

Final Report

Unlock the Gate: Open to the Future

By: Jonathan Decker, Jenny Pham, Francis Uliem

About Open Gate:

Open Gate's mission is to provide a safe space for Houston's homeless young adults regardless of their sexual orientation and gender identity. Open Gate also provides dinners, clothing, hygiene items, and medical checkups to ensure that these vulnerable individuals have access to basic necessities and essential healthcare services.

Main Goal:

The main challenge that Open Gate currently is facing is the struggle to expand their means of funding and marketing. Therefore, the main goal of our project is to provide Open Gate with an actionable plan to increase their revenue and marketing power. We include information on how to write an effective newsletter, what forms of fundraising we believe would be best for them, and how to utilize social media to market their cause effectively. Our approach is to provide the necessary information and plan of action that fit the labor and monetary limitations for Open Gate to give them a variety of options to go forward with that best fit their needs.

Plan of Action:

Newsletter: Newsletters play a crucial role in fostering engagement and cultivating a sense of community within organizations. By adhering to several fundamental principles, newsletters can effectively incentivize future donations and volunteers while also maintaining reader interest. Personalization is vital and is achieved by referring to staff as "I" or "we" and addressing donors/members as "you," creating a personalized connection (Heyman, 2011). Increasing frequency and reducing word count are also recommended to optimize readership, allowing for regular communication without overwhelming recipients (Heyman, 2011). Experimenting with different formats can help gauge donor responses and optimize engagement. Including high-quality photos of beneficiaries highlights the impact of the organization's work and can help increase donations (Kogat and Ritov, 2005). Including a story of someone who has recently benefited from Open Gate is important as it can offer an emotional incentive to become involved. Furthermore, a clear call to action should be included, presenting opportunities for involvement that are easy and painless, such as volunteering for a few hours on a Sunday or emphasizing the importance of every donation regardless of size (Heyman, 2011). OpenGate could blend all these

writing techniques to form an effective set of newsletters. A possible effective combination could be pathos (narrative and experiential information), that is participant stories, Organization background, goals/objectives etc, logos, statistical and factual information regarding OpenGate's cause (helping the young homeless), and ethos, which is credibility or character in form of persuasion. This is key as donors like to know that their donations/money are being used effectively and responsibly. (Ashley Krysik, 2009).

Writers may create a compelling fundraising appeal by noting endorsements, the organization's history, its significance in the sector, and its spending habits. Because pathos aids in evoking donors' emotions, it is frequently utilized in the hopes for the donor to be moved by emotion and contribute to the specified cause. Since it is simpler for people to relate to a picture than an abstraction, emotional appeals are most powerful when they are embodied in an image, such as a photograph or film. Though challenging to quantify the success of email newsletters as a whole, "emails are considered as top ROI (return on investment) drivers by the US marketers with 88% of them using emails to interact with their consumers" (Kumar 2020). Overall, newsletters are an inexpensive and effective method for OpenGate to interact and engage with their donors and supporters. In fact, it is reported that various organizations have raised an average of \$78 for every 1,000 fundraising letters sent. (Keela).

Newsletters are extremely cost-effective. A resource to create newsletters is Canva. Though Canva Pro is usually \$12.99 per month, applying as a nonprofit through their website allows them to access it for free. This allows Open Gate to access thousands of templates and creative tools to make their desired newsletter that is beginner-friendly to use. The only cost that Open Gate will require is time, however, using templates will reduce the time as it eliminates the need to start from scratch every newsletter.

We recommend Open Gate send their newsletter monthly and if not possible, quarterly. For a monthly newsletter, at least one person should be designated to make edits and update the newsletter once a month. Attached at the end of the report is an example of a newsletter Open Gate can create on Canva that contains ethos, pathos, logos, opportunities for involvement, and high-quality photos.

Fundraising: To maximize the effectiveness of our donor outreach efforts, we will primarily focus on connecting with the population of Montrose, which is home to approximately 28,053

residents according to city-data.com. Additionally, the median income of the Montrose area is over \$110,000 which is well over the median of the US and city of Houston incomes which are at \$31,133 and \$56,019 respectively (US Census Bureau, 2021). This targeted approach is based on the understanding that individuals are more inclined to donate to causes that resonate with their own community. Open Gate, specifically aims to assist homeless individuals between 18 and 30 in Harris County. The total homeless population in Harris County, as reported by the U.S. Housing and Urban Development, stands at 3,124 individuals. As a more localized area of Harris County, if we concentrate our efforts on engaging the Montrose population, where Open Gate is located, we increase the likelihood of receiving support from individuals who share a connection with the community we aim to assist. Additionally, our targeted approach allows us to efficiently allocate our resources and provide the most impactful assistance to the homeless youth within Harris County.

