

YES, MARKETING

The bad news is that nonprofits have to learn to market effectively & that will require an organizational mind-shift. That's also the good news.

by **Rebecca Graham**

“Marketing? For a nonprofit? ... How does that work?” That’s a question I get quite often. People inquire as to how and why such corporate tactics have been integrated into our seemingly docile community-focussed nonprofit.

The concept of marketing just doesn’t seem to fit the popular image of community-based organizations. There’s an unspoken implication that nonprofit organizations should not market their services. The reaction is that it is inappropriate or unsettling, somehow, for the county Community Action Agency or the Urban League down the street to toot their own horns in search of customers. After all, they’re nonprofit organizations, right?

Exactly.

The fact that an organization is not driven by profit motive does not mean it gets to sit back and wait for people (and funding) to stream through the door. Au contraire. Territory in which nonprofits once went unchallenged - namely low-margin services to or for the nation’s under-served - has now become a target for corporate expansion.

Seem hard to believe? Take a look at Lockheed Martin Information Management Systems, a division of the parent U.S. defense contractor. Lockheed IMS has jumped on the welfare-to-work bandwagon, managing multi-million dollar welfare-to-work programs in Florida and Washington D.C. Or consider Res-Care, a company that is publicly traded on the NASDAQ Exchange. Res-Care operates services for youth and persons with disabilities in nearly

half the states of the Union.

The significance of this is that the recipients of these services now have choices. Through a variety of systems, participants essentially vote with vouchers, giving for-profit and nonprofit vendors a clear sense of what consumers value and what they do not. Complicating things further, a new philosophy of corporate and philanthropic giving has arisen over the last decade. Increased emphasis on outcome-based evaluation, social return on investment, and even financial return on investment has woven its way into the mainstream. In short, funders have become investors, scrutinizing organizations for outcomes and potential returns on their investment.

One need not spend much time in a nonprofit organization to know that competition for these consumer and investor

dollars is fierce. All across North America, belts are tightening. “Non-essential” staff positions are being cut. Programs and organizations are closing due to increased competition for an ever-smaller pool of funding.

Clearly, we as community development professionals have an urgent need to revisit our strategies for communicating to the public and potential funders the value that our organizations deliver. Thinking of all communication and organization activities in terms of marketing, and funders or recipients as investors, is the first critical step.

MUTUAL BENEFICIARIES

“Marketing? Investors?” you ask. “It sounds so ... so ... for-profit ...”

The idea of managing our community-based organizations with traditionally for-profit strategies does not come naturally to those of us cultivated in traditional third-sector environments. There, profits and business in general are often viewed with suspicion. Images spring to mind of corporations that value profits over social change, and revenue development over community development.

Our job then is to identify strategies that transcend the for-profit/nonprofit boundaries and can be consciously – and conscientiously - applied to the promotion of socially responsible missions. To do that, we have to recognize our products, know and

motivate our customers, and integrate a marketing perspective into everything that we do.

Let's explore for a moment the notion of *mutually beneficial exchange*. Investors have something of value that we want; we have something of value that they want; and somewhere in the middle is the sweet ground where we each benefit from what

Recognizing the value of the by-products of our work is difficult for those of us who are entrenched in the tradition of asking for money on account of the good that our organizations do. In communicating with investors, our natural tendency leans toward listing the organization's features: 14 mixed-use housing projects, two hot-meals sites, interpretation services, and so

not on the basis of program needs and organization opportunity (after all, who really cares about that except us?) but in terms of material, economic, or social value to the investors themselves.

A good example is Share Our Strength, an organization operating one of the most successful socially-based strategic marketing campaigns in the U.S. Share Our Strength programs are designed to deliver to contributors not only the psychological reward of doing something good, but also the return of something valuable. That something may be tangible goods, free advertising, or other economically-valuable opportunities.

Bill Shore, the founder of Share Our Strength, offers Paul Newman's food company as a point of comparison.

"The customers for Paul Newman's products don't purchase them to please Paul Newman or be associated with the causes he supports, but because his products satisfy a need and an appetite independent of consumer's charitable desires."

