Philanthropy 2.0: Using social media for fundraising in the Third Sector

By

Kellie Pollack

A Program Proposal

Presented to the
Faculty of the Department of Public Policy and Administration
School of Business and Public Administration

CALIFORNIA STATE UNIVERSITY, BAKERSFIED

In Partial Fulfillment of the
Requirements for the Degree of

MASTER OF PUBLIC ADMINISTRATION

June 2011

Approved: Chandrasekhar C. 5/31/2011
Dr. Chandrasekhar Commuri, Date

Louis Gill 6/3/11
Date

This project is dedicated to my husband Michael, and my loving children Levi, Cameron, and Natialia. Thank you for your love, support, and sacrifice.

Acknowledgments

First, I would like to say Thank You to Dr. Chandra Commuri for his unwavering patience working with me on this project to establish deadlines, focus, and direction. Also, for always being available to listen and give advice.

I would also like to thank Louis Gill for making me feel like I could accomplish anything.

To my family, classmates, and professors (Dr. Sun and Dr. Martinez) you have my deepest gratitude without you I wouldn’t be where I am today.

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Executive Summary

Since the first organization ventured onto social media, the median has proven to be a *tour de force.* According to Stone (2009), "The age of social media has empowered amateur journalists and fledgling presidents" through 140-character Tweets and "status updates" it has the power to "recruit volunteers, spread awareness, and solicit donations." Many nonprofits have experienced huge successes utilizing social media for just these purposes. Unfortunately, for some, experiencing success on social media has been an elusive endeavor.

The following thesis is an investigation of three nonprofits' social media campaigns in order to identify essential elements needed to experience successful outcomes on social media. The study identified four capacity requirements to fully utilize all of social media's potential: (1) understanding the varied platforms and its intended use, (2) planning events, (3) dedicated writers, and (4) having a strategy. The study also discovered seven elements that have deemed to be the precursors of success: (1) tell a story, (2) interact, (3) diversify, (4) make sharing easy, (5) make donating easy, (6) give a call to action, and (7) transparency.

Chapter 1: Introduction

Introduction

With the current economic recession, charitable donations are declining. According to The Chronicle of Philanthropy (2011), in 2010, nonprofits experienced their largest drop in donations in nearly three decades despite the success of large onetime giving campaigns such as “Text for Haiti”. However, the success of these onetime giving campaigns suggests the viability of one method of soliciting donorship that has been largely under utilized by nonprofits: social media. According to a Nielson Ratings study (2010), North America has over 266 million potential donors online, that is 77% of North America’s population. Some nonprofits have already experienced success utilizing social media for fundraising purposes. In 2007, total online giving in the U.S. reached more than $10 billion – a 52% increase from 2006. In 2010, that number swelled to $56 billion. Social Networking is still in its infancy, but it has already demonstrated itself to be a *tour de force.*

Net-savvy nonprofits have achieved huge successes expanding their areas of influence and their revenues using social media. The following project will analyze these successes, isolating key ingredients needed for achieving successful outcomes. The proposed program will build on these successes enabling nonprofits to implement or revise their social networking profiles with the intent to raise awareness and ultimately funding for their organization.

Background

In the wake of the economic downturn that has toppled economies worldwide, nonprofits have been decimated on three fronts: (1) the evaporation of wealth has caused sharp declines in the amount of traditional donations, (2) state and federal budget crunches have stalled or eliminated the funding of crucial grants, and (3) similar to previous recessions, the need for third sector services is skyrocketing forcing nonprofits to stretch every dollar. Prior to the economic downturn, charitable donations were at record highs, $69.6 billion in 2006 and $73.2 billion in 2007. However as early as 2008, most nonprofits were already feeling the crunch as donations began to decline. In 2010, charitable donations totaled a meager $62.9 billion (The Chronicle of Philanthropy, 2011). Barton and Hall (2010) state that "donations to the nation's biggest charities dropped 11%" in 2010 – the largest decline since The Chronicle for Philanthropy started recording such data. As a result, Hall (2010) notes that "more than one-third of nonprofits saw donations fall in the first nine months of the year, and one in five expects to make cuts in spending next year". Adding to funding woes, Flannery, Harris, and Rhine (2011) analyzed direct-marketing appeals, the traditional method of fundraising for nonprofits, and found that responses were down 6% and new or unique donors were down 16.3%. Direct-marketing campaigns are unsolicited appeals made through direct-mailings, emails, and traditional methods of advertising.

Large donorship is in decline as well. The annual Wealth and Values Survey, by PNC Wealth Management (2010) found that even though 56% of respondents possess a sense of duty to the philanthropic community many were worried about their ability to continue donating large sums (as cited in Di Mento, 2010). Besides diminished portfolios, one explanation for the wealthy communities' trepidation towards charitable donations could be the Obama administrations recent budget proposal that plans to limit the allowed amount of wealthy donors' charitable tax deductions, a move Riley (2009) suggests can result in a $10 billion drop in donations to nonprofits (as cited in Dinan & Sands, 2009).

Many nonprofits receive state and federal funding in the form of large grants. However, not even state budgets have been able to escape the effects of the recession. In 2010, 48 states recorded budget shortfalls, 36 of which had a deficit of at least $1 billion. Many states have sought to close these shortfalls through eliminating or reducing funding for nonprofits. Bridgeland, McNaught, Reed, and Dunkelman (2009), highlight some of the methods states have taken to account for budget deficits:

> "In 2008, Michigan sent out letters announcing that the state had the right to delay payments to nonprofits by up to 45 days, and suggested that the state may take steps to extend the delay further. In California, the Human Services Department in Sonoma County had to cut its contributions to a variety of local nonprofits, various women's and children's shelters, and the YMCA, which will lose roughly $700,000. The State of Minnesota is facing a $4.8 billion deficit in the next two years, despite the rising demand for public services."

As the fiscal crisis continues to cripple states' budgets, experts predict nonprofits can expect as much as 25% cuts to their funding in the FY 2011-12 (Egan, 2011).

Unfortunately, these budget deficits are also occurring at a time when demand for nonprofits' programs and services are at record highs. Compounded by loss of jobs, homelessness, and the unusually large occurrence of extreme natural disasters, nonprofits have been inundated by demands for their services. Bridgeland et al. (2009) analyzed the impact the recession has had on nonprofits and found that:

> "In Minnesota, nonprofit CEOs, presidents, and executive directors report that the demand for social services has been heightened as a result of laid-off workers who are seeking public assistance either financially or in the form of medical services. They are also seeking more education and training in hopes of developing additional job skills to find new employment. A similar trend was seen in Arizona, as the state reported that the number of individuals seeking services was 22,107 this year, more than twice the 10,818 people who sought help last year. The Goodwill of Central Arizona reported that on December 23, 2008,

> there were 64,013 visits to its centers compared to 39,004 on the same day in 2007. In California, local nonprofits are witnessing the worst-ever crisis of homelessness and a lack of food and shelter due to the increased unemployment rate and wave of home foreclosures."

With the decimation of nonprofits' traditional methods of funding (e.g. grants, direct-mailings, and large donations) the message is clear: nonprofits need to begin soliciting more creatively utilizing their limited resources to raise awareness and donations in the new economic reality.

Current Trends

Despite the bleak funding climate, some nonprofits have been successful in recruiting new volunteers and donors using a fairly new phenomenon: social media. Nonprofits need to understand that social media and the internet is the new reality of fundraising. The internet is now deeply embedded into American lives, changing how they interact with the world around them. Most organizations, corporations, businesses, government agencies, and even brands now have websites where potential customers and clients can interact with the agency.

Yet, even websites seem cliché compared to social media. A recent study conducted by the Pew Research Center (2011) found that traffic on Facebook, the most popular social media website with an estimated 450 million users and 137 million unique users, surpasses traffic on all non social media sites combined. For example, Starbucks Coffee Corporation boasts that 560,000 unique visitors login to its website each year, yet this number is dwarfed by its estimated 20 million "fans" on Facebook.

A study through Pew Research Center (2010) found a surprising trend among 22 nations polled: when internet is available it is most commonly used to access social media. Researchers discovered that 80% of social media users utilize it to participate in civic, social and religious groups. Additionally, of those who use social media to participate in these groups, 73% felt more involved in the organization and advocated on the organizations' behalf to raise awareness of a particular issue, and 57% made donations to these organizations online (Pew Research, 2010, p. 4, 12). In fact according to the study, in a funding climate dominated by steep declines in donations, online giving was the only medium where there was growth. Purcell et al. (2011) found that online donations increased by 5%.

Indeed, some organizations have found utilizing social media for fundraising was more effective than traditional methods. Hall (2011) conducted a case study analyzing the success of the Center for Biological Diversity, an environmental charity in Tucson that fights to keep endangered species alive, and found that after the group eliminated all direct-mail appeals opting to use social media for all future solicitations it received 36% more in donations. Other nonprofits have seen similar successes. The Haitian earthquake of 2010, for example, set an online fundraising record for the most money raised through social networking and text messaging. These social media efforts raised more than $528 million for the relief efforts in Haiti through small $10 donations for the American Red Cross in the first few months it had begun (Preston & Wallace, 2010). These examples emphasize the viability of social media as the new platform for nonprofits.

