

"Coping in a recession – Irish charities and the economic crisis"

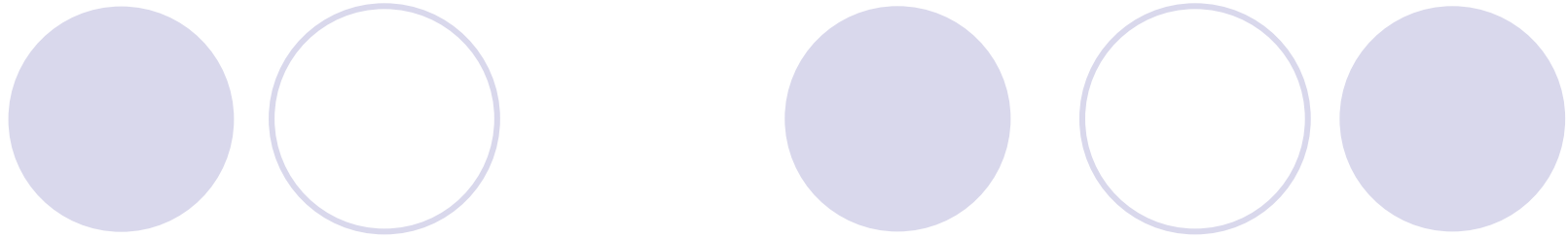
**ICTR's 18th Annual Conference
Siobhán McGee**



CNIM

**CENTRE FOR NONPROFIT MANAGEMENT
SCHOOL OF BUSINESS**

University of Dublin, Trinity College



Charitable Fundraising in an Economic Downturn

The *first* annual report on income and
fundraising activity in Irish charities

February 2009 and July 2009



The journey to here

- Economic growth from mid 1990s
- 2008 the first Eurozone country to officially enter recession
- GDP rates plummeted
- Number seeking employment in the Republic of Ireland has almost doubled in one year



Impact on Consumer Behaviour

- 30% of Irish people felt that the recession 'would have a major effect' on them, and
- Consumer perceptions of being financially worse off has had a knock-on effect on consumer spending behavior.



Giving in Ireland – pre downturn

A number of **underlying issues** apart from the dramatic fall in the Irish economy:

- During CT the average household donation **decreased** as a percentage of disposable income.
- Corporate organisations in Ireland in 2009 are estimated at 0.34% of GNP.
- Almost **60%** funding is from the State (2006)



Methodology

- 267 organisations took part in February 2009 by completing a detailed questionnaire.
- A shorter survey with same respondents was conducted in July 2009. 137 organisations took part.
- CEOs, Financial Controllers, Fundraising Managers, Directors, Managers/Co-ordinators, Chairpersons, Treasurers and Secretaries.



Key Findings

First 6 months, 2009:

