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Raising Money through Volunteer Labor

By [Susan J. Ellis](#)

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As I've said before, sometimes an issue becomes a "Hot Topic" not because it's new, but because there suddenly seems to be an unusually high amount of buzz about it from several corners. That's the situation now about the practice of a corporation offering to give money to a nonprofit, but only after volunteers do something to help the business. In a two-week span I both received private e-mails and saw several listserv postings, all concerned about such commercial projects being exploitative of volunteers. This is a complicated topic with lots of gray areas, so let's examine what the issues are.

First we need to recognize the variety of ways in which fundraising through businesses occurs. I see three main categories:

- **Outright donations**

This is the non-controversial form of fundraising: asking a company, usually but not always through its foundation, to give money outright to a nonprofit. As with private individual donors, obtaining funds depends on the quality of the agency's "pitch" and the availability of money. Sometimes there is a barter of "give us X amount and we'll name the building, project, etc. after your family/corporation." Rarely is this type of exchange questioned, with some exceptions about tobacco companies and other commercial ventures seen as undesirable.

- **Profit-sharing**

This is a partnership arrangement in which the efforts of both the nonprofit and the company result in making sales, a portion of which revenue goes to the nonprofit. Often called "cause-related marketing," one example is that, for every "pink lid" from a Yoplait yogurt carton that you mail to the company, a ten-cent donation is made to the Susan G. Komen Breast Cancer Foundation.

For the discussion here, however, let's focus on more local, volunteer-intensive projects. This may mean that a nonprofit handles something like holiday gift wrapping within a shopping mall and keeps all the money raised by volunteer effort during the period. It could be a plan in which

volunteers distribute coupons to potential customers, urging them to shop with these so that the agency gains funds at the same time as the customer (nonprofit supporter) benefits from a shopping discount. There are more such arrangements. What they have in common is that the work of the volunteers increases business share for the company but also results in new cash for the agency -- while openly giving customers the chance to buy what they wanted anyway but with a new side effect of supporting the nonprofit.

- **Compensation**

This is the most controversial of the plans because the company approaches the nonprofit and basically offers to give money in exchange for “buying” the services of volunteers in some way. The activities can range from giving away product samples to taking tickets at a for-profit event to doing other necessary tasks. If the volunteers do not do these, the company would have to pay low-wage employees.

None of these variations is always good or always bad. Your reactions to any of these fundraising plans may be more influenced by your attitude towards profit-making businesses than towards protecting volunteers. On the other hand, you may feel that *how* you make money is as important as raising it.

For many years here in Philadelphia, one of the major department stores ran a much-publicized nonprofit shopping day. Agencies could sign up to participate, agreeing to distribute discount coupons to as many of their supporters as possible, as well as send volunteers to the store on the special day to help shoppers and staff exhibit tables. Certainly the store increased sales that day and gained the halo-effect from community involvement. The agencies benefited from a percentage of the sales revenue, plus had the chance to showcase their work in exhibits at the store. Shoppers received discounts and the added plus of knowing their purchase helped important causes. Volunteers could see the immediate money-making results of their efforts.

Probably most people would see this as an example of a positive partnership between business and community. Yes, its purpose is to make money for both sides, but the project also seems mission-based since the agencies had the opportunity to explain their work and generate goodwill.

A different example is the company that approaches a nonprofit with the idea of giving a sum of money to the agency in exchange for volunteers handing out samples of their products in a mall. Warning bells should go off if the amount of money offered is only a token percentage of the cost of hiring employees. In that case one might legitimately wonder if the company is simply looking for cheap help. And why should volunteers agree to expend their time and effort for such a low return?

For the sake of argument, however, let's assume the company offers exactly the same money as it would pay to temporary employees. Is there something in this arrangement that is uncomfortable? Why? It may be the feeling of taking jobs away from those who could use the money, but what's really wrong with a business offering this sort of support to a nonprofit if the “labor” cost is the same? Isn't

it an elegant solution to meeting two needs at once? And if volunteers would have to fundraise anyway, why not “earn” the money like this? Is it any more sensible or honorable to bake cakes or wash cars?

Note that these are important questions to which there are no clear answers. Ivan Scheier, in his book [When Everyone's a Volunteer](#), speaks of “time tithing” as a great way for small organizations to raise money. He proposes that supporters be asked to donate their earning or fees from one or more days of work, asking their client or employer to make the check out directly to the organization. His point is that volunteers may be more able to *generate* funds for the cause than to find spare cash to donate.

