



# 2022 Nonprofit Guide to Increasing Revenue and Efficiency

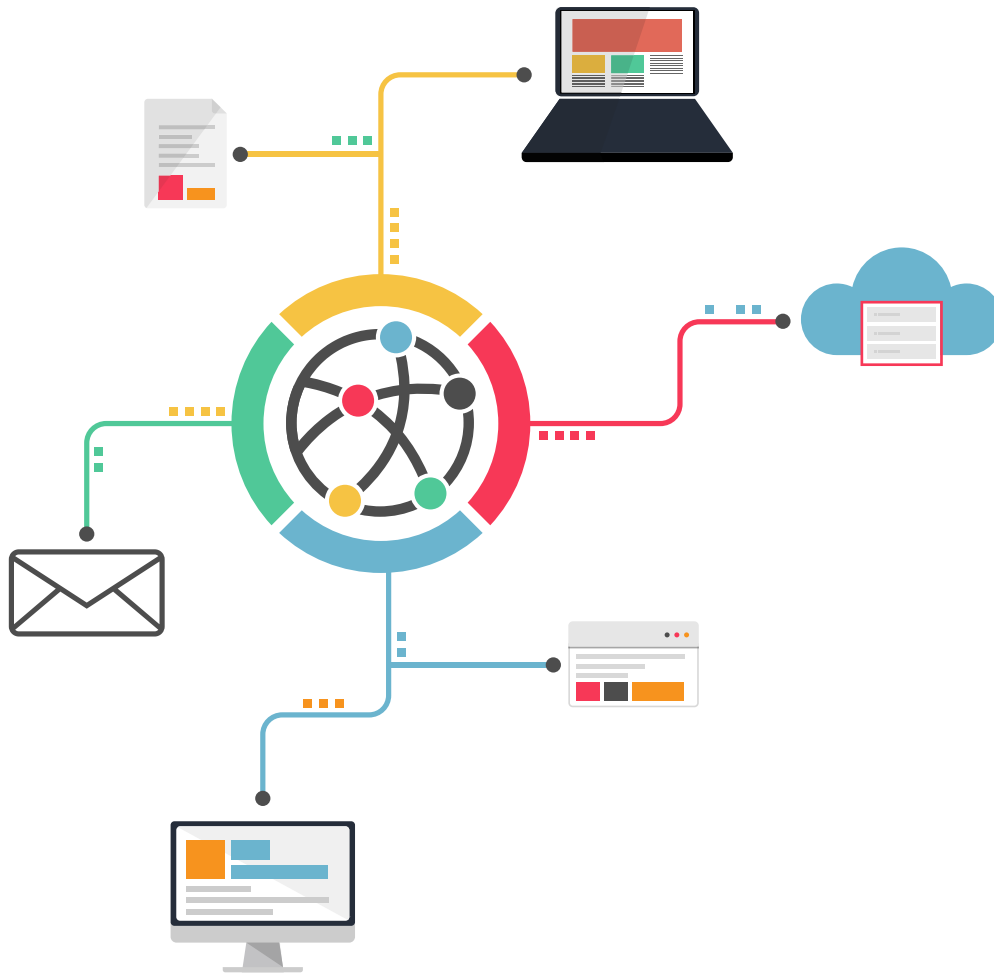
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# Abstract

The charitable nonprofit landscape has changed dramatically in the pandemic era, with many organizations facing unprecedented financial and operational challenges that could threaten their futures. The **demand has soared**<sup>1</sup> in the health and human services sector as in-person fundraising and other revenue-generating programs have declined. Other nonprofits are also under-resourced, thanks, in part, to the rising costs of acquiring and retaining donors and employees in this disrupted environment. Without vital donor support and efficient internal operations, nonprofits risk failing to execute their missions. However, a fresh approach to data management, information technology (IT), and donor communications can help struggling organizations rebound from the crisis and begin to thrive.