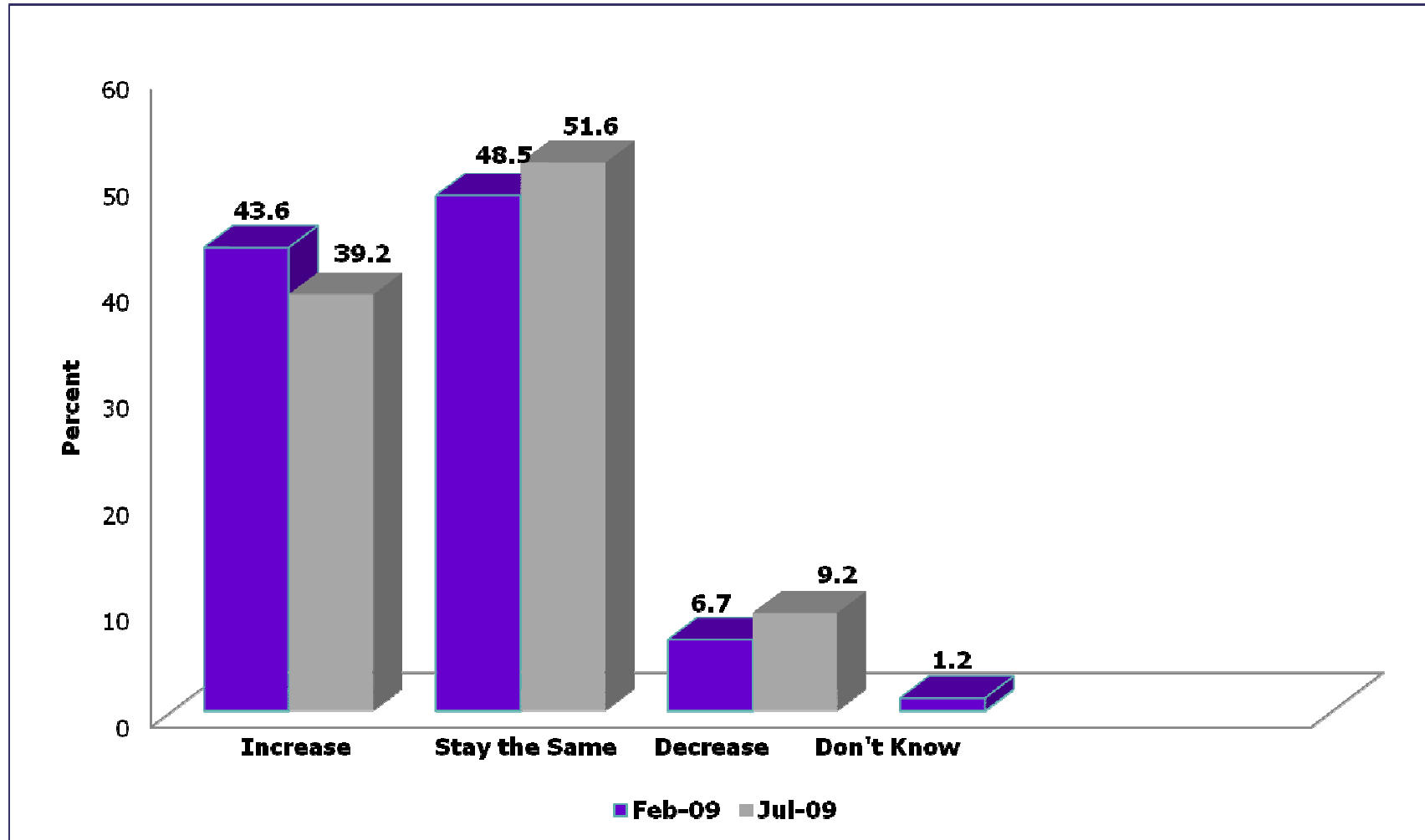
- 70% experienced a reduction in income
- 58% of charities experienced increased demand for services
- Reducing staff numbers (29.3%)
- Maintaining fundraising efforts in a harsh environment (82%)



Volunteers and the Organisation

- Two-thirds (67%) of organisations were volunteer-involving organisations and almost the same number (66.5%) stated that their volunteers were involved in fundraising.
- Organisations without paid staff relied heavily on volunteers to carry out fundraising activities.
- Four in ten organisations (39.2%) stated that in the 6 months to end of June the amount of time volunteers had spent on fundraising had increased

