


2017

# Nonprofit Leaders' Strategies in Capturing the Attention of Committed, Large Donors

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*Walden University*

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# Walden University

College of Management and Technology

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Aneatra Holland

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2017

Abstract

Nonprofit Leaders' Strategies for Capturing the Attention of Committed, Large Donors

by

Aneatra Holland

MBA, Kaplan University, 2010

BA, Purdue University, 2008

Doctoral Study Submitted in Partial Fulfillment

of the Requirements for the Degree of

Doctor of Business Administration

Walden University

January 2017

## Abstract

Few U.S. nonprofit organizations meet annual operational costs. Facing government funding cuts, U.S. nonprofit leaders have had to seek other revenue streams to remain operable and ensure that the clients they serve continue to receive support. Leaders often seek out large donors but lack strategies for successfully doing so. The purpose of this multiple case study was to explore the strategies successful nonprofit leaders have used to capture the attention of committed, large donors in Southern California. Government failure theory and independence theory constituted the conceptual framework. The purposeful sampling method consisted of 3 nonprofit agency managers who had operated a nonprofit for at least 5 years, while securing a longstanding partnership of large, committed donors. These managers substantiated having met the criteria in having successfully gained committed large donor(s), and operating in a geographic setting with no less than 50,000 residents. Data included participant interviews and company websites. Transcribed data were analyzed by comparing meanings that formulated clusters into themes, and then triangulated across sources to bolster the trustworthiness of interpretations. From these clusters, 5 distinctive themes were identified: cultivating donors, building personal relationships with donors, promoting the mission, understanding relationship contribution, and detailing directly what the donation will accomplish. Findings impact social change by fortifying nonprofits with committed large donors, to reduce need in society, and create greater financial independence within communities.

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## Dedication

I dedicate this doctoral case study to my family. Your proven support has shown me that with perseverance and hardwork, anything is possible. I also dedicate this achievement to the most significant, passionate, and dedicated chair, Dr. Carol-Anne Faint. Without you, this could not be possible. Finally, to the one that created me, my God, Jesus Christ. Your spiritual presence has allowed me to explore how important life can be if one understands that patience, love, joy, peace and long suffering can result in a higher calling if one believes.

## Acknowledgments

I would like to thank my late grandmother, Evelyn Ventress. Your strength, guidance and direction is the reason why I am who I am today. Also, my late father, Freddie Holland. I know in heaven you are comforted by God's true reality that love conquers all. Hope our love lasts and never dies.

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## Section 1: “Foundation of the Study”

Thriving nonprofit agency leaders often partner with generous donors to strengthen and maintain services to communities (McCallum, Schmid, & Price, 2013). Nonprofit organizations (NPOs), historically, have provided a wide range of goods and services to populations with limited resources. An economic shift has led to greater dependency on nonprofit services and less viability of for-profit companies as reflected by the recent recession in 2009 (Davoudi, 2010). It encroaches upon the service industries that aid and support social changes such as feeding the homeless, providing solutions in crises and others that were previously the domain of nonprofits, threatening the sustainability of nonprofits (CITE). Both nonprofit and for-profit agencies provide community services in an increasingly competitive environment. Moreover, government funding can no longer sustain nonprofits (CITE), and nonprofit agency leaders must seek additional reliable funding to sustain community services. To be more viable and retain survival in Southern California, nonprofits have focused on product development and sales, charging for services where applicable, and identifying and securing committed donors (Acs, Boardman, & McNeely, 2013).

### **Background of the Problem**

Residents of Southern California municipalities experienced great economic hardship resulting from the 2009 recession. Consequences included business closure, high unemployment, and a sharp reduction in the flow of renewable resources to charitable agencies (Acs et al., 2013). The break in the anticipated continuous grants and ongoing government funding in the nonprofit industry as experienced, for example, by

the American Red Cross and Family Emergency Management Association (Meyer, 2011), creates challenges within the nonprofit sector. Due to the loss of government funding, U.S. NPOs in Southern California are increasingly competing with for-profit organizations (Reda, 2012). Uncertainty regarding federal and state government commitment to NPO initiatives and changes in public fund management are other challenges and uncertainties for NPOs (Reda, 2012). The reduction in funding have forced nonprofit agencies to seek other sources of income to ensure their sustainability within a new business environment. This environment is characterized by the presence of hybrid service providers with both a for-profit and nonprofit agenda (Calabreeze & Grizzle, 2012; Chaplot, 2010). NPO leaders must acquire and retain a commitment from generous donors as a means of remaining operable.

### **Problem Statement**

According to the Urban Institute's National Centre for Charitable Statistics, there were 1,478,194 NPOs operating in the United States in 2006. This figure represents an increase of 36% over 10 years (CITE). NPOs annually earn U.S. \$1.53 trillion and manage assets in excess of \$3.3 trillion (Powers & Yaros, 2013). A 2012 government agency survey found that only 16% of U.S. nonprofit organizations met annual operational costs (Barber, 2012). The general business problem is that nonprofit agency leaders face tremendous competition in fighting for donor contributions leading to decreased likelihood of operability. The specific business problem is that some nonprofit leaders lack strategies to capture the attention of committed, large donors.

### **Purpose Statement**

The purpose of this qualitative multiple case study was to explore the strategies nonprofit leaders used to capture the attention of committed, large donors. The population for the study was nonprofit leaders in Southern California. Three leaders from nonprofit agencies who had successfully captured the attention of committed, large donors, provided insights about the strategies that had helped them to sustain the operability of nonprofit agencies. Southern California was a suitable location for the study due to the instability of the local economies within the state driving greater reliance on nonprofit agencies (Davoudi, 2010). In line with Yin's (2014) suggestion that a sample size for a case study be between three and eight participants, I chose to include three organizational leaders in my sample. The study may contribute to positive social change by enlightening NPO leaders about strategies to harness committed donors. Their agencies may be better able to provide needed support to community members. Such assistance may result in less reliance on government programs, thus reducing the burden on charitable organizations in difficult economic times.

### **Nature of the Study**

Researchers conduct quantitative, qualitative, or mixed methods studies (Bernard, 2013). A researcher uses a quantitative approach to understand how much of a behavior exists (Bernard, 2013). The intent of my study was to explore the decision-making process used by NPO leaders to identify and harness committed large donors; for this reason, I deemed a quantitative approach to be inappropriate for the study. A mixed methods researcher applies both quantitative and qualitative methods (Bernard, 2013).

As I had opted not to use quantitative methods, I decided against using a mixed methods approach. A qualitative approach was suitable, I believe, as my intent was to conduct interviews to gain perspectives on capturing the attention of committed large donors.

After deciding to use a qualitative approach, I deliberated about the appropriate design to use. Five designs that are commonly used in qualitative research are phenomenological, grounded theory, narrative, ethnography, and case study (CITE). A phenomenological researcher explores lived experiences using a large sample, which is typically drawn from one agency or a small sector (Moustakas, 1994; Pendergast & Chan Hak, 2013). Grounded theorists seek to establish new theory (CITE). The development of new theory was beyond the scope of my study, so I opted against using this design. A narrative researcher analyzes life stories to explain the course of life decisions (Jorgensen, Dahl, Pedersen, & Lomborg, 2012). The participant's personal stories may not influence the decision-making process in harnessing committed donors. For this reason, I did not select a narrative design. An ethnographer analyzes the factors contributing to cultural or group uniqueness (Stover, 2012). There are no cultural attributes that may influence all participants in the pursuit of committed large donors; thus, an ethnography was inappropriate for the study. A case study researcher analyzes interviews and secondary source information to gain a deeper understanding of an event or situation, through exploring perspectives (Olszewski, 2012, Yin, 2014). A case study was well suited to the study as my intent was to learn about the development of donor-recipient relationships and how the relations aid in nonprofit continued success.

### **Research Question**

The central research question guiding the study was, What strategies might nonprofit leaders apply to capture the attention of committed, large donors?

### **Interview Questions**

I posed the following questions to interview participants:

1. How was your agency funded prior to gaining the support of committed large donors?
2. How did you attain funding before acquiring the support of committed large donors?
3. What process led you to seek out the committed large donors?
4. How do you make initial contact with potential committed large donors?
5. What impact does the relationship with committed donors have on the success of the nonprofit agency?
6. What is your perspective on why donors choose to support your agency?
7. How does the commitment of large donors support the longevity of the agency?
8. What have been specific benefits of the donor commitment?
9. What strategies assist you in continuing the relationship with committed large donors?
10. What strategies move a one-time donor to a committed long-term donor?
11. What sets your organization apart from others in successfully gaining the support of committed large donors?



12. What other information can you provide to help understand how to establish long-term donor support?
13. What is in it for the donor?

### **Conceptual Framework**

The conceptual framework consisted of government failure theory and interdependence theory. These two theories provided contradicting perspectives on the value of government funding of nonprofit agencies. Matsunaga and Yamaushi (2004) examined the relationship between geographic density and the need to leverage individuals and foundations to provide human service. Government failure theorists posit that the strain of government funds forces governments to support only fundamental social arteries such as schools and hospitals (CITE). This requires institutions to deliver outreach services using institutional expertise. However, resources made available to the institutions experience absorption in more critical care process leaving outreach services drained (Lecy, Van Slykes, & Young, 2012).

Independence theorists posit that donors prefer to support institutions receiving government support more than independent nonprofit agencies because they perceive government-supported institutions as providing better quality service. By supporting established institutions, this may draw those in need toward institutional services creating less drain on government funds toward independent nonprofit agencies (Lecy et al., 2012). A limitation of independence theory is the potential lack of expertise provided in the institutional school and hospital settings to provide valuable support with poverty or non-health related social issues (CITE).

## **Operational Definitions**

The following definitions aided in understanding concepts presented in the study:

*Committed large donors:* Donors who demonstrate support and long-term dedication by providing ongoing and consistent donations that aide the NPO sustainable (Powers & Yaros, 2013).

*Mission:* Organizations whose staffers aim to improve the lives of people, either through social or economic means, or both; and are reliant on donations for sustainability (Walker & Kent, 2013).

*Nonprofit:* A nonprofit is an organization designed to serve the public without the intent of generating profits; conversely financial benefits fuel operating budgets to further the development of services provided to targeted populations in need (Milway & Saxton, 2011).

*Philanthropy:* Philanthropy is a mutually beneficial initiative by individuals or business owners who donate to charities in exchange for some personal or business benefit such as tax breaks, advertising, or establishing customer loyalty (Walker & Kent, 2013).

*Sustainable development:* Sustainable Development refers to a model of business practice aimed at preserving the environment (Akram & Akkam, 2013).

## **Assumptions, Limitations, and Delimitations**

### **Assumptions**

Assumptions, according to Leedy and Ormrod (2013), are characteristics that a researcher may believe to be true but cannot prove. Three assumptions impacted the

study. First, I assumed that participants responded honestly to interview questions. Second, I assumed that the sample size selected was adequate to gain a deeper understanding of the phenomenon of donor influence. Third, I assumed that the population selected was the best source to understand how nonprofits capture and retain committed donors as suggested by Martin & Parmar, 2012.

### **Limitations**

Limitations reflect potential weaknesses that may impact a study (Brutus, Aguinis, & Wassmer, 2013). Four limitations impacted the study. First, using a case study design with a small sample size of three business leaders limited the generalizability of the study results. However, the intent of a case study is to produce varied perspectives unique to the population and work environment selected for the study (CITE). For this reason, I did not need to generalize my study findings. Second, NPO leaders had a broad range of experiences. But, they were often unable to recall examples during their interviews. This potentially limited the depth of information gathered from participants. My use of probing questions mitigated this limitation to some degree. Third, limiting the population to nonprofit leaders restricted the breadth of perspectives on the topic of capturing committed large donors. Moreover, the case study may benefit from drawing on the perspectives of donors to understand the decision to support specific NPOs. Fourth, the skills of the interviewer potentially limited the value and volume of information collected through interviews (Yin, 2014). Concluding a deeper understanding of leader perspectives.

## **Delimitations**

Delimitations refer to the parameters of the study (Leedy & Ormrod, 2013). The delimitations of the study were the location, population, and sample size. The study population of three nonprofit organizational leaders drawn from nonprofit agencies in Southern California provided the parameters of the study. The sample size was a delimitation because the perspectives gained from the small sample lacked generalizability to the larger population of NPO leaders.

## **Significance of the Study**

### **Contribution to Business Practice**

The study contributes to business practice by providing leadership perspectives on how to strengthen nonprofits through harnessing committed large donors. Nonprofits often struggle with finding long-term, reliable funding (CITE). Yet, some nonprofits find success. Learning from successful nonprofits may assist other nonprofit leaders in finding suitable donors to help sustain their agencies. Sustaining the agency helps the population served by making services available (Brooke, 2012).

### **Implications for Social Change**

Implications for social change include ensuring communities continue to receive needed services and strengthening service delivery skills for business professionals. Drawing donors to a community establishes a link between problem and solution. With the assistance of reliable and generous donors, nonprofit agencies can acquire material goods and qualified personnel, which helps them appropriately meet community needs (CITE). Establishing a strong relationship with a generous donor may lead to more

immediate and structured supports as communities undergo unforeseen challenges (CITE). Strong donor-nonprofit relationships foster better service delivery, improved communication, and better overall wellness in communities (CITE).

### **A Review of the Professional and Academic Literature**

Nonprofit agency leaders often struggle with sustainability in a competitive market experiencing poor economic conditions (Randle, 2013). Nonprofit agency leaders are finding that typical funding sources such as the government are depleted. This lack of funding is forcing nonprofits to close their agencies or seek alternative funding measures (Randle, 2013). A survey conducted by the United States government proposed that only 16% of United States nonprofit organizations were able to meet annual operational costs (Kucher, 2012). Moreover, some nonprofit agency leaders have successfully partnered with committed donors, which has made a significant difference in the community served (Powers & Yaros, 2013). This qualitative case study explored strategies applied by nonprofit agency leaders to successfully capture the attention of large donors.

ProQuest, Business Source Premier, Academic Source Complete and SAGE Premier are management research databases that I used to develop the literature review. By using these resources, I was able to gain insight about influences on the Southern California nonprofit sector and how potential donors respond to changing economic conditions. Key terms used in my search included sustainability, nonprofits, sustainable practices, funding for nonprofits, and influential funding for nonprofits.

I present the following topics in the literature review: NPOs as an integral part of the social fabric, NPOs and sustainability, government funding, donation sources, the

influx of for-profits into the NPO sector, the competitive market, and locating, acquiring and sustaining a generous donor. My intent is to explore conditions leading to the sustainability of nonprofits and the methods used by NPO leaders to secure committed donors. I used 100 academic sources in my study. Of these, 87 (87%) were peer-reviewed articles and published within 5 years of my anticipated graduation date.

