2021 Nonprofit Leadership Impact Study
A New Outlook for Nonprofits in the Years Ahead

By Nhu Te
I. EXECUTIVE SUMMARY

NonProfit PRO is proud to bring you our fourth annual nonprofit leadership study. Since 2018, our team has worked hard to provide hard data that reflects the trends, opportunities and challenges that nonprofit leadership teams face day in and day out. Similar to years past, the “2021 Nonprofit Leadership Impact Study” will uncover insights around organizational challenges, fundraising strategy, donor engagement strategy and technology trends.

As nonprofit leaders continue to face the ongoing challenges of fundraising in an increasingly competitive market, they are also facing internal challenges of recruiting and maintaining talented staff members, developing an effective board of directors to help them lead, and investing in the right tools in a constantly evolving technology landscape. On top of that, they are also tasked with combating an extremely difficult year in which the COVID-19 pandemic has demanded the need for more dollars, changed the way organizations have traditionally operated and heightened the need for more and better technology solutions.

Like we’ve found in each study before this one, nonprofits are still struggling with having adequate resources, and they are still not prioritizing strategy. Furthermore, our research this year also revealed that nonprofits are focusing too much on new donor acquisition rather than retaining the valuable donors that they already have on their file, and they need to learn more about digital strategy and how to effectively use technology to drive optimal results.
II. KEY FINDINGS

1. Nonprofits are still constrained by their lack of resources, but it’s improving year over year.
   • 40% of nonprofits report that a lack of resources is a key challenge facing their organization. While this is a significant number, it’s an improvement from last year (47%).
   • 55% of nonprofits struggle with providing staff members with competitive compensation. While this is a significant number, it’s an improvement from last year (60%).
   • 50% of nonprofits believe that the key resource they need is more donations.
   • 64% of nonprofits want to invest in new technology but are constrained by their budget.

2. Nonprofits are still not putting enough effort into developing strategic plans.
   • 53% of nonprofits fail to outline in-depth strategic plans for fundraising initiatives at the start of each fiscal year. This shows no improvement from last year (53%).
   • 55% of nonprofits fail to outline a donor engagement strategy at the start of each fiscal year. While this is a significant number, it’s an improvement from last year (59%).

3. Nonprofits need to improve relational fundraising and work toward recurring giving and monthly programs.
   • 41% of nonprofits believe their biggest challenge is acquiring donors, while 10% of nonprofits believe that their biggest challenge is retaining donors. Only 21% of nonprofits believe that monthly giving/memberships is their top revenue-producing fundraising strategy.
   • Only 29% of nonprofits are engaging donors through monthly giving recruitment efforts.
   • Only 16% of nonprofits are prioritizing an increase in recurring gifts in 2021.

4. Nonprofits should look to learn more about technology and digital strategy to understand which solutions would most benefit their organization.
   • When looking for a new technology to invest in, 25% feel overwhelmed by the amount of technology solutions out there, 20% have trouble understanding how one technology compares to the next and 10% don’t know where to start.
   • 30% believe that the biggest challenge in moving more fundraising efforts online is reaching the right audience.
III. INTRODUCTION

As nonprofits continue to grapple with the overwhelming challenges ahead, the purpose of this study is to help nonprofits understand what the main obstacles are for the industry as a whole, as well as identify possible opportunities and solutions that many nonprofits are currently unaware of.

In a highly competitive nonprofit market, it’s important for nonprofits to energize themselves with intricate strategic plans, a fine understanding of who today’s donors are and a breadth of knowledge of the digital tools that are available in the marketplace.

IV. BACKGROUND

Similar to the nonprofit leadership studies that we’ve done in years past, this year we targeted leaders of nonprofit organizations. Specifically, we narrowed it down to those who hold a manager job title and above at organizations at all levels — small, midsize and large.

Fifty percent of our study respondents hold an executive position of either CEO, executive director or president, and 12% are chief development officers (Figure 1).

![Figure 1: Breakdown of study respondents by job title]

Q: What is your role at your organization? (n = 363)

Methodology

In January 2021, NonProfit PRO sent an online survey to leaders of nonprofit organizations to identify key trends, opportunities and challenges facing today’s nonprofit leadership. With a four-week period, 503 people completed this survey.
Of our survey respondents, 78% are responsible for development/fundraising, 74% are responsible for administration, 60% are responsible for grant writing, 60% are responsible for donor management and 58% are responsible for community outreach (Figure 2).