Changes in Volunteer Numbers

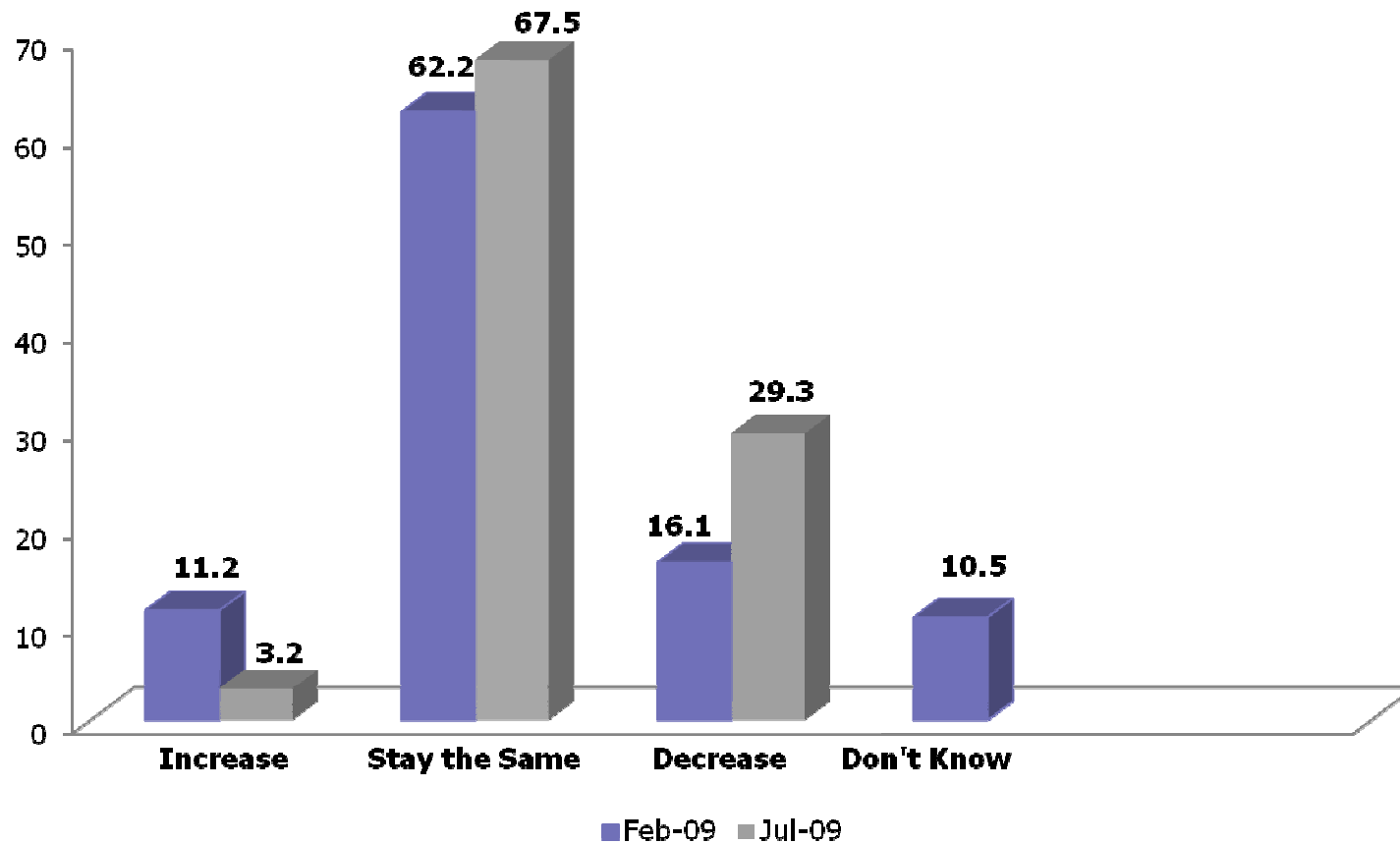




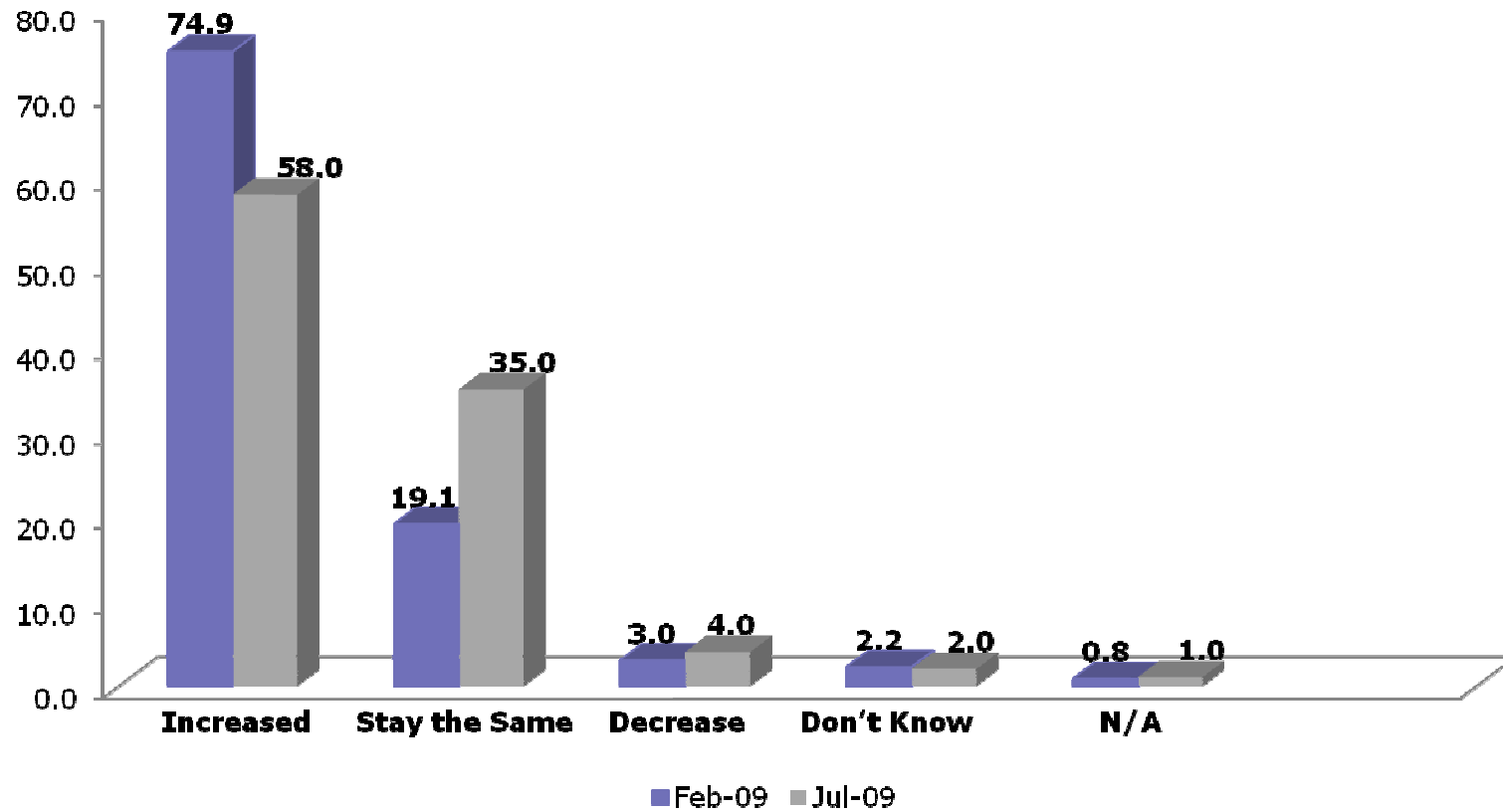
Paid Staff and the Organisation

- Majority of organisations (81.3%) employed paid staff.
- Four in ten organisations (44.2%) had five or less paid staff – other research indicates that over half of charities in Ireland are this size (2006).
- In the follow-up survey four in ten organisations (41.3%) stated that in the 6 months to the end of June the amount of time paid staff spent on fundraising had increased.

