



Using Online Tools to Help Raise Funds for Your Organization

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What Technical Tools Are Available?

While there is a plethora of online donation tools at your Organization 's disposal, the majority of these can be categorized as follows:

1. Online Donation Sites
2. Crowd Funding Sites
3. Online Donation Software and Web Services
4. Mobile Fundraising Services
5. Payment Buttons for your own website
6. Social Networking Sites and Services

While having your own website is not necessary, most Organizations include a donation tab and a link their giving options on that page, as well as a link on the giving sites back to the Organization 's web page.

Online Giving Sites

These sites are generally geared to raising funds for registered charities through the involvement of individuals who champion a charitable cause. Most of these sites allow a charity to design a landing web page (a page within the site dedicated to that charity) where donors may make contributions using their credit card. Others will also leverage social networking by allowing individuals to create a page that has a donation button on it, directing donated funds to their chosen charity; individuals' donation pages are typically tied to an event such as a marathon, which they use as inspiration for their fundraising. Still other sites partner with existing social networking sites (such as Facebook) so that an individual's donation page can be seen and accessed by their existing network of friends.

Example sites:

GiveGab.com is an example of such a site. A landing page and full explanation of your Organization and fundraising campaign is provided.

NetworkforGood.org, Stripe, PayPal.com have similar sites, but are primarily donation processing sites with little to no background information provided on your Organization and work best from a link on your website.

The PayPal Giving Fund provides an expanding giving page along with the security found through the regular PayPal.com site and does not charge a fee for its use in contrast to the regular PayPal.com site. Don't be confused by this. The regular PayPal.com site does offer discounts on fees, but the PayPal Giving Fund charges no fees, at all. Nonprofits must first be approved for its use; this may take up to 2 weeks. PayPal.com/givingfund/

Square POS System has its own online marketplace that can also be used to fundraise with low cost credit card processing fees and no platform fee. Squareup.com

Alliance of Arizona NonProfits provides online giving site options for its members along with special campaigns such as ArizonaGivesDay with its own marketing tools.

When to use this tool:

This is a ready-made tool that is best suited to Organizations that have minimal IT staff or budget.

Cost to implement:

Generally free (and simple to execute).

Transaction fees:

Expect to pay a platform fee for each transaction along with a credit card processing fee (paid by you or your donor) for this type of site, unless otherwise noted.

Other Considerations:

As with all online fundraising tools, sites such as these are best used in coordination with a marketing campaign.

Crowd Funding Sites

These sites are available to anyone, including individuals, not-for-profit and for-profit Organizations. They should only be used to raise capital for projects that have clearly defined goals, and they are best suited to projects that will yield a non-financial reward that can be offered to each potential funder; further explanation of this follows.

Crowd Funding sites are often modeled on an "all-or-nothing" pledge system; funders generally commit a certain amount, contributing to a required threshold of funds that must be raised before a project is to begin. If the threshold is not reached by a certain



deadline, commitments made by funders are forgiven, and the project is dropped. If the threshold is reached or surpassed, the pledged funds are directed to the recipient, and the project is started. To encourage funders, non-financial incentives can be offered. For instance, an artist planning an exhibit at a museum and raises funds through her page by offering potential funders signed postcards for pledges of \$10 or more, signed plans of the exhibit for pledges of \$25 or more, an invitation to a private reception at the Organization for pledges of \$100 or more, and so on.

When to use this tool:

These sites are dedicated to projects with clearly defined goals, and not to fundraising in general. If your Organization is attempting to mount an exhibit, or complete a similar project with clearly defined goals, these sites may be an excellent way of identifying public interest in the project before you start, and of procuring resources up-front.

Cost to implement:

There is generally no fee to list a project.

Transaction fees:

Most such sites charge a flat percentage (typically around 5%) only if the project is funded. Credit card companies, if applicable, also charge for the transaction (usually 2% to 3%) beyond this. Investigate the terms, as these vary significantly on some sites.

Other key considerations:

An active promotional campaign, particularly using social media, is paramount to successful fundraising with this technique; one cannot simply add a page to a crowd funding site and expect funds to materialize.