Open Gate has tight limitations on both volunteer hours and money to spend on fundraising so we researched many different methods to help them raise money with little cost in both volunteer hours and monetary costs. The method that we believe would be successful for Open Gate is the once-and-done method. The once-and-done method is originally a mail-based campaign where you explicitly state on the outside of the envelope “Make one gift now and we’ll never ask for another donation again”. A study shows that this style of campaign nearly doubled initial donation revenue versus multiple different control campaigns that simply asked for donations (Kamdar, Levitt, List, Mullaney, and Syverson, 2015). It has also been shown to have over a 50% increase in revenue versus control when looking at the entire year and a half of running both campaigns, making the once-and-done strategy viable in both the short and long run (Kamdar, Levitt, List, Mullaney, and Syverson, 2015). Also, Open Gate could modify the campaign shown in the study to a once-and-done for a year style campaign that they could use to get new donors while also maintaining the same style for previous donors. Further research has shown that a campaign that decreases the donor's belief in the likeliness of future fundraisers shows an increase in both initial and future givings (Adena and Huck, 2019). Thus making the campaign not once and done forever but instead for a year will prove similarly effective.

When creating a flow of funds for possible fundraisers for Open Gate one of the main costs they will face are volunteer hours and the opportunity costs that come along with them. The opportunity cost will likely be several hours taken away from researching and writing grants.

However, if Open Gate can generate an increase in revenue from the new “once and done” campaign, similar to the growth shown in the study by the SPI, the cost will be well worth the payoff. In this new campaign, it is reasonable to expect to generate a similar donation per letter as the campaign done in the study which was 37 cents. The costs of the letters will be 10 cents for mailing costs (USPS) and 4 cents per letter for envelope and paper when buying bulk on Amazon. This means that a \$200 investment per month for a year would have a net present value of \$3,868.05, more details are provided on these calculations in Appendix a. Throughout the various trials, the study had a high end of 40 cents per letter, and a low end of 30 cents, which we used to create high-end and low-end net present values of \$4,372.67 for high-end and \$2,690.61 for low-end. In order to discount the future streams of income and future expenses we decided to use a discount rate equal to the current rate of US treasury bonds because Open Gate does not have any higher no-risk investment options that we could find in their financial reports. However, we believe they could very easily see a much higher level of donation per letter than even the high end because the study sent out letters to a much less targeted population than what we are suggesting. Also, this strategy could instead be used to increase donations from recurring donors which is currently their largest stream of fundraising revenue. If Open Gate employed this strategy and increased its revenue by the same factor as the study it could see an increase in revenue of around \$1,000 monthly. This number is based on a 50% increase of in the monthly financial data sent by Open Gate.

Social Media: An active social media presence will benefit Open Gate from a marketing and fundraising standpoint. Knowing this, we searched for effective media campaigns that will help grow OpenGate’s media presence and potential revenue. Incorporating their newsletter with social media can also create a bigger and more tight-knit community. Online donations are more feasible due to mobile technology for nonprofit organizations, specifically through social media. An example of this is Facebook’s “Donate Now” button. This feature is highly beneficial to OpenGate because it allows them to keep 100% (due to it having a 0% processing fee) of their donations and does not require a lot of labor to set up.

The potential of the web and social media for charity is growing, especially due to the increased usage of smartphones, particularly in the new generation of donors, since they make it simpler for individuals to donate more wherever they are (Namchul Shin, 2019). Overall, a

nonprofit can solicit donations through social media in multiple ways. Potential ways are a crowdfunding method (smaller donation amounts from a larger network of donors), a peer-to-peer fundraising network between colleagues and friends, and lastly, direct donation requests through social media (Saxton and Wang 2014.)

A concern that strays Open Gate from being proactive on social media is avoiding potential backlash, particularly amidst periods of political tension. Therefore, we advise that Open Gate maintains a cautious approach toward active engagement on social media platforms. Despite this, we encourage Open Gate to increase its media usage by any amount possible as research shows it to be effective towards marketing. Should Open Gate still decide to remain cautious, they can post more minimally on their platform of choice and have local friends and volunteers share it.