Although still in its infancy, the potential for these platforms is endless. TechCrunch (2008) states that in 2007 "the Causes applications, which promote and raise money for nonprofits on MySpace and Facebook, registered 12 million users supporting more than 80,000 nonprofits worldwide, with more than $2.5 million raised for nearly 20,000 charities" (as cited in Conner-Smith, 2008). Since that time social media applications have grown tremendously enabling nonprofits to have easy access to more potential donors than ever before.

Philanthropy 2.0

This proposal aims to discover what crucial elements are needed for nonprofits to experience successful outcomes using social media. Chapter Two will discuss all aspects of the current financial crisis most nonprofits are facing, identifying key stakeholder groups and analyzing potential solutions to the crisis. Chapter Three will outline methodology used to investigate case studies and determine trends. Chapters Four will provide an analysis of outcomes nonprofits have experienced using social media through case studies. Chapter Five will introduce the proposed program and discuss alternatives, assumptions, and conclusions.

Chapter 2: Literature Review

Problem Definition

As stated in the previous chapter, nonprofits are in a state of emergency. The current economic downturn has decimated current funding sources through: (1) the evaporation of wealth among corporate and high-income funders, (2) the stalled or eliminated funding from state and federal agencies, and similar to previous recessions, (3) the skyrocketing need for nonprofit services. In the current funding climate, many nonprofit organizations are struggling to maintain established funding sources and form new funding partnerships. Unfortunately, this shortage of funding has also occurred at a time when demand for these services is extremely high. However, during this recession, many organizations are facing similar situations. Why is the nonprofit sector so important?

History and Stakeholders

For the past 30 years, the nonprofit sector has been the preferred service provider for the impoverished, homeless, and the neediest members of society. According to Press (2009), since the Reagan administration, government agencies have privatized social welfare systems to the extent that today most people in need of services seek help from nonprofits because the welfare system has become "too difficult and cumbersome" to access benefits. Widely hailed as the savior of the derelict welfare system, nonprofits have become the most reliant agencies for social needs. This practice is so prevalent today that Press found the rate of "Americans receiving cash assistance through what remains of the welfare system has fallen to a forty-year low despite spiraling unemployment."

According to Bridgeland, McNaught, Reed, and Dunkelman (2009), the nonprofit sector employs “9.4 million full-time employees and 4.7 million full-time volunteers nationwide” which constitutes “11% of the American workforce – a percentage that outnumbers the auto and banking industries combined.” When considering the number of clients and beneficiaries, the actual size of the nonprofit sector is immeasurable. Bridgeland et al. note that if the nonprofit sector were a country, its economy would be the seventh largest in the world. The nonprofit sector has established itself as the most efficient method of providing services for the needy. According to Bridgeland et al., nonprofits allow “policymakers a hat trick: a way to create hundreds of thousands of jobs at low cost to government, with great national purpose – meeting the country’s most challenging needs in education, poverty, health care, energy, and the environment – and with no new bureaucracy, since individuals work through existing nonprofit organizations.” With the nonprofit sector supplying so many services integral to the overall health of the nation’s economy, any decline will have a tremendous effect across every sector (Bridgeland et al.).

Weathering the Storm

Despite the bleak outlook, many nonprofits have experienced recessions before. The experienced nonprofit understands the interrelationship between its organization and market fluctuations and has established methods for weathering the storm. Most nonprofits understand the importance of diversifying funding sources in order to stabilize and forecast organizational budgets with any degree of certainty. Nonprofits are experts at getting the most “bang for their buck” stretching every dollar and providing services more creatively to fit within limited budgets. However as the current recession nears its third year, the resiliency of these nonprofits is eroding. Only large nonprofits with budgets more than $1 million have the capability to persevere, yet these large nonprofits represent only 6% of the sector. Furthermore, the longer the recession persists the more likely it is for even these large organizations to be affected. A 2009 survey of nonprofit contingency plans revealed that few nonprofits have established reserves large enough to weather the storm (as cited in Bridgeland et al., 2009). According to the survey (2009), "54% of respondents have three months or less of operating reserves and 74% have less than six months of operating reserves" (as cited in Bridgeland et al., 2009). As demand for nonprofit services continues to rise, and funding continues to decline, these estimations of operating reserves will become more uncertain.

As previously stated in Chapter One, the philanthropic community is experiencing decreases in funding. Government grants are being reduced or eliminated, especially at the state and local levels as legislators struggle to close huge budget deficits. The Obama administration is attempting to implement new regulations regarding the amount of allowed tax deductions for corporations and wealthy individuals to eliminate perceived abuses and loopholes in current tax law. And lastly, altruistic communities are experiencing reduced income which prevents individuals from donating at their previous rates. Further compounding these issues, demand for nonprofit services is at an all-time high. However, the biggest dilemma most nonprofits face is that the methods of fundraising have evolved and nonprofits have not.

Technological Determinism and Media

Technological determinism is the name given to the belief that technology is the single most important driving force in a society. Liebrenz-Himes, Dyer, and Shamma (2009) define technology determinism as the "idea that technological development determines social change," it challenges traditional human interactions and postulates the position that technology is the driving force of history. The phrase “you can’t stop progress” applies to technological determinism. Jackson and Philip (2010) argue that the emergence of any new technology is driven less by technology, as an autonomous force, but more by a combination of that force and the acceptance of the technology by a culture. The theory then is that accepted technology mirrors societal values and beliefs. Postman (1992) notes:

> "the printing press, the computer, and television are not therefore simply machines which convey information. They are metaphors through which we conceptualize reality in one way or another. They will classify the world for us, sequence it, frame it, enlarge it, reduce it, argue a case for what it is like. Through these media metaphors, we do not see the world as it is. We see it as our coding systems are. Such is the power of the form of information."

Liebrenz-Himes et al. (2009), expand on this theory, stating that the rate of acceptance of any technology is mirrored by its ability to conceptualize reality and in turn accelerate our ability to communicate with one another. The more members of a culture are able to communicate with one another, in a way promoting the new technology, the quicker their assimilation in a society becomes. A study conducted by the MIT Entrepreneurial Center (2009) found that the length of time needed for an innovation to reach a market audience of 50 million has dwindled tremendously in the past 100 years and exponentially so for media (as cited in Liebrenz-Himes et al., 2009). According to the study, the length of time needed to reach a market audience of 50 million for the following media was: 36 years for radio, 13 years for television, 14 years for cell phones, six years for the internet, two years for social media giant Facebook, and one year for Twitter (as cited in Liebrenz-Himes et al.). When compared to the 56 years needed for the automobile to reach similar audiences, the ability for media to become embedded in a culture is astounding.

Central to this idea is the theory of media determinism, which McDonagh (2001) calls the ability for media to impact mass audiences causing a “magic bullet” penetration. Media, unlike any other forum, has the ability to persuade audiences and sway perspectives and ideologies. According to Flake (2006) “The changes the Internet is bringing about are every bit as profound as previous historic milestones in the evolution of society--like the Renaissance or the Industrial Revolution” (as cited in Kirkpatrick, 2006).

The New Imperative

The internet has already rendered many traditional business models obsolete. Moore (2000) found a fundamental shift was occurring as early in the movement as 2000. At this early stage, the internet was already causing a “major shift” in business strategies as corporations began to focus not on “tangible products” but on customer interactions (Moore, 2000). Businesses that only operated in the United States now had to compete on a global scale as globalization opened the market. With the emergence of search engine behemoth Google, consumers have more information at their fingertips than at any other time in human history, a change Kirkpatrick (2006) notes that has resulted in the collapse of big business.

Today, consumers can research comparative products determining which model or brand best suits their needs, then compare prices at their favorite department stores prior to purchase, and finally after they are through with the product re-sell it to the highest bidder – all without ever leaving their home. Any negative experience is broadcast to millions. Any negative behavior on the part of the business can have harsh consequences in today's connected world. Recall British Petroleum's, BP, Deepwater Horizon explosion in 2010 that caused an oil slick that is still being cleaned away 11 months later. Kamenetz (2010) comments on the effect social media had on BP's ability to put a spin on the situation or control the public's perception of the disaster stating "it's clear that in the age of social media, a company can't spin and rebrand its way out of a mess like it used to." Anne Hand (2010), former Senior Vice President of Public Marketing for BP, states "branding is probably harder…" with the internet because now you must "…make sure that you're backing it up in the marketplace, that you have a culture that supports it and consistently lives up to that brand" (as cited in Kamenetz, 2010).

The presidential race of 2008 is a stark example of the impact social media has had on politics. During his presidential campaign, then-Senator Barak Obama recruited the expertise of 24-year-old Facebook co-founder Chris Hughes to head his social networking team to generate online support. It is because of these efforts that many analysts credit social networking for Obama's popularity and win in November 2008. No other candidate possessed the same online presence as the Obama team. He had an estimated 5.7 million followers on Facebook, 2 million on Twitter, and on his websites Change.org and MyBarackObama.com, he had over 13 million contacts and an estimated 35,000 volunteers (Vargas, 2008). In comparison, Republican front-runner John McCain raised $11 million during the month of February through traditional campaign fundraisers, during that same month Obama raised $56 million and never attended a single fundraiser (Ficsh & McLeod, 2009).

Goodale (2010) explores why social media has become so prevalent in American culture and has found that social media appeals to American's open market values, stating with so many competing organizations, products, and ideologies consumers now can explore, research, and promote their purchases and stances very easily. This easy accessibility is even more significant in today's economy, and the impact is not limited to America. A study through Pew Research Center (2010) found a surprising trend among 22 nations polled: when internet is available it is most commonly used to access social media. The infiltration of social media has seriously challenged traditional methods of advertising, marketing, and consumer relations. Consumers have so much information at their fingertips today, that any organization that lacks a significant presence online can easily be overlooked. In other words, "you really can't stop progress."

