

7<sup>ed</sup>

# FUND RAISING FOR SOCIAL CHANGE



KIM KLEIN

WILEY



**FUNDRAISING**  
for  
**SOCIAL CHANGE**

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Kim Klein

# FUNDRAISING



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**SOCIAL CHANGE**

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*To my longtime and very dear friend,  
Myn Nancy Adess, who has been my editor  
(sometimes on very short notice) for more than thirty years.  
I really couldn't do it without you.*

The Instructor's Guide for the seventh edition of *Fundraising for Social Change* includes a course description and syllabus, with week-by-week questions for discussion, writing assignments, small-group exercises, and case studies of ethical dilemmas. It also describes in detail the eight-week field placement component of the class. If you would like to download and print a copy of this guide, please visit:  
<http://www.wiley.com/go/fundraisingforsocialchange7e>

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The online content accompanying the chapters indicated below is available for download at: <http://www.wiley.com/go/fundraisingforsocialchange7e>

## **ONLINE CONTENT**

### **Chapter 1: Nonprofits and the Money They Raise**

"Unintended Consequences: How Income Inequality Affects Fundraising," Kim Klein, *Grassroots Fundraising Journal*, May/June 2015

### **Chapter 5: The Importance of a Good Board of Directors**

"How Does Your Board Measure Up?" Stephanie Roth, in *Raise More Money: The Best of the Grassroots Fundraising Journal*, Kim Klein and Stephanie Roth, eds., Wiley, 2001

Sample Fundraising Pledge Form (Board of Directors), created by Stephanie Roth.  
"Finding the Right Fundraising Structure for Your Board," Priscilla Hung, *Grassroots Fundraising Journal*, Jan/Feb 2012

### **Chapter 6: Financial Needs and Fundraising Strategies**

The Ladder of Engagement: One Way to Consider Organizational Growth and Individual Donors

### **Chapter 8: Getting Comfortable with Asking**

Why Are People Afraid to Ask for Money? by Kim Klein

### **Chapter 10: How to Ask**

Asking for Money: Fifteen Useful Tips, Klein & Roth Consulting  
Tips for Meetings with Donors and Prospects, Klein & Roth Consulting

### **Chapter 17: Special Events**

Sample House Party Invitation

### **Chapter 28: Conducting Feasibility Studies**

Sample Feasibility Study Cover Letter  
Sample Questions for Feasibility Study  
Sample Feasibility Study Report  
Case Study of a Feasibility Study: Family Matters, by Kim Klein

### **Chapter 29: Developing a Budget**

"'Outing' Overhead," Kim Klein, *Grassroots Fundraising Journal*, Nov/Dec 2003

### **Chapter 30: Creating a Fundraising Plan**

Sample Monthly Fundraising Report  
"Fundraising Planning Worksheet: A Tool for Creating Your Annual Fundraising Plan," Stephanie Roth, Mimi Ho, and Priscilla Hung, *Grassroots Fundraising Journal*, Sep/Oct 2007  
Sample Fundraising Plan

### **Chapter 37: Know What You Need to Know**

A Donor Bill of Rights  
Code of Ethical Principles and Standards, Association of Fundraising Professionals

Online content titles have been added at the end of each chapter in which they appear with the title of the resource only, not full citations. Full citations appear here.

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But I must single out a few people: First, my partner in life and work, Stephanie Roth, who, for nearly three decades, has shared her experience and knowledge about fundraising and organization development, and who keeps me grounded and makes me laugh every day. I thank my team at Klein and Roth Consulting: Nancy Otto, Rona Fernandez, and Stan Yogi.

And I thank the person who first encouraged me to go into fundraising in 1978, Madelyn Stelmach, who continues to be one of my dearest friends.



## INTRODUCTION TO THE 7TH EDITION

This is a how-to book. Its goal is to provide organizations with budgets of less than \$2,500,000 (which describes the vast majority of nonprofits) with the information they need to establish, maintain, and expand a successful fundraising program that is based on individual donors. A large number of individual donors who support the important work of an organization year in and year out give organizations maximum freedom to pursue their mission. This book will be particularly helpful to nonprofits with one or two staff people and a large number of active volunteers.

As with all the writing I have done on fundraising, this book is based on experience and observation. I wrote the first, second, and third editions of this book because there was almost no written information about fundraising for small organizations working for social change. Most of my writing has been an effort to teach organizations how to translate more traditional fundraising strategies practiced by large, mainstream organizations to their own settings. But in my lived experience as a development director, executive director, then as a trainer and consultant, I could see that activist organizations had a lot of important information to share but didn't have the time to write it down. The fourth and fifth editions of *Fundraising for Social Change* had the advantage of other literature and research to draw on, and, of course, I had much more experience myself.

In the sixth edition of the book—and particularly now in the seventh—knowledge is no longer in short supply. Anyone can type a question about fundraising (or anything else, for that matter) into a computer search engine and find dozens of websites, articles, videos, examples, and opinions. In this edition, then, I decided to focus on the question of added value: What does a book do that the

Internet—the greatest source of how-to information that can be imagined—cannot? In this edition I have focused on consolidating information that would take hours of searching to put together, describing strategies in simple and easy-to-use language, and vetting information so that everything in the book I know to be true. That is, I know that what I say here works for small to medium-sized social change organizations (and all kinds of other nonprofits). That doesn't mean the strategies described here will always work in every circumstance, and it doesn't mean I have described every possible way to raise money, but I have given a framework that will allow you to explore what works for your organization and your issue, and that will help you know how to think about new fundraising ideas as they come down the pike.

At the end of several chapters, you will see references to “Online Content.” These are additional, free resources that augment the information in those chapters. There is also a “Resource Section” in the Online Content, which I will be updating and adding to from time to time. For teachers or trainers using the book as a textbook, there is a free Instructor's Manual online. Directions for how to download the Online Content and the Instructor's Manual from Wiley precede this Introduction. These resources can also be found on the website of my consulting firm: [www.kleinandroth.com](http://www.kleinandroth.com). I encourage you to contact me through that website or at [kim@kleinandroth.com](mailto:kim@kleinandroth.com) with questions, comments, disagreements, and additions to the resources I have listed.

If you find this book helpful, I encourage you to buy all my books and other fundraising books in the Kim Klein series at [www.Wiley.com](http://www.Wiley.com) and to subscribe to the *Grassroots Fundraising Journal*, a bi-monthly publication that will help you keep up with fundraising strategies and developments in the field.

But ultimately, after you have read about how to raise money and gone to workshops on how to do it and hired consultants to help you, the only thing left is to actually do it. As with being a player on a sports team, all the theory and explanation will not help you until you go out into the field and practice with your teammates. With focus, practice, and strategy, your team will win. Likewise, putting your energy into creating a fundraising program that everyone in the organization is a part of will enable your organization to raise the money it needs.

Few people give money without being asked. Make this your motto: “Today somebody has to ask somebody for money.”

## ABOUT THE AUTHOR

**Kim Klein** is an internationally known fundraising trainer. She has worked in all aspects of fundraising: as staff, volunteer, board member, and consultant. She is best known for adapting traditional fundraising techniques, particularly major donor campaigns, to the needs of small-budget organizations working for social justice.

Kim is the author of five books, including this, her classic text, *Fundraising for Social Change*, now in this seventh edition. Her book *Reliable Fundraising in Unreliable Times* won the McAdam Book Award in 2010. She co-founded the *Grassroots Fundraising Journal* in 1981 and remained its publisher until 2006. She continues to write for the *Journal*, including her monthly column, “Dear Kim,” where she answers questions posed by readers. She has also written widely about the need for nonprofits to be advocates for fair and just tax policy.

In wide demand as a speaker, Kim has provided training and consultation in all fifty United States, five Canadian provinces, and twenty-two other countries. She was a lecturer at the Haas School of Business for many years and currently teaches part-time at the School of Social Welfare at the University of California Berkeley. She has been an adjunct faculty at the University of Denver and at Concordia University in Montreal.

Kim lives in Berkeley with her partner and their cat.





## **PART ONE**

# What's New, What's Hot, What's Over, What's Not

I travel a lot, both for work and for fun. When I travel for fun, I like to have a map or two, some idea of where I am going to stay, and what I would like to see along the way and at my destination. When I return to favorite places, I am often struck by how they have changed, but equally so how they have not. In this section, we are going to travel down a fundraising highway. We will look at the new and exciting ideas and inventions that make our fundraising lives much easier. We will touch briefly on strategies and ideas that are hot now, but will become the Beanie Babies of fundraising (a commercial flare so over that many younger readers may not even recognize the reference), and mention some old tropes that have finally gone to rest in the great idea landfill in the sky. What will be most interesting, and what we will spend the most time on, are the principles of fundraising that remain true through recessions and boom times, through generational and other demographic changes, through technological revolutions, and through all kinds of political changes.

I start with a look at the nonprofit sector as a whole—how it has grown and changed, how much more we know about how to raise money, but also how much more money it takes to be successful. This overview will help you understand how some of the problems you have are true throughout the nonprofit sector. Then I discuss the importance of creating a fundraising philosophy: What is your belief about how the work of your organization should be paid for? You may have to make some compromises from the ideal, but if you haven't answered the question to begin with, you will not know when you are compromising and when you

are simply sending your organization down a rabbit hole of problems. Next I discuss several key principles that apply to all fundraising. To make it all work leads us to the final chapter in this section, about how organizations need to structure their fundraising strategies and who must be available to help raise money. (HINT: That is the chapter on the Board of Directors.).

# Nonprofits and the Money They Raise

In this chapter I review some basic understandings about the size and scale of the nonprofit sector, important changes, and some things that never change. The word *nonprofit* is used to distinguish organizations that work for the public good and are not obligated to shareholders or owners to deliver a profit. In fact, organizations that are afforded nonprofit status by the Internal Revenue Service are subsidized by tax exemptions, financial donations, and the free labor of volunteers, all of which are designed to let them focus on fulfilling their mission rather than seeking profits. Even though businesses and corporations can work for the public good, they must operate profitably in order to stay in business.

Over the past forty years, the word *nonprofit* has gradually replaced the word *charity*, as more and more nonprofit organizations do work that is not strictly “charitable,” such as community organizing, advocacy, arts programming, or environmental protection. The word *charity* also carried a whiff of noblesse oblige—a sense of “fortunate” people helping the “less fortunate.” This frame has largely been rejected by progressive nonprofits, which seek to work “with” people rather than “for” them.

Many have argued that the term *nonprofit*, too, is an unfortunate one, as it describes an entire sector by what it is not; they have suggested using the term *community benefit organization* (CBO) instead. In most countries other than the United States, nonprofits are referred to as “*nongovernmental organizations*” (NGOs) to distinguish them from the work of government, or *civil society organizations* (CSOs), which can include informal associations of people or temporary coalitions and movements. In this book, I use the term *nonprofit* most of the time; despite its limitations, it is the most commonly used and commonly understood word to describe the sector in the United States. To describe an individual nonprofit entity, I mostly use the word *organization* or *agency*. To remind ourselves that we are organizations set up to benefit the community, but we do not take the place of government, I sometimes use the term *NGO*, and to keep us focused on the fact that we work on behalf of our communities, I will sometimes use the term *CBO*.

The word *philanthropy* comes from two Greek words that together mean “love of people.” In modern times, this goodwill or humanitarianism is often expressed in donations of money or volunteer time or property to causes that are important to the person doing the giving. (Similarly, the word *charity* comes from a Latin word meaning *love* in the sense of unconditional loving kindness, compassion, and seeking to do good.) The roots of these words remind us of the fundamental reasons for the work of most nonprofit organizations: expressing a love of people through good work. Philanthropists—people who practice philanthropy—are often thought of as rich older people who give away a lot of money. This is unfortunate because, in fact, anyone who gives anything away out of the goodness of his or her heart is a philanthropist. Philanthropy is also often used as a way to describe foundations and foundation funding. “She works in philanthropy” will most often mean that the person has a job at a philanthropic foundation. More recently, the word *philanthropy* has sometimes been used in place of *fundraising*, particularly in articles about how to create a “culture of philanthropy” in an organization. (Type “Culture of Philanthropy” into a search engine and dozens of articles will appear.) These are all legitimate uses of the word, but we need to keep in mind that it has a much broader and more inclusive meaning at its root.

## THE SIZE AND SCOPE OF THE SECTOR

Arguably, the biggest change in philanthropy over the last half-century is the growth of the sector. Measured as a share of total employment, the nonprofit sector in the United States is the fifth largest in the world. The Netherlands has the largest proportional nonprofit sector, followed by Canada, Belgium, and Ireland. (For more information on nonprofit sectors in other countries, see *Global Civil Society: Dimensions of the Nonprofit Sector* by Lester Salomon and others and *The Canadian Nonprofit and Voluntary Sector in Comparative Perspective* by Michael Hall and others, both of which can be found at [ImagineCanada.ca](http://ImagineCanada.ca).)

If the nonprofit sector in the United States were a single industry, it would be among the three largest, accounting for about 10 percent of the workforce and about 5 percent of the gross domestic product. As of 2015, more than 1,700,000 organizations in the United States were designated nonprofits by the Internal Revenue Service.

Several million more small, grassroots organizations are not registered with the government and have no formal tax status. These include organizations just getting started; organizations that use very little money, such as neighborhood block clubs; organizations that come together for a one-time purpose, such as cleaning up a vacant lot or protesting something; and organizations that don't wish to have a structural relationship with the state or federal government.

Because of the size and growing sophistication of the nonprofit sector, it has increasingly drawn government attention, as well as that of researchers, academics, and many members of the general public. Although recognized nonprofits are regulated by federal, state, and local government laws and regulations, an added layer of self-regulation is imposed by public awareness coupled with the role of individuals in funding nonprofits, encouraging voluntary compliance with accepted ethical standards of accounting, personnel, and fundraising practices. Nonprofit status is a public trust, and tax exemption is, in effect, a public expense. Even organizations that have no formal tax status that seek to raise money from the public recognize that they have the same moral duty as registered nonprofits to operate ethically, be truthful with donors, and provide the highest quality of services to constituents.

## **WHERE MONEY FOR NONPROFITS COMES FROM**

As with many endeavors that are critically important and use the resources of millions of people, it is not surprising that a number of misconceptions have grown up about fundraising.

Surprising to many people is the fact that nonprofits earn money through a number of avenues, not just straight-out monetary donations. These avenues include fees for services, products for sale, earnings from investments, and even earnings from businesses that a nonprofit may operate. Examples of these fundraising methods abound: Girl Scout cookies; Goodwill stores; Sierra Club calendars, cards, and books; and the like. For hospitals and universities, earned income is often the lion's share of their income. In fact, 55 percent of all the income of all nonprofits is earned income, including 5 percent derived from investment income largely generated by endowments.

Another 32 percent of nonprofit income is derived from government funding programs (collectively known as "the public sector"). Extensive cutbacks in government funding, starting in the 1980s and continuing to the present, have reduced such funding a great deal, but it remains a significant source for many organizations. This change is not only financial; it also reflects a change in political philosophy about the role of government and the role of private funding in paying for the common good. (See Chapter Two, "Creating a Fundraising Philosophy.")

The final 13 percent of nonprofit income comes from the private sector: individuals, foundations, and corporations. Although the private sector provides the smallest portion of all the income available, for most of the organizations using this book, the private sector will provide the largest portion of their funding. Surprising to most people, individuals (living and dead, through bequests) account for 80 percent of private-sector funding, far more than all donated foundation and

corporate money combined. To be sure, a great deal of earned income is earned by large hospitals and universities and a great deal of government funding goes to large direct-service agencies and to universities for research. Small nonprofits, which are the focus of this book, raise most of their money from the private sector.

This book focuses almost entirely on how to raise money from that enormous market of individual donors. It is also important to recognize that the work of the nonprofit sector is “funded” by the contributed time of volunteers. In the USA, more than 64 million people volunteer regularly, the equivalent of nearly eight million full-time jobs and valued at more than \$300 billion (Independent Sector). Without volunteers, the sector would not exist.

### What Research Tells Us About the Nonprofit Sector

There is now an enormous body of research on nonprofits and their income streams, both in the United States and in other countries. Some of this research tries to determine who gives, why they give, and what they give to. The most widely used report is *Giving USA*, compiled yearly as a project of the Giving Institute and the University of Indiana. Every year since 1935, *Giving USA* researchers have calculated just how much money was given away to nonprofits and where that money came from. Their research over the years shows that the proportion of giving from each of the sources of private-sector giving—living individuals, bequests (a cash or other donation people arrange to be given to a nonprofit on their death), foundations, and corporations—remains constant, varying from year to year by only two or three percentage points, with nine times as many gifts from individuals (living and deceased) as from foundations and corporations.

A look at the numbers brings this reality out starkly. The chart below shows private-sector giving for the year 2014.

<b>Private-Sector Giving, 2014</b>	
<b>Total Giving: \$358.38 billion</b>	
<b>Giving Amount</b>	<b>% of All Private-Sector giving</b>
Individuals: \$258.51	72%
Bequests: 28.13	8%
Foundations: 53.97	15%
Corporations: 17.77	5%

(Source: *Giving USA Annual Report, 2015*)

Given these facts, an organization should have no trouble knowing where to go for money: individuals provide the vast bulk of private support to nonprofits.

## Who Gives Away Money

The logical follow-up question—Who are these people?—is more difficult to answer. There are many complex variables that make it difficult to draw a single profile of givers, ranging from where people live to whether they keep track of their donations. How and what data are collected on giving also influence the answer.

Data on giving are collected in three main ways:

- Analyzing tax returns of people who itemize and extrapolating from the results
- Surveying a random sample of the population (either one time or at several points in time) and extrapolating from their responses
- Comparing either or both of the results from these methods with what charities report to the IRS about their income (on their IRS Form 990) or what they report in polls and surveys

Further analysis of results can be done by looking at various demographic variables, such as age or income of those responding.

Discrepancies in reports about who gives away money and how much they give largely turn on the study methodology employed. *Giving USA* looks at itemized tax returns. Independent Sector, a coalition of about six hundred nonprofit organizations that speaks for the sector, bases its data about giving on telephone and written surveys. Because only 30 percent of Americans itemize deductions on their tax return, the results of *Giving USA's* survey are limited. The 70 percent of Americans who file a “short form” tax return do so because their giving does not exceed the standard deduction, so they receive no special tax benefits from their giving. Estimates of how much that 70 percent give away probably undercounts a lot of giving.

Do people who itemize on their taxes exaggerate their giving? Probably, although some studies have shown that people under-report giving on their taxes. By how much in either direction? It's hard to say. Do people exaggerate their generosity to a phone surveyor? Probably. By how much? Again, it's hard to say. People may also forget how much they have given to a nonprofit when they have no incentive, such as a tax deduction, to cause them to keep track. Possibly the exaggerators cancel out the under-reporters.

Some other variables also make knowing who gives away money difficult:

- Although the majority of people give money from their annual income, the wealthy minority give from their assets, such as stocks. When looking at who is generous relative to their ability to give, some studies only take into

consideration level of annual income; other studies look at total net worth. These two factors can yield very different results. For example, a family with little income could be wealthy in terms of assets (such as ownership of homes, stocks and bonds, businesses, art, and the like), or it could have no assets. One might expect those with assets to have greater ability to give than those without although for many people, their assets are not liquid.

- Studies that calculate which region of the country is the most generous usually fail to take into account cost of living. For example, two states may each have a median income of \$40,000 per family, but in one state the median cost of housing per year may be \$10,000 and in the other state twice as much. The people living in the second state might well give less money away than those in the first state, but factoring in cost of living may reveal that both groups are equally generous.
- Almost all studies try to focus on formal philanthropic giving, but if we were to count the numerous acts of unrecorded kindness—money donated to homeless people on the street or sent as remittances to family members in other countries, or help given to a friend to go college or to a poor family to pay rent for a few months—our studies not only would show much more giving but might also yield even more demographic differences among givers.

Looking at the question by studying what nonprofits declare as income would seem to give the most accurate data. However, a large portion of nonprofits—religious organizations, which constitute about one-third of the nonprofit sector and which take in about one-third of all giving—are not required to report their income to the government, in accordance with the doctrine of separation of church and state. (Nonetheless, about half of all religious organizations do report to the IRS voluntarily.)

So you can see the problem of trying to know who gives away money and how much: the majority of people are not declaring their giving on their taxes, and a large number of nonprofits are not reporting their income sources.

Nonetheless, there is research about who gives, and it shows that changes in the U.S. economy over the past decade are affecting giving patterns. Although most of the money given away continues to come from the largest economic group—middle-class and working-class people—an increasing percentage of gifts given are coming from high-net-worth individuals. Rising income inequality, which is eroding the middle class, is behind this shift in giving. Here's what the statistics tells us: in 1998, Independent Sector's research revealed that about 82 percent of all giving came from households with annual incomes of \$65,000 or less—that is, the largest percentage of money was given by people in the

dominant income range. By 2009, *Giving USA* reported that much less of donated funds—now only about 52 percent of all giving—came from households with a gross income of \$100,000 or less—again, the dominant income range (92 percent of all households, according to the IRS). So, although people of more moderate means still contributed the majority of money given, wealthy people were giving far more than during the previous decade, and the wealthiest households—the 1 percent that had a net worth of \$5 million or more—contributed 28 percent of all gifts, a significant increase over the giving of high-net-worth individuals in the 1990s.

The vast gap between America's richest and poorest people, now the largest in history, has led to some very wealthy people, on both the left and right of the political spectrum and representing all kinds of other interests, donating millions of dollars to their pet causes while the majority of people give what they can, often from money they could have used for basic necessities. In 2013, *The Atlantic* noted, "The wealthiest Americans donate 1.3 percent of their income; the poorest, 3.2 percent" ([www.theatlantic.com/magazine/archive/2013/04/why-the-rich-dont-give/309254/](http://www.theatlantic.com/magazine/archive/2013/04/why-the-rich-dont-give/309254/)).

In a special report titled "How America Gives 2014," *The Chronicle of Philanthropy* noted, "The growing income gap between the rich and the poor in America is reshaping generosity across the nation. . . . The wealthiest Americans are giving a smaller share of their income to charity, while poor and middle-income people are digging deeper into their wallets."

## **Givers Give**

In both recessions and boom times, most people all over the world give away money. One of the most important lessons I learned early on in fundraising is that what a person has and what he or she will give are largely unrelated. Sometimes people give away almost all their money, whether that's a lot of money or a little. Sometimes people, whether rich or poor, give nothing. Most people give something. Although it may be interesting to think about what makes one person generous and another not, you will find it far more productive to focus your fundraising efforts on people who give and try to interest them in giving to your organization.

Despite the difficulties inherent in research about who gives, some facts found in a number of studies remain constant year after year and are borne out by the experience of development professionals all over the world:

- About seven out of ten adults in the United States give away money. Where these numbers have been studied more closely on a local level, we see some interesting

variations. For example, in Hawai'i, nine out of ten adults give away money, whereas in Alaska, only six out of ten give. In Boulder, Colorado, where I grew up, a smaller percentage of the population gives away money than in nearby Denver. Differences are also seen around the world: eight out of ten Canadians give away money, but more people in Nova Scotia do than in British Columbia. In Holland, almost 90 percent of the population gives away money, despite paying very high taxes. In South Korea, 64 percent give; in the Philippines, 80 percent.

- Middle- and lower-income donors (those with annual incomes of less than \$90,000) are responsible for the majority of donations and for at least half of the total amount given.
- Most people who give to nonprofits give to at least five groups; some give to as many as fifteen groups.
- In every year, about 20 percent of people on welfare give away money and about 97 percent of millionaires give away money.
- Volunteers are more likely to be donors than are people who don't volunteer.
- More people give away money than vote.
- The majority of people who give away money describe themselves as religious or spiritual, whether or not they are involved in a formal religious or spiritual community.
- And finally, a theme I will return to a thousand times: people give when they are asked.

Regardless of the methodology used or the variables considered, study after study gives us a picture of a generous country, with most people making donations. They also give us a picture of middle- and lower-income donors responsible for a significant percentage of all money given away and of a constantly increasing amount of money given each year. Fundraisers of all sorts need to remind ourselves every morning, "GIVERS GIVE." If I were brave enough to get a tattoo, I would tattoo that on my forearm. People who give away money are going to give it away. For those of us asking for money, our job is basically to say to givers: "Please consider my organization." The money will be given away, and it will go to our organization or to another.

For organizations, a broad base of individual donors provides a reliable source of funding, and the growth of individual donations is critical to the organization's growth and self-sufficiency. Most important, relying on a broad base of individuals for support increases an organization's ability to be self-determining: it does not need to base program priorities on what foundations, corporations, or government agencies will fund.

## WHO RECEIVES CHARITABLE GIVING

To really understand private-sector giving, it is important to look at not only who gives this money but also who receives it. Again, with only a few percentage points of variation from year to year, *Giving USA* has reported a consistent pattern of where gifts go. As shown in the chart below, a little less than one-third of all the money goes to religious organizations, with education a distant second, followed by health, human services, the arts, and five other categories that receive small percentages of giving.

Uses of Contributions, 2014		
Contributions to	Amount in Billions	Percentage of Total
Religion	\$114.9 billion	32%
Education	54.62	15%
Health	42.10	12%
Gifts to Foundations**	42.12	12%
Human Services	30.37	8.0
Public-Society Benefit*	26.29	7.0
Arts, Culture, Humanities	17.23	5.0
International Affairs	15.10	4.0
Environment or Animals	10.50	3.0
Foundation Grants to Individuals	6.42	2.0

\*\*This category includes giving to community and private foundations.  
(Source: *Giving USA Annual Report*, 2015)

### Giving to Religion

Religion as a category receives one-third of every charitable dollar (down from one-half since I entered the field of fundraising in 1976). Only a small percentage of money given to religious organizations comes from foundations, and virtually none of it comes from corporations. We can learn a lot by examining what makes fundraising for religious institutions so successful. At first glance, many people think that religious institutions receive so much money because of their theology: the reward of heaven, the blessing of giving, the threat of eternal damnation for those who do not give. Although these enticements may play a role in some

people's giving, it is clear that in the wide variety of religious expression, these motives are not enough. Some religious traditions do not believe in any form of eternal life; some don't even believe in God. Even in traditions that encompass some of these beliefs, mature adults can be given more credit than to think that their behavior is based simply on a desire for rewards or a fear of punishment.

So why do religious organizations receive almost one-third of all private-sector dollars? Although religious institutions offer ideas and commitments that are of great value, the reason they get money—and this is key to understanding successful fundraising—is that they ask for it.

Let's take as an example a Protestant or Catholic church. (If you are of a different religious tradition, compare your own tradition to what follows.) Here is how they raise money:

- They ask every time worshippers are assembled, which is at least once a week.
- They make it easy to give: a basket is passed to each person in the service and all gifts are acceptable, from loose change to large checks. Increasingly, churches are able to accept credit card donations, with some churches providing envelopes on which to write your credit card number and others with the ability to swipe your card. Some churches have an ATM in their building. Everyone—whether out-of-town visitor, occasional churchgoer, or loyal and generous congregant—is given the same opportunity to give. The ushers are not concerned about offending someone by asking. They would never say, “Don't pass the basket to Phyllis Frontpew—she just bought the new carpet” or “Skip over Joe because he just lost his job.”
- They make it easy to give, even if you are not a regular congregant. Once a year, most houses of worship have some kind of stewardship drive or all-member canvass; in many churches, someone will come to your house and ask you how much you will be pledging this year. You can pay your pledge by the week, month, or quarter or give a one-time gift. The option of pledging and paying over time allows people to give a great deal more over the course of a year than most could in a single lump sum.
- They provide a variety of programs to which you can give as you desire. If you are particularly interested in the youth program you can give to that, you can buy flowers for the altar, support the music program, or help fund overseas missions. Many churches have scholarships, homeless shelters, food banks, or other social programs. And, of course, if you are a “bricks and mortar” person, you can contribute to any number of capital improvements: new hymnals, a new window, a better organ, or a whole new sanctuary.

Finally, religious institutions approach fundraising with the attitude that their asking benefits you as much as your giving does them. In other words, they recognize that fundraising allows an exchange between a person who wants to see a certain kind of work get done and an institution that can do that work. If your values and beliefs include that a house of worship and the work it does are important, then in order for that institution to exist, you will need to help pay for it. Giving money allows you to express your desire and commitment to be part of a faith community and allows your commitment to be realized.

All organizations should institute the diversity of fundraising methods that characterizes most religious institutions. In the chapters that follow, I will show you how.

## **ONLINE CONTENT**

**“Unintended Consequences: How Income Inequality Affects Fundraising”**



# Creating a Fundraising Philosophy

Imagine you knew a psychic whose readings were known to be completely accurate. People sought her out from miles around. You approached her and said, “What is the best way for our nonprofit to raise money?”

She looked into her crystal ball and said, “Actually, I am seeing that you could get money any way you want to. Foundations will help you. Corporations will help you. Poor people and rich people will line up to donate. Government grants can be yours. Whatever you turn your hand to will be profitable.”

How would your organization decide to raise money in this fantasy? You would probably think about what kind of fundraising would be the most in keeping with your mission, and you would likely ponder what kind of fundraising would be the easiest to manage. Weighing these two questions, you would quickly realize that the answers do not always point to the same kinds of fundraising for each of them. Take an overly simple example: having ten individual donors who give very large gifts would be easier to manage than having 1,000 donors. But if one of those donors said she wanted you to do X or did not like that you were doing Y, and her donation rested on your organization changing focus, suddenly the easy management (just say yes and keep getting the money) would run up against your mission.

Not asking what kind of funding streams are most mission fulfilling is the root of many of our social problems. For example, public schools used to be almost entirely funded by . . . wait for it . . . the public, through taxes! Now most public schools are really public/private partnerships, with public funding taking care of bare bones needs and a bevy of parents and friends raising money to pay for art programs, music education, libraries, sports uniforms and supplies, and the like. Charter schools represent an extraordinary collection of hybrids: they use both public and private funding and are run by for-profits and nonprofits. There may be advantages to this arrangement. For example, because they are involved in raising funds for the school, the parents have a lot of skin in the game, and perhaps for that reason the children don’t take any aspect of their education for

granted. But even the existence of these hybrids points to the fact that we, as a nation, never had a conversation about how public schools should be paid for. In the 1980s and later, because of the Great Recession, communities saw their tax revenues fall and the quality of their schools go down, so they rallied to raise money. Some communities did rally in favor of higher taxes, to be sure, but mostly the burden of ensuring a good education for their children has fallen more and more on beleaguered parents. Parents who have one job and some energy left at the end of the day can, through their PTAs and PTOs, raise money. Parents holding down more than one job or having other complications and time constraints cannot, to the disadvantage of their communities' public schools.

We are a reactive nation, and this serves us well when reacting generously is most helpful. We respond to natural disasters quickly. At local levels, people often rally to the needs of someone who can't afford surgery or a family made homeless by a fire. But we don't think nearly enough about structural change, that is, how can nonprofits address the root causes of social problems, instead of continually reacting to them, and this failure to be able to look at the bigger picture is causing us a lot of problems.

If we were to graph the growth of the nonprofit sector since 1975, we would see about a 500 percent increase in the number of nonprofits. In the 1970s, there were about 300,000 nonprofits in the United States and by 2005, there were 1.5 million. If we were to superimpose another graph showing indicators like child poverty, high school dropout rates, drug addiction, homicide, infant mortality, environmental destruction, hate crimes, or any number of other social problems, we might expect a concomitant drop in those numbers against the rise in the number of organizations designed to address these pressing social issues. Instead, for the most part we see a growth in major social problems right alongside the growth of the sector. Certainly, I think few people would say that the nonprofit sector is at fault for that, and most of us would say that the problems might have become a lot worse if it weren't for our efforts, but we do have to ask why we haven't made more inroads when we now represent, as pointed out in Chapter One, 10 percent of the workforce and, were we a single industry, we would be one of the nation's largest.

Although a full analysis of this question is well beyond the scope of this book, I do believe the failure of nonprofits to lead conversations about the role of private and public funding is related to our failure to make significant progress in addressing some of our most intractable issues, such as poverty and racism.

The rise in the number and size of private foundations and donor-advised funds is a direct result of the wealth created for the top 5 percent of Americans by poor tax policy. Fortunately, some of these very wealthy people want to give

some of their money away, and I applaud them for that. Why is this important in fundraising for social change? Because in the past fifteen years there has been a large increase in the number of foundations making significant grants to social justice organizations, and many social justice organizations are 70, 80, even 90 percent supported by foundation grants. Consequently, the executive director spends most of her or his time pleasing funders, attending funder convenings, and sharing information with other social justice organizations about foundations, program officers, and trends in funding. The fact that foundation funding does not build power among a large constituency, nor is it reliable over the long haul, nor often does it even reflect what the organization would most like to be doing, may be considered the price you pay for financial stability, although that will only be true in the short term, and financial stability should not be the driver of your fundraising.

I meet many organizations that want to raise money from individuals because their foundation funding has dried up, or because they lost their government funding. Individual donors are a fall-back position. I have had people say, “We have to individual donor stuff because we have no other choice.” Needless to say, this is not a good reason. If you are going to raise money from individuals, you have to think that is the best route for your organization because individual donor fundraising is, in many ways, the hardest. It requires finding a lot of people not just to give money, but also to raise money. It is detail-driven and success requires using a variety of strategies.

Viable organizations start with a philosophy of funding. You can have this conversation any time, but having it when you are first starting out is most helpful.

Many organizations cannot be funded in an ideal way. Many public health issues are taken care of privately, and often foundations provide an amount of money that is unrealistic to think of raising from low-income individuals, particularly for organizations that are just starting out. But you need to know what direction you are moving in and to raise consciousness among your board, staff, and volunteers about why you are raising money the way you are, and what might be better alternatives.



# Be Clear About What the Money Will Do

I have focused the first chapters of this book on looking at the importance of raising money from individuals, and I've looked at what motivates people to give. Before you can begin fundraising, you need to have a clear cause for which you are raising money. Traditionally, this is called your "case for support," written in a "case statement." Basically, this means your organization sets down in writing why it exists and what it does. The document details three key facts: the need the organization was set up to meet, the way the organization will meet that need, and the capacity of the organization to do so. This written document is for internal use by staff, board, and key volunteers. It is not a secret document, but it will have more information than someone at any distance from the organization would want to read and it is not created with any external audience in mind. The document talks about your organization in language people closest to the organization use when they are not trying to impress anyone. This content is then the basis of material for your website, any other virtual platforms, and for proposals, reports, speeches, and so on. The messages are also given by anyone presenting information about your organization to people outside the organization. Everyone close to the organization needs to agree with the information presented in the internal case statement, and nothing produced by the organization for external use should contradict it, even if the external versions of it take many different forms.

## WHAT IS IN THE CASE STATEMENT?

The easiest way to understand a case statement is to imagine the questions a person truly interested in the kind of work you do would ask about your organization and the order in which someone would ask them. The questions correspond to the sections of the case statement, indicated in parentheses:

- "Why does your organization exist?" (Vision statement) AND/OR
- "What do you most believe?" (Mission statement)

- “What do you do about what you believe?” (Goals)
- “How do you accomplish those goals?” (Objectives or outcomes)
- “What have you accomplished?” (Results or history)
- “Who is involved in this organization and how does it run?” (Structure)
- “How much does it cost for your organization to function, and where do you get your money?” (Budget and fundraising plan)

Each of these elements needs a clear and concise explanation. In many organizations, the vision and mission statements are merged into one. Other organizations use the vision statement to describe the world when your organization is no longer needed (e.g., “A world without AIDS” and the mission statement to describe the beliefs that propel their overall work, e.g., “We believe health care is a right, not a privilege”). Multi-issue organizations may need to summarize their many goals into a few broad statements.

Many organizations don’t include objectives in their case statement; instead they point to accomplishments described in the history section. Older organizations will need to choose their best accomplishments to include. In other words, you need to adapt this format to suit your organization.

An early mentor of mine, Henry Rosso, told me something very important about the case statement: “When you tell someone you work for a non-profit, that person will often ask what the nonprofit does. But don’t answer that question first. Answer the question about what you believe and then go on to what you do. If you start describing what you do, the person will lose interest quickly. People buy with their hearts first and then their heads. Make sure there is some shared belief before you start talking about what you do.”

Having this information in one document, making sure that key people in the organization all have—and have read—copies of it helps guarantee consistency of what is presented by board members, staff, or volunteers. Although it can be time-consuming to develop the case, it saves time in the long run. People are less tempted to come to meetings with brand new ideas of what the organization should do; funders are approached with work that the organization wants to do, rather than work the organization has created simply to win funding; and there is much less likelihood that donors or board members will misunderstand organizational direction. The case also motivates the fundraisers by reminding them

why they are raising money. Much of the case statement—objectives, history, budget, funding plans—needs to be updated every year, and the entire document should be reviewed at least annually to ensure that everyone is still in agreement with its premises and that it still accurately describes what the organization is doing.

I recommend opening each board meeting by calling to mind why you exist and what you most believe. A board member of a local ACLU chapter once told me that the board chair opened the meeting by welcoming everyone and saying, “Let us remember that we are here. . .,” and everyone would complete the statement in unison: “Because the Bill of Rights can’t defend itself.” This custom never failed to get even the most tired board member to sit up straight and focus on the content of the meeting. For our fundraising to be successful, passion and commitment have to be front and center of all that we do.

The following is a more detailed explanation of how you answer each of the questions.

A hint about writing vision and mission statements: start with “Because” or “We believe” or with a noun, such as “People,” “Children,” or “The future.” Avoid using infinitive verbs such as to do, to provide, or to help. Infinitive language is goal language.

## **WHY DOES YOUR ORGANIZATION EXIST? WHAT DO YOU MOST BELIEVE?**

The answers to these questions provide a foundation from which all programming arises. People in an organization will often claim “We know why we exist” and then give a jargon-laden description of their work. For example, a women’s economic development program has this statement: “We help disadvantaged women become agents of their own future by providing actionable templates for change which replace destructive psychological messages with compelling new narratives.”

Although this is quite an excellent organization, it appears to be trying to disguise that fact with this statement. When they called on my help with fundraising and I asked what their mission statement was, none of the board or staff could repeat this statement. Eventually, I learned that the organization helps women coming out of prison to find jobs or even start their own businesses. With support groups, advocacy with employers, skills training, and providing clothes for interviews and work, the organization succeeds in finding permanent employment for about twenty formerly incarcerated women each year.

As we tried to craft a more meaningful statement, the importance of having all the players involved in its development became clear. The phrase “Women coming out of prison” became a sticking point. Everyone agreed that using it would make the statement more accessible, but many also believed that being identified as formerly incarcerated contributes to discrimination of these women in the workplace. The consensus was to omit any reference to prison in the statement. Asked to simplify and clarify what they most believed, they came up with these statements:

- VISION: We imagine a world in which everyone has access to fulfilling work.
- MISSION: Seeking, getting, and keeping a good job and recruiting and keeping good employees are similar skills, which must be learned and practiced.

These vision and mission statements are simple and easy to remember. As the board members use them, they discover that they are great conversation starters. The vision statement leads to discussions of types of work and whether certain kinds of work can be made fulfilling. The mission statement leads to discussions of how employers can be more compassionate to their employees and still make money. These introductory statements are, of course, accompanied by what the organization does and what success they have had.

Here’s another example. An educational organization that primarily teaches economic literacy has this lofty mission: “Authentic human freedom begins with every person living free of economic compulsion. Understanding how economic forces work and how they can be changed is fundamental to this freedom.” The organization’s goals include teaching that practices that are unhealthy for people, such as unsafe workplaces, wage discrimination, toxic dumping, substandard housing, and poverty itself, are not unavoidable by-products of a functioning economy, and that societies can be structured to eliminate these injustices. This organization went through a major change in focus while working within its mission. At first it simply taught the practical skills of how to live within a budget or how to set up a savings plan; now it includes broader aspects of economic literacy, such as understanding how public schools and roads are paid for and what kinds of taxes are fair or not. The organization has also expanded to include the much broader work of advocating for changes in the country’s basic economic structure. It still teaches practical classes, but its students are also introduced to larger ideas. The organization’s broad mission statement enabled it to embrace a larger perspective on its work as its vision of that work expanded.

Organizations need to take the creation and maintenance of vision and mission statements very seriously. These statements have an impact on all programs and, indeed, the direction of the organization. When the wording is neglected or put

together hurriedly, disagreements will arise, some of which will take months to resolve, and, more important for fundraising and communications, donors will be confused, resulting in a loss of donations.

Keep in mind that a vision statement should be no longer than one sentence. In fact, it will often become a tag line or a slogan. For example, a small organization promoting affordable housing in an upscale California region: “Affordable homes make a rich community.” A cutting-edge racial justice organization has this tagline: “We will find a way or make one.” In both cases, the mission and vision have been shortened into something people will remember and repeat. The mission statement should also be short. Two sentences is about all a person can remember and repeat to another. The purpose of either statement (and it’s fine to have just one statement) is to catch the attention of potential donors so they want to learn more and to reinvigorate current donors.

We live in a world of constant messages—advertising, warnings, directions, prompts, signals. Some experts have said that if we work outside our homes, we are exposed to as many as 3,000 messages a day. Our conscious minds don’t even take in most of these messages, which our subconscious mind is busy filtering out. In addition to external stimuli, we have our own worries, plans, and daydreams. Although this may come as a shock, your organization and its needs are not foremost in the minds of the people hearing about you. You have to catch their attention and then hold it long enough for them to decide whether they want to know more.

## **WHAT ARE YOUR GOALS AND OBJECTIVES? WHAT DO YOU DO?**

Goal statements tell what your organization is going to do about what you believe, and as your goals are accomplished, you may write more about them in the section on history.

Goals almost always start with infinitives: to provide, to ensure, to monitor, to educate, for example, “To ensure that old-growth forests are protected forever” or “To teach conflict resolution skills to all elementary school children” or “To find a cure for breast cancer.”

