



Why Organizations Thrive – Lesson 12: Focus on Mission-Driven, not Mercenary Donors
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I'm in the process of writing a long article entitled: *Why Organizations Thrive*. The article details fifteen lessons I learned while growing the Oregon League of Conservation Voters (OLCV),¹ buttressed by my observations of dozens of other groups both in Oregon and across the country.

Collectively, I believe these lessons are a very useful set of principles that any Executive Director can use to improve their organization's capacity to fulfill its mission.

Lesson 12 is: Focus on Mission-Driven, not Mercenary Donors.

The dictionary defines a “mercenary” as somebody who fights or kills for money. It is meant to contrast with citizen soldiers who, at least in theory, are primarily motivated by patriotism or a desire to protect one’s family and home.

So what do I mean by “mercenary donors.” In the narrowest sense, mercenary donors are secured primarily by some motivation other than belief in the organization’s mission.

I’m not talking about the motivation of the person raising the money. An article about the dangers of mercenary fundraisers is an entirely separate topic.

But what about the donor’s motivation? Does it matter as long as the money flows?

In the short run, the answer is no. That’s why election campaigns often rely on mercenary donations. But for an organization that aims to thrive over 3, 5, 10 years or longer, I believe the answer is yes.

Why does the motivation of the donor matter?

Let’s put the answer in context of some examples of fundraising focused on mercenary donors and the challenges presented by them.

Loyalty to a friend: I’ve done some work with an organization that has a very lucrative fundraising event that involves giving out awards and then getting the award recipients to sell tickets/tables in order to fill the room. From a profit margin perspective, the event is a big winner and brings a substantial boost to the bottom line every year.

¹ I served as OLCV’s Executive Director from 1997-2009. During that time, we grew from a permanent staff of 1.5 to 11, and a budget of around \$200,000 to more than \$1 million.

But the organization has struggled to turn donors from this event into major donors outside of the event. Or even to get them to the next year's event. There's a big churn from year-to-year as donors brought in by an award recipient don't return. Although the organization manages the event and its major donor campaign as a single "program," the major donor side of their fundraising lags far behind what would be expected given the size of the organization.

I'd argue a major reason for this is the event's mercenary character. Since a high percentage of people buying tickets/tables are doing so primarily out of loyalty to the award recipient, converting them into major donors to the organization is a bigger challenge.

They continue to fill the room, but they're not growing it.

Marketing or Public Relations: A second type of mercenary donor is also normally event-focused. I've worked with several organizations that go to great lengths to tout the marketing or government relations benefits that accrue to the donor from sponsorship.

In terms of marketing, a donor may be interested in placing their corporation (or organization) into a position to build recognition with a very specific audience of potential purchasers. A business seeking to do green building remodels, for example, wants to let donors to environmental groups know about its services. What better way than being a sponsor of a major environmental event?

In terms of government relations, here a donor is more interested in impacting its image with policy makers. The donor is seeking to influence the opinions policy makers have of them so that those policy makers will be more open to the donors' position on future policy decisions – whether or not those positions have anything to do with the environment.

In either case, the organization hosting the fundraiser gains a financial benefit from this transaction. Sometimes it can be a very significant financial benefit – particularly if you can use this technique to secure overall sponsorship of an event and not just sponsorship of a table.

So what's the downside?

The first danger is these donors will often try to negotiate with you the terms of how you will "market" them in exchange for the donation. You face a slippery slope and can waste an inordinate amount of time on the details – time that takes you away from selling your organization to others who share your mission.

The second danger is that the positive association they're trying to create for themselves by associating with you can rub off on you in the other direction. If some of your mission-driven donors have a negative impression of the mercenary donor, the mission-driven donors may come to question your credibility and whether you are true to your mission. It may dim their enthusiasm in ways that make them less likely to donate, less likely to donate at larger levels, and/or less likely to talk up your organization to their friends.

This comes out most clearly when greenwashing is part of the calculation. I'm aware of one instance where a large corporation lobbied vigorously against a state renewable energy standard and four years later became the lead sponsor of the fundraising event of an organization that fought to pass the legislation. Meanwhile, the corporation continues to lobby (as part of trade associations) against better clean air and clean water safeguards. Yet, it is able to present itself as "green" through its sponsorship. Needless to say, some mission-driven donors in the know have concerns.

It's very hard to determine whether the risks associated with these dangers are sufficient to justify turning away sponsorship from a marketing/PR mercenary donor. I would certainly reserve the right as an organization to refuse sponsorship.

What I can say with certainty is this: an organization is better off if can secure sponsorships from those who are mission-driven, not PR/marketing driven. Aside from avoiding the dangers of a mercenary sponsorship, a substantial lead sponsorship from a mission-driven donor is more likely to inspire the donors' peers to step up their own giving.

Convergence of Goals: The last type of mercenary donor I've encountered is one that effectively treats the organization as a tool in service to the donor's goals. The donor takes advantage of the fact that his or her goals can be achieved by some tactic/strategy the organization is pursuing. They offer up cash to make it happen.

I've experienced this "convergence of goals" in the League of Conservation Voters world with which I'm most familiar. The State LCV wants to defeat or elect a candidate. Some donor wants to defeat or elect the same candidate, albeit for a reason that does not primarily have to do with the environment. So the donor "pays" the State LCV to help with (or entirely fund) the campaign.

Everyone seems to win. The State LCV gets the funds to run its campaign. The donor increases the odds the election comes out the way they desire.

Are there dangers associated with taking this type of mercenary donation?

Two dangers come to mind.

First, mercenary donors looking for convergence of goals are more likely to be late givers. They're likely to wait until they're positive exactly how you'll spend their money to make sure it's as intended. This can detract from the quality of your eventual work, while adding to your stress.

Second, the more dependent you are on mercenary donations to fund core operations, the more pressure you will be under to skew your work to match what the donors want. That's bad enough when the donors share your mission and are trying to impact your strategy. Groups experience this with foundations all the time. But when the donor doesn't even share your primary mission, it very much increases the risk you will be forced to do something you don't want to do just to keep your staff employed.

Does that mean you shouldn't shop your plans around to those who might have convergent goals? Of course not. But it does mean you should work hard to first fund your plans from mission-driven donors.

Here's my bottom line: If I have a choice between a mercenary donor – whatever the type -- giving me \$1,000 and a mission-driven donor giving me \$750, I'd take the \$750 every time.

Why? Because I'm evaluating the long-term expected value of the donor relationship and not the short-term monetary impact of the donation.

The long-term value of a mission-driven donor is higher for at least two key reasons.

For starters, getting a subsequent gift from them is more likely. And getting a larger gift from them in the future is more likely. You are looking for donors, not donations. The \$750 donor may very well turn into \$5,000 over the next 4 years if the relationship is handled well. Whether the \$1,000 mercenary donation ever turns into a repeat donation depends on factors out of your control.

Aside from this, mission-driven donors are also critical in growing the organization in another way. They are far more likely to turn around and help your organization by reaching out to their friends and colleagues to help you grow your organization. Indeed, part of any well-designed major donor program and/or annual event is precisely the process over time of turning donors into fundraisers and friend-raisers.

So if mercenary donors are less valuable, should you ever seek them? Heck yes. But with a huge yellow caution sign – your programs, events, and strategies should focus on mission-driven donors. And once you've created them, it's okay to sweep in some mercenary donors as cream on the top.

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