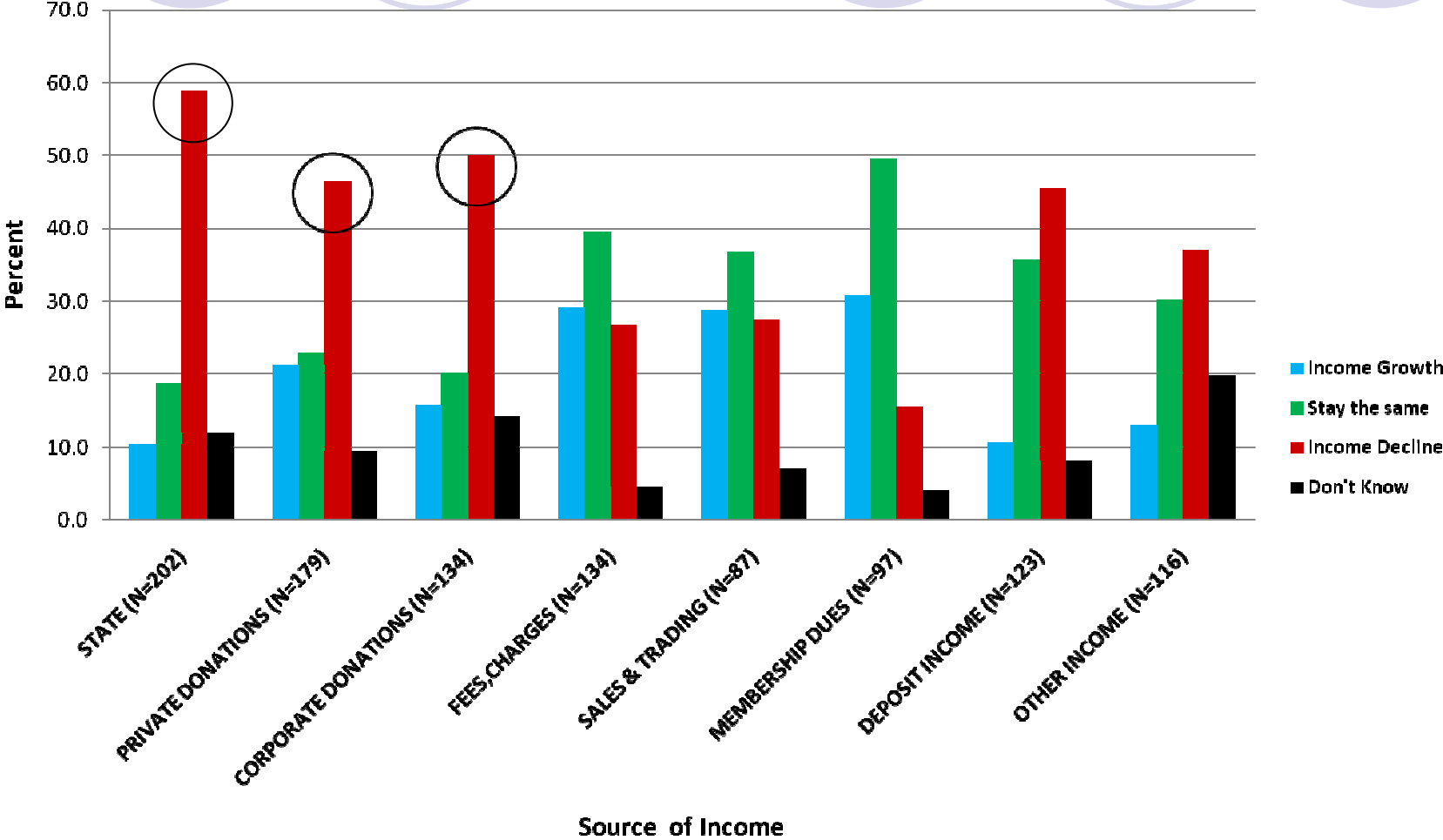
Changes in Paid Staff Numbers



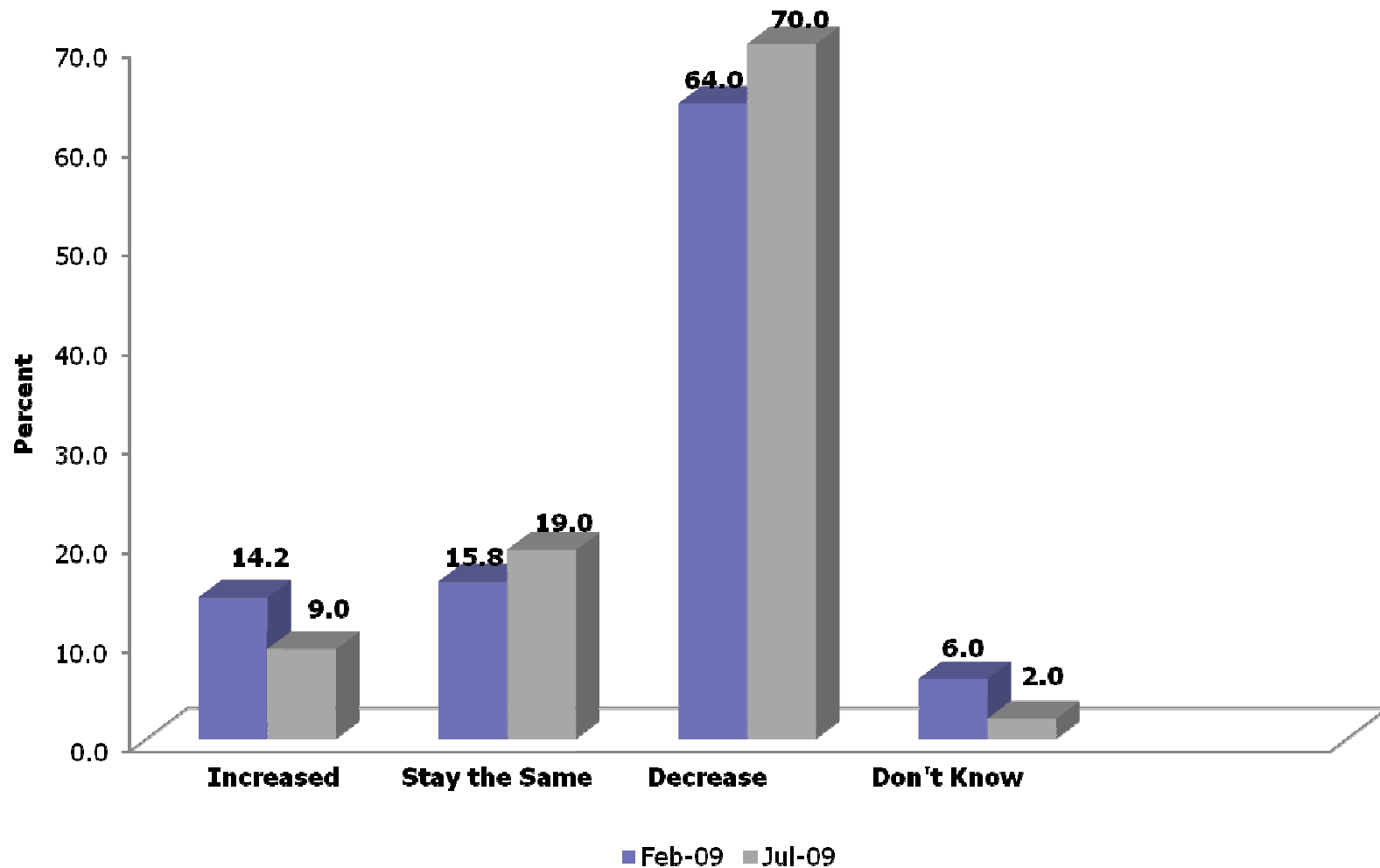
Changes in Demand for Services



Expected Changes in Various Income Sources (February 09)



Changes in Overall Income





Top 5 Fundraising Activities

- Events 44.9%
- Corporate Sponsorship 34.1%
- Standing Orders/
Direct Debits 31.5%
- Mail Shots 23.3%
- Major Donors 22.8%

Fundraising Activity – Jan to June 2009

- In February a high proportion of organisations said they were planning to increase their fundraising activities.
- In July 62% of organisations had engaged in new fundraising activities.



Potential Threats - Feb 2009

85.1% of responding organisations believed their organisations were threatened by the economic downturn.

- increase in demand for services;
- expected large decrease in statutory funding;
- expected decrease in corporate and private funding; and
- possibility that organisations could downsize or cease to exist.



Potential Opportunities – Feb 2009

Almost half (46.3%) believed that opportunities could arise during the current economic climate:

- Reduced costs
- Renewed interest
- More awareness of social issues;
- New volunteers and new skills into the sector;
and
- Potential development of organisations in the sector.

Threats and Opportunities - July 2009

