

Why a Matching or Challenge Grant Appeal Should Be Part of Your Fundraising Strategy

The Salvation Army sends a wide variety of appeals to reach donors and motivate them to give. Some are holiday-focused. Some are urgent. Some are general asks for funds.

All of these appeals are effective and necessary because it's important to present donors with a variety of messages and contacts. Among them, the matching grant appeal or the similar challenge grant appeal has proven to be particularly effective in raising money, even during times of the year that are traditionally soft for fundraising. That's because this kind of appeal has some unique advantages. *For example ...*

IT PRESENTS THE DONOR WITH A SPECIFIC OFFER.

Unlike other, more general appeals, the matching or challenge grant appeal gives the donor the opportunity to multiply the impact of her gift. So even smaller gifts have the potential to do far more good. That's a powerful motivator for donors.

IT HAS A SPECIFIC DEADLINE.

If a fundraising appeal has an artificial deadline, donors will see through it. But the deadline in a matching grant appeal is based on real-world conditions and outcomes. It's specific and believable. That's why it creates urgency and moves donors to take action.

IT HAS A SPECIFIC FUNDRAISING GOAL.

Like deadlines, a fundraising goal with a specific dollar amount creates urgency and gives donors a goal to achieve. That motivates donors to give.

IT HIGHLIGHTS THE GOOD A DONATION WILL DO.

While some appeals focus more on the need and present a softer ask, the matching or challenge grant appeal speaks directly to the donor about her gift, the urgency of receiving it, the amount of the gift, and the increased impact it will have. In this context, the frankness about the donation itself is a distinct benefit to the donor.

IT INVITES DONORS TO BE PART OF A FUNDRAISING EVENT.

Donors want to take part in something larger. That's why asking them to give in order to meet a fundraising goal serves as a rallying cry. The feeling of being part of a fundraising event heightens the impact and motivation of the appeal.

How Grants Are Set Up

In general, matching or challenge grant programs are set up in one of two ways.

In some cases, the charity will contact a foundation or governmental agency, create a grant proposal, and fill out a grant application in order to receive grant funds.

In other cases, the charity might contact an individual who then offers to donate a sum of money on the condition that the charity itself raises an equal amount of money. Or the charity could reach out to a group of mid-to-high-level donors and request that they pool their gifts in order to create a sum of money large enough for a matching or challenge grant.

Matching vs. Challenge Grants

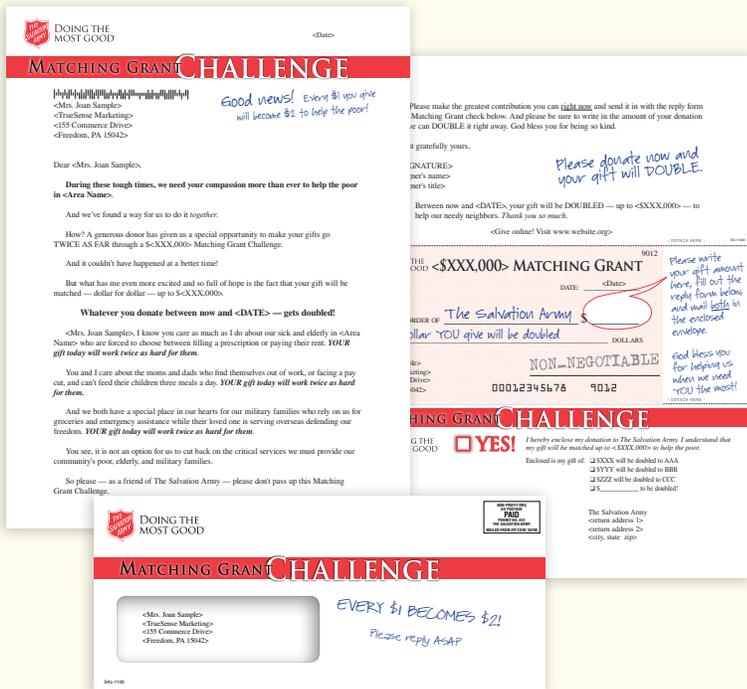
Matching and challenge grants are similar. In both cases, a foundation or individual gives money on the condition that the charity raise a similar amount of money on its own.