What Does It Mean?

According to a study by RJMetrics (2010), Twitter has an estimated 30 million users (RJMetrics, 2010). In a similar study published in USA Today, MySpace has an estimated 100 million users (Swartz, 2010). Facebook boasts more than 450 million active users and that is considered a conservative estimate. Peddycord (2008) refers to the successful efforts of the Obama administration in 2008 of successfully utilizing social networking to win the Presidential Election (Peddycord, 2009). Obama's team garnered massive support both financially and politically through social networking sites such as Facebook. Vargas (2008) echoes this belief by stating Obama could not have won the Democratic Presidential Nomination over frontrunner Hillary Clinton without social networking (Vargas, 2008). The Third Sector (2009) states that Obama's campaign should be a warning to those who ignore the enormous impact social networking yields (The Third Sector, 2009). Likewise, Preston and Wallace (2010) also note the importance social networking has had with relief efforts after the Haitian Earthquake (Preston & Wallace, 2010). Relief efforts would not have been as successful as they were had it not been for the grassroots promotional efforts made accessible to them through social networking. With so many users online, many nonprofits leaders are asking whether they should get involved and even if it would be worth their time.

According to Preston (2009), involvement in social networking involves massive amounts of time and manpower, two things that many nonprofits cannot afford to spare (Preston, 2009). Involvement in most social networking sites requires extensive time preparing informative appropriate status updates that can promote action. Additionally, these updates require responses and feedback to potential followers. Third Sector (2009) stresses the importance of this, by noting that an unchecked or neglected online presence can actually hurt nonprofits' reputation (Third Sector, 2009). Preston (2009) continues to state that the most troubling aspect to fundraising online is that there is no guarantee of success (Preston, 2009). Most social networking followers are simply looking for easy avenues of contribution without actually giving anything tangible. Morozov (2009) believes that this form of activism is better characterized by the term "slack-tivism" where it lacks tangible action (Morozov, 2009). Instead of actively participating and supporting an organization, users can simply "Join a Group." This "joining" is as far as support goes. Preston (2009) also notes that nonprofits that currently utilize social networking cites have not been able to gain the same kind of support that the Obama administration or the American Red Cross were able to achieve (Preston, 2009). Preston cites a study by Philanthropy Action that found that 74 percent of midsize charities raised less than $100 using social networking sites or lacked the capacity to trace their donations back to their social networking efforts (Preston, 2009). Essentially, the argument Preston and Morozov make is that nonprofits with limited resources would be better served focusing their efforts on proven fundraising techniques such as direct mailing until social networking becomes more established (Preston,2009; Morozov, 2009).

Wasley (2009) states the importance of nonprofits to get involved with social networking even if it has not demonstrated itself as an effective fundraising method (Wasley, 2009). Wasley refers to a study conducted by *The Chronicle of Philanthropy* that surveyed 980 nonprofit respondents (Wasley, 2009). Nearly 75 percent of those respondents used Facebook to fundraise and raise awareness of their organization. Of those that were involved in social networking, less than 2 percent had raised more than $10,000 online. Despite the abysmal results, Wasley reminds nonprofits that participation in social networking is about more than money (Wasley, 2009). With so many users online, nonprofits that participate in social networking receive word-of-mouth currency that can be more valuable than actual currency. Wasley refers to this currency as “indirect returns” and states that these invaluable “returns” are in the form of connecting potential supporters and donors to nonprofits (Wasley, 2009). Stone (2009) states that when users “Become a Fan” or “Join a Group” they challenge their friends to become involved as well, as a form of social pressure against apathy and a challenge to become more involved (Stone, 2009). Deitz (2009) believes that nonprofits could benefit from using social networking in another way (Deitz, 2009). Nonprofits that collect mass following through social networking can use their new popularity to attract foundations. Nonprofits that have huge followings appear to be larger than they really are and appear to be more reputable. Consequently, influence through social networking can become very tangible for nonprofits.

Web 2.0, the label given to the use of the internet and social networking to harness fundraising and social awareness for nonprofits, is a relatively new phenomenon. Because this new technology is still emerging, there is a general lack of understanding regarding its impact. Even the most recent source, March 11, 2010, seems outdated. New data are emerging that imply the impact of social networking is more influential than previously recognized. For example, as of January 27 this year, the total donations to Haiti have surpassed $369 million, however donations are still trickling in. According to Susan Watson (2010), director of marketing and visibility for the Red Cross, the amount raised is unprecedented; “We honestly have no clue how much more to expect…we’re getting new reports every half hour” as to the new totals (As noted in Preston & Wallace, 2009). The same holds true for the amount of users online, as well as the amount of donors.

According to a recent report, Facebook, one of the most popular and fastest-growing social networking sites now has more than 450 million members (Wesley, 2009). The fastest growing demographic of Facebook users is women over 55, the demographic most likely to contribute regularly both monetarily and volunteer hours. Additionally, according to a 2009 study by Cone Marketing, almost one in five Americans have made a donation using social networking tools (as noted in Preston, 2009). This percentage has increased significantly in the past year. Furthermore, these social networking sites have many features that make using these sites for raising awareness and fundraising more accessible to even the least net-savvy nonprofit.

Facebook, for example, offers an online giving tool called “Causes.” “Causes” allows users to support nonprofits by becoming “Fans” which enables the nonprofit to address the user one-on-one. According to Green (2009), creator of “Causes”, the application has “helped to raise nearly $8 million in the two years” it has been in operation and it “now processes [between] $30,000 to $40,000 in donations every day” (as noted in Wasley, 2009).

According to a recent survey by the Center for Marketing Research at the University of Massachusetts Dartmouth (2009), 80 percent of the top 200 American charities are utilizing social networking as part of their campaigns, up from 30 percent in 2007 (as noted in Stone, 2009). The report continues stating that of those that utilized social networking, 90 percent believed that their efforts were successful.

Issues of Capacity

Despite the amount of users online, few charities have been able to harness social networking’s influence and translate that into a quantifiable return on investment. For every success story there are thousands of failed efforts. Many nonprofits simply lack the ability to transform “Fans” into donors. Unfortunately, many organizations face this dilemma, where simply “Becoming a Fan” or “Joining a Group” is the only action that takes place, an act often referred to as “slack-tivism” (Morozov, 2009). Morozov (2009) states that users that support nonprofits by simply “Joining a Group” are doing so simply to “feel good about themselves” and not to actually provide any real support (Morozov, 2009). George Hood (2009), the national community-relations secretary of the Salvation Army, echoes this frustration, “what does [our] 11,000 Facebook fans add up to? Are they existing supporters? Are they brand new” (As noted in Preston, 2009).

Sean Parker (2009), the creator of Facebook's Causes, the application which allows nonprofits to solicit donations and support from Facebook users, disagrees (As noted in Stone, 2009). Parker (2009) believes that the fact that users are joining is a success in itself, "We are fighting against no engagement. We are fighting against apathy" (As noted in Stone, 2009). One of the most encouraging aspects of social networking is its ability to influence others into positive action who under normal circumstance would not do so. It is in a way a form of peer pressure. Joe Green (2009), former Facebook executive, states "People can care about changing the world. But what gets them to act is pressure and social reward" (As noted in Stone, 2009). It used to be that the only way to show your support was to give either your time or your money. That simply is not the case anymore. Thanks to social networking you can now give word of mouth currency which in some ways is more valuable then monetary donations.

The Return on Investment

Another drawback is that social networking is not an easy means to fundraising. Social networking requires extensive amounts of skilled resources to design a site that will enhance an organization's online presence and extensive time preparing informative appropriate status updates that can promote action. Unfortunately, most nonprofits have limited resources to achieve a productive online presence. A spokesperson for the Directory of Social Change's Grants not Contracts group (2009), has voiced his organization's frustration with the apparent lack of tangible returns from its social networking profile, "It became apparent it wasn't going to meet our needs, so we decided not to put further resources into it" (As noted in Third Sector, 2009). Many nonprofits share similar frustrations. With the current economic downturn these nonprofits are losing valuable staff and cut budgets. In today's economic climate, many are trying to focus on what works, such as mass mailings.

Pachner (2009) believes that it is because of the economic downturn that the third sector should invest more into social networking, "as the downturn bites into charities' donation totals, direct-mail expenses grow while ROI declines, and telemarketing is curbed by do-not-call lists, the one area where fundraising results are improving is online" (Pachner, 2009). Sean Stannard-Stockton, chief executive of Tactical Philanthropy Advisors, dismisses the lack of ROI, "It's pretty well documented that social media is by no means an easy way to raise money, but it is a rather fantastic way to build a network of supporters" (As noted in Stone, 2009). Preston (2009) believes that although most charities cannot measure their ROI online, either through lack of donations or lack of ability to trace donations back to their online efforts, they will find that the size of networks has greatly improved because of their social networking presence (Preston, 2009). According to Preston (2009), "If you expect it to work financially like direct mail, you are going to be disappointed" (Preston, 2009). Scott Harrison (2009), founder of Charity: Water, states that "The only way we can truly expand our efforts is through tapping individuals through social media" (Stone, 2009). The goal, then, is not to raise funds, but to raise their capacity through creating an environment where potential donors and nonprofits can engage. According to Stone (2009), "the real opportunity [is] creating a dialogue with a community of interested individuals, which nonprofits…can move from interested to call-to-action" (Stone, 2009).

