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Fundraising Q&A: Approaching small businesses for support

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August 29, 2012

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Thanks for last month's article on [corporate investment](#); what do we do if our community is too small for corporations and we only have small businesses to approach?

Step one is to always remember that individuals should be your first source of donations because they are proven to be the most generous target group usually making unrestricted gifts. That said, you want to diversify your portfolio once you are confident you have an ongoing strategy for your best audience. In addition, if you feel your charity's case would be compelling to corporations outside your community, don't rule them out.

When I searched "fundraising *from* small businesses" it lead me to "fundraising *for* small businesses" which means many of them are looking for investors too. Before you ask an entrepreneur for support, walk 1.6 kilometres in their shoes (that's a mile to those of you who don't automatically think metric!) These prospects are often working long hours trying diligently to see some profits in their venture. How can you create a win/win proposal that will benefit both your organizations?

The good news is, according to a recent *Globe & Mail* article the [Canadian Federation of Independent Business](#) found that:

75% of small firms make financial donations;

60% sponsor local sports teams;

50% promote local charities and donate their time;

25% donated employee time; and,

only 1% reported no involvement.

The key is to focus your energy on the most likely candidates. Who are your community's leaders? I've said before, I can identify the movers and shakers in any new place within an hour just by reading donor walls and lists. Some savvy business owners will be active members of their local Chamber of Commerce and service clubs like Rotary, Kiwanis, Lions, etc. Other entrepreneurs are still building the plane and flying it at the same time. While relationship building is your best strategy you need to determine which relationships will pay the highest dividends.

Fundraising is an elite contact sport

As much as I believe in equality, not all donors are created equal and it's up to your team to identify where you'll find the best return on your investment. If you have time to seek support from small businesses in your community, ensure they understand the variety of ways they can help, particularly if they are cash-strapped. Answer "what's in it for them" to justify consideration.

Linkage - Ability - Interest

Don't forget my mantra when researching potential donors. The difference between a "suspect" and a "prospect" is **Linkage, Ability and Interest**. Create your prospect lists alphabetically. In this case, keep small business, service clubs, churches and other similar entities on one list (and have a separate list with first name and last name for individuals). Use an Excel spreadsheet, dividing up fields into separate columns so you can manipulate your master according to the audience. Identify the key players within the institutions. **You want to protect this data; it's confidential but use your board and fundraising committee to help you find connections and learn about potential donors.**

To identify **Linkage** provide an alphabetized inventory of prospects and ask your volunteers if they know anyone in your key players list. You can even have them rank "#1- I know this person well" and "#2 - I'm acquainted" so you can see where the strongest links are and identify who's the best candidate to request support. Once volunteers have reviewed and ranked, collect the lists to ensure you're protecting confidentiality.

Ability is determined from your research. Are their names on donor recognition lists in your community? Is

the small business identified or is it the owner's name that appears, or both? Where does their name sit on the list? The higher it is usually means the bigger the gift but don't assume, even if the amount or range are identified, that your charity can request the same amount. Do any of your volunteers know the financial situation? Do they have a suggested range or amount to request? (NB - if a board or committee member is a very close friend they often state a conservative figure - be sure to do your homework).

What are the prospect's **Interests**? That's what motivates the size of the gift. Are they sports buffs that want to sponsor the local little league? Do they love the arts and prefer investing in the cultural scene? Are their priorities linked more closely to their religious affiliation or has a family member experienced a health issue? All these factors dictate where funds are donated. Small business interests are reflected in the individual driving the organization.

The up and down sides of small business support

PROS

Small businesses are all over your city and can be approached very easily.

Nonprofits who are highly visible have an excellent opportunity to cash in on the increasing interest in "cause-related marketing."

With a small business donation, very little paperwork might be necessary.

Decisions on a contribution can be made rather quickly.

Contributions can come in the form of money, goods, and/or services.

Very visible public programs (like film festivals) are in an excellent position for sponsorship opportunities.

Partnerships with businesses bring increased credibility to a nonprofit.

CONS

Small businesses rarely give money, and when they do the amounts are modest; they are much more likely to provide donated goods and services, or purchase an ad.

Competition for small business donations is fierce - they are constantly approached by many charities and organizations in their communities.

Partnering with the wrong business can damage your reputation.

Source: *National Alliance for Media Arts & Culture*

What's your best approach

Be open-minded. Don't limit yourself to a cash gift or nothing. Engage the business owner in a dialogue about your charity and how your mission fits their professional interests and priorities. Provide options to them - explore all the different ways they could support your cause.

Give your small business donors adequate recognition. Encourage your members or newsletter readers to frequent the enterprises that invest in your mission. Create win/win agreements that ensure they feel satisfied with their returns.

If you've done good prospect research don't be discouraged by a refusal. Remember the [Nine fundraising nos](#)" and decide what your next step will be to strengthen the relationship. Thank the prospect for their consideration and tell them you'll look forward to keeping them informed of your activities in the future. Continue to find ways to strengthen the bond and keep the avenues of communication open.

Further resources

[Creating a corporate giving strategy](#) - Cynthia Armour, CFRE

[Strengthening corporate investment](#) - Cynthia Armour, CFRE

[Small businesses, mighty charitable](#) - *Globe & Mail*, August 9, 2012

[Even the smallest business can profit from a donations strategy](#) (VISA gives advice to business owners)

Cynthia Armour is a freelance specialist in fundraising and governance. A Certified FundRaising Executive (CFRE) since 1995, she volunteers as a subject matter expert with CFRE International. She works with boards and senior staff to ensure that strong leadership will enhance organizational capacity to govern and fundraise effectively. Contact Cynthia directly at 705-799-0636, email answers@elderstone.ca, follow her on Twitter at [@CynthiaJA Armour](https://twitter.com/CynthiaJA Armour), or visit www.elderstone.ca for more information about her services.

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