### **Objectives**

Objectives are statements describing how the group intends to accomplish its goals. Good objectives can be easily created and ensured of being successful if they are written to conform to the principles of the acronym “SMART”: Specific, Measurable, Achievable, Realistic, and Time-Limited. In the 1990s, the idea of working toward *objectives* was replaced with striving for *outcomes*, and many foundations used a

process called “outcome-based evaluation” to compare what an organization said it would do with what it actually achieved, and then to base its funding decisions on the results. More recently, *outcomes* have been replaced by *impact*, with foundations asking groups to describe the impact of their work on their intended audience or clientele. Objectives, outcomes, and impact are not dissimilar, and for some organizations outcomes or impact might be a better expression of specifically what they plan to do. For the sake of the internal case statement, it is most important to answer the question: “How do we intend to meet our goals?” In external versions of your case or more detailed descriptions of programs, you can decide whether to use the word *outcome*, *objective*, *impact*, or whatever is most appropriate.

The main difference between a goal and an objective is that goals last as long as they need to in order to be met, but objectives last, at the most, for one year. Objectives are evaluated yearly or in whatever time frame is specified in the objective. For example, here is an objective from the economic literacy group: “We will teach ten weekend courses for teenagers during the months of September and October. Two courses will be presented in Spanish, one in Cantonese, and seven in English. Each course will have a minimum attendance of fifteen students and maximum of twenty-five. A pretest and post-test will be given to document learning, and the curriculum will be modified for the next round as indicated by the evaluations.” The outcomes for this objective might be expressed differently: “Participants will understand the fundamentals of budgeting, how credit cards work, what simple and compound interest are, and what taxes they pay and what that money is used for. In general, participants will feel confident in their ability to make wise financial choices.”

## **WHAT HAVE YOU ACCOMPLISHED?**

The history section summarizes when the organization was formed and by whom and narrates major program accomplishments, including any major program changes. In describing your accomplished objectives, you have the chance to provide further documentation of the work your organization was set up to do and your ability to do it. The more specific your objectives or outcomes are, the more dramatic your history will be. Your track record is one of the most important elements for attracting donors, so making sure you have a way to measure, document, and publish your accomplishments is key to fundraising.

The history of your organization is also the most frequently used content on your website and in your proposals for convincing donors and funders that you can accomplish what you are planning for the simple reason that you have accomplished so much of what you had previously planned.

## **“WE ARE BRAND NEW. WHAT ARE WE SUPPOSED TO DO ABOUT HISTORY?”**

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If yours is a new organization, you may think you have no history to report. However, you have the history of other organizations like yours and what you have learned from them, and the history of the people involved in getting your organization started. You can also use this section of the case statement to discuss any new thinking about how to address the issue that you are working on, and why you have decided to go the route of forming a new organization instead of linking up with an effort that already exists. Because there is some frustration among donors and funders with the sheer number of nonprofits that exist, a new organization may want to create a separate section in its case statement titled “The Need for a New Organization.”

Keep in mind that you don’t need to have a long history to make your case. There are donors who like to give to new organizations, and many will not stay with you much past five years—they like being at the beginning, they like thinking of themselves as innovators, cutting-edge thinkers, risk takers. Thus, although new organizations have a different appeal than more established ones, they still must use the insights and claims derived from historical precedents to establish credibility.

There are no set rules for the length of the historical piece. A summary of high points will do, with a reference to a longer document, such as an annual report or website, for people who are interested in more details.

## **WHO IS INVOLVED IN THIS ORGANIZATION AND HOW DOES IT RUN?**

The structure section shows that the way you are organized—staffing and board size, composition and governance—is consistent with your overall mission. Here are some examples: “We have four staff who work collectively” and “Our board of eleven members is composed of three current clients, five former clients, and three former staff people, so that all decisions about the organization are made by people most interested and knowledgeable about the effects of our work.” This section should be long enough to explain a complicated or nontraditional structure, but brief if the organizational structure is fairly straightforward.

The way an organization is structured is a key to its accountability. For example, an organization claiming it is committed to full participation of all members of

a multiracial community that has only one or two people of color on its board raises questions about its commitment to being truly “multiracial.” An organization that claims to organize in low-income communities but whose board members are all well-paid professionals from outside the communities the organization serves raises questions about the organization’s philosophy of power.

Sophisticated donors often request information on structural issues to help determine whether the group understands the implications of its mission and goals. This section can also include brief biographical sketches of board members and résumés of staff, along with statistics on members, volunteers, and chapters, if applicable.

## **HOW MUCH DOES IT COST FOR YOUR ORGANIZATION TO FUNCTION, AND WHERE DO YOU GET YOUR MONEY?**

This part of the case statement may have two sections: a fundraising plan and a financial statement, with a budget.

The fundraising plan shows whether the organization has a diversity of funding sources and an understanding of the fundraising process. The fundraising plan shows all of the organization’s prospective sources of income and describes in a narrative fashion how this income will be raised or how these financial goals will be reached. Like the section on structure, the fundraising plan will show whether the organization operates consistently with its mission. For example, an environmental organization primarily supported by oil or timber corporations or community-based organizations with only foundation funding both raise questions about consistency between their financing and their mission. In contrast, an organization working to reduce high school dropout rates that has significant support from parents and alumnae of the program or a downtown preservation and beautification project that is supported entirely by business and residents of the community both appear to be wanted and needed by the people who most benefit.

A financial statement provides proof that the organization spends money wisely and monitors its spending—both in total amount and by category. The financial statement, consisting of an audited financial report, if available, or at least a profit and loss statement and a balance sheet, is usually part of an annual report. The budget is an estimate of expenses and income for the current fiscal year and should include a description of how finances are monitored, such as: “The finance committee of the board reviews financial reports monthly, and the full board reviews such reports quarterly. We compare our income and expenses with other organizations and with industry standards and are committed to raising enough money to

do our work properly and making sure that all our money is spent wisely and prudently” (see also Chapter Twenty-Nine, “Developing a Budget”).

## **CREATING A STRATEGIC PLAN**

People often ask, “What is the difference between a case statement and a strategic plan?” The case statement is a basic blueprint of what the organization is and how it operates. It must be in place before you can make long-range plans. A strategic plan is a projection of the organization’s work into the future—generally, two, three, or five years. To embark on a strategic planning process without an internal case statement is the proverbial building your house on sand. The case statement provides the foundation for a strategic plan. A strategic plan also looks at both internal and external realities (the so-called SWOT test is classic: Strengths, Weaknesses, Opportunities, and Threats) and uses research on demographic trends as well as the results of an outside evaluation and a variety of other information to help set realistic, ambitious, and mission-fulfilling goals. A well-done case statement provides some of the elements needed for a strategic plan, particularly goals and objectives, and evaluation of the organization’s track record to date. The strategic planning process may help the organization refine and sometimes redefine its goals going forward. Thus, the case statement and strategic plan work together nicely, but they are not interchangeable.

Strategic planning is not a magic bullet. Many organizations have found that their strategic plan had little practical use because it could not sufficiently incorporate a constantly shifting external environment. People now talk about “strategic thinking,” which sounds good, but lacks clear definition. What’s important is that all staff and board are continually invited to help with problem solving and with generating ideas. Organizations that rely on one or two visionary leaders tend to get into trouble when those leaders leave or are unseated or simply no longer put forward a vision that others wish to follow. There is a large body of literature about strategic planning, thinking, and management, but for our purposes all roads lead back to needing a firm and well-thought-through case for support. That case will provide a strong foundation that can weather many shifting priorities and sudden changes in the world around us.

## **DEVELOPING THE CASE STATEMENT**

A case statement is usually developed by a small committee, but the board, staff, and key volunteers must all agree on its contents, particularly the mission and goals. If the people who must carry out the plans don’t like them or don’t believe

they are possible, they will not do good work for the group. Therefore, it is worth spending the time needed to develop a strong case statement. Hurrying a statement of mission or a set of goals through the board approval process in order to save time or “get on with the job” will come back to haunt you in the form of commitments not kept and half-hearted fundraising efforts.

# What You Have to Understand to Begin Fundraising

This chapter lays out several key principles that apply to all fundraising: why do fundraising, where the money should come from, why people give to nonprofits, and who can raise funds.

Let's start with a question: What does an organization want from fundraising? Although you may think the answer is money, it's not; it's donors. Not donations, but donors; not gifts, but givers. We do fundraising in order to build relationships with a broad cross-section of people who will do some or all of the following for our organization: give money themselves, ask others to give, open doors to institutional giving, volunteer, say nice things about our organization, and so on. You want people to make donations and to feel so good about how they were treated and what you did with the money they gave that they want to give again and again.

Focusing on building a donor base rather than on simply raising money means that sometimes you will undertake a fundraising strategy that does not raise money in the first year, such as direct mail, or that may not raise money for several years, such as legacy giving. It means that you will relate to your donors as individual human beings rather than as ATMs whom you engage when you want money but whom you otherwise ignore. It means you will plan your fundraising for both the short term and the long term and look at the results of any fundraising strategy not only for the next month but also for the next few years.

## **FOCUS ON DIVERSIFYING DONORS**

Focusing on attracting and keeping donors means that an organization must diversify its sources of funding to be interesting to the widest possible spectrum of potential supporters—that is, receiving money from a variety of individuals who give at varying amounts. Diversifying means that your organization is not

overly dependent on any one person, source, or strategy. There is no exact percentage for this, but you need to be able to lose any donor, any funder, or have any strategy go terribly wrong and still be able to function. This is a basic rule of economics, sales, investing: any endeavor that relies on volume for success. Diversifying also means an organization has to increase the number of people helping to raise money, and diversify these people's skills. The need for diversity is not a new lesson. People with only one skill have a more difficult time finding employment than those with a variety of skills. Investors put their money in a variety of financial instruments. Thousands of organizations have had to cut back or even close because they relied too heavily on one or two foundations or one government contract as their main source of funding.

Yet many organizations continue to look for the ideal special event or extraordinary crowdfunding idea that will bring in their entire budget, or they search for one person, foundation, or corporation that will give most of the money they need, or they try to hire the perfect fundraiser who will bring in all their income without the help of anyone else in the organization. These organizations reason that if they could use one fundraising strategy that was absolutely certain, tried and true, or hire the one fundraising staff person who could do it all, their money worries would be over. Unfortunately, no fundraising strategy or person fits that description. In fact, only if it maintains a diversity of sources will an organization survive for the long term.

Here's what diversity looks like: Organizations aim to have no more than 30 percent of their funding come from any one source for more than one or two years. An organization could lose 30 percent of its funding and probably survive, although it would be difficult, but to lose more than 30 percent of one year's funding would be catastrophic unless you had a very large reserve fund for just such contingencies. This guideline about diversifying sources of income means that, although you could have more than 30 percent of income coming from individuals (and many nonprofits do), you cannot have one donor providing 30 percent of this money. The IRS recognizes this principle with its "one-third rule," which states that an organization with one-third or more of its total income from one person, foundation, or corporation for more than three years does not meet the test of a public charity; if this condition persists for several years, an organization risks losing its 501(c)(3) status. Public charities are to be supported by a broad swath of the public and not to be hobbies of one or two people while operating with the tax advantages of public charities.

There is no set number of sources that constitutes healthy diversity. Much will depend on the size of your budget as well as on your location, your work, and your fundraising philosophy. However, for organizations that seek to raise a significant

amount of money from individuals, clearly, the more people who give you money, and the more ways you have of raising that money, the better off you are.

## **APPEAL TO PEOPLE WHO GIVE**

To build that broad base of donors, it's useful to understand what motivates people to give. As I noted in Chapter One, about 70 percent of adults in the United States regularly make donations to nonprofits, with most of those people supporting between five and fifteen organizations. Fundraising efforts should therefore go toward trying to become one of the organizations that these givers choose. Do not spend a lot of effort trying to be the first organization that someone who is not a giver gives to, unless you have a particular program reaching out to young donors who may be new to giving.

In general, people who don't give away money are unlikely to change this habit: it is not that they just haven't found the right NGO yet, it is that they are not givers. People who give money are going to give it away. They will give it to your organization or to another organization, and they are not denying food for their family or shoes for their children when they do so. Your organization's job is to become one of the nonprofits they support. To do that you first must examine what makes a person a giver, and while you are reading this, think about what makes you a giver, assuming that you are part of the majority of people around the world who give away money.

## **WHY PEOPLE GIVE**

There are many reasons that people give to nonprofit organizations, but study after study shows that the most common reason a person makes a donation to a particular nonprofit is because he or she was asked. People are more likely to remember how they were asked than the name of the organization to which they gave. Of course, responding to being asked is usually accompanied by other motives, varying from a straight transaction to tradition to deeply held belief. Some people give, for example, because they like the organization's newsletter or because they will receive a free tote bag, bumper sticker, or some other tangible item. Some give to a certain organization because everyone in their social circle gives to that group or because it is a family tradition. Some give because it is the only way to get something the organization offers (classes, discounted theater seats, access to a swimming pool).

At a more altruistic level, there are more reasons for giving. People give because they care about the issue and because they believe the organization's analysis of a problem and vision of a solution are correct. Often people give

because they or someone they know were once in the position of the people the agency serves (alcoholics, abused women or children, unemployed, homeless) or because they are thankful that neither they nor anyone they know is in that position.

Sometimes people give because they feel guilty about how much they have or what they have done in their own lives, or in order to feel more assured of forgiveness.

People give because the nonprofit expresses their own ideals and enables them to reinforce their image of themselves as a principled and generous person—for example, “I am a feminist, environmentalist, pacifist, equal rights advocate, good parent, concerned citizen,” or whatever values are important to them. Through their giving, they can say in truth: “I am a caring person,” “I have deep feelings for others,” “I am helping others.”

When people are asked personally by a friend or someone they admire to give to a particular organization, in addition to feeling good about giving to the organization, they show themselves as kind and open-hearted to someone whose opinion they value.

Although these motivations for giving are what impel most people to give, they are not the motivations that most nonprofit organizations appeal to. Instead, they focus on two other reasons they think will motivate people to give but that are not very persuasive: “We need the money” and “Your gift is tax deductible.” Neither of these reasons distinguishes your organization from all the others. All nonprofit organizations claim to need money, and most of them do. The fact that the gift is tax deductible is a nice touch, but gifts to more than one million other nonprofits are tax deductible, too, and because most Americans do not itemize their donations on their tax forms, they actually receive no tax benefits for their giving. Neither need nor tax advantage makes your organization special or particularly worthy of a gift. As the great fundraiser Kay Sprinkel Grace says, “People don’t give because we have needs; they give because we meet needs.”

People who give away money pay nonprofits to do work that can only be accomplished by group effort. There is very little one person can do about racism or pollution or world hunger. There are few services, such as child care, after-school enrichment, or health care, that a single person can offer. Only as part of an organization can an individual make a difference in these or any other pressing social problems. Certainly, one person cannot be a theater or a museum or an alternative school—but many people can be entertained or educated by these organizations. Donors need the organization as much as the organization needs the donors, and the money is given in exchange for work performed.

## **ASKING PEOPLE TO GIVE IS EASY TO LEARN**

A most important lesson for all organizations, particularly smaller ones, is that fundraising is easy to learn. Since I started in fundraising, there has been an increasing emphasis on fundraising as a “discipline.” Colleges and universities offer courses on various aspects of fundraising, sometimes as part of degree programs in nonprofit management, and professional organizations offer fundraising certification programs. More and more people are “professional” fundraisers. All of these developments contribute to the health and well-being of the nonprofit sector. But a course, a degree, or certification is not required for a person to be good at fundraising, and they will never take the place of the only three things you really need to be a successful fundraiser: common sense, commitment to a cause, and a basic affection for people.

No one says at the age of twelve: “When I grow up, I want to be in fundraising.” Instead, a person is drawn to an idea or cause and to an organization working on that issue. The organization needs money in order to pursue the cause, so the person decides to help with fundraising even though it is not her first choice of how to be involved and even though she initially has found the idea of raising money slightly distasteful or a little frightening. With time and experience, many people find that fundraising is not as difficult as they had imagined; and many others even begin to like it. They realize that people feel good about themselves when they give money to a cause they believe in and that to ask someone for money actually gives that person an opportunity to express traditions or beliefs that are important to him or her.

People asked to raise money often project the distaste they may feel about asking for money and assume that those being asked feel the same about giving money. In fact, there is a significant difference between the two. Rarely do people feel good when they ask for money until they get used to it, but people almost always feel good about giving money. In asking situations, potential donors are more than likely flattered, pleased to be included, and thinking about what amount they could give.

The feelings of discomfort in asking for money are normal; in Chapter Eight I talk about them and how to deal with them. For now, be clear that asking and giving are two very different experiences, even when they happen in the same conversation. When people are recruited to ask for money, they must reflect on what they like about giving, not on what they hate about asking.

When an organization has a diverse number of ways to raise money, it can use the talents and abilities of all the people in the group to help with fundraising. As volunteers and board members learn more about fundraising and experience success doing it, they will be willing to learn new strategies and will begin to like

asking for money. Further, an organization that has only one or two people raising its funding is not much better off than an organization that has only one or two sources of money. Many small organizations have suffered more from having too few people doing the fundraising than from having too few sources of funds. In the chapters that follow, I discuss how to identify appropriate fundraising strategies and how to build a team of volunteer fundraisers.

# The Importance of a Good Board of Directors

Anyone who has worked in the nonprofit sector for more than a few hours will know that one of the most vexing problems most organizations have with fundraising is an inability to recruit and maintain board members who willingly and enthusiastically help with fundraising. This problem has led to a small industry of people who train boards, write about how to build a fundraising board, create materials to give to board members, and so on, and another small industry of people who dispute whether you can or even should put together a board that does fundraising.

To be honest, I am firmly (with a few exceptions) in the camp that believes that the board needs to give money and raise money, and that you can realistically build a board with that expectation in place. Further, this does not require wealthy board members or board members with connections to wealthy donors. The fact that active governing boards that also do fundraising are in the minority of boards discourages me sometimes, but does not make me lose faith because I have seen this model work, and when it does, it creates very healthy and vibrant organizations.

There are three main reasons that boards don't do their jobs, and in this chapter I am going to address all three:

1. They don't know what their job is.
2. There is no accountability: they are not appreciated for doing their work or sanctioned for not doing it.
3. Their dislike of asking for money is allowed to excuse them from doing it.

Let's start with the first problem, which arises from a lack of understanding about the logic of the board as a structure.

Countries with a developed or developing NGO sector start with the recognition that an organization that does work that, by its nature, cannot be profitable, will not long exist in a for-profit economy without some financial subsidies. The

primary help the government provides nonprofits is tax relief. Over the past several decades, here in the United States, a body of law has developed creating various forms of tax relief for organizations and tax credits or tax avoidance (not to be confused with tax evasion, which is illegal) for donors—both of which help nonprofits survive financially. This body of law is under the Internal Revenue Service code 501. The most advantageous status for organizations doing educational, religious, or charitable work is 501(c)(3). This is the designation that most nonprofits using this book will either have or aspire to. Organizations with 501(c)(3) status are exempt from many corporate taxes; can offer donors tax deductibility for their gifts; can receive government, foundation, and corporate funding that most individuals and businesses cannot; and enjoy a host of other exemptions from tax at both the federal and state levels. Because these benefits mean less tax revenue, which will have to be made up elsewhere, the government has also created a structure to hold nonprofits accountable for these tax advantages, and this structure is the board of directors.

The broad purpose of a board of directors is to govern the organization and make sure it runs effectively. To qualify for tax-exempt status, an organization must file a list of the names of people who have agreed to fulfill the legal requirements of board membership. The board members agree to make sure that the organization:

- Operates within state and federal laws
- Earns its money honestly and spends it responsibly
- Adopts programs and procedures most conducive to carrying out its mission

The best summary of a board member's responsibility is contained in the State of New York's Not-for-Profit Corporation Law, the language of which has since been adopted by many other states. According to this law, board members must act "in good faith and with a degree of diligence, care and skill which ordinarily prudent people would exercise under similar circumstances and in like positions." The key here is the "diligence, care and skill" that "prudent people" would observe. These are serious responsibilities, and board members must take them seriously.

Unlike shareholders, no one can own a nonprofit, but the people who come closest to "owning" it are the board members. They are chosen because of their commitment to the organization and long-term vision for it. As the Council of Better Business Bureaus points out: "Being part of the official governing body of a nonprofit, soliciting organization is a serious responsibility and should never be undertaken with the thought that this is an easy way to perform a public service."

The responsibilities of board members fall into several broad categories. How any specific organization chooses to have board members carry out these responsibilities will depend on the number of board members, the number of paid staff, the sources of the organization's funding, and the history of the organization.

With the growth of the nonprofit sector worldwide, helping boards understand their responsibilities, helping board members be the best they can be, and helping organizations figure out the best structures and processes for their boards to use has become an industry in itself.

For our purposes, we need to focus on two responsibilities board members have related to fundraising that arise logically from the obligations they take on listed above.

## **THE BOARD AND FUNDRAISING**

Board members have two jobs with regard to fundraising, and these obligations need to be made clear when people are recruited to the board. These obligations arise naturally from the structure:

- Each board member must make a donation that is significant for him or her.
- Each board member must participate in fundraising in some way that is helpful to the organization.

The reason that board members must take a leadership role in fundraising is simple: they have the most legal responsibility for the organization and are chosen because they are willing to take this responsibility seriously. Their behavior sets an example. When they give, other people will give, and when they don't, other people don't. When the board does take the lead, its members and the staff can go to individuals, corporations, and foundations and say, "We have 100 percent commitment from our board. All board members give money and raise money." This position strengthens the fundraising case a great deal. Both individual donors and foundations often ask organizations about the role of the board in fundraising and look more positively on nonprofits where the board plays an active role in fundraising.

Board members are often reluctant to participate in fundraising activities because they fear they will be required to ask people for money. It's true that many fundraising strategies require board members to make face-to-face solicitations. This is a skill and thus can be learned, and all board members should have the opportunity to attend a training session on asking for money (see Chapter Eight, "Getting Comfortable with Asking.")

With a diversified fundraising plan, however, some board members can participate in fundraising strategies that do not require asking for money directly.

While some can solicit large gifts, others can conduct special events, create crowd-funding appeals, approach small businesses, give talks at service clubs and houses of worship, market products for sale, write thank-you notes or make thank-you calls, enter information into a database, and so on. Everyone's interests and skills can be used. Board members inexperienced in fundraising can start with an easy task ("Help set minimum bids for the silent auction items") and gradually move on to more difficult fundraising tasks ("Ask this person for \$1,000"). Some fundraising strategies will use all the board members (selling tickets to the movie benefit), whereas others will require the work of only one or two people (speaking to service clubs or sending thank-you notes).

People often bring to their board service three mistaken beliefs that hamper their participation in fundraising. First, they feel that because they give time they should not be called on to give money. "Time is money," they will argue. Second, if an organization has paid development staff, board members may feel that it is the staff's job to do the fundraising. Finally, the board may be primarily composed of people who are described as "not having any money." Let us quickly dispel these myths.

## **TIME AND MONEY**

Time is not money. We all have exactly the same amount of time—twenty-four hours every day. But we have vastly unequal amounts of money. Time is a non-renewable resource—when a day is gone, you cannot get it back. Money is a renewable resource. You earn it, spend it, and earn more. Further, you cannot go to the telephone company and ask to volunteer your time in order to pay your phone bill. You cannot pay your staff or buy your office supplies with your time. Finally, people are rarely anxious about asking someone for their time, but most people are quite reluctant to ask someone for their money, even though for many people, time is the more precious resource. In trainings, I often use this example: "If a board member is assigned to call three people and tell them about a meeting on Wednesday night, he or she will do it. If two people can come to the meeting and one can't, the board member does not take this personally and feel like a failure. However, if this same board member is assigned to ask these same three people for \$100 each, he or she will probably have to go to a training in how to ask for money before being comfortable carrying out that assignment." I have conducted thousands of trainings in how to ask for money, but I have never been asked to lead a training on how to ask for time.

Comparing time and money is like comparing apples and asphalt. We waste the time of our creative volunteers when we don't have enough money, and we waste the money of our donors when we don't use volunteers appropriately. Board members

must understand that contributions of time and money are very different, although equally important, parts of their role. People who want to give only one or the other are valuable to an organization, but are not suitable to be board members.

## **THE ROLE OF PAID STAFF**

Paid staff has specific roles in fundraising. These are to help plan fundraising strategies; coordinate fundraising activities; keep records; take care of routine fundraising tasks such as renewal appeals; and assist board members by writing letters for them, forming fundraising plans with them, accompanying them to solicitation meetings, and so on. Generally, fundraising staff handle most or all of the process of approaching foundations or government entities for funding, and they provide the backup needed for others in the organization to do effective fundraising. The executive director and the development director need to be comfortable asking for money in person, and they need to set an example for board and volunteers, but it is impossible for a small staff to maintain all the donor relationships. Even if it were possible, it would be very unwise. Just as it is foolish for an organization to depend on one or two sources of funding, it is equally unwise for it to depend on one or two people to do fundraising.

The final reason for all board members to participate in fundraising is to ensure that the work is evenly shared. Fundraising is rarely anyone's favorite task, so it is important that each board member knows that the other members are doing their share. If some members do all the fundraising while others are involved in evaluating programs or discussing policy questions, resentments are bound to arise. The same resentments will surface if some board members give money and others don't. Those who give may feel that their donations buy them out of some work or that their money entitles them to more power. Those who do not give money may feel that they do all the work or that those who give money have more power. When board members know that everyone is giving their best effort to fundraising according to their abilities—including making their own gifts—the board will function most smoothly and members will be more willing to take on fundraising tasks.

## **OUR BOARD MEMBERS DON'T HAVE ANY MONEY**

Social change organizations correctly want a diverse board—one that represents their constituency and so probably crosses class and race lines. We correctly want to bring in new and younger leadership, and we want to give people a chance to serve on our board who may not have served on a board before. If we have a truly diverse board, we will have some people on our board who live on very little

money. They may work one or more jobs at minimum wage, or they may live only on their Social Security, or they may be paying down large student debt, or experiencing any number of financial hardships. It is easy to say of these people: “They can’t give because they don’t have any money.” However, the fact is that no one doesn’t have ANY money. To be a donor means to give something more than nothing. Hence giving one penny makes someone a donor. I believe it when board members say they can’t afford \$100 or \$1,000, but I don’t believe anyone can’t afford \$1.00. And the evidence is very clear that poor people give away money, often at much higher percentages of their income than their wealthier counterparts. Your board members who don’t give your organization money are giving money somewhere, unless they are in the 30 percent of the adult population who don’t give at all. Board members don’t need to know how much each of the others gives—they simply need to know “We have reached 100 percent in giving. It adds up to \$5,943 and so we have \$87,000 left to raise.”

## **COMMON BOARD PROBLEMS AND SUGGESTED SOLUTIONS**

Although each board of directors will have its own problems and tensions to be resolved, many boards have a number of problems in common. These problems are often not related to fundraising but they get in the way of the organization being effective with fundraising. Those problems are discussed here, along with some solutions.

### **Too Much Is Expected of Board Members**

Small nonprofit organizations use all of their volunteers to augment paid staff. The smaller the organization, the more responsibility volunteers will have, becoming more and more like paid staff. To a certain point this is fine. But there comes a time when board members are taking on much more work than they had agreed to. When board members find themselves attending three or four meetings each month and spending hours reading and answering e-mail, or spending a lot of time on the telephone on behalf of the organization, they begin to dread hearing from anyone in the organization and to count the days until their term is up.

This dynamic can be changed or averted altogether by adhering to the following principles:

- Board members should understand that they can say no to tasks that go beyond their original commitment.
- Staff and board members should ensure that tasks given to the board have a clear beginning and end. Thus, when additional work is essential, board

members should be assured that extra meetings will be called for no more than every month or two and that once that task is accomplished they will not be asked to do more than the minimum for a few months.

- A careful eye should be kept on what the whole board does with its time. Board members (particularly the executive or steering committee) should ask, “Are all these meetings necessary? Can one person do what two have been assigned to do, or can two people do what four have committed to do?” Consider having some meetings by conference call and doing routine business by e-mail.
- Boards should not be asked to make decisions or take on tasks for which they are unqualified. Sometimes consultants need to be brought in to make recommendations, or the board needs to be trained to handle tasks related to management and fundraising.

### **Individual Board Members Feel Overworked**

Even if the board is attentive to the time limitations of board members, this problem can arise either because those people were given the wrong impression of the amount of work involved beyond attending regular board meetings, or because they are already overcommitted in the rest of their lives. In the latter case they cannot completely fulfill the expectations of any part of their lives, so they feel overworked even while not doing very much for the organization.

A clear and precise job description or statement of agreement will help with this problem. A tip: Don't try to talk anyone into being on the board. When you ask people to serve on the board, tell them why they would be a good addition to the board and what you would expect from them. If their response is less than enthusiastic, let them go. We would not offer a job to someone who said, “I don't know if I have the time.” A board role is a job—and it needs to be approached as such.

### **The Board Avoids Making Decisions**

In this instance board members never seem to have enough information to commit themselves to a course of action and continually refer items back to committees or to staff for further discussion and research. This problem is generally the result of inadequate board leadership. The board chair or president must set an example of decisiveness. He or she needs to point out that the board can never know all the factors surrounding a decision and yet must act despite factors changing on a daily or weekly basis.

The person facilitating a meeting should always establish time limits for each item on the agenda. This can be done at the beginning of the meeting. Close to the end of the time allotted for an item, the chair should say, “We are almost at the end of time for discussion on this item. What are the suggestions for a decision?” If the chair or facilitator of the meeting does not take this role, individual board members should take it on themselves to call for a time limit on discussion and a deadline for a decision.

Very few decisions are irrevocable. Decisions can be modified, expanded, or scrapped altogether once they are made and put into action if they are not working out.

### **Decisions Are Made, Then Forgotten**

When this shortcoming is at work, the board both fails to implement its decisions and ends up discussing the same issue again in a few months or years. Further, board members feel that they are not taking themselves seriously and that their work is for nothing. Three methods can be used to avoid this problem. One method is to appoint a member to keep track of decisions and remind the board of them. The secretary of the board can serve this function, or someone designated as board “historian.” A second, complementary method is for decisions from board meetings (as distinct from meeting minutes) to be kept in a notebook or a protected webpage, such as Google Docs, that can be easily accessed when setting the agenda, or even during a meeting. The decisions can be categorized and indexed so that they can be easily found. The chair and executive committee should review decisions frequently so that they are familiar with them.

Finally, each board member should read and keep a copy of the minutes of every meeting. Don’t rush through the process of approving minutes, particularly if they are recording anything that was contentious. At the board meetings, the board chair or secretary should ask members questions such as, “Rob, I want to make sure I captured your amendment accurately” or “Mary, can you make sure that I got all the budget modifications?” The board members then know they might be called on to review parts of the minutes and so will be more likely to read them thoroughly.

### **There Is No Accountability**

Of all the problems that plague boards, this is the most serious. I have worked with hundreds of boards over the past four decades, most of them here in the United States but also in many other countries. I have watched as board members thoroughly discussed their responsibilities, solemnly signed their board agreements, enthusiastically

endorsed the mission and goals of the organization, and then, one after another, board members didn't do what they said they would do, and nothing happened.

Board members are like any group of human beings—classes, families, workplaces. Let's say in your workplace you have a rule that everyone must clean up after him- or herself. But consistently, predictably, Gary does not. People see him leave dishes and cups in the sink. At the staff meeting, people indirectly call attention to the problem: "Someone has been leaving dishes in the sink" or "I am tired of doing other people's dishes," with meaningful glances in Gary's direction. Behind his back, people say, "Can you believe him? I can't believe his wife/partner/mother puts up with this at home." But no one ever says, "Gary, are these your dishes? Can you please wash them?" Before long, other people will start leaving their dishes in the sink and Gary will not be the only culprit. Ditto board members. June says she will get all the food donated from her cousin's store, but doesn't, and the organization has to buy food for their event. Bob says he will ask five people to renew their donations, but he doesn't, and the donors don't renew until one of the staff asks them. Marge, who always does what she says, notices that June and Bob are still on the board and, except for some grumbling about them, nothing happens. So pretty soon Marge isn't fulfilling her commitments either.

Accountability on a board is actually a very simple thing to put in place: when people say they will do something, it is written down, someone else reminds them to do it (reminding people of their tasks is a task), they are thanked when they finish it and praised in front of the board. If, after one or two reminders, the job is still not done, the board chair or someone else on the board calls and asks, "What happened? What could have been done differently? What would have allowed you to do your work?" And when, like Gary, a person establishes a pattern of saying he or she will do something and not doing it, the board chair meets with the person privately and asks whether he or she really wants to be on the board. Accountability is not to punish the Garys of the world—it is ensure that the work of the group gets done, in part by rewarding people who do what they say they will do and by surrounding them with other reliable people.

If you set a tone of expecting people to keep their commitments, being appreciative, and making sure work is divided relatively evenly, you won't have to have very many difficult conversations.

I learned a great deal about accountability from my late friend Vicki Quatmann, who was the chair of the board of the Appalachian Community Fund when I served as its first executive director. We formed

*(Continued)*

a board representative of the four states whose Appalachian counties we served: West Virginia, Virginia, Kentucky, and Tennessee. The board included coal miners, long-time civil rights and anti-poverty activists, artists, school teachers, community organizers, a librarian, and a legal aid lawyer. Some people were well educated and some could barely read. Most had never served on a board before. Two were wealthy and several were poor.

Vicki said, "This will only work if all the rules are clear to everyone, agreed on by everyone, and enforced." One agreement everyone had made ahead of the first board meeting was to start meetings on time. The first meeting of the board, and the first time many of these people were to meet each other, started at 10:00 a.m., and most people were there. Three stragglers showed up at about 11:15. Vicki instructed the minute-taker to note who was present, who was absent (just one person), and who was late. I was shocked and said to her after the meeting, "You can't put who is late in the minutes." She said, "Watch me. I'll never need to do it again." And she didn't. No one was ever late while she was the board chair.

In the first three meetings, if she thought that someone had not read through the materials that were sent out well in advance, she would ask them quietly: "Were you able to prepare for this meeting before you got here?" If people said no, she would say, "That's OK. We all get busy. You'll have to sit out the decision making." In the board meeting she would say, "Those who can vote, please do so now." And after the third meeting at which someone had been told he couldn't vote, people very rarely came unprepared. Vicki set a high bar for that board. She believed that this unlikely collection of people could be a working and active board, and she made it so. I learned from her that, when we tolerate lateness, not keeping commitments, and so on, we show that we never believed in the people in the first place. That is the fastest way I know to demoralize a board.

## **MOVING PAST BOARD PROBLEMS**

All of the dynamics described so far, as well as others such as personality conflicts, deep political disagreements, or staff-board conflicts, can be serious enough to immobilize an organization. The board and staff may not be able to resolve whatever the problem is themselves. Sometimes they can't even figure out what the problem is. Board or staff members should not hesitate to seek help in such cases.

A consultant in organization development or a mediator can help the group articulate and solve its problems. Although for a board to find itself in such an extreme situation is unfortunate, it is usually no one person's fault. Not to ask for help in getting out of the situation, however, constitutes a failure of board or staff members to be fully responsible. I believe that conflict resolution training for board and staff is important, particularly before any conflicts arise.

Some conflict can be creative, and board members and staff should not shun difficult discussions or disagreements. There is built-in tension between program and finance committees, new and old board members, and staff and board personnel. As the late Karl Mathiasen stated in his book, *Confessions of a Board Member*, "My own feeling is that if you go to a board meeting and never during that meeting have a time during which you are tense and your heart beats faster and you know that something is at stake—if you lack that feeling two or three meetings in a row, there is something wrong with the organization."

## **RECRUITING BOARD MEMBERS WILLING TO HELP WITH FUNDRAISING**

There is a common belief that a board should have "movers and shakers" on it. Bank presidents, successful business people, politicians, corporate executives, and the like are thought to be people with power and connections to money, making them ideal board members. An organization needs to define who are the "movers and shakers" *for its work*. Many of the people perceived to be most powerful in a community would be terrible board members, even if they would agree to serve, because they would have neither the passion nor the interest in serving the organization. There are hundreds of successful organizations whose board members are neither rich nor famous and who have no access to the traditional elite, but whose connections are exactly what the organization needs. Belief in the mission of the organization and willingness to do the work required are of far greater importance than being part of the traditional power elite or being wealthy.

First and foremost, board members and new recruits must understand, appreciate, and desire to further the goals and objectives of the organization. Enthusiasm, commitment, and a willingness to work are the primary qualifications. Everything else required of a board member can be learned, and the skills needed can be brought to the board by a wide variety of people and taught to others on the board.

Prospective board members are found among friends and acquaintances of current board members, staff members, former board and staff members, and

current donors and clients. Ideally, a prospective board member is someone who already gives time and money to the organization.

The chair of the board should send an e-mail to each prospective board member asking the person if she or he is interested in serving on the board and giving a few details of what that would mean. The e-mail should ask for an appointment to discuss the invitation in detail. Even if the prospect is a friend of a board or staff member or is a long-time volunteer, a formal invitation will convey that being on this board is an important responsibility and a serious commitment and that it is a privilege to be invited. Whoever knows the board prospect can follow up by talking to the person about being on the board. If no one knows the prospect, two people from the board should see the person. If the prospective board member does not have time to meet and discuss the board commitment, this is a clue that he or she will not have time to serve and should be removed from the list of prospects. It is particularly important to discuss the amount of time board participation requires as well as expectations of board members in the area of fundraising. Do not make the board commitment sound easier than it is. It is better for a person to join the board and discover that it is not as much work as he or she originally thought than to find that it is much more work and resent having had the commitment misrepresented.

Students in my fundraising classes at the University of California, Berkeley, School of Social Welfare are required to volunteer in a nonprofit. One student works with undocumented refugees; while taking my class he started helping the organization do fundraising. He is twenty-three years old, well organized, passionate about the work (he himself is a “dreamer”—brought here from Mexico at the age of two) and he loves to learn. He designed a crowdfunding campaign for the organization that raised about \$2,500. He stopped me in the hall recently, saying with great excitement, “Guess what?” I thought for sure he had won the lottery or gotten into graduate school or fallen deeply in love. “What?” I asked. “I have been asked to head up a campaign to match a \$15,000 grant we got. I have to lead a team to help raise \$15,000!!!” He was practically skipping with happiness. “I can’t wait to get started.”

I thought of how often we are wrong when we imagine that people would never want to be on the fundraising committee or chair a campaign. Finding fundraising leadership is partly about conveying an attitude that it will be challenging and also rewarding, hard work but also fun. When we convey our own ambiguity about fundraising or our own dislike of it

to young people who really don't know much about it, we set them off on the wrong foot. My student's enthusiasm reminded me of how exciting fundraising for a great cause can be, and how that is what we most need to convey to people we ask to be involved in it.

## **THE ORIENTATION**

After a person has accepted nomination to the board and been elected, a current board member should be assigned to act as the new person's "buddy." The current board member should bring the new board member to the first meeting, meet with him or her (perhaps for lunch or dinner) once a month for the first two or three months, and be available to answer questions or discuss any issues regarding board functioning or responsibilities and the organization's work. New board members have many questions that they are often too embarrassed or shy to raise at a full board meeting. They will be incorporated into the life of the organization much faster if they can easily find the answers they need.

Before their first meeting, new board members should receive a packet of information, including a copy of the board job description, the organization's by-laws, the case statement, and anything else that would be helpful to their understanding of the organization, such as an organizational chart, the current annual budget, brochures and other promotional information, and the names, addresses, phone numbers, and profiles of the other board members and of staff members.

Board members work best when they feel both needed and accountable. They will be more likely to keep their commitments when they know that doing so is expected and that others are keeping theirs. When this tone is established at the beginning, the board will function smoothly.

## **ADVISORY BOARDS**

In addition to a board of directors, small organizations often find it helpful to form advisory boards made up of people who can help with various parts of the organization's program, including fundraising. Although it involves a good deal of work and does not take the place of a board of directors, an advisory board can be helpful for obtaining advice from a particular group of people (such as doctors, researchers, journalists, clergy) or in expanding your fundraising team (bringing on non-board members to do a special event or to help solicit major gifts), or to serve as an editorial board for your publications. In some ways an advisory board is an administrative fiction. Unlike a board of directors, an advisory board has no

legal requirements, no length of time to exist, and no purposes that must be fulfilled. Such a board can consist of one person or two hundred.

Advisory boards are variously named depending on their functions. An advisory board may be called a community board, auxiliary, task force, committee, or advisory council. Some advisory boards meet frequently; others never. Sometimes advisory board members serve the group by lending their names to the organization's letterhead. In at least one case, an organization's advisory board was called together, met for the first time, then disbanded, all in the same day, having accomplished what they had been asked to do.

You can form an advisory board for the sole purpose of fundraising. Since this board has no fiscal responsibility for the overall management of the organization, its members do not have to meet the recruitment requirements of the board of directors.

Some people like to be on advisory boards. It gives them a role in an organization without taking on the full legal responsibilities of a member of the board of directors.

### **When to Form an Advisory Board**

Organizations sometimes see an advisory board as a quick fix to their fundraising problems. They may reason: "Next year our group has to raise three times as much money as it did this year. Our board can't do it alone and we don't want to add new board members. So we'll just ask ten rich people to be on a fundraising advisory board, and they'll raise the extra money we need."

There are two main problems here. First, finding "ten rich people" is not that simple. If it were, the organization would already have a successful major gifts program. Second, a wealthy person doesn't necessarily have an easier time asking for and getting money than someone who is not wealthy. Nor will he or she necessarily be more willing to give money than a "not rich" person.

There are, however, several conditions under which an advisory board is a solution to a fundraising need:

- Although the board of directors is already doing as much fundraising as it can, it is not enough. An advisory board works best when it is augmenting the work of an active and involved board of directors.
- An organization has a specific and time-limited project that needs its own additional funding. This can be a capital campaign, an endowment project, or a time-limited program requiring extra staff and other expenses. The advisory board commits to raise a certain amount of money overall or a certain amount every year, usually for no more than three years.