Unrestricted Funding

One of the biggest frustrations nonprofits have voiced regarding the current funding climate is the backlash on unrestricted funds. Unrestricted funding refers to donations that are not ear-marked for any one program or event, in other words unrestricted funding is money that can be spent however the organization chooses. Most organizations use unrestricted funding to support their operational costs. Most foundations and donors are only willing to support programming or one-time events. Very little funding is available for operational costs. Most donors mistakenly believe unrestricted funding allows staff members to pocket huge profits at their beneficiaries' expense. Unfortunately, unrestricted funding is essential to the continued existence of the organization.

Many organizations have found success utilizing social media for raising unrestricted funding. As mentioned earlier, the American Red Cross's hugely successful "Text for Haiti" campaign raised over $350 million in unrestricted funds through small $10 donations. In a recent survey conducted by the Chronicle of Philanthropy of the top 200 nonprofits nation-wide, most organizations raised a combined $1.2 billion online of mostly unrestricted funding (as cited by Hall, 2011).

Conclusion

Although not a simple solution to the funding crisis, social media allows the third sector to penetrate elusive markets, raise awareness for their organization, enable easy communication with donors, and raise unrestricted funding. As donors become more comfortable using social media for interacting with the third sector, utilization of Web 2.0 applications will become more prominent. So how do organizations get the most out of adopting social media into their fundraising efforts? The following study aims to answer this question.

Chapter 3: Methodology

Introduction

In the last ten years, social media has become an integral part of our society. Its uses, implications, and influence seem limitless. Social media has elected presidents, created multi-million dollar franchises through text-to-win campaigns, provided and coordinated international aid for disaster victims, and opened the global market. With seemingly unlimited applications, many nonprofits are asking how they can harness its power. The following study aims to discover if social media can offer nonprofits an efficient method for fundraising and advocacy and, if so, identify how best to do so.

Case Study Methodology

To better identify essential elements needed to achieve success using social media, the researcher has chosen to conduct three case studies. Case studies are a form of qualitative research, where the focus of the research is the "effects of events on people, [and] cultural influences and developments" (Polit and Hungler 2003). Researchers use case study methodology when an in-depth method of inquiry is needed to understand a specific phenomenon and identify how best to prevent or replicate that phenomenon. This particular methodology allows the researcher to make inferences based on what was planned and what actually occurred. According to McGloin (2008), "the purpose of the case study is to provide a critical analysis of practice that will result in the transformation of practice in others." Kohn (1997) notes that researchers use case studies to: (1) "explore new areas and issues where little theory is available or measurement is unclear; (2) describe a process or the effects of an event or an intervention, especially when such events affect many different parties; and (3) explain a complex phenomenon."

Case studies are not an all-inclusive sampling, rather an in-depth investigation of select "cases" that possess the quality the study is focused on. The strategic selection of cases is therefore of the upmost importance. The researcher will generally select cases that represent a broad group, so that generalizations can be made and to ensure that any findings can be utilized by a larger audience. The case study is ideal when there is a desire to learn from other's experiences.

Since social media is still an emerging field of study, where there is not a lot known about its program theories or implications, case study research was deemed the most appropriate methodology for this study.

Pros and Cons of Case Study Methodology

Rather than design an experiment with controlled variables, a case study is useful to analyze a phenomenon in real-life contexts. In real-life contexts it is not possible to control every facet of a program. This is especially true in the field of social sciences where there is a human component to every program. Noor (2008) believes that case studies are useful when one needs to "understand some particular problem or situation in great-depth, and where one can identify cases rich in information." Case studies allow the researcher to identify multiple sources of data and analyze each of its effects on the organization. Noor (2008) adds that the benefit of case studies is that they "captur[e] the emergent and immanent properties of life in organizations and the ebb and flow of organizational activity" associated with the research question. More than any other research methodology, case studies alone allow the researcher to identify variables that affect outcomes in organizations especially where the focus of study is changing very fast (Noor, 2008).

Some critics argue that case studies lack the scientific rigor needed to replicate the study and allow for generalizations to be made. However, since no two organizations are alike, a cookie-cutter approach to understanding phenomena will prevent applicability to other organizations. Similarly, other criticisms of case studies argue that the organizations that are selected for study are inherently extreme, or not representative of the larger community. These criticisms further emphasize the importance of carefully selected cases that are reflective of the community as a whole. Yin (2008) adds that researchers should design case studies that benefit the larger community as well as add to the theory of a process (as cited in McGloin, 2008). According to Yin (2008), case studies serve as a "mechanism to transform and improve practice" (as cited in McGloin, 2008).

After careful consideration of the pros and cons of case study methodology, the researcher chose this design to be the most appropriate. Case study methodology will allow the researcher to identify and isolate variables associated with successful utilization of social media. Since fundraising on social media is a fairly new phenomenon, case studies will allow the researcher to analyze all components of the program to consider the impact each had on the organization's success.

The selection of the included cases was determined by the organization's: (1) 501-C-3 status, (2) annual budget, and (3) current utilization of social media. The current utilization of social media was deemed an important distinguishing factor in order to ascertain program effectiveness within the allotted time frame. In addition to the above criteria, the researcher chose cases that represented the average nonprofit in Kern County. To better ascertain characteristics that may not be applicable to the larger nonprofit community, the researcher identified similar nonprofits from a larger spectrum to compare outcomes with.

Procedures and Design

Yin (2008), an expert in case study methodology, states that researchers should adhere to the following set of procedures to increase validity and reliability:

1. "Determine and define the case study question(s),
2. Select the cases and determine data gathering and analysis techniques,
3. Prepare to collect the data,
4. Collect data in the field
5. Evaluate and analyze the data
6. Prepare the report"

As mentioned earlier, the researcher defined the case study question to be: How can nonprofits harness the power of social media for fundraising and advocacy? After considering what types of organizations could most benefit from this study, cases were selected based on 501-C-3 status, annual budget, and current utilization of social media. The selection of cases was also limited to involve only nonprofits that operate within Kern County. The mission or philanthropic focus of the organization was not considered to be a determining factor of inclusion in this study, however since the mission or focus does affect the acceptability of the organization the mission or focus was noted. An organization's capacity was identified to be a determining factor as to the capability of an organization to establish a strong online presence, therefore an organization's annual budget and current utilization of social media became a strong qualifier for inclusion. Capacity was defined as an organization's availability to dedicate resources (man hours, computers, internet capabilities, etc) towards the implementation of social media. Furthermore, an analysis of budget data was included in this study.

Once cases were selected, the researcher then monitored all social media activity within the selected cases to determine (1) the amount of "followers" each organization gained, (2) what type of activity on social media each organization had, (3) the nature of social media activity, and (4) the response each organization had in response to their utilization of social media. The researcher also interviewed each organization to determine its attitudes towards social media and its perceived results from utilization of social media (see Appendices A and B for Interview Consent and Interview Guide).

Once data collection was complete, the researcher then analyzed results to identify key components that were needed for the organization to achieve success. Inferences were made to determine what other extenuating circumstances affected the data. The researcher than compared each case to similar organizations nation-wide to determine (1) whether the results are comparable to results from other organizations, (2) what else the selected organization could do to receive better results, (3) allow for more reliant generalizations to be made.

Qualifications of Researcher

The researcher is a student in the Masters of Public Policy and Administration program at California State University of Bakersfield, CSUB, working closely under the direction of Chandrasekhar Commuri, PhD developing scope and direction for this culminating project since the Fall 2009. Dr. Commuri received a Ph.D. from USC in Public Administration and specializes in nonprofit management. The researcher possesses a Bachelor's of Arts in Liberal Studies. In addition to expertise gained through the rigorous course work in the Master's program, the researcher also received training in human research through the Human Subjects Protection Training course at CSUB. Passage of this specialized training course enables students to work with human subjects.

Furthermore, the researcher has received approval for investigation into social media by the Institutional Review Board, IRB, after a rigorous review of this study design (see Appendix C and D for IRB submission and approval).

For the past two years, the researcher has been studying social media's evolution with particular interests in its utilization by the third sector. Following social media's influence and integration into a wide degree of organizations, the researcher has developed a thorough understanding of the types of social media platforms and its evolutionary advances into culture and branding.

Limitations

The researcher identified three specific limitations to this study. First, since the researcher has a limited amount of time to pursue this study, lack of efficient time constrained the researcher to only consider organizations for inclusion in this study that currently possess a social media presence. Secondly, each organization is unique, consequently, the ability for each organization to apply any of the principles revealed through this study will be limited to each organization's ability to customize findings to better fit within its current capacity. Lastly, nonprofits are especially vulnerable to the changing financial standings of its donors. This vulnerability may inhibit organizations from achieving successful outcomes using any of the findings revealed in this study.

Chapter 4: Case Study Findings

Introduction

For the past three years, since the beginning of the current economic recession, nonprofits have faced a bleak financial reality: the evaporation of wealth and diminished portfolios have threatened the resolve of its most faithful donors, state and federal budget crunches have stalled or eliminated crucial grants, and recent scandals have caused misgivings toward the philanthropic communities' budget practices. Yet, amidst this bleak funding climate, social media and online giving has been steadily climbing. Web-savvy nonprofits have experienced tremendous gains in online giving, and social media has created an atmosphere where key stakeholders feel more engaged and committed to the organizations they support than ever before.