Further, we targeted nonprofits from all different subsectors, with hopes of getting a good variety of respondents from all across the field (Figure 3). The highest number of respondents came from human services organizations (28%), followed by education/higher education organizations (13%) and health-related organizations (11%). Fourteen percent defined their nonprofit as “Other.”
A Continued Need for Resources

Nonprofit organizations are familiar with facing a number of challenges on a daily basis. And after a year like 2020, those challenges only become heightened. Since 2018 when we began our research on nonprofit leadership, a lack of resources has been the No. 1 challenge for nonprofits. And while having a lack of resources still remains a significant problem for nonprofits this year (40%), it’s no longer the No. 1 challenge (Figure 4) — an improvement from 2020 (47%), 2019 (54%) and 2018 (62%). The key challenge this year is difficulty acquiring donors (41%), followed by lack of resources (40%), lack of nonprofit awareness among potential donors (28%) and difficulty cultivating donors (25%). It’s important to take note that having a lack of resources is no longer the top challenge for nonprofits, especially since the pandemic brought on so many obstacles. We surmise that because there were key issues this year — the pandemic, social unrest and the election — that were important to many donors, encouraging them to give as much as they can as often as they can.

**Figure 4: Biggest Challenges Facing Nonprofit Leadership Teams**

- Difficulty acquiring donors: 41%
- Lack of resources: 40%
- Lack of nonprofit awareness among potential donors: 28%
- Difficulty cultivating donors: 25%
- Ineffectiveness of digital fundraising: 23%
- Ineffectiveness of traditional fundraising: 23%
- Staff turnover: 20%
- Complex IT infrastructure: 12%
- Business model is unsustainable: 12%
- Difficulty retaining donors: 10%
- There are no challenges: 1%

Q: Which of the following are you responsible for? (Select up to three) (n = 412)
Predicting that nonprofits would still be struggling with having adequate resources, we also wanted to find out what types of resources organizations are lacking. And what we found is that 69% of nonprofits are in need of positions/roles, 61% need a bigger marketing budget, 51% are looking to obtain more grants and 50% are seeking more donations (Figure 5).

**Figure 5: Types of Resources Nonprofits are Lacking**

- Specific positions/roles: 69%
- Marketing budget: 61%
- Grants: 51%
- Donations: 50%
- Donor research: 39%
- Software/technology: 38%
- Other: 12%

Q: What type(s) of resources are you lacking? (Select all that apply) (n = 189)
As nonprofits struggle with the key challenges mentioned above (new donor acquisition, lack of resources and donor cultivation), we also sought to find out what methods, if any, nonprofits have used to address the challenges they are constantly faced with. Fifty-six percent have sought out capable and committed board members, 45% have used grassroots methods to generate awareness, 39% invested in tools and software to enable smarter data decisions and insights and 36% researched donor activity to reactivate, mobilize or identify relevant donor profiles (Figure 6).

**Figure 6: Methods Used to Address Challenges Facing Nonprofit Leadership**

<table>
<thead>
<tr>
<th>Method</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sought out capable and committed board members</td>
<td>56%</td>
</tr>
<tr>
<td>Used grassroots methods to generate awareness</td>
<td>45%</td>
</tr>
<tr>
<td>Invested in tools and software to enable smarter data decisions and insights</td>
<td>39%</td>
</tr>
<tr>
<td>Research donor activity to reactivate, mobilize or identify relevant donor profiles</td>
<td>36%</td>
</tr>
<tr>
<td>Conducted outreach to enlist greater support from volunteers for campaigns</td>
<td>29%</td>
</tr>
<tr>
<td>Implemented crowdfunding campaigns to expand fundraising reach and growth</td>
<td>27%</td>
</tr>
<tr>
<td>Worked with agencies/consultants to implement a multichannel marketing strategy</td>
<td>22%</td>
</tr>
<tr>
<td>Instituted staff management processes for better project management for when turnover occurs</td>
<td>19%</td>
</tr>
<tr>
<td>Other</td>
<td>10%</td>
</tr>
<tr>
<td>None</td>
<td>4%</td>
</tr>
</tbody>
</table>

Q: What methods has your nonprofit implemented to address these challenges? (Select all that apply) (n = 403)
Board Development Challenges

While nonprofit leadership recognizes the importance of finding new board members to help them overcome these key challenges, they are also faced with significant board challenges. When asked to identify the top challenges that influence the effectiveness of nonprofit boards, 65% of nonprofits struggle with making sure board members are actively participating in fundraising activities, 47% struggle with keeping board members engaged and 43% struggle with establishing clear roles/expectations for each board member (Figure 7).