1. Alejandra Y. Castillo and Tim Delaney, As Revenues of America's Nonprofits Plummet Because of Covid-19, Demand for Services Soar. Congress Needs Help., National Council of Nonprofits, 3/21/2020



## Introduction

Since the pandemic began in early 2020, nonprofit leaders have needed to shift and adapt operations and services to accommodate a virtual and increasingly ‘socially distanced’ world. Volunteer shortages and a diminished workforce compound the challenges as many heeded public health warnings.

With fewer revenue streams and internal resources to meet the growing demand for services, the future for such under-resourced nonprofits remains hazy. **However, the response is crystal clear: Build a scalable fundraising ecosystem and enhance operations and organizational efficiencies.**

In this white paper, we’ll guide you through the logistics and advantages of leveraging the latest data management, donor communications, and process workflow strategies to increase revenue and efficiency, highlighting effective ways to position an already-taxed organization for success. But first, let’s survey the landscape to identify the major challenges that will impact revenue growth and efficiency for nonprofits in 2022.

# Major Challenges Impacting Nonprofits in 2022

**Nonprofit organizations face mounting challenges that affect revenue and operational efficiency, including:**

## Growing need for data management & IT strategies

Donor data is becoming even more essential for nonprofits to reach and influence supporters. A robust data management strategy allows organizations to establish and build revenue-generating relationships with donors. Data management can also provide powerful insights about planning and reporting, helping organizations make smarter operational decisions. However, [74% of nonprofits](#)<sup>2</sup> admit that measuring and reporting data is challenging, putting them at a disadvantage.

Technology challenges among nonprofits also include other aspects of IT, as [emerging tech trends](#)<sup>3</sup> disrupt traditional business models in an increasingly digital environment. Cloud computing, cybersecurity, artificial intelligence (AI), managed services, hybrid events, and mobile giving are among the next generation of IT tools impacting the nonprofit sector today. As a result, organizations face increasing costs and demand for resources to keep up with the new technology standards.



## Declining donor retention rates

According to the [Fundraising Effectiveness Project](#), donor retention dropped by [4.1 %](#)<sup>4</sup> during the pandemic, the lowest since the organization began tracking this data. Experts believe this figure could forecast a trend toward continued shrinking donor retention rates, creating long-term fundraising challenges for many nonprofits.

For most organizations, acquiring new donors costs more time and funds than retaining an existing pool, emphasizing the need for overhauled donor retention strategies that conserve resources while building revenue.

2. David Ragonese, 4 Ways the Nonprofit Sector Will Evolve in 2021, Salesforce, 12/28/2020

3. Expert Panel, 13 Tech Trends Emerging in the Nonprofit Sector this Year, Forbes Nonprofit Council, 3/3/2021

4. Fundraising Effectiveness Project: Giving Increases Significantly in 2020, Even as Donor Retention Rates Shrink, AFP Global, 3/15/2021

## Increasing donor acquisition costs

Building new donor circles is another challenge impacting nonprofits, a process requiring significant resources for today's overstretched organizations. Without face-to-face and door-to-door fundraising efforts in 2020, nonprofits in nearly every sector and sustainer program size saw a decline<sup>5</sup> in the share of new donors making recurring gifts. In response, organizations must uncover new potential donor pools, such as tapping into circles with direct and indirect interaction with their nonprofit while also considering like-minded donors who share similar interests.



Dedicating ample resources to seeking these 'hidden' potential donors can add up, costing up to ten times more<sup>6</sup> than retaining existing supporters, another monumental feat nonprofits must contend with in 2022.

## Identifying and retaining high-quality staff

Nonprofit organizations require talented, innovative, and mission-driven teams. Unfortunately, the reality is that it's difficult to attract and retain these key players, even without the considerations of a global pandemic. Many nonprofits struggle to keep their workers happy but are often unable to provide a competitive salary and benefits package. As a result, employees can feel overworked, underpaid, and under-appreciated. Toss in increased demand for services and a reduced volunteer and coworker pool spurred by the pandemic, and it has become more challenging than ever to employ qualified staff.