The May 2011 issue of the Chronicle of Philanthropy boasts six different articles that discuss social media and its role in increasing giving. This issue namely states that amid sharp declines and donors' frustrations over increasingly frequent appeals, more and more philanthropists are choosing to give online. According to one article, "online giving has finally reached the mainstream" with the majority of survey respondents reporting that online giving is now the "preferred method" of donating (Hall, 2011). Still for every success story there are a plethora of failed efforts. For some nonprofits garnishing any kind of return on investment is still an elusive endeavor.

. So, what is needed to experience success with Web 2.0? This project aims to discover the answer to that question. As stated in Chapter 3, using case study methodology the researcher investigated three Kern County affiliated nonprofits, in an effort to identify successful trends and key elements needed to achieve successful outcomes.

Kern County

The purpose of this project is to identify through case study methodology what key ingredients are necessary for nonprofits to experience successful outcomes utilizing social media. However, it is important to discuss the limitations of this approach. As mentioned in Chapter Three, since, no two organizations are alike, a nonprofit's ability to use any findings revealed in this study is limited to its ability to apply the findings in a manner that make it unique to that organization. In an effort to help identify factors that might affect the outcome of this study, it was concluded that a discussion of Kern County's unique culture might be warranted.

Nestled in the San Joaquin Valley, Kern County is home to a large low to middle income population. According to 2010 Census data, the median income for Kern County is 27.6% less than California and 24.3% less than the nation. Kern County's median income is $51,900, compared to the state's $72,000 and the nation's $67,830. The unemployment rate of Kern County is among the highest in the nation at 14.4%. A large proportion of children live in or near the poverty level. Yet, despite income levels, Kern County is a generous community. For instance, as an annual participant in the Relay for Life, a national fundraiser for the American Cancer Society, Kern County is the record holder for raising the most money. In 2011, Kern residents raised more than $2 million for the cause. In fact, Kern County is home to over 3,000 nonprofits with a combined annual income more than $4 billion.

Most Kern residents live on a limited income, yet these altruistic residents have a strong commitment to the community and rally together to support each other. Given the large number of nonprofits competing for money and recognition, advertising and frequent appeals are vital.

Organization A

Founded by a former pastor, Organization A has a strong support network from the religious community. Typically religious organizations receive more donations than other nonprofits. A study conducted by Cygnus Applied Research, a fundraising consulting firm, found that on average religious donors gave as much as five times more than their secular counterparts (as cited in Hall, 2011). This religiously affiliated nonprofit is dedicated to providing international aid in the form of clean drinking water to impoverished regions of Africa. Capitalizing on an issue that has gained international prominence, this organization has been able to gain celebrity and international support using its social media presence.

Operating on a skeletal staff and budget, Organization A has an annual budget of $780,000 and only has 5 full-time staff members, however its online presence is so impressive that it appears to be much much larger. When this organization was founded three years ago, it began with a simple website where supporters and donors could learn more about its projects, focus, mission, and make donations. Today, it utilizes Facebook, Blogger, Twitter, and YouTube, as well as its own website, to advertise, interact with donors, and make direct funding requests. When asked about successes regarding their online appeals, the Director responded that they have a lot of donors that have made funding commitments online allowing the organization to design their budget with more certainty, “this kind of response simply would not be conceivable for an organization of our size without the internet”. Because most fundraising occurs either through volunteer-led events or through its online efforts, the fundraising budget for this organization is only 2% of its annual budget.

Organization B

Operating in Kern County for more than 30 years, Organization B specializes in rescuing and rehabilitating persons in crisis. Dealing with an issue that most are not willing to talk about, Organization B has had to overcome a lot of obstacles to gain awareness and support for its cause. This nonprofit has dealt with the negative stigma associated with its cause by raising awareness of the issue through grassroots events where participants can show solidarity with victims. Another method for overcoming the negative stigma has been through educational efforts aimed at prevention.

Nearly three years ago, recognizing the impact social media has had on other nonprofits, a staffer for this organization chose to create Facebook and MySpace pages to gain support for the organization’s cause. Today the organization boasts more than 800 supporters through these social media platforms. What used to be only periodic updates have become weekly, sometimes daily, posts where donors can keep up-to-date on events and methods of support. Operating on a budget of $1.5 million, Organization B dedicates 3% of its annual budget to fundraising.

Organization C

Organization C is a human services nonprofit dedicated to dealing with individuals and families in financial crisis. This organization has been serving the residents of Kern County for more than 30 years. While similar to Organization B in that this organization’s cause also possesses a negative stigma, Organization C has been able to overcome this obstacle by focusing their efforts on families and children caught in the middle of financial insecurity. While the other two organizations in the study were early adopters to social media, Organization C is still in the process of developing their online presence. While Organization C has a Facebook page, updates are infrequent and sporadic. Currently the main portal to this organization is through its website where donors can learn more about the organization, check out upcoming events, and make donations.

In the winter of last year, Organization C experienced their first success using social media in the form of a video appeal uploaded to YouTube and Facebook that resulted in $5,000 in new donations. According to the organization's director, their December campaign "was a real eye-opener" after experiencing that kind of response "we realized that we have a lot of growing up to do." With an annual budget of $3.2 million and roughly 4% of their budget allotted for fundraising, Organization C certainly has the capacity to achieve that.

Results of Study

During the three month study of these three organizations, the researcher analyzed each organization's online efforts, cataloguing any successful outcomes. While analyzing these outcomes, there were four notable elements that stood out as a precursor to success: (1) the issue of understanding the platform that is being used, (2) the scheduling of events, (3) dedicated writers, and (4) issues of strategy.

Platforms

In the early days of social media, users had only a handful of choices for platforms. There was MySpace, Blogger, YouTube and maybe a few others. However, social media has evolved beyond these simple sites. Organizations wanting to develop a social media presence have a myriad of choices each one representing a unique market and unique methods for gaining popularity on them.

One of the biggest finds in this study was an organization's ability, or inability, to choose the correct platform and use it in a manner that was both meaningful to the donor and worthwhile to the organization. Both Organizations A and B created their Facebook pages with the understanding that Facebook works best when an organization makes frequent updates, keeping donors involved and up-to-date on the day-to-day operations and upcoming events. Facebook, a social networking platform, allows users to track daily activities of friends and their favorite organizations at glance on their wall. An organization that is not making a "status update" at least daily risks not being seen and forgotten.

All three organizations are users of YouTube. While Organization C experienced huge success with their one video appeal, Organization B had yet to experience the same success. Of the three organizations, Organization A best used YouTube to gain new supporters and donors. Elliot (2011) states that there are more videos uploaded onto YouTube in a 60 day period than the three major television studios produced in the past 60 years. In fact, according to Elliot (2011) 24 hours of video is uploaded to the site every 60 seconds. With so many competing videos, appeals utilizing YouTube must be aesthetically appealing, holding the viewers attention, and have a clear concise call to action – something Organization A excelled at.

Organizations B and C both currently use PayPal, an online commerce service that processes online transactions, for online donations. Unfortunately, PayPal charges organizations that utilize its services exorbitant fees to process transactions. Although Organization A originally used PayPal to process its online donations, it found that the fees associated with using this service angered donors and detracted from the amount of money the organization received. Now, Organization A uses a service called WebConnex. WebConnex specializes in nonprofits, offering these organizations access to financial assistance services including the ability to track donors and set up monthly contributions all for a small monthly fee. Since the implementation of this service, Organization A has received more commitments and international inquiries.

As noted in Chapter Two, the Third Sector (2009) stated that a nonprofits' use of a social media platform without understanding the purpose of the platform can actually be harmful. Russell (2009) continues to state that just throwing together a site without any clear objectives "risk[s] alienating people [and] can damage your brand and raise questions about how efficiently donor's money is being spent" (as cited in Third Sector, 2009). Social networking sites such as Facebook, for example, work best when they are used to interact with followers. Social networking users like to learn more about their favorite agencies, as well as opportunities or methods for them to disseminate vital information to encourage their friends to join the cause. The key to successful utilization is understanding the purpose and culture of each unique platform.

Events

The three month study of these three organizations coincided with a month-long event for Organization B. Dubbed the nonprofit's awareness month, Organization B attended conferences, promoted a solidarity event, where participants were encouraged to wear a specific item of clothing to work to show their support for the cause, and engaged in multiple fundraisers. During the event traffic on the organization's Facebook page grew tremendously.

Similarly, during the duration of the study, Organization A planned two different events. As stated earlier, Organization A operates on a skeletal staff, consequently most events are planned and coordinated by volunteers. Using Facebook, Organization A's volunteers are able to promote their events through the ability to engage their "friends" for grassroots type campaigning that does not require a lot of effort. During the course of this study, Organization A's two events raised nearly $11,000 with virtually no overhead.

Most events are promoted, not as a fundraising tool, but as a method to raise awareness of a particular issue. Wasley (2009) uses the example of World Vision's "Night of Nets" campaign to illustrate this importance. Wasley describes "Night of Nets" as an outdoor "sleep-out" event, in which participants were asked to sleep outside under mosquito netting to raise awareness about the prevalence of malaria in Africa. The event had over 54,000 participants all over the United States and raised over $162,000 for the charity. During the United Nation's International Water Week, a campaign used to raise awareness to the fact that one in eight people in the world do not have access to clean drinking water, many nonprofits initiated an event where users could donate their "status updates" to that particular charity for the week. Once donors agreed, that charity was able to use the donor's profile on Facebook and Twitter to raise awareness to all of the donor's friends that may not have previously heard about the issue. The campaign received over two million new "Fans" for the participating charities.