Figure 7: Top Challenges Influencing Board Effectiveness

Ensuring that board members have a clear understanding of their roles and responsibilities continues to be a key challenge for nonprofits year after year. But the big question is why? Why do nonprofits continue to struggle with establishing clear roles and expectations for each board member? We believe that when a board member is recruited, many nonprofits don’t have an effective process in place that properly explains roles and responsibilities to new board members. And this leads us to our next question: How do nonprofits actually communicate roles, responsibilities and expectations to board members?
Sixty percent of nonprofits communicate roles and responsibilities face-to-face during recruitment — an 8% increase from last year (52%) — 55% do so verbally during an in-person orientation and 51% do so with formal documents during orientation (Figure 8). Our findings suggest that far too many nonprofits are not taking the steps in properly educating their board members on their roles and responsibilities. Communicating roles, responsibilities and expectations verbally is not the most effective way because board members are not provided with documentation that they can reference after the initial orientation.

**Figure 8: How Nonprofits Communicate Board Roles, Responsibilities and Expectations**

- **Face-to-face during recruitment**: 61%
- **Verbally during an in-person orientation**: 55%
- **Formal documents during orientation**: 51%
- **Job description**: 42%
- **Face-to-face after orientation**: 40%
- **Digitally during recruitment**: 28%
- **Digitally after orientation**: 28%
- **Performance review**: 9%
- **Other**: 12%

Q: How do you communicate roles, responsibilities and expectations to board members? (Select all that apply) (n = 403)

NonProfit PRO editorial advisory board member and president of the Lighthouse Counsel Jeff Jowdy recommends first examining the role and function of your board through bylaws, job description and other documents. Then, establish your onboarding program from orientation to important resources, such as a board manual. And when a board member has finally gone through an extensive orientation and onboarding process, it’s important to have ongoing education and support for board members. This ensures that they maintain strategic involvement and helps nonprofits alleviate their board engagement challenge.
**Staff Management Challenges**

When it comes to managing staff, 55% of nonprofits identify providing staff with competitive compensation as their biggest challenge, followed by 54% identifying not overworking staff members and 29% identifying hiring and retaining high-quality staff members (Figure 9). These findings are similar to last year’s findings (60%, 55%, 36%, respectively).

![Figure 9: Top Staff Management Challenges](image)

These key challenges all too often stem from nonprofits not having adequate resources. Many aren’t able to provide competitive compensation for staff members because they don’t have enough financial stability. They struggle with not overworking staff members because they are often short staffed. And they have trouble identifying and retaining high-quality staff members because they can’t offer a competitive salary and staff members are often overworked. In order for nonprofits to do the work necessary to achieve their missions, they need to hire and retain employees who are talented, innovative and hard-working. The problem is that these employees, if they feel they are overworked, underpaid and underappreciated, will often move to another organization or move out of the nonprofit sector.

According to a study by Nonprofit HR, 45% of nonprofit employees indicated that they will seek new or different employment by 2025. Of that 45%, 49% believe that nonprofits don’t pay enough, 19% said nonprofits don’t offer long-term career opportunities and 12% said nonprofits aren’t well-run businesses.
How the COVID-19 Pandemic Affected Nonprofits in 2020

2020 brought on its share of challenges, but the repercussion of the COVID-19 pandemic brought on new challenges that nonprofits had not yet experienced. The national and statewide stay-at-home orders forced nonprofits to cancel, postpone or restructure in-person fundraising. And in a time when nonprofits were beginning to adopt new technology solutions, they had to make those decisions almost overnight, taking their operations 100% virtual to avoid any delays or hindrance in fundraising.

To adjust to the new climate brought on by the pandemic, nonprofits had to make big decisions on which organizational changes to make. Forty-eight percent of nonprofits moved their in-person events to virtual, 36% canceled all of their in-person events, 31% canceled some of their in-person events, 28% moved some of their in-person events to virtual and 19% were forced to lay off staff members to make up for the financial loss (Figure 10).

