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Charities Go to Great Lengths for Prizes but May Lose Focus

By Ben Gose

How far should a charity go to win an online fund-raising contest?

For the Kanzius Cancer Research Foundation, the answer is about 430 miles. That's how long the drive is from the charity's offices in Erie, Pa., to Times Square in New York City, where the charity's executive director traveled last month in an 11th-hour bid to round up enough votes to win a grant in the Pepsi Refresh Project.

The trip, which involved staking out morning talk shows like *Fox & Friends* for a few seconds of air time, helped propel the charity to the top of the charts in the Pepsi competition and earn it a \$250,000 grant. Pepsi Refresh is a monthly online contest running throughout 2010 in which the company awards cash to charities whose ideas for improving the world get the most votes.

Contests that use social media like Facebook, Twitter, and online voting platforms to award or raise money for charities are popping up more frequently, as grant makers step up the number of prizes they offer to encourage charities to meet specific goals. The Case Foundation and other corporations or their foundations—including Chase and American Express, in addition to Pepsi—have sponsored such contests.

The contests are not as “academic or rigorous” as programs offered by the X Prize Foundation and others that seek to solve technological or social problems, says Michael Smith, the Case Foundation's vice president of social innovation. “They are more on the order of ‘Let a thousand flowers bloom.’”

Quick Cash

For some participants, especially small charities like the Kanzius foundation and Atlas Service Corps, which brings nonprofit leaders from developing countries to the United States for one-year fellowships, the contests are a shot at quickly landing the kind of

money that might otherwise take months or years to raise.

Atlas Service Corps has won a total of \$330,000 in the past two years from four online contests, including America's Giving Challenge (sponsored by Case), the Pepsi Refresh Project, and the Chase Community Giving contest. Those prizes have enabled the four-year-old group to nearly double its budget, to \$800,000, in the past year.

"We don't have angel investors," says Scott Beale, Atlas Service Corps' founder and chief executive. "Our largest donations have been from online contests."

Mr. Beale estimates that he spent 75 percent of his time in February encouraging Atlas supporters to vote for the charity in the Pepsi Refresh Project. The organization has 100 campaign captains, each of whom was asked to find 10 additional supporters. Mr. Beale also took a lead role in forming a coalition of seven charities that each encouraged its supporters to vote for the entire bloc. (Voters in the contest can vote up to 10 times per day, but each vote must be for different projects.) Atlas Service Corps won \$50,000 in the February round of the Pepsi competition.

Mr. Beale believes most charities don't put enough effort into the contests; he pursues them with the same zeal that some fund raisers bring to high-end fund-raising events. "At a lot of galas, you would be lucky to raise \$50,000," he points out.

Angering Donors

Some critics say the online fund-raising contests can distract charity executives and exhaust a charity's supporters and may not be worth the time they require.

Achieve, a fund-raising consulting company in Indianapolis, noted in its May newsletter that contests can raise a charity's profile and drive traffic to its Web site.

But the company, which based its findings on an analysis of an unnamed charity's experience in a contest, also found a slew of negatives: The charity dropped everything else and became consumed with the contest. It lost track of the message it had hoped to communicate to donors in its crazed bid for more votes. And it blew a chance to land long-term donors by failing to follow up with the voters who supported the charity.

Some donors, according to the company, got so fed up with the

constant messages they received from the charity that they canceled their subscriptions to the charity's e-mail messages.

Other donors felt the charity was wasting time on a contest it was unlikely to win.

"Ask yourself one final question," the article concludes. "Will spending social capital to get an online vote or one-time donation help us in the long term, or will it be a short-term gain that, in many ways, costs us more than it's worth?"

More Than Money

Mr. Beale agrees with some of Achieve's arguments. Atlas Service Corps is taking a six-month break from participating in contests—in large part to avoid burning out donors whose persistent voting has helped the charity win the five contests. "There is a toll on your supporters," he says.

But he believes the company underplays the benefits of contests. Atlas, for example, is now working closely on programs with one of the members of its coalition in the Pepsi contest. Atlas Service Corps and World Leadership Corps, which both place nonprofit leaders from foreign countries in one-year fellowships, are beginning to do some joint training of their fellows.

"Some people just look at the amount of money we've won in these contests, but that's really just scratching the surface," Mr. Beale says. "We're getting new partners, too."

Negative Headlines

The Kanzius Cancer Research Foundation encountered another risk of aggressively pursuing a contest win: negative headlines.

Kanzius raises money for an unconventional cancer therapy that is still years away from clinical trials. Early in April, the cancer foundation lagged near 100th place in the hunt for the \$250,000 monthly award that goes to the winners of Pepsi's largest prize category.

But the organization's executive director, Mark A. Neidig Sr., worked every angle to climb the charts.

He ran ads in local newspapers and on the radio about the contest. He convinced local businesses, schools, and colleges in Erie to make an exception to their policies about Internet usage to allow their employees to vote each day for the charity.

And he and a volunteer traveled to New York, where they pressed fliers into the hands of passers-by and got about 10 seconds of air time for a Kanzius poster on *Fox & Friends*.

“We just got really, really aggressive at engaging our donors and making people aware of what we were doing,” Mr. Neidig says.

By late April, Kanzius was neck-and-neck with Benld Elementary School, in Benld, Ill., for the top spot in Pepsi’s \$250,000 category, an improbable surge that prompted a parent and a teacher to lash out at Kanzius.

The parent accused Kanzius supporters of encouraging people to set up 100 e-mail addresses so that they could vote multiple times for the cancer foundation each day. The teacher said supporters of Kanzius were posting hurtful comments on the site, such as “I hope you get cancer.”

Mr. Neidig says his organization didn’t encourage supporters to vote through multiple e-mail accounts and that he doubts supporters of Kanzius would post such hurtful comments.

Melisa Tezanos, a Pepsi spokeswoman, says proxy voting—setting up multiple e-mail accounts to be able to vote several times a day—is discouraged and that an outside company monitors the site to make sure voting is fair. Kanzius is not under any special scrutiny, she says.

The Benld parent who had accused Kanzius of cheating later called to apologize, Mr. Neidig says.

The outcome of the monthly Pepsi contest may have helped soothe hurt feelings. Kanzius and Benld finished first and second, respectively—which means both will receive a \$250,000 grant.