### **Government Failure Theory and Interdependence Theory**

Two theories provided the foundation for the study: government failure theory and interdependence theory. Both theories can be used to understand the loss of government funds for independent nonprofit outreach services in communities. Each provides a unique perspective on how the dissolve impacts society in terms of fulfilling gaps in service. The evolution of both theories arises from public choice literature nestled within economics regarding the provisions of goods and services to society. Government failure theory evolved from initial investigations into the relationship between geographic density and outsourced provisions (Matsunaga & Yamaushi, 2004). Matsunaga and Yamaushi reported that private donations correlate directly with geographic density. Specifically, as social settlements reach a population density of 50,000 residents, spread over two counties, with an increased degree of social and economic integration, donations increase (CITE).

Governments dissolve support to outreach services by developing policy tools to retract support. The retraction of government funding has compelled communities to augment services by drawing alternative resources (Lecy, Van Slykes, & Young, 2012). The growth in alternative services, however, is problematic due to an

inability to gain financial sustainability through limited community resources, thus leading to closures of alternative services. In larger communities of 50,000 or more, leaders are able to leverage public support for services (CITE). However, society relies heavily on provisions granted through general taxation such as road repairs, medical outpatient clinics, creating a society of *free-riders* (CITE). Free-riders accept conditions and alter behaviors to suit societal limitations, which complicates [insert noun's] efforts to ensure proper services in light of dissolved government support (Lecy et al., 2012). Taxation, from a government perspective, resolves the issue for street-level service delivery, as government funding funnels through large social institutions such as schools and hospitals (CITE).

Individuals in need of public service approach established services to seek support. The programs developed within these institutions, however, are sometimes generic and may not meet the needs of a diverse population creating limitations and gaps in services (Lecy 2012). For-profit niche companies and hybrid agencies (i.e., combined for-profit and nonprofit) have found opportunities to offer services to those willing to pay (CITE). A consequence of the influx of for-profit and hybrid nonprofit agencies is disinterest on the part of some potential donors who may not support the idea of donations being filtered through management pockets before serving those in need (Lecy et al., 2012).

Interdependence theorists argue that the government act of supporting fundamental social arteries such as schools and hospitals may generate greater donor support (CITE). The process of having donors support large institutions creates

opportunities for these institutions to recruit field experts as outreach workers to help meet social demand (Lecy et al., 2012). Institutionally augmented services gain greater public attention, and, when funding cuts occur, elicit more public outcry, which makes them have significantly more political influence than less secure nonprofit service providers (Lecy et al., 2012). Institutionally supported programs, however, walk a fine line in terms of generating philanthropic interest. If an institutionally-based program is successful, a donor may not see value in providing additional funds. Moreover, programs may become increasingly reliant on government funding, which again leads to government overspending, resulting in program closure. I believe that this conundrum justifies an investigation regarding how successful NPOs, facing dissolved government funding, have succeeded in capturing the attention of large, committed donors to secure sustainability.

### **Social Need in California**

To be effective, an NPO leader should offer solutions to immediate and chronic social and physical needs among community members (Huck, Al, & Rathi, 2011). In California, over 45% of residents rely on nonprofit agencies for sustenance or other services fostering self-sufficiency (Smith, 2013). Many residents who experience unemployment are welfare recipients or have experienced brief acute hardship, resulting in a dependence on community NPOs (CITE). Resource dependent trends (RDT) are trends impacting NPOs' livelihood that the average NPO has become reliant on to sustain a more resilient and competitive stance (Modi, 2012). The need of an NPO should outline being receptive to the overall community and how they view providing a solution



that carries throughout the development of the community. Addressing the social need within the community should be responded to as a believable and correctable resolution.

### **Qualifying a Nonprofit for Funding**

For-profit organizational leaders drive profits by selling goods and services to the general public. However, nonprofits must establish strong relationships with communities and demonstrate their intent contribute to the wellness of society (CITE). To remain sustainable, an NPO must demonstrate a need and the ability to meet the need (Powers & Yaros, 2013). Fundraising endeavors reinforce a connection between nonprofits and communities by drawing on local donations in exchange for improved social conditions, buildings, services, and products (CITE). Government funding is difficult to acquire, a nonprofit must justify the need and benefit of committed long term donors convincing both the donor, and society, a need exists.

The critical message a nonprofit leader must promote to potential donors is that, with adequate funding, the nonprofit can meet community need (Barber, 2012). The challenges create a hardship for NPOs when leaders solicit funds from donors but fail to gain continued support. Nonprofit leaders are charged with ensuring that the mission, vision, and actions of their organizations align with the needs of the communities they serve (CITE). Their work often draws interest from potential donors. The goal of an NPO leader is to secure reliable donors to withstand economic downturn (Modi, 2012). Qualifying an NPO for funding from a potential donor requires the NPO to prove effective the trustworthiness, availability, credibility, reputation and fundraising concentration (Reda, 2012).

Advocacy initiatives draw nonprofits and society together, resulting in assessed and retained services (Yoshiko, 2012). The initiatives in turn may catch the attention of potential donors who have an interest in the underlying social issue. A nonprofit human services organization establishes a competitive foothold if the NPO's primary objective is to create a beneficial resolution aiding the community while fostering self-dependence (Sokolowski, 2013). Approximately 1,400 NPOs in California have as part of their mission building self-dependence, and of these have attracted large donors (Sokolowski, 2013). To successfully qualify a NPO for funding, NPO leaders must target actions to create a solution to meet community needs (Huck et al., 2011).

Nonprofits stabilize families and enhance survival for many compromised populations and communities in California (CITE). Moreover the role of an NPO organizational leader is to implement programs fostering a healthier community. Fundraisers, committed donors, government support, and endowed funds aid NPOs in building community resources, empowering populations, and aiding in economic restructuring (Akingbola, 2013). Lastly, the goal of nonprofits is to assist individuals in need to become independent contributors to the community, through enhanced employability, education, and resource management (Akingbola, 2013). To draw large donor commitment, an NPO must demonstrate the success of the organization and simultaneously demonstrate funding needs (Akingbola, 2013).

## The Growth of Nonprofits in California

Commitment to advocacy work sets NPOs in California apart from for-profit businesses in the same, or hybrid, market (Armsworth et al., 2012). A hybrid is a for-profit company that has edged into a NPO's market, providing similar services but applying charges to service recipients (Wilson, 2009). According to Petrovits (2011), there are 1.4 million nonprofits organizations in the United States. The Internal Revenue Service (IRS) defines over 25 nonprofit categories (e.g., health and human services), but the range of U.S. nonprofits supporting schools, health care recipients, cultural initiatives, research laboratories, and community employment venues has increased (Petrovits, 2011). The Census Bureau (2009) and IRS reported that more than 1.1 million nonprofits organizations were registered in the United States. Over 40,000 organizations are registered under 501 (c) in the state of California (Bar, 2013). California has 170,638 nonprofit organizations (see Table 1). In 2009, charity organizations that filed a Form 990 with the IRS reported donation support of approximately \$1.4 trillion while holding nearly \$2.6 trillion in assets (CITE). Nonprofit organizations serving households constituted more than 5% of GDP in 2008 (Barr, 2013).

Table 1

### *Overview of U.S. Nonprofit Sector*

Tax-exempt organizations	# Registered with the IRS (over \$5,000 in gross receipts)	# Filing annual IRS Report (over \$25,000 in gross receipts)
Under 501 (c)i (3) Subsection	1,117,219	609,935

Private Foundations	76,210	65,977
Charitable Nonprofits	1,041,009	543,958
<hr/>		
Under Other 501 (c)ii	446,691	275,426
<hr/>		
Subsections		
<hr/>		
501 (c) (4) Social Welfare	111,561	61,497
501 (c) (5) Labor/Agriculture	56,269	37,458
501 (c) (6) Business Leagues	72,582	51,119
501 (c) (other)	206,279	125,352

*Note: Table does not include religious organizations. Data are from October 2009. The data source is Sherlock and Gravelle (2013).*

Incidentally deprivation and poverty are commonplace in many communities in California (Herrera, 2012). At least 15 cities have experienced immense destitution in California since 2009. Cities include Los Angeles as well as Escondido, Chula Vista, and Oceanside (Mastrandrea, Tebaldi, Snyder, & Schneider, 2011). Recessions and unforeseen social burdens foster increased dependence on NPO services in California (Herrera, 2012).

Nonprofit organizations in California experienced increased presence in the U.S. social landscape during the 1800s due to the increased demand for services, and the continuous fluctuating population (Hancock, 2013). Since the 1920s, economic challenges led to the continual growth and dependence on NPOs, resulting in an increase demand for nonprofits where needed most (CITE).

The Great Depression and World War II devastated world economies leading to desperation, abject poverty, and further reliance on NPOs (Ziebarth, 2012). Bank owners during the Great Depression exemplified how injustice within the political and social systems can erode the economy. The devastation of the Great Depression impacted farming, causing crop prices to decline by more than 60% (Ziebarth, 2012), leading to a low demand for a limited allocation of resources of employment. Economies dependent on heavy industry and agriculture crippled during the Great Depression (Walker & Kent, 2013). The events of the 1920s catapulted the nonprofit sector into the 21<sup>st</sup> Century, which was entirely dependent on small donations and meager government funds (Walker & Kent, 2013).

In the late 1930s to early 1960s, NPOs continued to serve individuals recovering from the market crash of the 1920s and two world wars. Charitable organizations such as the United Way and American Red Cross provided immediate and life-preserving services and branched out to further provide social services and sustenance (Walker & Kent, 2013). By the 21<sup>st</sup> Century, California had more than 100,000 nonprofit organizations (Hancock, 2012). The nonprofit sector grew to over 1,000,000 worldwide beginning the 21<sup>st</sup> Century (CITE).

By 2000, however, society experienced a plateau in the development of NPOs due to a significant drop in governmental support (Hancock, 2012). Moreover, nonprofit organizations in California share common traits including (a) establishing a social standard, (b) creating assistance for the needy, and (c) striving for less economic hardship (Hancock, 2012). Society frowns on public dependence on NPO services (Hancock,

2012). While the need for NPOs remains critical, society demonstrates reduced tolerance for a continued reliance on hand outs, expecting all people to contribute to society, rather than remain dependent on support (Szper, & Prakash, 2011).

Since the early 1900s, for-profit agencies have become known as a social enterprise, ascending noticeably into many communities in California, offering services mirroring NPOs (CITE). While the motivation within a sector explains and defines the purpose of the organization, for-profit agencies requisition revenue or profit (Francois, 2015). Leaders of for-profit agencies seek out new ideas and/or innovations that exhibit a profit (CITE). For-profit agencies distribute the profit made by selling goods or services to the community and then issue a dividend or profit to the owner or shareholders within the organizational structure (Li, Jhang-li, Hwang, & Chen, 2012). Nonprofit agencies channel money donated back into the organization to meet a service goal or mission (Francois, 2015).

Organizations generating profits provide a service or good for which people are willing to, or must, pay. For-profit organizations may be a store or corporation that seeks to make a profit (CITE). Hybrids are organizations that generate profits while operating under the auspices of a nonprofit (Wilson, 2009). While the average NPO focuses on meeting a social need, hybrid agencies seek to make money (CITE). The social enterprise or for-profit organization serves the community, often by offering reduced wages to employees, gaining support through volunteerism, and generating all funds towards operating costs (CITE). Both NPOs and for-profit agencies coexist to serve communities, providing vital services and pushing the for-profit sector increasingly into

the competitive business world. A poor economy fosters the evolution of hybrid services forcing for-profits to creep into the nonprofit sector, threatening the existence of nonprofit organizations (Wilson, 2009).

Since the late 1900s, for-profits experienced steady growth in the business and non-for-profit markets. Increased demand created a gap for hybrid and for-profit companies to exploit the social condition to generate profits (Wilson, 2009). With greater access to high-tech instrumentation and limitless marketing tools, the hybrid industry experiences a broader scope of customers in multiple sectors. Since IT developers created a platform for for-profit organizations, for-profit organizations have increased presence in the community (Wilson, 2009).

The increased presence of hybrid agencies within communities creates problems for nonprofits in the ability to generate the support of large, committed donors, particularly if the nonprofits fail to demonstrate need (Reed, Storrud-Barnes, & Jessup, 2012). However, the economy poses significant challenges for hybrid organizations as society becomes increasingly dependent on services available through NPOs. To effectively stay competitive, an NPO must balance social advocacy with investor interest. Balance in management discretion demonstrates the fortitude of the NPO and the ability to survive through economic hardship (Al-Tabbaa, Gadd, & Ankrah, 2013).

Beginning in 1970, the health and human service mission within the private sector experienced a fluctuation in commercial revenue (Cordery & Sinclair, 2013). In California, more than 1,000 nonprofits seek commercial revenue (Cordery & Sinclair, 2013). When an NPO leader experiences difficulty soliciting revenue from donors or

government agencies, service adaptation and restructuring are the next step in ensuring survival (Cordery & Sinclair, 2013). Remaining operable requires flexibility in terms of resource management and developing sustainable relationships with multiple donors.

Sustaining NPOs into the future requires a shared value network. A shared value network is a unified effort between NPOs, the community, and stakeholders to fortify budgets to sustain needed services in a community (Baker, Kan, & Stephen, 2011). Nonprofits in California face considerable challenges in establishing shared value networks, due partially to a transient population, a poor economy, and ineffective methods of capturing the attention of committed donors (Baker et al., 2011). Many nonprofits in California struggle with sustainability, striving to establish adequate funding, only to experience further disappointment from a prolonged economic downturn, which should propel the organization to provide services. Consequently, the organization fails to develop under the pressuring lack of financial support. With weakened potential, the NPO fails to gain attention by donors due to the inability to provide services (Baker et al., 2011). Further, communities lack resources to assist the impoverished leading to further societal problems. Deprivation and poverty are commonplace in many communities in California (Herrera, 2012). At least 15 cities including Los Angeles experienced destitution (Mastrandrea et al., 2011). Nonprofit organizations in California increased considerably since the late 1800s. The increase occurred in the nonprofit sector due to demand for services and the continuous fluctuating population in California (Hancock, 2013).



Nonprofit leaders who fail to gain donor support, create gaps enabling for-profit companies to enter the market creating significant competition, and posing challenges to the impoverished to pay for services that would otherwise be provided without fees (Reed, Storrud-Barnes, & Jessup, 2012). An NPO leader, able to capture committed donors, may achieve sustainability within the new challenging competitive market. To effectively stay competitive, an NPO must know how to balance social advocacy properly with investor intention (Al-Tabba et al., 2013).