**Figure 10: Changes nonprofits made due to the pandemic**

- We moved all of our in-person events to virtual: 48%
- We canceled all of our in-person events: 36%
- We canceled some of our in-person events: 31%
- We moved some of our in-person events to virtual: 28%
- We were forced to lay off staff members to make up for the financial loss: 19%
- We relied on more volunteers than usual: 10%
- We had to close down our nonprofit: 2%
- None: 3%

Q: What organizational changes did you implement to adjust to the new climate brought on by the pandemic? (Check all that apply) 
(n = 408)
What changes did nonprofits make to fundraising? Forty-one percent of nonprofits responded by increasing fundraising, while 24% didn’t make any changes to their fundraising strategy and 11% decreased fundraising (Figure 11).

**Figure 11: Nonprofits First Response to the Pandemic**

<table>
<thead>
<tr>
<th>Response</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>We increased fundraising</td>
<td>41%</td>
</tr>
<tr>
<td>We decreased fundraising</td>
<td>24%</td>
</tr>
<tr>
<td>We stopped fundraising</td>
<td>11%</td>
</tr>
<tr>
<td>We did not make any changes to our fundraising strategy</td>
<td>5%</td>
</tr>
<tr>
<td>Other</td>
<td>20%</td>
</tr>
</tbody>
</table>

Q: What was your organization’s first steps in response to the COVID-19 pandemic? (n = 408)

Perhaps the biggest question we had about the pandemic was how it affected fundraising for nonprofits. Forty-four percent of nonprofits said that they received more donation dollars this year than last, 35% said they received fewer donation dollars and 21% said they received about the same (Figure 12). Like we have previously said, the reason why we’re seeing an uptick in donations is because people generally want to give to the causes they care about. 2020 has proven that whether or not people have a lot of money, they will continue to give what they can in an attempt to make a difference. This is further proven in the Fundraising Effectiveness Project’s Q3 2020 fundraising report, in which it indicates that donations in 2020 were up 7.6% compared to the previous year.

**Figure 12: How the Pandemic Affected Fundraising in 2020**

<table>
<thead>
<tr>
<th>Response</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>We received more donations this year than last</td>
<td>44%</td>
</tr>
<tr>
<td>We received fewer donations this year than last</td>
<td>35%</td>
</tr>
<tr>
<td>We received about the same number of donations as last year</td>
<td>21%</td>
</tr>
</tbody>
</table>

Q: How did the pandemic affect your organization’s fundraising in 2020? (Select one) (n = 408)
VI. STRATEGIC PLANNING STILL NOT A PRIORITY FOR NONPROFITS

Fundraising Strategy Becoming More Standard

There’s no question as to why nonprofits need to develop robust strategic plans. Unfortunately, many nonprofits aren’t taking the time to strategize their fundraising initiatives, and that puts them at a disadvantage. This year, our findings indicate that 53% of nonprofits still aren’t outlining in-depth strategic plans for all of their fundraising initiatives while 47% are (Figure 13). These findings are in line with our findings last year (53% and 47%, respectively).

Figure 13: Nonprofits that develop strategic plans for all fundraising initiatives

Q: Q. At the start of each fiscal year, does your team outline an in-depth strategic plan for all of its fundraising initiatives? (n = 350)
Having a strategic plan in place not only gives nonprofits a comprehensive roadmap on how they can achieve their fundraising goals each year, it can also identify key goals and priorities that nonprofits need to focus on (e.g., number of donors acquired, number of donations, dollars raised, etc.). For nonprofits, 21% said their top priority in 2021 is to engage in more corporate partnerships, 16% said to increase recurring gifts and 15% said to increase monthly gifts (Figure 14).

**Figure 14: Nonprofits top priority for 2021**

- Engaging in more corporate partnerships: 15%
- Increasing recurring gifts: 13%
- Increasing monthly giving: 16%
- Making more data-driven decisions: 9%
- Investing in technology solutions to help streamline business operations: 9%
- Placing more emphasis on a positive work culture to retain quality staff members: 21%
- Increasing one-time donations: 13%
- Being more transparent with our donors: 2%
- Other: 2%
Strategic plans can also help identify what a nonprofit’s best performing fundraising channels are. Our findings indicate that direct mail still outperforms other fundraising channels, as 45% of nonprofits said that their top revenue-producing fundraising strategy is direct mail fundraising (Figure 15), followed by online fundraising (42%) and major gifts (41%).