**According to the 2021 Nonprofit Leadership Impact Study<sup>7</sup> by Nonprofit Pro, researchers found that 45% of nonprofit employees plan to seek new or alternative employment by 2025. Among this group:**

- 49% believe that nonprofit salaries are too low
- 19% said nonprofits don't provide enough long-term career opportunities
- 12% said nonprofits aren't well-run organizations

Without adequate staffing, nonprofit organizations risk operational inefficiencies that can take a toll on their survival in 2022 and beyond.

5. Deb Ashmore, Key Findings from the 2021 donorCentrics® Sustainer Summit, sgENGAGE, 4/29/2021

6. Simone Joyaux, Keep Your Donors: It's the Right Thing to Do – And It Makes You More Money, NPQ, 7/29/2016

7. Nhu Te, 2021 Nonprofit Leadership Impact Study, NonProfitPRO

# How to Move Forward in a Disrupted Environment

While no all-in-one solution can tackle every challenge that nonprofits face, there are several strategies for achieving a highly efficient revenue-generating organization in the pandemic era and beyond. **The secret to driving growth in a disrupted environment boils down to harnessing the power of:**

1. Good donor data
2. Effective donor messaging
3. Streamlined donor communications processes and workflows

We will examine the importance of each element for generating more revenue and achieving greater organizational efficiency, citing the advantages of adopting them into your nonprofit's ecosystem and offering tips for getting started.

## Good donor data

Access to good donor data is paramount for a nonprofit's sustainable future in an increasingly data-driven world. Donor data provides valuable insights to help nonprofits reach new audiences, personalize communication messaging, and increase revenue. Unfortunately, however, not all data is good. Outdated, scattered, inaccurate, or otherwise irrelevant donor data translates to poor implementation strategies that strain already taxed nonprofit resources.

Creating a centralized data source for donor data allows for cross-department collaboration, giving teams the ability to store donor profiles, segment lists, develop personas, and generate donor communications and reports quickly and efficiently.



## Advantages of good data management

- **Understand your donors better** – A good donor database allows you to store donor profiles and track contribution patterns and other habits to help you understand what makes your donors tick.
- **Reach the right audience at the right time** – With the ability to segment lists and develop personas, an integrated donor database allows you to target donors at precisely the right time.
- **Improve decision-making** – Collecting and analyzing donor data using a centralized database also helps ensure leaders make decisions using the same set of trusted data points.
- **Maximize internal resources** – A high-performance donor database reduces time-intensive administrative tasks that slow down progress, allowing teams to focus on driving their mission forward.



## How to build a good donor database

The process for building a dynamic donor database has evolved significantly in the last several years, thanks to advances in data management technologies and strategies geared for the unique needs of nonprofits.

At its highest level, nonprofit data management begins with collecting the right donor data to deepen your understanding of your supporters. Data points will include basic personal information and additional inputs, such as hobbies, real estate ownership, educational background, business connections, political affiliation, interests, giving habits, giving capacity, giving propensity, and communication preferences.

Data management also involves defining the protocol for collecting the data, when to collect it, and how to keep it organized. Nonprofit customer relationship management (CRM) software is a useful technology tool that can help you manage donor lists, contacts, and supporters from a centralized hub. However, it's critical to define a process around data entry and database maintenance to ensure your donor list works as hard as you do.

Finally, giving donors control over their data can go a long way in building trust with current and potential supporters. For instance, let them choose their preferred contact method, communication frequency, and how you will use their data.



## Effective donor messaging

Creating effective donor messaging works hand-in-hand with your data management strategy. The idea is to reference the collected data points and develop targeted communications that resonate with that audience. Personalizing donor communications based on their preferences, interests, and other data helps to improve your appeal and enhance response rates.

