Navigating Growth

Staffing and Donor Development Challenges
in Michigan's Nonprofit Sector

Harness

Executive Summary

Michigan's nonprofit sector is a powerful driver of social impact and economic vitality, comprising approximately **50,000 organizations**, employing over **470,000 individuals**, and generating more than **$90 billion** in annual revenue.

50,000	470,000	$90 billion
Organizations	Individuals	Annual revenue

From Detroit and Grand Rapids to the Upper Peninsula, Michigan nonprofits work to improve lives through healthcare, education, environmental protection, and social services. However, challenges in hiring fundraising professionals, adopting modern donor management tools, and sustaining engagement with supporters persist statewide. This report offers insights into these issues and strategies for nonprofit leaders across Michigan.

Overview of Michigan's Nonprofit Ecosystem

50,000

organizations

Scale and Scope

- The sector supports approximately **470,000 jobs,** representing over **10% of the state's employment**
- Generates an estimated **$90+ billion** in annual revenue
- Dozens of large institutions, particularly in healthcare and higher education, report revenues exceeding **$100 million**

60%

organizations have revenues under

$250,000

Organizational Size

- About **60% of organizations** report annual revenues under $250,000
- A small number of major institutions account for a large share of sector income

Significant contributors to the sector's revenue

Sector Distribution

- **Healthcare and hospital systems** make up the largest share of nonprofit revenue
- **Education, human services, community development,** and **environmental nonprofits** also represent major subsectors

Hiring and Staffing Challenges

Competitive labor market

Talent Acquisition

- Nonprofits compete with the private sector and government for skilled development staff
- Rising wages, remote work competition, and high turnover strain recruitment, especially for **Development Directors, Major Gift Officers, and Grant Writers**

Lack of IT or data staff

Technological Gaps

- Many smaller nonprofits lack dedicated CRM, IT, or data professionals
- Outdated systems limit personalized donor engagement and performance tracking

Donor Development Trends and Challenges

Struggle to steward mid-level donors

Donor Engagement

- Small teams struggle to steward mid-level donors or implement recurring giving strategies
- A high reliance on **event-based fundraising** creates volatility in revenue

State and federal grants dependencies

Funding Dependencies

- Human service organizations often rely heavily on **state and federal grants**
- Delays or shifts in government funding can destabilize programs or staffing levels

Budget Constraints and Operational Limitations

Tight budgets

Resource Allocation

- Many Michigan nonprofits operate with lean administrative budgets, limiting investments in **CRM software, staff training,** and **fundraising consulting**
- Staff multitask across programs, operations, and development—reducing strategic donor focus

Affordable training and tech solutions

Capacity Building Initiatives

Statewide organizations like the Michigan Nonprofit Association (MNA) and Council of Michigan Foundations (CMF) offer training, policy advocacy, and digital tools—though engagement varies by region

Regional Factors Influencing Nonprofit Operations

Aging population

Demographic Considerations

- An aging population in many areas affects **volunteer recruitment** and **donor engagement strategies**
- Southeast Michigan's diversity calls for more **culturally competent** communication and segmentation approaches

Urban and rural economic disparities

Economic Landscape

- Economic disparities between urban and rural areas impact fundraising capacity
- Some regions face talent shortages and limited broadband, making remote operations harder

Recommendations

Shared staffing models

Collaborative Hiring

- Partner with nearby organizations to share **development staff, grant writers, or campaign strategists**
- Consider fractional roles or consultant-based engagements

Use free or discounted tools

Leveraging Technology

- Adopt tools like TechSoup, Google for Nonprofits, and Microsoft Tech for Social Impact
- Implement CRMs such as EveryAction, Neon One, or Bloomerang to streamline donor cultivation

Stewardship strategies

Enhanced Donor Engagement

- Segment donor bases to allow more targeted communications
- Use stewardship strategies like personalized thank-you calls, upgrade campaigns, and legacy giving outreach

Strategic Recommendations

Outsourcing Fundraising Services

Know When to Outsource

Ideal functions to outsource include:

✓ | Grant writing

✓ | Campaign management

✓ | Major gift cultivation

✓ | Database maintenance

Cost Considerations

✓ | Hourly rates: **$85–$200**

✓ | Project fees: **$3,500–$10,000**

✓ | Monthly retainers often provide better ROI than hiring part-time or overburdening current staff

Structure the Relationship for Success

✓ | Set clear expectations, define measurable goals, start with a short-term pilot, assign internal ownership, and conduct regular reviews to ensure alignment.

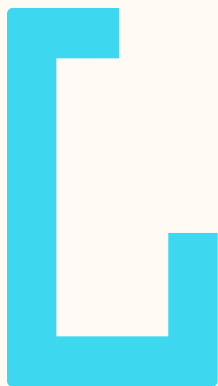**For full-service fundraising, marketing, and donor growth support**

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