**Figure 15: Top Revenue-producing Fundraising Strategies**

- Direct mail fundraising: 45%
- Online fundraising: 42%
- Major gifts: 41%
- Peer-to-peer fundraising: 26%
- Monthly giving/memberships: 21%
- Capital campaigns: 13%
- Planned gifts: 10%
- Mobile fundraising: 6%
- Other: 24%

Q: What are your organization’s top revenue-producing fundraising strategies? (Select up to three) (n = 374)
A Look at Other Nonprofits’ Fundraising Strategies

In the survey, we asked our respondents to share their recommendations for planning a fundraising strategy. Here is what some of them said:

“We have an annual fundraising plan that outlines strategies for type of giving and campaign, including timelines, strategies, financial goals, communication, etc. The process includes engaging board members who take on specific roles and/or portfolios related to specific activities. Reports are reviewed monthly to track success and/or challenges for each activity and campaign.”

“We are focused on diversifying our funding sources. At this time, we are largely dependent on foundation grants, either directly or via contracts with NGO allies in partner grants. We seek to expand monthly individual giving, major donor gifts and corporate donations.”

“Looking at the various funding streams and determining what the deficit could potentially be. Then determining what initiatives have worked in the past and seeing if there are any innovative new ideas.”

“We establish a case for support based on established annual organizational external and internal goals, and build strategies to ensure we are funding toward those goals. We follow the tenets of our overall organizational strategic plan and have those pillars built into our case for support and all fundraising initiatives.”

“Our development director works with her team to put a plan together based on our agency’s three-year strategic plan. She then creates a strategy with metrics in each fund development area.”

“We are focused on diversifying our funding sources. At this time, we are largely dependent on foundation grants, either directly or via contracts with NGO allies in partner grants. We seek to expand monthly individual giving, major donor gifts and corporate donations.”

“Set benchmarks for sources: corporate, foundation, government, individual, earned income. Within individual fundraising, set benchmarks for donor and member level/type (e.g., number of major donors at $XX level). Articulate strategies (e.g., face-to-face) cultivation events, appeals, acknowledgement.”

“Annual strategic plans align to a five-year plan focused on growth and budget goals. Annual plan focuses on targets for each donor constituent type with tactics to achieve engagement or funding goals for each constituent type.”
Donor Engagement

As nonprofits continue to grow in size and scope, they will need to put more efforts into creating authentic relationships with supporters. And the effectiveness of building these kinds of relationships with supporters all boils down to engagement. As we’ve said in the past, today’s donors are looking for more than a good cause to donate to. They want to attach themselves to a mission-driven organization that gives them an authentic and genuine experience. They’re looking for an organization that has a powerful message but also recognizes them for their gift and understands their interests and preferences (e.g., what causes matter the most to them, how they prefer to donate, what their communication preferences are, how often they donate, etc.).

The heart of these relationships is having an all-encompassing donor engagement strategy in place. Unfortunately, too many nonprofits are not taking the extra steps to put a donor engagement plan in place. According to our research, 55% of nonprofits still are not outlining a donor engagement strategy at the start of each fiscal year while 45% are (Figure 16). While this is still a significant number, this is a slight improvement from last year (60% and 40%, respectively).

**Figure 16: Nonprofits that Develop Strategic Plans for Fundraising Initiatives**

Q: Q: At the start of each fiscal year, does your nonprofit outline a donor engagement strategy? (n = 407)
The key strategies nonprofits are using to engage donors (Figure 17) are digital communications (78%), storytelling (67%), face-to-face communication (59%), gift recognition (59%) and impact reporting (57%).

**Figure 17: Donor Engagement Strategies Nonprofits are Using**

- Digital communications: 78%
- Storytelling: 67%
- Face-to-face communication: 59%
- Gift recognition: 59%
- Impact reporting: 57%
- Matching gifts: 44%
- Educational programs: 32%
- Monthly giving recruitment efforts: 29%
- Donor questionnaire: 19%
- Membership drives: 15%
- Other: 9%

Q. Which strategies has your nonprofit utilized to engage donors? (Select all that apply) (n = 392)

As shown in Figure 17, just over half of nonprofits are using impact reporting. We firmly believe that all nonprofits should be sharing impact reports to their constituents. However, many nonprofits struggle with understanding what type of impact data they need to be reporting. According to nonprofit researcher Robert M. Penna⁴, nonprofits are unable to report data due to a lack of definition (problems, outcomes and impacts not sufficiently defined enough to be measurable) and/or a lack of clear program results tied to resource expenditure (resources haven’t been linked to outcomes).
But how about the nonprofits who are reporting their impact to their constituents? What do they consider to be the most important outcome when measuring for impact? Thirty-one percent of nonprofits said the amount of progress achieved toward the final mission (e.g., found 100,000 homes for the seven million dogs and cats in U.S. shelters), 28% said numbers of recipients helped and 20% said the amount of total annual fundraising (Figure 18).