For me, the issue is one of full disclosure on all levels:

1. The financial arrangement should be fully defined publicly. What percentage goes to the nonprofit vs. to the business? What would have been the cost to the company to hire help and is the amount that the agency receives commensurate? "Do the math" to assure that the financial gain to the nonprofit is:
 - worth the effort to be expended
 - not simply a cheap substitute for paid labor for the company
2. Volunteers should understand the arrangement and be free to choose whether or not to participate. Let's be honest. Many times it's the volunteers themselves who like these sorts of projects because they are perceived as easier than other forms of fundraising. They don't mind providing the labor if the business does the organizing and the project has a good chance of financial success.
3. The consumer/supporter should know that this is a fundraising project and exactly what portion of their purchase ends up in the nonprofit's bank account. These facts can make a difference as to whether or not the person shops this way or decides to give money a different way.

Pay attention to warning bells if you sense that exploitation might be a danger. But don't assume that all businesses are trying to get something for nothing. In many situations, this sort of fundraising is truly win-win-win. Be open and accountable – and negotiate with the business for the percentage of revenue you will truly earn – and then go ahead and cash those checks!

Please share other examples of this sort of business/agency fundraising. What issues do you see in this sort of project? What have been your good or bad experiences? Do you have any tips to share with others?

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Submitted on 24 June 2003 by Chip Madsen, Associate Director, New Jersey

I partnered with Borders Books on what they call "Benefits Days" where we distributed coupons to our volunteers and any book purchase they made on a specific day generated a percentage of the cost of the book (not the profit! - the whole book!!) to my program. Together we raised about \$2,000 for the Newark Reading Is Fundamental program of Protestant Community Centers, Inc and Borders had a spike in their sales on an otherwise slow day, a true win/win.

Submitted on 4 June 2003 by Valerie Sen, Program Director, Volunteer Center of Battle Creek, Michigan USA

My concern about raising money through volunteer labor is: Does the nonprofit fully know who they are partnering with? For example, what if an anti-racism agency partnered with a company on a fundraiser and after the fact the agency finds out that the company had a history of supporting apartheid in the 80's and 90's. How would that make the volunteers involved feel? Should the agency return the money based on principles? What if the press gets a hold of this? It could definitely do damage to the image of the nonprofit. Large corporations have "fingers" in so many different areas, that it is often an arduous task to discover who they represent. Where do agencies draw the line in researching which companies are ethical enough to partner with?

Submitted on 2003 Jun 4 by anonymous, Volunteer Coordinator, Alberta, Canada

Sometimes I worry about corporations riding on the good name of an organization and wonder about the ethics of using "free help" for sales promotions. Volunteers generally don't question our ask for help and yet it's crucial we never break their trust.

Clear agreement by both the fundraiser and the host corporation is essential. We agreed to "partner" with a national store that holds local charitable campaigns. I nearly lost a volunteer on our first day with that business due to a change of task. We walked in with the understanding that we were to be available to describe who we are as an organization but when we arrived, we were asked to basically accost customers for donations!

We also were asked to serve hot dogs at a business with a marvelous reputation but located in a neighborhood ravaged by poverty and homelessness. The business advertised free food but invited us to serve and receive donations. As the event unfolded, volunteers were asked to limit customers to one hot dog each. Some people brought in the ad that clearly said "FREE hot dogs"--it is so important that neither the corporation nor the organization appear to be misrepresenting themselves.

Last summer, we did an event that turned out to be a fantastic volunteer social but rather disastrous as a fundraiser. I had a sense from other organizations involved they felt the business that ran that event basically looked for free help. They had a number of repeat concessions so it was the "luck of the draw" depending on where your concession stand was located.

I'm interested to see other responses! Thank you for addressing this issue!

(I appreciate this response being posted anonymously please--this topic is just cooling off as a hot topic in our office! :) Thanks!)

Submitted on 2003Jun1 by Cara Blank, Director of Online Publications, Energize

Every holiday season at the Barnes & Noble where I worked, several nonprofits would come and gift wrap books for customers and ask for a donation. B&N supplied all the tools: gift wrap, tape, scissors, decorated table, donation jar. Several years the Humane Society made over \$400.00. Technically, if the volunteers didn't want to do this, B&N employees would have to do the gift wrapping, although the company, in that case, probably would not *encourage* customers to get their books gift wrapped.

I remember a lot of smiles at this time. B&N employees really liked stopping and visiting the volunteers and seeing how much money they earned so far, and the volunteers were always so energetic (minus a few teenagers occasionally). Also, I think B&N employees felt good about something that was happening for a nonprofit, rather than just focusing on corporate sales during the holiday season. This seemed to brighten the situation of having to work for a capitalistic giant who turns a festive season into a sales war.

This seemed to be a win-win situation. However, from a theoretical perspective, I can't help but wonder if the corporation was truly interested in serving nonprofits or hiring 2 less sales people for each its 600 stores.

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