Dietz (2009) reminds nonprofits "your goal in using [social media] is to create as many meaningful opportunities as possible for people to learn about, contribute to, and most importantly, spread the word about your shared interest in a particular mission." Social media is an excellent method for organizations to promote, advertise, and plan successful creative events.

Dedicated Writers

As mentioned earlier in the discussion regarding platforms, most social media sites are designed for constant interaction with supporters. With more than 400 million users online, organizations must update their statuses frequently or risk being overlooked. To utilize social media effectively organizations need to interact with supporters often, posting regularly and responding to supporters' comments. The only organization that really did this effectively was Organization B. While Organization A penetrated many different platforms and was able to generate a large following, having more than 35,000 followers on its three platforms, this organization allows its supporters to do most of its postings, and responds or interacts with its followers very little. Whereas Organization B posted, responded to posts and comments, and allowed followers to take ownership – making posts themselves and planning their own fundraisers and donor drives on a regular basis.

As mentioned earlier, a neglected social media presence can negatively impact an organization's credibility. According to West (2011), organizations should not simply delegate social media responsibilities to an intern "traditionally, a lot of nonprofits put college students or interns in charge, but running a social-media campaign to activate people requires strategic skills." Branding is vital to an organization's credibility and presence, given its importance many nonprofits enlist a marketing director's help when establishing a "voice" for their organization.

A recent survey conducted by Ventureneer, an online educational group for nonprofits, and Caliber, a consulting firm found that the nonprofits that experienced the most success using social media were the ones that spent at least 24 hours a week promoting their organization (as cited in Flandez, 2010). In fact, in order to ensure regular updates, many nonprofits have recognized the need to employ a full-time staff member whose sole role is to keep all of the organization's profiles updated.

Strategy

As mentioned in Chapter 2, the influence of Google and social media has made branding more difficult for organizations. While advertisers have a degree of influence, word of mouth currency now outperforms traditional advertisers regularly. According to Makower (2010), in response to an organization's lack of influence, "it really comes down to storytelling -- if you don't tell your story well, someone else will tell it for you" (as cited by Kamenetz, 2010).

Of all three organizations, Organization B was the only one that effectively told a story. This nonprofit focused on the issue of storytelling and branding, and was able to present a platform on Facebook dedicated to the prevention, support, and encouragement for victims. Dealing with a tough issue, this nonprofit was able to brand their organization as a safe haven and a popular presence for those who wish to support others. The other two organizations really lacked this strategy.

As with any program that a nonprofit initiates, there needs to be a goal or an outline of objectives. As Russell (2009) notes, "there is no point creating a social networking profile unless you know what you want to achieve with it" (as cited in Third Sector, 2009). Unfortunately, many nonprofits eagerly established a social media presence without any real agenda or strategy and the result is often an amateurish profile which leads to questions regarding the organization's legitimacy.

Conclusions

A thorough analysis of these three organizations revealed the importance of four essential elements for success: (1) the issue of understanding the platform that is being used, (2) the scheduling of events, (3) the importance of dedicated writers, and (4) issues of strategy. In addition to the aforementioned four elements, this study enabled the researcher to identify seven key ingredients nonprofits can use to get the most out of their efforts using social media. In addition to these seven principles, the researcher also identified several tools and platforms even the least web-savvy user can employ to achieve success that will be discussed in the next chapter.

Chapter 5: Conclusions and Recommendations

Social Media

Fourteen years ago, the first social media site (Six Degrees) was launched, and although it is no longer with us (Six Degrees was shut down in 2003) its innovative framework has changed how we interact online forever. Since the days of Six Degrees, social media has become integrated into every facet of modern society. The populations of the most popular sites rival those of most countries. There is a social media platform for just about every conceivable niche: business, gamers, reviews, photo journalism, and philanthropy. As mentioned in previous chapters, social media has elected presidents, created multi-million dollar franchises through text-to-win campaigns, provided and coordinated international aid for disaster victims, and opened the global market.

The Pew Research Center's Internet and American Life Project (2011) surveyed internet users regarding their activities online and found that it is evident "as people are asked about their activities that their use of the internet is having a wide-ranging impact on their engagement with civic, social and religious groups." It is because of this impact that many nonprofits are scrambling to gain recognition on social media. Unfortunately, with so many organizations participating in these groups success for most nonprofits is elusive. Through the previous study, seven simple strategies stood out to be the precursors to success on social media: (1) tell a story, (2) interact, (3) diversify, (4) make sharing easy, (5) make donating easy, (6) give a call to action, and (7) transparency. The following proposal is essentially a "how to" for nonprofits to achieve success implementing or improving their social media presence.

1. Tell a Story

The common feature of all social media platforms is its ability to engage supporters through storytelling. Nonprofits that do this well, engage their supporters and most importantly give their supporters something to share. The basic purpose of social media is to create word-of-mouth currency, to inspire supporters to further the organization's cause by encouraging others to engage with the organization. Storytelling is the best method for achieving this. In fact, recognizing the importance of storytelling, some nonprofits have begun to hire writers for all their social media updates. According to a study conducted by the Chronicle of Philanthropy (2010), nearly half of the 200 nonprofits surveyed currently employ full-time writers or plan to do so in the near future. Beyond initially grabbing the reader's/viewers attention, effective storytelling can cause a user to go from casual supporter to donor.

Of the three organizations studied, Organization A had the most success telling their story. This organization generated innovative PowerPoint presentations discussing how contaminated water brings disease, endangers families that have to travel long distances to have get water. Organization A used videos showing the transformative properties water had on the villages that benefited from their services. They used Blogger to catalogue progress, and they used Facebook to draw attention to the successful efforts of their volunteers. Organization A has been able to accomplish quite a bit on their skeletal staff thanks mostly to their ability to tell a story.

2. Interact

One of the main advantages of social media as an approach to raising awareness is that it allows followers an easy method of interacting with the agency. Some nonprofits empower supporters to create events for donor drives or to simply raise awareness for the organization's cause. Users are able to post comments or questions on the organization's wall and receive feedback. Organizations A and B from the study were able to do this quite well. However, Organization C lacked the same interaction. It is not enough to simply make an update and expect that people will respond. According to Rainie, Smith, and Purcell (2011), most supporters stated that the internet has had a "'major impact' on their ability to engage with their groups." Rainie, Smith, and Purcell's (2011) study revealed that social media "users are more active participants in their groups than other adults, and are more likely to feel pride and a sense of accomplishment" in regards to those activities. According to Dietz (2009), "genuinely putting your supporters and fans at the center of impact-creating activities will provide a strong motivation to donate to your nonprofit or cause". In order to engage and empower users, nonprofits must interact constantly and consistently.

3. Diversify

Social media has come a long way since the days of Six Degrees. As mentioned earlier, there is a platform for virtually every niche imaginable. Since utilization of social media by nonprofits is becoming a burgeoning field, businesses and developers alike are recognizing the need for social media platforms that specialize in philanthropy. There are social networking sites where organizations can interact with supporters, blogging sites where organizations can tell a story, video sites that allow for moving, personal appeals, and texting.

The most notable social media tool is social networking; of these types there are three that are the most influential: Facebook, Twitter, and LinkedIn. Facebook is the most popular platform for nonprofits. It is easy to use and allows access to more than 400 million users. Nonprofits can easily interact with supporters using status updates, donating status, events, and with the Causes application receive donations. Behind Facebook, Twitter is emerging as an important avenue to raise awareness. Limited to only 140 characters, Twitter updates do not require a lot of time and are an effective method for "checking in" with followers. LinkedIn specializes in professionals. While not as popular as Facebook, LinkedIn is perfect for organizations that what to connect with wealthy donors or foundations.

Blogging sites are perfect for organizations that have a story to tell or when there is a cause that is constantly evolving. Environmental, conversational, and human rights organizations all do very well through blogging, or cataloguing, advances for their cause.

YouTube is the most popular video sharing site, although there is a large assortment of others. YouTube has become a platform where anyone can get their fifteen minutes of fame, but it has also become an easy to use platform for nonprofits to promote their cause and for viewers to spread it.

These are only a small sampling of the platforms available online. There are many others and more are emerging every year. Each platform has unique benefits to its usage, the key is find the one that is the most suitable for each nonprofit's needs.

4. Make Sharing Easy

Web-savvy supporters want to engage with their favorite organizations online as much as possible. These potential donors like to visit organization's websites, interact on social networking sites, and watch videos related to their causes. Nonprofits that want to engage with these donors must make interactions as easy as possible. When an organization posts a video on its website, it should ensure that the video is embeddable, meaning it can be shared across multiple platforms such as YouTube or Facebook. Any articles that are posted on websites or through blogging sites should be linked to the nonprofit's social networking platforms. In other words, once an organization has gained supporters it is crucial to make spreading its message as easy as possible.

None of the three organizations were able to effectively do this. However, during the course of this study, the researcher observed other nonprofits that did this well. Every message from email to Tweet to video was made accessible and transferable. Because of this ability to make sharing a message easier, these nonprofits were able to achieve viral penetration. Once users saw a message that they resonated with, they were able to share that message with their friends, who in turn would spread the message with their friends, and so on. Bottom line, social media users enjoy spreading your message – so make it easy for them to do so.