Organisations have:

- Reduced staff numbers, reduced salaries or adapted staff working arrangements
- Experienced reductions in statutory funding and fear more reductions for 2010;
- Reduced corporate and private funding



Comment and Reflection

- Survival mode, not planning for the longer-term.
- Research highlights the fragile nature of the relationship between donors and organisations.
- Raises a question on the adequacy of the charities responses at this time
- Need for active Government policy to create a more enabling 'giving' environment.



What can organisations do?

- May need to consider the possible benefits of mergers and coalitions.
- Need to adopt a more long-term strategic approach to targeting donors and engaging in ‘consciousness raising’.
- Business sector needs to consider their charitable and CSR commitments differently.



Building Solid Relationships

- Measure Impact and Effectiveness
- Deeper attention to Transparency and Accountability
- Invest in research and evidenced based Advocacy
- Build Alliances, share complementary expertise and skills



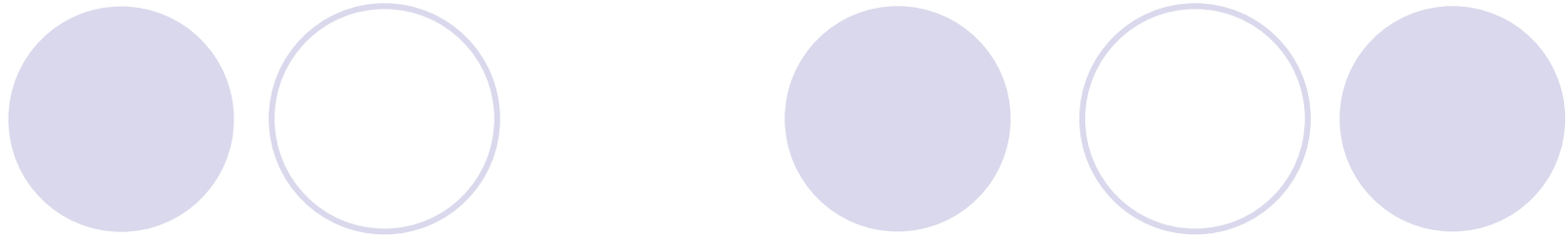
Concluding Remarks

- Investment
 - Better data, better understanding of what's working
- Leadership
 - Stronger voice



More information:

- www.cnm.tcd.ie



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