**Figure 18: Top Outcomes for Measuring Impact**

- 31%: Amount of total annual fundraising
- 28%: Number of recipients helped
- 20%: Amount of progress achieved toward the final mission
- 6%: Percent of donors retained annually
- 3%: Percent of donors acquired annually
- 3%: Amount of fundraising dollars that went directly toward the mission
- 1%: Other
- 1%: Amount of annual fundraising return-on-investment

Q: What does your nonprofit consider to be the most important outcome when measuring for impact? (n = 409)
In regard to what tools nonprofits use in their outreach program, 93% of nonprofits use social media, 91% use email, 57% use video (including YouTube) and 43% use landing pages/microsites (Figure 19).

**Figure 19: Tools Nonprofits Use in Their Outreach Programs**

- Social: 93%
- Email: 91%
- Video (including YouTube): 57%
- Landing pages/microsites: 43%
- Peer-to-peer/one-to-one SMS messaging: 25%
- Blogs: 24%
- Blast/broadcast SMS messaging: 22%
- Call center: 6%

Q: Which of the following tools do you currently use in your outreach program? (Select all that apply) (n = 374)
VII. RECURRING GIVING AND MONTHLY PROGRAMS WILL HELP LEAD NONPROFITS

Perhaps one of the most important lessons that nonprofits are learning is that donor engagement is highly important for an organization's survival. We're learning that one-time donors will no longer be a target for nonprofits. While the extra revenue that comes in from one-time donors always helps, it's even more crucial that nonprofits look toward more sustainable giving channels — recurring giving and monthly giving. These two types of donors are a nonprofit's most loyal donors and will continue to support the organization through multiple gifts throughout the year, as long as nonprofits continue to steward them.

And while the top challenge nonprofits face is acquiring new donors (Figure 4, page 6), we believe that the bigger challenge is improving donor retention, a priority for only 10% of nonprofits (Figure 4). A nonprofit can only acquire new donors for an extended period of time, because eventually they will run out of new potential donors to target. On the contrary, retaining donors is a lifetime activity, and as long as nonprofits keep in good standing with the donors who have given to them, they will continue to reap those benefits for years to come.

Research from “The Nonprofit Recurring Giving Benchmark Study” indicates that only 14% of organizations prompted one-time donors to upgrade, 13% of organizations called to say thank you and 47% made no attempt to retain a recurring donor once a donor's credit card was canceled.5

Figure 17 (page 19) finds that only 29% of nonprofits are using monthly donor recruitment to engage donors, which shows that not enough nonprofits are taking advantage of this valuable giving channel. There is a misconception that monthly giving programs bring in smaller gifts. But if you look at a donor who gives $20 to a cause they care about each month, that’s $240 annually — $220 more than they would have if they had only given an initial $20 one-time gift. Imagine if that donor was giving $100 instead — that’s $1,200 annually from just one donor.

Another misconception is that monthly giving programs are expensive and take too much time, but monthly giving guru and NonProfit PRO editorial advisory board member Erica Waasdorp encourages you to think differently. According to Waasdorp, you don’t need a fancy new tool to encourage monthly giving;6 most nonprofits have that capability in their current technology. Additionally, promoting your monthly giving program doesn’t have to be a long-drawn-out process; it can be done by adding a P.S. note at the end of your weekly newsletter or through a monthly giving button on your website7.
VIII. INCREASED NEED FOR TECHNOLOGY AND DIGITAL STRATEGY

2020 proved to be one of the most challenging years for nonprofits. The pandemic brought on more than a health crisis; it also introduced another economic crisis. The economic effects for nonprofits that didn’t think innovatively, didn’t pivot and didn’t adapt their strategies to adhere to the virtual environment turned into salary cuts, furloughs and layoffs. And in the most dire situations, the complete shutdown of a nonprofit.

In terms of fundraising, the stay-at-home orders forced the most traditional ways of fundraising to come to a halt: face-to-face fundraising and in-person events. In the midst of these challenges, there was one silver lining: Nonprofits could continue business operations with the use of technology.