**Presence of nonprofits in California.** Establishing a link between committed donors and nonprofit organizations strengthens sustainability in nonprofits (Sokolowski, 2013). With approximately 1.5 million nonprofits operating in the United States, an increase of over 30% since 2004, in 2014, 16% of US nonprofits could sustain operating costs. With over \$1.53 trillion (US) supplying the United States with managing assets, nonprofits strive to remain operable (Kaplan, 2013). Moreover, the economy in California shifted from competitive to unsustainable, leading to the closure of at least 120 businesses since 2013, placing a burden on nonprofits to provide further support for individuals in need (Kaplan, 2013). California has approximately 159,514 NPOs providing services (Kaplan, 2013).

### **The Declining Economy**

As the economy continues to fluctuate, California population encounters diminished purchasing power and high unemployment rates. State leaders call for increased benevolent supports to accommodate increased need (Weniger, 2012). The intent is to enhance goodwill; however, for-profit industries seek opportunities to enter

the charitable market hoping to build a new customer-base (Wilson, 2009). Such organizations make a profit by exploiting the less fortunate. The exploitation includes organizations that allow residents to pawn collateral, sell second-hand merchandise through thrift shops, and recycling centers. The impoverished must sell the few items retained to receive goods (Wilson, 2009).

The declining economy draws new innovative strategies from both citizens, and business, nonprofit and for-profit, to survive economic shifts. To survive, agencies must establish solutions to life challenges within communities in California (Smith, 2011). Pollak (2014) illustrated the influence of economic instability in the culture of Californians, adding poverty fosters a culture of poverty resulting in entrenched behaviors and dependency on social services. Nonprofit agencies target the impoverished establishing paths to recovery. Nonprofits seek to create steps to reduce complete dependency by educating, providing, and advocating individuals in need. Infiltrating and changing a culture of poverty requires innovation, perseverance, leadership, and resources, and by partnering with committed donors, nonprofits have the capacity to influence change. Innovation and committed donors are fundamental to sustaining nonprofits in California.

### **Challenges for Nonprofits**

The economy and changes in the competitive market through the infusion of for-profit companies into the nonprofit domain, create challenges for the sustainability of nonprofit agencies (Berlan & Bruno-van Vijfeijken, 2013). Reliance on government funding threatens NPOs. The challenges threatening sustainability within the nonprofit

sector include: federal revenue shortages, terminated and canceled government agreements, donor cutbacks, and fewer foundation endowments (Wicker, Feiler, & Breuer, 2013). The trends lead to changes in donor commitment and availability of funds. Additional challenges include: demographic shifts that redefine involvement, advancements in technology, continued networks and relationships that organize new strategies that enforce donor support, civic management and volunteers and private sector boundaries (Acs et al., 2013).

While larger nonprofits show significant progress in sustaining business practices with limited challenges, smaller NPO leaders rely on local philanthropists, corporate donations that solicit environmental control, and community organizations that seek grant funding as a joint venture. The main drawback in relying on the methods is that the types of support result in donor fatigue (Brooke, 2012). Although the supporting resources provide assistance, the resources lack stability and have limited resources to make an evident difference.

Nonprofits must be effective and competitive. Many NPOs are relying on tradition fundraising efforts and meager government grants (Mersland, 2011). The NPO leader must make radical and innovative decisions when facing unprecedented challenges (Randle, 2013). The NPO leader faces additional challenges requiring NPO leaders to seek large donors and foster new and lasting relationships (Araujo, & Neijens, 2012). Leaders must become innovative and generate revenue as a means of remaining operable. The NPO leaders must also address the fiscal cliff in negotiations and how the leaders discourse tax deductions for charitable contributions with the government. Nonprofit

deductions are low-hanging creating difficulties for NPOs (Randle, Leisch, & Dolnicar, 2013). The NPO leaders need federal revenue to retain and sustain business services. Economic influences demonstrate the trends toward mergers and collaborative alliances among nonprofit organizations. Approximately 17% of nonprofits express interest in merger transformations, while 42% prefer cross-agency collaboration (Randle, 2013).

### **California's Changing Economic Structure and Population Growth**

Since the early 1900s, California's population fluctuated, yet California leads the country for most people in a state. By 2014, California's population increased by 11 million, 50% of the national population as reported by "Suburban Statistics, 2014". While in the early 1900's, California's population reached 32 million, representing 12.6% of the national population (Davoudi & Rawson, 2010). In the early 1970's 19.97 million people resided in California as reported by the search engine, "Google, 2015". The amount reflects 9.9% of the nation's population within the United States. Sixty percent of the people living in California resided in the southernmost section of California, totaling 60% in the early 1900s and under 45% in the late 1800s. Despite unwavering challenges of improvement in the economic insignnia the unemployment rate remains high and job creation, low (Hall, 2010). The consequence has been mass unemployment with insufficient charitable resources to remedy the situation in California (Huynh, Metzger, & Winefield, 2012). Since 2010, the population growth in California slowed dramatically, resulting in reduced services provided by nonprofit organizations (Huynh et al., 2012).

In decades past, NPOs were completely reliant on government funding for sustainment of services, and the possibilities were broad in terms of assessed services

needed and the ability to bid on government term contracts to strengthen NPOs. Government support of nonprofit agencies continues to wither, forcing nonprofits to rely on other forms of support within the community (Powers, 2013). The response from nonprofits is to see other state and federal funding compromising service delivery models (Sokolowski, 2013). Complicated by a depleted economy, California is experiencing escalated reliance on nonprofits. However, in 2012, the IRS reported that over \$194 billion in donations supported nonprofits in the United States that forgone revenue estimated at \$53 billion, indicating need far outweighs governmental supports (Sokolowski, 2013). The response from the nonprofit sector is to seek alternative funding sources, ideally from committed large donors able to enhance sustainability and ensure communities in need receive ample support from NPOs in economic downturns.

The nonprofit sector operates similarly to the for-profit sector in terms of methods to generate business (Oeldorf-Hirsch, 2011). In a quantitative study of networking strategies by 200 NPOs, over 172 NPOs had active websites, while 93 of respondents indicated continued problems with marketing despite the use of websites (Oeldorf-Hirsch, 2011). As technology evolves, NPO leaders must gain innovative edge through other social media outlets.

In July 2013, the US experienced the greatest crush from the economic recession (Inman, 2014). The city of Detroit filed for bankruptcy and Wall Street continued to fluctuate. To recession lead business leaders to call for a more innovative leadership strategy to circumvent, or survive the economic crisis (Schindler, 2014). Failing to adapt to economic crisis leads to business failure (Akingbola, 2013). Organizational leaders

experiencing hardship through economic instability may rely on traditional approaches to remain viable such as engaging in local fundraising endeavors (Akingbola, 2013).

Nonprofit leaders struggle with detailing fundraising revenues due to minor inconsistent financial management practices (Song & Yi, 2011). To mitigate challenges in detailing fundraising revenues, NPO leaders focus on reporting business revenues focusing on donor-generated incomes and other funding sources. Fundraisers are an integral part of the sustainability of NPOs, yet, for reporting purposes, the amounts raised require greater accuracy (Song & Yi, 2011).

The private sector that holds NPOs garnered an extensive proportion of revenue from grants and government contracts to for-profit companies to remain operable (Kerwin, Doherty, & Harman, 2011; Modi, 2012). Communities experience limitations of services rendered to vulnerable residents in California, who would otherwise receive assistance (Mersland, 2011). Within the competitive market, income sources for NPOs continue to deplete, and grants have become more centralized with increased interest vying for fewer funding opportunities. Grants are available to a broader receiver-base beyond social organizations. For instance, large businesses regularly compete for available grant funds becoming prioritized over NPOs. The private sector competes for funding offering humanitarian services, previously dominated by nonprofit organizations (Wilson, 2009).

### **Sustainability**

Business owners must be competitive, focused, and adapt to changing trends to remain sustainable (Young, 2013). Researchers identified competencies leading to

organizational success in the marketplace. Thorne (2012) defined long-term sustainability as the single most important challenge industries face today. Thorne argued that to remain sustainable, a business owner must collaborate significantly with environmental partners and communities to continually assess stakeholder need. Building relationships between nonprofit leaders and stakeholders, including the community are fundamental to NPO long-term success. In an effort to remain sustainable, and gain attention for efforts, NPO leaders render services in environmental control, for example, supporting victims in Hurricane Katrina (Young, 2013). Nonprofit leaders who respond immediately to societal environmental issues may garner significant community and donor support, as funding demands increase (Young, 2013). By responding strategically to immediate need, an NPO leader can gain significant ground in appealing to donors, and gaining recognition for aiding a well-publicized traumatic event.

Social persuasion, leadership tactics, and recognizing how to bring about a change in the community provide NPO leaders a significant mechanism to broaden, or more clearly define the purpose (Brooke, 2012). The ability to provide resources in an immediate crisis may give NPOs a competitive edge over many other organizations seeking large donor support or other forms of funding. Even when faced with economic hardships, NPO leaders may sustain the organizations by responding quickly to environmental catastrophes or local issues (Brooke, 2012). To ensure availability and responsiveness, an NPO leader may have to adapt policies, practices, and philosophies quickly, following funding opportunities and using funding opportunities to guide the direction of the organization (Brendt, 2011). For an NPO to sustain themselves in

turbulent times, the NPO leader must adopt a philosophy targeting preservation, conservation, and safety to the community (Brendt, 2011). A successful NPO becomes a beacon in the community, modeling the protection on lands and people (Brendt, 2011).

### **Innovations in the Nonprofit Sector**

Innovations within the nonprofit sector reveal both positive and negative effects in California (Baker et al., 2011). Currently, many California-based NPOs face economic hardship creating challenges in continuing to provide services (Cordery, & Sinclair, 2013). Nonprofit leaders face the challenge to gain attention of large, committed donors to remain sustainable (Baker et al., 2011). One approach may be to become more innovative in the products or services rendered. Conducting an environmental scan to determine gaps in innovation and services may assist nonprofits in finding a niche within society (Baker et al., 2011). Failure to conduct a detailed environmental scan results in low funding, high overhead, low exposure to potential donors, and low status. To compete with others in the private sector, identifying and responding to specialized, or niche, community needs could give an NPO a competitive advantage. Successful NPO leaders understand the needs of the community, understand the limitations of traditional funding options, develop innovative products and services, and establish a plan to attract large, committed donors.

In the 1990s, NPOs flourished in California (Davoudi & Rawson, 2010). When Hurricane Katrina, and the 2009 bombings of the twin towers in New York occurred, NPOs experienced a significant downturn due to financial drain and growth of additional specialized services entering the market (Gotham & Campanella, 2011). The events drew



for-profit responses who attained governmental support while profiting from contracts, undermining the potential for NPO engagement, recognition, and growth (Gotham & Campanella, 2011). The availability and preparedness of for-profit agencies in California causes concern for NPO leaders. To remain engaged and prepared, the need of an NPO to be fast-responding, flexible, and competitive is vital. A majority of the corporate headquarters of some of the most popular nonprofit charity organizations operate in California (Gotham & Campanella, 2011). The NPOs in California need to be competitive and flexible to provide acute care resources in the event of another natural disaster. Fundamental to any initiative, is remaining connected to the community, and understanding the needs during emergencies.

**Philanthropic Interests of Donors.** The intent of philanthropic ventures is typically to establish a relationship that benefits the donor financially, through established community networks, customer loyalty, and developing services within the sector to build company strength. Donors respond to an organic sense of responsibility, generosity, and authenticity. Identity salience and relationship satisfaction contribute to supportive behaviors in the nonprofit charitable sector (Taylor, 2012). Identity salience and relationship satisfaction strengthen the bond between the donor and NPO. When a donor identifies organizational strengths, donors and nonprofits fuse to support community development and engagement, resulting in identity salience. Once an NPO leader and potential donor establish a cohesive relationship, by introducing a need and demonstrating how the donor fills the need, a long-term relationship may ensue.

Financial capital and intellectual capital are extremely important to the formation of nonprofits (Taylor, 2012). However, strength, fortitude and communal influence vary by organization. Nonprofit organizations in Southern California are most influencing when the salient stakeholders drive the interests of the NPO.

With much competition in the nonprofit industry, nonprofits must solicit funds by recognizing identity salience in the relationships created with donors (Taylor, 2012). Donors contribute financially to the growth of nonprofits and invest heart into the mission and objective of the agency. To gain community support, a nonprofit must demonstrate rigorous attention to community issues, including sustainability, social responsibility, and good will. Fundraising efforts draw donors who understand and recognize identity salience and relationship satisfaction (Taylor, 2012). Donors reinforce charitable giving in the community through nonprofits.

Most NPO leaders solicit donors who represent the interests of the most salient stakeholders (Li, McDowell, & Hu, 2012). For a nonprofit to become competitive for funding, the NPO leader must render the ability of the organization to build a social network that drives community development (Roe, 2013). Intellectual strength is the ability of the nonprofit to prove coherence with the challenges and expectations of the community. An NPO must maintain a specific purpose while being flexible to adapt the focus responding to trends. Whether representing stakeholders, constituents, or the community, soliciting donor relationships must serve a specific focus (Roe, 2013). In addition, the relationships must reflect the purpose of the nonprofit (Roe, 2013).

**Contributions.** The survival of an NPO is vital to both the private and public sector. Donor contributions to the sector help build rapport and growth (Roe, 2013). Communication streams within the social media, creates a competitive edge in the nonprofit sector. Technological advancement created a quick method to link directly to preferred charitable organizations (Roe, 2013). Historically, nonprofit organizations depended on the board of directors to govern the vision and purpose of the NPO and how the leader solicits or gains funding from the government (Francois, 2015). Nonprofit leaders demonstrate that soliciting donations can result in hardship if not properly aligned with the overall vision; therefore, the construction of a broad vision enables broader scope and focus (Francois, 2015).

**Philanthropic Motivation.** Understanding what motivates donors to contribute may strengthen the relationship between donor and charity organizations (Olszewski, 2012). Motivating factors influence why donors donate. The motivating factors fuel donor-agency relations to establish affiliation targeted spending, and community giving. High profile exposure in the community motivates donors to support nonprofit initiatives (Olszewski, 2012). Donors, who identify with the cause and philosophy of an NPO, are likely to make donations (Taylor, 2012). An NPO may inspire a donor, if the NPO leadership maintains high standards in meeting the needs of the community. A donor supports an NPO with a strong connection to society in general, and a clear focus on bettering mankind. A donor will also have an interest in the NPOs record of service to the community. As NPO leaders seek to improve social standards by providing resources influencing change (Akingbola, 2013). Many donors seek nonprofits geared towards

addressing a social phenomenon. Philanthropists continue giving to an NPO when the donation reflects on the achievements of the NPO.

