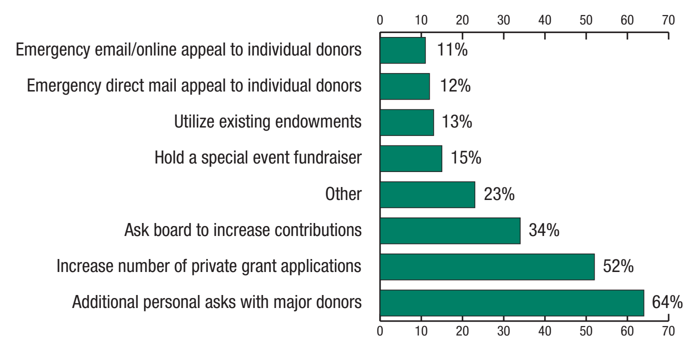
What action(s) have you taken/plan to take to respond to increasing expenses? (Check all that apply)



Actions Planned

- 64% of respondents indicated they plan “additional personal asks with major donors” and 52% said they would “increase number of private grant applications” to increase funding.

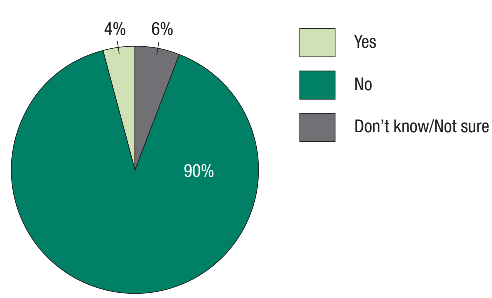
What action(s) have you taken/plan on taking to increase funding? (Check all that apply)



Merger Consideration

- Almost all (90%) of the surveyed organizations said they were not considering a merger/consolidation due to the economic conditions.
- 4% indicated “yes” and 6% were not sure.

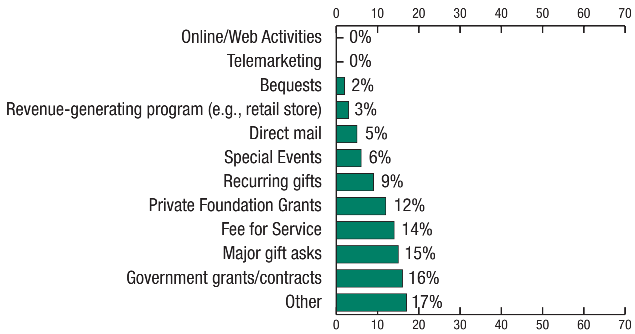
Is your organization considering a merger/consolidation due to the economic conditions?



Revenue Source

- The organizations indicated government grants/contracts, major gift asks, and fee for service were the areas representing their largest percentage of revenue.
- None of the organizations mentioned telemarketing or online/web activities as their largest percentage of revenue.

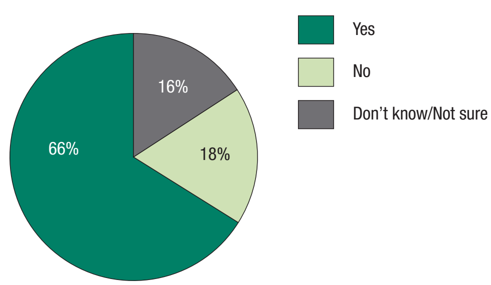
Which ONE area represents the largest percentage of your organization's revenue?



Diversification of Funding

- Two thirds of the organizations (66%) said their organization planned to diversify funding sources.

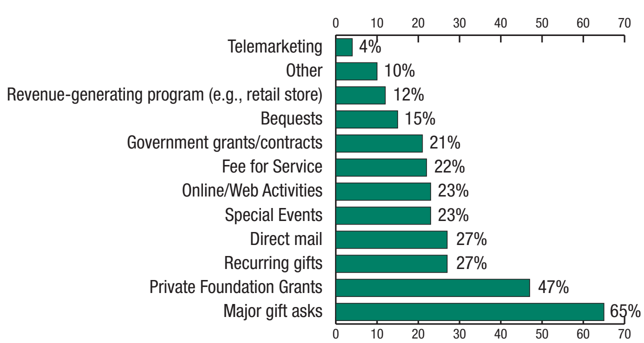
Does your organization plan to diversify funding sources?



Funding Strategy

- Major gift asks and private foundation grants appear to be the most important funding strategy areas for the remainder of 2008 and 2009.

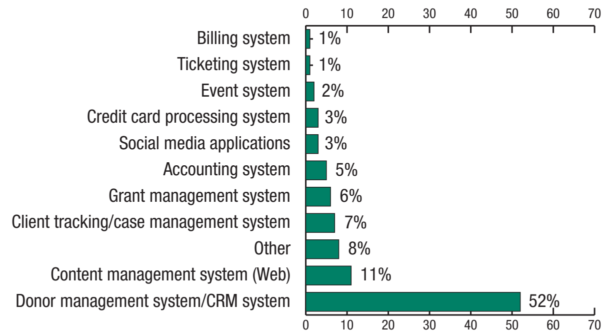
If yes, which areas are important to your organization's funding strategy for remainder of 2008 and 2009? (Select top 3)



Technology

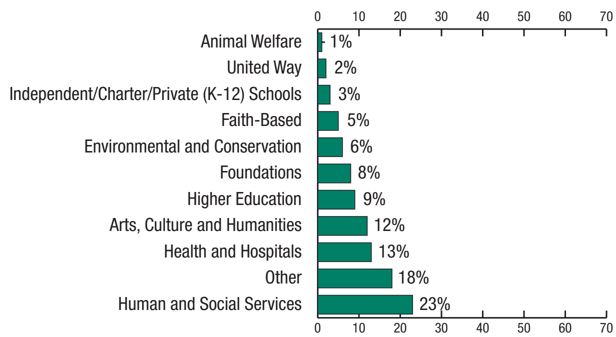
- The donor management system/CRM system was clearly the most important technology in helping organizations with their fund diversification.

Which ONE type of technology is most important in helping you with your fund diversification for the remainder of 2008 and into 2009?



Classification: Segment

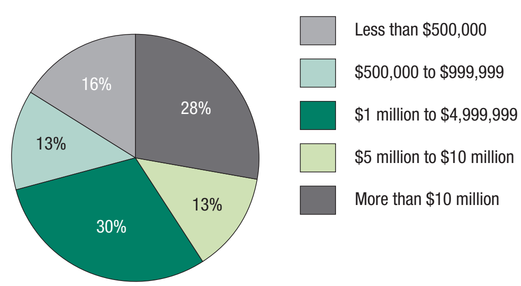
Please indicate the segment that best represents your organization.



Classification: Annual Operating Budget

- $1 million to $4,999,999 and more than $10 million were cited more frequently as the surveyed organizations' annual operating budget.

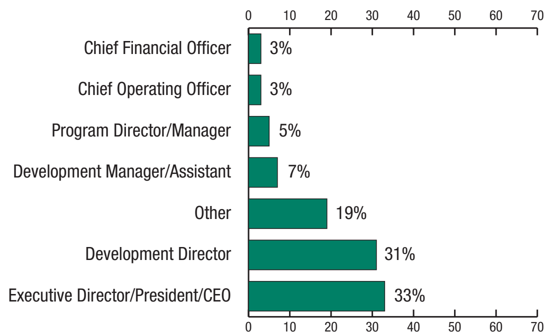
Please indicate which of the following best represents your organization's annual operating budget.



Classification: Job Function/Title

- Survey respondents tended to be Executive Director/President/CEO's and Development Directors.

What is your job function/title?



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