Technology enabled events to be held virtually, nonprofits to operate virtually and fundraising to be done virtually. In a sector that is just beginning to realize the power of technology and has been slowly adopting it into practice, nonprofits had to quickly pivot to digital solutions — almost overnight. And the biggest challenge in adopting new technology solutions always comes down to having enough money to invest in it. When looking for a new technology to invest in, 64% of nonprofits are constrained by their budget, 25% feel overwhelmed by the amount of technology solutions out there and 20% have trouble understanding when to look for a new technology investment (Figure 20).

**Figure 20: Top Challenges When Looking for a New Technology Investment**

<table>
<thead>
<tr>
<th>Challenge</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>We are constrained by our budget</td>
<td>64%</td>
</tr>
<tr>
<td>We feel overwhelmed by the amount of technology solutions out there</td>
<td>25%</td>
</tr>
<tr>
<td>We have trouble understanding how one technology compares to the next</td>
<td>20%</td>
</tr>
<tr>
<td>We have not looked for a new technology investment</td>
<td>14%</td>
</tr>
<tr>
<td>We don’t know where to start</td>
<td>10%</td>
</tr>
<tr>
<td>We feel intimidated and pressured by the technology provider</td>
<td>5%</td>
</tr>
<tr>
<td>We face no challenges when looking for a new technology investment</td>
<td>5%</td>
</tr>
<tr>
<td>Other</td>
<td>12%</td>
</tr>
</tbody>
</table>

Q: When looking for a new technology to invest in, what are your organization’s biggest challenges? (Select up to three)

$n = 374$
In a rapidly changing world, where technology continues to grow and expand, nonprofits are often overwhelmed with how many solutions are out there, what these solutions actually do and what their organization really needs. So how can nonprofits break through the noise and get a better understanding of technology? Having conversations with similar organizations that are utilizing technology is a good starting point. Word of mouth is often a valuable source of information. And when you’ve narrowed down the type of technology you’re looking for, it never hurts to talk to vendors and build relationships with them. These technology partners want to help nonprofits do more good, so many of them would be willing to build something to fit your needs and budget. Additionally, read as many articles and attend as many conferences and webinars as you can to keep learning about the evolving nonprofit technology landscape.

In regard to moving fundraising efforts online, 30% of nonprofits are challenged with finding the right audience, 29% are challenged with building a strong online community and 10% are challenged with learning how to segment audiences (Figure 21).

![Figure 21: Top challenges in Moving Fundraising Efforts Online](image)

Q: What is the biggest challenge to moving more of your fundraising efforts online? 
(n = 374)
Year-End Giving
The end of the year between October and December is the busiest fundraising time of the year for nonprofits, as year-end giving kicks into full swing. For 49% of nonprofits, year-end giving makes up under 20% of overall fundraising, while 27% indicate that it makes up 21% to 30% and 14% indicate it makes up 31% to 50% (Figure 22).

Figure 22: Amount of fundraising that comes from year-end giving campaigns

Q: What percent of your nonprofit’s fundraising comes from year-end giving campaigns? 
(n = 374)

One of the most anticipated days for nonprofits and donors alike is #GivingTuesday, a day of charitable giving that occurs every Tuesday after Thanksgiving. In 2020, U.S. nonprofits raised a collective $2.47 billion on this day. However, according to our research, 25% of nonprofits did not participate in #GivingTuesday (Figure 23), while 21% raised under $1,000 and 24% raised $1,001 to $5,000.

Figure 23: Amount Raised on #GivingTuesday in 2020

Q: During #GivingTuesday 2020, how much did your nonprofit raise? 
(n = 374)
IX. CONCLUSION

As nonprofits continue their work to achieve bigger goals toward their mission, it’s even more important to all nonprofits to think smarter and more strategically about their fundraising plans. Organizations should begin looking past one-time gifts as a stable revenue source and start investing in recurring giving and monthly giving to sustain themselves in the years to come.

The advancement of technology will change the way nonprofits operate. And while traditional methods of fundraising, like direct mail and face-to-face, will continue to live on, it will be further integrated with technology in the years to come. For nonprofits that are looking to invest in new solutions but are constrained by their budgets and/or don’t have the digital strategy know-how, we recommend having conversations with similar organizations and technology partners, and hiring and retaining talent who are equipped to strengthen your organization’s foundation in digital strategy and technology.

X. REFERENCES

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