A viable platform to use is Facebook as 48% of social donors give on Facebook (fundraise.org). The age demographic in the Montrose area is made up of several age groups, but mostly the age group of people 22 - 34 years old, which is 38.38% of the Montrose population. Based on research, the best social media outreach for this age group is Instagram. However, for Open Gate to set up donations on Instagram, they need a Facebook account (setup steps are on the references page). This will require more time and effort but is worth it because 14.12% of the Montrose age demographic is in the age range of 55 - 64, which is good for media outreach through Facebook. This means that when the two are combined OpenGate could reach over half of the people in the Montrose area.

Providing Open Gate's audience with "information, participation opportunities, and expressions of value and gratitude" (Axelrad 2015) via social media is thus key to fulfilling their requests for donations and online promotion to their targeted audience. Moreover, using the "donate now" button on Facebook in combination with posts such as updates on what items are in need to be donated, will alleviate marketing constraints due to facebook having a built-in, global audience of billions. The "donate now" button overall simplifies the whole donation process by keeping it to a few clicks on the computer, rather than having links that redirect to external donation pages. Furthermore, it allows the audience to choose between a once and done donation or set up recurring donations (Morgan 2023).

Conclusion:

Summary and Recommendations: In conclusion, this project offers a comprehensive plan to enhance Open Gate's revenue generation efforts. By implementing effective strategies such as personalized newsletters, targeted fundraising campaigns, and strategic social media utilization, Open Gate can maximize engagement and increase financial support. The proposed approach emphasizes the importance of tailored communication through newsletters, showcasing impactful stories and clear calls to action. Additionally, focusing on the Montrose population, leveraging the once-and-done campaign concept, and incorporating insights from research studies can significantly boost initial and future donations. While volunteer hours and opportunity costs pose challenges, the potential revenue growth justifies the investment. Lastly, leveraging social media platforms and touching up on various approaches like crowdfunding and peer-to-peer fundraising can expand Open Gate's reach and simplify online donations. By following this plan, Open Gate can effectively connect with its target audience, foster a sense of community, and garner increased support for its important cause.

Information Sets: Some of the main ways we collect information for this project are through financial and impact data sets sent to us by Open Gate, and various books and research papers.

Examples: Below we have attached examples of a campaign letter and a newsletter to help show an example of what we talk about in our paper.



Make one gift now
and we'll never ask
for another donation
again!



OPEN GATE HOMELESS YOUNG ADULT MINISTRY



Roy Hollis
Board Chair

Dr. Damien Kelly
Program Director

Dear Reader,

I hope this letter finds you in good health and high spirits. I am writing to you on behalf of Open Gate, a charitable organization dedicated to addressing the urgent needs of homeless youth in Montrose. We are reaching out to compassionate individuals like yourself to request a one-time donation that will help us continue providing nourishment and support to these vulnerable young individuals.

Your one-time donation to Open Gate will enable us to provide nourishing meals to homeless youth, ensuring they receive the sustenance they need for proper physical and mental development. We believe that no young person should have to face the challenges of homelessness on an empty stomach. With your support, we can make a significant impact on their lives, offering them hope, stability, and a chance for a brighter future.

Here are some ways your donation will make a difference:

Food Security: Your contribution will help us provide nutritious meals to homeless youth on a regular basis, ensuring they have access to healthy food that supports their growth and overall well-being.

Holistic Support: Open Gate not only addresses the immediate needs of homeless youth but also offers comprehensive support services, including medical checkups, educational resources, and hygiene packs. Your donation will help us sustain and expand these critical programs.

We kindly request your generosity through a one-time donation. Every contribution, regardless of size, will have a meaningful impact on the lives of homeless youth in Montrose. To make your donation, please visit our website at beringopengate.org or use the enclosed donation envelope.

With heartfelt gratitude,

Open Gate



July 2023

Last month alone Open Gate has been able to provide assistance to over 200 individuals. Since 2007, Open Gate has provided service to the homeless without missing a single Sunday even through natural weather disasters and the pandemic. Upcoming events this following summer are ABCD...



THANK YOU TO OUR DONORS

We would like to give special thanks to donors. With your help Open Gate has been able to keep providing service for sixteen years and counting! Any donation goes a long way no matter the amount. Through the various services Open Gate provides for the homeless there are various ways to contribute to the cause. Simply click the link below to explore various ways to help your local community.

