

Navigating Growth

Staffing and Donor Development Challenges
in South Dakota's Nonprofit Sector



Executive Summary

South Dakota’s nonprofit sector plays a vital role in sustaining community life, economic development, and cultural preservation. The sector includes approximately **4,000 organizations**, employs over **37,000 individuals**, and generates an estimated **\$3.8 billion** in annual revenue.

4,000	37,000	\$3.8 billion
Organizations	Individuals	Annual revenue

From Sioux Falls and Rapid City to rural reservations and farming communities, South Dakota nonprofits support healthcare, education, Native services, social programs, and the environment. However, small to mid-sized organizations face increasing difficulties in hiring development staff, leveraging technology, and building long-term donor pipelines. This report highlights these challenges and provides practical recommendations tailored to the realities of South Dakota’s nonprofit landscape.

Overview of South Dakota's Nonprofit Ecosystem

4,000

organizations

Scale and Scope

- Nonprofits support over **37,000 jobs**, accounting for nearly **10% of the state's workforce**
- The sector generates approximately **\$3.8 billion** in annual revenue
- A small number of large institutions, particularly in healthcare and education, have revenues exceeding **\$100 million**

65%

organizations have revenues under

\$250,000

Organizational Size

- Approximately **65%** of organizations operate with annual revenues under **\$250,000**
- A few large institutions contribute significantly to the total sector revenue

Significant contributors to the sector's revenue

Sector Distribution

- **Healthcare and hospital systems** account for the largest portion of sector income
- **Education, human services, cultural, and tribal-serving nonprofits** form critical pillars of the ecosystem

Hiring and Staffing Challenges

Competitive labor market

Talent Acquisition

- Limited labor pools and housing shortages make it difficult to recruit Development Directors, Major Gift Officers, and campaign strategists, particularly in rural and tribal areas
- Retention is a challenge due to lower salary offerings and remote geographies

Lack of IT or data staff

Technological Gaps

- Many organizations lack internal data teams, CRM administrators, or digital fundraising infrastructure
- Tech limitations result in missed opportunities for donor segmentation, tracking, and retention

Donor Development Trends and Challenges

Retention challenge

Donor Engagement

- Organizations with small fundraising teams often focus on events and grants, leading to **weak mid-level and recurring donor pipelines**
- One-time giving is common, but long-term cultivation remains underdeveloped

State and federal contracts dependencies

Funding Dependencies

- Many human service and tribal nonprofits are heavily dependent on state and federal contracts
- Changes in public funding cycles create uncertainty in budgeting and staffing

Budget Constraints and Operational Limitations

Tight budgets

Resource Allocation

- Lean operations restrict investment in **CRM software, training, and consultants**
- Staff often wear multiple hats, limiting time for strategic donor engagement

Affordable training and tech solutions

Capacity Building Initiatives

Resources such as South Dakota Nonprofit Network, South Dakota Community Foundation, and tribal community hubs offer capacity-building support—but utilization varies, especially in rural regions

Regional Factors Influencing Nonprofit Operations

Aging population

Demographic Considerations

- An aging population in rural counties and across tribal nations necessitates unique volunteer recruitment and donor stewardship strategies
- Youth outmigration limits leadership pipelines

Regional disparities in funding

Economic Landscape

- South Dakota's vast geography, rural economy, and limited broadband access create technology and workforce barriers for nonprofits
- Tribal communities face systemic funding and infrastructure gaps

Recommendations

Shared staffing models

Collaborative Hiring

Smaller nonprofits should consider shared staffing models for development roles, pooled grant writing, or outsourced campaign support

Use free or discounted tools

Leveraging Technology

- Adopt free or affordable software solutions through TechSoup, Google for Nonprofits, and Microsoft Tech for Social Impact
- CRMs such as Bloomerang, EveryAction, or Neon One can help automate donor cultivation and reporting

Stewardship strategies

Enhanced Donor Engagement

- Develop segmented donor communications
- Implement regular personalized follow-up, recurring donor campaigns, and major gift outreach efforts

Strategic Recommendations

Outsourcing Fundraising Services



Know When to Outsource

Ideal functions to outsource include:

- ✓ Donor communications
- ✓ Major gifts
- ✓ Grant writing
- ✓ Database management

Cost Considerations

- ✓ Hourly rates: **\$85–\$200**
- ✓ Project fees: **\$3,500–\$10,000**
- ✓ Monthly retainers often yield better consistency and ROI than internal part-time hires

Structure the Relationship for Success



Define project goals, launch with a short-term pilot, assign an internal point of contact, and conduct regular performance evaluations.