In other words, Mr. Newman's company speaks to buyers' needs and desires, not on his terms, but on theirs.

Secondly, even the most inexperienced corporate marketers recognize that in order for a message to be heard it must speak the language of the audience. So, again, we must move beyond simply recognizing the bottom-line value that our community-based organizations create, and frame those value-added services in economic terms that will perk the ears of our investors. To do this well, we have to know who they are.

Sounds fairly straightforward, right? Speak to your investors' needs in language that has meaning to them. Yet community-based organizations with multiple programs and diverse community relationships require something greater than a one-size-fits-all approach.

Consider, for example, the marketing task undertaken recently by Cascadia Revolving Fund, a Seattle-based community development financial institution with a growing venture capital pool. Known as the Rural Development Investment Fund (RDIF), the initiative targets businesses in

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the other can bring to the picnic. Note the shift in thinking here. Rather than begging for funding, we are promoting valuable products or services for which money (read "funding") is exchanged.

The motives of many corporate and private investors are no longer simply philanthropic. This gives credence to the idea of creating a mutually beneficial exchange, particularly in relationships with investors. Hail to the new generation nonprofit that learns how to appeal directly to investors' desires for return on investment, be it increased sales, opportunity to market directly to otherwise elusive consumers, or even personal gain. By engaging the same techniques used by highly-profitable corporations to enhance the appeal of services and products, community-based organizations can and should promote their own services and products of value.

ON TO MARKETING

So how does this translate to our own community-based organizations, which at first glance are rich in neither corporate ties nor saleable products? We simply want citizens to consider community housing options. We want our constituents to learn English. We want corporations and foundations to fund our programs.

forth. Elusive are the economic values associated with our affordable housing projects, literacy campaigns, or other social causes.

The catch is, the difference that it makes (financially, socially, or personally) is the heart of the message that needs to get out. It comes back to the idea of mutually beneficial exchange: if people are going to invest time, money, or energy in anything, they want something of value in return. Funders want to know what the impact of their investment will be, for them and for us. Participants want to know what difference it will make in their lives if they buy into our services, or listen to our message. Words and images that express the value of buying into our message, and that relate to a corporate funder's bottom line or a foundation's mission - these are the gems of the marketing message. They provide answers to the questions driving outcome-based evaluation and investment of all kinds: what is the return? What will I get for my money?

How then do we as community-based organizations learn to speak to the economic needs of our investors?

First, we can focus attention not on available services and funding needs - things that are important to us - but on benefits important to the investors or participants. We should convey our marketing messages

rural Washington and Oregon. While successful, these business lack ready access to commercial credit and/or equity capital because they are “geographically challenged,” that is, they are in the boondocks. To fulfill its self-imposed lending mandate, RDIF has stratified its marketing efforts, tailoring the message presented to each distinct type of consumer. Investors such as com-

Valuable visibility and credibility can be gained by understanding our multiple customer groups, and then matching the benefits of the products and services we offer with the needs and motivators of our target audiences. Furthermore, because the benefit we need to promote is often a by-product of our services and not necessarily the services themselves, it is not always evident

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mercial banks, on the one hand, display genuine interest in finding ways to reach underserved markets. Angel investors or foundations, on the other hand, are willing to accept below-market rates of return in order to achieve social returns (typically, rural job creation or preservation).

The point is, RDIF tailors its marketing messages to suit these different investor groups. The message to investors differs from that sent to policy-makers, and both of those messages are distinct from that marketed to potential investment candidates. Understanding the expectations and motivations of each customer is therefore a primary objective of RDIF’s marketing efforts. It is also a clear example of the maxim that marketing is far more than “advertising” or “public relations.”

RESEARCH RESOURCES

So we return to the importance of knowing who our customers are. Researching the beliefs, attitudes, demographics, and investing preferences of our customers (individual and corporate, investors and consumers) distinguishes strategic marketing from the traditional social marketing approach.

Such knowledge is crucial. The power derived from understanding our markets offers tremendous competitive advantage.

until we listen to the people who are likely to value it.

