

5 Lessons Non-Profits Learned in 2020

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2020 was certainly a challenging year for many organizations, but for some, also a year of evolution and growth. Many of the lessons learned this year can help non-profits prepare for potentially difficult years ahead. Below are five lessons that non-profits learned in 2020.

Virtual Reality is Reality

Operating virtually took on a new level of importance in 2020. It began out of necessity, as the COVID-19 lockdowns forced organizations to operate remotely and cancel or postpone in-person events. As the year went on, virtual engagement was forced to become the new normal. Many organizations have reported that they may continue to utilize the benefits that virtual events and operating remotely can provide. For example, an organization's reach is actually greater, and its costs are lower in a virtual environment.

Most donors have also reached the point where they are very comfortable interacting remotely. It's not just younger donors, it's people of all ages. There will always be a place for large in-person events, but at the very least, virtual tools have given non-profits the ability to stay in touch more often and therefore be more in tune with their donors.

Think Outside of the Box

Speaking of operating virtually, it's also true that organizations have had to become much more creative to effectively fundraise and engage their donors. First, we witnessed in-person events pivot to socially distant events. Rather than cancel or postpone large fundraisers organizations began to think outside of the box. Annual dinner galas became virtual cooking lessons, 5K races shifted to individual time trials, live auctions were streamed from home, and virtual trivia proved to satisfy donors' competitive itch. This may have been a silver lining among the pandemic because these events felt more thought-out and unique to the donor experience.

While the pandemic won't last forever, every organization should continue to seek out creative new ways to fundraise and engage donors. When the creative gene starts to feel tapped out, don't hesitate to lean on peer organizations, board members, staff, and corporate partners for new ideas.

Don't overreact, especially with long-term investments...

Organizations that could fall back on endowed funds were in a much better position when the pandemic began to close significant swathes of the economy. However, simply having an endowment may not be enough to get by during difficult times. Long-term assets must be managed smartly. In March of 2020, we watched as the market fell sharply, and it seemed as though we were in for a rocky year ahead. But the market recovered, and by the end of the year, ended up producing double digit returns.

Given the volatility non-profit investors experienced this year, and the volatility that will undoubtedly strike again in the future, it is critical that endowments follow a long-term oriented investment strategy, not overreact to short-term disruption.

...but don't underreact either!

It was important for non-profits in 2020 to stay informed and to adjust to new information as needed. One big adjustment was the CARES Act. Organizations had to react quickly to ensure they met certain criteria and submitted the correct applications for the Paycheck Protection Program and other industry specific loans they were eligible for. They also had to become familiar with the CARES Act's new incentives for charitable giving and effectively communicate it to donors.

It will be critical for organizations to stay agile in 2021. A new president and new legislative majorities will potentially prompt new government stimulus and tax measures. Non-profits need to keep up to date with these new laws in order to quickly and effectively take advantage of their provisions.

Less is More

Charitable donations have fared relatively well in 2020. Preliminary data shows that overall giving through the end of September was ahead of the pace set over the same year-to-date time period in 2019. However, growth in giving has not been equally distributed. Small donors (those giving less than \$250) were the largest growing segment last year through September, outpacing both mid-level and major donors. Micro-fundraising campaigns resonated with donors because many were not able to commit to large sums, but still wanted to give back during this difficult time.

Monthly giving also increased this year. Monthly gift programs have proven to be convenient for donors because it's often easier to budget for gifts that are made in installments. They're also opportune for non-profits because they can lead to increased donor retention and provide a steadier source of funding. With so much uncertainty still surrounding 2021, organizations should consider pushing monthly gift campaigns as they have proven to be reliable during these difficult times.

While there is no magic crystal ball to let us know exactly how the next year will go, non-profits can use these lessons to help guide them through another year of uncertainty.