[WAYS TO HELP](#)

Andre's Story:

Open Gate Homeless Young Adult Ministry addresses many of the it's participant's basic needs. Additionally, the organization provides encouragement and support for personal and professional development. Recently, the organization was able to help a program participant on a mission to facilitate change in the lives of youth who are in both the Child Protective and Juvenile Court systems simultaneously (i.e., they have dual-status). Collective Action for Youth Organization (CA4Y) selected Open Gate participant Andre Taylor for a five-month fellowship. The group works with dual-status youth ages 10–17 and their families, linking them with resources that will enable them to achieve unlimited capabilities in their future as they transition into adulthood.

A message from Dr. Kelley



" Working for Open Gate has been an extremely rewarding experience; etc"

(This section can also be used further announcements AKA any upcoming events OR what is specifically needed to be donated. Example: Summer shorts to battle summer heat)

stay connected (plug in socials)

Appendix

- a. The calculations for the flow of funds of the proposed fundraising campaign are based on calculations using an initial cost of \$200 in time zero to buy the needed letters, envelopes, and mailing expenses for the first month. Using the 14 cents per letter the \$200 will have been able to produce 1,428.57 letters which means the expected revenue for the first month will be \$528.57 when using 37 cents as expected return, \$571.43 for the high end 40 cents, and \$428.57 for the low end 30 cents. Next, I subtracted the monthly cost of \$200 to buy letters for the next month and repeated the cash flow for 11 months, and then discounted the profit accordingly by a 4.1% annualized rate of 0.34% monthly because that is the current rate of long-term treasury bonds. Then for the final month of the campaign, the flow is just the expected revenue of the letters purchased in the previous month without the cost of purchasing the letters for the month after. This all comes together to create a formula such as

$$PV=(-200)+(328.57/1.0034)+(328.57/1.0034^2)+(328.57/1.0034^3)+\dots+(328.57/1.0034^{11})+(528.57/1.0034^{12}).$$

References

Axelrad, C. (2015). 8 routine social media practices of successful nonprofits. Maximizing Social Business. Retrieved from <http://www.maximizesocialbusiness.com>

Ashish Kumar (2020). “An empirical examination of the effects of design elements of email newsletters on consumers” *Journal of Retailing and Consumer Services*, Volume 58, <https://doi.org/10.1016/j.jretconser.2020.102349>

Heyman. (2011). *Nonprofit management 101 a complete and practical guide for leaders and professionals* (1st ed.). Jossey-Bass.

Kamdar, A., Syverson, C., Mullaney, B., List, J. A., & Levitt, S. D. (n.d.). Once and done: Leveraging behavioral economic S to increase charitable ... https://spihub.org/site/resource_files/publications/spi_wp_025_list.pdf

Kogut, Tehila & Ritov, Ilana. (2005). The ‘Identified Victim’ Effect: An Identified Group, or Just a Single Individual?. *Journal of Behavioral Decision Making*. 18. 157 - 167. 10.1002/bdm.492.

Maja Adena, Steffen Huck, “Giving once, giving twice: A two-period field experiment on intertemporal crowding in charitable giving”, *Journal of Public Economics*, Volume 172, 2019, Pages 127-134, ISSN 0047-2727, <https://doi.org/10.1016/j.jpubeco.2019.01.002>.

Montrose neighborhood in Houston, Texas (TX), 77006, 77019, 77098 detailed profile.
Montrose neighborhood in Houston, Texas (TX), 77006, 77019, 77098 subdivision profile - real estate, apartments, condos, homes, community, population, jobs, income, streets. (n.d.). <https://www.city-data.com/neighborhood/Montrose-Houston-TX.html>

Morgan, Edward. “Facebook’s Donate Button: The Ultimate Tool For Nonprofits” 2023, <https://www.constantcontact.com/blog/facebook-donate-button/>

Namchul Shin. (2019). The Impact of the Web and Social Media on the Performance of Nonprofit Organizations.

<https://scholarworks.lib.csusb.edu/cgi/viewcontent.cgi?article=1386&context=jitim>

Saxton G., Wang L. (2014). The social network effect: The determinants of giving through social media. *Nonprofit and Voluntary Sector Quarterly*, 43(5), 850-868

<https://www.keela.co/blog/nonprofit-resources/nonprofit-newsletters-donor-engagement#:~:text=Email%20newsletters%20are%20a%20cost-efficient%20and%20effective%20way,messages%20sent%2C%20nonprofits%20raised%20an%20average%20of%20%2478.>

U.S. Census Bureau quickfacts: Houston City, Texas. (n.d.).

<https://www.census.gov/quickfacts/fact/table/houstoncitytexas/INC110221>

<https://www.facebook.com/help/instagram/2031680250470701/> (Steps for donation account setup for Instagram and Facebook).