- An organization needs help to run a small business or put on a large special event every year. The type of advisory board that runs a small business is usually called an “auxiliary,” as it does not have a time-limited function.
- An organization wants help in raising money from a particular part of the private sector, such as corporations, businesses, service clubs, or houses of worship. The advisory board, composed of representatives from these particular sectors, plans the campaign, and the members solicit their own colleagues.

### **Forming the Advisory Board**

If you decide that an advisory board is a good tool to help with fundraising for your organization, create clear written expectations for this group. Be specific: set an amount that you want the group to raise as a goal, the number of hours you expect each person on the board to work (per month, per event), and the number of meetings each will need to attend. Also suggest ways for them to raise money. If you are forming this board because you don't know how to raise the money needed, let them know this at the outset, so that one of your expectations is that this group of people will design and then implement a fundraising plan.

Be straightforward with prospects for your advisory board. Tell them your goals and choose people who can work to meet those goals. Use the same priorities in choosing members as when forming a board of directors. Of primary importance is the members' commitment to your organization and their willingness to express that commitment by fundraising.

Once you have formed an advisory board, the staff of the organization must provide back-up support as needed and guide the board as much as necessary. The chair of the board of directors or another designated representative should receive reports from the advisory board and frequently call or write the advisory board's chair to express the organization's appreciation for the advisory board's work. Advisory board members should receive minutes from the meetings they hold, a staff person should phone each member from time to time in between meetings to seek advice or to tell the person some news about the organization, and members should generally be treated like major donors to the organization (which they are).

Allow the advisory board to develop a direction. The first few months may be slow, but once an advisory board begins to work well and carry out its commitments, its members can raise a substantial amount of money and may be willing to serve for several years.

## **USING OTHER VOLUNTEERS FOR FUNDRAISING**

In addition to, or instead of, forming an advisory committee, many organizations have gone to a structure with a smaller board (five to eleven members) and then used volunteers who are not board members to augment committees as needed. In this structure, there are no standing committees; instead, each committee is put together for a specific time and task. For example, two board members take on a major gifts campaign. They recruit five other people to help them for six weeks to meet a goal of raising \$50,000 from major gifts. These five people care a lot about the organization but can't or don't want to take on full board responsibility. They are willing to work hard for a short period of time. In these organizations, most or all future board members have first served on one of these ad hoc committees. Coming on the board becomes a reward for work well done.

### **ONLINE CONTENT**

**"How Does Your Board Measure Up?"**  
**Sample Fundraising Pledge Form (Board of Directors)**  
**"Finding the Right Fundraising Structure for Your Board"**



## **PART TWO**

# Ask Them, Thank Them, Ask Them Again

A few years ago, a woman told me she was live-tweeting my workshop to her co-workers and summarized my introduction in the title above, using far fewer than the 140 characters allowed. I thought it was quite a reasonable summary, although I was glad that further tweets emphasized building relationships. In this and the next section, we expand this tweet to its full meaning.

In this section, I lay out the basics for creating a culture of fundraising. I start with the relationship between the kinds of money you need to raise and the types of gifts donors can give to meet those needs. Then I expand on the basics of the middle of this tweet—“thank them”—what does that mean, exactly? What is a good thank-you note? (A tip—if you don’t have time to read any more of this book, just read the chapter on thanking and you will raise more money.)

I spend a good deal of time helping you and your team feel more comfortable with asking for money, including exploring why asking for money is so hard for most Americans. I then review the main ingredient you must have to raise money from people: people to ask. Identifying prospects instead of haphazardly asking anyone in your path is key to success. Finally, I detail the logistics of asking for money in person—a how-to that can be used to get a \$1 donation for a raffle ticket or a \$1 million pledge for a capital campaign.

Building a donor base is a labor-intensive task that requires persistence and minute attention to detail, along with a healthy sense of risk and willingness to spend money in order to make money. Not all strategies suit all organizations, and every organization will need to figure out which strategies work best for it. At the same time, organizations need to resist the temptation to fly from strategy to strategy looking for the magic one that will solve all their financial problems.

Strategies that work well for an organization are ones that have usually been honed over many years, with lots of evaluation and planning each year, and they are coordinated with all the other strategies the organization uses to raise money.

I end with a chapter on how to divide your donors into smaller groups so you can more effectively focus on what they want as a result of giving to your organization. This strategy will help you build loyalty.

The work of inviting people who have not given to an organization to give for the first time, and then asking those who give to give again and again requires about 40 to 50 percent of the time we spend on individual donor fundraising. These chapters will help you use that time to maximum effectiveness.

# Financial Needs and Fundraising Strategies

Organizations have three financial needs: the money they need to operate every year, not surprisingly called *annual* needs; the money they need to improve their building or upgrade their capacity to do their work, called *capital* needs; and a permanent income stream to ensure financial stability and assist long-term planning, the source of which is an *endowment* or a *reserve fund* or sometimes both.

## ANNUAL NEEDS

Most organizations spend most of their time raising money for the program needs of the current year. This kind of fundraising is often referred to as the “annual fund” or the “annual drive” or, to cover all tracks, the “annual fund drive.” The annual fund uses several strategies, such as online fundraising, direct mail, special events, phoning, and personal visits. The purpose of the annual fund is to acquire new donors and to encourage current donors to give again and, if possible, to give bigger gifts.

Because the overall purpose of fundraising is to build a base of donors who give you money every year, it is helpful to analyze how a person becomes a donor to an organization and how, ideally, that person increases his or her loyalty to the group and expresses that increased loyalty with a steady increase in giving.

In moving from having never given to a particular group to giving regularly year after year and sometimes several times a year, a person goes through three phases. The first phase starts when a person is asked to give to an organization she hears or reads about and decides on the spur of the moment to make a donation. That first gift is called an “impulse gift.” Even if an impulse gift is fairly large, it will rarely reflect what the donor could really afford, and it is generally based on little knowledge or commitment to the organization. The donor is thanked as soon as possible; then, several times during the course of the year, she is asked for additional gifts to different areas of the organization’s work. Ideally,

the donor is asked in a few different ways, such as by phone, at an event, or with a personal letter.

If the donor continues to give regularly for several years, she becomes what is called a “habitual donor.” Habitual donors see themselves as part of the organization and identify with the work and the victories of the organization. Some habitual donors have a bigger commitment to the organization than their gifts reflect and have the capacity to make a bigger gift. Identifying and asking these people to increase their gifts forms the basis of an upgrade program, and that process is often the majority of the work the organization will do to secure major gifts. In addition, many habitual donors may express their commitment to the organization through a bequest.

Once donors are giving larger gifts than they give to the other nonprofits they support, they become “thoughtful donors.” Instead of just giving what they are in the habit of giving, they now think about whether the size of their gift adequately reflects how much they care about the organization’s work relative to what they can afford.

The process of moving people from non-donor to donor, then to habitual donor, and then to thoughtful donor is the main focus in planning the annual fund. To maintain its annual income, an organization has to recruit a certain number of new donors every year, make sure the majority of their current donors give again, upgrade a certain number of regular donors into major donors, and invite as many donors as is appropriate to help with extra donations for special projects or to come to events.

## **ASKING SEVERAL TIMES A YEAR**

Many people tell me they dislike receiving several appeals a year from organizations, and they rightly assume that they are not alone. However, even though it is counterintuitive, asking several times a year actually works. There are several things to keep in mind about this topic, and the most important has ramifications for all fundraising: Just because one donor doesn’t like something (such as being asked several times a year), it doesn’t mean that most donors feel the same. The fact is that most people don’t even notice how often they are asked, particularly if you are using a few different strategies.

Some donors give every time they are asked, and many donors find being asked a few times a year a good way to keep up with the work of the organization. Asking multiple times a year works because people have ups and downs in the cash flow: I get an appeal from one of my favorite organizations on the same day I learn I need four new tires on my car and the appeal is deleted. I get another

appeal the same week I get an income tax refund and I go straight to the donate button. Also, people love different things. For example, I am invited to attend a premier of a movie related to the issue the organization works on and I immediately send it to three friends to see whether they want to go with me. I don't think, "OMG—they are asking again."

However, since fundraising is a process of building relationships, if a donor says to you: "I only give once a year, so please only ask me once a year," then you will go into your database and suppress that person's name for any extra appeals. If a donor says: "Don't ever call me on the phone," you similarly note in his or her file not to call that person.

## **ATTRACTING NEW DONORS**

Somewhere between 20 and 30 percent of first-time donors make a second gift, and about 65 to 75 percent of regular donors continue to give. The hard truth is that most people, when offered the chance to donate to your organization, say no, and even the ones who make one gift do not make a second gift. Simply put, this means that if 1,500 people made a donation last year, not more than one thousand of them will give again this year, so you will have to attract five hundred new donors just to stay the same size. In planning fundraising strategies, then, you need a few focused solely on attracting new donors.

Organizations that lose fewer than one-third of their donor base most likely do not have enough donors—almost any organization can keep a small group of donors renewing year in and year out. You want to grow big enough that you are bringing in a lot of new donors, knowing that up to one-third of them will not stay. Organizations that lose more than one-third of their donors are not doing enough to keep them; in the case of most grassroots organizations, this situation usually means they are not asking donors for money often enough or thanking them when they do give. Remember, people who give away money are being asked often: the organizations they give to may ask several times a year, and they are also being solicited by organizations to which they haven't given. If you only ask once a year, yours becomes a minuscule percentage of the solicitations the donor receives. In fact, many lapsed donors report that they don't remember receiving any requests from the organization, and that it was not their intent to stop giving. To retain your donors, you need to use a few strategies designed just for them.

Finally, you need to have some strategies to persuade current donors to give bigger gifts, not just additional gifts—these are called upgrading strategies. Parts Two and Three of this book discuss a wide variety of retention and upgrade strategies and their uses.

## **CAPITAL NEEDS**

Occasionally, organizations need to raise extra money for capital improvements. Capital needs can range from new computers to the cost of buying and refurbishing an entire building. A capital expense is a one-time or infrequent expense that is too large for the annual budget. Most donors who give capital gifts have given thoughtfully to an annual fund. They know your organization, they believe in your cause, and they have the resources to help you with a special gift. These resources could be stocks, bonds, real estate, or any very large source of income. These gifts are given only a few times in a donor's lifetime, and they are almost always requested in person. (See Chapter Twenty-Six, "Raising Money for Capital.")

## **ENDOWMENT AND RESERVE FUNDS**

An endowment or a reserve fund is a glorified savings account in which an organization invests money and uses the interest from that investment to augment its annual budget; the invested amount, or principal, is not spent. Endowment funds are raised in many ways, but the most common source is legacy gifts, such as bequests. A gift from a person's estate is in some ways the most thoughtful gift of all and usually reflects a deep and abiding commitment to an organization. It also reflects the donor's belief that the organization will continue to exist and do important work long after the donor is dead. The idea of making an endowment gift can be introduced to donors in a variety of ways, but most often a person making such a gift has a personal relationship with the organization.

An endowment is much more permanent than a reserve fund, which may be spent in times of emergency, and organizations that hope that someday their work will no longer be needed (which is what most social change groups are working toward) may recognize that an endowment may not be necessary for them. A reserve fund allows you to put money aside, use the interest, and occasionally use the principal. (How to set up an endowment is discussed in Chapter Twenty-Four, "Setting Up an Endowment," and "Endowment Campaigns" are discussed in Chapter Twenty-Seven.)

## **STORY OF GINA GENEROUS**

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To understand how a person might move from not giving at all to becoming a thoughtful donor and then to leaving the organization a bequest, imagine the following scenario:

Gina Generous comes home from work tired and frustrated. It's been a long day. She feeds her cats, kicks off her shoes, and sits down to glance

through what little snail mail she still receives. Most of this postal mail she characterizes as “junk” and throws away, but one piece of direct mail catches her eye. It’s not fancy, but it is from a local program for women previously on welfare. Gina is attracted to the agency’s mission statement: “We believe in the power of women to change and the potential of each woman to give all women power.” Gina generally supports women’s causes. She opens the letter, reads it quickly, and decides to send a small gift. She goes online and glances at their website. She likes the pictures and the history of accomplishments. She gives \$35 online and receives an instant thank you. By the next day, she has forgotten about them.

This impulse gift does not represent Gina’s true giving ability or say very much about her commitment to or even knowledge of that particular organization. Now the program must try to get Gina to give again so that she begins to be a regular or “habitual” donor.

In a few days Gina again comes home tired, and again feeds her cats and starts her dinner. In her snail mail, she finds a short, personal thank-you note from the program. “Wow. How nice,” she thinks. She had hesitated to even give them her street address online but is glad she did. She again feels good about her gift and the name of the organization is more firmly planted in her mind.

Over the next few months, Gina receives a copy of the program’s newsletter and occasional e-alerts with stories or requests for action. One day she drives by the organization’s office and is amazed at how many people are going in and out of the front door. About three months after her first gift, Gina receives a letter from the program. This letter thanks her again for her previous gift and asks if she can make a special, extra gift to help buy some playground equipment so that children of the women at the program have a nice place to play while their mothers take classes and receive coaching on job skills. Gina is touched by the request and sends \$50. Again, she is personally thanked with a note that specifically mentions her gift: “Thanks so much for your extra gift of \$50.” Gina appreciates that the organization notices these extra gifts. Three months later, she is asked again for a special extra gift—this one to help defray the costs of a job training program that will partially be funded by the city. Although Gina thinks this is an important program, one of her cats has needed expensive surgery, so she does not give in response to this appeal.

*(Continued)*

Three months after that—now nine months since her first gift—she is invited to an open house and tour of the program. She attends and meets the director and some board members, including some graduates of the program. Everyone who attends the open house is asked to leave a check in a jar by the door if possible. Gina gives another \$25.

Over the next two years, this pattern is repeated. Gina comes to a few events. In response to an e-mail, she volunteers to help with the phone-a-thon. Having signed onto the organization's action alert e-mail list, from time to time Gina calls her congressperson or signs a petition to advocate for better services and more funding for welfare-to-work programs.

By now, Gina has moved from being an impulse donor to being a habitual donor to the program. Whenever she receives a request for funds, she gives unless she really can't afford to. She now sees herself as a part of this organization. She forwards e-mails from the organization to friends and recommends that her family give donations to the program instead of buying her birthday presents.

After two years of giving small gifts two or three times a year, mostly online or at a special event, Gina receives a personal letter signed by a board member asking her to consider joining the "Sustainer Circle" by contributing \$25 per month. The letter thanks her for her past support, reminds her of how important the programs are, and asks her not to make a decision until the board member calls her. Gina now has to think about the organization: How important is it to her? Does she care enough to have \$25 charged to her credit card every month? Can she afford it? What will she want to find out from the board member to help make her decision?

Whatever her decision, Gina has moved to the next level, a thoughtful donor. She may decide to give \$25 a month, or she may decide to give a one-time gift of \$100, or she may continue to give small gifts a few times a year, but she has had to think about her giving to the organization. After talking with the board member, she decides to join the monthly donor program.

Over the course of about three years, Gina's relationship to the organization has gone from impersonal (giving online) to a little more personal (attending events and volunteering for short-term projects) to very personal (being solicited by a member of the board).

Over the next few years, Gina is asked to give both time and money; after ten years of being a regular donor to the organization, she is giving

\$2,000 a year. That year, the group decides to buy a new building. The building will cost \$1,500,000 and will become a model for this type of program as well as saving money for the program by enabling it to bring all its services on-site. The group receives \$950,000 in state and federal funding for the purchase of the building and \$250,000 total from two foundations, along with \$50,000 from corporate donors. The group must raise the remaining \$250,000 from individuals. The group launches a campaign to ask each current donor for a capital gift in addition to his or her annual gift. Because she is both a reliable volunteer and a steady major donor, Gina is asked to serve on the capital campaign committee. She now knows several board members and the executive director and development director. Gina agrees to serve and decides to give \$15,000 that she inherited from an aunt to the capital campaign. She is happy to find a meaningful way to use this money that she had received unexpectedly.

After the campaign is completed, Gina is invited onto the organization's board. The next year, when the organization institutes a legacy giving program, Gina changes her will so that the program is the beneficiary of the bulk of her estate.

The progression to this stage of highly committed donor is natural and Gina feels good about it, but it is the result of careful planning on the part of the organization and reflects its commitment to develop relationships with donors.

### **THREE GOALS FOR EVERY DONOR**

An organization has three goals for every donor. The first is for that person to reach the point of being a thoughtful donor—to give the biggest gift he or she can afford on a yearly basis. Annual gifts usually come from the donor's annual income. The second goal is for as many donors as possible to give gifts to a capital or other special campaign. These do not have to be connected to capital improvements, but they are gifts that are unusual in some way and are only given a few times (or possibly only once) during the donor's lifetime. Capital gifts are usually given from the donor's assets, such as savings, inheritance, or property. A donor cannot afford to give assets every year, so will only give such a gift for a special purpose. The third goal is for every donor to remember the organization in his or her will or to make some kind of arrangement benefiting the organization from his or her estate. An estate gift is arranged during the donor's lifetime but received by the organization on the donor's death. Obviously, these gifts are made only once.

Most small organizations will do well if they can plan a broad range of strategies to acquire, maintain, and upgrade annual gifts, but over time organizations need to think about capital and endowment gifts and learn to use fundraising strategies that will encourage such gifts (see the chart below). Grassroots organizations do receive bequests and gifts of property, art, appreciated stock, and the like. Only by asking will you find out what your donors might be willing and able to do for your organization.

<b>Matching Organizational Needs to Donor Giving</b>	
<b>Organizational Needs</b>	<b>Donor Helps Using</b>
Annual	Yearly income
Capital	Assets (savings, property, stocks)
Endowment	Estate

### **THREE TYPES OF STRATEGIES**

Because all strategies are directed toward building relationships with funding sources—whether these sources are individuals, as this book stresses, or foundations, corporations, or government—it is important to understand the types of strategies that create or improve relationships with donors. There are three broad categories of strategies—acquisition strategies, retention strategies, and upgrade strategies—that directly relate to the cycles that donors follow: giving impulsively, giving habitually, and giving thoughtfully. How to choose and implement specific fundraising techniques for each kind of strategy is described in detail in Parts Two and Three of this book.

#### **Acquisition Strategies**

The main purpose of acquisition strategies is to invite people to give to your organization for the first time. Online appeals, crowdfunding, direct mail, or some kinds of special events are the most common acquisition strategies. Acquisition strategies seek impulse donors, and the income from them is generally used for the organization’s annual fund. The main purpose of getting a donor to give for the first time is to be able to ask him or her for a second gift. The income from the first gift is rarely significant, and the cost of getting the gift may be as much or more as the gift itself (see Chapter Fourteen, “Direct Mail,” to see how this works).

## Retention Strategies

Retention strategies seek to persuade donors to give a second time, a third time, and so on, until they are donors of habit. The income from retention strategies is also used for annual needs. Donors who give even small gifts regularly are the bread and butter of individual donor programs and are as important as donors who give very large gifts. During the Great Recession of the early 2000s, organizations that had a broad base of individual donors often did not have to make budget cuts, whereas those that had focused much more energy on major gifts or foundation grants saw their income decline, sometimes precipitously. Stocks crashed and so did giving. People who remained employed, which was the majority of people even at the height of the recession, continued to give. Organizations discovered that financial security comes from a lot of donors giving what they can rather than a few donors giving a lot. Further, these regular smaller donors tend to be low maintenance—they will continue to give in return for information about what their gifts do for the organization and some minimal personal recognition in the form of a thank-you note or call.

## Upgrading Strategies

Upgrading strategies aim to get donors to give more than they have given previously—to give a bigger gift regularly, and later to give gifts of assets and a gift of their estates. Upgrading is done almost entirely through personal solicitation, although it can be augmented by e-mail, mail, or phone contact or through certain special events. Upgrading strategies seek to move habitual donors to thoughtful donors. The income from thoughtful donors is used for annual, capital, and endowment needs, depending on the nature of the gift or the campaign for which the gift was sought.

As you create a fundraising plan, choose strategies that correspond to your goals for acquiring, retaining, or upgrading donors. See Chapter Thirty, “Creating a Fundraising Plan.”

### HOW ONE ORGANIZATION LEARNED TO USE A STRATEGY CORRECTLY

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Eastside Free Legal Services decides to hold some house parties to raise money. Seven board members will invite friends to their homes and ask them to help support the organization. The remaining five board members, none of whom want to have a party at their houses, will help with invitations, food, clean-up, and so on.

*(Continued)*

No thought is given to the purpose of these parties beyond the goal of raising money. No one thinks about whether these parties should be used for acquiring, keeping, or upgrading donors. Consequently, each board member has a hodgepodge of people they have invited to the event—some are donors, some never heard of the group but came with a friend who is a donor, and some came because they are neighbors and it seemed that there would be free food. Because there is no attempt to sort lists ahead of time and because many of these board members travel in the same circles, several people are invited to more than one house party.

The parties make a total of about \$6,000, so they are not a waste of time and effort, but some donors complain about being invited to so many events, and many people come to the parties but do not make a gift.

The following year, the organization decides to use the same strategy but to be more thoughtful in their fundraising approach. First, they compile a master list of everyone who is going to be invited to ensure that no one is invited to more than one party. Then they designate some parties as being only for people who have not given before, with a sprinkling of current donors to encourage those who aren't donors to give.

They also vary the way they ask for money at the parties. One board member charges people \$35 to come to his party so that every person who is there will have made a donation, and he does not do another pitch at the party. Another feels that her friends will give more if she gives a pitch at the party, and she aims for first gifts of \$50 to \$250 from most of the guests. One board member with a particularly fancy house has an elegant party for current donors; this party is used specifically as an upgrade strategy. The donors who are invited are capable of giving more than they currently do. They are introduced to members of the board and given an opportunity to discuss a political issue related to this organization's work and to make recommendations for action. The party is limited to fifteen people; in a follow-up phone solicitation after the party, each person is asked for \$1,000 or more, depending on the prospect.

By determining which parties are for which purpose, the organization now increases its earnings from these parties by more than 400 percent, to \$25,000, acquires forty new donors, upgrades fifteen donors, and does not receive any complaints. As an unexpected side benefit, three donors offer to give their own house parties.

## **YOU CAN'T SAVE TIME**

For small organizations, the ultimate reason to be thoughtful about fundraising strategies is to work smarter, not harder. The organization in the house party example raised 400 percent more money in their second year of house parties by spending a little more time to think about the strategy more thoroughly. There is a Buddhist saying: “Make haste slowly.” This adage applies to fundraising—and especially to the fundraising programs of small organizations with tight budgets, which have little room for errors that result from carelessness and lack of thought.

It is clear to me from years of working with nonprofit organizations that you can never save time. You can put time in on the front end, planning, thinking things through, and doing things right; or you can “save time” on the front end, only to have to spend the time during the middle of the campaign trying to fix what is not working and calm frustrated volunteers and board members; or you can put the time in at the end, clearing up the mess, figuring out who is to blame, grumbling, and having to do more fundraising because what you have done did not raise the money you need. This book will help you be a front-end time user!

### **ONLINE CONTENT**

The Ladder of Engagement: One Way to Consider Organizational Growth and Individual Donors



# Thank Before You Bank

Early on in my fundraising career, I learned a valuable lesson about thank-you notes. I had gone to work for an advocacy group working on women's health issues. The organization was run collectively by two utterly overworked staff people and forty volunteers. The organization had won recognition for its work to expose and eventually remove from the market a dangerous birth-control device and for championing reproductive rights issues. Several months before I began working there, a woman who had read about the group's victories in the newspaper sent \$25. She did not receive a thank-you note. She did, however, receive the organization's newsletter, and she heard about them from time to time. A year after making her gift, she received a form letter requesting a renewal. She threw it away.

Some time later, this woman learned that a friend of hers was a volunteer in the collective. "That group sounds good," she told her friend, "but they don't even have it together enough to send thank-you notes for gifts. I can't imagine that they are really fiscally sound or that they use money properly."

Her friend defended the organization: "We do really good work. We don't send thank-you notes because we are too busy doing other stuff. It is not fair to conclude that we don't use your money properly just because you don't get an acknowledgment."

The one-time donor replied, "It is fair. It is my only contact with them. They claim to want a broad base of support, yet they show no regard for their supporters. But since you vouch for them, I'll give them something." She sent \$15. (As stressed throughout this book, please note the power of personal asking as demonstrated here.)

I was hired during the year between this donor's \$25 gift and her \$15 one. I had been brought up in the school of thank-you notes, from thanking my grandmother for birthday gifts when I could barely hold a pencil to writing thank-you notes for every gift that came into the seminary where I had my first fundraising job. So without much thought, in response to this \$15 gift, I sent this woman a scrawled three-line thank-you note: "Thanks for your gift of \$15. It's a help financially and also a great morale boost. We'll keep in touch."

Two weeks later, this woman sent \$100. Again, I scrawled a thank-you note, with an extra line about her generosity. A few months later, she sent \$1,500. I wrote another thank-you note and asked whether I could come and see her. She turned out to be both quite wealthy and very supportive of women's rights. She told me that she usually gave relatively small initial donations to organizations to see how they would respond. She wanted to see how much regard they had for people giving small gifts. She said, "If I send \$500 or \$1,000, almost any organization will thank me. Many grassroots groups talk a good line about not making class distinctions and everyone being welcomed, but the only people they really care about are the program officers of foundations and wealthy donors." She had decided to give money only to community-based organizations that had proven that they valued all gifts. I was flabbergasted that a sign of proof could be a sloppy three-line thank-you note, but for her it was better proof than a longer form letter with her name typed in, and certainly far better than no acknowledgment at all.

Since then I have seen over and over that a simple handwritten note or computer-generated thank-you letter with a personal note as a postscript can do more to build donor loyalty than almost any other form of recognition. Of all the things you send donors, the thank-you note is the *one* thing you can almost be certain the donor will read. Smart organizations use the thank-you note to describe briefly a program they are proud of or some recognition or victory they have achieved, and they add a personal element. The idea is to thank the donor, and to give that person an easy anecdote or interesting factoid that he or she might share with a friend or neighbor.

Unfortunately, thank-you notes tend to be one thing that organizations are sloppy or even thoughtless about. They either don't send them, send them weeks late, or send a preprinted card or note with no personal note added. These practices are unjustifiable. Sending thank-you notes too easily falls far too low on people's work priority lists. It has to be placed at the top—hence the title of this chapter.

## **PEOPLE NEED TO BE APPRECIATED**

Beleaguered development directors often ask me why people like thank-you notes so much. Why don't they like the action alerts or the website even more? There is far more content in those places, and a lot more money has been spent on those and other communication vehicles. Probably, reasons vary. Like the wealthy, testing donor, some see thank-you notes as a sign that the organization really does value all gifts. Others may just like to know that their gifts have been

received. But most often, people like to feel appreciated, and while some highly enlightened types might be able to get by with the warm feeling that comes from doing the right thing, the majority of us lesser mortals want someone else to have noticed our good deeds. Thank-you notes are polite and gracious and, most of all, they are the right thing to do. (Moreover, for gifts greater than \$250, an acknowledgment is required by law.)

Whatever the reasons, for fundraisers it is enough to know that donors value being thanked. Doing what donors like—as long as we stay inside the mission and goals of the organization—builds donor loyalty. A loyal donor is a giving donor and is likely to talk about the organization to his or her friends and colleagues. Donors who give are more likely to increase their gifts, as they can, as the years pass.

### **DON'T DO AS I SAY**

What about the donor who claims not to want a thank-you note, or the one who even more strongly states that thank you's are a waste of time and money?

The donor who claims not to want a thank-you note should nevertheless receive an e-mail or a thank-you call. Again, if the donor has given more than \$250, you can explain that the acknowledgment is a legal requirement and one you are happy to comply with because you truly appreciate the gift. People who say they don't want to be thanked are usually genuinely trying to save the organization time and money. You will have greater loyalty if you thank them anyway, using a different method than a written note sent by snail mail. When these donors say, "You shouldn't have done that" or "That's really not necessary," they often mean "Thank you for taking the time. I can't believe someone would bother to notice me."

If the person who doesn't like thank-you notes is also very close to your organization—perhaps a volunteer, board member, or someone who used to work there—you can combine your thank-you call with another function, such as to remind him or her of a meeting: "I called to thank you for your gift of \$50. We put it right to work! You are so generous with all your resources. And speaking of which, I hope you can still come to the finance meeting this Wednesday at 7 at Marge's."

Overall, experience shows that, all else being equal, when you thank donors you are more likely to keep them, and when you don't, you are more likely to lose them. Of course, there will be exceptions to this rule, but it is almost impossible to figure out who is really an exception and who is just pretending to be, so thank everyone and save yourself worrying about it.

## DO IT NOW

How can you most efficiently thank your donors, and who should do it? Perhaps the most important rule about thanking donors is that no matter who is doing it—from the board chair to an office volunteer—gifts should be acknowledged promptly—ideally within three days of receipt, and certainly within a week in any circumstance. The official thank-you note coming from the office does not need to be signed by the person who knows the donor, but that person should be informed of the gift so that he or she can thank the donor personally. (Another note is not necessary—a call or e-mail will suffice.) If you are fundraising properly, you will also have dozens of donations coming in from people you don't know. Volunteers and board members can send thank-you notes to these donors, under your supervision. Writing or personalizing computer-generated thank-you notes is actually a good way to involve board members who are resistant to asking for money in doing fundraising, and this activity counts toward their obligation to help raise money.

## LOGISTICS AND CONTENT

I once received a call from an organization I like but to which I had never given. The caller was personable and enthusiastic. They were raising money for a great campaign, and I donated \$100 right then. A few days later I received a form thank-you note that began, “Dear Friend” but “Friend” was crossed out and my name was written in. (This always makes me feel that I am not a friend, but that is a personal peeve of mine and does not apply to everyone.) The note said, “Thank you for your gift of \$\_\_\_” with a blank space where \$100 had been written in. The final line of the note was, “No goods or services were exchanged for your gift,” followed by “Sincerely” and the name of the executive director. I felt a visceral letdown. What happened with the campaign? Did it even exist? Had I been duped? Was \$100 just not enough to be worth one or two sentences about the campaign? In my experience, this is not an unusual occurrence—a great appeal is made and people donate. Then, instead of building on that enthusiasm, the organization dissipates it as quickly as possible with a thoughtless thank you.

Because the thank-you note is the only correspondence you can be certain a donor will read, it makes sense to spend time crafting interesting content for the thank you and having that content match the content of the appeal. Most database programs let you automatically generate thank you's, and people forget to change the content of that programmed note. Even if the appeal is fairly general, the content of the thank-you note should be specific and should change every two months. In addition, if possible, add a personal note. People who give online get an automatic receipt, and the content of that can be changed also.

## **SAMPLE COMPUTER-GENERATED THANK-YOU NOTES**

Here are some examples of changing content in a computer-generated letter. The first is great for giving donors an immediate sense of what kinds of things an organization like this needs to run properly:

**Dear Freda,**

Thank you so much for your gift of \$100. We have put it right to work! As it turned out, your gift came at a particularly crucial moment, as the coffeemaker in our community room (where all our ESL classes as well as our AA and NA meetings are held) had just given its last gasp. We were able to buy a new, heavy-duty coffeemaker on sale, which wouldn't have been possible without your gift.

I am hoping you will be able to come to our art auction next month. We'll be selling the works of some well-known local artists and featuring paintings and sculptures by some of the residents of our treatment program. The works are quite excellent to have made it into this juried event. You'll receive an invitation in the next week or two.

Again, thank you so much! I look forward to staying in touch.

Here are some that are more focused on programs:

**Dear Annie Mae,**

I just came from an eviction hearing for one of our members. I feel really good because we won and we got some damages to boot! Then, I opened your gift of \$35. Thanks! I feel like you are a part of this victory.

Or

You wouldn't believe how many people came to our community meeting last night—more than fifty! People are hopping mad about this incinerator proposal, and I am feeling confident that we may be able to defeat it and finally get the recycling bill passed. Your gift of \$50 will go a long way in helping with community outreach. Thanks for thinking of us at this time. You don't know what a great morale boost it is to receive gifts from supporters like you.

If you have a matching campaign or a goal for an annual campaign, then refer to that:

Your gift of \$100 will be matched dollar for dollar. Your gift brought us to nearly \$2,000 raised in just two months!

If the person has been giving for a while, make a note of that:

You have been helping us for over five years, and I just want you to know that your consistent support has been instrumental in these victories:

- Mandated anti-bullying curriculum in the schools
- Providing legal support for whistleblowers at Giant Oil Corporation
- Passing legislation to fine corporations with a pattern of allowing bullying or sexual harassment to go unchecked

These were long fights, and we are not done. But you have been there with us and I hope we can continue to count on your support.

#### **Adding a personal note on a computer-generated thank you.**

“Personal notes” from people the donor does not know have become ubiquitous and have lost some of their effectiveness. Part of the problem is that the note is often a generic and bland comment that is handwritten. “Thanks again!” or “Your gift really helps” are not personal. If you do add a personal note, make it interesting or invitational: “If you can come to the Solano Street Fair on Saturday, please find our booth and introduce yourself. I’ll be there most of the day.” or “Check out the new infographic on our website. We have gotten good feedback about it. Let us know what you think.” or “I notice you live near Green Street. The ice cream store at Green and Market was the first small business to agree to pay a living wage to their employees. If you go in there, you might thank them for that.”

In other words, if you are going to the effort of writing a personal note, try to have it connect to the person.

#### **Handwritten Thank-You Notes**

Because your database can be programmed to generate very personalized notes, handwritten thank-you notes should be used with long-time donors, frequent donors, donors who are also volunteers, or any donors who go beyond what might be expected of a donor. Some organizations take the time to handwrite all their thank-you notes, and I applaud that while also wondering what they could be doing for donor development with the time they are using handwriting notes. You may want to consider being more judicious in

your use of the handwritten note so that when someone receives one, it is really special.

Have some note cards or half sheets of paper printed with your organization's logo on the front and its mission statement at the bottom or on the back. There is only a small amount of space to fill on a note card, so you can take up the whole space with a few short sentences. That is much better than a three-line thank you on a full sheet of stationery.

People should come to the office to write the notes, and only the most loyal, trustworthy people should ever be allowed to write notes at home. It is just too tempting to put them aside at home. Also, information about a person's gift, while not secret, is not something you want sitting around someone's living room.

The only requirement for handwritten thank you's is legible handwriting. The format is simple.

Thank you for your gift of \$\_\_\_\_. We will put it right to work on [*name your program or most recent issue*]. Gifts like yours are critical to our success, and we thank you very much.

Sincerely,  
[*Your name*]  
Board member

If the writer knows the person, he or she follows the same format but adds something more personal: "Hope your cat, Fluffy, has recovered from her spaying."

### **The Friendly Form Letter**

The least effective option for thank-you notes, but one you sometimes have to resort to, is the form letter. If you use a form letter, acknowledge that it is impersonal, but give some sense of the excitement that would lead you to use such a method. Here's an example:

Thank you for your recent gift. Please excuse the impersonal nature of this thank you—we are no less enthusiastic about your gift for not being able to write to each of our donors personally. The response to our call for help with sending medical supplies to Nepal was both gratifying and overwhelming. We will send you a full report about this effort in a few weeks. Right now, we are packing up boxes of supplies—supplies you helped pay for. Go to our website to keep current on the situation on the ground in Nepal and other ways you can help.

A thank-you note will double as a receipt (required for gifts over \$250) if you name the specific amount of money the donor gave. Also, all thank-you notes need to say, “No goods or services were received in exchange for this gift.” You can have that statement pre-preprinted in small font on your thank-you cards along with the logo and mission statement of the organization.

## **THANK-YOU CALLS**

Donors you are very close to, who give often, or who give you more than \$250 in one gift should be called as soon as their money comes in and thanked personally. Generally, this will not take much time, as you will likely reach voice mail or an assistant. When leaving a message, do not say the amount of the gift—just say, “We received your donation today and just wanted to thank you so much! We are really close to our goal now. You’ll get a formal thank-you letter soon. Hope all is well.” If you reach the donor, don’t talk long: the message can be fairly similar to the one you would leave on voice mail. Some donors may be in the mood to talk, so call when you have a few minutes and can have a conversation. This is sometimes a nice way to get to know your donors without having a request for money as the motivation.

You can also call donors to thank them if you need to use the form thank-you letter mentioned above. The calls should be made by volunteers, who can generally call fifty donors in an hour. Even when they reach someone, they can say, “I don’t want to take too much of your time, but just wanted to thank you personally for your gift. You’ll be getting an acknowledgment in the mail as well.” A thank-you phone call allows you to skip writing personal notes on your form thank you’s and is quite effective.

## **COMMON QUESTIONS**

There are three common questions remaining about thank-you notes:

### ***Can We Thank People by E-Mail?***

- If you regularly correspond with someone by e-mail, then it is acceptable to thank him or her this way. However, don’t use e-mail as a general practice. Someday e-mail (or whatever it becomes) may well replace all paper correspondence, but we are not there yet. As snail mail becomes less common, people actually value it more, so for the time being, use regular mail. (For gifts of more than \$250, even if you are in regular contact by e-mail with the donor, you should send a thank you by snail mail to keep a paper trail.)

### ***How Do You Address People You Don't Know?***

- The choices for salutation to people you don't know are: first name only, first and last names (Dear Robert Park), or title (Dear Mr. Park). There is no clear right or wrong answer on this point and no way to avoid possibly offending someone. You will probably offend the least number of people by using titles: "Dear Mr. Fernandez" or "Dear Ms. Crawford." (Certainly, you could write to the person according to how the person writes to you. A letter signed "Mrs. Alphonse Primavera" should be answered in kind. Ditto with people who use "Dr." or "Rev.") If there is ambiguity about whether the donor is a man or woman, you can write "Dear Friend." If you live in a fairly casual community, you can use a first name, "Dear Terry" or "Dear Lynn."
- Don't waste a lot of time worrying about the salutation. Having received many thank you's that say, "Dear Mr. Klein," I know how off-putting it can be, but it does not cause me to stop giving to the organization. People who will stop giving you money because you (or anyone else) don't know whether they prefers to be called by their first name, last name, Mr., Ms., or Mrs., is probably not going to become a regular donor anyway. Far more important is to make sure donors' names are spelled correctly. People are far more attached to their names than to their honorifics.

### ***Do All Donors Receive a Thank You?***

- The answer is always yes. You have no idea how much a gift of \$25 or \$5 or \$500 means to someone. You need to act as though you would like to receive that amount or more again. You also don't know whether people use receiving a thank-you note to judge whether to continue giving to your organization. Why take a chance?

Keep up with thank-you notes as gifts come in. Each thank you is a link to the donor and, in addition to it being the right and gracious thing to do, you should see it as paving the way for the next gift.



# Getting Comfortable with Asking

Asking someone you know for money in person is the most effective way to raise funds. If you ask all the people who you know give away money to give a gift they can afford to a cause they like, half of them will give something. (People who fit this description are called “prospects.” Not everyone you know will meet all three criteria.) Of the half who say “yes” to your request, half of those people will give you the amount you asked for; the other half will give you less.

The response rate you receive from personal asking is much higher than you can get from any other kind of fundraising. (For example, you can expect 1 percent of people to respond to a direct mail solicitation and 5 percent to give when asked by phone.) Moreover, you can ask for much larger amounts in person. It is rare, and usually silly, to ask for a \$5,000 or \$10,000 gift by e-mail or phone, because a substantial gift needs to be requested respectfully and responded to thoughtfully. So although an e-mail request for such an amount without follow-up is not a good idea at all, it is appropriate to ask for such a sum in person if you think the prospect is someone who gives away money, can make such a gift, and has an interest in your cause. Personal solicitation is also used when asking a donor to increase his or her gift or when asking a major donor to consider a capital gift in addition to an annual gift.

In studies in which people are asked why they made their most recent donation, 80 percent will say, “Because someone asked me.” Of course, millions of smaller fundraising requests are done in person—canvassing, Girl Scout cookie sales, raffle ticket sales, Salvation Army buckets, panhandling, and so on all have a strong element of personal asking. These forms of personal solicitation will not have the 50 percent rate of success unless the solicitor is known to each potential donor, but they will have a higher rate of success than methods that don’t use a face-to-face approach. Strategies to raise more substantial gifts for nonprofits, including major gifts programs, capital campaigns, and endowment drives, rely for success on personal solicitation. The success of “street canvassing” (stopping strangers on the street to ask for donations for a cause, usually with an opening

line such as, “Got a minute to save the planet?”) speaks to how important face-to-face solicitation is.

Despite these facts, personal solicitation is one of the most difficult strategies to implement. It requires that we engage in an activity—asking for money—when we are going to be told “no” and feel rejected as a result and an activity many of us have been taught is rude or just not done. However, for organizations that are serious about fundraising, and particularly for organizations that would like to increase the number of people in their donor base who give at least \$500 annually, learning how to ask for money in person is imperative.

## **WHY WE’RE AFRAID TO ASK FOR MONEY**

If the idea of asking for money fills you with anxiety, disgust, dread, or some combination of these feelings, you are among the majority of people. If asking for money does not cause you any distress, either you have let go of your fear about it, you grew up in a household of unusually liberated attitudes toward money, or you may have come from a country or a culture that does not consider talking about money taboo.

To identify the sources of our fears, we must look at both the role of money in American society and the attitudes about asking for anything that are the legacy of the strong Puritan ethic that is our American heritage.

Most of us were taught that money, sex, religion, death, and politics are all taboo topics for discussion with anyone other than perhaps one’s most intimate friends or family. Mental illness, age, race, and related topics are often added to this list of inappropriate topics, and are broached with more or less discomfort in some parts of the country or among some generations.

The taboo on talking about money, however, is far stronger than any of the others. Many of us were taught to believe that inquiring about a person’s salary or asking how much he or she paid for a particularly large purchase, such as a house or a car, is rude. Even today, it is not unusual for one spouse not to know how much the other spouse earns, for children not to know how much their parents earn, or for close friends not to know each other’s income. Further, few people really understand how the economy works. They don’t know the meaning of things they hear and read about every day—the stock market, for example, including the difference between a bear and a bull market or what a progressive tax structure actually is or why the dollar rises and falls against currencies from other countries. In the past thirty years, more and more social justice groups have recognized that economic literacy is a key component in community organizing, but it will take decades to reverse the general ignorance about how the economy works and, more important, how it could work better for all.