How does one go about researching the investor and consumer market that supports an organization? A number of excellent books available at university libraries and bookstores offer up do’s and don’ts of effective market research. Some even cater to the limited budgets of community-based organizations.

On-line, information abounds. Websites like www.mapnp.org and www.nonprofits.org are excellent places to start. All of these sources eventually point right back to the obvious: who is more likely to tell us about the needs and desires of our investors and customers than these folks themselves? Read the books. Check out the information on-line. Get an idea of what specific information you want to know. Then get ready to listen.

Listening to investors, including constituents can take many forms. Not to be overlooked are the formal research methods such as interviews, focus groups, and surveys, all of which provide standardized information and are covered quite thoroughly in the existing literature. But those aren’t the only means of piecing together the identity of the target market. Newspapers provide insight as to the larger issues affecting corporate donors and foundations, as well as various sectors of the

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community. On-line sources such as www.easidemographics.com provide excellent demographic information about who lives in our communities.

Non-research settings such as appointments and meetings offer staff the chance to listen for clues as to what motivates (that is, what is of value to) constituents, advocates, and corporate or community representatives. Talking with advocacy groups, reading newsletters and bulletins, and simply meeting over coffee with a company representative or a community member can provide great insight as to the needs of our investors and how we can market our organizations to address those needs more directly.

THE ORGANIZATIONAL IMPERATIVE

Changing our thinking from a traditional, somewhat passive perspective to a more pro-active marketing stance is the first step in making the transition to strategic marketing. Thinking of funders and participants as investors, and re-thinking how we communicate to these investors, is the second phase. But how does this actually get put into action in an organization?

The key is to integrate marketing throughout the entire organization, not as a separate activity, but legitimately tied to every activity in which the organization is involved. Just as the mission drives the organization, providing the why behind the services, the marketing mindset should contribute to the how. Part of the strategy for any major initiative should be the language of communication, the identification of who to communicate to and what to say, and the medium for getting the message out. This applies not just to the delivery of services, but to the recruitment of participants, employees, funders, partners and public support. Marketing becomes an inherent - and eventually natural - part of every activity. (For an example of the marketing strategy of a community-based organization, see this issue's article about Pioneer Human Services, p. 9)

And so we return to the original premise: community-based organizations need to start managing themselves more like for-profit businesses, with services and

marketing messages tailored to the needs of entities we view not only as participants and donors, but as customers and investors. To take such an approach is not to embrace profit over justice, nor to pursue revenue without concern for sustainability of resources. But it does connote that attempts to influence the way corporations or constituents respond to our organizations are much stronger when based on economic or social exchange and genuine competitive advantage rather than appeals for charity.

Strategic social marketing is not about barraging the public and potential donors with our socially-based message or mission. Instead, it implies the need to integrate marketing into every aspect of our business, viewing it not as a separate component but as elemental to our services.

Furthermore, strategic marketing promotes (and our changing competitive environment mandates) a sustained endeavor to learn who are customers are and to remain attentive to their needs. Our organizational futures are only as solid as our devotion to ensuring the compatibility of customer needs with both our services and the economic value of their by-products.

In short, the time to compete has arrived. As community-based organizations, our social missions act as the driving force behind the services that we produce. The changing characteristics of our competition, however, are what drives our need to change our methods of, and hesitations about, promoting our own business.☞

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REBECCA GRAHAM is director of marketing and communications at The Communitas Group, a not-for-profit community development organization based in Bremerton, Washington. Rebecca holds a Bachelor's degree with honours from University of Puget Sound, and is currently pursuing a Master's degree in Organization Development through Central Washington University. Her background includes over eight years of experience in community-based organizations, including workforce development, nonprofit organization development, strategic planning, program management, marketing and communications. Rebecca's current responsibilities include the development and implementation of multi-dimensional marketing and communication strategies, including intensive, targeted outreach efforts leading to the broadening of Communitas' strategic network, and the facilitation of organizational and community development efforts throughout the Pacific Northwest. Contact her at (tel) 888-844-7231 or (e-mail) rgraham@communitas.org