**Connecting with the NPO.** Nonprofit organizations are increasingly reliant on social network mediums to establish connection and commitment from donors. Paypal, Facebook, and e-commerce methods are valuable to NPOs as social media broadens the scope of potential donors and advertises services utilizing technology that eases payment options when donating (Bishop, 2013). Nonprofit leaders must have an understanding of payment channels, particularly online electronic methods, to build relationships fitting the capacity and interests of the donor creating ease for both donors and service agencies.

Nonprofit leaders use technology to identify, connect with, and secure commitment from donors. Nonprofit leaders establish a profile, explain the services provided, and request financial support using the most advanced technological resources with the purpose of gaining attention from large donors (Bishop, 2013). When donors see value in contributing to a cause, for instance, if the donation reflects positively on the donor, the donor may contribute, and continue to contribute as long as the relationship is mutually beneficial (Yim, 2013).

**Endowment of Funds within Nonprofits.** Strengthening extrinsic and intrinsic funding within the nonprofit sector in California creates challenges. The challenges include attracting donors who view the perspective of aiding an NPO as rewarding and beneficial (Randle, Leisch, & Dolnicar, 2013). Many organizations find that endowment of funding creates longevity for the nonprofit organization. Charitable organizations,

such as the American Red Cross and FEMA, met the needs of organizations and gained endowment funding (Randle, 2013).

The American Red Cross blood banks aide many organizations and individuals that are in need of blood. In turn, the companies endow funding to the American Red Cross (Randle, 2013). Nonprofit leaders target issues that address more than just one social issue, rather the privations of many. In addition, according to a census, in 2012, the Government Accountability Office argued that over one-half of nonprofit leaders do not report donations and do not meet regulations in the collection of fundraising. Understating fundraising revenue has been a big issue for nonprofits worldwide (Breen, 2012). Other researchers suggested many nonprofit organizations are intervening financial reports with philanthropic incentives thus allocating less to fundraising expenses (Randle, 2013).

The ability to attract and retain funding is fundamental to the overall success of the NPO. Competing nonprofits seek to serve the same community and tend to express having the same mission (Meiksins, 2013). Some researchers have argued that if NPOs should raise the costs of developing the NPO that serve the same clientele, leading to a decrease in competition of other NPOs who are seeking entrance into the same community (Meiksins, 2013).

**Diversifying to Gain.** As culture changes and people evolve, diversifying is essential to the overall health of the community (Hanock, 2012). Cultures attract change and nonprofits must accommodate a diversified community. People migrate to California from different parts of the country, and many require immediate support from NPOs

(Hancock, 2012). While many gain employment and retain a middle-class lifestyle, many require short and long-term support for NPO services. The challenges in diversifying an NPO may seem minor; however, knowing community culture is fundamental to establishing a foothold in the community. Understanding the community guides an NPO building relationships with various ethnic groups, and populations reliant on social-based services.

In 2007, Americans donated \$300 billion which resulted in 2% of the gross domestic product (Van Natta et al., 2007). The movement resulted in gains for nonprofits whose mission was to support and aid religious foundations, who, in turn, aided cataclysmic natural disasters, including Hurricane Katrina.

**Community Relations.** Reliance on government funding alone will not sustain nonprofit businesses (Stirling & Orpin, 2011). Various sectors of the community support, fund, and assist NPOs through donations, fundraisers, and other worthy initiatives, while other sectors within California rely on services provided by NPOs by receiving food, clothing, and other life necessities (Smith & Barr, 2012). Many nonprofit organizations become mainstream agencies in California (Kurland, 2011). There are 1.4 million NPOs in the U.S. and the nonprofits receive over \$260 billion in revenue since 2009 (Smith & Barr, 2012).

Mainstream NPOs are organizations operating for over a decade with a social standard that other NPOs imitate (Davoudi & Rawson, 2010). For example, the American Red Cross, in existence since the mid 1800s can adapt to economic challenges. Communities served by the American Red Cross became dependent on services provided.

The services include: shelter, food, counseling services and other preventive services that reassure survival. Economic challenges have initiated the American Red Cross as the leader in charity services due to the focus on priority and importance (Davoudi & Rawson, 2010). Not only are the services quantifiable, but must aim to protect the company reputation. Reputation builds a social platform of services that demonstrate social responsibility. Reputation drives donor support (List, 2011). Soliciting grants from the government and other nonprofit organizations assist NPOs in generating revenue for a continuance of services (List, 2011). Factors within the community fostering nonprofit growth include: reputation, building a social network for for-profit organizations and others (Kurland, 2011). Although many NPOs in California face hardships in serving the community, the government of California had in the past, subsidized NPOs.

Communities within California are dependent on services offered through an NPO (Suarez, 2011). The competitive market encourages multiple companies to provide similar services and products within the for-profit sector when the community is strong enough to sustain duplication. Within the nonprofit sector, duplication is complicated based on the need for government support and limited availability of large, committed donors. An NPO leader must ensure the services provided are justifiable to gain needed government support. Thus duplication of services is less likely. For-profit companies face dilemmas in growth within some communities simply because the nature of the community is such that the economy is insufficient to sustain some industries (Svensson & Wood, 2011).

As a result, for-profit companies edge into the nonprofit market by providing similar services, creating significant problems for NPOs (Davoudi & Rawson, 2010). The NPO leaders again, must justify the purpose. Justifying purpose is difficult when serving targeted populations. Services offered through an NPO allow a community to continue to survive and adapt by providing charitable services most residents within the communities in California cannot afford (Meyer, 2011). In California, the population existing below the poverty line, at over 23.5%, justifies the need for nonprofit services (Sankin, 2012).

**Sharing Marketplace as a Hybrid Organization.** Challenging economic conditions force for-profit companies to broaden business approaches and encroach into the NPO domain, to claim business and profits (Wilson, 2009). A hybrid organization presents as having charitable interests, and pairs the interest with an innovative approach to generating profits. Hybrid companies reap the benefits of both the for-profit and NPO sectors (Wilson, 2009). Complex organizations seek to explore relationships to respond to what a society may demand. The advantage an NPO has over a hybrid is the ability to capture large, committed donors. A hybrid will struggle in gaining donations and will ultimately rely on its ability to generate profits (Sokolowski, 2013). The challenge for NPO leaders is to justify a need to donate, hybrids offering similar services successfully, for a profit, create challenges for NPO leaders attempting to demonstrate need.

In the early 1900s, California experienced a recession prompting NPOs to create initiatives supporting California's economic vitality (Hancock, 2012). The NPO leader reaction to the hardship shifted for-profit organizations in the private sector, leaving



NPOs to face challenges in maintaining a foothold in the community (Wilson, 2009). Many for-profit organizations decided to utilize the public sector, while operating in the private sector. To adapt, NPO leaders had to learn to operate with for-profit organizations creating competition for product and service recipients (Eder-Van Hook, 2013). The increased presence of hybrids may diminish the need for NPOs if hybrids are successful. Mobilizing all resources available and creating a strategic direction, may sustain NPOs within complex and varied sectors (Wilson, 2009).

In summary, NPO leaders face challenges in sustaining organizations through economic instability, the influx of hybrid organizations within the NPO sector, diminished reliance on government funding, and the struggle to identify and capture the attention of large, committed donors. Complicating the situation, is the impoverished conditions experienced in California. The NPO leaders must apply innovative strategies to gain community support in exchange for delivering valuable services to society (Hancock, 2012). One mechanism to bridge relationships with the community is to broaden the scope of services provided and responding proactively to catastrophic events. By supporting communities through trauma, an NPO leader justifies need, and establishes a reputation that may appeal to potential large, committed donors. Establishing a reputation for flexibility, responsiveness, and reliability may aid an NPO during economic downturns by establishing a consistent and large donor base (Berlan & Bruno-van Vijfeijken, 2013). An effective NPO leader uses broad resources, including social media, strengthening potentially beneficial relationships, continually seeking large,

committed donors, observing and responding to unstable economic conditions, and continually providing optimal services to the community.

### **Profile of a Committed Donor.**

A philanthropic donor is defined as someone who seeks to promote the health, well-being, and social justice by donating money to good causes as a benevolence (Chatterjee, Rose, & Sinha, 2013). Nonprofit agencies rely upon the generosity and commitment of large donors to ensure organizational sustainability. Identifying, harnessing, and retaining committed long term donors is a primary focus of nonprofit leaders. Donors demonstrate philanthropic interest in specific nonprofit agencies, or causes, which hold some meaning to the donor (Powers, & Yaros, 2013).

The purpose for engaging in philanthropic ventures differs between donors. For instance, a donor may have a particular interest in a cause or social service provided by a nonprofit. Often a donor has personal experience with a particular cause or social issue and contributes portions of revenue toward supporting a nonprofit with a specific focus. A committed large donor may engage in a philanthropic venture solely for the purpose of generating public awareness, and thus, uses philanthropy as a significant strategy for strengthening a nonprofit's capacity to serve, providing great (Gauthier & Pache, 2015). The strategy may serve to draw other committed large donors as supporting causes or social needs gains popularity within the donor landscape (Tilcsik & Marquis, 2013). Most committed large corporate donors establish philanthropic ventures as a means of

marketing goods and services to broader audiences. Committed large donors contribute and market the contributions which support an abundance of services, generating customer awareness, and subsequent loyalty, while building a significant presence within society. Philanthropy as a marketing strategy is successful in drawing long-term, committed customers to a business (Walker & Kent, 2013). A committed donor may engage in a philanthropy venture to create linkages to the community in which the donor lives, or lived. Philanthropy, in this respect, is a means of *giving back* to society (Michon & Tandon, 2012). While corporate donors have a significant presence in nonprofit funding, a singular committed large donating individual demonstrates the longest term commitments to nonprofits (Silverman & Patterson, 2011).

**Philanthropic Benefits to a Donor.** The benefit to the committed large donor include: (a) tax exemptions, (b) improvement in the sense of well-being, (c) contribution to social injustice, (d) strengthened personal or spiritual life, (e) broadened customer base, (f) generates potential revenues through marketed philanthropic venture (g) establishes greater public awareness of cause or social need (LaMeaux, 2014). As a committed large donor aids in the sustenance of a nonprofit, society becomes aware of the services provided by the nonprofits, and potential the key contributors, drawing attention to the potential relationships that may evolve between the donor and community (LaMeaux, 2014).

**Canuck Place, Vancouver.** Canuck Place is a large estate in an affluent area of Vancouver, BC. Canuck Place was established by a wealthy, committed donor, who donated to estate to house the families of terminally ill children receiving treatment and

care at Vancouver Children's Hospital. The endowment sustains the continued building use and grounds maintenance. The home is operated by a nonprofit society offering care, bedding, meals, and comfort for families with children in the hospital. To augment the expenses incurred operating Canuck Place, one of the National Hockey League teams, the Vancouver Canucks, provides additional committed funds paying for the continued nonprofit services offered to families in the facility. The dual committed funding provided by the individual committed large donor, and the Vancouver Canucks ensures the continued service provisions by the nonprofit society. As a side note, each member of the Vancouver Canucks donates time to the Canuck Place, visiting sick children and families as they deal with the traumas facing these young lives. Without the generous support of the two primary committed sources, this tremendous facility and the services would not be available. The vision of the organization is to ensure families do not have the worries of housing and sustenance while coping with more life impacting issues. With the high visibility of the Vancouver Canucks as primary funders of the service, Canuck Place has attracted a very large base of community support from throughout the province of BC and around the world (Gordon, 2014). To draw community involvement in the Canuck Place operation, an annual 5-kilometer marathon generates charitable donations from marathon runners and sponsors from across Canada and the United States. A key philanthropic strategy is to draw public attention to the cause or service through activities appealing to public personal interest, such as exercise (Kabongo, Chang, & Ki, 2013)..

Determining where to focus philanthropic interests depends on three factors: (a) the donor, or company's past philanthropic activities; (b) perceived benefits; and (c) perceived costs. Therefore, philanthropy is not a *one size fits all* initiative for the donor. Each consideration may lead the donor in a different direction. The role of the nonprofit, in this sense, is essential in ensuring the services provided, the benefits and costs to the donor are favorable to draw attention and gain commitment (Ricks & Peters, 2013).

The Toyota Corporation established a philanthropic strategy matching its work philosophy, while providing significant benefit to society. In addition to providing financial support to selected nonprofits, Toyota Corporation also offers skill development to clients of nonprofits to develop mechanical skills. The skills are offered through skilled Toyota technicians to populations otherwise not eligible, due to lacking funds, to attend school to gain basic skills. The concept is, with basic skills, the attendant is more apt to gain an entry-level position within a large automotive facility and begin the process of developing further skills (Kabongo et al., 2013).

Despite obvious advantages, capitalism is also viewed as a destructive and exploitive force. When amassing capital is the most critical value driving a business, company leaders are susceptible to unethical practices, colluding fixed pricing, restricting customer access to products, exploiting cheap labor, and monopolization of markets (Jensen, 2013; Muller, Pfarrer, & Little, 2014). Through a humble beginning, a partnership involving Bill Gates in 1975 grew into one of the world's wealthiest corporations with net earnings exceeding \$85 billion annually. In 2000, with a personal fortune valued at over \$76 billion US, Bill Gates left his leading position as chairman of

Microsoft and set out on a new venture, that of co-chairing, with his wife Melinda, a foundation whose mission is to address the poor living conditions of people throughout the world. The Bill and Melinda Gates Foundation provides funding to NGOs working on the frontlines of the wars against poverty, illiteracy, disease, and starvation (Acs et al., 2013). Bill and Melinda Gates exhaustively seek out areas to invest as a means of creating opportunities, in areas where opportunities do not exist (Morvaridi, 2012). The benefits of philanthropy may far outweigh any costs incurred for the donor. The ability to address social change, reduce exploitation, while putting funds to work for the betterment of others, is a fulfilling endeavor. Nonprofits have the responsibility of aiding committed large donors in ensuring funds are used wisely, managed efficiently, and targeted to the greatest needs (Morvaridi, 2012).

**Summary of Review.** In the literature review, I explored factors leading to the need to capture the attention of large, committed donors. The extent of poverty in California leading to the need for new innovative means of funding nonprofits through economically challenging times drives the need to explore alternate methods of funding to sustain the nonprofit sector in California. The intent in conducting the literature review is to explore strategies used by successful NPO leaders to capture the interest of large, committed donors.