Many people justify their aversion to dealing with money by misquoting from the Christian New Testament, saying, “Money is the root of all evil.” In fact, the correct quote from Paul’s letter to Timothy is: “For the love of money is the root of all evil. Some people, in their passion for it, have strayed from the faith and have come to grief amid great pain” (Timothy 6:10, *Inclusive New Testament*). In another part of the Bible, the letter of James to the Apostles makes a very different case: “You have not because you ask not” (James 4:2, *English Standard Version*).

In truth, money in itself has no good or evil qualities. It is a substance made of paper or metal. It has no constant value, and it has no morality. It can be used well or badly. It can buy guns or flowers. Good people need it just as much as evil people do. It is simply a means of exchange.

People will also say, “Money doesn’t buy happiness,” but of course, poverty doesn’t buy anything. Moreover, we listen to stories of unhappy rich people and secretly think we would be happier if we had their money! Most people are curious about the salary levels of their friends, how much money their neighbors have inherited, how the super-rich live. How much money you have and how long you have had it denotes class distinctions and helps each of us place ourselves in relation to others—even while we maintain the myth that our country is a classless meritocracy. Consequently, people speculate a great deal about the place of money in others’ lives. Money is like sex and sexuality in this regard: kept in secrecy and therefore alluring. But just as much of what we learned as children and teenagers about sex turned out to be untrue, so it is with money. The comedian Kate Clinton says she was raised to think about sex like this: “Sex is dirty. Save it for someone you love.” Most of us can relate to that, and can see much of what we learned about money in that same light: “Money is evil. Get a lot of it.”

Over the past two decades, our concepts and understanding about money have been changing, giving us more mixed messages than ever. For example, people are often told they must have at least a million dollars saved in order to retire with any degree of comfort, even though putting away that amount is completely unrealistic for the majority of the population. People who have very high incomes compare themselves to people with even higher incomes and feel disadvantaged. They never compare themselves to the more than one-third of the world’s population who live on less than \$2 a day. Concepts about money that we really don’t understand have entered our vocabulary and leave us feeling increasingly helpless to understand how money moves in our society. Newscasters excitedly tell us what “the Fed” is going to do, even though few people could give a coherent explanation of the Federal Reserve Bank or explain its relationship to the government. We hear that someone is a hedge fund billionaire, but what is a hedge fund? Venture capital, IPOs, selling short, buying debt. . . . Ordinary people know that

their lives may be made more difficult because of these money-related activities, but have less and less idea of how that might be changed because the language of finance is obscure and arcane.

One major effect of money being a taboo topic and learning how money is handled being out of bounds—even at the mundane level of everyday financial transactions—is that only those willing to learn about it can control it. In the United States, an elite and fairly hidden class controls most of the nation's wealth, either by earning it, having inherited it, or both. It serves the interest of this ruling class for the rest of us not to know who controls money and how to gain control of it ourselves. As long as we cannot ask about other people's salaries, we will not be able to find out that someone is being paid more because she is white or less because she is a woman. As long as we do not understand basic economics, we will not be able to advocate for or even know what the most progressive tax structure is, finance our nonprofits adequately, or create a society in which wealth is more fairly and equitably distributed—which is, after all, the main underlying goal of social justice movements.

Political activists and participants in social change must learn how to raise money effectively and ethically, how to manage it carefully, and how to spend it wisely. In fact, activists who refuse to learn about money, including how to ask for it, wind up collaborating with the very system that the rest of their work is designed to change.

The idea of asking for money raises another set of hindering attitudes, which are largely the inheritance of a predominately Protestant culture infused with a Puritan ethic that affects most Americans, including those who are not Protestants. For example, a Puritan ethic implies that, if you are a good person and you work hard, you will get what you deserve. It further implies that if you have to ask for something you are a weak person because strong people are self-sufficient and that most likely you have not worked hard enough and you probably don't deserve whatever you are asking for. Rounding out this series of beliefs is our deep distrust in the ability of government to solve social problems and a general conviction that the government wastes our money in unnecessary and inefficient bureaucratic red tape.

All of these beliefs can be found among people on both the left and right sides of the political spectrum, as well as across age and race lines and different religious orientations. Where these beliefs tend not to be found is in two places:

- *Other countries.* Although many countries have various taboos related to money, none have as many or as contradictory ones as the United States. Our taboos about talking and learning about money are not universal.

- *Children.* Children have no trouble asking for money. They do not subscribe to the ideas that self-sufficiency means not asking or that polite people don't ask. They ask, and they ask again and again. Our taboos about money are not natural—we are not born with them.

Our beliefs about money are learned, and therefore they can be unlearned.

The wonderful writer Ursula Le Guin once said in a lecture: “I never learned much from my teachers, but I learned a great deal from my un-teachers: the people who said to me, ‘You shouldn't have learned that and you don't need to think it anymore.’”

Fundraising for social change is in part about raising the money we need, but over a longer period of time it is also about creating healthy attitudes toward money, and many people find that aspect of fundraising to be most fascinating.

To get over your own anxieties about money, it is helpful to reflect on how you were raised to think about money and about how you want to relate to money now that you are an adult. It takes time and work, but you can adopt new and healthier attitudes toward money.

## **SPECIFIC FEARS**

With these very strong taboos operating against asking for money, it is a wonder that anyone ever does it! Understanding the source of our discomfort is the first step toward overcoming it. The next step is to examine our fears of what will happen to us when we do ask for money. When people look at their fears rationally, they often find that most of them disappear or at least become manageable.

Fears about asking for money fall into three categories:

- Those that will almost never happen (“The person will hit me”; “I'll die of a heart attack during the solicitation”)
- Those that could be avoided with training and preparation (“I won't know what to say”; “I won't know my facts, the person will think I am an idiot”)
- Those that definitely will happen sometimes and maybe as much as half the time (“The person will say no” or the person will keep putting off making a decision: “I'll think about it and get back to you”)

In the last category—things that will happen—most people do not fear only the possible outcome that the person will say no; many also fear that asking will have a negative effect on a friendship or that a gift from a friend will obligate them to give to the friend's cause in turn.

I will examine each of these more closely, but first I want to look at how the anxieties around asking friends are different from those around asking strangers. In trainings I often say, “Imagine you have two names in front of you. One is the name of a friend—someone you know and like, you hang out with from time to time. The other is a stranger, but someone close to the organization has given you this person’s name. Both prospects should be asked for \$2,500. You need to ask one of them.” Then I say, “Which of you would choose to ask your friend? Show of hands.” Generally, a little under half the people in the workshop raise their hands; the same thing happens when I ask how many would choose to ask the stranger. Some people do not raise their hands at all. The fact is that a little under half of all people would prefer to ask friends and a little under half would prefer to ask strangers. Over time, many of us cease to have a preference, and sometimes preferences change. But you need to know which camp you and the other people on your team are in and balance the team. The people in the exercise who don’t raise their hands for either asking option would, in real life, need to be assigned to another fundraising task not related to personal asking.

Now, here is a look at the most common fears in more details.

### **“The Person Will Say No”**

Rejection is the number-one fear. Unfortunately, being told no will happen at least as often as being told yes. Therefore, it is important to get to the point at which you don’t feel upset when someone says no. You do this by realizing that when you ask someone for a gift, you are seeing that person at a single moment in his or her life. A thousand things have happened to the person prior to your request, none of which has anything to do with you, but many of which will affect the person’s receptiveness to your request. For example, the person may have recently found out that one of his children needs braces, that his car needs new tires, that a client is not able to pay a bill on time, or that he has lost an important contract. This news may affect the prospect’s perception of what size donation he can make at that time.

A person may wish your organization success, but may already have given away all the money she can at this time or determined other priorities for her giving this year. Events unrelated to money can also cause the prospect to say no: a divorce proceeding, a death in the family, a headache. None of these things is your fault as the solicitor. Many of them you could not have known ahead of time, and you may never learn them because the prospect keeps them private. By feeling personally rejected, you misinterpret the prospect’s response and flatter yourself that you had something to do with it.

As the asker, you have to remember that, above all, the person being asked has the right to say no to a request without offering a reason. Most of the time you will not know exactly why your request was turned down. Your job is not to worry about why this prospect said no, but to go on, undaunted, to the next prospect.

### **“Asking a Friend for Money Will Have a Negative Effect on Our Friendship”**

Many people feel that friendship is outside the realm of money. They feel that to bring money into a friendship is to complicate it and perhaps to ruin it. Friends are usually the best prospects, however, because they share our commitments and values. They are interested in our lives and wish us success and happiness. To many people’s surprise, friends are more likely to be offended or hurt when they are *not* asked. They can’t understand why you don’t want to include them in your work.

Further, if it is truly acceptable to you for a person to say no to your request for a donation, your friend will never feel put on the spot. Your friend will not feel pressured by your request, as if your whole friendship hung on the answer. When asking friends, make clear that yes is the answer you are hoping for, but no is also acceptable. Say something like, “I don’t know what your other commitments are, but I wanted to invite you to be part of this if you can.”

Think of asking for money the way you ask friends for anything—going to the movies, having dinner together, taking a hike. When you ask a friend to do something and he or she says, “I can’t,” you don’t assume you are not friends anymore. In fact, often we offer another option: “How about next week?” or “How about just getting a drink?” We ask people to spend money all the time—every time we go out with them. Now we are going to ask them to spend money on a good cause and we are going to remember that our friend is going to give away the money to some cause anyway. Our job is to ask our friend to give to our cause.

### **“If the Person Says Yes to My Request, I Will Be Obligated to Give to His or Her Cause Whether I Want to or Not”**

This quid pro quo situation (“this for that”) does happen from time to time, and it happens frequently with some people. Giving money to a cause at the request of a friend so that you can ask him or her later for your own cause, or feeling you must give because your friend gave to your cause is not fundraising. It is simply trading money; it would be cheaper and easier for you just to give to your cause and let your friend give to his or hers. Also, people who give out of obligation to a friend will not become habitual donors. They will cease to give as soon as their friends are no longer involved.

If someone you ask for money gives to your organization, you are not obligated to that person, except to make sure that the organization uses the money wisely and for the purpose you solicited. The obligation is fulfilled if the organization is honest and does its work. Solicitors do not materially benefit from a solicitation. They present the cause, and if the prospects are sympathetic, they agree to help support it. The cause was furthered. Beyond a thank-you note, a gracious attitude, and reasonable assurance that the organization will use the money to further its mission, the solicitor owes the donor nothing. If the donor then asks you to support his or her cause, you consider the request without reference to your previous request or its result. You may wish to support the person or the cause, but you are not obligated to do so. If you think that someone is going to attach strings to a gift, don't ask that prospect. There are hundreds of prospects who will give freely.

Far from being a horrible thing to do, asking someone for money actually does the person a favor. People who agree with your goals and respect the work of your group will want to be a part of it. Giving money is a simple and effective way to be involved, to be part of a cause larger than oneself. Remember also that GIVERS GIVE. People who give away money are going to give it away, and it is just a question of whether they give to your organization or to another.

Further, our fears about asking are rarely based on any reality. In this way, they are very unlike other fears. People who are afraid of dogs, for example, have generally had a bad experience with a dog. But people who are afraid to ask for money have had no experience asking—their fear is based on a movie they are making in their mind about what could happen. The more you ask, the less nervous you will be because you will know what can happen and you will see that what can happen is not that big a deal. The prospect will say yes, will say yes to a lesser amount, will not make a decision right away, will need to talk to someone, will postpone giving until another time, will say not now, or will say no firmly.

Many volunteers find that it takes practice to overcome their fears about asking for money. To begin soliciting donations does not require being free of fear; it only requires having your fear under control. Ask yourself whether what you believe in is bigger than what you are afraid of. An old fundraising saying is that, if you are afraid to ask someone for a gift, “Kick yourself out of the way and let your cause do the talking.” The point is this: if you are committed to an organization, you will do what is required to keep that organization going, which includes asking for money.

## ONLINE CONTENT

Why Are People Afraid to Ask for Money?

# Ask a Real Prospect

**D**on't spend a lot of time trying to work through all your anxieties about asking for money. You may never be completely comfortable with the process (few people are) and it may never be your favorite part of the work you do for the organizations you care about. As a friend of mine who works for an organization addressing discrimination in the workplace says, "I don't like asking, but I don't like corporations getting away with sexism either. So I put on my big girl pants and I just go do it." The more you do it, the less you will fear it. I have asked thousands of people for money, and at some point years ago, I realized that I didn't really care if the people I asked said yes or said no. I was happier when they said yes, and less pleased when they said no, but mostly I felt grateful they had listened to my request. And regardless of the answer, my next step would be asking someone else.

In this chapter we look at a key variable in successful fundraising: whom you ask; in the next chapter, we explore in detail how you ask those people.

## ASK A PROSPECT

There is an old saying in fundraising: "You have a better chance of getting a gift if you ask than if you don't." This is so true, but it is even more true that you have a better chance of getting a gift if you ask a prospect and not just a random passerby.

All our fundraising ought to be focused as much as possible on people we think would be interested in our work. However, since personal solicitation is, by definition, done on a person-by-person basis, we need to spend time identifying specific individuals to ask. An e-mail or direct mail solicitation is sent to a list of dozens or thousands of people we think are interested, but we don't go through it name by name. Direct asking is the only strategy whereby we consider each person (or couple) individually. Because of that level of work, we generally focus on people who can make bigger gifts.

In larger organizations, personal solicitation is generally used to ask for gifts of at least \$2,500 and often \$5,000 or more. For smaller organizations, however,

donors who could give a gift of \$1,000 or more are worth the time a personal solicitation takes, and defining a major gift as \$250 or more opens the possibility to more people of becoming a major donor even if gifts of \$250 to \$1,000 are not generally solicited in person.

Size of gift is not the only determinant in whom you visit, of course. You might visit long-time donors; you might visit people who cannot make large gifts themselves but who are well respected and whose opinions about your work will be sought by others; you might visit family members of major donors; or you might visit merchants who give you items in place of gifts. I encourage you to visit as many of your supporters as you can and to recruit as many people as you can to help with the personal visits. But because we all have limited time, we have to think through how best to steward it, and that involves deciding on whether a visit is going to increase what the prospect gives us (money, time, introductions to others, goodwill) enough to make it worth the effort we will put into it.

The question that determines whether a person is a prospect could be phrased this way: “What evidence do I have that if I asked this person for thirty to sixty minutes of her time to meet with me, thus also investing thirty to sixty minutes of my time (plus preparation), this person would be likely to make a gift that is significantly bigger than one she might have made if approached through a less time-consuming and less personal strategy?”

Three broad qualifications determine whether someone is a prospect and therefore worth your time:

- Ability to make a gift of the size you are looking for
- Belief in the cause or something similar
- Contact with someone in the group who is either willing to ask this person or willing to allow his or her name to be used in the asking

When you have positive, verifiable evidence of A, B, and C, you have a prospect. If one (or more) of the criteria is missing, you have a potential prospect, sometimes called in shorthand, a “suspect.” Let’s look at each of these criteria in depth, beginning with the most important.

## **Contact**

Contact is the most important of the three criteria and also the most overlooked. Do you know the prospect? Does anyone in your network know the prospect? Without contact, you cannot proceed with a personal solicitation because there is no link between your organization and this person.

There are three ways for a person to have contact with your organization:

- A board member, staff person, or volunteer knows the person.
- A board member, staff person, or volunteer knows someone who knows this person, and that someone is either willing to let you use his or her name in the approach (“Mary Jones suggested I call . . .”) or, better yet, is willing to call on your behalf (“Joe, this is Mary. I’m giving money to a really amazing group and was hoping you would be willing to see a couple of their representatives, let them tell you about the group, and ask you to join”).
- The person is currently a donor to your organization, but no one close to the organization knows the person. In that case, when you call you will say, “We don’t know each other, but we share a commitment to \_\_\_\_\_ and I want to talk with you about an exciting project we are about to undertake.”

## **Belief**

In thinking through why someone who is not already a donor might become a major donor or why someone currently giving might be willing to make a bigger gift, return to your case statement (discussed in Chapter Three). What values do you have in common? What organizations does the prospect already support that are similar to your organization? Be broad-minded and creative in assessing potential commonalities. For example, people who give to children’s organizations are often interested in environmental issues because they are concerned about the kind of world children are growing up in and will inherit as adults. People giving to environmental groups are likely to be interested in health issues; people who give to libraries often will support literacy programs or creative educational projects that help people appreciate the value of reading. But people who give to community organizing may also give to symphonies, and people who give to racial justice programs may be big supporters of museums. In other words, most of us have multiple interests, and it is important not to draw conclusions about a prospect’s interest in your cause based on only one or two pieces of information.

In addition to values, make a list of what might motivate a donor to support your organization. Be as specific as possible. Do this with staff, board, and key volunteers because these are people making significant gifts of time, money, and talent already. This list will help you screen potential prospects.

For example, a reproductive justice organization working to educate beauty salons about the reproductive health effects of the chemicals in nail polish and

remover, hair dye, and other products used routinely by salons' largely female work force discovered some surprises when they really looked at all that might motivate someone to give to their organization. In addition to what one would imagine, such as workplaces should not cause damage to reproductive organs and should be toxin free, or workers should understand what they are being exposed to and what their rights are, they also said that standards of beauty, which drive women to be customers of these salons, need to be questioned. Small salons are often owned and run by immigrant families, and this organization suggested that these entrepreneurs should be given tax incentives to start other kinds of businesses that provide more important and needed products. This led the organization to look for donors to programs that address sex stereotyping in schools and then led them to join a coalition of small business owners who were interested in creating a master plan for development of neighborhood shopping areas to include fresh fruit and vegetable vendors, bike shops, recycle programs, and the like. The coalition had been focusing on helping liquor store owners convert to other kinds of products, but found a receptive audience in some of the salon owners. As this reproductive justice organization expanded its understanding of its mission beyond the already broad health and worker justice values, it brought in a new set of donors and the possibility of new approaches to its work.

In addition to looking for similar values, look for other things that might link a person to your cause. Do you serve a neighborhood that the person's family comes from? If your organization has clients, do those clients patronize the prospect's business?

Try not to draw conclusions from facts about people that could lead you to assume they won't be sympathetic to your cause. Many donors to the arts are concerned about censorship, so they are also likely to give to organizations working to protect civil liberties. People who support environmental organizations may give to anti-poverty programs, recognizing that poverty is a result and a cause of environmental destruction. People may strongly disagree with aspects of traditions they otherwise support or beliefs they otherwise hold: for example, many Catholics are pro-choice, and many Jews are critical of Israel. People live in a context that is bigger than any one aspect of their identity, and drawing conclusions based on one piece of information may lead you away from a prospect if you are not careful.

Values, of course, are not the only motives prospects have. In addition, they may want to appear generous in front of others, they may want to set an example for their children, or give money to a cause they can't volunteer for. They may believe in the strategy the organization is using just as much as the issue, and they may simply want to be on the right side of history when the story of this movement

is written. All of us have multiple motives for giving, and some of those motives will apply to any organization we give to (such as wanting to be seen as generous). The more specific you can be about your organization's values and actions, the more accurate your prospecting will be.

I have advised being broad minded and creative, but don't go overboard. Sometimes people will tell me "everyone believes in our cause" and describe how they promote pre-school programs for children living in poverty or bring meals to home-bound seniors. Although "everyone" may be in favor of these ideas (and few people would admit to being against them), we all have far more causes we would like to support than money to support them. You are trying to narrow down your list from people who wish you well or even people who might sign an online petition to people who will make a major gift to your organization.

### **Ability**

Although first in the A-B-C order, ability is actually the least important factor in identifying prospects. We can safely assume that if a volunteer or staff person in an organization has friends or colleagues who give away money and believe in the cause, those same people have the ability to make some kind of gift, even if it is small. The question is: How much should they be asked for?

One of the biggest mistakes fundraisers make is assuming that how much a person can give is related to how much money he or she has. Obviously, how much money a person has influences how much that person can give at one time, but sometimes people will give more than they could have given in one gift by giving smaller gifts monthly. Many wealthy people could afford to give much more than they do, while many poor people give a high proportion of what little they have. Stockbrokers, bankers, and financial planners are interested in how much people have, because they are selling the idea that they can help them have more. Fundraisers are interested in how much people give, so giving is the behavior to focus on, not having.

In terms of identifying how much a person can give, first you need to figure out whether that person gives away money. To do so, ask the contact what other groups the prospect supports and look at lists of donors listed in other organizations' newsletters, annual reports, and programs. Listen closely to what people say. Do they complain about getting a lot of e-mail? ("I seem to be on everyone's list.") This is probably a person who gives online. Do they complain about how many phone calls they receive? ("Just when we're sitting down to dinner, the phone rings, and it's civil liberties, or the theater, or global warming.") These calls are rarely random—they are made to people who give by phone. Is the person very busy? With what? Board meetings at the legal aid society? Organizing a special event for International Women's Day? Volunteering with refugees? Being

a docent at the art museum? Working for a political candidate? These involvements all signal someone who participates actively in nonprofit causes.

Next, to determine the size of a possible gift, the following guidelines are useful. All of them assume some evidence that the person is interested in your cause.

To determine whether someone could give \$100 to \$499, you need to know little more than that he is employed in a job that pays a living wage, that he is not supporting very many other people (children, partner, elderly relative), and that he has given in that range to some other nonprofit.

To determine whether someone could give in the \$500 to \$1,500 range will require knowing that the person has a decent paying job or a healthy retirement income, or that the person is married to or living with someone who has these advantages. People who give in this range usually are not the sole support of a large household.

To determine whether someone could give more than \$1,500 will require a little more knowledge, particularly that the person has given in this range to other nonprofits. But most important as you get to these larger gifts is that the person is already a donor of some size to your organization. No matter how wealthy and generous someone is, that person will rarely start giving to a small organization with such a large gift. (I discuss these larger gifts in Part Four, “Inviting Current Donors to Make Bigger Gifts.”)

Ultimately, you will not know with any certainty how much any particular person can give because you can't know all his or her circumstances and because a person's perception of what he or she can afford can change from day to day. You make your best guess and you ask. People are rarely insulted to be asked for more money than they can afford; it's flattering to have people think you are that successful financially.

## **STEPS IN CREATING A PROSPECT LIST**

Now that you know how to define a prospect, your volunteers and staff can begin to create a list of people who qualify as prospects for your organization. The first step is for the people who are going to be involved in the personal solicitation strategy to meet and create a “Master Prospect List.” Having all the names in one place ensures that no one is asked by more than one person and that the right person does the asking in each case. Also, in a group setting people are more excited about the process and come up with more names and more enthusiasm for asking than they would on their own. Moreover, when more than one person knows a prospect, more information can be collected and verified.

The easiest way to create a master list for prospects was developed by fundraising consultant Stephanie Roth. Here's how it works. People at the meeting first

create their own personal lists of all the people they know or who would recognize them if they were to call (see Prospect Identification List). People should not censor themselves by saying, “He hates me” or “She’s a tightwad” or “I can’t ask *her!*” Each person just makes the list of people he or she knows, some of whom will be prospects. Also, people should remember that just because they are the contact does not mean that they will be the solicitor. Who will solicit the gift will be decided for each prospect once they are all identified.

Prospect Identification List			
<b>Contact Name:</b> _____			
Person I Know	Believes in Cause	Gives Away Money	Amount to Ask For

Beside each name the contact notes whether or not the potential prospect believes in the cause. If contacts don’t know what the person believes in, they put a question mark. Next, they cross off all the people whom they know don’t believe in the cause. Next to the names of the people who believe in the cause, they make a note of whether they know for a fact that this person gives away money. If they don’t know, they put a question mark. They cross off anyone they know for a fact does not give away money. Next to all the people who remain—that is, people they know, whom they know believe in the cause, and whom they know give away money—they put what amount of money they think the prospect could give. This can be any amount, but this exercise is generally used to find people who can give between \$500 and \$2,500. If the contacts don’t have any idea how much the prospect could give, they put a question mark. Now, each of them has a list of firm prospects: people for whom they were able to answer affirmatively in all categories. Next, each person reads his or her list of firm prospects aloud. One person enters these names and the contact’s name on a spreadsheet program to construct a master prospect list. If anyone else knows the prospect, he or she can confirm the information or add other information. The master prospect list will look like the example shown here.

<b>Master Prospect List</b>				
<b>Name of Prospect</b>	<b>Contact</b>	<b>Solicitor</b>	<b>Amount to Be Solicited</b>	<b>Other Info</b>

Next, people read aloud the names of people on their lists who have question marks concerning belief or whether they give money to see whether anyone else can fill in this information. If no one else knows the person, he or she is not a prospect. If someone does know the person, he or she is either moved to the master prospect list or crossed off on the basis of the additional information.

Once there is a final master list of people—all of whom someone in the organization knows, all of whom believe in the cause, and all of whom we think could make the size of gift we have specified—then a decision is made as to who is going to ask each prospect. The decision about who asks is based on who has the best relationship with the prospect, who is willing to ask, and whom the prospect would feel most comfortable with. For example, let's say the choice of solicitor is between a close friend of the prospect and a business colleague whom the prospect likes and admires. At first blush, one might think that the friend should ask, but it might be better to go with the business colleague, who can present the case in a businesslike way. Another option is for the two people to go together. Ultimately, the best solicitor is the person most likely to do a good job.

Each solicitor now ends up with his or her own prospect list. From the master prospect list, a database of prospect records will be developed, with each prospect record containing more detailed information about that person. The solicitor for each prospect is given a copy of the prospect record. Each organization needs to decide what fields to use in its database.

Below is a generic sample of what you need to know about individual prospects. Keep in mind that you need to know less about someone you are asking

for \$500 than about someone you will approach for \$2,500. This information in the database is added to or corrected as you learn more. Eventually, as at least half of the prospects become donors, it will be helpful to have information recorded for each of them. The following types of information should be discovered and recorded for each prospect.

<b>Prospect Record</b>	
Date:	_____
Name:	_____
Address (work):	_____
Address (home):	_____
Phone (work):	_____ (home): _____ (cell): _____
E-mail:	_____
Contact(s):	_____
Interest or involvement in nonprofits (be specific):	_____
Donations to nonprofits:	_____
Evidence of interest in our work:	_____
Occupation:	_____
Employer:	_____ Matching gift possible? _____
Household composition:	_____
Other interests/hobbies:	_____
Suggested gift range:	_____
Anything else we should know (for example, lives half-time here and half-time in Cuba, more likely to respond to e-mail than phone, makes all decisions with partner): _____	
Suggested solicitor:	_____
Relationship to solicitor:	_____
Result:	_____

It is imperative for one or two people to take on the task of collecting this information and recording it systematically. This is the job of development staff. If your organization does not have staff, one or two people from the board should take on this task. The information must be accurate and confidential. Nothing should appear that is only known from gossip or that is not helpful

in seeking a gift (“Had an affair with the Methodist minister” may be interesting, but is not prospect information). Some kinds of information will be more useful to some organizations than to others. An agency working with prisoners may wish to know whether anyone in the prospect’s family has spent time in prison. Otherwise, that would probably not be appropriate information. People working in historic preservation may want to know how long someone has lived in a community, whereas people working on animal welfare issues will be more interested in knowing whether the person has pets or livestock or likes animals.

The prime instruction for putting together lists of prospects is to put yourself at the top of the list. In fundraising, we say that the first time you ask someone for money in person, you should always get a yes, because the first person you ask should be yourself. Once you test the proposition that the group is worth supporting against your own bank account, you will have a much clearer sense of who else you know who might give and what amount he or she might consider.

After all the solicitors have made their own donations and appropriate and adequate information has been gathered about the prospects, the solicitors should each have a list of people they are going to approach. They should plan to approach the people most likely to say yes first. These do not have to be your potentially biggest donors—what is important is to have two or three good experiences before you encounter anyone saying no. In our “Brussels sprouts before dessert” culture, solicitors sometimes start with the hardest people “to get them over with.” Don’t do that. You need the experience of hearing someone respond positively early on to carry you through some of the harder requests.

# How to Ask

Organizations need to spend time helping their solicitors become more comfortable with the idea of asking for money and discussing the cultural and psychological barriers that inhibit many of us from engaging in this strategy, as discussed in Chapter Eight. However, it is equally important to focus on the sheer logistics of asking. Sometimes after a couple hours of psychological discussion, someone will ask, “But what do I wear to the meeting?” or “Do I have to pay for lunch?” or “Can I text the prospect to set up a meeting?” Often these details, rather than deep wounds from childhood, are what hold people back from asking.

In this chapter I take you through the details of a personal solicitation. This is what generally works, most of the time. You may need to adapt the solicitation to the cultural, class, and personal variables of each individual prospect and, to a lesser extent, to those same variables in yourself. When considering how to adapt the information, try to sort out what may be coming from your own anxiety and what is actually rooted in culture or class. For example, in many parts of the American South and in a number of Asian cultures, graciousness and politeness are very highly valued. As a result, it is considered rude to say no to a request and so it is also rude to ask someone for something to which they may have to say no. This makes asking for money directly difficult. Fundraisers sensitive to the culture use phrases such as, “Would you think about a gift of \$5,000 and let me know later” or “I am going to leave you some information to look at. We’d love to have you involved, if that is possible.” In other words, you may not seek an answer to your request at the meeting, nor are you as direct as you might be when soliciting someone from New York, for example, where you might close a meeting with: “Can we count on you to give \$XX?”

On the other hand, I have had people tell me things about their culture that was clearly much more about their internal anxiety. For example, “No one wants to be asked for anything in my culture.” To me this is unlikely. I have yet to hear of a culture where people did not, from time to time, give each other presents or ask for a favor. Almost all cultures have religious institutions that have figured out multiple ways to ask. And finally, of course, culture is not unchanging, for which we should be thankful. For example, racism is very much part of our

culture but we certainly don't want that to continue to be true nor would we have much patience for someone who justified racist behavior based on his culture. As we discussed in Chapter Eight, there are a lot of cultural taboos and norms about money that are oppressive and need to be re-thought.

In the end, the only way to really know what is going to happen when you solicit someone for money is to do it. Do it often enough, with properly qualified prospects, and see for yourself what works and what does not.

## **THE MOST FORMAL APPROACH**

The most formal and time-consuming approach to a prospect involves three steps:

1. An e-mail or letter describing the organization or the specific need, including a sentence or two indicating that you wish to ask the prospect for a gift and requesting a meeting to discuss it further, followed by
2. A phone call or e-mail to set up a meeting, and then
3. The meeting itself, in which the gift is actually solicited.

E-mail is a great gift to the world of personal solicitation because it often saves making a phone call, allows the prospect to ponder your request and respond at a time that is convenient, and allows you to consider the response before replying. On the other hand, your e-mail can get lost in the dozens or hundreds a prospect may receive each day. If you don't hear back within a week, then e-mail again. If you still don't hear back, get on the phone. Phone calls are becoming more rare, but you still need to be prepared for prospects who don't have e-mail, or don't respond to it.

## **SOMETIMES YOU ONLY NEED STEP 1 OR STEP 2**

Obviously, if you are approaching your spouse or your best friend, you may be able to skip the e-mail or the phone call or both, and go right to the meeting. In other cases, particularly for smaller gifts, the e-mail may be enough. In others, the phone call will be enough, or the letter and phone call will be enough and there will be no need for a meeting. Deciding whether a meeting or follow-up phone call is necessary will depend on your knowledge of the prospect and how much money you are requesting. Some people are very comfortable giving \$250, \$500, or even \$1,000 in response to a phone call from someone they know. If the prospect lives far away from the organization or the solicitor, she or he may be more willing to have an extended phone conversation than to expect the solicitor to visit, even for a very large gift.

Regardless of how generous, easygoing, or committed your prospects are, they will be more likely to give if you follow up your e-mail with something, even if just another e-mail, and they will almost always give more in a meeting than when asked over the phone. Remember, you are requesting a thoughtful gift—a gift that is big enough that a person needs to think about whether he can afford it and whether he wishes to give your organization a gift that large. You want sufficient time with prospects to answer all their questions and concerns. It takes about thirty to sixty minutes to have the conversation you need to have, and a thirty-minute meeting seems a lot shorter than a thirty-minute phone call. (The length of the meeting is also affected by cultural and generational habits. In rural communities or when dealing with elderly people who may not leave their homes often, plan to spend more time than you would with a businessperson in the middle of her workday. In some cultures there will be much more “small talk” than in others and this will add to the length of the meeting.)

## THE E-MAIL OR LETTER

The e-mail or letter should raise the prospect’s interest, giving some information but not enough for a truly informed decision. If a letter, it should not be longer than one page. An e-mail will be even shorter. Its purpose is to get the prospect to be open to the phone call in which the solicitor requests a meeting. In other words, the letter introduces the fact that you will be asking for a large gift for your organization and that you want the prospect to be willing to give a short amount of time to hear why you want this gift and why you think this prospect will be interested. No commitment to give or to be involved in any way is asked for in this opening correspondence—only a request for the prospect to discuss the proposition of a gift with the solicitor. A sample letter is shown here.

Ms. Concerned Activist with Good-Paying Job  
Professional Office Building  
City, State, ZIP

Dear Connie,

For several years you have heard me talk about Downtown Free Clinic. As you know, I have recently been elected to serve on the board, which I am really excited about because we are serving so many people in so many ways. At a recent meeting, we decided to launch our mobile clinic, which will require raising more money this year. We have government

*(Continued)*

funding to buy and outfit the bus the mobile clinic will operate from, but we have to raise the ongoing costs of operating the mobile clinic.

We need to raise \$50,000 by the end of this year. All of us on the board have made our own commitments, which total \$15,000. We are now turning to other caring people in the community to raise the rest. We need some lead gifts in the range of \$1,000 to \$2,000 from people of standing in the community whose word and example carry weight. I am hoping you will consider being one of the leaders in the campaign because of your long-time activism in community health care.

*[Include one more brief paragraph on the current programs of the organization.]*

I know this is a big request, and I don't expect you to decide on the basis of my letter alone, so I am hoping we can meet and talk. I am very excited about the direction Downtown Free Clinic is taking, and I can't really do it justice in this letter.

I'll call you next week to set up a time. Hope you are well. Enjoyed seeing you and your family at the baseball game last week.

Best always,  
Annie  
Another Concerned Activist

The letter is straightforward. Connie knows what the request will be, including the amount. She knows what the money is for. If giving anything to this organization is out of the question for her, she can decide that now. If giving a lead gift is out of the question, it is implicit from the letter that a smaller gift is an option. Her importance to the campaign has been stated, which is flattering, but there is nothing she needs to do at this point except wait for the phone call. No action has been requested—in fact, she has specifically only been asked not to decide.

An e-mail would have most of the same content, with various choices of subject line, such as “Free Clinic hat on,” “A request,” “Starting an exciting campaign.”

The last paragraph of the e-mail would probably say, “Let me know what would be a good time to get together next week.” There are a number of advantages to e-mail; one of the biggest is that the meeting can often be set up without a phone call.

## **THE PHONE CALL**

If you are the solicitor and you say you are going to call, you must call. Rehearse the phone call beforehand to anticipate questions or objections the prospect may have. Be sure you know exactly what you are going to say from the very first hello.

Many people find it useful to write down what they will say, in the same way that one writes a script for a phone-a-thon (see Chapter Sixteen, “Using the Telephone”).

The phone call is the most difficult part of the solicitation. You need it in order to arrange a meeting, and if you are not going to ask for a meeting, the phone conversation will make a difference as to whether the person gives at all. There is a lot of pressure on this call. Also, you have no body language to help you infer what the prospect is thinking and feeling. You can't tell whether he or she is frowning, smiling, in a hurry, or doing something else while talking with you. You can't rely on how people sound on the phone. People who are easygoing may sound brusque or harried on the phone. Frequently, we are calling people on their cell phones. People on a cell phone can, quite literally, be anywhere. I often hear people making hurried plans while waiting for a plane to take off, while walking down the street, or while standing outside a restaurant. It may be hard to hear them, and your conversation may be dropped before you are finished. Some people simply do not like to talk on the phone, and their dislike of being on the phone may come across to you as a dislike of talking to you or a reluctance to discuss a gift. Finally, a phone call is always an interruption, even if the prospect really likes you.

All of these things can make a solicitor anxious; anxiety, unfortunately, makes for poor phone calls. Anxious people have a hard time listening to others because they are too absorbed in thinking about what they are going to say next. Practicing the phone call a few times with other people in your organization will help you be less anxious.

There are two things that can happen when you make this phone call: either you won't reach the prospect, or you will.

### **You Don't Reach the Prospect**

About 90 percent of the time that you phone someone you will get some kind of gatekeeper—voice mail, a personal assistant, someone else in the office or the household. When this happens, leave a brief message that includes a good time to call you back and say that you will try again. Leave at least three such messages before you give up on this prospect. Messages are not reliable. Voice mail is erased accidentally, messages written on pieces of paper get lost, numbers get transposed, names are spelled wrong and the prospect cannot recognize who called, prospects try to call you back and get a busy signal or carry your message around with them meaning to call but never find the time, and so on. Many people find that leaving their e-mail address in addition to their phone number increases the chance of the person getting back to them. Again, don't assume that because you can't reach the prospect the answer is no. However, your time is valuable also,

and leaving more than three messages for one person is not as useful as moving on to the next prospect.

If you have made a serious effort to reach a prospect and have not succeeded, you may want to ask the contact for more information about the prospect. You may find out that the prospect is out of the country or is tending to a sick relative, or that you can make an appointment with the prospect through her personal assistant, or even that the assistant has the authority to handle these requests. Sometimes what you learn is that the contact is not as close to the prospect as you thought.

Most of what I know about asking is from having done it wrong the first time, and getting through to a prospect is a classic example. A colleague of mine gave me the name of someone he said would be interested in the organization I worked for. "Use my name" he said, and I did. I reached the prospect on my first try and, after introducing myself, said, "Tim Brown suggested I call you." The prospect was very nice. He said, "I saw that in your letter. The thing is that I don't know a Tim Brown. In fact, I don't know anyone named Tim." To say I was unsettled by this would be the least of it. Finally, I squeaked, "I so appreciate you telling me that. I wonder if the work of our organization is interesting to you and if I could talk with you about it anyway?" He laughed and said, "I wish you well, but I have too many charitable commitments as it is." And he hung up. This taught me to ask several questions of people who give me names of other people. Ask: "How do you know this person?" "When did you last see her?" "What makes you think he would be interested in our organization?" If the name dropper is vague on any of these points, cut your losses.

### **You Do Reach the Prospect**

If you do reach the prospect, first say who you are, then ask if this is a good time to talk, or if the prospects has a few minutes right now. This distinguishes you from paid phone solicitors, who never ask whether it is convenient to talk. Once that is established, get right to the purpose of the call. If you have sent the prospect an e-mail or letter, ask whether she received it and had a chance to review it. Be clear about the purpose of the phone call, which will either be to ask for a gift or to ask for a meeting to discuss a gift. What you do not want to do is to ask for the gift on the phone when you wanted to meet.

Be sure not to read meaning into statements the prospect may make that can be taken at face value. For example, do not hear “I don’t want to give” in a statement such as “I’m very busy this month” or “I have to talk to my spouse before making any decision.” Instead, in the first instance say, “I can understand that. How about if we make a date for next month, when things might have slowed down for you?” In the second instance, say, “Would it be possible for me to see you both in that case?” Hear everything the prospect says as being literally true. If she says, “I’ve already given away all the money I am going to give this year,” then ask if you can meet so that your organization can be considered next year. If she says, “I need more information before I can meet,” ask what information would be most helpful, tell her you will send it today, and then suggest penciling in a meeting for a later time after the prospect has had time to review the information.

People who make a lot of big gifts will often use put-offs to determine whether you are serious about the organization and whether the organization can really do its work. This is particularly true for community organizing projects. It is hard to believe that an organization will really face down corporate intimidation or stand up to political power if its members fold at the first sign of resistance from someone they have identified as a person who believes in their cause!

There’s one more logistical item to consider before you pick up the phone: whether to try to reach the prospect at home, at work, or on a cell phone. Ask yourself: Where would you call the person if the topic weren’t money? You would probably call neighbors at home. Friends you can often call anywhere, including on their cell phones. Colleagues are generally approached through work. If you are able, stand up while making these calls and smile while you are talking. You will breathe more deeply and sound less anxious. Don’t talk too fast, and pause between sentences.

## **THE MEETING**

Once you have set up an appointment, you are ready to prepare for the face-to-face solicitation. This is not as difficult as it seems. First of all, the prospect knows from your e-mail or your phone call that you will be talking about making a contribution. Since he or she has agreed to see you, the answer to your request is not an outright no. The prospect is considering saying yes. Your job is to move the prospect from consideration to commitment.

The purpose of the meeting is to request a specific gift and obtain some kind of answer from the prospect. As the solicitor, you must appear poised, enthusiastic, and confident. If you are well prepared, this will not be too difficult. Board members and volunteers can go with each other or bring a staff person to such a

meeting to provide any information the solicitor doesn't have. If you do go in pairs, be sure you know who is going to begin the meeting and who is going to actually ask for the gift. Make sure each of you has something to say so that one of you doesn't do all the talking, and remember that going in pairs means that each person has less time to talk.

The solicitor's job is to ask for the gift. The prospect's job is to decide; among possible decisions are whether to give the gift requested or a smaller gift, whether to take time to think about it, or whether to say no. It is important that the solicitor does not get personally caught up in the prospect's response. You are not a good fundraiser if someone says yes, nor are you a poor fundraiser if someone says no. If you are asking enough people, a certain percentage of them will say no. In fact, a sign that you are not asking enough people is when you go for a long time without anyone saying no.

### **Meeting Etiquette**

Regardless of how well you know this prospect, the subject of this meeting is business. You should begin the meeting with pleasantries, catch up on family and friends briefly, but avoid the temptation to have a long chat before getting down to the subject at hand. It is often helpful to say early in the meeting: "Well, you know why we are here, which is to ask you to consider making a gift to Important Group. Before we get to that, however, I wanted to hear how your grandson likes kindergarten/if you found homes for those kittens that showed up in your yard/if you liked the play the other night. . . ." Don't ask wide-open questions, such as "How is your summer going?" or "What's new in your life?" You want a question that can be easily answered so you can move into the business at hand.

