



PATHFINDER

What Today's Business-Savvy Donors Are Teaching Us

The forces reshaping the way nonprofits operate today are largely driven by principles and strategies that have powered success in the for-profit sector. Increasingly, donors are holding their favorite charities to standards of performance gleaned from their knowledge of good business practices and their treatment as consumers. While widely accepted, the following three trends are not yet folded into the practices of many nonprofits.

1. **Donor Empowerment:** Nonprofits must follow the lessons learned by American business in understanding and responding to today's more empowered consumer. Donors expect priority treatment by organizations that make their involvement worthwhile. They want to make a difference. And they want to do so on their terms and timetables. Nonprofit managers would be wise to incorporate these new donor values into their planning and programs.
2. **Venture Philanthropy:** In transferring the fundamentals of venture capitalism to philanthropy, donors are increasingly expecting performance in return for their investments in time and funding. Long-range business goals, projections of need, accountability and plans for self-sufficiency are becoming critical decision factors to many donor/investors.
3. **An Emphasis on Partnering:** To stay competitive in these fast-moving times, many nonprofits are pursuing alliances with other nonprofit groups or with corporate partners to offer more integrated, cost effective solutions to their publics. This especially makes sense in areas such as childcare, relief / development and program delivery where government, corporations and nonprofits may have compatible missions and common audiences.

Nonprofits should continue to look for strategic partnerships where they can embed in end-to-end solutions with complementary organizations that leverage each partner's strength and experience. Results can be significant. For example, by joining forces a Bible distribution agency and an organization with expertise in prison ministry delivered appropriate materials without duplicating program efforts.

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