

## Funding Nonprofits

As recruiting consultants, our principals frequently discuss fundraising with boards, chief executives and candidates. In the process we are exposed to a broad array of strategies used to drive contributed and earned revenue, and learn much about successful and not-so-successful fundraising approaches.

This article discusses how successful board leaders and nonprofit executives aggressively raise contributed revenue for their organizations.

Nonprofit boards and chief executives spend an inordinate amount of time thinking about raising money. Fundraising results can vary widely, however, and two organizations with very similar, almost identical, missions and profiles can have completely different outcomes when it comes to raising money. A great mission is no guarantee of success, and many worthy nonprofits making critical contributions to communities are struggling.

This begs the question: “what makes for successful fundraising?”

### Attitude and Culture

Fundraising starts at the top.

A few days ago we were speaking with a recently retired CEO of one of the largest financial services companies in the world. We had been retained to find the new chief development officer for a leading performing arts organization with an annual budget approaching \$50m, and he had agreed to chair the board’s development committee.

“I’m not interested in finding someone that’s going to shield me from involvement – I need someone that can organize the process and will help me to jump in effectively. I want a development department that will organize the targeting process and guide us, but I want to be actively engaged in getting board and other major donors involved and contributing.”

Another client has built and led one of the most impressive social justice organizations we have encountered. This unique and spiritual organization advocates for equality and respect for all, supports economic development initiatives and provides diverse community services that include feeding the hungry and providing supportive housing, health services and a range of services for children, youth and families. Its leaders have tremendous heart and vision, yet there is an intensely practical side to how they work.

“Our donors are on their own journey and are connecting with something deep inside.

When they help the community, they help themselves - we belong to them and they belong to us. We never come to donors as supplicants and we talk frankly about the needs of the community that we serve. We are proud to advocate for and serve our brothers and sisters, and our donors are also proud to serve in their own way. We are one family.”

A third client drives innovation by organizing and administering competitions that promote advances in fields like space, energy, the environment, health, and the fight against global poverty. The brainchild of a visionary nonprofit leader, the organization’s board is led by some of the world’s leading business entrepreneurs.

“We promote radical breakthroughs that change the way society thinks and that address critical problems for humanity. We focus on ideas that seem crazy the day before a breakthrough occurs, and where the inertia of the existing business, political and economic engine is blocking beneficial change. This is exactly where our donors want to be too, and everyone on the board and staff is involved in fundraising or funding in one way or another.”

These three leaders, cutting across diverse nonprofit and business sectors as they do, have been extraordinarily successful in raising funds to support their organizations. They have some important things in common that contribute to their success.

They are unapologetic advocates for the missions of their nonprofits. They are themselves engaged in raising money for their causes, and expect every member of the board and staff to energetically do their part. They only accept funding that advances the mission in ways that can be sustained. And they are passionate in communicating their belief that their organizations are good investments.

Fundraising starts from the top, and organizations that are great at it are great fundraisers at every level. Their boards recruit chief executives unafraid to spend a significant amount of their time on building revenue.



Board members understand that they are expected to “give or get”, and they actively engage other volunteers in the fundraising process. Program staff have defined fundraising roles, and the finance staff understands the kinds of investments that are needed to drive fundraising excellence. The development professionals of such nonprofits are deliberate in combining structured and charismatic approaches to achieve specific measurable results.

In our experience, the most financially and operationally successful organizations are those nonprofits whose business cultures view appropriately aggressive fundraising as a sign of passion for the mission. In these nonprofits everyone’s contributions to fundraising is recognized and admired, and every board and staff member is anxious to do their part.

### The Role of Development Departments

Some fundraising departments consist of one or two people, and some encompass dozens of professionals with a broad range of competencies. They may focus on one or two types of giving or a dozen different categories and subcategories. Some departments integrate marketing and communications with fundraising; some manage staff with fundraisers distributed nationally and internationally.

But all have one thing in common – they orchestrate the effort to raise contributed revenue for their organizations.

Certain nonprofits keep their fundraising department at arm’s length and set revenue targets from above. They treat their development professionals like outsiders simply tasked with delivering the money required by the “really important” people in the organization. When there is a shortfall, the development department quickly receives the blame.

In our experience, development departments that are viewed in this way suffer high staff

turnover, are not attractive to top development professionals, and tend to raise funds in fits and starts and without cultivating quality, long term relationships with donors. Contrasted with this, departments that perform best tend to be considered by their organizations as the coordinators of an overall fundraising effort that involves everyone in some way. They are valued members of the team, their concerns and advice is taken seriously by their colleagues, and they have an appropriate impact on their organization's programs, services, policies and culture.