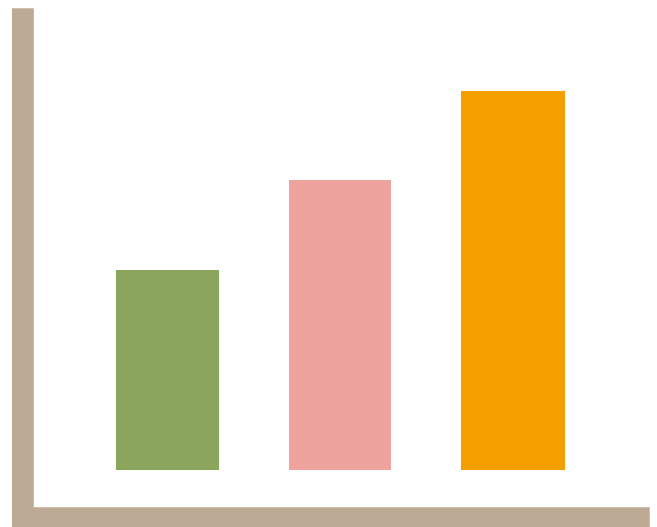
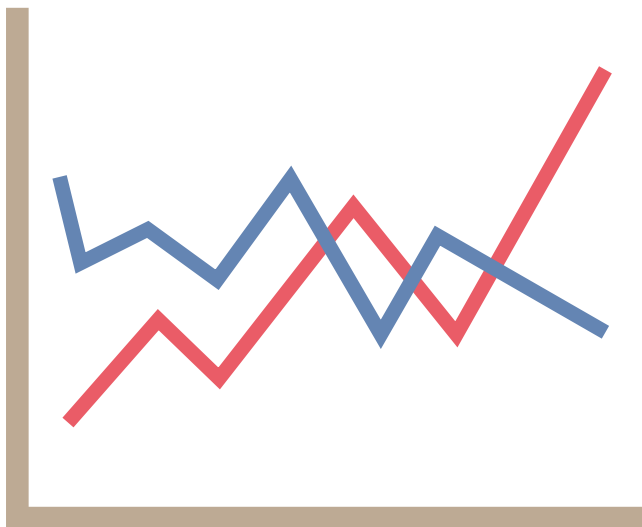
However, an effective messaging strategy isn't just one ping, and it's done. Moving the needle often requires multiple exposures to a message through different channels. In fact, 80% of responses happen between the eighth and twelfth exposure because repetition helps boost donors' familiarity, comfort, and awareness of your organization. As such, nonprofit messaging is most successful when part of an omnichannel approach that integrates direct mail messaging with additional channels, such as social media and email marketing. Omnichannel marketing is designed to deliver your organization's messaging to your donor list multiple times using multiple communications channels.

## Advantages of omnichannel donor messaging

- Increase campaign exposure
- Enhance response rates
- Track campaign effectiveness
- Calculate ROI
- Enhance decision-making

## How to create effective donor messages

- **Personalize the message** – Customizing your message for your audience’s preferences, interests, geographic location, and other data points can help enhance response rates.
- **Use an omnichannel approach** – Expose donors to a fundraising or marketing message multiple times through various channels, combining both print and digital means for the best results.
- **Ensure messages are measurable and measured** – Creating the most effective donor messaging campaigns requires the ability to measure performance to help to inform future decision-making.



## Streamlined donor communications processes and workflows

When nonprofit resources are spread thin, effective communications processes and workflows can help alleviate staff burdens, streamline operations, and enhance overall organizational efficiency. Technology tools and digital platforms can make this job easier, giving nonprofits instant access to essential data that was previously cumbersome and time-consuming to generate manually.

Technology tools and digital platforms can also create streamlined workflows that allow nonprofits to customize, personalize, and execute donor communications with the touch of a button. They give administrators and leaders access to efficiency-enhancing tools, such as online dashboards with real-time fundraising income forecasts, website visitor insights, and campaign performance data.

