

# Not-for-Profit Industry

## Why Smaller Donations Are One of 2019's Biggest Online Fundraising Trends

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The Internet is becoming an ever-more central part of our everyday lives, and raising money is no exception to that rule. With the Baby Boomer generation aging, Millennials and members of Generation Z will soon make up the majority of donors. Failing to adapt to these new groups by not making smart use of online fundraising platforms is a path to financial hardship for even the most deserving organization.

Therefore, strategic, informed use of these tools is paramount. Although simply posting your crowdfunding campaign page and hoping for donations is better than nothing, it is not enough to help you reach your goals. The nonprofit marketplace is getting more competitive, as more and more campaigns fight for attention. What is more, ongoing changes to the social media algorithm are making it harder to get noticed—not only to acquire new donors, but also to keep them engaged in the long run.

To generate sustainable, long-term funding, nonprofits need to be creative, on top of trends, and psychology oriented. If done properly, these approaches will result in donors who take joy from staying connected to your cause and being part of your community, and whose year-over-year donations are not only a backbone of your organization's funding, but a source of pride for them.

This is a pivotal moment for the nonprofit fundraising sector. The way donors give and engage is changing, shifting from fewer major-sized donations to a model of repeated micro-giving, with lower overhead per transaction and higher rates of engagement with your cause. To suit this new donor preference, projects that re-factor themselves to focus on small, very specific goals result in higher rates of success, donor satisfaction, and, of course, aggregate dollars raised.



Therefore, in 2019, nonprofits can champion a trend which emerged in 2018: Divide and Conquer. In other words, break down your overall fundraising needs into funded microprojects that are designed to respond to how donors prefer to give. These bite-size chunks have much higher rates of overall success.

Donors prefer microprojects over traditional appeals because they feel as if they make a bigger impact on achieving the goal and the project's success. If you think about it, making a \$100 donation to a project with a \$1,000 goal is more satisfying than giving \$100 toward a \$1 million goal. The first gift feels like you made a bigger impact, even though the size of the gift is the same. Although the \$1,000 goal may be one of a sequence of many small projects, helping donors feel like THEY were the reason THIS phase of the project was successful is key to inspiring them to give more gifts to future phases and achieving a greater aggregate value of the gifts.

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The psychological basis for this behavior is that it triggers the completion effect. As humans, we are driven to want to finish projects. Seeing our gifts make a big difference in moving a project toward completion satisfies a primal part of our nature and triggers the release of endorphins and oxytocin—the hormones that make us feel all warm and fuzzy. The closer we moved the project to the goal, the better we feel.

One particularly effective strategy is to never start a project at zero—apply some previously confirmed sponsor money to the campaign, and then ask the crowd to move you the rest of the way there. This strategy amplifies the completion effect and helps your donors feel especially valuable. By reducing the amount asked for, you are ramping up the psychological impact of the gifts, helping your donors to feel like they have made a difference.

Nonprofits benefit from this divide and conquer model, too. Having many microprojects running continuously, or even concurrently, results in sustainable, even-keeled income for your organization. Your revenue curve will smooth out, as the many small projects are constantly completing and bringing in money—no more waiting for the big final push that you need to meet your monthly goals.

All donors want to help others and see that their hard work is having an impact - how better than to make a \$100 donation that gets an underprivileged child into school? That is how *One Girl Can* is using microprojects for effective results. This charity [supports girls' education](#) in Africa by fundraising to build and operate schools. When *One Girl Can* started, its fundraising projects had big goals, often talking about the schools as a whole and big-picture fundraising needs. Eventually the charity broke down the goals into smaller units that would have the maximum emotional impact, arriving at the idea to raise money for individual girls who attend the schools. *One Girl Can* created a micro-project for each girl, telling her story compassionately and honestly and asking donors to fund her individual education, always taking care to ensure the campaigns were done in a sensitive manner that took into account the girls' privacy and individual preferences. Donors have the option of making a single gift or signing up for monthly recurring donations to a specific microproject.

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Cole, Newton & Duran's team of professionals are involved in every stage of our client's engagement to ensure they are receiving high quality, responsive service.

Clients enjoy working with experts who help achieve their objectives. Clients receive industry knowledge and solutions they need to not only reach, but to exceed their strategic goals.

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This approach means donors don't need to think in abstract terms. The impact of the school in Africa, the lives it will change, and the futures it will brighten are laid out for donors in an engaging and emotionally affecting manner. In addition to the smaller goals that play into donor psychology, having a human face attached to a project will attract more attention and donations. Of course, these things matter to many donors, but they matter to donors from the Internet generation especially—and not only because as younger people, their donation budgets are often small and stretched thin. These donors need to feel that their gift matters, and \$100 toward a \$2,000 scholarship feels so much more impactful than a \$100 gift to a school's \$500,000 annual budget.

The best part is that running multiple, smaller projects no longer needs to come with higher overhead. Fundraising tech has advanced to the point that platforms including FundRazr automate and take care of most of the extra work involved in running many small campaigns.

For 2019, make it your organization's goal to make the most of the changing environment by using this knowledge and new capabilities to creatively market your projects. Used in a strategic, user-oriented way, technology can give your donors the chance to understand their impact, share the excitement with friends on social media, and feel included in the solution as they watch their gifts have measurable, real-world impact.

*The preceding is an article by Daryl Hatton, an international speaker and thought leader in online giving and philanthropy. He is also a founder and CEO of [FundRazr](#), an innovative, award-winning global crowdfunding platform.*

### Contact Us

If you would like to discuss how Cole, Newton & Duran's not-for-profit team can help your organization with its tax, accounting, or consulting needs, please feel free to give me a call.

**Pat Koepke, CPA**  
Not-for-Profit Practice Leader  
734.427.2030  
[pkoepe@cndcpa.com](mailto:pkoepe@cndcpa.com)

**CND** Cole, Newton  
& Duran  
Certified Public Accountants

**Cole, Newton & Duran CPAs**  
33762 Schoolcraft Road  
Livonia, MI 48150  
P: 734.427.2030  
F: 734.427.3004  
W: [www.cndcpa.com](http://www.cndcpa.com)