Problem: The Current Charitable Experience

1) 18 percent is the average fundraising cost. (Harvard Business Review, 2003).
2) The cost is much higher for direct mail and telephone solicitation campaigns directed at most small businesses and individuals. (The Harvard Business Review article suggests this situation could be remedied if nonprofits ceased chasing these smaller donations, instead relying more on private foundations, which it is suggested, should increase their payout rate from 5 to 7 percent, saving $10 billion a year).
3) Business people and individuals sense the existing inefficiency, and are dissatisfied with the fundraising methods directed at them.
4) Every business has assigned someone to manage (say “no” to) numerous requests for funds. This is a drain on resources.
5) This endless cycle of high-priced pitches meeting inevitable “no’s” also leads to a negative drain on the charitable experience.
6) The same Harvard Business review article (May 2003) reports that charities could save more than $100 billion a year through a variety of reforms. This “missed opportunity” does not even include the above-mentioned cost to business in processing requests.
7) The AFP (Association of Fundraising Professionals) challenges the suggestion that nonprofits stop chasing small donations with high-cost fundraising methods. The AFP’s rationale: the current system of fundraising effort allows the non-wealthy to participate in the charitable experience.

“"The logic that these foundations could give more, and thus, the entire nonprofit sector could dispense with soliciting petty little gifts from those with modest income suggests that the charity of all but foundations or others capable of making “significant” contributions is less valuable”, said Frank Dickerson, a founding partner of High Touch Direct Mail in San Bernardino, CA, and a member of the AFP Inland Empire Chapter. "This arrogant assumption ignores the fact that giving is an opportunity all deserve the chance to exercise”. In addition, Dickerson said, relying on a small percentage of donors who already account for the majority of contributions would produce a highly stratified “upstairs/downstairs” culture of philanthropy.”

8) The number of nonprofit organizations is growing, with many attempting to address the same issues, duplicating effort, and often without regard for who is most effective.
9) Charities are an industry that need to consolidate - what industry needs a million executive directors?
10) Donors feel cheated of having control. Witness the outcry when the Red Cross tried to defer for “future use” donations made for 9-11 victims. This huge bureaucracy yielded to donors’ desire for ownership of charitable experience.

11) Donating dollars often feels like you’ve tossed them into a huge insatiable black hole. Where did the dollars go? What did it buy? Whom did it help? People want a personal connection, and they want to know their effort and dollars made a difference to a specific person or a specific project.

12) This complacency and inefficiency of the charitable industry at present is reminiscent of the time there was a stationery shop on every corner - prior to the disruptive model that occurred when Staples came to town. It is an industry ripe for redefinition.

13) Does cutting a check to a telemarketer provide a good charitable experience?

14) What would make it better?

What Would Improve That Charitable Experience?

2) They want transparency, rather than “this is the way it’s always been done”.
3) They want feedback from all stakeholders, so they’ll know they’re making the right choices with their dollars.
4) The internet has the potential to address all of these issues.
5) Some of the pieces necessary to accomplish this are already there on the internet: Donors Choose and the Giving Tree, eBay and Guidestar (Mission: "Revolutionizing philanthropy and nonprofit practice with information" (400,000 uses per month).

How Do You Get There?

Businesses and Individuals can drive their desires for feedback, effectiveness and transparency to secure "Total Control of the Charitable Experience": www.enrichanother.com

1) In every other market segment, large quantities of control go to those who provide the dollars.
2) The charitable industry stands as a unique, glaring and costly exception to this. Charities have been allowed to exist in a “netherworld” where free market forces don’t apply. The people with the dollars do not control the charitable experience because charities have grabbed the moral high ground. i.e. “we’re trying to help, and you’re just chasing profits”.
3) Implement a website that gives users that control.
4) Return all direct mail requests for funds with a letter recommending “enrichanother”.
5) Respond positively to all direct solicitations of funds with an invitation to post the project on “enrichanother”.
6) Chain email this solution to people you know.
7) Allow your employees to review projects and champion causes for your charitable giving.
8) Post excess goods and materials on in the “overstock” section of the enrichanother website.
9) The control is with the money – for the individual donor and the individual business.
10) They just don’t know it. We can give it to them.

What would the results be?

1) Results-oriented ventures would get more funding.
2) The money would flow from source to target more directly
3) The $100 Billion identified by Harvard study would be freed up
4) Additional resources of businesses handling charitable requests (the “X” factor in the Harvard Business Review model, page 7) would be freed up.
5) Employees would be engaged in a process where leadership skills would emerge.
6) Control of the charitable experience would be given to those doing the giving.
7) We could have a self-fixing system instead of a self-perpetuating system
8) The first target is the disruption of the current fundraising/grant-writing/telemarketing/direct-mail industry.
9) We could pursue an eBay model – or even eBay itself - to snag that $100 billion dollar inefficiency from fundraisers.
10) The goal – expanding on the eBay model of bringing “many markets” to “many markets”.
11) Bringing an entirely new market into eBay’s (or Google’s, or MSN’s) user base.
12) Empowering people.
13) Making the world better.

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