### **Transition and Summary**

In section 1, I provided a detailed explanation of the cases investigated. The loss of governmental support of needed nonprofit community agencies forces NPOs to seek alternative funds to aid long-term sustainability. With demand for social supports to

augment low income, NPO leaders must identify and harness the support of committed large donors. The specific business problem is some nonprofit leaders lack strategies to capture the attention of committed, large donors. Through a series of interviews with NPO leaders, the intent was to identify strategies of harnessing committed large donors to support the success and longevity of NPOs. In section 2, I provide details on the case study data collection and analysis process. I describe the population and participants in detail, and explain how all information gathered remains concealed to protect participants in the study. In section 3, I present the findings of the study, my reflection on the research experience and outcomes, and my recommendations for using these findings to create positive change.

## Section 2: The Project

Section 2 contains a detailed description of the data collection and analysis techniques for the study. I begin with a restatement of the purpose of the study. Then, I describe the role of the researcher in conducting the study. I further provide a description of the participants, ethical requirements, and approaches to gain trust, structure interviews, and protect and store all collected information.

### **Purpose Statement**

This qualitative multiple case study explored the strategies nonprofit leaders apply to capture the attention of committed, large donors. The research strategy involved interviewing three nonprofit organizational leaders from three financially successful nonprofit agencies in California. Interviewing the organizational leaders provided me with information to understand what strategies support long-term sustainability on nonprofit agencies. I believe that California was suitable for my research setting because systemic interdependencies exist between populations reliant on nonprofit services, nonprofit service providers, and potential donors to support nonprofit agencies in delivering needed services (Davoudi & Rawson, 2010). Moreover, Yin (2014) said that a sample of between three to eight participants is adequate for a case study. The study contributes to social change by identifying strategies that NPO leaders can use to successfully acquire committed, large donors, which may support the continuance of their agencies.



### **Role of the Researcher**

My role as a researcher was to collect and analyze data, report findings, protect the integrity of the study by securing records, and protect the identity and data collected from participants. I established a working relationship with participants to ensure an open and honest dialogue throughout the interview and research process. I believe that my extensive experience in leadership lent to my interview skills. I worked in the private sector for over 10 years and understand the importance of establishing key relationships to foster business sustainability. To mitigate potential researcher bias, I ensured that I had no previous relationships with the participants or anyone in the organizations included in the study.

As indicated by the Belmont Report, all research investigations complied with the National Commission of Human Rights of Biomedical and Behavioral Research (CITE). Within this legislation, all research involving contact with human subjects must abide by the requirements of the Belmont Report protecting the beneficence, justice, and respect for participants (CITE). Key requirements are creating an informed consent process, maintaining personal information confidentially, securing personal information, and protecting participants from harm through the research process (CITE).

An interview protocol guided the interview process to ensure consistency of the approach throughout. Rubin and Robin (2012) suggested that using a semistructured interview technique enhances the researcher's ability to gain a detailed account of a participant's experience with a phenomenon. When using semistructured interview questions the intent was to understand how nonprofit leaders capture, appeal and retain

committed, large donors to support business sustainability. As a researcher, I was the primary instrument of the investigation.

### **Participants**

Before contacting any participants, I (a) gained approval to conduct research from the Institutional Review Board; (b) contacted a nonprofit agency in California to introduce myself and the study and gauge interest in study participation; and (c) began agency documentation and website information gathering to support the investigation. By phone, I contacted three randomly selected managers of nonprofit agencies in California. I explained the purpose of the study and invited managers to participate in the study. My reason for soliciting this type of leader is that managers of nonprofit agencies have knowledge of how to capture the attention of large, committed donors (CITE).

Yin (2014) said that a sample of between three and eight is suitable for a case study. To be eligible for the study, participants had to (a) have successfully gained committed large donor(s), (b) have a strategy in place to attract committed large donors, (c) have at least 5 years in nonprofit leadership position, and (d) operate in a geographic setting with no less than 50,000 residents. Participants meeting these criteria engaged in interviews lasting approximately 30 minutes and occurring at a location and time suitable to participants.

I explained the consenting process (Denzin & Lincoln, 2011). I emailed consent forms to selected participants and ensured that they made an informed decision to partake, while building a trusting and collaborative relationship by being open, honest, and available throughout the research process. I also gave each participant a

complimentary 1-2 page summary of the research findings. Purposive sampling ensured the appropriate selection of individuals who provided the most relevant information to understand the phenomenon.

Consequently, I fostered a positive working relationship between maintaining the ethical principles fostered by Walden University. I invited participants to ask any questions during the research process. My intent was to ensure confidentiality by protecting the identity and information of participants and securing all data on a password-protected database as well as preserving all paper documentation in a locked cabinet in my home for a period no less than 5 years. Participants had autonomy to decide to participate or not, and I required no letter of cooperation from the agencies selected due to the leading role of participants within the organizations.

To participate in the study, participants read and signed a consent form. They then returned the form to me within 5 days. The consent form contained (a) the purpose and description of the study, (b) my role in the investigation, (c) my contact information, (d) participant rights to answer some, none, or all questions without penalty, (e) storage and destruction of confidential information (f) and concealment of personal identifiers. No participants withdrew from the study. I assigned code names for participants to conceal identities such as P1, P2 (Sadler, Lee, Lim, & Fullerton, 2012).

### **Research Method and Design**

A qualitative case study was most appropriate to explore strategies nonprofit leaders apply to capture the attention of committed large donors. The following discussion reflects my investigation to determine the appropriate method and design.

After an exhaustive assessment of potential methods and designs, a qualitative case study approach best suited my intent in the investigation.

### **Research Method**

Researchers choose between three basic research methods: quantitative, mixed methods, or qualitative inquiry. A quantitative approach would be appropriate if the intent were to examine how much of a problem exists (Bernard, 2013). I intended to investigate perspectives on gaining commitment from large donors; for this reason, a quantitative approach was not suitable. Mixed methods include a quantitative element, thus, was unsuitable for the study (Rubin, 2012). A qualitative approach was suitable as the intent was to gain a deeper understanding of decision-making processes leading to the successful acquisition of a committed donor (Rubin, 2012).

### **Research Design**

A qualitative researcher chooses between a wide variety of designs; yet, the following five are most popular: ethnography, phenomenological approach, grounded theory, narrative research, and a case study approach. I considered each of the qualitative approaches for the study; however, a case study was most appropriate for gaining a deeper understanding of how financial decisions are made in the nonprofit environment. A researcher uses an ethnographic approach to explore cultural factors influencing decisions. There were no specific cultural aspects to note for the study for this reason I did not choose the approach (Denzin & Lincoln, 2011). A narrative approach is suitable for researchers conducting a personal biography, developing life stories. The intent of the study was not to develop life stories, but rather to understand perspectives on a

phenomenon; for this reason, a narrative approach was not appropriate for the study. I considered a phenomenological approach; however, a phenomenological study, in this context, required a large sample size; therefore, I did not use the approach (Page, Bermoth, & Davidson, 2014). Grounded theory involves the development of new theory. My intent was not to develop new theory. Therefore, grounded theory was inappropriate for the study (Bernard, 2013). My intent was to conduct a case study investigating successful NPOs and the acquisition of committed, long-term donors. Moreover, it is ethically considered that participants invited to interview will understand that they have a choice to provide any physical artifacts. Even if they did not submit any physical artifacts they were still considered to interview.

### **Population and Sampling**

The population for the investigation consisted of nonprofit managers who: (a) had successfully gained committed large donor(s), (b) had a strategy in place to attract committed large donors, (c) had at least 5 years in nonprofit leadership position, and (d) operated in a geographic setting with no less than 50,000 residents. See the consent form (Appendix A) for criteria to participate in the study. I interviewed three managers drawn from three nonprofit agencies in Southern California. Currently, there are more than 100,000 agencies in Southern California who acquired the support of long-term donors, making up the population the sample is drawn from. I used purposeful sampling, drawing initial appropriate nonprofits meeting the above criteria, and invited them to participate in the study. Suresh and Chandashekara (2014) argued to understand research fully, the researcher must utilize a correct sample size to limit bias within the study.

I made initial contact through the phonebook and asked to speak to the executive director of the agency. I did not require a letter of cooperation as the participants maintained the highest position within the agency and had the needed autonomy to determine the suitability of participating in the study. I communicated with participants using three mediums: (a) phone for initial contact, (b) Skype for interviews to capture observable nuances, and (c) email to answer questions posed by participants during the investigation. I recorded interviews using a recording device. I notified participants of the use of the recording device, safe storage, and deletion of recorded material after a period of 5 years. A semistructured interview technique provides an opportunity for participants to elaborate on perspectives and experiences (Rubin & Rubin, 2012), which may enhance my understanding of how to capture the attention of large, committed donors. Skype interviews suited the time schedules of participants. Interviews continued until the study reached saturation, at which point the interviews stopped. Saturation refers to the point at which the collection of data adds no new information (Moustakas, 1994). Within-method triangulation ensures ample information contributes to the understanding of how to capture the attention of large, committed donors to nonprofit agencies. Available documentation and physical artifacts located at the agency, or an agency website, triangulated the study.

### **Ethical Research**

Researchers must apply acceptable standards when conducting academic investigations (Van Deventer, 2009). I established rapport with the participants in the study. The ethical approach to research commenced with the development of a sound

method and design, choosing a suitable population able to respond to sound interview questions targeted to gain a deeper understanding of capturing the attention of large committed donors, and designing ethical questions and interview techniques that posed limited risks to participants. The initial contact with potential participants provides an opportunity to gain consent to engage in data collection. Researchers have a duty to protect the identify of participants (Yin, 2014). Each participant received a code (P1, P2) to protect their identity before, during and after the research process. The consenting process included: (a) an introduction of, and invitation to participate in, the study; (b) a biography of the researcher, and a description of Walden University; (c) an explanation of the interview process and the rights to terminate the interview at any point without consequence; (d) to recording process; and (e) the secure storage of all data for a period of 5 years, followed by the safe destruction of interview materials (see Appendix A). Participation in the study was voluntary and participants received no incentives for participating. Participants received no incentives for participating in the study. Incentives may influence participant responses creating biases in the study (Pringle, Hendry, & McLafferty, 2011).

### **Data Collection Instruments**

In qualitative research, the researcher is the primary instrument of the study (Xu & Storr, 2012). Additional instruments used to conduct the study included (a) a semistructured interview technique, asking open-ended interview questions targeting the strategies to capture the attention of large committed donors to nonprofit agencies, (b) a recording device, (c) a computer for the use of Skype, (d) pen and pencils to write down

any clusters, themes or any confused information that needed more clarity, (d) a phone, and (e) the interview questions worksheet. Bernard (2013) stated recording interviews captures the essence of the spoken word clearly enhancing the interview and data analysis processes. Rubin and Rubin (2012) indicated using a semistructured interview technique helps to gain detailed accounts of participant experience. Denzin and Lincoln (2012) suggested researchers use triangulation, drawing from multiple sources to understand a phenomenon. Within-method triangulation involves the use of additional available sources supporting the central research question to enhance the validity and reliability of a study (Denzin & Lincoln, 2012). Yin (2014) indicated various sources may support data triangulation suggesting documentation and physical artifacts as useful. Physical artifacts were used to demonstrate how effective the NPO solicited, lobbied donors, and proved every aspect of the mission was built on being current with the changing times to include being apart of the technological age.

Shenton (2014) indicated member checking increases the validity of a research study by ensuring the researcher interprets participant contributions accurately. An interview protocol guided the interview process, and member checking ensured the accuracy of data collected from participants. Member checking involved contacting each interviewee following the interview, sending the participant my interpretation of participant responses to questions, and asking the participant to review the content for any errors, then make corrections and return the document within four days. All errors were corrected and identified by participants in the member checking process. See



Appendix A for the Consent Form, Appendix B for interview questions, and Appendix C for the interview protocol.

### **Data Collection Technique**

This qualitative case study explored the strategies nonprofit leaders might apply to capture the attention of committed, large donors. I used various techniques to collect data for the study. Key techniques included: (a) semistructured, open-ended questions delivered through Skype; (b) documentation retrieved from participants related to the study, such as memos, activities, evidence of commitment, and outcomes; and (c) physical artifacts such as websites, signage, and brochures, and (d) phone. Rubin and Rubin (2012) argued using a semistructured technique aids in gaining a detailed account from participants. Semistructured open-ended questions were advantageous due to the ability to gain new unscripted information exposing unique experiences. Appendix B provides the interview questions used for the study. To enhance the interview process, I used paper and pencil to record subtle nuances such as body language and gestures. I also used a recording device, and a clock to monitor time. Member checking enhances validity by ensuring the researcher interprets interviews accurately (Marshall & Rossman, 2011). I engaged each participant in member checking to confirm the accuracy of my interpretation of the data collected through interviews. To member check, I provided each participant with my interpretation of the recorded interview, asked each participant to verify my interpretation matched the participant intended perspective, and made needed changes for accuracy within the collected data.

### **Data Organization Technique**

Maintaining order enhances the researcher's ability to recall information, and protects participant confidentiality. To ensure recall, all computer-stored information has information entry dates, topic headings, and remain stored in appropriate files. To maintain confidentiality to protect the identity and information shared by participants, I will ensure the computer is password protected, and all documents, flash drives, and recording systems remain securely contained for at least 5 years as suggested by Arrieta, Uribe, Ramos-Grez, Vargas, and Tejos (2012), and Smalls (2011). I used three methods of data collection for the study: interview recordings, notes to capture nuances, and documentation and artifacts to triangulate the study as suggested by Yin (2014). The documentation collected in the study included financial records, electronic communication, and memos. Physical artifacts included business websites, bulletins, and brochures. Codes replaced participant names to protect identities (P1, P2). Through the application of the strategies to protect confidentiality, participants established greater trust with the researcher, engaging honestly in the interview process, trusting the integrity of information shared remains protected during and following the study period.

I used pencil and paper analysis for the study. Researchers apply traditional pencil and paper analysis to interpret meaning from a spectrum of information collected, while computer analysis provides positive and negative statements limiting the scope of interpretation (Bright & O'Conner, 2007). I used an Excel spreadsheet to record, cluster, and draw themes from interview data and secondary sources. I entered all data onto an Excel spreadsheet and applied the following process: (a) I read all interview responses,

highlighting any themes, creating a quality analysis as suggested by Yin (2014); (b) I coded themes of information to assist in drawing themes together; (c) I drew meaning from the gathered themes seeking a deeper understanding of the phenomenon as suggested by Yin (2014); (d) I securely stored all related information for a period no less than 5 years; and (e) after 5 years, I will physically destroy all collected information, and erase all electronic information from my computer.