Show genuine interest in the answers to your questions, or the person will think you were just asking out of some sense of protocol, but do move into the business at hand as soon as you can. "We are doing some really exciting stuff this summer and I wanted to have a chance to tell you about it" or "Our capital campaign is almost done, and now we can expand our programs, which is mostly why we are here today." This moves everyone into the conversation about the organization and how a gift will help the organization meet its exciting program goals.

Next, keep in mind that the more the prospect is encouraged to talk, the more likely he or she is to give. No one likes to be talked at or lectured. Ask the prospect what she knows about your group, how she keeps up with the issues your group works on, and other open-ended questions. Share your own experience with the group and tell stories that illustrate facts rather than just giving a dry exposition of what the group does. Sentences that begin, "I am most excited by . . ." or, "I got involved with Important Group because of my own situation/commitment/

longstanding interest in . . .” are much more likely to be listened to than “We started in 1997 with funding from the Havelots Foundation.”

In addition to asking questions, pause for a few seconds every few sentences. Wait to see whether the prospect wants to add anything or has any questions or objections. If the prospect says something you don’t understand, ask for clarification or say “Tell me more about that.” If the prospect says something that offends you or that you don’t agree with, don’t pretend to agree. Don’t sacrifice your integrity for this gift, but see whether you can find a way to counter what the prospect said without getting into an argument. You can use phrases such as “I can see why you say that because that is the impression that the media gives, but in fact . . .” or “What you just said was the prevailing wisdom, but we have discovered that [fact-fact-fact], which is why we have designed the program the way we have.” Said without rancor or defensiveness, statements like these can allow the prospect to change his mind without looking ignorant.

After about half an hour, when the prospect seems satisfied with what you have said, you should be ready to close—that is, to ask for the gift. Repeat the goal of the campaign and the importance of the cause in one or two sentences. Then, looking directly at the prospect, ask for a specific gift: “Will you join me and give \$2,000?” or “I’m hoping you can give a gift in the range of \$1,500” or “Do you think you could consider a gift of \$5,000?” There are no magic words for the close—what is important is that you figure out a phrase that suits your personality and that includes the range or the specific gift you want. Then be quiet. At this moment, you give up control of the interaction. At last, you are asking the prospect to make a decision. Wait for the prospect to speak, even if you have to wait what seems like several minutes. If you are anxious, time will seem to pass slowly. Keep looking at the prospect without staring. You can breathe easy now, because you have said everything you need to say and you have put your best foot forward. Take a deep breath in and release it slowly. Smile a little and don’t frown. You want to look relaxed and confident.

## **The Prospect’s Response**

At this point the prospect will say one of six things, or some variation on these responses:

1. “*Yes, I’ll help.*” Thank the prospect. Be grateful and pleased, but don’t be overly effusive or you will give the impression you didn’t think the prospect was really a generous person. Arrange for how the gift will be made (by check, by pledge, online, by stock transfer; now, later). The easiest way to do that is to ask, “How would you like to pay that?” Once those arrangements are made, thank the prospect again and leave.

2. *"I'd like to help, but the figure you name is too high."* This is a yes answer, but for a smaller gift. You can say, "Would you like to pledge that amount and contribute it in quarterly installments over a year's time?" Or you can say, "What would you feel comfortable giving?" or "What would you like to give?" Avoid the temptation to bargain with the prospect. Once the prospect has decided on an amount, follow the procedure in answer 1.
3. *"That's a lot of money."* This statement is generally a stall. The prospect feels he can give what you have asked, which is a big gift for him. He wants to be sure that your organization agrees that the gift is large. Your answer: "It is a lot of money. There are not many people we could ask for that amount" or "It is a lot of money. That's why I wanted to talk to you about it in person" or "It is a lot of money. It would be a big help." Then be quiet again and let the prospect decide.
4. *"I need to think about it."* Some people truly cannot make up their minds on the spot and, if pushed for an answer, will say no. Reassure the prospect that you don't need an answer today: "That's fine. I know it is a big request." Then ask the prospect: "What else can I tell you that will help you in your thinking?" and answer any remaining questions. End by saying: "May I call you in a few days to see what your decision is?" or "Should we be in touch by e-mail?" Set a time when the prospect will be finished thinking and will give you an answer.
5. *"I need to talk to my spouse/partner/other party."* This probably does mean the person needs to talk to someone else; however, it is surprising that the prospect didn't say that when you set up the meeting, so it probably also means the person needs more time. Often it means that the person has another question or objection but is embarrassed to say it. This is called the "shadow question," and you need to surface what it is. You will do that by saying: "That makes sense. Is there anything your partner will want to know that I can tell you now?" The prospect may then tell you what's bothering him or her. "My accountant will want to know why you spend so much on office space" or "My wife will want to know why you take money from Possibly Bad Corporation and will wonder if that affects your work." You can then answer these objections. You will end this solicitation by getting some agreement as to when the prospect can talk to the person he or she needs to consult and when you should get back to him or her.
6. *"No, I can't help you."* Although this is an unlikely response at this point, it should be treated with respect. Nod your head and wait silently for a longer explanation. Generally, the prospect will expand to provide a reason. "I just don't agree with your approach. I thought when I heard more about it I

might understand and agree, but I don't" or "I just can't get past the fact that Person I Hate is the chair of your board." Don't join in trashing this person, but don't spend a lot of time defending him either, unless your defense is confined to discussing his work for your organization: "He has done really good work for us, but I know he is controversial."

In the highly unlikely situation that you have remained silent for at least a full minute and the prospect hasn't volunteered any explanation for saying no, you can ask for one. "Would you say a little bit about why you are saying no?" or "I am going to be asking other people as well. Are there any ways I can improve?" If you ask nondefensively, the prospect will answer. If the answer is a misunderstanding, clear it up and you may get a yes, or at least "I'll think about it." Don't spend much time trying to change the prospect's mind or you will seem disrespectful. Often, people who say no to a request like this later say yes as they learn more or have time to think more about what you have said.

Try to end the meeting with a question the prospect can say yes to. "Would you like to stay on our e-mail list?" or "When Person You Hate leaves the board, can I call you?" Or just, "What is the best way to get downtown from here?" Thank the prospect for his or her time and leave. Remember that you have an unspoken but very important agreement with all the people you ask for money: if they agree to be asked, you will respect their right to say no.

Immediately after the interview, send a thank-you note regardless of the response you received at the meeting. "Thanks for your pledge of \$5,000. I can't wait to tell the executive director. Your generosity makes a BIG difference." Or "Thanks for your candid and helpful observations about our new program. I will bring them back to the staff and let you know how we decide to proceed." If the prospect made a gift, another thank-you note should come from the organization when the gift is received.

Although it can be anxiety-producing to ask someone for a large gift, it is also thrilling when a prospect says yes, and it is not a big deal when someone says no. Most of the time people say no for understandable reasons that have nothing to do with you. With practice, asking for money becomes easier and easier. Most people are encouraged by being able to set aside their own discomfort about asking for money for the greater purpose of meeting the needs of the organization.

## ONLINE CONTENT

Asking for Money: Fifteen Useful Tips  
Tips for Meetings with Donors and Prospects



# Strengthening Relationships by Creating Categories of Donors

I hope it is obvious by now that having a donor is not like having a pillowcase or a table. Donors take maintenance. They are living, breathing beings with feelings and attitudes, and they are being sought by more than 1.5 million other nonprofits. Certainly, they gravitate to organizations they believe in, but if they have a choice between two organizations they believe in and one pays attention to them and the other doesn't, it is not hard to guess where they will send their money. In an ideal, but impossible, world, we would know something about the personal fundraising preferences of all our donors, such as which ones actually like to be called, which ones don't like being asked more than once a year, or which ones think paper newsletters are a waste of money. We would know which donors love us the best of all the organizations they give to and which ones like us well enough but will never give us a bigger gift than the one they are giving now.

Creating categories of donors, called segmenting, means we make our best guess at these and other variables, partly to meet donors where they are, partly to save us time and money, and mostly to continue to build relationships with our donors as best we can.

Segmenting allows us to accommodate donors who make their needs known without falling into the trap of thinking that if one donor says she hates to be phoned, it must be true that a huge number of our donors feel the same. I have known organizations that stopped sending multiple appeals because one donor complained, even though fifty donors sent in an extra gift! Sometimes it is easy to accommodate a donor's request. For example, if someone sends your organization \$35 with a note that says, "I only give once a year, so please only ask me once a year," code this donor to suppress his name for any other mailing during the following twelve months. That person will not be invited to an event or receive the spring appeal. Similarly, someone who writes on her reply card: "Absolutely no phone calls" should never be phoned, and that information should be in her

donor record. In fact, even if you know the phone number (for example, from her check), don't enter it into your database. If it is not part of your data, you will not be able to make a mistake and call.

The first set of segments is very simple. Donors should be sorted by how long they have been giving your organization money (longevity), how big their gift is (size), and how often in the same year they make a gift (frequency). Let's look at each of these criteria.

## **CATEGORIES**

### **Longevity**

You sort donors in this category in two ways:

- Donors who have given once and not yet been asked for a second gift
- Donors who have been giving for two or more years

In many ways, the most important donors are the ones who have given you money for several years, regardless of the size of their gifts. If your organization has been around for a while and your records are good, you may want to create subcategories for donors who have given for five or even ten or more years.

### **Size**

Determine what amount of money is more than most people in your constituency can give, and create a list of donors who give that much or more. In some organizations, this may be \$100, but for most it will probably be \$250 and up, or even \$500 and up.

### **Frequency**

Although many donors give only once a year, there are many others who give every time they are asked. Create a category for people who give two or more times a year.

Once you have segmented your donors according to longevity, size, and frequency, sort your donors as follows:

- People who have given \$250 or more at a time more than once a year for three or more years
- People who have given \$250 or more once a year for three or more years
- People who have given between \$100 and \$249 once or more than once for three or more years

In descending order, these donors are your best prospects for upgrading and are often good people to consider for volunteer opportunities. Your personal solicitation efforts should be directed to these segments. They care about you and have shown that caring for several years. These donors are signaling that they like your organization. Chances are they will respond favorably to personal attention.

Share this list with board members, trusted volunteers, and people who know your community and who have some discretion. Ask if they know whether any of the people on these lists are capable of giving a lot more. Perhaps Jane Smith gives you \$250 twice a year and has done so for three years. A volunteer knows that Jane Smith gives \$1,000 to an organization similar to yours and says that Jane always speaks highly of both organizations. Because as a general rule donors should be asked to upgrade their gift every third year, Jane is a little overdue. In your next solicitation, done personally, ask her to consider making a gift of \$1,000.

Donors who only give once a year should only be asked once or twice a year, whereas you can send an extra appeal during the year to people who give every time they are asked; these are also people who should be asked to join a monthly donor program. People who always renew by phone should no longer receive three renewal letters before being phoned; instead, send them one renewal letter and then call them. People who only give online can be taken off all snail mail lists.

### **Donors Who Just Started Giving**

A subset of longevity are the donors who only recently started giving. Because most people who give your organization one gift will not give again, it is clear that the most fragile time in the life of the donor is between the first and second gift. People who have made one gift need to be thanked for joining the family of donors who make your work possible, and then asked to continue their commitment with a second gift. These donors receive a different appeal than donors who have given for several years. Ideally, donors of \$100 or more are thanked by phone in addition to the thank-you note.

### **OTHER SEGMENTS**

In addition to categorizing by size, longevity, and frequency, note which donors only come to events or perhaps only come to one event. These donors should not receive regular appeal letters unless you have evidence that they respond by giving to those as well. If a donor only gives when she comes to your signature event, does so for three years or more, and does not give to any other appeals, that is a sign her primary loyalty is to the event. If one year that donor does not come to

the event, then you can send her a letter after the event telling her how well the event did and how she was missed and asking for a contribution.

Note which donors only give to appeals for specific things (get out the vote, organizing campaigns, capital projects) but who never send money in response to general appeals. If you have a specific need, these are the donors to approach more personally for that need. These are often your best prospects for capital campaigns as well.

Identify the people who give several times a year and either send them one more appeal or ask them to become members of a pledge club to see whether you can convert them to monthly donors. All donors should be offered the chance to become monthly donors on all your reply devices and as a suggestion in renewal letters, but donors who give frequently should be offered that option in a special letter about the advantages of pledging. (For more on setting up a monthly donor program, see Chapter Twenty-Two.)

If you have more than one thousand donors or you are very adept at working with your data, you may want to add two more segments:

- *Lapsed Donors*: You need to make an effort to recapture donors who have given more than once but have not given in eighteen to twenty-four months. (You can go back further than that, but with each additional six months, you will have less and less success.) As long as your appeals are yielding more than 1 percent return, you are ahead of any acquisition strategy. People stop giving for many reasons unrelated to the organization. The two most common are that they move and forget to send you their forwarding address (this is as true of e-mail as snail mail), and they experience some major life change that puts their regular lives on hold. Divorce, death of a loved one, major illness, loss of a job—the list of why people forget to keep giving your organization money is long and rarely includes “I don’t like you anymore,” even though that is often our conclusion.
- *Episodic Donors*: More and more we see a new phenomenon with donors: people who give sporadically. It is hard to distinguish them from lapsed donors except that they reappear every so often, often in two- or three-year intervals. They will often give when something major has happened to the constituents of the organization. Natural disasters, outrageous sexual misconduct, or complete disregard of human and health and welfare by corporations (such as dumping toxic waste into drinking wells) and the like bring episodic donors out of the woodwork. The only way to work with them is to make sure that you publicize such episodes widely, particularly on social media, where many of these donors get information.

A program helping undocumented farm workers know their rights noticed that whenever a story of a major wrong committed against a farm worker appeared in the news or on the radio, they would receive donations from donors who did not respond otherwise. When the organization increased its use of social media, particularly Facebook and Twitter, to amplify these stories, they began to see a steady pattern of gifts. However, the donors dropped off when such stories disappeared or became common. These donors responded to extraordinary events—major discrimination, indiscriminate pesticide use, abusive tactics against undocumented people by the INS, and so on. The day-to-day wrongs that undocumented people endure did not bring this segment of donors in. The organization realized that, until its mission is accomplished, there will, from time to time, be horrific abuses of their constituents so they have a segment of episodic donors to which they aim the publicity about these happenings. Some of these donors have now become major donors, but still not on a regular or predictable schedule.

### **How Many Segments Should We Have?**

The decision about how many segments to have is largely informed by how many donors you have. Organizations with fewer than five hundred donors will have very few segments, and organizations with five thousand or more may have a dozen or more. Only create the number of segments you can actually work with and that you actually notice, over time, are helping the organization have a higher retention rate, which will come about, in part, because the fundraising program focuses most energy on donors loyal to the organization as opposed to donors who are loyal to a person in the organization or to an event.

### **STAYING IN TOUCH WITH DONORS**

In times of economic downturn or world instability, loyal donors are not only the bread and butter but also the lifeblood, to mix metaphors, of an organization. Whatever work you can do to build their identification with your organization is critical. Matching strategies of asking with types of donors, as just described in this chapter, is one way to help build loyalty.

Of course, asking for money, even in a way the donor responds to, cannot be the only way you are in touch with donors. You need to make sure you are telling the donors what you do and helping them be ambassadors of your work with

their friends. Examine all the ways you are in touch with your donors and put yourself in the donor's shoes. If all you knew about your organization was what donors receive, would you as a donor feel proud to be a member of this group? Puzzled? Excited? Would you have a sense of the consistency of your organization's work or would it seem scattered?

For example, for three months in a row an e-newsletter from an organization that works with students in the public schools has featured pictures of young people in political demonstrations. The captions require knowledge that is not provided in the newsletter: "Elkmont High School Students Protest HR 2233," "Lakeshore Middle School Students Protest Harris Firing," and "Monument Parents Upset Over Locker Room Decision." One has the impression that this organization works primarily through protests and walk-outs around issues that are not common knowledge. Moreover, its thank-you notes are generated by computer and merely state, "Thank you so much for your gift of \$\_\_\_\_. It helps us do our important work improving public education." Although a handful of major donors are sent additional information, mostly because they are also serving in some volunteer capacity, what donors read in the e-newsletter is all most of them know about the organization's work. When it conducts a small survey of donors, the organization is surprised that no one knows about its tutoring program, or that it is sending ten students to internships in Washington, D.C. These are also exciting program activities that lend themselves to photographs and show much more of the range of the organization's work.

The organization rethinks its communications so that each e-newsletter features an in-depth story on one program area and smaller updates on other programs. The thank-you notes are changed so that they also contain a one-paragraph description of one aspect of the work. Not surprisingly, more donations flow in and donors add notes to their reply devices, such as, "Great story about the interns—what a wonderful opportunity for those students."

Read a year's worth of communication sent to your donors and see what you would know and not know about your work if that was all you received. You will quickly spot problems and be able to fix them. Further, see whether you can add any personalization to your thank-you notes or contact donors with an occasional letter or phone call to show more personal appreciation of their efforts. A letter

that begins “This is the fifth year you have helped us. Let me tell you some things your gifts have helped make possible over the past five years” is a relatively easy letter to create when seeking renewals. Calling to thank donors who respond to a special appeal lets the donors know that you did the work you said you wanted to do. Most of these calls will be messages on voice mail: “Ms Jones, this is Anthony Activist at DoTheGood. Wanted to let you know that our goal to expand our community-based mental health services into the Richmond District is happening, and your gift is part of that. Go to our Facebook page to see more, but meantime, thanks.”

We appreciate all gifts and all motives for giving. But our best chance of getting a donation year in and year out is by building a relationship with the donor—a relationship that goes beyond any of the people in the organization. Segmenting, then deciding how to treat each segment of the donor list, is an easy and important step in building and keeping a broad donor base.





## **PART THREE**

# Strategies for Acquisition and Retention

In this section, I discuss in detail the strategies organizations use to invite people who have never given to become donors—direct mail, online, telephone, special events, and canvassing—and then how to use those same strategies to invite people to give over and over. I start with a discussion of one of the most important concepts in fundraising, which is the overarching strategy called “multi-channel” fundraising. Multi-channel means that you are delivering the same message across all the methods you are using. Multi-channel is the practical application of what I talked about in Chapter Three, “Be Clear About What the Money Will Do.”

Making sure everyone is getting the same message is not a recommendation to repeat yourself, but rather to think about the differences between how you tell your story on Facebook, inviting people to comment on it, and how you tell the story in a direct mail appeal. How you describe your work on the phone will be different from the 140-character tweets you might post. But all these roads will lead back to your case for support. No matter the channel, the purpose of the communication is the same: to inspire support.

I then describe both the basics of these strategies, including what they all have in common, especially direct mail and online fundraising, and specific how-to's and examples of using each strategy. Near the end of this section I look at the possibility of implementing a voluntary fee-for-service program to generate income. Finally, I cover the important topic of “opportunistic fundraising”—how every organization needs to train all its staff to be aware of fundraising opportunities that can spring up in the most unexpected places. This is the twin of multi-channel fundraising.

Most of what applies to acquiring and retaining donors can be adapted to asking them to increase the size of their gifts, which I take up in Part Four.



# Multi-Channel Fundraising

chapter  
TWELVE

The number of ways we can be in touch with donors, both conveying information and inviting people to donate and be involved in our organization, has enhanced our abilities to build relationships but has also increased our work. Whereas years ago we had only a few options: the main ways to be in touch with donors were through the mail with a newsletter and appeals, and by phone with updates and appeals. Then, as now, we could meet donors at special events, but that isn't a reliable way to stay in touch. Then, as now, if donors didn't like to be phoned, we didn't call them. Today, we continue to engage with donors by mail and phone, but we also interact with them through e-mail, through multiple social media platforms, and, increasingly, by text.

Unfortunately, too few small organizations have taken the time to re-tool their fundraising to work with all the new engagement opportunities. Rather, many organizations just keep adding engagement strategies the way some people add on to their homes—a room here, a garage there, a garden over there. After a while the house is a hodgepodge of styles. New owners almost inevitably tear it down. An organization that operates this way erodes its donor base and often falls into financial difficulty. In this next section, I ask you to stop and think about how you are going to make all the engagement strategies at your command work together to provide donors with a coherent view of the organization and a friendly ongoing invitation to be involved. This is called “multi-channel fundraising.” Simply put, it means conveying the same key messages throughout all the media that you are using; helping donors see the link between and among all the different programs, services, or organizing efforts a nonprofit might pursue; and trying to identify the particular interests of individual donors and the strategies to which they are most likely to respond.

To best understand the need for a multi-channel approach, look at the organization from the point of view of a common donor.

Gracie Goodperson gives to a variety of social justice causes. A friend forwards an e-mail about a crowdfunding campaign to support an organizing effort to restore funding for the free daycare program to help students at the local community college who have small children. She believes strongly in supporting

students to get through college so clicks on the link in her friend's e-mail and makes a donation. A thank-you email arrives immediately in her inbox. Curious about the organization, she checks its website, which lists a number of advocacy programs this nonprofit conducts. The website is quite text heavy, so she doesn't spend much time on it. A month later, she receives an e-mail about another campaign at the college. For gifts of \$50 or more she will receive a calendar, so she gives \$50 and her snail mail address for the organization to send the calendar. She gets a thank-you receipt that says, "Thanks for your donation of \$50, which will promote our organizing efforts." Two weeks later she gets an e-alert: please sign a petition to ensure that city workers don't lose their pensions. She signs, but wonders what happened to the daycare.

A month later she gets a direct mail appeal that starts: "Thank you for helping us with our petition drive. It has been very successful. Now we need to take that momentum to the state capitol." The appeal describes an organizing campaign to ensure that childcare workers are not paid as contract labor. Confused about the relationship of all these programs, Gracie goes back to the group's website. Sure enough, there is the free daycare campaign and a picture of the community college president with a quote that children of students will continue to have daycare. There is no mention of the childcare workers. But she thinks daycare workers should be paid properly, so she sends a check for \$50 in the reply envelope. A week later, she receives an e-mail asking her to "like" the organization's Facebook page, which she does. The group's Facebook presence focuses on the city workers, with a picture of a demonstration at City Hall. The next thing Gracie receives is the e-newsletter, which reports on a grant the organization received for staff training, shows a few pictures of staff, and includes an article about the board retreat. These stories are not interesting to her so she deletes it.

A few months later, she receives a call about another campaign. She isn't listening closely to the caller but uses this opportunity to ask what happened with the city workers. The caller says he will get back to her. Gracie is unimpressed and declines to give to the solicitor. Gracie's further research about this organization on Twitter and Tumblr brings up different campaigns. After a year and several unrelated appeals both by e-mail and snail mail, plus several more boring e-newsletters, Gracie concludes that the organization is stretched too thin and decides not to give again.

Meantime, back at the organization, the ED and DD meet to look at the results of their various campaigns. They conclude that the crowdfunding campaign was a success but was a huge amount of work. The direct mail campaign did not do well. The e-appeal has done a little better and has brought in a lot of new donors. They notice that there are significant boosts in online giving that seem unrelated

to anything. The phone-a-thon brought in some new gifts, but the phoners reported that many of the donors they reached had questions the phoners could not answer. Most disappointing is that their retention rate is quite low. Many donors have dropped out after one or two gifts. They decide to hire a consultant to help them sort out these results.

The consultant helps them see that they are doing their fundraising in silos. A board member who likes crowdfunding championed that effort but did none of the work. The ED likes direct mail, while the DD wants to move entirely to e-mail and social media for fundraising. They use each communication strategy as a way to let people know about their different organizing efforts, but the consultant points out that this is simply confusing to the donors. They need a different measurement of their fundraising results. For example, the consultant notes that the direct mail appeal is working very well. Every time they send an appeal, they have a rush of online donations. People are simply going from the paper appeal to their computers. Many of their donors both send checks and give online, showing that they respond whether the information comes via mail, e-mail, or e-alerts. The only thing that gets no response, despite the donate link it contains, is the e-newsletter, which the consultant notes is full of internal information—possibly interesting to staff and board but not to most donors. As for posting on Facebook, the ED sees no measureable response from their efforts. However, the consultant persuades them to try a different course.

For their next organizing effort, she suggests they send an e-appeal linked to more information on the website and to other related information on their Facebook page. The appeal asks people to share that information with friends as well as make a donation. She also suggests they make a follow-up call to any donor who doesn't respond by mail or e-mail within two months. The group institutes this sequence for their subsequent campaigns and, over the course of two years, using these multiple platforms, it sees increased in both numbers of donors and income.

Multi-channel fundraising requires conceptualizing your goal (how much money you want to raise, by when, and for what) as an overall story with shorter and longer versions that will be published in various channels, sometimes simultaneously and sometimes consecutively. The campaign will be updated as it goes along in these various channels. You measure the results of the campaign overall, looking at how one channel led to another or ways that your donors were more or less likely to respond. The silos that too often exist between direct mail and online fundraising have to come down. You also have to want to engage your donors with invitations to post on Facebook or forward e-mails, or send a message to ten of their friends, or even to take other actions besides fundraising. The

donors are not an audience that indicates their pleasure with your performance by sending money, but rather an active part of your work, even though for the majority of them, to be sure, their activity will be limited to donating. Having so many ways to be in contact with donors means that you have to have consistent messages that donors can easily understand and send to their friends through all the media that they use.

# What Successful Mass Appeals Have in Common

**A**lthough many people find it anxiety-provoking to ask someone for money in person for reasons we have discussed earlier, there is one important way in which asking one person for money is much easier than any other strategy: all you have to do is ascertain whether that one person is interested in your cause, and find out (usually by your knowledge of that person or by asking questions) what he would need to know in order to consider making a gift. This is far different from trying to ascertain whether some hundreds or thousands of people are interested in your cause and then what all of them would probably want to know. But because it is unwieldy and, for the most part, unrealistic, to build an organization one donor conversation at a time, sending the same appeal to hundreds or thousands of people at once is what we have to do. Fortunately, there is a science to mass appeals and there are a variety of ways to appeal to a large number of people at once.

First, keep in mind that the success rate with direct mail, e-mail, social media, and even phoning is very low. The response to direct mail and e-mail appeals hovers around .5 to 1 percent when appealing to new donors and between 5 to 30 percent when appealing to donors who have given before. Phoning a “hot” list (see below) may yield a 5 percent response, and there are ways to boost that, but not past 30 percent. Most people who give once do not give again. The number of people who gave for the first time in one year and made a second gift that same year is called your “conversion rate.” It generally hovers around 25 percent. Your “retention rate” expresses the proportion of donors who have given more than once and who give this year and can be expected to give at least once next year. That rate averages about 60 to 65 percent of donors. So, although the initial response to a mass appeal can be expected to be low, you can expect to convert about one-quarter of those donors to second-time givers; of those givers, you can expect nearly two-thirds to give during a second year. These further gifts depend on you treating your donors right.

More than any other strategies, direct mail and e-mail show how you must be willing to get into fundraising all the way to make it work. If you do an appeal, attract some donors, and then don't communicate with them regularly, all the money and time you spent attracting them is wasted. Your focus needs to be on retention and upgrading, which is where you will see a financial return on your investment. In order to retain, you must first acquire.

People new to fundraising often find these response rates demoralizing. But acquiring and keeping donors is a numbers game that will ultimately play out in your favor. If you keep in mind some principles from the field of marketing, you will create a strategy that is built, in part, on repetition of the message and on appealing to as large a number of people as you can manage. We know from marketing that a person needs to see the name of a product at least three times before she or he will buy it. How do we know that a person has "seen" it three times? This is called the Law of 21—they have to be exposed to the name of the product at least twenty-one times for the seller to be confident their intended audiences has actually "seen" it—that they have actually allowed it into their brains.

Much of what we do all day is filter out messages: ads, street signs, news, and so forth. I compare it to an experience I often have: I am driving down a busy street that I have driven down many times. A store I never went to has gone out of business, and I cannot, for the life of me, remember what the store sold. I had filtered out that name, as I had no need to know it. As I discussed in the previous chapter, a compelling and consistent message, delivered in a variety of ways over many channels, is the only way your organization is going to get on the radar of a potential donor. You are probably not affiliated with an organization whose name is well known, so you have a bar to reach just to be considered. Experienced fundraisers see a challenge in the truism that most people, when invited to give to your organization, are going to decline, so they are eager to promote the mission of their organization as widely as possible.

To do that, keep in mind three things that appeals to large numbers of people have in common: a good list, an understanding of the psychology of an appeal, and an evaluation of results.

## **A GOOD LIST**

Whether you are using e-mail, direct mail, or the telephone, the key to success or failure will be the quality of your list. There are three kinds of lists, with the highly technical names of HOT, WARM, and COLD. They describe the likelihood of people on that list making a donation.

## Hot Lists

A hot list consists of people who have already made some kind of commitment to your organization. The hottest list of people for any organization is its list of current donors. The second-hottest list includes friends of current donors, because most people's friends share their values and commitments. Remind donors to pass their paper newsletter on to friends, and have campaigns in which donors are asked to forward e-mail solicitations to people they think would be interested.

Another source of hot prospects is your board members, volunteers, and staff. On a yearly basis, these people should also be asked to provide a list of names, which can be compared to the current mailing list; anyone who is not already a donor can be solicited. Of course, any board member, staff person, or volunteer who isn't already a donor is a hot prospect as well.

A word about asking volunteers for money: I meet many people who are hesitant to do this but when I remind them that more adults in the United States give away money than volunteer, and that almost all volunteers give away money, they realize that their volunteers are giving money somewhere, just not to them. And the reason the volunteers are giving money elsewhere is because someone is asking them.

## Warm Lists

A warm list consists of people who have either used or heard of your services or your work, people who are donors to organizations similar to yours but probably have not heard of your organization, or people who have come to your special events. In other words, these are people who either know about your organization or they care about your cause, but you cannot say for sure that they do both.

People who attend special events who are not donors should receive an appeal soon after the event. Pass out a sign-up sheet or conduct a door prize drawing to get names, addresses, and e-mail addresses. People who previously gave your organization money but no longer do also constitute a warm list if you have correct addresses for them.

If your organization gives people advice, referrals, or other service by phone, mail, or online, create a system to gather the names of people served, unless that information is confidential or obtaining an address would be inappropriate in some other way. This list is the least warm because not all the people using your organization donate to anything, you don't know whether they were satisfied with what they received from you, and they may feel they deserve to get the information you are giving out for free. However, some will be grateful and want to help, and some will prefer to pay for the information rather than accept it for free.

Keep a log of these types of contacts in a database for later use with a mail or e-mail appeal. When people call, respond to their requests and encourage them to visit your website, having already made sure your website encourages giving. People who don't want an appeal will decline to give their e-mail address. Remember that even in the United States, about 15 percent of people do not use the Internet, or they have intermittent access to it. Lack of Internet access can be a function of poverty, age, or geography. Many people live in rural communities where Wi-Fi and cell signals are spotty or nonexistent. Getting snail mail addresses for these prospects will be your only way of being in touch with them.

The other kind of warm lists are lists of people who belong to organizations that are similar to yours. To get these names requires renting or trading mailing lists. No one actually buys a mailing list outright. By renting it—either from a list broker or from other organizations—they acquire the right to use the list one time. Many organizations with large or specialized mailing lists rent their lists to other organizations as an income stream. You may have noticed that if you give to one organization you will receive appeals from several similar organizations within a few weeks. Your name has been rented because you are a proven “buyer” through whatever medium your name is being delivered.

## **Cold Lists**

A cold list is any list that is more than a year old or any list of people about whom you know little or nothing. The telephone book is an example of a cold list. There is no point in using cold lists.

### **ABOUT RENTING LISTS**

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I actually don't advise renting lists for direct mail or for e-mail. You should exhaust every other method for gathering names before you go down this route. But since so many organizations do it, let's look at what it means. A big difference between direct mail and e-mail is that, for direct mail, there are reputable list brokers with proven track records for providing accurate and up-to-date names of known donors. Many have been in business for decades. There are reputable people in the e-mail list industry, too, but this practice is not yet and possibly never will be common or well thought of, and most who are expert in using e-mail to raise money advise against it, for one reason: spam. You want people on

your e-mail list who want to be there. To be sure this is true, many use a “double opt-in” process: invite people to add their addresses into a form on your website, after which they receive an e-mail asking whether they really want to join your list. This protects your organization against accusations of spamming and gives you a much more reliable list to use for appeals.

For snail mail, professional mailing list brokers have a wide variety of lists available, which are used by both nonprofit organizations and businesses. Ask larger organizations or direct mail consultants for the names of reputable list brokers, or simply search online for “mailing list brokers for nonprofits.” A quick glance through one website shows these possible offerings: season ticket-holders to dance performances, donors who respond to natural disasters, liberal Democratic donors, donors to animal shelters, and so on. These lists come to you in ZIP-code order. The lists generally cost \$75 to \$125 per thousand names, with a minimum rental of two thousand to five thousand names. For a small additional fee, you can have lists crossed with each other, yielding the names, for example, of all donors to natural disasters who also give to animal shelters, or liberal Democrats who are donors to the arts, and all of these in the ZIP codes you specify. A caution here: grassroots groups often seek lists of people in lucrative occupations (doctors, lawyers, stockbrokers), assuming they will be generous donors. However, the important variable is that they be donors already. So if you rent lists, make sure you rent lists of donors: people who give away money, not just people who make money or have money. Be judicious in using rented lists.

Finally, do not use mailing lists that are marked “members only” or “do not use for solicitation.” Because mailing lists are fairly easy to compile and acquire, once you have the systems in place there is no need to be underhanded with others’ lists.

## **AN UNDERSTANDING OF THE PSYCHOLOGY OF AN APPEAL**

Although direct mail, e-mail, and social media appeals vary a great deal in style, length, use of pictures or text, and a variety of other details, they are all designed around three important truths: people have short attention spans, they love to read about themselves, and they respond to stories.

## People Have Short Attention Spans

A person should be able to read each sentence in your appeal in six to eight seconds. Each sentence must be informative or provocative enough to merit the reader devoting the next six to eight seconds to reading the next sentence.

## People Love to Read About Themselves

The reader of the appeal wonders: “Do you know or care anything about me?” “Will giving your group money make me happier, give me status, or relieve my guilt?” “Did you notice that I helped before?” Therefore, the appeal should refer to the reader at least twice as often and up to four times as often as it refers to the organization sending it. To do this requires drawing the reader into the cause with such phrases as “You may have read . . .,” “I’m sure you join me in feeling . . .,” “If you are like me, you care deeply about . . .” When writing to solicit another gift or a renewal from someone who is already a donor, use even more references to what the person has done: “You have helped us in the past,” “Your gift of \$50 meant a great deal last year,” “I want you to know that we rely on people like you.” Using the word *you* makes your letter speak *to* the readers rather than *at* them.

## People Respond to Stories

There is a saying in fundraising: “People buy with their hearts first and then their heads.” This is nowhere more true than in mass appeals. Your appeal needs to open with a story either about someone your program has helped, some situation your organization has been instrumental in changing, or something about the reader of the letter. Programs and accomplishments need to be described in people terms (or animals, if that is your constituency). Remember that people have read or seen a lot of stories. They are used to being entertained by stories at the same time as they are skeptical of their authenticity, so make sure that your story is true (even if facts have been changed to protect someone) and that it is credible and typical. (You don’t want someone saying, “What a sad story, but that could only happen once, so I’m not going to give.”) Finally, the story should resolve positively because of the work of your organization. In the next few chapters, I provide examples of good stories.

A big difference between direct mail and e-mail appeals is that a direct mail appeal generally does better when it is longer—two pages do better than one, and sometimes three or four pages will do better than two pages. E-mail never does better when it is longer. With e-mail, you have very little space to get your story and your request out.

## TEST AND EVALUATE

Evaluation is essential to producing more and more successful appeals, so keep track of your appeals: How many did you send, how many people responded, what amount of money did you raise, and what was the ratio between dollars spent and dollars raised? How could your appeal be improved? Evaluation is particularly critical in multi-channel fundraising, where a direct mail appeal can cause a surge in online donations, or a particularly well-done series of posts on Facebook can bring in both checks and online donations. Test different subject lines in e-mail appeals, and different stories and incentives in all appeals. What you are testing and then evaluating will vary depending on the strategy, but gathering data and analyzing the numbers are the only way to really improve results.

To track the results of your appeals, note how many people responded to a particular appeal and how much money each appeal brought in. Tally the responses as they come in from each appeal, using your database program or a spreadsheet. The heaviest response to direct mail will come during the first four weeks after you could reasonably expect most people to have received the mailing (always send one to your organization in order to get a sense of how long it takes to arrive). Ninety-five percent of the responses will be in by the end of two months. E-mail responses are much faster, with 90 percent of the responses coming within thirty-six hours. When you think you have 90 percent of responses, then evaluate the appeal in these categories:

- Total number of gifts received and total amount given.
- Types of gifts: check, online, recurring.
- Number of donors by category (less than \$49, \$50 to \$99, \$100 to 249, and so on).
- Percentage of response (divide the number of responses by the number sent).
- The gift received most often (the mode gift).
- For direct mail, the cost of the mailing (including the cost of printing the materials).
- Cost of staff time to design, write, and execute (generally comparable for both e-mail and direct mail).
- Ratio of income to expense (divide the amount of money you received by the amount you spent). E-mail is far cheaper here, although it often has a lower response rate.
- Any narrative comments, such as “Send earlier next time.”

The percentage of response and the mode gift are the two most important data points of the evaluation. The percentage of response tells you much more important information than the total amount you earned from the mailing. For example, one organization's appeal to one thousand names generated only two responses (0.002 percent); but while one response brought in \$10, the other was a gift of \$1,500! The board was told that the mail appeal had generated \$1,510, but not the percentage of response, so they decided to do more mailings to similar lists. They quickly spent all their profit because the lists were virtually worthless and their original response (which was extremely poor) only appeared successful because of the chance response of one major gift.

After several mailings, pull up all the evaluation forms and see what they have in common. Do some types of lists seem to respond better than others? Did the mailing offering a special benefit do better than the one without? Does one set of facts or one particular story seem to stir more people to give?

Remember to test only one variable at a time. You cannot find out if more people respond to one benefit or another in a direct mail appeal that is also testing a lift-out note included with a letter against a letter alone. Also, you must use portions of the same list to test responses to different variables. You cannot test one variable on a list to a service club and another on a list to a group of health activists.

If you have mailed to fewer than two thousand names, the results of your evaluation will not be statistically significant. However, using your instinct and what information you are able to garner, you should be able to make some educated guesses about what is working well with your direct mail program and why.

Once you have spent the time to gather potentially responsive lists, written a stirring appeal, and tested what works, you need to complete the process by thanking your donors and asking them to repeat their gifts.

## **Handling Responses to Your Appeals**

There are few things as thrilling as receiving gifts from a successful mail appeal. When you go to your mailbox and pull out all the return envelopes that you know have gifts made by check or credit card, or when you receive a report from your online provider with a list of donations, it is tempting to just deposit the money and go home early. But receiving the gifts brings on a whole new set of tasks.

All donors must be thanked, preferably within seventy-two hours of their gift arriving and certainly within seven days. Sometimes you will not be able to meet this time frame, so remember that a late thank you is always better than no thank you (see Chapter Seven, "Thank Before You Bank"). The gift must also be recorded

in your database, and you need to cash the check or run the credit card as soon as possible. People wonder if an organization really needs money when their check is not deposited quickly or if their gift does not show up on their next credit card statement.

### **Ask Donors Several Times a Year**

Finally, to make the best use of your mass appeals, you must appeal to the donors you have acquired several times a year. Do not shy away from sending subsequent appeals to current donors. Years of testing have proven that some donors will respond every time they are asked, and others will give less automatically but more than once a year, and that donor renewal rates are higher for all donors (even those who do not respond to extra appeals) when they receive several appeals a year.

Many organizations have discovered that they can raise enough money from their current donors with repeated appeals to enable them to scale down their recruitment of new donors. Many large organizations appeal to their donors eight to twelve times a year, which tends to have a saturating, and in the case of many donors, alienating effect. Experience with hundreds of grassroots social change organizations shows that two to four appeals a year will raise significantly more money and increase renewal rates without irritating your donors.

Repeated appeals are successful for a number of reasons. First, a person's cash flow can vary greatly from month to month. A person receiving an appeal from an agency he or she supports may have just paid car insurance, so the appeal is thrown away or deleted. If the organization were to ask again after two months, the person might have more money available and make a donation.

Second, different people respond to different types of appeals. Sending only one or two appeals a year does not allow for the variety of choices donors want. Organizations often discover that donors who regularly give \$25 a year will give \$50, \$100, or more when appealed to for a special project. People who respond to specific project appeals are often called bricks-and-mortar people. They "buy" things for an organization: media spots, food for someone for a week, a job training program, a new building.

We rarely know why people don't respond to appeals. Despite this lack of knowledge, many people are willing to make the assumption that the donor doesn't want to give, when any of the following circumstances might be true:

- The donor has been on vacation and is behind on correspondence. Anything that is not a bill or personal is deleted or tossed.

- The donor is having personal problems and cannot think of anything else right now, even though he or she might be quite committed to your group.
- The appeal gets lost.
- The donor meant to give but the appeal was accidentally deleted or thrown away before it could be acted on.

Donors do not feel “dunned to death” by two to four appeals a year. On the contrary, they get a sense that a lot is happening in the organization. Their loyalty is developed when they know that their continuing donations are needed. Most important, they have an opportunity to express their own interests when a particular appeal matches their concerns.

People often ask me about “donor fatigue.” First of all, don’t confuse your fatigue with donor fatigue. You will get tired of asking far more quickly than donors will get tired of being asked. Second, donor fatigue comes about, in large part, because of the volume of requests the donor is getting from everywhere and from the scale of problems the donor is being asked to help solve. To mitigate against that overload is difficult, but one important tip is not to focus so much energy on months during which everyone else is asking, particularly December. Spread your appeals out over the year and take advantage of current events that apply to your issue whenever they occur. Third, donors get tired of only being asked—in other words, you have to be in touch when you don’t want money and you have to appreciate what the donor has done so far. As you can see, all roads lead back to creating a strong case for support, which you put in front of people with whom you are building closer and closer relationships.

