

Charity Questions the Value of Its Galas

By Rebecca Koenig

When Karen Dunn was hired nearly four years ago as development director at a Tennessee nonprofit that provides services for people with disabilities, she inherited six special events that dominated the working hours of her two staff members and a part-timer. "Events just suck up all of your time," she says.

Fundraising contributed only a tiny portion of the \$30 million budget of Memphis-based SRVS. But Ms. Dunn believed more could be done if her staff spent more time with donors and less time planning menus.

To determine the value of the events, she analyzed expenses and revenue from each. Two were clear underperformers: An intimate dinner netted only \$2,000 in fiscal year 2015, and a "plane pull" tug-of-war battle generated \$17,000 while attracting fewer than 100 participants from among the charity's volunteers.

Ms. Dunn cut these two from the rotation, but not without pushback. "I had a few board members who were reluctant to let them go, because that was all that they knew," she says. Some needed a bit of education about return on investment, she adds.

The value of galas and other special events is a perennial subject of debate. Some nonprofits consider them invaluable tools for building community and engaging donors. In a recent survey of nonprofit leaders at organizations with annual budgets between \$10 million and \$200 million, 52 percent of respondents said galas are "productive" events — but only 25 percent termed them "very effective" at raising money.

Anne Wallestad, chief executive of BoardSource, recommends that nonprofits assess their event slate using data, as Ms. Dunn did. Not every event must strike gold immediately; some may start out as tools to collect donor information or introduce newcomers to the organization. Still, money is ultimately the goal, Ms. Wallestad says: "Any fundraising effort needs to be successful in raising funds."

'Gateways to Greater Giving'

Joshua Birkholz, a principal at philanthropy consulting firm Bentz Whaley Flessner, says nonprofits should view galas as gateways to greater giving, not as one-off occasions to reach into donors' pockets. Nor should charities signal to donors that event donations are all that's needed.

"If you teach them that the gala gift is enough, that ends up being a vicious cycle," he says.

This year, Ms. Dunn may put two other SRVS events — a golf tournament and a 5k race — on the chopping block if they don't perform well. She plans to analyze their revenue, cost, and public-relations benefits. Two other events are safe: an annual gala, which includes an auction and dinner, and an educational conference sponsored by an investment consulting firm. These netted \$160,000 and \$100,000 last year, respectively.

Ms. Dunn says cutting special events has freed time for SRVS staff to build relationships with donors who could make significant gifts to the charity. She's been teaching her team how to develop prospect lists, ask for donations, and shepherd contributors — skills she believes will help the staff shift focus from event planning to working with individuals. This will help expand the organization's donor base more quickly than if she was the lone liaison to potential supporters, she says, adding, "One of the things that I feel is missing with events is you don't get that one-on-one time with prospects or your donors."

The strategy shift has paid off. When Ms. Dunn started, SRVS collected \$261,000 for its annual fund; last year, it raised \$1.4 million. That figure includes 30 major gifts ranging from \$10,000 to \$300,000.

Ms. Dunn thinks SRVS is poised for even greater growth: Next year, she hopes to hire another full-time fundraiser.