Also note that while you will want to advertise your Organization's project in as many ways as possible to steer potential donors to the crowd funding site, you should not collect funds through alternate mechanisms (such as online giving) at the same time. Doing this will send a confusing message to your potential contributors; firstly, the money raised in the alternate site will not be recorded on the crowd funding site, so that it is not clear how close your Organization actually is to its fundraising goal. Secondly, the incentives that you offer (such as free admission to anyone who contributes \$5 or more) will not necessarily be available to contributors who give through the alternate mechanisms. Not only will this be confusing, but it may be interpreted by potential donors as a "cash grab," rather than your Organization needing help to accomplish a specific activity.

Finally, it may be tempting to have your Organization make a contribution to itself on the crowd funding site to help nudge the total pledges past the minimum amount required (recall that funds will be returned to the pledgers if the minimum amount is not met). Do not let the Organization do this on the site from its own coffers – both the donation and receipt of donations on these sites is generally tied to credit card accounts. If the Organization contributes to itself, credit card companies will detect it, interpret this as a cash advance to oneself (a way of dodging interest payments on borrowed cash), and may freeze the Organization's accounts.

Online Donation and Software Web Services

These tools are generally for larger Organizations. They typically offer technical support (including the ability to modify code), and tie into an Organization 's existing infrastructure to embed customizable features in the Organization 's website. Many vendors that provide these tools also offer software for related tasks, such as Customer Relations Management (CRM) applications, which help your Organization maintain relationships with its patrons.

Example vendors:

GiftTool.com Blackbaud.com NetworkforGood.com (.org is a donation only site)

When to use this tool:

These tools are ideal for larger Organization's that wish to have more control of their online fundraising activities as well as one area for membership, events and other operations.

Cost to implement:

Fee structures vary, but generally involve an initial setup fee, then a monthly charge. Vendors of larger, more complex systems usually provide training at no additional cost for an introductory period of time.

Transaction Fees:

Most models include a transaction fee, as well as a credit card processing fee, but these tend to be lower than with other online fundraising tools.

Other key considerations:

This tool is more suitable for larger sized Organizations that have an IT budget as well as staff who are familiar with defining user and business requirements for software. As with other online tools, these must be used as part of a larger campaign.

Mobile Fundraising Services

These services allow donors to make contributions using their cellphones. The most common way of doing this (which is not strictly an online service) is by encouraging cellphone users to donate by sending a pre-defined Short Message Service (SMS) text message to a "short code" (a short phone number). After responding to a confirmation message, the donor will be billed the donation amount on his or her phone bill. The donation amount is preset, and it needs to be advertised along with the short number and text message.

Example services:

GiveLively.org GivebyCell.com MobileGiving.org

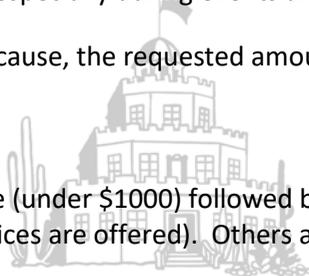
When to use this tool:

This tool is useful in campaigning for causes that have wide appeal, and that are likely to invoke an emotional response especially during events and presentations.

Widespread advertising of the cause, the requested amount, and how to give is paramount.

Cost to implement:

There is generally a start-up fee (under \$1000) followed by a monthly fee (\$200 to \$1000 depending on what services are offered). Others are free to start and/or may require a membership.



Transaction fees:

Transaction fees vary although they generally include a flat rate for the telephone service provider (text rates apply) and a percentage of the transaction.

Other key considerations:

SMS donors tend to be younger and more ethnically diverse than online (web) donors. They typically make their contribution on impulse and are more likely than not to convince their peers to contribute as well. They are also less likely than online donors to research a charity before making the contribution. Disaster relief has proven to be an excellent example of a cause suitable for an SMS donation campaign. This type of process is used to 'vote' for favorite musicians or dancers on popular television shows and people are now accustomed to using SMS.

Payment Buttons for Your Own Website

For Organizations with basic web page construction knowledge, some online payment systems provide snippets of code that can easily be added to a web page. Once clicked, the donor is sent to a secure payment site, and any funds donated at that point are transferred to the Organization 's account. This includes options to shop online (Cause-Related Marketing) to benefit your Organization and/or enroll for a portion of all purchases to benefit your Organization when shopping in person.

