

Evaluation of Marketing Programs

Advisory Opinion

Overview

Charities are frequently presented with creative marketing opportunities that may lead to additional revenue for the charity. Some of these concepts may come near or go beyond the boundaries of traditional marketing programs. A proposed marketing program may involve recommending or promoting:

- equipment, from photocopiers or other office equipment to vehicles,
- services, from household moving services to long-distance telephone services,
- or a combination of a products and services.

While these marketing endeavors generally do not involve the solicitation of charitable gifts, they often include contact by the charity or a third-party with the charity's donor base, members or other constituents. The contact often results in the expenditure of money to obtain a product or service. There is generally, but not always, a direct or indirect financial benefit to the charity as a result of the transaction.

ECFA neither approves nor disapproves of specific marketing programs in which a member organization may engage. But ECFA does encourage members to adequately review and measure the risks associated with marketing programs. ECFA cannot

advise the public about activities of non-ECFA members who may be strategically linked to or partnered with an ECFA member to accomplish a marketing program.

Application of Principles

These principles and questions may be a helpful guide in evaluating potential marketing programs for your organization:

1. Your donors, members and other constituents are a highly valuable resource from God.

Questions: Do all marketing activities honor and respect the rights and privacy of your donors, members and other constituents? Does your organization retain control over your mailing list? Or, does a third-party have the opportunity to integrate all or part of your mailing list into their customer database which, in turn, might be sold in the marketplace?

2. Standard 7.1 requires "truthfulness in communication". All marketing materials should be clear and transparent. Expectations of donors should match the reality of the marketing service or activity.

Question: Are all marketing activities transparent in their purpose and benefits?

3. If you are partnering with a third-party, carefully consider your motivation and their motivation to engage in the relationship. The sole motivation of your organization should be to further your ministry objectives.

Questions: How does the proposed alliance with a third-party further your ministry objectives? Does the furtherance of your ministry's objectives surpass the profit motive of the third-party partner?

4. Understand the risks for your ministry before entering into a marketing relationship with a third-party. Do not put your organization at undue risk.

Questions: Will the proposed activity be totally under the control of your ministry? Will the success of the endeavor or the third-party partner be enhanced, as viewed by your organization or the third-party with which you are partnering, if you lend the name or reputation of your organization to the proposed activity? As a result of the activity, is your organization exposed to unrelated business income tax issues?

5. The products or services offered should be consistent with the standards of your ministry.

Questions: Are you certain that the products and/or services that will be distributed by you or a third-party to your donors, members or other constituents provide quality at competitive prices? If the

products or services are not satisfactory to your donors, members or other constituents, will the image of your organization be diminished?

6. Good stewardship of ministry resources is always an important criteria.

Questions: Have you projected the level of ministry resources required to implement and manage the proposed program? Does this financial commitment represent the highest and best use of your ministry resources?

Summary

The conduct of ministries should provide a benchmark for integrity and righteousness. The long-term impact on your ministry should be considered before entering into an alliance or partnership for the promotion of a product or service.

Questions on particular activities may be referred to ECFA for general guidance. It may be possible for ECFA to share the strengths and concerns about particular marketing activities. 