



Branding and Marketing Principles Apply to Non-Profits More Than Ever

By ALIZA STEIN

The world of non-profit organizations -- many would argue that this growing sector is too different from the for-profit world to apply the same business disciplines and techniques. After all, aren't non-profits organizations surrounded by a different set of key stakeholders than for-profits? Don't non-profit organizations have different goals than for-profits?

Actually, non-profits and for-profits have more in common than most people think, such as when it comes to the application of branding and marketing techniques. In fact, non-profits are adopting branding and marketing techniques that have historically been employed primarily by for-profits, and are doing so with increasing frequency.

Before looking at why non-profits are adopting branding and marketing techniques traditionally utilized by for-profits, it is worth looking at why these techniques have not been employed by non-profits in the past and sometimes continue to be avoided by non-profits.

One of the primary reasons that non-profits have not beefed up branding and marketing expertise is their constant scarcity of funds. Given the number of areas that require a piece of the non-profit's funding pie, these disciplines are traditionally lost by the wayside, making room for other projects seen as greater priorities.

Also, a segment of non-profits just don't believe that branding and marketing applies to non-profits. Many non-profits have historically viewed marketing efforts as being too superficial, smacking of consumerism.

These managers may have decided to work for a non-profit because of the mission of the organization and the individual's corresponding wish to do good for the community and the cause. For some, this goal and the idea of marketing are conflictual.

Or, non-profits may understand branding as being simply about creating a tagline or logo, rather than approaching strategic planning in a completely new way, diminishing the value of the discipline.

Since non-profits typically do not have access to the same level of resources as for-profits, it may not be surprising that some non-profits have negative perceptions of branding and marketing and how these areas apply to their organization.

As the Executive Director at one of Phoenix's largest foundations focusing on community health care states, "undertaking a branding process forces you to articulate what your brand is about, to think of branding in a different way, and to allocate resources accordingly." This view still tends to be in the minority in the non-profit world.

Non-profit management has traditionally not been aware of how critical the role of branding is in establishing an emotional connection with the community. Particularly given the mission of the majority of non-profit organizations and the inherent ability of these organizations to relate to key stakeholders on an emotional level, non-profits would seem like a logical sector in which to apply branding efforts.

Of course, non-profit management may not believe that it needs to better define and communicate the organization's purpose and mission, instead, assuming that the organization's goals are apparent to all concerned and sufficiently differentiated.

While these reasons may have prevented non-profit organizations from employing branding and marketing tools in the past, the pattern of thinking is changing for many reasons.

One important reason is that there is increasing competition for dollars and eyeballs as the number of non-profit organizations increases. According to The National Center for Charitable Statistics, the number of 501(c)(3) charitable organizations (public charities and private foundations) in the United States increased from 464,000 in 1989 to 734,000 in 1998, a 58%-plus increase. Within Phoenix alone, there are more than 10,000 non-profit organizations, according to the same source. This means that non-profits are facing significant competition for attention.

As the Executive Director previously quoted states, "the more non-profits there are, the more fragmented the sector becomes, and counterintuitively, the more homogenized the sector becomes, because in the public's mind, there is very little to distinguish one non-profit from another."

In addition, non-profits obtain funding from a variety of sources, including from foundation grants and private donors, and in some cases heavily rely on these contributions. While non-profits do not have the same stakeholders as public corporations, they are accountable to their funders, as well as board of directors.

Correspondingly, they want to ensure that what they stand for, and what their *brand* stands for, are in line with what donors are seeking. This goes beyond communicating who the donor is and the difference the donor's funds make in the community.

On the donor side, also indicating that the need for branding and marketing expertise, foundations may either send individuals to assess the non-profits business capabilities in areas such as marketing, grant funds to the organization specifically for branding and marketing, and/or recommend outside experts in areas such as marketing that the non-profit can utilize to improve its effectiveness and expertise.

Another reason for non-profits' increased interest in branding and marketing is that there is a trend to increase 'capacity building' within non-profit organizations. Capacity building is defined several ways within the non-profit sector, but usually involves improving areas such as leadership, management, fundraising, and financial acumen to build the organization's sustainability and effectiveness.

One aspect of capacity building is increasing the non-profit's revenue generation capabilities to aid self-preservation. For many non-profits, this earned income is a significant portion of its annual funding. Examples of revenue-generating activities include introducing marketable services such as counseling services, offering tools related to the non-profit's mission, or selling research results. Offering these types of revenue-generating activities has resulted in non-profits needing to acquire key business skills such as marketing.

The challenge now, if non-profits are beginning to appreciate the value of branding and marketing, is how they will fund marketing activities and the hiring of marketing experts. This area will probably witness significant creativity in the future, with both service providers and non-profits working to ensure that non-profits gain access to the appropriate expertise.

In addition, marketers will need to convince the 'doubting' non-profits that the disciplines of branding and marketing can be tailored to the needs of non-profits to better aid them in achieving their mission and making a difference.†