5. Make Donating Easy

The main purpose nonprofits have for using social media is fundraising. Besides engaging supporters and promoting their cause, ultimately social media allows nonprofits an easy method for gaining financial support. Since fundraising is the main purpose, nonprofits need to make donating as easy as possible. As mentioned earlier many organizations have experienced success using text campaigns where donors can simply text a special code, and a donation to the organization will be billed to the user's phone. Some organizations have partnered with banks allowing consumers to make donations through ATMs. The most popular platform for social networking, Facebook, has developed an application called Causes that allows nonprofits to solicit funds from its followers. Every communication should not act as a solicitation. However, organizations need to make finding a method for donating as easy as possible.

The most common method for receiving donations is through the organization's website. An organization's website should act as a portal to that organization. On the donations page of a website, organizations should disclose how the money is to be spent. Since most online fundraising is used to generate funding for operational costs, nonprofits should inform the donor that that would be where the money is going. Some organizations have price breakdowns, allowing donors to choose how much to donate based on the types and amount of services each dollar will give. For example: one homeless shelter based in Arizona has a cost break down for meals, $50 will fund 30 hot meals, or $400 will provide 50 people shelter for one night.

Of the three organizations studied, Organization A was the only organization that effectively achieved this. Using more than one medium for transactions, this nonprofit enabled donors to choose the platform that best suited them. Additionally, this nonprofit made it easy for supporters to host fundraising events by giving them free tools and promotional items needed to ensure the event was successful.

6. Give a Call to Action

Most online users are mockingly referred to as slackavists, or inactive supporters of a specific cause. Most organizations have voiced frustration over the amount of followers they are able to generate of Facebook but that those followers never really interact with the organization. The struggle then is to figure out a way to engage these followers in a manner that will be meaningful to both the organization and the follower.

Typically, slackavists become involved in the nonprofit by simply clicking a “like” button. While it is easy for nonprofits to have a huge number of slackavists, the important thing to remember is that any engagement is better than no engagement at all. In order to move from slackavists into full engagement, nonprofits need to give incremental calls to action. Many organizations do this by simply asking a user to repost or share an engaging post with their friends. Some organizations hold annual events and ask followers to either participate in the event or to help promote it. If nonprofits want to gain more than a mass online following they must give users a meaningful call to action and allow them to take baby steps to reach full involvement.

Once an organization has effectively moved a slackavist into an active participant it is vital to recognize individuals for their efforts and thank donors for their contributions. Everyone loves to receive recognition for their contributions to a worthwhile cause, so nonprofits should give credit where it is do using the social media platform where the engagement took place.

Organizations A and B really excelled at this. Both of this organizations were quick to thank participants in events, announce the amount raised through any donor drives or campaigns, and would blog about large donors and what moved them to support the agency. Organization A used these quick "thank you's" to encourage other supports to imitate these efforts.

When making a "call-to-action," nonprofits need to remember to keep it simple, creative, and implicit. Pachner (2009) reminds nonprofits that in order for their efforts to pay-off, their message needs to be simple, "campaigns need a direct message so people [understand] who you are and what you want." The message needs to appear legitimate and give a clear "call-to-action" that is easy to find and access (Pachner, 2009).

7. Transparency

Transparency is the most important precursor to success. Currently, there is a lot of skepticism and misgivings about the budgeting practices of nonprofits. Most people are leery of donating due to recent scandals of misappropriations of funds in the philanthropic community. With the help of nonprofit accountability groups such as Charity Navigator, GuideStar, or GiveWell donors have easy access to financial reports and programming accountability. Any negative activity can easily broadcast to millions through social media and these agencies. Never before has it been more important for nonprofits to be completely transparent.

Organizations should have their annual reports or 990 forms available on their website. Nonprofits seem more genuine when this information is readily available instead of the potential donor having to seek it out from accountability agencies.

None of the three studied organizations had this information readily available. Since this information was integral to this study, the researcher was forced to use several accountability sites to determine the budgeting practices of these organizations. On several sites, all three organizations received low ratings. One agency, the Better Business Bureau For Charities and Donors, stated that donating to Organization A was "Not Recommended" based on the organization's lack of transparency on its website.

Conclusions

Many nonprofits have had huge successes using social media for fundraising and advocacy. Social media has changed how people interact with each other, how corporations do business, how politicians get elected, and now how nonprofits interact with potential and current donors. Social media, unlike any other approach, empowers followers to make a difference in the world around them and makes them feel like their efforts are both appreciated and meaningful.

While many nonprofits have experienced huge successes using social media, others have struggled to generate donations or followers. Through a thorough analysis of three different organizations, seven elements were identified to being precursors to success: (1) tell a story, (2) interact, (3) diversify, (4) make sharing easy, (5) make donating easy, (6) give a call to action, and (7) transparency. Nonprofits that wish to improve or implement a meaningful online presence should consider these seven elements before beginning their campaign.

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Appendix A

CONSENT TO PARTICIPATE IN A RESEARCH STUDY

PROJECT TITLE: Philanthropy 2.0: Using social media for fundraising in the nonprofit ..

[Authorized by the CSUB Institutional Review Board/Human Subjects Research: Protocol 11-79]

Purpose: I understand that the purpose of this project is to study business models as used on social media cites. This project is designed to isolate and illustrate variables needed to experience successful outcomes using social media. Because of its design, this project will be beneficial to small to medium sized nonprofits that desire to establish a social media presence or strengthen its existing presence. Furthermore, I understand that this project is carried out, in part, to meet the thesis requirement for the attainment of a Master's Degree.

Participation: I understand that I will be interviewed by the researcher at a mutually convenient time and in a location of my choosing. The interview will last about sixty minutes.

Confidentiality: I understand that all identifying information which might link me to my interview data will be kept confidential. The interview will not be tape-recorded, but the researcher will take notes during the session. A copy of the researchers notes will be made available upon request within two weeks. All notes and identifying information will be destroyed one year after the completion of the study. All consent forms will be held in the possession of Dr. Commuri and will be destroyed after three years. My name will not be used in reports of the study's findings and my organization will not be identifiable in such reports, unless expressed permission is given.

Voluntary participation: I understand that I can choose not to participate in this study. Even if I do choose to participate, I am free to withdraw at any time, even in the middle of an interview, without penalty.

Benefits: I understand that this study may not be of direct benefit to me. It has not been designed to provide any direct benefits to participants.

Risks: I expect that I will experience a minimum of risk, discomfort, or stress while participating in this study. However, some questions may be personal, thought-provoking, or emotional in nature. If I do become uncomfortable during the interview, the interview will stop and additional time will be available to talk about these thoughts. Non-participation in this project will carry no penalties or loss of benefits that I may be receiving from my agency.

If I have further questions about the research itself, or if I wish to obtain a summary of the results of the research, I may contact:

Kellie Pollack
PO Box 80582
Bakersfield, CA 93380
(661)204-8715
kpollack@mppro.net

In addition, I may contact the MPA faculty member serving as thesis/project committee chair with questions about the research, or if I have a research-related problem:

Dr. Chandrasekhar Commuri, Associate Professor
Department of Public Policy & Administration
California State University, Bakersfield
661-654-6140; ccommuri@csub.edu

For questions regarding my rights as a research subject, I may contact:

Dr. Steve Suter
University Research Ethics Review Coordinator
Institutional Review Board/Human Subjects Research
Department of Psychology
California State University, Bakersfield
Bakersfield, CA 93311-1099
(661) 654-2373

Authorization: I have read this form completely and have decided that I will participate in the study described. The general purpose, the requirements of participation and possible hazards and inconveniences of participating have been explained to my satisfaction. <u>I will be given a copy of this consent form.</u> My signature indicates my consent to participate.

Signatures:
Participant:____

Date:______________

Researcher:____

Date:______________

Appendix B

Interview Guide

1. **How much money has your organization budgeted for fundraising? For advertising?**

2. **Does your organization employ a full-time or part-time individual in charge of fundraising?**

3. **What type of impact do you believe that social media can have on your organization?**

4. **Does your organization have a social media profile? And if so, what medium are you currently using? (e.g. Facebook, YouTube, Blogger)**

5. **How much time do you believe is needed to create and maintain a visible presence on social media?**

6. **Have you, or do you plan to, use social media for fundraising?**

7. **If you have already conducted a fundraising campaign using social media, what type of response did you have?**

8. **Do you use or plan to use social media to advocate for your organization?**

9. **If you are currently using social media to advocate for your organization, what type of response have you received?**

10. **Do you believe that your efforts using social media have resulted in a high return on investment?**

Appendix C

"Human Subjects Protocol" Instructions

I. **Title:** Philanthropy 2.0: Using social media for fundraising in the nonprofit

II. **Professional Qualifications:** The researcher is a student in the Masters of Public Policy and Administration program at CSUB, working closely under the direction of Chandrasekhar Commuri, PhD developing scope and direction for culminating project since the Fall 2009. Dr. Commuri received a Ph.D. from USC in Public Administration and specializes in nonprofit management. The researcher has received a Bachelor's of Arts in Liberal Studies.

III. **Sponsor**: Chandrasekhar Commuri, PhD, Professor at California State University, Bakersfield.

IV. **Purpose**:

Background: The current economic downturn has had a significant impact on the philanthropic community. Many nonprofits have reported huge decreases in funding, and have struggled to gain new donors and maintain current levels of programming. However, despite the bleak funding climate, many nonprofits have found success using social media.