Example payment methods:

PayPal.com/givingfund; NetworkforGood.com; GivingAssistant.org; Smile.Amazon.com; FrysFood.com/CommunityRewardsProgram

When to use this tool:

Embedded payment buttons are ideal for Organizations already having their own websites and marketing campaigns.

Cost to implement:

This is one of the more affordable online funds collection solutions; apart from the time to embed the button, there are generally no startup fees.

Transaction fees:

Approximately 3.9% - this includes any fees paid to credit card companies. None to the Organization for Cause-Related Marketing.

Other key considerations:

A marketing campaign and/or an ongoing presence on your web site is required to support this collections process.

Social Networking Sites and Services

While these sites and services are not dedicated specifically to fundraising, they have long since included functionality that allows this. A number of payment buttons (or "widgets") are available for installation on your Facebook page, your Twitter account, and similar social networking sites and services. All of these can be added without technical knowledge and are generally tied to your Organization 's preferred deposit account.

When to use this tool:

Using payment widgets on social media pages is a low-cost way of collecting ongoing donations. To embed these widgets, your Organization should have a staff member who has a basic understanding of HTML (he or she need not be an expert but should at least be able to recognize where the code can be inserted). The Organization will usually need apply for nonprofit status with each site providing the widget.

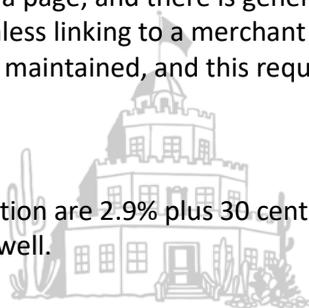
Whether payment widgets are part of your social networking page or not, social media is an important online tool to promote awareness of your fundraiser, and to steer donors to your other collections methods, and it should always be part of a fundraising campaign. Most Organizations are now using social media for marketing and promotion, so why not fundraising, as well.

Cost to implement:

There is no cost to establishing a page, and there is generally no cost to establishing a payment account or button (unless linking to a merchant account). However, when social media is used, it must be maintained, and this requires that time be budgeted in a staff member's workweek.

Transaction fees:

Typical charges to the Organization are 2.9% plus 30 cents per transaction – this fee covers any credit card costs as well.

**Other key considerations:**

Because social media can complement offline fundraising and marketing activities, and because it is easy to implement, it should be one of the first online tools you consider for your Organization.

Be sure that this is done in a way that does not exhaust their support; they are more likely to respond positively to a personal invitation to an event than they are to appeals for further funding.

A Final Thought on Fundraising and Finances

Transparency and sound financial management are paramount to the success of the campaign and to your Organization 's credibility in the long run. To that end, a simple budget outlining the costs of your Organization's fundraising cause should be publicly available (making it easily accessed online is an excellent way of doing this). The budget should show why money is needed, how much is needed, and how much has been collected. Likewise, you should establish a separate campaign bank account where nothing but raised funds goes into it, and where nothing comes out, except for the costs you have budgeted.

Donors may also be reluctant to give to online sites due to security issues. For that reason (and the fact that the majority of charitable revenues continues to come from traditional offline sources), an offline channel should also be considered as part of your campaign. The only exception to this would be when using a crowd funding site, which (as already mentioned) should not be used in conjunction with another revenue channel. For your own piece of mind, the security of an online tool can be tested two ways:

1. A web page requesting sensitive information will have an address starting with "https" (as opposed to "http") where sensitive information is requested.
2. The page requesting sensitive information will cause your browser to display a lock  icon on your status bar – typically at the bottom of the browser window. The icon is not a picture on a web page (fraudulent sites will sometimes attempt to do this) – it is an actual icon that when clicked, will reveal details of the site's security.

Finally, when choosing fundraising tools, be realistic about your costs and anticipated revenues. Make your own financial projections of the fundraising campaign and include a reasonable worst-case scenario for anticipated revenues (based on past campaigns, economic climate, etc.). You will need this information to determine whether or not a given tool is worth the investment. In worst-case scenarios, charitable Organizations have found themselves investing more in fundraising than they actually collect. While this is less likely to occur with the online tools discussed here, donors still want to know what percentage of their contribution was used to fundraise, and what percentage was actually used for the intended cause.



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