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How to Survive When You're Being Hundred-Dollared to Death: Expert Advice for Handling Donation Requests

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As a group, Main Street merchants in small towns have to be some of the most generous people in the state. Frequently, they provide donations and sponsorships for numerous events such as golf tournaments, festivals, retail promotions, student activities, etc. Unfortunately, many local merchants feel they have reached their limit. A common statement from a typical merchant might be, "I'm being hundred-dollared to death."

The Perkins, Oklahoma, Main Street program decided to investigate this business challenge. Suzette Barta asked retail and business experts for their best advice on how to deal with this problem. Their answers were first reported in Perkins' *Main Street Merchant* newsletter.

Expert #1. Anne Obarski, Executive Director of Merchandise Concepts, a retail consulting service.

Obarski said, some groups receiving support from local businesses make a point of displaying the names of contributors prominently. This is effective advertising that gives back to community businesses. When the business name is listed everywhere as a donor, people tend to bump it up on their mental list of who they want to do business with. In Obarski's words, "It is plainly good PR."

Obarski also recommends that businesses start an advertising budget and stick to it. When the budgeted amount for the month or year has been spent, respond honestly. Explain that the budgeted funds have been given out for the period and inform your inquirer of the best time to ask again for support.

Expert #2. Jim Watters, Business Consultant for the Oklahoma Main Street Program at the Oklahoma Department of Commerce.

The best way to handle donation requests is to "learn how to say no," said Watters. This is easier said than done because there are a lot of great causes out there, however, the list of great causes never ends.

"As with any other operating expense, business owners have to decide how to allocate company resources for donations." If the person just won't take no for an answer, Watters suggests offering a product contribution.

Expert #3. Bob Phibbs, a.k.a. the Retail Doctor, a sought after public speaker and author of the book, *You Can Compete*.

The Retail Doctor said the key to business survival as a community supporter is prioritization. When deciding which groups to give to, customers need to go to the top of the list.

Situations and events involving public appearances of business leaders should also be given high priority. For instance, a restaurant serving refreshments at the band fundraiser is good; a gift of merchandise is not as good.

Expert #4. Kent Burnes, a popular seminar speaker and President of Burnes Consulting.

Burnes suggests that the merchant community set up a common donation account and allow the Main Street office or Chamber of Commerce to be the official administrator of the funds. The idea is that when people ask for support, simply hand them an application form and tell them to turn it into the Main Street or Chamber office. The committee in charge of the collective funds accepts requests for donations annually or quarterly and then allocates them appropriately. Burnes says he has seen this approach in action, and it works.

In cases where cooperation to this scale is not feasible, similar systems can be implemented for individual businesses.

Instead of handling requests on the spot, which may lead to agreeing to help too much or turning away all requests, simply hand out a donation and sponsorship application form. Many will not bother to return it, but inform those who do of the date applicants will be notified about their acceptance status.

Expert #5. Ken Davis, Vice President of Power Retailing and specialist in retail startups.

Retailers should choose one primary cause and donate strictly to an organization or organizations mobilized around that issue suggests Davis.

His example is the United Way. The United Way supports many different activities and uses donation dollars in the local area.

By choosing a single group to support, the response to solicitors for other organizations is easy. Simply say, "Yours is a worthy cause, but I focus all my donation efforts on the United Way."

Of course, the local Main Street and Chamber of Commerce are excellent choices of primary benefactors.

Expert #6. Rick Segal, owner of Rick Segal and Associates and author of the book, *Rick Segal on Revitalizing Your Downtown*.

Segal recommends giving out gift certificates, as opposed to taking out ads or giving merchandise. No one reads ad books, so they waste advertising dollars, and giving merchandise is not the best solution either because merchants tend to give away less than desirable merchandise, which can actually hurt business.

Gift certificates have three points of recommendation.

- The charity still benefits from the donation.
- Introduction of a new customer to the store.
- Statistics indicate that less than 50 percent of these gift certificates will actually get used. Talk about a win/win situation!

Expert #7. Jon Schallert, retail consultant and popular speaker.

In 2000, Schallert spoke in over 80 cities. At one seminar, he proposed an interesting scheme for dealing with donation requests.

If a really worthy cause comes along that you would like to support, you might try the following. Instruct the group to

print up some "coupons" that are about the size of a business card. The group should distribute the coupons to all its members and other concerned parties. For every \$10 purchased by a cardholder in the next month, you agree to pay \$.25, for example, to the charity. This way businesses can rest assured they are being positively affected while supporting causes they believe in.

Finally, here is an additional tip from the Perkins community. A few years ago, the band needed to raise money quickly for a trip to Europe. Sonic allowed band members to work as carhops one Saturday and keep all their tips. If businesses can benefit from "hiring" members of the charitable organization, it really becomes another win/win situation.

In conclusion, the experts disagree on a few things, but their advice has three things in common.

- Companies *should* give back to the community through donations and sponsorships; it makes good business sense.
- Businesses have to limit their giving, and the best way to do this is to set up an advertising budget and stick to it.
- Once a budget is set, it must be prioritized.

Donation and sponsorship funds should be given to groups that will provide the most exposure for a business, and those the decision-makers feel the strongest about supporting.

For additional information on retail trade assistance and community economic development, consult the website: www.rd.okstate.edu.