### **Data Analysis**

The purpose of this qualitative case study was to explore what strategies nonprofit managers apply to capture the attention of large committed donors. The conceptual framework guiding the study was two theories, government failure theory and independence theory. Government failure theorists expand the public choice literature proposing the dissolve of government funding of social services forced communities to establish private funding to offer services. As private funding depletes, outreach services fail, leaving society reliant on services augmented through taxation. The challenge for society becomes accommodating diverse needs from generic services. Independence theorists argued services delivered through main social arteries may find greater success, and greater donor support as donors may support an agency the government deems appropriate. Further, if the programs offered through established large institutions experience funding issues, public outcry and political influence may lead to replenishment of funds (Lecy et al., 2012). However, both government failure theory and independence theory accept risks associated with donor commitment linked to geographic

density (Matsunaga & Yamaushi, 2004), and program success that may indicate to donors that agencies do not require additional funding (Lecy et al., 2012).

Data analysis requires six steps: (a) gathering the transcribed data from the interviews (Bloomberg & Volpe, 2012), (b) drawing repeated words and phrases onto a Excel spreadsheet, (c) forming and coding clusters of information into themes, (d) drawing meaning from the clusters of both common and unique information, (e) member checking and (f) triangulation. To keep participant contributions distinct, I assigned codes to represent each participant (P1, P2). I added the information drawn from documentation and physical artifacts applying the same four steps to ensure all relevant data contributed in the data analysis phase (Bloomberg & Volpe, 2012). The data within this spreadsheet guided the analysis process identifying key points, common perspectives, and unique contributions. For example, of a scale from 1-10, with 10 being the highest, which question is of vital importance and 1 being least important. The spreadsheet noted all the questions as a formulated response. The end result aided in coding, identifying themes and mind-mapping. Moreover, all data within the Excel spreadsheet is password protected and secured in my home office for at least 5 years.

Abhayawansa (2011) argued a well-articulated data analysis process permits for an easily understood approach when read by other researchers or business stakeholders. With only a small sample used in the study, there was no need to use a data analysis software program; rather, I used a multi-use Excel spreadsheet software program. Once I placed all information, including interview content, gathered from documentation, as well as any information from agency physical artifacts including bulletins, brochures and

signage, onto the spreadsheet, I identified and link commonalities giving each a code to conduct a thematic analysis of each case, document, and triangulate. Fade and Swift (2011) indicated coding aids in grouping information to identify themes in research. Researchers create clusters of common information to generate themes within the collected data (Bloomberg & Volpe, 2012).

Traditional pencil and paper analysis is the best approach to interpret meaning from data (O'Conner, 2007). I used both pencil and paper analysis and an Excel spreadsheet to list all data collected. I highlighted words and phrases repeated throughout the data and coded and placed each into grouped categories. Thematic analysis helped to interpret and link findings through methodological triangulation.

### **Reliability and Validity**

#### **Reliability**

A researcher conducting a case study ensures reliability by establishing sound practices that are (a) repeatable, and (b) able to produce consistent results (Eeva-Mari & Lili-Anne, 2011). A researcher who follows the case study protocol, or audit trail, of a case study and has consistent results, demonstrates dependability (Street & Ward, 2012). The creation of an audit trail entails (a) identifying the purpose of the case study, (b) outlining the participant recruitment process, (c) explaining data collection steps, (d) describe data interpretation, (e) illustrating study findings, and (f) establishing credibility by sharing techniques used (Jiang & Cao, 2011). An audit trail for the study may aid future researchers in broadening again, the understanding of alternative funding strategies

used by NPO leaders. The use of an audit trail assisted in assessing the success or failure of attempting to gain the attention of committed large donors.

The case study protocol included an interview protocol (see Appendix A). The interview protocol assisted me in ensuring consistency, repeatability, and reliability of the qualitative investigation. The interview protocol included (a) ensuring the central research question aligned with the interview questions; (b) recording, documenting, and collecting data; (c) securely storing all personal information on a password-protected database, and in a locked cabinet; (d) applying case study protocols to ensure consistency; and (e) destroying all personal information after 5 years (Kearns, Bell, Deem & McShane, 2015).

### **Validity**

Three strategies ascertained validity of a case study, namely, credibility, transferability, and confirmability. Credibility, or integrity, is a research attribute achieved only through the validation of participants. Through member checking, the participants identify misinterpretations or confusion in the recorded and transcribed data, and participants work with the researcher to make appropriate changes to ensure the accuracy of the data collected (Shenton, 2014). According to Lincoln and Guba (1985), member checking aids the researcher in understanding the worldview of the participants while Mero-Jaffe (2011) stated member checking may improve reliability, validity, accuracy, and credibility of qualitative research. I used member checking to identify and correct misinterpretations to increase the accuracy of the data collection process.

A researcher achieves transferability of a study by applying the study results to other locations or agencies. The information sought in the study may assist other organizations seeking to harness the support of committed donors and may find the results of the study helpful in developing funding strategies. Generalizability refers to quantitative inquiry findings from one study apply to a wide range of locations, agencies, or industries. Generalizability is not a characteristic of qualitative inquiry, rather confirmability asserts that researchers confirm results by repeated practices and similar results.

Several strategies apply to ensure validity of a study including (a) triangulation, (b) member checking, (c) following a conceptual framework, and (d) applying thick, rich description (Xiao-Hua, Zhang, & Yang, 2012). Rubin and Rubin (2012) indicated the use of a semistructured technique enhances the researcher's ability to gain a detailed account of a participant's experiences with a phenomenon. Denzin and Lincoln (2012) identified four types of triangulation: investigator, data, theoretical, and methodological triangulation. Within-method triangulation expands the sources used within the data collection approach to include various techniques and resources, for instance, combining a semistructured interview technique with documentation (financial records, electronic communication and memos), as well as physical artifacts (bulletins, brochures, and business websites) to triangulate the research (Denzin & Lincoln, 2012).

Investigator triangulation incorporates the approaches of multiple researchers in the research process, theoretical triangulation incorporates multiple theoretical positions, and methodological triangulation incorporates multiple methods in collect data, and data

triangulation incorporates various forms of data to triangulate the data (Denzin & Lincoln, 2012). Data triangulation enhances the credibility of the study (Denzin & Lincoln, 2012). I triangulated the data by using semistructured, open-ended interview questions, documentation (financial records, electronic communication, and memos), and physical artifacts (websites, brochures, and bulletins) to explore the phenomenon.

Yin (2014) suggested using within-method triangulation, incorporating various forms of information to enhance reliability and validity of a case study. Member checking involves reviewing participant contributions with participants to verify consistency between my interpretation and participant intentions to ensure accuracy in the study (Shenton, 2014). The conceptual framework guided the study maintain alignment between theory and the problem investigated.

### **Transition and Summary**

In this section, I described how I conducted the case study on how NPO leaders capture the attention of committed large donors. Also, in this section, I explained my role as researcher, the participants and how they were recruited. Additionally, data collection, analysis, and interpretation techniques dominated the Section 2 discussion, along with an explanation of research reliability and validity. In Section 3, I presented the findings and describe how the findings apply to professional practice, including the potential implications for social change. Within the recommendations section, I suggested opportunities for further research on the topic of NPO and committed large donor collaboration. Finally, I reflected upon my research experience, how the experience



changed, or strengthened my perspective, and how the experience lends itself to a deeper understanding of the phenomenon.

### Section 3: Application to Professional Practice and Implications for Change

#### **Introduction**

The purpose of this qualitative case study was to explore how two conceptual frameworks guided this study of nonprofits who relied heavily on either: government failure theory and/or independence theory. I wanted to determine how many nonprofits in Southern California strategized to capture the attention of committed, large donors. Criteria for participating in the study included: (a) holding a managerial position for at least 5 years, (b) successfully gaining committed large donors, and (c) operating in a geographic setting with no less than 50,000 residents.

I collected data from interviews, documentation, and examined virtual physical artifacts such as company websites that included information on agencies' longevity, services, mission, and means of soliciting donors. I conducted interviews via Skype and video conferencing software with NPO managers, which allowed me to gather information regarding current and ideal ways to attract committed, large donors. The population for the study was nonprofit leaders in Southern California. The sampling method was purposeful sampling, while drawing initial appropriate nonprofits meeting the criteria sufficient to participate in the study.

In analyzing data, I identified the following themes: (a) the cultivation of donors, (b) building personal relationships with donors, (c) promoting the mission, (d) understanding relationship contribution, and (e) detailing directly to donors what the donation may accomplish and communicate each milestone to donors. When a NPO leader cultivates a relationship with a donor, this solidifies that the donor may repeatedly

donate. Even the small donor adds to the nonprofit. The continuity of the donor reflects the 80/20 rule where 80% of a nonprofit's income is generated from all of its individual donors (Mersland, 2011). It is imperative to have a solid mix of large and small donors, however. This allows the nonprofit to benefit from all sources of donations, especially if the larger donors do not donate. A lot of \$10 gifts can make a large \$10,000 gift. Cultivating a donor encourages longevity leading to commitment and stewardship, which are principles for which a nonprofit strategizes to obtain (CITE). As one participant said in an interview, it is all about the *rights: right mission, right time, right amount, right person donating, and right person asking.*

Advertising is essential in the pursuit of donors. Nonprofit leaders could either use direct mailings, buy a mailing list, or, build a network formed around word of mouth. SP1 suggested that “when a nonprofit uses direct mailing, this is like a new donor acquisition.” Mass media, radio advertisement, online solicitation, and building a brand within a network are all significant means of promoting new donors (CITE). While advertising costs may rise, the benefits in gaining new donors are prominent in keeping, sustaining and evolving the innovative, distinctive nonprofit.

### **Presentation of the Findings**

The central research question was, What strategies might nonprofit leaders apply to capture the attention of committed, large donors? The findings evolved from participant interviews and available physical artifacts. I conducted interviews through Skype and with a phone.

Table 2 provides the demographics of each nonprofit agency included in the study.

Table 2

*Demographics of Local Nonprofits in Southern California Included in the Study*

	Nonprofit 1	Nonprofit 2	Nonprofit 3
# of employees	16	3	5
Activities	Fundraising	Environmental Relations	Helping the homeless
Purpose	Help the homeless	Reduce youth violence	Supports the homeless
Gender	Male	Male	Female
Years in Profession	7 years	16 years	56 years

The physical artifacts included in the study were social media websites and internet reviews from nonprofit databases. The interviews entailed asking innovative, strategic, open-ended questions. Member checking was my strategy for ensuring that the information collected through interviews was accurate. I recorded, coded, transcribed, and analyzed the interviews and other collected information to identify themes. I took written notes during recorded interviews to capture additional nuances so that I could

understand and interpret responses thoroughly. Triangulation involved interview data and physical artifacts (websites and social media). Data collection continued until the study reached saturation, at which point I stopped the interview process. As explained to the participants, all information gathered will be kept confidential. Data gathered are securely stored in my home office and is password protected on a personal computer and USB drive. All data will be shredded after a 5-year period. Subsequently, the data collection process provided saturation, inundation, and diffusion.

The themes that emerged from data analysis included (a) the cultivation of donors, (b) building personal relationships with donors, (c) promoting the mission, (d) understanding relationship contribution, and (e) communication and appreciation for donor support. In the following sections, I describe the themes evolving through the data analysis process and link each theme to the literature review and conceptual framework.

### **Theme 1: The Cultivation of Donors**

Understanding the needs of the community is essential in gaining donor support. Identity salience and relationship satisfaction contribute to supportive behaviors in the nonprofit charitable sector (Taylor, 2012). Many donors say that giving to a nonprofit is a way to support their community (CITE). Cultivating the relationship with the donor means understanding the donor's interest and motivation for donating. Once a donor identifies with the mission of the nonprofit, cultivating that relationship is important (Yoshioka, 2014). Cultivating the relationship means not only understanding the needs within the community, but also, the needs of the donor. When a nonprofit acknowledges that they have donor support, they must reaffirm the direction of the mission to the donor.

The nonprofit leader must stay in contact with the donor by providing updates. Keeping the donor enlightened requires distribution of newsletters, individualized letters, phone contact, and recognition on the website. When the donor supports the mission, and can see where the donation is distributed within the nonprofit, they are likely to donate again. Nonprofit leaders do not want to be *too pushy*, but, want to establish a relationship that may encourage other donors.

Government failure theorists postulated that a positive correlation exists between a government's withdrawal of services and greater donor support (Lecy, Van Slyke, & Young, 2012). Matsunaga and Yamaushi (2004) argued the larger the community, the less government support targets populations in need, leading donors in larger communities to identify and fill needs. Table 3 reflects participants views on the cultivation of donors. SP1 mentioned that the specific benefit of the donor commitment derives from the need to help someone. While many Californians have enough resources to survive, there are many whose survival is threatened by hardship, loss of employment, and family dysfunction. This specific benefit of the donor is allowing the donor to understand why these occurrences in the economy happened and why the nonprofit is driven internally to help others. While SP2 argued that the benefit of most donors is a tax write-off, he also suggested that many donors like to see the mission into fruition. When a nonprofit decided to increase capacity or expand its' mission, many donors see this benefit as a deemed investment. As the nonprofit continues to flourish, many donors feel that they have made a difference and want to be a part of an organization that's progressing forward. SP3 elaborated that the specific benefit is the commitment to see it

through. While this nonprofit still has donors committed since 2005, they feel that the commitment should be strong between both parties. The donor who wants to see the mission reflect independence within the community and the nonprofit, the benefit to stay consistent and driven to its' mission expectations. Advertising the nonprofit is the foremost way to make initial contact with the donor (Brooke, 2012).

All participants, 3/3 (100%) indicated a potential donor may hear about the nonprofit agency through a radio broadcast, advertisement, online website, direct mail, or other mass media. Advertising informs the donor of the mission and purpose of the nonprofit agency. Advertising allows potential donors to see how the nonprofit responds to a growing need within the community. Another point of contact used to establish networks of donors is relatives, friends, and community members. SP1 indicated an introduction through these relationships helps the prospective donor see how the mission of the organization matches the community need. While SP2 mentioned that buying a new mailing list every time you move the mission to a new disciplinary is a great source to solicit new donors. SP2 also stated that cold calling has shown an increase between 1-2% in new donor acceptance. SP3 concluded that if the nonprofit mission aligns with another organization such as a church, community center, etc. these organizations can collaborate with your nonprofit to solicit donors.