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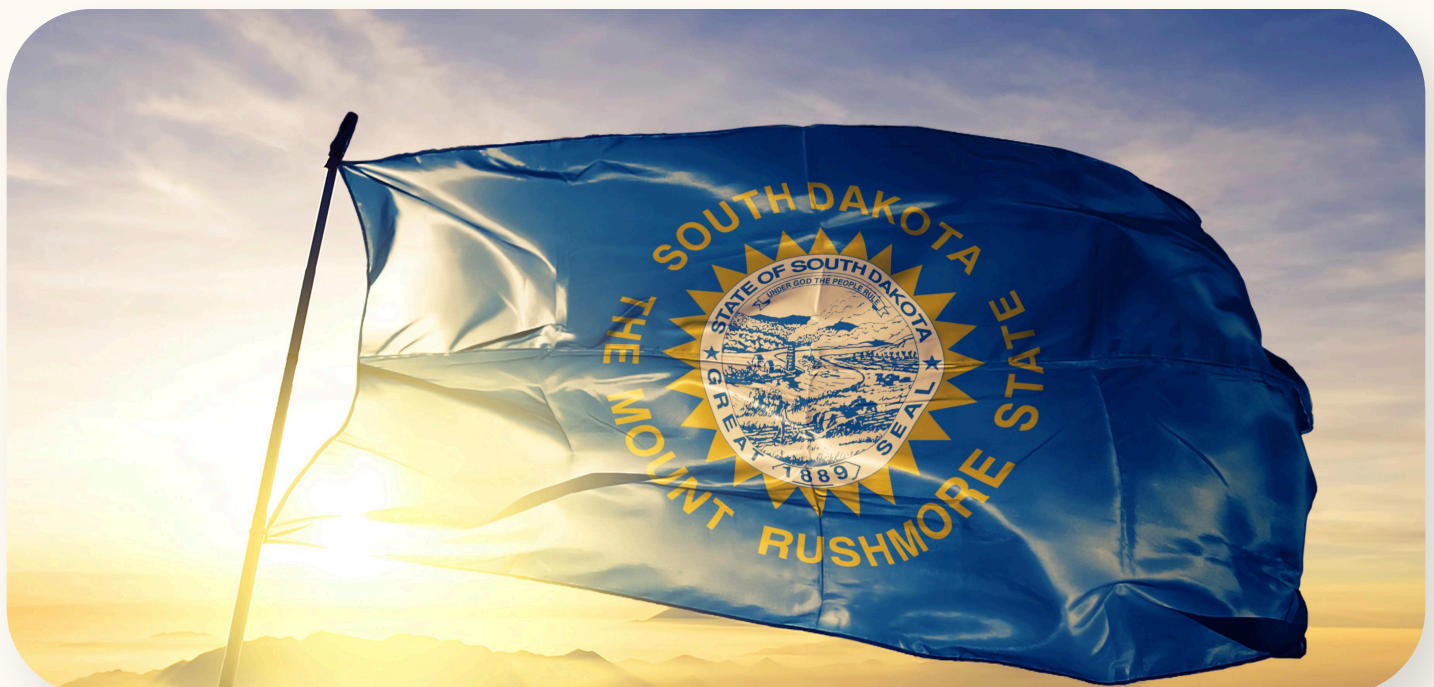


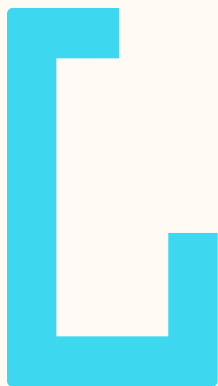
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