Adopting technology tools and digital platforms can also reduce inconsistencies across departments and enhance human resources onboarding protocols, offering a simplified process for getting new recruits up to speed quicker.



## Advantages of adopting tech tools and digital platforms to streamline processes and workflows

- Reduce time-consuming manual work
- Make better business decisions
- Onboard new hires faster

Adopting these and other revenue- and efficiency-enhancing strategies can give nonprofits a leg up in 2022, driving their missions forward.

# Key Strategic Outsourcing Partners

For some nonprofits, integrating the revenue- and efficiency-boosting strategies from this article into their 2022 operational outlook requires support from strategic partnerships. Outsourcing to key technology and communications partners can enhance the results, positioning your organization for short- and long-term growth.

## Print and digital communications partner

Industry-leading print communications provider PDC Graphics offers data-driven print and digital communications that leverage the power of integrated marketing strategies to improve return on investment (ROI). PDC Graphics offers a signature omnichannel marketing service called IQ Mail that leverages ITDATA-generated donor data. The offering aims to add 8-16 touches to direct mail recipients in a single mailer, boosting results by 23-46%.

**Led by Jim Rosenthal, President & CFO, PDC Graphics customizes its print-driven communications for nonprofits, providing technology-enhanced services, such as:**

- [Digital](#) and [offset](#) direct mail printing
- [Omnichannel marketing](#)
- [Variable data printing](#)
- [Database management](#)
- Other [mailing campaign services](#)

Author of the nonprofit [fundraising blog series](#) called Mastering the Art of the Big Ask, Jim and his team successfully execute nonprofit solicitation campaigns for many nonprofit organizations, as evidenced in this nonprofit case study.

**To learn more about PDC Graphics's services for nonprofit organizations, visit [PDCGraphics.com](https://www.pdcgraphics.com) or contact Jim Rosenthal at [jimr@pdcgraphics.com](mailto:jimr@pdcgraphics.com) or (215) 942-7500 x7015.**



## Data management and IT partner

Established managed service provider (MSP) **ITDATA** recognizes that technology plays a critical role in identifying, managing, and solving many of the challenges nonprofits face today. Its mission is to help organizations thrive in today's modern world through the strategic and seamless delivery of IT services, staffing, and solutions.

**Led by industry veteran Peter Blau, Managing Partner & CEO, ITDATA believes that nonprofits benefit the most from a scalable technology strategy and infrastructure that:**

- Reduces organizational risk
- Connects all systems in a centralized solution
- Is grounded in a continuous improvement philosophy
- Incorporates forward-thinking strategies to utilize and protect data
- Deploys a flexible approach to ensure it's always working toward organizational objectives

**ITDATA tailors its IT offerings to nonprofits, offering a vast array of services geared to increase revenue, efficiency, strategic alignment, and organizational sustainability, including:**

- [Strategic IT Planning](#)
- [Management Consulting](#)
- [Applications Strategy](#)
- [Data and Metrics](#)
- [Development \(Fund Raising\) Technology](#)
- [Cloud Services](#)
- [Security Services](#)
- [Systems and Networks](#)
- [Help Desk](#)
- [IT Operations](#)

To learn more about ITDATA's services for nonprofit organizations, visit [ITDATA.com](http://ITDATA.com) or contact Peter Blau at [pblau@itdata.com](mailto:pblau@itdata.com) or (267) 415-1530.



# Summary

In this white paper, we set out to provide helpful solutions for under-resourced nonprofits challenged to meet today's increasing demand for services. Amid the growing need for data management and IT services, declining donor retention rates, rising donor acquisition costs, and escalating staffing challenges, innovative technology and communications strategies can help increase revenue and organizational efficiency. Moving forward in this disrupted environment requires a commitment to collecting and analyzing good donor data, crafting effective donor messaging, and streamlining workflows and processes to stay afloat. Outsourcing these services to key partners can help provide a foundation that can propel nonprofits toward success.



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