SP1 mentioned that the specific benefit of the donor commitment derives from the need to help someone. While many Californians have enough resources to survive, there are many whose survival is threatened by hardship, loss of employment and family dysfunction. While SP2 argued that the benefit of most donors is a tax write-off, he also

suggested that many donors like to see the mission into fruition. When a nonprofit decided to increase capacity or expand its' mission, many donors see this benefit as a deemed investment.

As the nonprofit continues to flourish, they at times feel that they have made a difference and desire to be a part of an community that's progressing forward as indicated by SP1. SP3 elaborated that the specific benefit is the commitment to see it through. While this nonprofit still has donors committed since 2005, they feel that the commitment should be strong between both parties. The donor who wants to see the mission reflect independence within the community and the nonprofit, the benefit to stay consistent and driven to its' mission expectations. SP1 argued that the cultivation of donors whether big or small should receive the same amount of attention, and this may lead to a long-term commitment by all donors, large and small. SP1 added, cultivating means longevity, longevity means commitment and commitment means stewardship. SP2 implied that large donors do aide and support but not necessarily establish the longevity. However, when a nonprofit allow for unrestricted types of donations including planned giving, estate giving, will giving and stock to stability, this will cultivate the mission but when a nonprofit commit to the donor's perspective, this cultivates the donor. Moreover, SP3 stated that the commitment is strong whether large or small, but there should always be a need for more.



Table 3

*Theme 1: Cultivating Donor Relationships*

Selected Participants	Reflection
SP1	...cultivating the donor relationship is important as it establishes survival of the fittest. The more loyal you are the more likely you will receive more gifts.
SP2	Fundraising is about relationship
SP3	Staying connected, being respectful and communicating all events creates a donor relationship

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An additional source of information gathered for this case study was physical artifacts. There were various sources of physical artifacts that contributed to an understanding of the phenomenon such as internet websites, nonprofit databases such as donor/customer reviews, and and social media outlets that addressed how nonprofit agencies viewed themselves as leaders in the private sector, and in the community. As I explored these physical artifacts, a consistent pattern was the nonprofits depended on their community, and their dependence is solely beneficial to the community. The conceptual framework underscored the need for nonprofit agencies to become self-reliant as government funding targets mainstream social needs such as education or recreation needs. A further noted factor from the conceptual framework is donor decisions to

donate may primarily reflect those charities supported by the government, assuming these agencies hold more credence or potential for recognition as being a valued charity. The concern raised by non-profit leaders is the charities fall through the cracks, achieving little if any government support, leaving non-profit leaders to identify and capture the attention on large committed donors through other means, such as those identified as potential remedies in the research.

### **Theme 2: Building personal relationships with donors**

A nonprofit's network system is a vital part of the organization. Understanding what motivates donors to contribute may strengthen the relationship between donor and charity organizations (Olszewski, 2012). When a nonprofit builds a relationship, it builds a network. Whether it be the neighbor next door, the plumber that fixes the toilet, or the mailman that delivers mail, these are all worthy relationships that can build and attract committed, large donors (Seaman, Wilsker, & Young, 2014). Building, cultivating and committing to these networks encourages longevity. SP1 suggested that when a nonprofit commits to its' mission and shows true stewardship that builds a loyal donor base, a satisfied customer and a loyal customer almost always donates again. Lecy et al. (2012) argued while communities unite to support the less fortunate, they theorized governments are less likely to support these efforts and generate greater focus on systems that support the larger population such as schools, and other institutions. Leaving charitable organizations dependent on the generosity of donors. This, in turn, underscores the importance of networking efforts of nonprofits to capture the attention of large donors to secure the longevity of services.

Prior to gaining the support of committed large donors, 3/3 (100%) of participants explained they relied heavily on depleting government funding, volunteers, and sporadic services offered. SP2 concluded that each nonprofit experiences a season and the nonprofit must decipher when to contract, when to solicit funds from individual donors, and when to apply for a grant, as these grants do have deadlines for submissions. 3/3 (100%) of participants identified stewardship as a key component of the nonprofit missions and linked the nonprofits to the larger community. SP1 specified that the agency in which they worked understood how to attain funding and found a donor pyramid to use as a model, where the small donors on bottom to work towards the top of the pyramid, but implied that a lot of \$10 gifts can make up one large \$10,000. SP2 stated, don't count out the small donors. Moreover, SP2 indicated grants made up the primary funding for the nonprofit. SP2 also implied that 20% of the funding came from the Corporation, 80% by individual donors as well in some instances 80% of funding came from contract or government contracts and 20% by individual donors.

All participants, 3/3 (100%) indicated cultivating donors was essential for the sustainability of the nonprofit agencies. Being attentive, responding promptly, inviting donors to events, were trends that a nonprofit should adopt when a donor donates. SP1 stated that nonprofits should have other avenues of funding in place, just in case of a downfall of donors. The relationship however, should be communicated throughout the life-cycle of the donor. Once a donor realizes their importance to the mission they are more apt to donate again. SP2 stated that unless specified by the donor, there should be limited restrictions given to the donor. Donations should be unrestricted and this

establishes a balance between the donor and the nonprofit. Nonprofits should accept any size of donations.

All participants 3/3 (100%) suggested branding a nonprofits name sets them apart from the others. While the competition at times may be strong, what sets them apart lies within their mission. SP1 suggested what sets nonprofits apart from each other is how they treat their donors, communicate their mission, and establish a success rate of those supported by the mission. SP1 articulated that what sets them apart is who they are. The donors who donate usually are people who have a strong value system that understands that helping others is important to changing the community. SP2 indicated that the mission, nature of the work, and its ability to be innovative and distinctive while focusing on building relationships in the community, set them apart. Moreover, SP3 implied that, don't go chasing people for money. The money will come. Your value should rest in your mission. That's what set them apart. Table 4 highlights what participants said about building the network and its value.

Table 4

*Theme 2: Building Relationships That Increase Network Value*

Selected participants	Reflections
SP1	The greater the impact you have on your donor the greater the significance it would be to the donor. Don't spend too much time prospecting donors, but rather cultivate and build.

SP2	Most of the donations received, came from personal relationships, word of mouth and a direct recipient of a friend.
SP3	Have good relationships that pass the word, you never know who may donate.

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The websites for each nonprofit explained why it is important to donate to their organization such as; [www.losangelesmission.org](http://www.losangelesmission.org). Whether for helping the homeless or understanding preventive measures in dealing with environmental concerns, they all displayed the option to donate and gave a brief synopsis on what was involved in their mission. Website usage is vital as a primary source of information in the technology age, where the internet is where people go to get information. SP3 however, did not have any internet access as they were restructuring their webpage, SP1 and SP2 provided some vital information that could be useful for any donor to regard.

SP1, provided ongoing reviews from the customers they supported and how they were able to find the help they needed. This website included different ways to give/donate, an option for those seeking help and some links addressing the types of services rendered from, including how many they support in terms, of those serviced needing shelters, clothing, and food. SP2 focused on building a community through nature. They gave updates on upcoming events, how to get involved and of course, how to donate and become a lifelong member. These artifacts were user friendly, pleasant to the eyes, and provided enough information so that any donor could understand where their money was going to be used and how to donate. I found these websites to be informative and insightful. I do understand why these websites would contribute to the

likelihood of the donor to continue to donate as they exemplified fulfilling a need that contributes to building a community. Underscoring the loss of government funding while such funding is reserved for mainstream social needs such as education and recreation. To complicate this Government theory, donors commit to charitable agencies who receive government funding as a means of offering recognition to the donor. The dilemma becomes, government agencies do not support nonprofits, forcing non-profit leaders to identify and capture the attention of large committed donors, through other means, as noted in the research.

### **Theme 3: Promoting the Mission**

One of the most important factors valued as a nonprofit is the mission (Brooke, 2012). A mission is a social, environmental or personal stance in which a nonprofit identifies lacks solutions to existing problems that derives within the community. When donors see value in contributing to a cause, for instance, if the donation reflects positively on the donor, the donor may contribute, and continue to contribute as long as the relationship is mutually beneficial (Yim, 2013). A mission provides a source of support, social connection, and economic sustenance to those in need. Donors draw to organizations demonstrating a strong connection to the community. Nonprofits that share the mission experience with donors: (a) acquire loyalty from the donor, (b) foster a strong understanding of services provided to those in need, and (c) develop further donor support through networking.

Sharing the mission experience with donors further fosters greater financial support for the purpose and activities of the mission. Although throughout this study it is

acknowledged that many nonprofits are 20% funded by donors, there are others who rely on donor support at a 70% rate to support business longevity thus, promoting the mission to donors is critical (Breen, 2012). Matsunaga and Yamaushi (2004) theorized the broadened dependence on donor support results from a lack of government funding. Government funding depletes as societies expand, creating a larger pool of potential donors to support those in greatest need (Marsunaga & Yamaushi, 2004).

SP1 noted that connecting more with donors nurtures the nonprofit/donor relationship. An outlined mission that is relatable promotes a solid mix. Moreover, SP2 mentioned that focus, and brand, establishes a presence, being the reason why they have seen an increase of donors within the last 5 years. Finally, SP3 recognized that promoting the mission and building a network establishes a distinctive competitive advantage. 3/3 or 100% of the participants explained the need for immediate support and the lack of availability of government funds to address immediate need. SP1 mentioned that individual donors were a primary source of their nonprofit funding due to limited government support. Gaining access to new donors is difficult as various nonprofits compete for donor attention.

However, SP2 specified that grant funding was the most viable source to launch a nonprofit. SP2 also indicated that attaining grant funding through government contracts was highly competitive as all nonprofits compete for government grants. Many governmental contracts are available through many local government agencies, such as City Hall, or the Urban Institute; however, the availability of funds will not sustain a nonprofit. Moreover, SP3 commented that outside volunteers and relatives were primary

support. All participants (3/3) 100%, discussed the importance of fundraising and the value of advertising in generating support, and through these initiatives, they draw the attention of large donors. SP2 discussed the goal of increasing the capacity to serve, indicating the goal has two key components, first, establishing direct allocated funds to specific program and have no reserves for additional programs, and second, establishing a need to expand beyond current capacity to meet an expressed social need. Baker et al. (2011), argued that nonprofit leaders must always look ahead, become innovative, and distinctive. Additionally, SP3 commented that the process required patience, dedication, and endurance.

SP1 indicated within Southern California, there has been a shift in the donor and the recipient within the past few years. However, as long as the nonprofit provides a reassurance of difference to that donor, it could result in long-termed donor support. While the life-cycle of the donor may differ, educating, informing and showing appreciation, cultivates the donor relationship and how they may continue to support the nonprofit. Giving thanks and showing appreciation of that donation, regardless the size of the gift can lead to a donor repeating support. SP2 indicated that when a nonprofit teaches principles and how to apply them socially, while addressing interdependence, diversity, acceptance, and sustainability, the teaching is vital to the social fabric of the community.

A nonprofit's commitment to the eco-system, could lead to a long-term donor commitment. SP3 established that when a nonprofit is honest, truthful, works hard to make the mission valuable and stay committed, this fosters donor commitment. A nonprofit leader should always demonstrate appreciation, continuous communication of



the development of the mission and inform donors to network, to build rapport, and reputation. The more people know, the more likely you will get more donors. A nonprofit leader should always mention that each donation is a tax write-off, especially to large donors. Table 5 includes the participant's comments regarding promoting the mission.

Table 5

*Theme 3: Promoting the Mission*

Participants:	Comments:
SP1	Cultivating donors around the mission means longevity, commitment and stewardship
SP2	The mission is like a personal relationship
SP3	The mission is to promote a large organization, this results in cultivating donor relationships that allow donors to see what you are doing. People who donate are a part of that infrastructure of that large organization.

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I encountered a website that allowed customers and donors to review the services rendered through a nonprofit. This database provided information about the nonprofit in terms of the services rendered, updates as to upcoming events, and allowed each patron to write a review. The website also provided a synopsis as to how much the nonprofit made and gave the option to buy a financial report about the nonprofit. I found through the

reviews by customers and donors, that the website also mentioned programs longevity, gave examples of what the program looks like and how that nonprofit views the long-term success for the program. I found this information useful as a donor as it allowed me to see the long term implications of the specific programs, the costs associated, and how the programs were implemented.

#### **Theme 4: Understanding Relationship Contribution**

Responding to decreased government funding, NPO leaders broadened the search for alternative sources of funding (Mohammed & Yusif, 2012). Campaigns to generate public support grew, targeting churches, social groups, organizations, and large donors. The loss of key government funding and the economic downturn drive the need for large committed donors (Mohamed & Yusif, 2012). Matsunaga and Yamaushi (2004) argued governments decrease support for nonprofits placing more demands on nonprofits to gain support through donations. Ultimately, the greater the donor support, the less governments can justify providing support, thus creating dependent relationships between nonprofits and donors (Matsunaga & Yamaushi, 2004).

Relationship contribution is realizing that all relationships that co-exist in the presence of nonprofit organization are vital to the overall communal development of the donor pool of that nonprofit organization. SP1 professed that fundraising is about relationships. The multi-channel communication theorem suggests that inviting, asking, mailing or any sort of solicitation, results in a relationship being established. SP2 declared that the relationship established between the nonprofit and donor should, in and of itself, lead to continuous generous donations. Additionally, SP3 asserted that staying

well connected, creates respect, loyalty and reputation. SP1 indicated that why donors choose to donate at their organization is because people like to help people who are less fortunate. SP1 added that “while the organization is faith-based, many of our donors, donate to receive a good feeling, charitable deductible from their taxes, and the understanding that the donors money is helping someone in need”.

While SP2 mentioned, personal relationships of those involved in the mission has been one vital source of why donors donate. These relationships are people who believe in the mission. Petitioned that if anyone believes in the mission, you will most likely get support. However, SP3, implied that when donors see what the nonprofit is doing with their support they tend to want to donate again. If your mission aligns with what the donor sees, they will continue to donate. The bigger the mission the bigger their perspective, the more the nonprofit should communicate.

A philanthropic donor is defined as someone who seeks to promote the health, well-being, and social justice by donating money to good causes as a benevolence (Chatterjee et al., 2013). Many strategies impose cultivating attention to the needs within the community to effectively gain committed large donor support (Goldman, 2012). However, a nonprofit must nurture those relationships to gain full advantage. If the donor relationship exhibits loyalty, then a nonprofit should have in place, a valued regime that signifies its appreciation for that donor. SP1 suggested that most donors appreciate a strategy that imposes continuous communication. Whether through direct mailings, and invitation about an upcoming event, or just an update as to how the mission is functioning, continued communication creates a relationship. Listening and maintaining

the relationship through every level provides reassurance that the donor will continue to donate. If they donor can see it, touch it, feel it and maintain their relationship as important, this contributes to the donor returning back to donate again. In addition, SP3 specified that any one time donor could lead to a committed donor. The nonprofit must strategize to promote the mission as valuable and try to build a reputation around it. This strategy will impact the relationship with committed, large donors and how they view loyalty.