If it's a matching grant, then each donation that the charity receives from its donors will be matched by the foundation or individual offering the grant. Usually the funds are matched dollar for dollar, but sometimes the funds are multiplied three, four, five, or more times.

The matching grant can be set up so that the total amount of the grant must be matched in order for the charity to receive the funds. If the goal isn't met, the charity gets nothing. Most often, though, the foundation or individual will match the amount raised by the charity even if the fundraising goal isn't met.

If it's a challenge grant, a foundation or individual gives grant money to the charity, and the charity in turn asks its donors to contribute an amount equal to the challenge grant or as close to that as possible. The charity will receive the full amount of the grant in addition to the money raised from its donors.

Now let's take a look at how matching and challenge grants perform ...



The Case History Results

CASE 1 ▶

The Salvation Army of Southern California wanted to do a matching grant appeal but lacked the funds for the grant itself. So, to generate those funds, TrueSense came up with a creative approach. We developed a special major-donor mailing, working with the Division's major gifts staff. Featuring high-touch elements like actual handwriting and the business cards of the Division's major gifts representatives, the mailing was sent to the Division's caseload donors and major donors, and it offered them a unique opportunity to help The Salvation Army and spark the generosity of other supporters.

This special mailing raised an impressive \$350,000 — plenty to use as a matching grant.

With the grant in place, the next step was to send the matching grant appeal to donors. As shown in the table below, the appeal performed extremely well, clearly outpacing the previous year's mailing. It generated a response rate that was 34% higher. It generated a 7% higher average gift. Even better, it produced an increase in net income of \$64,173 — a full 96% higher than that generated by the previous year's mailing. By all measures, including the unique strategy of generating the funds comprising the matching grant, this appeal was a record-breaker.

	RESPONSE RATE	AVERAGE GIFT	NET INCOME
YEAR 1 — JUNE APPEAL	3.32%	\$48.88	\$66,601
YEAR 2 — MATCHING GRANT APPEAL	4.48%	\$52.50	\$130,774
		INCREASE IN NET INCOME	\$64,173

CASE 2 ▶

In The Salvation Army Western Pennsylvania Division, the development director mailed a matching grant appeal, and it easily outpaced the appeal mailed in the previous year, as the results show. Although the response rate was only marginally better — 7.5% for the matching grant appeal versus 6.8% for the previous appeal — the average gift was a full 8%

higher. What's more, even though costs (not shown in the chart) were slightly higher for the matching grant appeal, they were more than offset by the dramatic increase in income. Net income was a full 56% higher — \$165,697 for the matching grant appeal versus just \$105,749 for the previous appeal.

	RESPONSE RATE	AVERAGE GIFT	NET INCOME
YEAR 1 — JULY APPEAL	6.81%	\$37.34	\$105,749
YEAR 2 — MATCHING GRANT APPEAL	7.52%	\$40.53	\$165,697
		INCREASE IN NET INCOME	\$59,948

Results Continued ...

CASE 3 ▶

In Massachusetts, The Salvation Army contacted a group of major donors and raised \$150,000 in funds for a challenge grant. The Division then mailed a challenge grant appeal to donors.

The results, though, were surprising. The response rate for the challenge grant appeal — 4.2% — was actually lower than

that for the general appeal mailed in the previous year — 5.2%. But the average gift of the challenge grant appeal was a full 30% higher. That increase in average gift produced a dramatic increase in overall income. Compared to the general appeal, the challenge grant appeal generated an amazing 39% more in income.

	RESPONSE RATE	AVERAGE GIFT	NET INCOME
YEAR 1 — JULY APPEAL	5.2%	\$42.92	\$151,403
YEAR 2 — CHALLENGE GRANT APPEAL	4.2%	\$55.68	\$210,746
		INCREASE IN NET INCOME	\$59,343

Conclusion

The appeals based on matching and challenge grants sent by these Divisions were more than just successful fundraising mailings. They were game-changers. They brought in significant increases in income. In fact, the average increase in income was a stunning \$61,000. It's clear, from the perspective of response, average gift, and income, that the matching grant is an effective appeal for The Salvation Army and a welcome and motivating message for a great number of Salvation Army donors.