Chief executives and boards that view fundraising as comprising a set of sophisticated business competencies also tend to have the most success in attracting the best development professionals. They understand that good development departments are structured logically, have organized business processes with efficient work flows and staff titles aligned to function. They invest in information management systems that are appropriately scaled and easy to maintain and use, and they recruit professionals whose competence is aligned to the kinds of fundraising that is being pursued.

Being impatient to generate great results is understandable. Experienced nonprofit leaders, however, also understand that fundraising is a long game, that process counts, and that only in very rare instances does success simply come from abruptly asking.

### The Many Faces of Competence

Professional fundraising comprises a complex set of disciplines and competencies, but too often success is seen as just a matter of persistence, charm and a good network of donor contacts. Sometimes there is an attitude that development amounts to simply asking and receiving: good fundraisers ask and receive, bad ones ask and are rejected. But this view does not do proper justice to either the craft of development professionals or the sophistication of donors who invest in nonprofits.

Development departments drive positive perceptions of their nonprofits among donors and influencers, and in this respect they are engaged in a variety of marketing activities. They act as ambassadors to both mass and narrowly targeted communities of donors. They prospect and sell and solicit and follow-up. They ask, ask again and close. They report back to donors on how their contributions beneficially impact programs and constituencies, and ensure that restricted giving commitments are fulfilled. They engage in donor stewardship, ensuring that donors are honored and kept connected to the organization through events and outbound communications.

Funds are raised in a variety of nonprofit sectors, and a sophisticated understanding of the nuances of style for a particular environment is important. Raising money for a museum that advances knowledge of our natural world is different than raising money for a museum of the visual arts. The needs are different, the events are different and what donors experience in interacting with the organization is different. Raising funds for a major performing arts presenter that draws its audience from a particular city or region is different than raising funds for a major university with a strong national and international alumni base. Environmental groups have different cultures than independent schools, and the many different cultures found in organizations that fight poverty or advance medical research or provide community services need to be understood and respected. All of this can make proper calls on fit very difficult.

Some fundraising skills are transportable, but not all are equally applicable in every situation. Mass outreach techniques, through mail, e-mail, advertising, web-outreach, phone banks and such, are more important for some organizations and are less important for others. Structured circle-of-giving programs are very important for arts organizations and environmental groups, but are comparatively less critical for supportive housing or youth services organizations. Event-based fundraising can be very different for different organizations. Events for groups that fight endemic poverty by promoting micro-enterprise initiatives can involve expeditions overseas; events for environmental groups might involve hiking through redwood forests or visits to preserves; events organized to fund a symphony or museum might take the form of a black-tie affair.

Institutional giving (foundation, corporate and government), which can involve grant writing and require adherence to very formal processes, requires a specific set of responses and an understanding of how particular grant-making entities reach decisions. Capital and endowment campaigns are structured to achieve very specific objectives for very specific organizations, and they generally integrate a strong marketing and communications component targeted at major donors. Major gifts and planned giving approaches can come with all sorts of tax questions. Particularly large gifts often can come with strings attached which can complicate the process of accepting and administering the gift. And how does one penetrate the consciousness of a major donor in competition with all other worthy organizations and causes? That is an art form in itself.

Charisma and personal engagement is important, but only go so far. Nonprofits that are most successful have development leaders that take a structured, process-oriented approach to fundraising. They craft strategies for prospecting and have crafted specific and concise messages for donors and influencers. Their communication strategies include messages linking donations to programs and the nonprofit's mission. There is a deliberate process for raising awareness among donors of the organization's activities and needs, and for identifying donor interests. Solicitations are timed and scaled to enable donors to test the experience of giving, and there is feedback so that donors are kept informed of the beneficial impact of their contributions. Finally, major donors are offered diverse opportunities for long term engagement, through naming opportunities, annuity giving, scholarship funding, and board membership, or through some other long term relationship.

### Common Ingredients of Success

How all this plays out will be substantially different in different organizations and sectors, but all organizations that successfully raise funds have some things in common.

They have board and staff leaders that personally engage in fundraising, a development function staffed by valued professionals, and they balance short and long term strategies, neglecting neither. They think in terms of results, yet connect those results to process and the nonprofit's business culture. They form respectful relationships with donors and listen to donor concerns without pandering.

Over the next years, we will have the opportunity of demonstrating our society's historic commitment to the idea of voluntary service and philanthropic support. As money becomes tight, donors will more carefully evaluate the impact of their nonprofit investments. They will expect nonprofit organizations to use contributed funds efficiently and non-profit leaders to proactively address their concerns.

Professional development departments can make a lasting contribution to nonprofits. Boards and executives that understand how to integrate fundraising sensibilities and competencies into the business cultures of their nonprofits will be key. Such leaders will have a dramatic impact on the future financial strength of their nonprofit organizations, and on the ability of individual nonprofits to excel at fulfilling their mission. ❁