Research Issue: The purpose of this research is to identify and isolate crucial elements that are needed for nonprofits to experience successful outcomes using social media for fundraising. Specifically, the researcher is interested in determining whether social media will: (1) allow nonprofits to gain new donors, (2) enable nonprofits to gain new advocates, (3) give nonprofits a high return on investment.

Current Research: Current research stresses the effects social media has had with how an agency interacts with current and future donors. Recent surveys revealed that an estimated 266 million people are actively involved in social media groups online. Furthermore, researchers discovered that 80% of social media users utilize it to participate in civic, social and religious groups. Of those who use social media to participate in these groups, 73% felt more involved in the organization and advocated on the organizations' behalf to raise awareness of a particular issue, and 57% made donations to these organizations online (Pew Research, 2010, p. 4, 12). In fact according to the study, in a funding climate dominated by steep declines in donations, online giving was the only medium where there was growth. Rainie, Purcell, and Smith (2011) found that online donations increased by 5%.

Research has stressed that the use of social media does not automatically result in more funding. Not all nonprofits have experienced successful fundraising campaigns through social media (Preston, 2009; Third Sector, 2009; Morozov, 2009). However, research suggests that social media provides nonprofits with indirect returns in the form of advocacy and the ability to reach large audiences with little investment (Stone, 2009; Wasley, 2009).

The limitations of current research is that social media is still evolving. Research that was published more than six months ago already is outdated as the medium expands daily. Social media has already become an essential element to success in the business world, however research detailing its impact on nonprofits is limited.

Potential contribution: Current research suggests nonprofits can experience access to funding, advocates, and volunteers through social media. However since this medium is still evolving, little is known as to what is needed to achieve a high return on investment. This research project will allow the nonprofit community to evaluate their current funding strategies to determine whether investing in social media will be worth their efforts.

V. Methods: The researcher will collect data regarding current social media practices within three locally affiliated nonprofit organizations (selected through professional relationships) through semi structured interviews and an evaluation of budgeting data. Specifically, the researcher will (1) evaluate current budgets dedicated to social media, (2) determine what presence, if any, these organizations have on social media, (3) interview fundraising directors and/or the executive directors, and (4) conduct a cost-benefit analysis to determine the effectiveness social media has had on each organization.

VI. Procedures: Since each organization is unique, as is its objectives for its presence on social media, a better insight can be gained through case studies than by collective survey. Furthermore, 94% of the nonprofit community has an annual budget less than $5 million, and therefore, has limited capacity to dedicate toward social media. Therefore, three organizations have been identified on the basis of (1) currently possessing, or having the desire to possess, a social media presence; and (2) having an annual budget of less than $5 million.

Each interview will last about 60 minutes. Participants will provide signed consent and will receive a copy of the Consent Form for their records. The researcher will not tape-record the interviews but will take notes. Each participant will be asked for names of individuals that they feel would be appropriate for inclusion in this study. A participant can terminate the interview at any time. A participant may request to see a typed transcript of the research notes from their interview; which will be provided to them within two weeks of their request. All interviews will be based on a common interview guide (attached to this protocol) even though participants will be asked supplemental questions based on the content of the responses received from each participant. Each participate will have the option of anonymity of themselves or the organization they represent (Commuri, 2009). Relevant financial information will be obtained from 990 forms (990 forms are made available to the public and are not private) or through the organization's annual budget. If the annual budget is used, then the researcher will receive expressed written information to disclose the budget's contents.

VII. **Subjects**:

a. Subject Selection Criteria: Subjects must represent an agency that already has, or desires to have, a social media profile. Secondly, subjects must represent an organization with limited capacity, identified by possessing an annual budget less than $5 million.

b. Subject Exclusion Criteria: Subjects must be English speaking. The researcher does not have the ability to translate other languages, therefore any subject must be a fluent English speaker. Most nonprofits do business in English, consequently this barrier is not perceived to be an issue.

c. Vulnerable Populations There will be no contact with vulnerable populations. Any interviews with agency representatives will only apply to the agency's budget or business models on social media. The agency's client information is not pertinent to this research and will not be included. The agency itself will have the option to share its financial information and business models anomalously.

d. Risks to Subjects Risks associated with this research project ought to be minimal. The researcher does not foresee any obvious emotional, physical, or economic risks based on the case study or interview. The researcher will respect the identity of each individual and the organizations they represent included in this study. Any reference to the outcome of this research, outside of this project, will be general in nature and will not include identifying information.

e. Managing Adverse Reactions: No known adverse reactions should result from this study. Subjects are free to refuse to answer any and/or all questions and may end the interview at any time without penalty. All interviewees will be given the option of anonymity and may contact the advisor of this project or the University Research Ethics Review Coordinator which is contained in the consent form.

VIII. Informed Consent:

a. Circumstances Surrounding the Process: Prospective subjects must be English speaking, represent a nonprofit organization that possess or desires to possess a social media presence, and that organization must have an annual budget of less than $5 million. All subjects will have the option to meet at a time and location that is most convenient and comfortable to them. Interviews will last approximately 60 minutes each. Subjects may choose to participate, or to terminate participation, at any time without risk or penalty. Any participation in this study will not have an impact on the roles they perform at their nonprofit organization.

b. Elements of Informed Consent: Each participant will be provided with two copies of a written consent form (attached). The participant will keep one copy for their records and return the signed copy to the researcher. Participants will be informed, verbally and in the written consent form, that their participation is voluntary and without compensation. Participants will also be informed, verbally and in the written consent form, that they may terminate the interview at any time without consequence.

c. Informed Consent Documented: The documented consent forms will be saved until this research project is published or for one year, whichever comes first.

IX. Attachments:

Consent Form
Interview Guide

X. References:

Morozov, E. (2009, Sept/Oct). Philanthropy 2.0. *Carnegie Endowment for International Peace,174(B21)*

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Stone, B. (2009). Clicking for a cause. *The New York Times.* Retrieved from http://www.nytimes.com.

Third Sector. (2009). Digital communications: Is social networking really the Holy Grail? *Third Sector: Extra.* Retrieved from http:// thirdsector.co.uk.

Wasley, P. (2009). More charities are on social networks – but few have raised much. *The Chronicle of Philanthropy 21*(14) 1 MY 7 2009.

Appendix D

IRB Approval

Date:	27 April 2011
To:	Kellie Pollack, PPA Student
cc:	Paul Newberry, IRB Chair
	Chandra Commuri, Department of Public Policy and Administration
From:	Steve Suter, University Research Ethics Review Coordinator
Subject:	**Protocol 11-79: Authorization Following Exemption from Full Review**

I am pleased to inform you that your protocol, **"Philanthropy 2.0: Using Social media for Fundraising in the Nonprofit"**, has been approved, following exemption from full review. This research activity was exempted as defined in Paragraph 46.101 of Title 45, *Code of Federal Regulations* based on the following criteria: (1) Research involving the use of [standardized] educational tests (cognitive, diagnostic, aptitude, achievement), survey procedures, interview procedures, or observation of public behavior, UNLESS: (a) information obtained is recorded in such a manner that human subjects can be identified, directly or through identifiers linked to the subjects, and (b) any disclosure of the human subjects' responses outside the research could reasonably place the subjects at risk of criminal or civil liability or be damaging to the subjects' financial standing, employability, or reputation. Approval is based on your materials received on 4-14-11 and your revisions and clarifications in response to IRB reviewer comments completed on 4-26-11.

This authorization is strictly limited to the specific activities that have been authorized by the IRB. If you want to modify these activities, notify the IRB in advance so proposed changes can be reviewed. If you have any questions, or there are any unanticipated problems or adverse reactions, please contact me immediately.

The following person[s], only, are authorized to interact with subjects in collecting data, with data containing personal identifiers, or in obtaining informed consent. Investigator is responsible for ensuring that any research assistants interacting with data having personal identifiers are HSPT certified.

Human Subjects Protection Training Certified:

Kellie Pollack [2-11-10] Chandra Commuri [11-10-03]

Any signed consent documents must be retained for at least three years to enable research compliance monitoring and in case of concerns by research participants. Consent forms may be stored longer at the discretion of the principal investigator [PI].The PI is responsible for retaining consent forms. If the PI is a student, the faculty supervisor is responsible for the consent forms. The consent forms must be stored so that only the authorized investigators or representatives of the IRB have access. At the end of the retention period the consent forms must be destroyed [not re-cycled or thrown away]. Please destroy all audio tapes after scoring.

This authorization will be valid until the end of March 2012.

____

Steve Suter, University Research Ethics Review Coordinator

Appendix E

For Further Reading, Additional Resources

WebConnex: an online transaction service that specializes in nonprofits

http://www.webconnex.com/online-giving

Facebook Causes: allows nonprofits an easy platform to connect with potential donors, friends, and partners, as well as, receive donations www.facebook.com/causes

EventBrite: an event planning tool for organizations, also allows for money collection

http://www.eventbrite.com/home

SlideShare: Offers users the ability to upload and share publicly or privately PowerPoint presentations, Word documents and Adobe PDF Portfolios.

http://www.slideshare.net/

Google Grants: a unique in-kind donation program awarding free AdWords advertising to select charitable organizations. http://www.google.com/grants/

Second Life: a Sims-like virtual world where users make avatars and interact with others. This platform is a unique method for nonprofits to solicit and interact with donors

www.secondlife.com