# Direct Mail

Simply described, direct mail involves sending a form letter seeking support for your nonprofit, and including a return envelope in which people can send back a donation. Direct mail appeals go to hundreds, thousands, or even millions of people by bulk mail.

For decades and to the present day, direct mail is the most common and familiar type of solicitation in use in the United States and one of the most common in Canada, Australia, and England. Because of its long history of use and the sheer volume of direct mail, it is one of the most studied strategies, so there are data that can be used to ensure effectiveness.

Some have proclaimed that direct mail is dead, but direct mail is not even sick. E-mail and social media have given us some wonderful new strategies for raising funds, but even organizations that use a lot of social media platforms for fundraising still use direct mail, using the strategies together to maximize response (see Chapter Twelve, “Multi-Channel Fundraising”). Direct mail, e-mail, and social media are similar strategies for engaging prospects and donors, but they are not interchangeable. For general correspondence, e-mail has largely taken the place of both mail and phone, so paper mail has become less common, making it more attractive to the recipient. Organizations are finding that direct mail is actually doing better than it was earlier in this century, when the market for mail was saturated, for a number of reasons. People who genuinely dislike direct mail have registered with various agencies to have their names taken off of direct mail lists, reducing the amount of mail they receive. Environmental concerns, along with big increases in the costs of printing and mailing, have caused many organizations to cut back their direct mail programs, replacing personal snail mail with e-mail, online social networks, or even texting. With far less volume and with the mail being sent far more focused on people who may respond, direct mail is doing well.

Used carefully, direct mail not only produces new donors but also enables you to identify donors to whom you likely have no other access. Stories abound of donors recruited through direct mail whom no one in the organization had ever met but who sent \$500 or \$1,000 in response to a first appeal; other stories recount donors whom no one knew giving \$25 for years and then leaving a large bequest.

A direct mail appeal is very simple: a letter describing the organization and its needs is put into an attractive envelope, along with a self-addressed return envelope and possibly a reply card that makes it easy for the donor to return a gift, and the identical letter is sent to hundreds or thousands of people. Appeals that are addressed to an individual—“Dear Mrs. Smith”—or letters sent by first-class mail are not technically considered direct mail pieces, although these more personalized letters may borrow from direct mail principles in their look or style of writing, and identical text may be going to dozens—or thousands—of recipients, with the only differences being the salutation. In the United States, direct mail appeals are sent in minimum quantities of two hundred, presorted by ZIP code for the post office; at the post office they receive bottom priority for processing in return for a deep discount in the postage rate.

Those who claim that direct mail is dead are augmented by those who claim that young people don't respond to it. Although Generation X and Millennials may not send in a check, mail appeals that offer an online option for giving will often generate a large online response. For Millennials, direct mail is a novelty. In university classes that I teach, undergraduates will sometimes bring in mail appeals with great delight. “I got this in the mail—it was addressed to me!” one exclaimed. He handed it around the class with the request “Don't mess it up.” His classmates' curiosity reminded me of how few pieces of snail mail Millennials receive and how this could work to our advantage.

Direct mail remains the least expensive way to reach the most people with a message that they can hold in their hands and examine at their leisure. A well-designed and well-written direct mail piece sent to a good list can still yield a response that makes it worthwhile to develop and send: 0.5 to 1 percent on a first-time appeal, and 10 percent and often more from donors who have given before. Many organizations use direct mail letters beyond acquisition to communicate with current donors and to ask for additional gifts. Used properly, direct mail is one of the most powerful strategies a small nonprofit can have. After looking at how direct mail works for slightly larger organizations, I will show how even the tiniest grassroots group can make it work for them.

## **ACQUISITION: GET SOMEONE TO GIVE FOR THE FIRST TIME**

Donor acquisition is the main reason that many organizations use direct mail. To see how it works, consider the experience of People for Good. People for Good trades the names of five thousand of their donors for an equal number of names

of donors to another group, Friends of Progress.\* People for Good merges the names from Friends of Progress with its own donor list to eliminate as many duplicate names as possible, eliminating three hundred names. To the rest of the list from Friends of Progress, People for Good sends a direct mail appeal asking for a donation to its work. The appeal returns just under 1 percent response, or forty gifts, most of them \$40, the suggested donation, but others in the range of \$25 to \$500. Because the appeal also directed prospects to their website, it also produces ten new online donors, giving it a grand total of fifty new donors and \$4,000 in income from a response of just over 1 percent. The cost of sending the mailing to 4,700 names was \$7,050, or \$1.50 for each piece of mail (including postage, printing, paper, and the use of a mail house for sorting and sending the mailing).

The net cost for People for Good is \$3,050, or about \$61 for each of the fifty donors it acquired. This is called the “acquisition cost”—essentially the group paid \$61 dollars to acquire one donor, which is a legitimate cost of doing business. These donors will now be moved to the next stage, retention. From this account, you can see right away that there is no point in starting a direct mail program unless you are willing to go all the way with it—trying to retain and upgrade these donors—because the first mailing usually loses money—sometimes a lot of money. Read on to see how that money not only will be recouped, but will grow.

## **RETENTION: GET DONORS TO REPEAT THEIR GIFTS**

Once a person becomes a donor, the organization tries to get that person to repeat his or her gift, then to give routinely. The program starts by thanking donors within seventy-two hours of receiving their gifts and then, as discussed in the previous chapter, asking the donors for additional gifts several times during the year. Small organizations should ask their current donors for additional donations two to four times a year, with a combination of mail, e-mail, phone solicitations, and special events. These requests should be interspersed with other communication about what the organization is doing with the money the donor has given that doesn't involve asking.

People for Good follows this advice and, with a combination of e-mail and snail mail, solicits donations from this cohort of new donors three times a year.

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\* Five thousand names is considered by many experts to be an appropriate test-sample size. The idea is that if you get a 0.75 percent or better response on five thousand names, you should send the appeal to the whole list that these names came from (assuming the whole list is larger). If the response is poorer, you can change the appeal to try to improve the response rate or abandon the list. Your results will be slightly less reliable using two thousand names for a test.

Those who gave online are solicited online; those who gave by mail are solicited both with additional mailed appeals and online if the group has their email addresses to see if some of them will give entirely online, which is a far cheaper form of solicitation. At the end of the year, People for Good has twenty more gifts given by some of these fifty people. A few agree to give monthly, and one donor who gives \$500 twice is moved into the organization's major donor portfolio for treatment as a major donor; over time, this donor becomes very important to the organization. In this second round, People for Good makes back most of the money it invested in acquisition.

## **DIRECT MAIL ACQUISITION: ONE LARGER ORGANIZATION'S RESULTS**

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### **Income**

10,000 pieces of mail X 1 percent response = 100 donors; mode gift of \$40, plus a number of other gifts received

Income = \$6,000

Three more mailings to those who gave asking for extra gifts: 10 percent response per mailing from 100 donors = 30 extra gifts

Income = \$2,000

Three renewal mailings to these 100 donors; 66 renew at \$50 to \$500

Income = \$5,000

Total revenue = \$13,000

### **Expenses**

Renting or exchanging lists, printing, postage, and other expenses: 10,000 pieces at \$1.00 (higher volume will mean lower costs) = \$10,000

Further mailings to 100 donors: 3 X 100 X \$1.50 = \$450

Renewal mailings (one to all 100 donors, a second to those who did not respond to the first, a third to those not responding to the first two): 200 letters X \$1.50 = \$300

Total expenses = \$10,750

Net gain: 66 donors = \$2,250

Net income per donor = \$34

(Note: Costs of resolicitation and renewal will be less for donors who give online.)

## **UPGRADE: ASK DONORS TO RENEW THEIR GIFTS**

To be considered active (as opposed to lapsed), donors must make a contribution at least once a year, thus renewing their commitment to the organization. Most organizations have a renewal rate of about 65 percent—which is enough to generate a profit, including making back all the money invested in acquisition. Donors acquired through direct mail who show their commitment to the organization by renewing their gifts are donors the organization might not have found otherwise. These donors can also be asked to volunteer, to give more money, to help with fundraising, to show up at demonstrations, and so on.

Large organizations that frequently send direct mail appeals often have a fund of \$5,000 to \$50,000 that they reinvest in these appeals. Money coming in from one appeal is invested in the next until the fund is depleted. Organizations spending that kind of money often hire direct mail consultants to design their appeals and to handle all the details of writing, printing, and mailing them. It probably goes without saying that a mail appeal is a gamble—you might have a 0.05 percent response or even no response at all. As discussed in the previous chapter, by carefully looking at the different types of lists, and by paying attention to what you send the donors and continually fine-tuning the appeal package, as well as using the cross-channel techniques detailed elsewhere in this section, you decrease—but do not eliminate—your risk.

## **USING DIRECT MAIL ON A SMALLER SCALE**

By now, you are probably thinking: “Well, that counts us out. We don’t have the money, we don’t have the lists, and we can’t wait a year or two for the repeat gifts and renewals to start making money.”

Don’t despair. There is a way for even small organizations to use mail appeals effectively. They must decrease the risk by decreasing the amount of money spent on each mailing. At the same time, they must try to increase the response rate so that they at least break even on first-time mailings to a list and, with luck, make money.

These goals can be achieved in two ways: by mailing to more carefully selected lists and by mailing to fewer people at one time. In the previous example, we used the conventional estimate of a 1 percent response from a new list; this estimate is useful for planning costs. However, direct mail expert Mal Warwick often cautions that there is so much variation in response from one organization to another and from one appeal to another that using this 1 percent figure as success can be misleading. Other factors also need to be

considered: attracting bigger donors, finding a whole new constituency of donors, testing messages, and so on are often as important as the percentage of response. Attracting a smaller response on the first mailing but a higher percentage of donors who renew year in and year out would make the mailing worth its costs. Despite this optimism, small organizations need some measurable gauge, and percentage of response will give you a way to budget money spent for money earned.

The next sample shows a direct mail scenario again, but on a much smaller scale and with much more targeted lists.

## **DIRECT MAIL ACQUISITION: A MUCH SMALLER SCALE**

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### **Income**

500 pieces of mail X 2 percent response = 10 donors; mode gift of \$40, plus a number of other gifts received

Income = \$600

Three requests for extra gifts to the 10 new donors

10 percent response per mailing = 3 extra gifts, including one gift of \$200

Income = \$300

Renewal letter with follow-up call to 10 people; 7 renewals

Income = \$350

Total income = \$1,250

### **Expenses**

500 pieces of mail X \$1.50 = \$750

30 letters asking for extra gifts X \$1.50 = \$45

Renewal letter with phone follow-up to ten people = \$15

Total expenses = \$810

Net gain: 6 donors = \$450

Net income per donor = \$75

(Note: To track back online donations that are the result of direct mail, you will need a way to code your online responses.)

As you can see, the average net income per donor from smaller mailings is much higher and the risk much lower than with larger mailings. However, neither set of income figures is particularly impressive given all the work involved. Nor do the costs examined here count the costs of staff time to acquire the mailing lists, produce the direct mail package, write thank-you notes, record donations, process credit cards and deposit checks, and complete other fulfillment (such as producing and sending newsletters). Again, one wouldn't enter a direct mail program if this were the only kind of income you could expect. The first appeal is just the beginning.

An organization must be prepared to identify among the donors it has acquired those who can give more, and sometimes much more, and then ask them to do so. The organization must ask some of the new donors to volunteer and ask others to bring in other donors. Over the long term, some donors will include the organization in their wills.

## **DEVELOPING LISTS FOR DIRECT MAIL**

In addition to the tips offered in Chapter Thirteen, the following advice is particularly true for direct mail appeals. Make sure that your donors' names are spelled correctly and that the address and ZIP code are correct. People tend to be miffed when their names are misspelled, and a wrong ZIP code will mean the letter won't be delivered.

I encounter a lot of resistance to my encouragement to organizations to share their snail mail lists. Organizations fear that their donors will prefer the other organization and stop giving, or give less, to their organization. Studies of donors show that this is not true. In fact, donor loyalty to the first group they give to in a series of organizations with related goals is increased as they learn of similar organizations. In other words, if a person gives to an environmental organization and then is solicited by several others, he or she may think: "I've been concerned about environmental degradation for a long time, and it's good that a lot of groups are working on it." Furthermore, most people who give to charity give to a number of them—usually between five and fifteen. Often, most of the charities are similar: they may all be arts organizations or environmental groups, or they may be civil rights and civil liberties causes, but there will often be some similar theme in all the nonprofits.

People change one or two NGOs each year, dropping one and taking on a new one. You are going to lose about one-third of your donors every year through natural attrition, but you will not lose donors simply by sharing your list, provided you ensure that donors who might take offense at being solicited by

organizations other than yours are excluded from any list you share. To do this, make sure the organization whose list you use has given their donors a way to opt out of list sharing, with a line in their newsletter or reply device that says, “From time to time we make our mailing list available to other organizations that we feel would be of interest to our donors. If you would rather we did not include your name, please drop us a line (or check here on the form) and we will make sure that you do not receive any of these mailings.” Most people like to get mail, and although they grouse about how much direct mail they receive, they have too much going on their lives to spend a lot of time and energy being upset about a mail appeal.

## **CONSTRUCTING A DIRECT MAIL PACKAGE**

A direct mail appeal needs to be conceived of as a package rather than as simply a letter in an envelope sent to a bunch of people. The work of your organization is only one variable in determining the success of your appeal. The appeal is “wrapped” in a certain way to entice the donor to open the letter, then to read the letter, then to make a donation, either by sending a check in the return envelope or donating online. This is a lot of pressure on a few pieces of paper with no power of their own.

The rest of this chapter discusses all the elements of putting together a direct mail package as well as a number of ways to use direct mail in seeking first-time, additional, and renewal gifts; what to do with the responses; and how to evaluate your direct mail programs. The next chapter focuses on using email and social media to appeal to potential and current donors.

## **THE DIRECT MAIL APPEAL PACKAGE**

The standard direct mail package has four parts: the carrier or outside envelope, the letter itself, the reply device, and the return envelope.

Each part of the package is complementary to the others, and all the elements work as a unit to have the maximum effect on the person receiving the appeal. We will examine each element separately and then discuss putting the elements together.

### **The Carrier (Outside) Envelope**

Many mail appeals fail because, although much attention has been spent writing an effective letter, it is enclosed in an envelope that no one opens.

First-class personal and business mail can be sent in an envelope simply with the recipient’s address and a return address, and the sender can be reasonably

certain that someone will open the letter. In the case of first-class mail, the envelope is simply a convenient way to deliver the letter. In a fundraising appeal sent by bulk mail, however, the outside envelope has an entirely different purpose. It must grab prospects' attention and then intrigue them enough that they want to open it and see what's inside. The envelope in this case is like gift wrapping. Everyone wants to know what's inside a present. In fact, gift wrapping works so well that, even when you may know what the gift is, there is still the thrill of discovery in removing the wrapping.

**Getting Personal.** Think about how most of us look through our mail. We may have bills that we set aside and a magazine or other appeals that we glance at and either discard or put in a pile to read later. But if we find an envelope with our name handwritten on it, we will often put down the rest of the mail to open that envelope. If there are no such envelopes, we may open envelopes that promise interesting content or envelopes from organizations that we respect or from places we can't recognize just from the address. Maybe we see mailing labels inside, so we open that envelope. If an envelope offers us a way to save money, we open that one. If we are in a hurry, we throw away mail more quickly than if we are not. If we are procrastinating about doing something else, we may read something that on any other day we would discard immediately. Some marketing experts estimate that up to 70 percent of mail is thrown away unopened. So in designing your carrier envelope, use your own experience as to what you open first and what you are unlikely to ever open. However, don't rely on your experience alone. A fun conversation is to ask colleagues, neighbors, and friends to look at five appeal letters and tell you which one they would open first or which one they would throw away immediately. You will generate several different opinions, which is why you will never find one style of envelope that always works, with the exception of those that are hand-addressed, which almost everyone will agree they will open.

**Use Common Sense.** Mission drives fundraising, and the truth of this tenet can be seen even in the design of carrier envelopes. Here are two examples:

A national organization advocating for the rights of LGBT (gay, lesbian, gay, bisexual, and transgender) people is always careful to use its initials or an innocuous logo with its return address on mail appeals. It does not wish to endanger people who may live in a place where being or being thought to be LGBT is dangerous, even if this practice cuts into the response because some people throw away the appeal without recognizing who the group is.

An animal rights organization has compelling and disturbing photos of animals used in research. Although putting one of these photos on an envelope would certainly grab attention, the organization is conscious that children may see this letter, so uses no graphic photos in that way.

If you are in a rural area, it is likely that the people receiving your appeal will open all letters that originate in their county or small town. In that case, you want your name and return address to be fairly prominent on the front of the envelope.

Most mail appeals are sent in standard business-size envelopes (called No. 10). Your appeal will stand out if it arrives in a smaller or odd-size envelope. Personal letters are not generally sent in business-size envelopes, so to make your appeal look more personal, send it in a smaller envelope or in an invitation-style (generally square) envelope. If you do this, make sure your return card and return envelope are sized to fit in those envelopes. One caution: odd-size envelopes and letters can run up your printing costs, sometimes significantly, so check with your printer before making a final choice.

The least effective strategy is placing what's known as "teaser copy" on an envelope; however, it should not be totally disregarded. Teaser copy is a text, drawing, or photograph on the envelope that intrigues the readers or causes some emotional response meant to make them open the envelope.

Envelope color is another variable to experiment with, but in choosing colors, make sure that the type is still readable against the color of the envelope. Bright colors can grab attention, but readability is key.

## **The Letter**

Keep in mind that a direct mail appeal is not literature. The direct mail letter is not designed to be lasting or to be read several times with new insights emerging from each reading. The function of the fundraising letter is simply to catch the reader's attention and hold it long enough for the person to decide to give. The recipients of fundraising letters most often read these letters on their own time. It is not their job to read the letter, and if the letter has its intended result, they will wind up giving money as a result of having read it.

The letter should contain a lot of white space, including wide margins, and be in a font that is clear and simple. Break up paragraphs so that each is no more than two or three sentences long, even if such breaks are not absolutely dictated by the content. Use contractions (won't, you're, can't, we're) to add to the informal style. This is a letter, not a term paper. Do not use jargon or long, complex words. Go on to a second or even third page in order to ensure that the letter is easy to understand.

## **People Read the Letter in a Certain Order, and They Rarely Read the Whole Letter**

People often read the P.S. first. Then they read the salutation and the opening paragraph and, no matter how long the letter is, they read the closing paragraph. If they did not read the P.S. first, they read it now. Up to 60 percent of readers decide whether or not to give on the basis of these three paragraphs and will not read the rest of the letter. The other 40 percent will read selective parts of the rest of the letter, usually parts that are easy to look at, such as facts set off in bullets or phrases that are underlined. Only a small number of people will read the entire letter.

**The Postscript.** This is often the first—and sometimes the only—sentence people read. The P.S. is most commonly used to suggest action: “Don’t put this letter aside. Every day new cases come our way and we need your help.” Sometimes it offers an additional incentive for acting immediately: “Every gift we receive before April 15 will be matched by Nofreelunch Foundation” or “We have a limited supply of *Excellent Book* by Important Author. Send your gift of \$50 or more as soon as possible to be sure that you receive one.”

**The Opening Paragraph.** Use the opening paragraph to tell a story, either about someone your program has helped, some situation your organization has been instrumental in changing, or something about the reader of the letter and have the story resolve positively because of the work of your organization. Here are some examples:

### ***Someone Your Organization Has Helped***

Toni has been homeless for two years, moving in and out of shelters. Like half of the homeless people in our community, Toni works full time, but she has not been able to save the money she needs for the security deposit on an apartment. This week, because Homes Now has paid Toni’s security deposit, she will be able to move into an apartment of her own.

The paragraph ends here. The body of the letter goes on to explain how many working people are homeless and how Homes Now helps homeless people with housing, job training, and child care. If this letter were being used with current or former donors to Homes Now, the opening paragraph would use this sentence

in place of the third sentence: “However, this week, because of the help of donors like you, Homes Now paid Toni’s security deposit for her and she has moved into an apartment of her own.”

### *A Situation the Organization Helped to Change*

To some people it looked like a vacant lot, full of weeds, old tires, and paper trash. So when Dreck Development proposed paving it over for a parking lot, few people objected. After all, it is in a poor neighborhood and a parking lot would be useful to commuters who work in the industrial park a few blocks away. To Joe Camereno, the lot looked like a park. He called Inner City Greenspace and asked us how to go about protecting this vacant lot. Today it is Commonwealth Park. How did this come about?

The opening ends here. The rest of the letter lets people know how Inner City Greenspace helps neighborhoods transform vacant lots, treeless streets, and abandoned buildings into more livable community spaces.

### *Where the Reader Is Part of the Story*

As a resident of Rio del Vista, you were probably as shocked as I was to learn of the toxic waste dump proposed for Del Vista Lake last year. Working together, we were able to save the lake, but now a dump is proposed for Del Vista Canyon. We have another fight on our hands.

The letter goes on to explain why Rio Del Vista is often targeted for these projects and what can be done about it.

Any of these styles of opening can be effective. The one you use will depend on your list and the stories available or the role of the reader in the situation described. As you can also see, all of these stories can also be told in an e-mail appeal or on Facebook. All of them lend themselves to pictures or even short videos. A campaign will include as many channels as possible.

**The Closing Paragraph.** The other paragraph people read, the last paragraph of the letter, suggests the action you want the reader to take. It is specific and straightforward:

To make a difference right now, go online to HomesNow.org to make a secure donation, or place your gift of \$35, \$50, \$75, or another amount in the enclosed envelope and mail it today.

For your gift of \$35 or more, you will receive our quarterly newsletter, Chew On This. Above all, you will know that your gift has provided free dental services to people who cannot afford to see a dentist.

If you are a membership organization with several different giving levels, give only the simplest description of the giving options in the letter. This last paragraph is a short paragraph. Explain the full details of giving levels and benefits on the reply device.

**The Rest of the Text.** The rest of the letter tells more of your history, discusses your plans, tells more stories, gives statistics, and lists accomplishments. To break up the text, use devices other than straight paragraphs. These devices might include bulleted text, such as this:

Because of us:

- In 2003, a city ordinance banning the distribution of birth control to teenagers was repealed as unconstitutional.
- All teenagers in this community receive sex education as a part of their biology courses.
- We remain the only independent clinic providing referrals and birth control to anyone who needs it, regardless of their ability to pay.

Or underlining:

When it got up to ten drive-by shootings in one month, with half of the victims children, the neighborhood association had enough!

Who signs the letter is not critically important. If a famous person can be found to sign the letter, then the letter should be from that person: “I am happy to take time out of my busy movie schedule to tell you about Feisty Group.” Otherwise, the chair of the board or the executive director can sign. The letter should be signed, however, and it should not be signed by more than two people or it begins to look like a petition. The person who signs the letter should have a readable, straightforward signature.

**The Reply Device.** The reply device is the mechanism by which people send a donation back to you in response to a direct mail appeal. The device can be a small card listing the benefits of donating and containing a place for the donor’s name, address, and so on, and come with a self-addressed return envelope, or it can be a tear-off from the main letter, or a wallet-flap envelope.

***The Psychology of the Reply Device.*** In the letter, the organization refers to the reader using the word *You*. The reader reads about herself or himself. In the reply device, the reader responds to the organization while continuing to read about himself or herself. The reader is asked to respond by saying “Count me in” or “I agree” or “I’m with you.”

More and more, when people open mail from groups they have heard of or causes they believe in, they move right to the bottom line—how much will it cost to join? For this, they look to the reply device. If the reply device holds their attention, they may return to the letter or they may just give without referring to the letter at all.

The reply device may be the one piece of paper the donor keeps from the mail appeal, as happens when someone reads an appeal letter, decides to give, then puts the return envelope and reply device into a “bills to be paid” pile and throws the letter away. Two weeks later, the reply device must rekindle the excitement that the letter originally sparked, using a fraction of the space. For this reason, the design of the reply device is very important.

The reply device is usually printed on paper or card stock that fits easily with a check into the return envelope. Making the bottom portion of a letter the reply device or using a separate card or slip of paper allows you to change the reply device with every letter without incurring a great deal of cost.

Another option is the wallet-flap style of envelope; in that style the reply device is the back flap of the envelope itself. In general, these are more expensive to print so groups usually print them in quantity; once printed, no further customizing can be done, so if you use this style, be thoughtful about the content so that you can use it for some time, or use this style of envelope for big mailings. Further, a

reply device that is separate from its envelope allows for one or the other to get lost without the person losing the address of your organization, and you can use the return envelopes for other things you may want people to return, such as postcard petitions or surveys.

**The Design.** If possible, the reply device should display the logo of the organization and have a slogan or a short mission statement to remind prospects of what the organization believes in. Be sure to let people know they can go online to give.

Probably the trickiest part is wording the donor categories and benefits briefly. Many organizations use a simple series of boxes with differing amounts of money being suggested as donations, with the benefits the same for any amount of money. If you have more elaborate benefits of membership or incentives for giving, put the amount first, then describe the incentive. Here's an example:

\$35: Includes newsletter  
\$50: Includes newsletter plus free hemp shopping bag  
Pledge (\$10 per month minimum): Includes newsletter plus *Very Good Book* by our own Roberta P. Activist.

Unless you have really clever names or particularly good incentives, naming your donor categories is not worth that much. "Patron," "Benefactor," "Friend," all have little or no meaning and inevitably reflect a hierarchy of giving that is just as well avoided.

The rest of the space must have room for the name, address, and phone number of the donor, or a place for a label. Make sure the response you want is obvious and easy to comply with: note on your reply device to whom to make the check payable and (in very small type) whether the contribution is tax-deductible.

People will read the suggested amounts until they find a number they are comfortable with or the amount that the letter has most emphasized. The following type of arrangement is fairly standard:

\$35                      \$50                      \$75                      \$100                      other

You may wonder whether to start with the highest suggested gifts or put a large number in that second slot. These strategies are not effective because people will not pay more than they can afford and you don't want to scare them off. An

organization with the following sequence may wind up giving a message that small gifts are not encouraged:

\$500                      \$250                      \$100                      \$ \_\_\_\_                      other

On the other hand, do not suggest an amount you would rather not receive, such as \$5. If someone wants to or needs to send only that much, he or she can check “other.” By suggesting it, you will receive that amount from people who could have given a lot more.

When it comes time to evaluate your appeal, you will want to be able to distinguish one appeal’s response from another’s. You do this by coding the reply device for each appeal in some way. If you have access to inexpensive printing, you could print each reply device in a different color, add a number or date to a bottom corner, or change the device that goes with each mailing in some other way. If you don’t have a way to have the reply devices printed differently, a cheap and easy method is to put a dot with a colored marker on each reply card and note which color you are using for which mailing.

**The Return Envelope.** Aside from the wallet-style envelope discussed earlier, there are two styles of return envelopes: business reply envelopes (called BREs) and plain, self-addressed envelopes. With a BRE, the organization pays the cost of the return postage; this amounts to about twice as much as a first-class stamp but is only paid on those envelopes that are returned. With a plain, self-addressed envelope, the donor affixes a stamp.

For small organizations, BREs are not necessary, and organizations have ceased using them as consumers have become aware of the cost. Unless you are working with a sizzling hot list of current donors, do not put a first-class stamp on the return envelope. Your response rate will be too small to justify this expense. On the other hand, do not try to save money by omitting an envelope altogether. Your percentage of response will decline significantly if you do not use a self-addressed envelope of some kind.

**Other Enclosures.** The letter, reply device, and return envelope are all that are necessary to make an excellent mail appeal. There are some additions you can use if you wish. Whether they will increase your response rate depends on many other variables, but they might.

**The Lift Note.** A lift note is a small note equivalent to the notes in commercial direct mail packages that say, “Read this only if you have decided not to buy our tires.” The note usually appears to be handwritten or at least printed in a different font from the text of the letter. It is from someone other than the signer of the letter and provides

another compelling reason to give. For example, a letter signed by Judy Blacetti, director of an organization that helps seniors learn to use computers, had this lift note:

I didn't want to learn to use a computer, but to please my son, I took a course at the Senior Center. This old dog has learned a lot of new tricks! I now teach other seniors how to use computers. It's fun, but also has a serious side, as people do research on medicine they have been prescribed or credit offers to see if they are legitimate. The courses are cheap because the teachers are all volunteers. Won't you help?

—Lois Smith, age 82

Of course, most people will read the lift note first, even though it reads as though you would read it after the letter. People's curiosity is aroused, and they now read about Lois Smith in the letter.

**An Internal Memorandum.** Similar in theory to a lift note, an internal memorandum gives readers the impression that they are learning something that they would not normally be privy to. For example, an organization working to feed refugees in Pakistan used this internal memo:

TO: Joe (the director, who signed the letter)

FR: Fred Smythe, Comptroller

RE: Recent food shipment

Joe, we can't continue to send this much food without a lot more money. I'm way over budget already and getting more and more requests from the field. There is no way we can send medical supplies as well. You have got to cut back.

Joe then scrawls the following note on the memo:

*I received this memo just as I was about to send you this letter. Please help with as much as you can as soon as you can: if possible go to [www.foodwhereitsneeded](http://www.foodwhereitsneeded) and give today. Every gift helps us save lives.*

The website would also have this memo or mention it, and you might put it on your Facebook page so that there is consistency with all your messages. In a week or two, put a message on the website about how the fundraising campaign worked.

**Fact Sheet.** A well-designed, easy-to-read fact sheet highlighting exciting facts about your organization can take the place of one page of your letter. Many organizations now use a fact sheet with a two-page letter, and their results are as good as when they used a longer letter. Even though the number of pages is the same, a fact sheet is handy because the same one can be used with several different letters. A fact sheet should be on your organization's stationery. Among the "facts" should be that you depend on donations from individuals and what the minimum donation is for a person to become a member of your organization. This information reinforces the message of the letter, reaches those people who only read the fact sheet and not the letter, and allows you to use the fact sheet in other kinds of mailings or give it away at rallies, house parties, or other events. A PDF version of the fact sheet can be e-mailed to board members or posted on your website to be forwarded to others or downloaded for board members' own fundraising efforts.

**Brochure.** Surprisingly, using a brochure in a direct mail appeal will almost always decrease your response. Brochures are more complicated to look at than fact sheets or newspaper articles and require more of the reader's attention. Because a brochure does not generally emphasize giving, it can wind up holding attention but not achieving the purpose of the mailing. Brochures are designed to be given away at special events or to people wanting more information, and to be sent with personal letters asking for money. Brochures are less and less common, as they have been replaced by websites. You don't really need a brochure and really do need an up-to-date and attractive site.

### **Putting the Package Together**

Be sure that your letter and enclosures are free of typographical errors. One typo can change the meaning of a sentence or, more often, render it meaningless; moreover, typos give a bad impression of your organization's work, particularly the most common typos: public for public or grant for grant. Make sure that your website and return addresses are on everything: the reply device, the letter, and the return envelope. That way if someone loses the return envelope, she or he can still find you. Although the letter itself should be in a clean, readable font, the carrier envelope, reply device, and return envelope generally should be in a larger, bold font. Remember, the only impression that donors recruited by mail will have of your whole operation will be from what they receive in the mail.

Use sharp contrast in your type and paper color so that the words are easy to read. Use recycled or tree-free paper and soy ink in the printing whenever possible; if you do, put the recycle graphic on your letter so that people will know you have paid attention to this detail. Similarly, if possible use a unionized printer and put their union “bug” (the insignia that signifies you have done business with a union shop) on the letter and envelope. Although response is not necessarily higher, those donors who do notice are pleased that you have not left your values behind to promote your cause by mail.

Do a spot check of all the printed materials before they are mailed; if you use a mailing house, ask them to do that. Sometimes a printer’s mistake may leave the middle twenty-five letters smeared or blank. Although you can’t look at every piece individually, you may be able to stop a mistake from being sent out.

Fold the letter so that the writing appears on the outside rather than on the inside, as with a normal letter. A person pulling the letter out from the envelope should be able to begin reading it without having to unfold it or turn it around.

Some states have laws that require that you to send a copy of each appeal to a government agency for approval before sending it out or to list your federal identification number on everything you send. Be sure to investigate and comply with these laws (your local AFP chapter or state nonprofit association should be able to help you find the laws for your state).

As you can imagine, almost all this content can be used on your website as well.

## **BENEFITS AND PREMIUMS**

The purpose of a benefits program is to give donors something for their money that pleasantly reminds them of your organization or educates them further about your work so they feel even better about their previous gift and more inclined to make another one. Benefits don’t have to be elaborate, and they don’t really need to include anything beyond well-done communications such as a newsletter or e-newsletter. Recent evidence, particularly by the researcher Penelope Burke, has indicated that donors don’t want refrigerator magnets or a coffee mug as much as they want evidence that their money was well used and some minimal personal attention that shows their gifts were appreciated.

In that vein, a thank-you note is the first tangible “benefit.” As mentioned before, it should go out within seventy-two hours of receipt of the gift. Information

about the organization provided by a newsletter has proven to be enough of a benefit for many smaller organizations.

## **Premiums**

Premiums are additional thank-you gifts for donating within a specified time period. Announcement of a premium is often included in the mail appeal letter at the postscript, whose main purpose is to move the donor to act:

P.S. Send your gift by December 1 and we will send you a special edition of a calendar created by a local artist for our group.

Or

P.S. We have a limited number of signed lithographs that we will send to the first fifty donors. Join today.

You don't want the renewing donor to put your appeal in the pile of bills to be paid later or to lose the appeal, so you offer a premium to encourage the donor to act promptly.

The best premiums from your organization's point of view are ones that you already have. For example, suppose you are doing a concert and ticket sales are slow. Offer renewing donors a free ticket for renewing by a certain date. Or suppose you have had too many calendars printed and cannot possibly sell them all before the beginning of the new year. Offer them as a premium.

In using premiums for acquiring new donors, remember to add the cost of the premium when figuring the cost of the mail appeal. The cost of the premium will lower your net income, but if you gain even one or two percentage points in response, the cost will be offset.

In weighing whether to offer benefits beyond the newsletter, and if so, what, try to imagine repurposing content you already have: for example, many people who are not in fundraising have no idea what a report to a foundation looks like. Take your most recent report, add "Not for distribution" on the top, and send it to your major donors.

## **When to Send an Appeal**

There is a saying among direct mail consultants that the best time of year to send an appeal is when it is ready. There is much truth in this saying, because there are no really bad times of year and no really excellent ones; the best time will

always be when the appeal is fresh and exciting. Moreover, your mailing can be derailed by major natural disasters (blizzards, hurricanes, earthquakes) at any time of year.

Every organization needs to adjust the timing of its direct mail appeals according to its constituency. Farmers have schedules that are different from those of school-teachers. Elections will affect timing. Even the activities of other organizations your constituents belong to may have an impact. Because of these factors, you will want to mail over many months and keep track of what works best for your organization.

## **USING DIRECT MAIL TO SEEK RENEWAL GIFTS**

A second use of direct mail is to renew gifts on an annual basis. See Chapter Eleven for how to create categories of donors for different renewal letters.

The renewal letter follows the format of direct mail appeals. It starts with a sentence or two about the donor, affirming the importance of individual donors to the health and work of the organization. The letter goes on to list a few of the organization's accomplishments during the previous year and asks for a renewal gift, requesting that the donor increase his or her gift if possible. Although a renewal letter need be no longer than one page, do not jam the letter onto the page. Do not try to save space by saying so little that you wind up being cryptic or giving the impression that not much actually happened during the year. If you have more to say about your work than will fit nicely on one page, go on to a second page or the back of the page. Remember, for these donors especially, what they receive from you in the mail is most of what they know about your work.

The reply device should be designed specifically for renewals, so the donor feels that he or she is a part of a group being asked to give again, rather than a new person being asked to give for the first time.

Most organizations find it effective to send three renewal notices over a six- to eight-month period. They may then call the donors they have not heard from and ask them to renew. Donors who haven't responded after three renewal notices and a renewal call and who haven't given for the past fourteen months or more should be suppressed from receiving a newsletter. Let them miss one or two newsletters before another notice is sent that says something like this:

We miss you. We need you. I'd like to send you our next newsletter so you can keep up with all the important work people like you are making possible. Please use the enclosed form to send in a gift or let us know why you are not contributing at this time. Thanks.

A word of caution: there are many donors on your list who will respond to requests for extra funds and not to your renewal appeals. In their minds, they have given already this year. Any gift a person makes during a twelve-month period makes him or her a “current” donor. Sometimes organizations that have memberships get snippy with donors who have given but who haven’t renewed their memberships. Unless membership entitles you to something that your other gifts don’t, this is silly and actually can alienate the donor. When you finally take someone off your list, make sure he or she really has not given for at least fourteen months.

Most social change organizations allow people to receive the newsletter or stay on the mailing list without paying if the person is interested in the cause but can’t afford to join or to subscribe. This practice is certainly appropriate; however, you don’t want to keep people on your list whom you never hear from. Many times these people do not read your newsletter or your appeals and don’t even remember how they got on your list.

We hear stories every so often of someone who was on an organization’s list for ten years without giving a gift and then gave \$100,000 or left the organization \$20,000 in his or her estate. I am sure this happens from time to time (as in geologic time), and it is true you will miss these people if, indeed, you ever had them. However, the cost of keeping all the people on your list who don’t give on the off chance that one will give is not sensible. Think of it this way: imagine one of your poorer donors who works at a low-wage job and sends \$35, which may represent half a day’s pay after taxes. He thinks you are going to do good work with the money he sends and probably would not be happy to know that some of his hard-earned money is being used to send paper newsletters to people you have not heard from in years.

Make this your general rule: to be considered active donors and stay on your mailing list, people must show their interest in a tangible way every twelve to sixteen months. They need to make a donation, indicate that they want to stay on the list even if they cannot donate, or volunteer.

If your renewal rate is more than 75 percent, your organization does not have enough donors. Any organization can have an 80 percent to 90 percent renewal rate if they are only working with a handful of donors. A 60 to 70 percent renewal rate is a sign of health. It means you are bringing enough people into your system to ensure that you will have a decent number of major donors if you work with the other strategies in this book. The donor pyramid gets smaller as your donors move up from first time to habitual to major donors. There are fewer and fewer at each stage. To have an adequate number at the top, there must be an adequate number at the bottom.

# Online Fundraising

Online fundraising involves using e-mail, your website, and other online strategies, including blogs, crowdfunding, search engine optimization, and social media such as Facebook, Twitter, Tumblr, LinkedIn, Instagram, and so on, usually in combination with each other and with offline efforts, to help raise money and build relationships with donors. Social media allows anyone with access to the Internet to follow your work and comment on it. Crowdfunding makes it possible to aggregate lots of gifts into a significant amount, allowing people who can only make smaller donations to do so and to feel good about it. The speed of crowdfunding has worked very well for getting money quickly to on-the-ground organizations for natural disaster aid; funding special, time-limited projects; and fueling a lot of political campaigns. However, the very democracy and immediate access the Internet provides means you are in an almost unimaginable competition for attention. According to research compiled by The Cultureist ([www.thecultureist.com/](http://www.thecultureist.com/)) in 2015, about 2.5 billion people use the Internet every day, 144 billion e-mails are sent each day, and almost 140,000 new websites are launched each day. For every online appeal that works well, there are dozens that languish. The difference is all about the quality and quantity of your lists and the strength of your message.

So how can a small social change organization with one or two staff (or fewer) dedicated to fundraising and a willing board take advantage of this capability in a meaningful way? First, you must see all Internet options as tools in a much larger strategy toolbox. Experts in online fundraising will tell you that much of the success of any online campaign will depend on the basics: Do you have donors? Do you treat your donors properly? Are you interested in building relationships with your donors? Can you sustain the work of maintaining these relationships over time? The answers to all these questions go far beyond a simple use of the Internet for fundraising.

Online fundraising must be part of any organization's plan, but it should not be the whole plan. Like all fundraising strategies, online strategies do not work instantly—it takes time to build an e-list, to drive traffic to a website, to create an audience for a blog, to build an active following on social media platforms.

Online strategies are excellent for recruiting donors, but these donors have to be taken care of: thanked, sent more information, kept up to date, and so on. We need to take a page from direct mail fundraising. Many organizations acquired thousands of donors using direct mail, but organizations that have continued to increase the income from their donor base and to acquire new donors were those that built relationships with their donors using more personalized mail, the phone, thank-you notes, personal invitations, and personal solicitation. Strategies have to be integrated with each other and they need to complement each other. No strategy, even my personal favorite—face-to-face solicitation—should be seen as *the* one way to relate to donors. Despite the great things technology can do, people remain attuned to being treated as valued individuals.

With all that in mind, here is what almost every organization should do to take advantage of online fundraising.

## **FOLLOW THE RESEARCH**

With millions of people, nonprofits, and corporations using hundreds of platforms, getting data on what works, what used to work, and what experiments are going on with online fundraising is not hard. Keeping up with what is being learned, however, is. There are two places I go for accurate, easy to understand research: the M+R annual benchmarks report (<http://mrbenchmarks.com>) and the Nonprofit Technology Network or NTEN (<https://www.nten.org/>). Their websites are a wealth of free information and access to amazing people working in this arena. Things change so fast that you might want to go to these sites before even reading further. Then you will be surprised at how grounded in some basic principles this kind of fundraising is.

Have the following in place:

- An attractive and comprehensive website.
- A presence on social media. Facebook is the most common, but others are popular with subsets of the population. Learn what your constituents use. For example, according to Cayden Mark at [18millionrising.org](http://18millionrising.org), “Tumblr skews young on the age axis and Asian American and Latino on the race axis.” Again, research can show you where your constituents hang out.
- An e-mail list segmented into donors, colleagues, press contacts, board members, etc. Use the segments so people are not drowned in your e-mails.
- Make sure that all the ways someone can find you are listed on your website and in your e-mail signatures, with links to each.