SP1 indicated that many donors donate based on reputation. Donors like to see this donation reciprocate and establish a boundary between what is lawful and what should be considered. Many donors believe that when it's the right mission, aligned with the appropriate reputation, donors will continue to donate. SP2 mentioned that opportunities, and outline of reasons why the donor should donate and what they could expect, and a communication line open to convey to potential donors on what the mission will accomplish usually brings a donor back. In addition, SP3 coordinated that staying connected, building a respectful brand name and not chasing donors for money contributes to longevity of that donor.

SP1 indicated that focusing on current donors is the livelihood of the nonprofit. While each donor is indifferent, most donors respect the feel-good sense of knowing they made a difference. Beyond a charitable organization as being tax-deduction, a donor who can see the good done, may hold the relationship in higher esteem, and may lead them to donate again. SP2 mentioned that at his nonprofit the donor is the direct beneficiary. The nonprofit must listen, cultivate and satisfy them as much as possible. This, in turn, may

result in the donor building rapport with the nonprofit, while at the same time, experiencing self-satisfaction in supporting someone less fortunate. SP3 concluded that giving thanks, constantly, informing the donor to spread the word of the mission to their affiliates, helps the donor to feel appreciated by a well-intended organization. While it is inevitable that the satisfaction of the donor rests on the nonprofit that shows appreciation, it is important to understand that, as a donor identifies with the nonprofit, the ability of that nonprofit to get the job done, the contingency to build not only their reputation, but rapport, and stewardship fosters long-term commitment. Table 6 shown below, confers some of the comments made by participants:

Table 6

*Theme 4: Understanding Relationship Contribution*

Participants:	Comments:
SP1	<p>Large donors can result in a hardship, so that's why nonprofits need to cultivate all relationships, no matter how small the donation.</p> <p>A lot of \$10 gifts could make a \$10,000 gift</p>

SP2	Allowing for unrestricted donations from individual donors, and listening to the donor contributes to stability and how the donor feels connected
SP3	Relationship contribution is like building your reputation

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Some of the artifacts examined, intrigued a probing thought, what is the best way to better understand the donor? While social media outlets such as facebook and internet websites contributed to building the brand of the donor relationship, other physical artifacts such as direct mailings, advertisements conducted through newspapers, and radio broadcasting allowed the relationship to build and promote the mission. This was a valued way to solicit, advertise and influence donors to donate and become a part of a social stance that petitioned providing a solution to a troublesome problem.

#### **Theme 5: Communication and appreciation for donor support**

One participant suggested, “This is where families are restored”. It is to my recollection that when a donor directly views, understands, or identifies where the money is going, they tend to want to donate again. As NPO leaders seek to improve social standards by providing resources influencing change (Akingbola, 2013). Many donors seek nonprofits geared towards addressing a social phenomenon. Many of these nonprofits provide life changing second chances to people who either were homeless, in

need of a valued education, or just need some where to go until the storm ends. Detailing how, who, what, where and why the money was given to aide and support that mission, cultivates and prolongs the relationship with the donor. When donors see value in contributing to a cause, for instance, if the donation reflects positively on the donor, the donor may contribute, and continue to contribute as long as the relationship is mutually beneficial (Yim, 2013). Lecy et al. (2012) underscored the importance of demonstrating the value of donations, directing significant attention to the act of giving, and noted many donors will only support nonprofits who receive government funding as well, as many donors may feel they will receive greater notoriety by supporting a government endorsed charity. Therefore, nonprofits must work hard to provide donors with the notoriety required to gain donor commitment, as government endorsement depletes (Lecy et al., 2012).

Table 7 below shows the comments of those participants in this case study and their view on why detailing directly with donors what the donation will accomplish is important:

Table 7

*Theme 5: Communication and appreciation for donor support*

Participants:	Comments:
SP1	Detailing the right offer, right time, right amount, to the right person from the right

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	person almost always guarantees the donation.
SP2	Detail your mission so that the donor can see it, touch it, and feel it. This maintains their connection and their donation.
SP3	Detail directly the mission, as if you only solicit for money, that will chase people away.....

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SP1 and SP2 did have other social media outlets allowing them to attract potential donors. This social media outlet allowed each patron, whether customer, or donor to follow the nonprofit through Facebook, and help to get the word out about the nonprofit. These websites contained sponsor related discounts, pictures of those supported by the nonprofit and information about previous missions that address and supported their current mission. Technology is a vital and reliable source to get free advertising. In the pursuit of more donors and customers, I've found that social media outlets are a great way to attract potential donors as it displays showing that the nonprofit is up to date with current trends that influence an economy. Identifying, harnessing, and retaining committed long term donors is a primary focus of nonprofit leaders. Donors demonstrate philanthropic interest in specific nonprofit agencies, or causes, which hold some meaning to the donor (Powers, & Yaros, 2013).



The reliance upon social media evolved from the need to bridge with the community to foster new relationships with potential donors. A philanthropic donor is defined as someone who seeks to promote the health, well-being, and social justice by donating money to good causes as a benevolence (Chatterjee, Rose, & Sinha, 2013). Although this can be challenged, because with the Government failure theory, the government deems to only give continuous funding to schools and hospitals. Government failure theory and independence theory underscore the transitions required to sustain nonprofits facing reduced governmental support. The critical message a nonprofit leader must promote to potential donors is that, with adequate funding, the nonprofit can meet community need (Barber, 2012). Making it a challenge for nonprofits to attract those donors who prefer a nonprofit who identifies with the government such as with the Independence theory, it proposes that donors tend to only support nonprofits that receive government funding believing the nonprofits are credible, and worthy of additional funding. This creates challenges for non-profit leaders who must work hard to capture the attention of large committed donors to remain sustainable. Lastly, new opportunities can arise through networking, leading to improved community services and longevity amongst key nonprofit community supports.

### **Application to Professional Practice**

The findings of this study apply to professional practice by assisting nonprofit leaders to remain sustainable even with declining government funding. The strategies provided by the participants provide a plan for identifying and harnessing committed large donors, changing small donors into large donors, celebrating the efforts of donors as

a means of motivating continued support, and ultimately, applying the good will of committed donors to establish continued services to those in need. By appropriately service those in need, nonprofits can justify the need for continued donor support.

To ensure an understanding of this case study, one might believe that the current trend within the nonprofit sector proved valuable and no need for change. On the contrary, many nonprofits within Southern California, do need to adopt innovative, distinctive strategies allowing them to better understand the needs within the community. The key distinctive challenges nonprofits face in Southern California include: (a) securing donor loyalty, (b) expanding the mission to meet the needs of the majority in the community, (c) retaining financial support, and (d) proven effective methods that solicit donors.

While many in Southern California do aid and support their local community, they are limited to servicing only residents within a certain geographic area prohibiting them from reaching new levels in their communal developments. Pursuance in the private sector should always allow for growth and flexibility in case of limited resources (Francois, 2015). Moreover, as nonprofits strive to survive, they establish competitive and innovative strategies. Whether strategizing their relationships with their donors or proportioning the resources received from the donors who are loyal, nonprofits must establish a trend that creates a competitive stance.

Fundraising, cultivating donors, building relationships, and strategizing to expand the mission should be the foremost attributes of the nonprofit. Inviting residents and local businesses to become aware of the services the nonprofit provide to the community to

fundraisers, and any event soliciting donors, should focus on how you promote the mission. The nonprofit should not concentrate only on getting financial support but also, how they can benefit the community or communities they serve. This would influence, cultivate, and secure a long term relationship with donors, and build the donor-nonprofit relationship (Gauthier & Pache, 2015).

### **Implications for Social Change**

The findings of this study hold significant implications for social change. The purpose of most nonprofit agencies serving those in need, strive to ensure that each day is made better through the efforts of nonprofit programs and staff. By providing sustenance, shelter, education, and family support services, families are more equipped to gain economic independence. Economic independence permits nonprofit agencies to more appropriately meet the needs of society by providing less strained services, providing more one-to-one supports where needed, and ensuring families begin the next day with a 'step up' towards attaining better housing, employment, or education. By strengthening the capacity of those served, the result is an economically strong society, reduced unemployment, and improved lifestyles within communities. Nonprofits in Southern California are a vital source for many communities, as they provide resources, solutions and provisions for those in need of them (Davoudi & Rawson, 2010). But, for a nonprofit to survive they must be able to adapt to any changes within the local community. This case study will help nonprofits to survive by capturing the successful practices of the agency leaders who participated in this study. While some nonprofits experience challenges, others find that implementing strategies will ultimately help society by

ensuring stable, reliable, and long term solutions during unstable economic times. The ultimate impact may be reduced reliance on social services and greater individual independence gained through accessing nonprofit services. This, in turn, helps nonprofits reach their vision, provide better services to the community, and further tailor services to meet changing societal needs.

### **Recommendations for Action**

My recommendations for change evolved from the identified themes: (a) the cultivation of donors, (b) building personal relationships with donors, (c) promoting the mission, (d) understanding relationship contribution, (e) detailing directly to donors what the mission accomplished and communicate each milestone to donors.

Participants reiterated that investing in the donor cultivates long term funding. The steps required to build a strong nonprofit/donor relationship include: first, demonstrating consistency between the organizational mission and the activities delivered supporting the mission. Second, demonstrating that actions lead to social change. Third, including donors in events that celebrate the organization's commitment to the mission. Nonprofit leaders strive to transform the one-time donor into a life-time donor and they need to continually communicate the milestones achieved by the nonprofit as this may foster the long-term, committed donor.

### **Recommendations for Further Research**

I consulted three participants from three nonprofit organizations and conducted interviews with committed, large donors. All of the participants worked at nonprofits in the Southern California region. They were either the founders of the nonprofit or worked

as a department head in fundraising. The sample size of the case study included limitations as there are over 100 nonprofits in Southern California. However, a small sample was appropriate for the case study design to capture some experiences of nonprofit leaders. Moreover, the findings of this study may lead to further investigations into nonprofit/donor relations in various geographic areas. I recommend investigations focusing on donor perspectives to capture their reasons for donating, and what particular interests they hold in terms of where and how to donate. By using a case study approach, the researcher may expose unique strategies on how to link appropriate donors with charities to more quickly address social needs.

### **Reflections**

Understanding the strategies that attract, committed, large donors were explored in this case study. Three participants were solicited to interview from Southern California. The opportunity that these participants provided was rewarding, informative and enlightening. I learned from these participants that understanding the influence, needs and perspective of the donors cultivates a life long donor relationship.

I also understood that the transferable knowledge on how to cultivate this relationship builds a network, creates a reputation, and establishes a brand name so being innovative and distinctive is vital. This case study allowed me to better understand that people who solicit these donors can't afford to waste time, so I'm very appreciative that these three participants allowed the time to interview. Over half of the participants selected, declined this opportunity to interview. Moreover, arranging the time and getting participants was challenging. In addition, establishing a trust and working relationship

was imperative and critical. Reassuring the understanding of the case study and reaffirming expectations while making the participant comfortable was necessary as it allowed them to open up more about their current missions and purpose. Participants were aware of any biases and still deemed the study important.

My position was not to allow my influence be the contributor in the thought process in the interview, but to allow the participants to recollect any and all strategies that enforce donor participation and influence. My interview method allowed participants to think about, build upon, and substantiate how being innovative and distinctive can establish a competitive edge as a nonprofit. After each interview, I transcribed data, then member checked the data for accuracy and sound methodological triangulation.

The results of the case study may support, aide, and create a foundation for either nonprofits who desire to become competitive or another researcher who wants to further the study in exploring current or recent trends within the nonprofit sector. I learned with their dedication to this study that passion and believing in your capability to make a difference can change your community. I found the aspect of passion to the community important as it added to my dedication to work and commit to nonprofits in the community, as I strive to build my own nonprofit.

### **Summary and Study Conclusions**

Nonprofits in Southern California have made significant strides to retain, enrich, and cultivate donors. While there are many innovative, distinctive ways to attract, committed, large donors, the struggle to maintain a loyal donor pool is inevitable. The rationale among most nonprofits exhibit a consistent trend such as: (a) establishing strong

donor relationships, (b) cultivating these relationships, and (c) making the mission possible. However, these trends, though effective, should be administered not only in the donor pool but throughout the organization. Campaigning a crusade is important, but relationships within every aspect of the network may bring higher results. This qualitative case study was designed to explore how the local nonprofit in Southern California strategize themselves to solicit funding and create a donor pool. Though many different perspectives became evident, one true method was considered the most highly effective, communication.

Communication is essential in every area within every strategy. Whether if it is the cultivation of donors, the nonprofit must communicate to the donor in a feasible manner to discuss the mission, outcome and result of the mission. This in turn establishes a brand name, builds a reputation and creates a bond between donor and the nonprofit. Secondly, communicating through social media, direct mailings, or fundraising to the potential donor brings awareness to the nonprofit and this is important if the nonprofit desires to communicate to the community available services being rendered through them and to them. Lastly communication is the vital organ in the solicitation to attract, committed, large donors as it provides a gateway to understand the needs of the donor. If the donor wants to address a concern, create a new mission or just want to provide to the nonprofit more than a monetary donation, but a life partner or volunteer, communication would be the outlet to strategize that potential benefactor. As a recommendation for continuous research, I propose that further research be conducted to explore the limitless boundaries that evolve out of communication. Living in a technological age where

communication is ever evolving, the solicitation of donors may grow into a new trend that will definitely enlighten future research.



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## Appendix B: Interview Protocol

### Interview: Strategies to Capture the Attention of Large Committed Donors

- A. The Skype interview will begin with introductions and an overview of the research topic.
- B. I will advise the participant I am sensitive of the time and thank them for agreeing to participate in the study.
- C. I will remind the participant of the recorded interview and the conversation we are about to have will remain strictly confidential.
- D. I will turn on the recorder, announce the participant's identifying code, as well as the date and time of the interview.
- E. The interview will last approximately 45 minutes to obtain responses to 12 interview questions and follow up questions.
- F. I will explain the concept of member-checking, ensure each question is thoroughly explained, and confirm the answer provided by the participant is recorded as intended by contacting participants by e-mail with my interpretation of the data collected, and request verification the accuracy of collected information within 5 business days.
- G. After confirming answers are recorded to the satisfaction of the participant, the interview will conclude with a sincere thank you for participating in the study.