## **FOCUS ON YOUR WEBSITE AND BUILDING YOUR E-MAIL LIST**

The most important elements of online fundraising are your e-mail list and your website. In fact, if you do nothing else but focus on these you will raise your profile and you will raise money. On the other hand, if you are present on many platforms but only sporadically keep up with them and you do not build an e-mail list, your time will have mostly been wasted.

Imagine the amount of work you would do to get ready to have a hundred people visit your office for an open house. You would clean and dust, hang up pictures, put away files, possibly buy some flowers or plants, and generally make your space one you could be proud of. You want the people coming to your open house to think “This organization looks like it gets a lot done and it welcomes visitors.” Imagine the care you would spend on creating materials for twenty major donors interested in your work. You would have pictures, graphs, and fact sheets, and you would put them together in a logical order in a nice folder. A website is all that kind of work and more. Potentially millions of people could visit your organization there, and you want as many of them as is humanly possible to easily find what they are looking for and to see an invitation to give as often as possible.

Don't try to save money by building a site cheaply or using someone to build the site who understands only the technology and not the marketing aspects. Hiring a web designer is a good investment. What you pay for design can range enormously, but be prepared to spend at least \$2,000 to get started and more as you add more pages and have more options. A really excellent web presence and web strategy can easily cost \$15,000, even for a small organization, so this is a project you might want to approach your major donors to underwrite. Further, unlike remodeling your bathroom, this is not a one-time expense. Every two to three years you may need to overhaul your site, and you need to have someone on staff, or at least on call, who can maintain it and fix the small problems that inevitably arise. Keep in mind also that your website needs to be mobile friendly. More than half the traffic to your site will be from people opening the site on their phones.

Many sophisticated donors understand the need for a top-notch website and will help you with an extra gift. Dropping unprofitable fundraising strategies and freeing up the money to focus on your website is another way to pay for it. Many organizations have found the money for their site simply by eliminating people from their snail mail list who have never donated or haven't made a gift in several years. One organization with a mailing list of ten thousand and a donor base of two thousand dropped five thousand names from its list after figuring out that it was costing \$2 per person per year to keep those non-donors on the list. The

organization invested the \$10,000 it saved into creating an entire online fundraising program with its website as the key element. Building a website has hidden costs because you can't just contract with someone and, a few days later, voila! a great website. Generally, the work breaks down into these categories, several of which require staff involvement:

- *Planning*: What is going to be on the site? What do you want the site to do? For example, if you want to be able to embed videos, you will go to greater expense than if you don't. You will also need to decide on a webhost at this stage.
- *User Experience (UX) and User Interface (UI)*: includes sitemap and wireframes as well as visual design: what background colors, what typeface, will it be friendly and easy to navigate?
- *Programming and Content Support*: how things move across the page, what content management system you use.
- *Training*: for staff on how to change things on the site, how to troubleshoot minor problems.
- *Testing and Launch*

(To get more detailed explanations of each of these steps, go online!)

Your website must have a prominent "Donate" icon on the home page and preferably on every page. The "donate" button takes users to a secure site where they can make a gift by credit card, PayPal, or the like. One way to be able to accept credit cards is through a service such as Network for Good, FirstGiving, Click & Pledge, or other charity portals, which enable nonprofits to collect donations via credit card payments and even pledges. Your bank may also be able to serve as a portal for accepting online donations. (There will be a charge for this service, and some services will also charge the donor a small fee.) If you anticipate a high enough volume or you sell products and services on your site as well as accept donations, you may want to explore having your own merchant system. Doing the research to pick your merchant system will take time and require thinking through what you need your portal to do.

Your website's "look" must be the same as everything else you publish. A simple example, but surprisingly often not observed, is that the logo on your website should match the logo you use on anything else. The content of your annual report should also appear on your site. Collect names of visitors with an e-mail sign up.

The best way to learn about websites is to visit the sites of organizations with missions that are similar to yours, even if they are larger organizations than yours, and to visit the sites of organizations you know do well with online fundraising.

Ask who designs their sites and contact those designers to see how much they would charge you. Many fine and talented online fundraising firms, which work with very large institutions, will work with much smaller organizations for little or nothing from time to time, as will online marketing firms. They enjoy the challenge of promoting an organization that is not well known, or perhaps your organization may better reflect their politics than the larger organizations that pay them better. You will never know until you ask.

## **DRIVING TRAFFIC TO YOUR SITE**

Part of the planning for your site is determining who would use it and how you are going to get these people to visit the site. Here are some simple and low-cost ways to drive traffic to your site.

Make sure your web address is on everything you publish—your business cards, your e-mail signature, your letterhead, your printed or online newsletter (in several places, often as a footer on the bottom of each page)—and that it is part of your voice mail message and on any information you give out about your organization.

Register with all the key search engines: Yahoo, Google, and the like (find a list of current search engines at [www.searchenginewatch.com](http://www.searchenginewatch.com)). Further, ask your web manager to make sure that your “meta tag” and “title”—two items hidden at the top of the code for your site—have as many relevant words as possible so that search engines can index your site. Get help thinking through the two- or three-word description for your organization that will show up in a web search that will encourage people to click your website. For example, if I type the three words related to your issue into Google or another search engine, your site should come up in the results, preferably in the top ten results. Ditto if I type in, for example, “Prison reform, Springfield, MO” and you are a prison reform organization serving southwest Missouri, your name should pop up right away. Make sure that any printed or online directories of nonprofits, service providers, chambers of commerce, and so on list your website along with your postal address.

Link to other organizations and ask them to link to you, particularly organizations you would see as allies or as offering complementary information to yours. Every so often visit related sites and see what they say about you.

E-mail is one of the best ways to get people to visit your site. When a person becomes a donor, ask for his or her e-mail address and send an e-mail newsletter or e-mail alert monthly or quarterly. You can use this communication to announce new content on your site or to suggest action, with a hyperlink that brings readers to the site for more details.

As with all fundraising strategies, never promise on the front end what you can't deliver on the back end. If you say your e-newsletter is quarterly, it has to come out quarterly and not twice a year! I have signed up for more than a dozen e-newsletters and never received any of them. On the other hand, I am on lists of e-newsletters that I never signed up for. It does not make sense to add someone to your list who hasn't asked to be on it, and it really doesn't make sense not to add people when they have used your website to sign up. Be sure that "fulfillment"—the cost in time and money to fulfill promises made—is built into all your planning.

## **E-MAIL**

Building an e-list is the most important aspect of online fundraising. Make sure you have sign-up sheets at any meeting or event your organization sponsors, and always include a line for an e-mail address in any reply device or correspondence with donors and prospects. You can use your e-mail list in a number of ways—from sending action alerts and invitations to events to reposting press you have received—but most organizations will do well to use it for fundraising in the following two ways.

### **E-Newsletters**

An e-newsletter is not the same as your paper newsletter. It is much shorter, with lots of headlines and hyperlinks to the website for those wanting to read more. It can come out more often than a paper newsletter. Most organizations find that a combination of a paper newsletter that arrives two or three times a year and a monthly e-newsletter works very well. The e-newsletter can also solicit advice or ask for comments, and thus invite more interaction from those reading it. Every e-newsletter should contain an invitation to give online.

Because I work with so many organizations and give money to quite a few, I used to get a pile of newsletters every month. Most organizations now ask their donors and readers to move from paper to e-newsletter formats. Generally, this is done with a fairly guilt-inducing appeal: "Would you like to save trees and help our organization use our money more wisely?" Well, of course I would prefer to save trees and not waste money. "So, please do not insist on getting the newsletter in the mail anymore, you self-absorbed old fossil" (of course, this is not how it is worded, simply how it comes across). So, with a sigh, I agree to receive the newsletter online.

While I feel good about myself, I also feel mixed, as I like paper newsletters. I stuff them in my briefcase to read on the subway or prop them up on my sugar bowl while eating breakfast. Now I receive very few newsletters in the mail and dozens online. But, like many people, I get so much e-mail and get so behind on e-mail that I delete all the e-newsletters without reading them, as they seem like so much clutter in my inbox. Whereas I used to read (or at least glance through) 80 percent of the newsletters I received in the mail, I now read at most 10 percent of those I receive online.

More critical from the point of view of the organization is the fact that I also delete their e-appeals, and in the last two years I have stopped giving to several organizations for no other reason than that I did not see their appeals. To be sure, when I want to know something about an organization, I can visit its website, and often find the newsletter there, but the impetus is on me to get there. Other Baby Boomers and I have joked about starting an online support group for those of us wanting to do the right thing for the trees, but still liking to get mail. Many organizations have also noted a lower-than-usual renewal rate after trying to convert all their donors to e-mail. This is why I recommend that organizations use both paper and e-format for their newsletters and, over time, using the segmenting strategies described in Chapter Eleven, make sure they are not losing donors because they have converted them to e-mail.

## **E-Appeals**

Once you have a list of people—including donors and non-donors—who have opted to be on your e-list, you can appeal to them for money. E-appeals work best when they are tied to a campaign and occur within a very tight time frame. The appeal is sent out, with a request to give online right now for an urgent cause. Three or four days later, all the people who haven't given are sent a second appeal. The second appeal highlights progress toward the goal mentioned in the first appeal in order to create some excitement that may push the initial non-responders to give now. Three or four days later, a final appeal is sent to all those who still haven't given. This appeal notes that the campaign is coming to an end and invites people to be part of it so as to put the organization over its goal. This three-part format delivers maximum effectiveness.

The structure of an e-appeal is very similar to that of direct snail mail, only even more brief.

The subject line is crucial. It should be no more than fifty characters and, if you have enough people, you can test various options. The subject line needs to convey urgency—the idea that if someone doesn’t click on this right now, he will miss something. The fact is, if they don’t open the appeal now, it will most likely be buried in a virtual pile and never be opened. The subject line is very similar to teaser copy on an envelope or a clever opening line for a direct mail appeal. Talking about what you need gives you the worst subject lines. Creating a sense of mystery, telling a short story, or providing incentives create the best openers.

For example, “Important News” or “Your donation needed more than ever” are both boring and uninspiring.

Contrast these openers:

- “Can’t argue with the math” is mysterious. In this case, it was the opener for an organization’s campaign to publicize the true cost of private prisons.
- “You made it possible” is the beginning of a story that continues in the e-mail—people will keep reading to learn more about themselves.
- “Free tickets until midnight” will draw in a lot of people.

Watch for subject lines that lead you to open an e-mail and see whether you can adapt them to your cause.

Create a sense of urgency, either in the subject line or the first sentence of the e-mail:

- *Subject Line*: “Make the difference between winning and losing.”
- *First Sentence*: “We need your help right now. The election is in ten days. We are going to get 5,000 new voters to the polls. We need \$7,000 to make that happen.”
- *Subject Line*: “Don’t leave them in the cold.”
- *First Sentence*: “Winter is here. Last week’s drop in temperature brought fifty new people into our youth shelter—thirty more than it can hold. With \$10,000 we can rent space for the winter months, but we must find that money in the next five days. Will you help?”

As with a hard-copy letter, the appeal uses “you” and “me” and includes personal stories. But with an e-appeal, everything is very brief and easy to read—one to two paragraphs at the most. A postscript is used much less often than in direct mail. E-mail appeals are short because people read the information that is “above the fold” (to use a term taken from the old world of newsprint), that is, what appears on their screen without needing to scroll down. Particularly on a mobile device, where more than half of e-mail is read, only a very few words will actually be seen.

Here is a sample of the three-part appeal from an organization working to stop pollution from the smokestacks of a major corporation's plant located in a poor neighborhood by requiring them to install scrubbers in the plant chimneys. This organization had conducted a successful canvass petition drive calling on the health department to crack down on the corporation's air pollution activities; the canvass also gathered people's e-mail addresses. In the appeals, phrases such as "Join Us" or "Give Now" or "Sign Up" are hyperlinked to the organization's online donation page. "Read More" takes the reader to an informational page of the website, which also has a "Donate" button. In the following appeals, the links are indicated by *italics*.

### ***First Appeal***

#### **SUBJECT LINE: CLEAN AIR IS JUST A STEP AWAY**

---

Dear Mary,

Thank you for joining with more than eight thousand people to call for an end to air pollution by SteelWorks in the Morepark neighborhood. *By signing up* with Clean Air for All you and thousands of others have said the government needs to enforce *existing laws* concerning pollution.

*Now, we ask that you take one more step:*

Become a *member* of Clean Air for All

Our goal is two hundred new members before the next City Council Meeting to show the local strength behind the organization's efforts. We want to welcome you! And we promise you will see the fruits of our joint activities.

Your membership donation of \$35, \$50, or whatever you can afford, ensures that you will be helping to keep the pressure on to stop air pollution and stave off more cases of asthma, bronchial infection, and other pulmonary diseases that are far too common in the Morepark area of our community.

Recently our members have:

- Demonstrated outside the house of the president of SteelWorks, who is famous for saying, "Poor people get all kinds of diseases, and I am tired of being blamed for it." (*read more . . .*)
- Joined with hundreds of people to demand hearings at City Hall on why the Health Department continues to drag its feet on this issue. (*read more . . .*)

(Continued)

- Educated schools, primary care clinics, and senior centers about the many problems associated with this type of pollution. (*read more . . .*)

Thanks to all this pressure and media attention, the prospects for forcing SteelWorks to stop polluting are high.

Membership amplifies your voice! *JOIN NOW*

Rachel Cardoza,  
Membership Coordinator

A few days later, a second e-mail went to everyone who had not responded to the first letter.

### ***Second Appeal***

#### **SUBJECT LINE: YOU COULD BE #124 OR MORE**

---

Dear Mary,

I am a member of Clean Air for All! Like you, I believe those of us who live near the SteelWorks plant need to increase pressure on the government to enforce the laws about air pollution in our neighborhoods. The authorities act as though we will never stand up for ourselves, but I am here to say that this is NOT TRUE. We are standing up, and hundreds of people in this area are standing with us.

Will you stand with us too? Join now.

Because we live in this neighborhood, we must protest the way our health problems and demands for change have been overlooked for years. Because what has happened to our neighborhood could happen to anyone, we ask everyone to *join us TODAY*.

You too can become a member of Clean Air for ALL. We are well on the way to our goal of 200 new members, with 123 so far! Please help us show the City Council how many people care about clean air.

*Click here* to donate with your membership dues of \$35, \$50, or whatever feels right to you.

We will send you a downloadable file with a membership card that you can use as a signature on your e-mail, make into stickers to put on envelopes, or just carry in your wallet.

On behalf of all of us who simply want to breathe clean air,

Thank you,  
Marlon Board Member

## *Third Appeal*

### **SUBJECT LINE: WHAT WILL WE DO BEFORE MIDNIGHT?**

---

Dear Mary,

We only need twenty-three more people to join us by midnight to reach our goal of 200 new members! Please take this last chance to join! Help us go into Thursday's City Council meeting with *two hundred new members!* Showing up at the Council meeting with such strong backing will bolster our case tremendously. *Click here to join now.*

We know you are with us in spirit. If you are one of the many people who have helped with petition drives, calls, and distributing materials, please help now with a donation. Become a member today!

We've been able to mobilize our campaign quickly because we rely on a broad base of individual donors for funding. Your support helps us stay independent and keeps our voice strong.

Take a moment now to *make a donation* or send a check. Your donation will be put right to work. If you have already given, thank you again!

Sally Crawford,  
Treasurer, Clean Air for All

The website home page featured the appeal as well, with the number of new members updated every two or three days. This kind of time-limited, goal-oriented appeal works very well in encouraging online giving. You could do an off-line, snail mail appeal at the same time, but it could not be done in such a short time frame.

### **Crowdfunding**

Crowdfunding is the process of raising money (usually in small gifts) from a large number of people over a short time frame using the Internet. It follows the formula we have been discussing in this section: a good cause described using a good story, a goal, a timeline, and an invitation to the donor to be involved. The difference is that crowdfunding is done on a specific platform, such as Kickstarter, Indiegogo, GoFundMe, CauseVox, and dozens of others. (Guidestar reports that there are 171 online giving platforms.) Each of them is slightly different. Some are more focused on individual needs ("Mary needs braces and has no dental insurance") and some are more designed for organizations. You will need to

research them to see which one might work for your organization. Crowdfunding campaigns can be promoted on Facebook, Twitter, Tumblr, and the like.

The main caution about using crowdfunding is that it is very difficult (and depending on the platform, sometimes impossible) to capture information about those who donate so that you can begin to build a relationship. It is designed for immediate and urgent needs and can be an excellent way to meet them. It is not designed to build long-term relationships, something small organizations need to consider carefully when deciding whether or not to do a crowdfunding appeal. (See also Chapter Forty-Four, “When You Are Just Starting Out,” in which crowdfunding is recommended as a way to test the public support for an idea and to get it off the ground.)

In this chapter we have explored in some detail two online fundraising strategies: using a website and using e-mail. There are other online strategies, but they all begin with having an excellent website and a strong e-mail program.

Beyond that, the best way to find out what is working in online fundraising is to review lots of examples and ideas on the Internet itself.

Online fundraising provides us with some of the most exciting and important new tools in our toolbox. It augments and expands our possibilities, but at the end of day, it is a tool (or perhaps a number of tools) and must be used in coordination with all the others.

# Using the Telephone

With the predictability of gravity, I always know that when I get to the part of a training or consultation where I recommend using the phone, I am going to get more pushback than with almost any other strategy. People invariably say, “I hate being phoned,” “I always hang up right away,” “I would never give to an organization that phoned me.” But usually after four or five expostulations on the evils of phoning, someone will say, “I gave over the phone just the other night when the library called.” “So did I,” says someone else. At that point usually one of the people who “never gives by phone” says, “Well, that’s different—that’s the library. I gave to them also.” We laugh and move on to explore the possibilities the telephone provides.

From about 1985 to 2003, telemarketing grew as a fundraising technique and, although it was very unpopular, it did work with a large cross-section of the population. In the early part of this century, it was not unusual to receive two or three calls in an evening, with paid callers selling anything from credit cards to rain gutters. In 2003, Congress passed a popular piece of legislation, the “Do Not Call Act.” You can now opt out of receiving telemarketing calls by registering your phone number with a master “Do Not Call” list (nonprofits are exempt from the Do Not Call list). This one law decreased the volume of calls almost immediately. Then, over the next ten years, e-mail increasingly replaced the phone as a communication tool for all of us. People who used to spend a lot of time on the phone each day now spend their time answering e-mail; the phone rarely rings. The final coup de grace to phone calls is texting. With the ubiquity of cell phones, a great deal of business is done by text.

A basic fundraising axiom is that the closer you can get to the prospect, the more likely you are to get the gift. The decrease in volume of calls means that telemarketing calls have diminished, increasing a nonprofit’s chances of reaching someone who is willing to talk on the phone. Phoning, as a telephone company ad used to say, is “The next best thing to being there.” This is why telephone fundraising continues to result in a greater percentage of response than direct mail or online appeals, and it is an excellent way of reaching a large number of people with a (somewhat) personal message.

In this chapter I focus on the traditional meaning of “dialing for dollars,” which is available to any organization with any kind of telephone service, and which does not require a natural disaster in order to be successful. As with direct mail, I will show you how a phone-a-thon can be modified for small organizations so you can raise money without offending donors and without many up-front costs. The two modifications small organizations make are to use very warm lists (such as lapsed and current donors; friends of board members, staff, and current donors or lists of donors to similar organizations) and to use volunteers rather than paid solicitors to do the calling. Even if a person is annoyed to be phoned during dinner, he will be less annoyed by a volunteer who is giving her time and doesn’t sound as smooth as a professional telemarketer.

## **BASIC TECHNIQUE OF THE PHONE-A-THON**

In its simplest terms, a phone-a-thon involves a group of volunteers calling people to ask them to support your organization with a donation. A phone-a-thon is an excellent way to involve volunteers in fundraising because it teaches them how to ask for money in a way that they may find less intimidating than soliciting donations in face-to-face situations.

Phone-a-thons can be good moneymakers. They are usually inexpensive to produce and have a high rate of return. Usually about 5 percent of the people reached will contribute, and this percentage goes up when you are calling lapsed donors to renew their gifts and is much higher when you are calling current donors about a specific campaign. The costs involved may include some long-distance charges; food and drinks for volunteers doing the calling; and printing and postage to send a reply envelope for people preferring to give by check, and, if you want, to send a letter to people who did not answer when you called. (The latter is more of a mail appeal but is a good way to follow up from a phone-a-thon.) For a phone-a-thon to be truly successful, you need to be able to accept donations by credit card on the phone, in addition to encouraging people to make gifts on your website.

A phone-a-thon can be organized by one or two people. It takes several hours of preparation followed by a five-hour block of time for the event. Several people are needed to make all the calls (for how to determine how many people, see the formula further on).

### **Preparation**

To prepare for a phone-a-thon, the organizers take the following eight steps.

1. *Prepare the List.* Make a list of people who will be called. These potential donors are people who have either expressed an interest in your organization,

benefited by something you have done for them, or are past or current supporters of your organization. The main criterion is that they would probably recognize the name of your organization and have positive feelings about your work. People attending community meetings you have organized, alumnae, and members of and donors to similar organizations are all prospects. A volunteer can create a master list of names and phone numbers. (If you can't find someone's phone number on the Internet, chances are this person does not want to be phoned. Do not spend a lot of time tracking down phone numbers. Just phone the people whose numbers are easy to find.) The list of prospects includes the names, phone number, codes indicating the person's relationship to the organization (L = lapsed donor, FB = former board member, E = attended an event), and any information it would be helpful for the telephone volunteer to have, as in the following illustration. The list will also have a column for recording whether the prospect made a donation and of what amount, which will be filled in after the calling is completed.

2. *Create a Way to Record Results of Calls.* Volunteers should have a printout of their prospect names, with columns to record the results of the calls. After the calls have been made, you can use these printouts to check off the names and results on the master list and then enter into the database the names of people who made gifts or pledges.

The columns the phoners will fill in include:

- Donation made
- Credit card information (Train your volunteers to collect the data you need for the system you are using. Process these gifts within twenty-four hours, and preferably during or after the phone-a-thon.)

January Phone-a-Thon: People to Be Called					
Name	Phone	Code	Notes	Donation?	Amount

When you have a choice of calling a home or cell phone, use the home phone. Increasingly, however, people don't have land lines, which means you could reach them anywhere, and which makes it imperative to ask whether this is a good time to talk and, if not, be willing to call back or be called back.

- Address verified
- E-mail
- Thank you sent
- Want more info (note whether sent)
- Not home. Message left \_\_\_ Yes \_\_\_ No
- Other data: (for example, "Lives in Florida all winter: use that address from Nov.–April," or "Wants to help with gala again: please call.")

3. *Set a Date for the Phone-a-Thon.* When looking for a date, pay attention to other events in your community. Don't call, for example, on an evening when everyone will be at a gala anniversary party or benefit auction for another organization similar to yours. Most people find that calling on a Tuesday, Wednesday, or Thursday night between 6 p.m. and 9 p.m. at the beginning of the month (near payday) works best.

Some organizations call on weekends with success, but calling on a sunny weekend afternoon may bring people racing in from their yards or interrupt them while entertaining and may irritate more people than necessary. No one is sitting in the sun on a Wednesday evening at 8:00. Pay attention as well to what's on television: don't call during the Super Bowl, or the World Cup Finals, or on an election night, or during the Academy Awards.

4. *Write a Script.* Generally, volunteers can ad lib after the second or third call, but initially a script of what to say gives them a feeling of security. The script should be brief and to the point, as in the following sample.

### **SAMPLE PHONE-A-THON SCRIPT**

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"Hello, my name is Jill Activist, and I am a volunteer with Good Organization. May I speak with you for a minute?" [*Speak slowly and pause for answer.*]

"Thank you. I am calling tonight because you came to our town hall meeting recently" or "You are a long-time member, and I want to thank you for your support, and also tell you about an exciting opportunity we have" or "To find out whether you received our recent appeal." [*Pause for answer.*]

*In other words, start the call with the point of reference you have for this person: why you think he or she will be interested in your organization.*

*If the response indicates little familiarity with the organization's work, say, "We are a group of concerned people working on . . ." and give a two-sentence or fifteen-second summary of your work. [Pause]*

*If calling a current donor, then remind the person of your work: "As you know, we are engaged in . . ."*

*If there is no reaction or a positive reaction from the person being called, continue: "We want to continue our important work on . . . and we need to raise \$\_\_\_ to do that. Our goal tonight is to raise \$\_\_\_\_. We are asking people to help us with a gift of \$35 or more. So far, \_\_\_ [number of] people have pledged and we have \$\_\_\_ toward our goal. Can you help us with a donation?" [Pause for answer]*

*If the answer is positive, continue: "Would you like to put that on a credit card? That way we can put the money right to work."*

*If the answer is yes, take that information and thank the person.*

*If the answer is "I don't give out my credit card on the phone" or "I don't have a credit card with me," say, "That's fine. How about if I send you an envelope and you can send a check?" If yes, verify the person's address and say: "We are keeping track of how much we have in pledges tonight. Could you tell me how much you will be giving so I can add it in the total?" [Pause for answer] "Thank you so much."*

*If the person says, "Can I just give online later?" give him or her your website address and again ask whether she has an amount in mind. Asking this may seem awkward, but it tells prospects you are taking their commitment seriously, which makes it more likely they will follow through.*

*Finally, ask if she would like to hear from you by e-mail from time to time.*

*"Thank you again. Good night."*

In addition to the script, write up a list of questions that volunteers may be asked, with suggested answers. Include questions and statements such as, "Why haven't I heard of you before?" or "I sent you guys money and never got anything" or "There are so many nonprofits in this town—do you work with any of them?"

5. *Prepare Three Letters and Appropriate Enclosures.* Here are samples of each letter to be prepared.

## A. LETTER FOR PEOPLE WHO SAY YES AND WILL BE SENDING A CHECK

---

Dear \_\_\_\_\_,

Thank you so much for joining Good Organization with your gift of \$\_\_\_\_\_ this evening.

As you probably know, Good Organization primarily is supported by donations from people like you. Your gift will help us continue our work of \_\_\_\_\_. [*Describe in two or three sentences.*] You will be pleased to know that, thanks to generous people like yourself, we made our goal tonight!

Please fill out and return the enclosed card in the envelope provided. You will begin receiving our newsletter in two weeks.

Sincerely,  
Name of Volunteer

## RETURN CARD FORMAT

---

Name: \_\_\_\_\_

Address: \_\_\_\_\_

E-mail: \_\_\_\_\_

Enclosed is my pledge of \$\_\_\_\_\_.

### To pay by credit card:

Please charge my VISA/MC \$\_\_\_\_\_

Card #: \_\_\_\_\_.

Expiration date: \_\_\_\_\_

Name as it appears on card: \_\_\_\_\_

Signature: \_\_\_\_\_

### To pay by check:

Make checks payable to: Good Organization.

Mail to: Our address

To pay online:

Website: [www.goodorganization.org](http://www.goodorganization.org)

[*Include a return envelope with a first-class stamp affixed.*]

## B. "SORRY WE MISSED YOU" LETTER TO PEOPLE WHO WEREN'T HOME

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This is an optional step, but will bring in a few more donations and gives you some assurance that you have reached all the people on your list, either by phone or mail.

Dear \_\_\_\_\_,

Sorry we missed you this evening. We tried to call you because we wanted to ask you to join [or renew or tell you more about] Good Organization.

Good Organization is \_\_\_\_\_ [Give a brief summary of not more than three to five short sentences]. Our main program goal for this year is \_\_\_\_\_ [The exact language of this paragraph will depend on whether you are asking for a renewal or a new gift.]

I hope you will want to join us in our important work. For a gift of \$\_\_\_\_\_, we will be pleased to send you our quarterly magazine, *The Right-On Times*. For a gift of \$100 or more, made by the end of \_\_\_\_\_ [a month from the date the letter is sent], we will include a beautiful [or important] book [or calendar or picture].

Please take a moment to read the enclosed fact sheet, then fill out the membership form and send it with your donation, or give online at [goodgroup.org](http://goodgroup.org).

Sincerely,  
Name of Volunteer

## C. LETTER TO PEOPLE WITH QUESTIONS ABOUT THE ORGANIZATION

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Dear \_\_\_\_\_,

Thanks for talking with me this evening.

I am enclosing the information we discussed, which I hope will answer your questions. Please feel free to contact our office to discuss our organization further if you wish, and check out our website at [www.goodgroup.org](http://www.goodgroup.org).

I hope that after reading this information you will decide to make a donation. I am sure that once you read about us you will agree that our work is very important. Please support us in whatever way you can.

(Continued)

An envelope and membership form are enclosed for your convenience, or you can give online at [www.goodgroup.org](http://www.goodgroup.org). I look forward to hearing from you.

Sincerely,  
Name of Volunteer

Enclose with both the second and third types of letter a reply card or form that the donor will fill out (as discussed in Chapter Fourteen, “Direct Mail”), a fact sheet about your organization, and a return envelope. It is not necessary to put a postage stamp on any of these envelopes. With a small list and a fast printer, you could personalize each letter, or with a high-quality copier just copy the number you need.

6. *Determine the Number of Phones and Volunteers You Will Need.* To figure out the number of phones you will need, estimate that one person can make thirty to forty phone calls in an hour (although she will talk to no more than fifteen people), and that people will call for no more than three hours. Therefore, one person can make about 100 calls in an evening (including calls to people who aren’t home) and fill out the appropriate follow-up letters and mailing envelopes.

Since most people will not call for three hours straight, you will need one or two extra volunteers to make maximum use of the phones available.

Suppose you have six hundred names to call. If one person made all the calls it would take fifteen hours plus breaks (six hundred calls at forty calls per hour). If each person has his or her own phone, five volunteers using four or five phones, along with one or two extra volunteers to spell people, will be able to get through the calls in one evening. In addition to the calling, allow two to three hours (or one or two extra volunteers) getting everything ready that goes in the mail, processing credit card donations, recording information, and cleaning up.

You may wish to conduct the phone-a-thon over two nights. This has two advantages: you can call more people or use fewer volunteers, and you can call people on the second night who weren’t home on the first night.

7. *Find a Place.* You will need one room or a suite of connected rooms with one or more telephones in each one. Depending on the number of telephones in your organization’s office and the number of volunteers you have, you may have enough lines there. Real estate offices, travel agencies, law firms, large social service organizations, and the like are good candidates to let you

borrow their telephones for the evening. You will be trusted not to disrupt or take anything, to clean up before you leave, and in most cases to pay for any long-distance calls. Some volunteers are willing to use their cell phones, but others will be reluctant to have their personal numbers show up on a stranger's phone, and some may not want to use their minutes that way.

Sometimes small organizations decide to conduct a phone-a-thon with volunteers working from their homes. Although there is nothing wrong with this method and just as many calls can be made, it is more fun and generates more momentum to have everyone in the same office. In addition, you will not be able to keep tabs on the volunteers and make sure that they are being assertive enough in their asking. In a group setting, successful calls or rude responses can elicit immediate praise or sympathy as appropriate. A group effort is also helpful in keeping track during the evening of how much is being pledged, and the people being called can hear a lot of action in the background, lending legitimacy and excitement to your effort. (If you have to use individual homes, have at least two people at each home.)

8. *Recruit Volunteers.* Use the phone-a-thon as an opportunity to bring in some new volunteers. People who have limited time or who cannot volunteer during the day can often be recruited to work one evening on a phone-a-thon. It is a straightforward commitment for a short time period and does not require preparation outside of a training session during the hour before phoning begins.

## **THE NIGHT OF THE PHONE-A-THON**

The person or committee planning the phone-a-thon should arrive at the phoning site thirty minutes before everyone else. Be sure that desktops or tabletops where volunteers are to sit are cleared off so that your phoners' papers do not get mixed up with the papers of the person who uses that desk during the day. On each desk, put the printout of names to be called and a script. You may want to print out a few copies of each type of letter for people to use, as well as return envelopes.

Bring in juice, coffee, and snacks. Pizza, sandwiches, or other simple dinner food should be provided if volunteers are arriving at dinner time. Do not serve alcohol. The food should be kept in one part of the office, and volunteers should be discouraged from having food by their phones. Pay attention to details such as bringing in napkins, plates, and eating utensils. In a borrowed space, take out your own trash.

After all volunteers have arrived, been introduced to each other, and had a chance to eat, go through the phoning process step by step. Review the script and make sure people understand and feel comfortable with it. Review difficult questions they might receive and simulate a few phone calls (one from each of the response categories: yes, maybe, no). Be sure people understand the different letters, and how to get them, know what to write on each, what enclosures go with them, and what information needs to be noted on the list of prospects.

Make people practice at least two times. Have them sit so they can't see each other (back-to-back works well) and go through the script, including ad libbing to questions their mock prospect asks. For a really good practice session, have people move to different rooms and call each other on their cell phones. This warming up is very important. It builds cohesion in the group and allows you, the coordinator, to make sure people are really going to ask. Take a few moments to obtain feedback on the exercise, which will probably have raised some questions beyond those you have already prepared people for.

You will need to decide whether volunteers are to leave a message on an answering machine or simply hang up. If you're going to send out a "Sorry we missed you" letter, you can instruct people to leave a brief message such as the following: "I called to talk with you about our work, but I'll send you some information instead. I hope you'll be able to help us." Be sure the message you leave is brief, since the only long messages people like to listen to are from new lovers or old friends.

After the orientation, each volunteer or phone team goes to a desk. The committee that has planned the phone-a-thon begins making calls immediately to set the tone and the pace. When a few people are on the phone, shy volunteers will feel better about beginning to call. Try to avoid a situation in which everyone in the room is listening to one person's phone call unless that person feels comfortable with that role.

A staff person or a phone-a-thon committee member acts as a "floater." He or she answers questions and fields difficult phone calls. The floater also continually tallies how much money has been pledged and records the changing total on a large board visible to the group. (If people are calling from different locations, updated information can be sent frequently by e-mail or instant message.) The volunteers then change their scripts to reflect new totals.

Each individual should be encouraged to take breaks as they need to, but the group as a whole does not take any breaks.

At 9:00 p.m. stop the phoning and begin wrapping up. The first steps in wrapping up are to finish addressing all envelopes or e-mailing donors who gave you their e-mail addresses and gather up the prospect lists, making sure all information

has been recorded on them. Tally the final amount pledged and let the volunteers know how successful the evening has been. If the amount pledged is below your goal, explain that you set your goal too high. Do not let the volunteers leave feeling discouraged.

The callers should be able to leave by 9:30 p.m., leaving the planning committee to do any final cleanup.

## **AFTER THE PHONE-A-THON**

Within two or three days, send all the volunteers thank-you notes for their participation. If you borrowed a space to conduct the phone-a-thon, write the owner or manager a thank-you note as well. Thank everyone for whatever he or she did to make the event a success.

If most people who donate give by credit card, you will have received most of your money right away. During the next two weeks you should collect about 90 percent of the pledges made. Obviously, everyone who gave should be thanked. Watch for an increase in online giving, too—this may be related to the phone-a-thon. At the end of two weeks, go through your list and identify anyone who promised to give but has not yet sent money. Send a gentle reminder, like the one shown here, accompanied by a return envelope and a reply form. Most organizations do not find it worth the time and cost to remind people of their pledges more than once. As I note elsewhere, the way some people say no is to say yes and then not pay.

Generally, about 7 to 10 percent of people who pledge do not send money. If you have a higher loss than 10 percent, it may be that your volunteers noted someone as yes who only said she would think about it. Make sure volunteers understand how important it is to be accurate and that they need to hear what the prospect said, which may be different from what the caller wants to hear.

### **REMINDER LETTER**

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Dear \_\_\_\_\_,

This is just a note to remind you of your pledge to Good Organization made on the night of \_\_\_\_\_. We will put your money right to work doing \_\_\_\_\_. In case you misplaced our letter and return envelope, we enclose another or feel free to donate online at [URL]. Thanks again for your pledge of \$ \_\_\_\_\_.

Sincerely,  
Name of Volunteer

Tally up the final amounts received and write an evaluation of the event. The evaluation should note how many people were called, how many people gave and how they gave, what percentage of pledges were received, how many volunteers participated, where the phone-a-thon was held, and who arranged for the space (if donated). Include copies of all the letters and return forms used. File all this away so that the next time you do a phone-a-thon you won't have to start from scratch.

## **GETTING PUBLICITY FOR YOUR PHONE-A-THON**

A phone-a-thon may be a good time to generate some publicity for your group. Publicity can make the community more aware of your organization's work and can alert listeners or readers to the fact that many of them will be receiving phone calls from your organization on a specific day or evening. The organization's address, phone number, and web address can be included in all publicity so that people can make their donations ahead of the phone-a-thon and avoid being called. Be sure to use your other channels to invite people to be part of your campaign. Post a message on your Facebook and website pages that you are doing a phone-a-thon and encourage people to call in or just to go to your site and make a donation. You can tweet during the evening to let people know how much money you are raising and to encourage people to give.

Unless you are on very good terms with press people, the phone-a-thon alone will not be a newsworthy event. It would be best, therefore, to use the occasion of the phone-a-thon to emphasize a new program, tell a human interest story, or have some other newsworthy reason to get press attention in which you mention the phone-a-thon.

All of your publicity should emphasize the need for community support. Stress that your organization relies on the community for the bulk of its support—or wants to rely on the community if you don't now. Talk about what a gift of \$35, \$50, or \$100 will do for your programs so that people have a sense that a small gift can make a difference.

### **Use a Public Figure**

One way groups have interested the press is by having one or two famous people participating in the phone-a-thon. "Famous people" include not only national celebrities but also people well known only in your community, such as the mayor, city council members, a well-respected community activist, the president of the community college, or a major corporate executive. The novelty that someone famous would help your organization lends credibility to your work. Also, almost

everyone is flattered to be called by someone famous. If you decide to ask public figures to participate, be sure that they are well liked by your constituency.

Public figures can simply come for the first half-hour of your phone-a-thon and make a few calls without making an enormous time commitment to the event. It is an easy way for both you and them to gain goodwill while they show their support of nonprofit organizations and of the work of your organization in particular.

## **OTHER USES OF THE PHONE-A-THON**

There are three more common uses of the phone-a-thon technique: using the phone only to get prospects, following a mail appeal with a phone-a-thon, and using a phone-a-thon to renew lapsed donors.

### **Phoning for Prospects**

This takeoff on a sales technique means phoning a large number of people, giving basic information about your organization, and asking if the person would like to know more. If the person says yes, he or she turns into a prospect. There is no attempt to solicit a gift at the time of the phone call. The purpose of the call is to create a hot list for later fundraising appeals.

During the telephone conversation, the caller determines the degree of interest by asking the prospect some open-ended questions about what he knows of the organization and whether he supports its work. When interest is present, the prospect will be sent more information about the organization and a list of ways that he can help, including giving money. Some organizations use this opportunity to seek new volunteers, gain support for or against a piece of legislation, or ask for items that the program needs (for example, a shelter might ask for food or clothing). You can use these kinds of calls to get either an e-mail or snail mail address.

This strategy does not raise money per se. Instead, it acquires donors. The costs of phoning and of any mail and follow-up may well be only slightly less than the total amount received as gifts. Nevertheless, the organization now has a group of new donors, many of whom will renew the following year and may give in response to appeals during the current year.

This strategy is best for new organizations that do not have an established constituency or for nonprofits that have little name recognition, even if they have existed for some time. It also works well for political organizations seeking to familiarize people with their candidate or their election issue.

The script and the training of volunteers for calling are different for this method than with an ordinary phone-a-thon. The purpose of the call is only to

determine interest and to get permission to send more information. Therefore, the script would be something like the example shown here.

Training volunteers for this type of phone work is more detailed than for a straight fundraising phone-a-thon, although some volunteers like doing this type of call better because it doesn't involve asking for money. Volunteers must be able to listen, deal with difficult questions, and know when to give up. Each call will

## SCRIPT TO DETERMINE INTEREST

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"Hello, I am Jane Smith, a volunteer with the Guns to Butter Project. I would like to talk to you for a minute, and I will not be asking you for money. Is this a good time?" [Pause] "Thank you. I'll be brief. Have you heard of our program?" [Pause]

*If the answer is "No" or "I don't know very much," continue: "Guns to Butter is an economic conversion program that believes that our community does not need a weapons manufacturer like the missile factory on the edge of town in order to have a healthy economy and lots of jobs. "Have you heard anything about our project?" [Pause]*

*"What do you think about the idea of economic conversion?" [Pause: if the response is positive, continue. More likely the person may say, "I don't know that much about it" and sometimes may say, "I don't agree with you at all." For the latter, politely say, "I appreciate your honesty and thanks so much for your time." For the middle group, explain more about what you mean, including a little about your own story, as illustrated here. For someone who clearly agrees with you, move to the end of the call where you will ask for his or her address.]*

*"I had never even heard the phrase economic conversion until a few years ago. But what it means to me is that we can produce things people need, like food, instead of weapons, and still employ people. We want to convert the missile factory next, which is a huge effort.*

*"Let me just tell you the first two steps in that . . ." [talk for at most fifteen more seconds]*

*For all positive responses, end with: "I'm glad you feel that way. We rely on members of the community to get the word out about what we are doing, and I wonder if I could get an e-mail or street address and send you more information, including ways you can help."*

*If the answer is yes, then verify the name and address, thank the person for his or her time, and say good night.*

take longer than calls in a fundraising phone-a-thon. Callers must be clear that they are calling only to determine interest, not to convert people.

Callers should practice handling difficult questions and responding to them in some depth, and they should familiarize themselves with many facts about the organization and the issues.

No list is needed for this phone-a-thon. You can call a random sample of any list of people to determine their interest. You can also use this strategy to determine the interest of people who give to an organization doing work in an entirely different arena from yours, but where there could be a connection. For example, an AIDS-related service organization traded its list for a list of donors from several arts organizations and called them to determine their interest in the service organization. Because the arts community has been hard hit by the AIDS epidemic, there was a high level of interest and the arts group gained many new donors.

You may want to consider using professional telemarketers for this type of phoning. Although you will pay them, they are used to dealing with objections and can be counted on not to take people's comments personally. There are many reputable telemarketing firms, some of which specialize in phoning for nonprofits. Your organization may be too small for them to consider taking you on as a client, but they may have freelance people you could hire. You may also want to consider asking someone from such a firm to provide training to your volunteers.

### **Phoning After a Mail Appeal**

This method is quite straightforward. A mail appeal is sent to a list of prospects. After two weeks, all the prospects who have not sent money are called. The purpose of this method is to increase the return from the mail appeal.

The script is the only part that is slightly different from a regular fundraising phone-a-thon, in that a sentence is added such as, "I am Terry Baca from the Greenbelt Project. We recently sent you a letter about our work. Did you have a chance to read it?" Depending on the answer, the rest of the script is the same as that described in the first section of this chapter. If the person has read the letter and seems in favor of your goals, skip right to the question: "Will you be able to help us with a gift of \$\_\_\_\_?"

You will not indicate in the original letter that the prospects will be called. You want as many people as possible to send in their gifts without being called. Some organizations have successfully tried a variation on this method by telling prospects in a letter that they will be called unless the organization hears from them by a certain date prior to the phone-a-thon.

## Phoning for Renewals

As discussed earlier, most organizations will lose about one-third of their members or donors every year. As a result, organizations spend most of their renewal budget trying to woo these recalcitrant members back into the fold. Usually, an organization will send the member two or three renewal letters one month apart, each notice firmer or more pleading than the one before.

A phone-a-thon can be used in place of either the second or third renewal notice. In addition to saving the cost of printing and postage, it provides a way to have much more personal contact with donors than is generally possible. Over time you will notice a cross-section of your donors who respond more to being phoned than to mail. For those people, you may not send any renewal letter, but instead call them each year. (See also Chapter Eleven, about creating categories of donors.)

Many organizations have renewal phone-a-thons twice a year. They find that, although the response to a second or third renewal letter is 2 to 5 percent and sometimes less, the response to phoning is often at 10 percent and can be as high as 20 percent. These organizations are cutting their member losses by 5 percent or more. This guarantees that the organization will have at least a 66 percent renewal rate, and it may be able to add another 5 percent onto that.

A renewal phone-a-thon is almost exactly like a regular fundraising phone-a-thon. First, identify from your mailing list all the people who have not donated in the last fourteen to sixteen months, not including those who have had less than a month to renew. (Unless your organization is in a terrible financial bind and you really need the money, wait to call, as a person will feel harassed if you call too soon after your first renewal notice is sent.)

Next, prepare the letters to thank people for renewing and to contact people who weren't home when you called, as discussed in the first section of this chapter. Both of these letters are brief. The point is to remind the member of his or her commitment to give; there is no need to convince the person of the worthiness of your organization. Each letter is accompanied by a return envelope and a return form (pledge card).

When volunteers call the lapsed donors, they will generally hear the following reasons for not renewing: out of work, forgot about it, thought she or he had renewed, didn't receive the renewal letter, or was just about to renew and is glad you called.

It is important to believe whatever the donor might say. A person who claims to have renewed although you have no record of receiving her renewal could be asked to produce a canceled check, but it is easier and more productive simply

to take her word for it and reinstate her on the mailing list. Follow the adage “The customer is always right.”

When someone says that he no longer agrees with the course you are taking or that he has a disagreement about a particular issue, ask him to explain. It may shed light on how the public perceives something you have done or you may be able to clear up a misunderstanding.

At the end of the phone-a-thon, make sure you have carefully sorted all the names into those who have renewed, those who requested to be taken off the mailing list, and those who were not home. Deal with complaints that same evening with a letter such as the one shown here.

Dear Mr. Upset,

We are sorry you have not received your newsletter for the past two years. At your request, here are all the back copies you have missed. We will enter your name on our mailing list for the next year as a complimentary member. Your past support means a lot to us, and again, we apologize.

As you can see, grassroots organizations can take advantage of fundraising by telephone. In addition to raising money, finding prospects, increasing renewal rates, and allowing an organization to have more personal contact with its donors, fundraising by telephone has an added advantage of teaching volunteers how to ask for money. The skills volunteers learn through phone-a-thons can then be put to use in major donor campaigns.



# Special Events

The Landmark Theater chain has a wonderful tagline: “Film: the Universal Language.” The same can be said of special events. I have now taught fundraising in all fifty United States, many provinces in Canada, and in twenty-two other countries. The most common strategy anywhere is the special event. I imagine that the first cave person who looked around and said, “We need a place for the children to be able to play without worrying about saber tooth tigers” was met with the suggestion: “Let’s have a barbecue fundraiser.” In this chapter we will look at when to use events and how to organize them.

First, a definition: special events are social gatherings of many sorts that expand the reputation of the organization; give those attending an amusing, interesting, or moving time; and possibly make money for the organization sponsoring the event. The variations among special events are practically limitless, as are the possibilities for money earned or lost, amount of work put in, number of people participating, and so on. Because of their variety and flexibility, special events are excellent strategies for acquiring, retaining, or upgrading donors, and organizations that are serious about building a broad base of individual donors need to have at least one or two special events every year.

Events are often misunderstood and misused. Organizations hope that they will raise lots of money, and are disappointed when they don’t. Some organizations lurch from event to event without giving the event the time it takes to really develop and are constantly being disappointed in how little they are raising for the effort they are expending. They don’t take into account that an event often takes two or three years to really hit its stride, and by going from one event to another, they are always starting over. Further, they miss the fact that events can do much more than raise money. In fact, money is not what events do best. The following are the best goals for special events:

- To call attention to the organization and attract people to it at a particular time.
- To raise the overall visibility or profile of the organization.
- To bring in money, preferably either new money or money from people and places that wouldn’t give your organization money otherwise. However, as

with many acquisition strategies, sometimes there is no immediate financial payoff.

With each successive event, and in combination with other fundraising and organizing efforts, the organization becomes known to more and more of the people who should know about it (which is rarely everyone in a community). You can assess the visibility of your organization by asking this question: Of the people who should know about you, what percentage do? This percentage is called your *visibility quotient*. Assessing a visibility quotient requires thinking through what types of people should know about your organization and what mechanisms reach those potential donors. For example, if you are regularly featured in the local newspaper, you may be well known to those who read the paper, but you also need to reach people who don't read the newspaper, which today is true for a majority of young people and larger and larger numbers of all people. In that case, getting more print publicity will not help you, and you will need to move to some other form of outreach in order to reach new constituencies.

Raising money is a secondary goal for a special event because there are many faster and easier ways to raise money than this one. An organization that simply needs money (perhaps from being in a cash flow bind or having an unexpected expense) will find that organizing an event is a slow way to raise that money. Crowdfunding, calling friends, or a quick e-mail to loyal donors will be faster and cheaper. On the other hand, an organization that wants to raise its profile, bring in new people, and possibly make money at the same time will find a special event an ideal strategy.

## **TYPES OF PEOPLE WHO ATTEND SPECIAL EVENTS**

There are two categories of people who attend events: those who come because of the event itself and those who come both for the event and to support your organization. In the first category are people who would come to a particular event no matter who sponsored it. These people attend flea markets, dances, movie benefits, decorator showcases, auctions, and the like because they like those events. Many times these people will not even know the name of the non-profit sponsoring the event. In a similar vein, small businesses or corporations that will sponsor the event, donate silent auction items, buy tables at luncheons, or even underwrite the entire cost of an event might not give the organization money under other circumstances. They want the advertising and resulting goodwill the event gives them, along with the chance to target a specific audience inexpensively. Raising money from a person or a business that would not give you money otherwise is a smart use of an event and provides another income

stream. Of course, the event should also be designed to draw people who are interested in your organization. However, for organizations in rural communities or serving a very small constituency and unable to build a large base of donors, events that draw people to the event rather than to the cause will be important for raising money.

The second kind of people who attend events are those who are both interested in the event and believe in your cause. They may not have heard of your organization before learning of this event, or they may already know of your organization and want to support it while getting something important to them. For example, women wanting to take a self-defense class may choose one sponsored by the local rape crisis program rather than a commercial gym in order to support the rape crisis program. After the classes, some of the participants may want to join the program as volunteers and paying members. People who buy all their holiday presents at a crafts fair that benefits a public radio station or who enter marathons sponsored by organizations they believe in are good prospects to follow up with using another strategy such as e-mail or direct mail.

Among the second type are people who appreciate your organization's work but can't afford or don't want to donate more than a small sum. For them, attending a \$15 movie benefit or a \$25 dance-a-thon is a perfect way to show their support.

Although both kinds of audiences are important, the second type is clearly the priority to attract loyal donors.

## **CHOOSING A FUNDRAISING EVENT**

Several criteria should be considered in choosing a fundraising event: the appropriateness of the event, the image of the organization created by the event, the amount of volunteer energy required, the amount of front money needed, the repeatability and the timing of the event, and how the event fits into the organization's overall fundraising plan.

### **Appropriateness of the Event**

To decide whether an event is appropriate, ask yourself: "If people knew nothing about our organization except that it had sponsored this event, what would they think of us?" If you think their thoughts would be neutral or good, then the event is appropriate. If you think that the nature of the event would raise questions for donors, you should think again. Examples of inappropriate events abound. In the extreme, if you are the symphony, you don't sponsor a pie-eating contest; if you run an alcohol recovery program, you don't have a wine tasting. Often, however,

the question of appropriateness is more subtle than in those examples, as shown here in two case studies.

## **A QUESTION OF CONSISTENCY**

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An organization working to end sweatshop conditions in garment factories asks a large print shop to print their 1,000 invitations and the program for the event as an in-kind donation. Soon after, a member of a union trying to organize the workers at the print shop calls the development director and asks him not to use this shop. She describes terrible working conditions there: the workers are exposed to toxic fumes, they are paid minimum wage with no benefits, and they are laid off during slow periods, then rehired when business picks up—and she points out the lack of consistency for a workers' rights organization to take their business there. However, free printing for a thousand invitations and 750 copies of the program book would save the organization as much as \$5,000, which proves too tempting for this development director to pass up. He thanks the union organizer for her comments and, instead of discussing the situation with the executive director or other staff, he decides to go ahead with this shop, hoping no one will really notice.

Knowing that this organization's events generate publicity and often attract powerful people, the union decides to organize an information line outside the event. It is not a picket line and they do not ask people to boycott the event, but union members and volunteers hand out information about the print shop outside the event venue, a hotel, during the event. The workers at the hotel, members of a different union, spontaneously decide to join the information line. The event becomes a public relations nightmare from which the organization does not recover quickly. It learned the hard way the importance of political consistency.

## **A QUESTION OF JUDGMENT**

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A women's health organization considered offering as a top raffle prize a case of expensive California wine. An internal debate ensued over whether it was appropriate for this group, which was working to prevent

dangerous drugs and devices from being given to women to offer alcohol—a potentially dangerous drug—as a raffle prize. Proponents argued that only 10 percent of the population are alcoholics and that alcohol does not harm most people who use it. The chance of an alcoholic winning that prize was slim compared to how many people would be attracted to the raffle because of this prize. However, opponents won by reasoning that they would not approve of a contraceptive device that hurt only 10 percent of its users. Not wanting to promote a drug with any potential for harm, the organization decided against the prize.

### **Image of the Organization**

In addition to being appropriate, the event as much as possible should be in keeping with or promote the image the organization wishes to have. Appropriateness aside, image can also be a distinct issue. Many events that are appropriate for an agency do not promote a memorable image of it. For example, a library would choose a book sale over a garage sale, even though both are appropriate. An environmental organization would use a white water rafting trip over season tickets to the ballet as a door prize, even though both are nice prizes. An organization promoting awareness of high blood pressure might choose a health fair over a dance. The idea is to attract people to your event who might become regular donors to your organization by linking the event to your mission.

### **Energy of Volunteers**

The volunteer energy required to plan and mount an event involves several considerations. How many people are required to put on this event? What would these volunteers be doing for the organization if they were not working on this event? Are there enough volunteers who have the time required to produce this event—not only to manage the event on the day of its occurrence but to take care of all the details that must be done beforehand?

Volunteer time is a resource to be cultivated, guided, and used appropriately. For example, don't use someone with connections to major donor prospects and who is comfortable asking for money in person to hand-address invitations to the gala. Similarly, a friendly, outgoing person should be the solicitor of auction items rather than asked to bake brownies for the food booth at the county fair. Obviously, what the volunteer wants to do should be of primary concern. People generally like to do what they are good at and be involved where they can be most useful.

## **Front Money**

Most special events require that some money be spent before there is assurance that any money will be raised. The front money needed for an event should be an amount your organization could afford to lose if the event had to be canceled. This money should already be available—you should not, for example, use funds from advance ticket sales to rent the place where the event will be held. If the event is canceled, some people will want their money back, but you may not get your whole rent deposit back. Events that require a lot of front money can create a cash flow problem in the organization if the need for this money is not taken into account.

## **Repeatability**

The best event is one that becomes a tradition in your community, so that every year people look forward to the event that your group sponsors. Using this criterion can save you from discarding an event simply because the turnout was small the first time you did it. Perhaps you did too little outreach and only a handful of people came. If each of those people had a great time and you heard them saying, “I wish I had brought Juan” or “I wish Melanie had known about this,” then it may be worth having the event again next year. To decide whether an event is repeatable, evaluate whether the same number of people working the same number of hours would raise more money producing this event again.

## **Timing**

You need to find out what else is happening in your community at the time you want to hold your event. You don't want to conflict with the major fundraising event of a similar organization, nor do you want to be the tenth dance or auction in a row. If you are appealing to a particular constituency, you need to think of their timing. Farmers are mostly unavailable during planting and harvest seasons, Muslims will not appreciate being invited to a food festival during Ramadan, gay men and lesbians may not come to a day-long meditation scheduled during the local Pride Parade, and so on.

## **The Big Picture**

The final consideration is the place of the event in the overall fundraising picture. If you find that the same people attend all your organization's events as well as give money by mail, you are “eating your own tail” and need to rethink how you are using events. If you are unable to find an event to reach new constituencies, then maybe holding special events is not the right approach. If after analyzing your donor base you decide that your organization needs to increase its number

of thoughtful donors, then you won't do as many events whose main purpose is acquisition. In other words, special events must be fed into the overall effort to build a donor base or the effort of the event will have mostly been wasted.

## **THE LOGISTICS OF A SPECIAL EVENT**

Special events require more planning time than one would imagine. Because so much can go wrong, and because many things often hinge on one thing so that one mistake can throw off weeks of work, events must be planned with more attention to minute detail than in almost any other fundraising strategy. While different kinds of events require different kinds of planning and longer or shorter timelines, there are some things that every event requires, and they are detailed here.

### **An Event Committee**

There must be a small committee of volunteers overseeing the work for the event. If an event is so complicated that it is unrealistic for volunteers to be able to manage (a conference, a giant gala, a multiday fair), then hire an event planner. Using your own paid staff to plan and carry out a special event is not a good use of their time. Presumably, this is not what they were hired to do, it is not their expertise, and if you factor in the cost of their time on the event and the opportunity cost of what they are not doing while they are working on the event, you will see that your event is costing much more money than the budget for it indicates.

The job of the committee is to plan and coordinate the event, not to do every task. After planning the event, most of the committee's work is delegating as many tasks as possible. Keep the committee to between five and seven people. Larger committees are unwieldy and can be counterproductive. With a larger committee planning the event, it is likely that the planning process will take longer, that the committee meetings will be like special events themselves, and that the committee members will burn out and not want to help with this or any other event again. It is also likely that a large committee, for example of fifteen people, will have only five real workers.

Many organizations have a working event committee and then an "honorary committee" where people who may do one thing, or whose names would help draw event goers, can serve. Don't merge these committees.

### **TASKS OF THE COMMITTEE**

There are three simple steps a special events committee should take to ensure the success of the event: detail a master task list, prepare a budget, and develop a timeline.

### Detail a Master Task List

On a spreadsheet or an old-fashioned piece of paper, create four columns: “What,” “When,” “Who,” and “Done.” Under “What” list all the tasks that must be accomplished. Include everything—even those things you are sure no one would ever forget, such as “send invitations to the board.” Every minute detail should be on this list. Under the column “When” note beside each task when it must be finished. Now put the list into chronological order, so that you have a list of things that must be done and the order in which to do them. Next, complete the “Who” column—to whom the task is assigned, and, as you go along, note when the task is finished.

Putting this information on a spreadsheet means that each year you can easily update it and that updates or parts of the master task list can be e-mailed to anyone who needs to see them. Keeping the master task list on Google Docs or another shared space means people can access it from anywhere, note what has been done and what needs to be done, and ask questions or propose ideas for the whole committee to respond to without everyone having to get together in person.

### Prepare a Budget

Using your spreadsheet, create two sets of three columns as shown in the example.

Event Budget		
Expenses	Estimated	Actual
Item	\$	\$
Item	\$	\$
Item	\$	\$
Total expenses	\$	\$
Income	Estimated	Actual
Item	\$	\$
Item	\$	\$
Item	\$	\$
Total income	\$	\$
Net	\$	\$

Look at the master task list. Enter anything from that list that will cost money in the column marked “Expenses” and anything that will raise money in the column marked “Income.” When you have listed everything, subtract expenses

from income to find the projected “net income” of the event. Make sure this number matches the goal you have set for the event. The budget should be simple but thorough, so that all costs are accounted for and planned on. As actual costs come in, you can enter those, and that way you have a thorough record for evaluating your event and for helping the committee plan the event next year.

As you budget, remember that an estimate is not a guess. If someone says, “The estimate for catering is . . .” or “The estimate for the sound system is . . .” this means he or she has called several vendors for prices, bargained, and is satisfied that the estimate will be the price or very close to the price you will actually pay. As costs are incurred, they can be noted in the column “Actual” for each item. As much as possible, put off paying for anything until after the event is over and be sure you work in cancellation clauses for rentals or other contracts. For example, if a hall rents for \$2,000, with \$1,000 required as a deposit, try to reserve the right to cancel as close to the date of the event as possible and still get all or part of that \$1,000 back.

Ideally, of course, you will aim to have as many things as possible given as in-kind donations, but don’t budget to get anything for free. Always put down a price in the budget. Estimating its cost will protect you in case you do have to pay for something you had planned to have donated, and it will also give you a cushion in case you have an unexpected expense.

### **Develop a Timeline**

To ensure that you have thought of everything that should be done and that you have allowed enough time to do everything, think backward from the target date of your event. If you want to have a dance the evening of August 10, what would you have to do the morning of August 10? How about on August 9? To do those things, what would you have to do in early August? What would have to be in place by July 15? Work back in this way to the day you are starting from. By this backward planning, the committee may find out that it is impossible to put on the event in the time allowed. In that case they must either modify the event or change the date. Thinking through each week’s tasks for the timeline may also surface expenses you hadn’t thought of or make clear some additional tasks. Add these to your task list and budget.

As you plan, remember to take into account that, although there may be ninety days between now and the event, there may be only sixty “working” days because of schedule conflicts, weekends, and so on. For example, if a number of your volunteers have children, you should check a school calendar to make sure you don’t need anything done on the first or last day of school, during a vacation, or

on commencement day. Few organizations can have a New Year's party as a fundraiser simply because they cannot get anyone to work during the two weeks preceding New Year's Day.

Establish "go or no-go" dates. On your timeline, you will notice that there are periods of intense activity as well as lulls throughout the time leading up to the event. The periods of intense activity, when several tasks must be accomplished and each is related to the other (for example, design, layout, proofread, print, and mail invitations), are called "task clusters." These groups of tasks must be accomplished as projected on your timeline. The date by which each cluster must be accomplished is a "go or no-go" date. At those dates, evaluate your progress and decide whether you are going to proceed with the event or if you are too hopelessly behind or too many things have gone wrong and you would be better off to cancel or modify the event. Go or no-go dates are also set for when expenses will be incurred. The night before you send your invitations to the printer is a go or no-go date because you will owe the printer the money whether you do the event or not.

Once the committee has prepared the task list, the budget, and the timeline, it is ready to assign tasks to other volunteers. When you ask volunteers or vendors to do things, give them a due date that is sooner than the one in the "When" column of your task list. That way, in the best case you will always be ahead of your schedule; in the worst case—if the task is not completed—you will have some time to get it done.

## WHAT NOT TO FORGET

Here is a checklist of commonly forgotten items in planning an event:

- *Liquor license.* Whether this is required, and whether the requirement is strictly enforced, will vary by municipality, but keep in mind that your organization carries some liability for people driving after drinking at your event. Many organizations find that their events are successful either without alcohol or with just a cash bar, so don't feel obligated to serve wine or beer. Generally speaking, don't serve hard liquor.
- *Insurance (on the hall, for the speaker, for participants).* Contracts vary on this item. It often happens that a hall or auditorium is inexpensive because insurance is not included but is required of the renting organization. A one-night event insurance policy or a rider on an existing policy can cost as much as \$2,000.
- *Logistics (and the costs) of transporting food, drink, speakers, performers, sound equipment, and the like to and from the event.*

- *Lodging*: for performers or speaker.
- *Parking*: either in a well-lit lot or available on well-lit streets.
- *Food and associated costs*: platters, plates, utensils, and napkins. Don't forget things such as salt and pepper, hot and cold cups, cream and sugar.
- *Heat or air conditioning*: Is it available, does it cost extra, will you need to bring your own fans or space heaters?
- *Credit card processor and receipt book*: for people who pay at the door or who buy anything sold at the event.

Here are some questions you need to ask before the event:

- Is the venue wheelchair accessible? Make sure that all rooms are accessible, especially the men's and women's bathroom doors, stalls, toilet paper dispenser, and sinks. Sometimes a building will be labeled "wheelchair accessible" when only the front door and one area of seating are actually accessible.
- Where and how to dispose of trash. Are there clearly marked compost and recycling bins and trash cans?
- Has everything (online and off-line) been proofread at least five times?
- Is the organization's address, URL, Facebook page, and phone number on everything related to the event?
- Did you make sure your online portal to buy tickets actually works?
- Is there an announcement about the event on your voice mail?
- Did everyone close to the organization add the event's name and date as part of their e-mail signature?
- Are the price, date, time, place, directions, and RSVP instructions for the event on all advertising and on your website?
- Have you considered the necessity of child care or language translation, including sign language translation?
- How safe is the neighborhood? Will women feel safe coming to the event alone?
- Can you see and hear from every seat? (Sit in a number of seats to make sure.)
- Who will open the room or building for you? Do you need a key?
- Where are the fire exits?
- Do you know how all the lights work?
- Do you have a person who understands the sound system?
- What has to be done for cleanup? Do you know where the trash goes?

## THE EVALUATION

The final step in planning a special event is evaluation. Within a few days after the event, the planning committee should fill out an evaluation form, like the one illustrated here. Save this evaluation along with copies of the advertising, the invitations, and any other information that would be useful for next year's planning committee.

The evaluation will allow you to decide whether or not to do the event again, and it will also ensure that the same number of people working the same amount of time will raise more and more money every year. It should not be necessary to create the planning documents described in this chapter more than once. Once you have created them, every year a new committee can modify and add to them, with each committee building on the knowledge and experience of previous committees.

<b>Special Event Evaluation Form</b>	
Approximately how much time did the committee spend on this event? (In evaluating the time spent, try to subtract time spent fooling around but be sure to count time members spent driving on errands and speaking on the phone.) _____	
Did this event bring in any new donors? How many? _____	
Can people who came to this event be invited to be donors? _____	
Did this event bring in new money? _____	
Does this event have the capacity to grow every year? _____	
What would you do exactly the same next time? _____ _____ _____	
What would you do differently? _____ _____ _____	
List sources of free or low-cost items and who solicited them and indicate whether you think these items will be available next year: _____ _____	

What kind of follow-up needs to be done (such as thank-you notes to people who went out of their way to help, bills to be paid, prizes to be sent to those who weren't at the drawing, tablecloths or platters to be returned to those who loaned them)?

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Which committee members did what work? \_\_\_\_\_

Which committee members would be willing to work on this event next year? \_\_\_\_\_

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Other comments:

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## ONLINE CONTENT

Sample House Party Invitation



# Establishing Voluntary Fees for Service

One More Chance is a thirteen-year-old program that believes we all need one more chance to get it right. It works with boys ten to thirteen years old from low-income homes who have had a brush with the law. These young people may have been accomplices in a robbery, or caught with marijuana, or repeatedly truant from school. Their crimes are not violent and are often the result of poor judgment or peer pressure. One More Chance runs free summer camps that aim to help the boys gain confidence and social skills, learn how to deal with peer pressure, and reflect on what kind of adults they want to become. Graduating from the program is rewarded with having police records expunged. The program is very successful and highly regarded, but three years ago, the organization's state funding was cut dramatically. Despite a valiant effort, it was not able to raise the money it needed from private sources.

One More Chance had several times been approached by more affluent parents who wanted their sons to attend the camp, but the organization's mission to serve low-income boys excluded them. Grateful parents had sometimes made donations and, while those donations had been appreciated and put to work, no one had ever followed up with the donors. Under the dire circumstances in which they now found themselves, One More Chance decided to ask all parents to pay something. They explained that the true cost of the camp was \$4,500 per camper, and that all parents or guardians were asked to give \$50 or more. The camp also decided to include seven boys from more affluent households who had also been in trouble with the law for each group of twenty boys attending. Soon, One More Chance had to add an extra camp session to accommodate the additional requests for spots. Some parents paid much more than \$4,500, and most paid \$50 to \$500. No one objected to the new policy, and many parents expressed delight in being able to pay as a way to set an example for their boys.

With this voluntary fee-for-service program in place, the camp developed more mixed-race and mixed-class groups of campers, and the behavioral results in the graduates were even better than before. More parents became involved in

the camp as volunteers, and students became more likely to brag about having graduated from a One More Chance camp. Best of all from a fundraising point of view, One More Chance has been operating in the black, with a diversity of funding, including some restored state funding, fees for service, and gifts from individual donors who are not involved with the camp.

The experience of this organization is repeated over and over as organizations reluctantly start to impose fees for service, only to discover that many of the constituents prefer to pay and that others, who don't qualify for the free program, would happily pay. More and more organizations are realizing that giving services away perpetuates a patronizing system in which some people are seen as needy and others as those who meet needs. Further, when people pay what they can, they feel empowered to demand better services or to ask questions of their service provider. These responses strengthen the organization providing the service, as they begin to hear accurate feedback on their work. From a fundraising viewpoint, fees can also provide an income stream that helps keep an organization afloat.

Many nonprofit organizations have mandatory fees. They charge below the "market rate" for their service, but one has to pay a fixed price or a fee determined by some criteria, such as income or reimbursement from insurance. Health clubs, counseling services, job training and placement services, public swimming pools and recreation areas, national and state parks—many of these have mandatory fees.

This chapter discusses how organizations that have traditionally provided free services and wish to charge voluntary fees can determine those fees and collect them.

## **WHAT TO CHARGE FOR**

There are three questions to ask of your organization when thinking about creating a voluntary fee for service income stream:

1. *Is there anything we do for free for one group of people that other people would be willing to pay for?* Organizations that depend on more than one language in their work, such as those serving immigrants or working in a multi-ethnic city, have realized they can sell translation services to a variety of buyers—lawyers for depositions, conference presenters for simultaneous translation for workshops and keynotes, and even city governments for any number of services they may provide. With enough translation business, they can hire people to provide it at profit to themselves and not take away from their core programming. In one instance, a local Humane Society

contracted with a free health clinic with several staff who spoke Spanish to translate their brochures and adoption materials into Spanish and later to help Spanish-speaking families and individuals adopt pets or use the Humane Society's free spay and neuter service.

2. *Is there anything we know how to do that other professionals would like to learn from us?* Grassroots organizations often have a much clearer sense of what potential clients want and need than do large social service agencies. The grassroots organization may not recognize this knowledge as potentially saleable, but it is. For example, a social service agency contacted an organization working with teenagers in a public housing project to help find out whether the teens would use a basketball court after dark if night lights were installed. Their own social workers had not been able to get a definitive answer because the tenants of the public housing project distrusted the agency, thinking it was in league with the police. The grassroots organization was able to learn that the young people probably wouldn't use a basketball court after dark, but instead wanted a safe space with a bank of computers where they could do their homework and play computer games. The computer space that resulted led to a collaborative project between the social service agency and the housing project to help residents of all ages learn how to apply for jobs and do research online, and how to use social media for community organizing in their neighborhood.
3. *What evidence do we have that we cannot charge something, especially as a voluntary donation, for the services we are providing for free right now?*

Take some time thinking about these questions and ask people in other non-profits what skills and talents they think your organization has to offer. You probably know far more than you think, and you would be surprised at the people who might pay you for your knowledge.

## **VOLUNTARY FEES**

You can charge voluntary fees in one of two ways: you can still provide services for free but request money to help cover the cost, or you can ask that people pay an amount they choose for the service, with whatever they pay being acceptable.

Which system you use depends on the nature of the service you provide. Organizations serving homeless people will generally not require a contribution. Cultural organizations, agencies serving the working poor, mental health providers, and so on may opt to require some payment.

You can also mix the two methods. For example, one homeless shelter provides shelter, showers, and clothing for free, but it has a suggested voluntary donation of \$0.50 for meals and a mandatory processing fee of \$10 for job placement (collected after the person has received his or her first paycheck). This agency now receives donations from clients for almost 70 percent of its meals served, with many people giving \$1, and a collection rate of 80 percent on its job fee.

Museums, theaters, and other cultural facilities will often have a mandatory fee, but their schedule will also include a day or evening when admission is free, or they may waive the fee or offer a discount to a resident of the city or someone under sixteen years old or a senior. Corporations will sometimes underwrite a day at an art museum or botanical garden in exchange for the publicity it brings. The organization then advertises that its facility is free to everyone on that day.

### **Staying Legal**

Charging fees is perfectly legal, but if you are asking for donations rather than fees, it must be very clear that the donation is voluntary. No coercive measures can be used to collect voluntary fees. A coercive action would be one that makes a person feel the service was not really free, that he or she was the only one asking for free service, or some other method of seeming to intimidate a person into paying something or more than he wants to. Behavior that is coercive can be a matter of perception, but any obviously coercive actions need to be avoided.

Here's an example: one free-meal program placed only those who had given a donation at tables with tablecloths and served them dessert. In another instance, admission to a class on how to prepare for job interviews was free, but the person registering people loudly announced each donation given so that someone sitting across from her could record it. Although thoughtless and probably unintentional, this practice caused some to pay more than they had wanted to; others simply left before reaching the registration table.

People tend to be embarrassed by any practice that makes them feel as though they don't have enough money. Any system that can embarrass someone may cause them to feel pressured to pay more than they want to or can afford; at that point the voluntary fee is no longer truly voluntary.

The second legal obligation is that your fee, whether voluntary or mandatory, be at or below what a for-profit business would charge for the same or a similar service and that the services be provided primarily to people who could not otherwise afford them. If you provide something that a for-profit organization provides to the same audience they seek for the same price, you are not really doing charitable work. The IRS may question or revoke your tax status if it cannot tell the difference between your organization and a for-profit company.

## Setting the Fees

There are several ways to set your fees. The least effective, judged by the amount of money raised, but least intrusive is to post a sign near a collection box that simply reads “Donations” or “Donations welcome” or “Your gift ensures that we can continue to provide this service to others. Thank you.” You will tend to get only people’s spare change; however, you will never be accused of forcing someone to give, and this can be a good way to introduce the idea of giving to people who are used to receiving the service for free and to any of your staff who are reluctant to charge a fee.

If all your services cost about the same amount, you may want to suggest a range for the voluntary contribution. You could post a sign that says, “The cost of providing our services ranges from \$10 to \$25. Any amount you can pay will ensure that we can continue to provide these services to all who need them. Thank you.” If you want, you can add an explanation: “The budget for the services you are receiving was previously provided by the government (or United Way or foundations), but these funds have been cut back. To make sure that we can continue to help people, we are asking everyone who uses our services to give what they can. Thank you.”

The most effective system is one similar to that used by the youth camp described earlier. The true cost for each camper was announced and people were asked to pay something toward that cost. If you have a variety of services, another method is to suggest an amount for each one. Here is an example of the range of donations suggested for various services from an organization serving immigrants:

- Translation of a document: \$.10 to \$5 per page
- Help getting a green card or other documentation: \$50 to \$500
- Accompaniment to an appointment (social service, medical): \$10 to \$30
- Help enrolling your children in school: \$5 to \$25 per child

Just as when fundraising from individuals, asking for a specific amount rather than leaving the amount up to the prospect will result in more people giving something, so suggesting specific amounts for services rendered will bring more donations overall and will show that you are serious about raising money and know what you are doing.

Most service providers have someone who staffs a desk by the front door. This person should be trained to ask for money, particularly if any of the people using your services cannot read a posted sign. The front-desk person adds to whatever he or she would normally tell people: “The service is free, but if you want to make

a donation, that helps us keep our doors open. The donation box is over there.” Many people will ask if there is a charge, which makes it easier to explain. For people accustomed to receiving the service for free, explain that you are still providing it for free but that you are asking people who can help to do so. If you hand out literature to your clients, include a card explaining your need and a return envelope. They can drop the envelope in the box provided or send it later. When introducing voluntary fees, err on the side of being too low key rather than too assertive. Over time, as people have a chance to think about it and talk to each other, they will start to give more money.

## **INTRODUCING THE PROCESS OF COLLECTING FEES**

At first, volunteers and staff will be uncomfortable with the process of asking clients for money, regardless of what process you use. In discussing the move to asking for money, validate everybody’s feelings: yes, it is difficult to ask for money, and it may be more difficult to ask people who have very little. It would be a much better world if people did not have to pay for necessities—housing, health care, education, or food—and did not have to feel embarrassed about receiving them. Next, place the new policy in context: your organization has to keep on providing services, and your costs are going up while your ability to get government (and possibly other) grants is probably going down. Your clients would much rather you exist than watch you go out of business. They will help if they can and will feel good about helping.

Once everyone has a few experiences of asking for money and seeing people feel good about giving, their initial discomfort will go away.

## **WHEN SERVICE IS PROVIDED BY PHONE OR E-MAIL**

So far, we have concentrated on organizations that can collect fees at the door or at the time of service. But what if your way of providing service is by telephone or by mail or e-mail? Your organization has a harder task. Certainly, you cannot ask someone calling a crisis hotline for a donation, even once he or she is past the crisis that spurred the call. Voluntary contributions for service will not be possible in those cases. However, if your information is not crisis-related, after you have finished giving it, ask whether the caller would like to receive more information about your organization and how it is supported. If you send something in the mail, include a letter asking for a donation and insert a return envelope. If you send something by e-mail, include a link to your website, where information about how to donate should be prominent.

If part of your service includes mailing information to people, include a card about how your group is supported and ask the person to send a donation in an enclosed envelope when he or she is able. A card is more effective than a letter because the letter may be put aside while the person is looking at the other information you sent. However, people will be inclined to put the card with the return envelope and respond once they have determined that your information is useful. You may also wish to use a wallet-style envelope, on which the outside flap serves as the reply card (see Chapter Fourteen for more on reply devices).

Make sure your website has a “Donate Now” button on each page (see Chapter Fifteen for more on online fundraising). People visiting your website are not all going to be financially strapped, and they may be happy to make a donation.

Setting up a voluntary system for collecting money from people you serve will create a steady income for you, and the amount may be greater than you think. Further, the system may inspire people who are former clients or people who appreciate your work to give. Many times, even volunteers who work with your organization are just as uninformed about how it is supported as anyone else. Once educated, volunteers often give regularly. Finally, asking people to pay a nominal fee for service may even generate more clients who feel better paying a little than receiving a service for free, and that will serve your broader mission.



# Door-to-Door and Street Canvassing

Canvassing is a technique that involves a team of people from your organization going door to door or standing on the street requesting contributions for your organization's work. Some organizations also run phone canvasses. Most of the principles in this chapter as well as those in Chapter Sixteen on using the telephone apply to those as well. However, this chapter is focused on the face-to-face asking of strangers that characterize street and door-to-door canvasses.

The canvassing technique is most successfully used either by well-known state or national nonprofits (or their local chapters) or by local organizations working on an issue likely to be familiar to the people being canvassed. Canvassing is primarily an organizing strategy; no organization should undertake a canvass simply to raise money. Canvasses work best when the organization is doing work that directly affects the people being canvassed. Canvassing is often used in relation to political campaigns to get out the vote or to drum up support for a candidate or issue. Used in the context of organizing, canvassing can be an excellent strategy for acquiring new donors; by returning to neighborhoods, it can also be used for retaining donors.

Door-to-door canvasses and street canvasses are similar both in terms of advantages and disadvantages and in terms of organization. Although part-time or temporary canvasses can be run with volunteers, most canvassing is a full-time operation involving salaried or commissioned employees who work forty hours a week and solicit in commercial districts or residential neighborhoods on a regular, revolving basis. Well-run canvasses can bring in from \$50,000 to \$500,000 or more in gross income annually. However, they are labor-intensive and generate high overhead costs that, for most canvasses, absorb between 60 and 80 percent of the gross earnings. Street canvassing, which is often done by a for-profit firm on behalf of a nonprofit organization, takes even more of a bite. Like all fundraising strategies, canvassing only works if the organization has both the commitment and the ability to continue to work with the donors acquired through the canvass.

## **ADVANTAGES AND DISADVANTAGES**

There are three main advantages to canvassing as a fundraising strategy. First, an established, well-run canvass can provide a reliable source of income for your organization. Second, the volume of personal interaction from the canvassers' face-to-face contact with dozens of people each day can bring as many or more new members as direct mail. Third, canvassers bring back to the organization the public's opinions and perceptions of what the organization is doing. When a canvass is used primarily for organizing rather than fundraising, the money the canvass brings in becomes only one of several goals; other goals can include getting petitions signed, encouraging people to vote, educating people about local issues, and reaching people who may not respond to (or even receive) direct mail or online appeals, such as people who have very low incomes or low literacy skills or who are recent immigrants.

There are also disadvantages to a canvass. If it is done on a full-time basis, it requires separate staff and office space as well as extensive bookkeeping and supervision of the canvassers. As with a small business, canvass income can be unreliable if the supervising staff is not well organized or not good at managing staff people or if too many canvasses are operating in an area. The canvassers themselves can give the organization a bad reputation if they are unkempt, rude, or unpleasant to the people being canvassed, or, again, if too many canvasses are operating in an area and donors become tired of them. (In England, street canvassers are so ubiquitous that they have been nicknamed "chuggers," short for "charity muggers." Several attempts have been made to outlaw them.)

The biggest disadvantage is that when donors find out how little of their money is actually going to the work of the organization, they are often angry and unlikely to renew.

## **ELEMENTS NEEDED TO RUN A CANVASS**

Four elements must be present for an organization to operate an effective canvass. First and most important, the organization must work on issues most people will recognize and be sympathetic to and that have solutions that are easy to explain. The work of your organization can have national impact and your organization might be a branch of a national group, but especially in door-to-door canvassing, you must explain how this issue affects the resident directly. (Broader issues, such as saving whales or working on human rights, work well with street canvassing, but are less effective in door-to-door canvasses. No one entirely knows why this is: perhaps people in their own homes are more conscious of threats or opportunities for their neighborhood than when they are out and about. People who stop

for a street canvasser are less likely to have already supported the organization the canvasser represents (which is why they stopped), but door-to-door canvassers can't screen in quite that way.

Second, people must feel that even a small donation will make a difference. Many people make a cash donation to a canvass, but even those who give with a check or credit card will rarely give more than \$100. People must feel that their small donation is needed and will be well used. (Street canvassing often focuses on getting people to give monthly, which yields fewer donors but higher annual donations.)

Third, people must feel confident about your organization. Their confidence will be inspired by your organization's accomplishments, which must be clear and easy to discuss. Newspaper articles about your work are a major boon to canvassing. A specific plan of action that can be explained simply and quickly and that sounds effective is essential. Some organizations' work lends itself naturally to canvassing because it is on issues of general importance and interest to the majority of people, such as health care for all, lower utility rates, or fixing up public parks. Canvassing on behalf of litigation can work if the suit is easy to understand and if there is a clear "good guy" (represented by your organization) and "bad guy." Complex regulatory reform or issues requiring historical background, legal knowledge, or patience in listening to a long explanation do not lend themselves to canvassing.

Finally, you must be able to distinguish your organization from any other organization doing similar work without implying any disrespect for the other organization. In some communities where there are not only two or more organizations working on similar issues but also several organizations canvassing, potential donors become confused and then angry that they are being solicited so often for issues that seem interrelated. People will explain to your canvassers that they just gave to your nonprofit last week, that someone from your organization was just there. No amount of protest from you will change their minds. The only thing that will help is to distinguish what you do from what others do.

All these requirements for a successful canvass, except the focus on local work, are also necessary for many other fundraising strategies, particularly mail appeals and phone-a-thons, when the object is to get the donor's attention quickly and hold it long enough to get the gift.

## **SETTING UP A CANVASS**

First, check state and local laws and ordinances concerning canvassing. If canvassing is heavily regulated in your community, it may not be worth the time involved to comply with the regulations. Some communities have tried to stop canvassing

operations altogether by enacting ordinances governing what you can say when soliciting and establishing strict qualifications for canvassers, including expensive licensing. Being able to canvass on a busy street may be regulated differently from a door-to-door canvass. If your canvass violates even a minor sub-regulation, city or state authorities could force it to cease operation, and the episode may bring bad press for your organization. Many of these ordinances have been challenged in court and found unconstitutional, but most organizations have too much work to do to take on costly and lengthy legal battles in this area.

You can find out about state laws governing canvassing from your state attorney general's office, which is usually the office that monitors all rules related to charitable solicitation. Many states publish handbooks on canvassing regulations.

Local ordinances are sometimes more difficult to discover, as several city departments may have jurisdiction over different parts of the canvassing operation. Contact the police department and ask for notification and application procedures for a canvass. Be sure to write down whatever the person tells you and get his or her name so that if you hear a different story from another police official you can refer to the initial phone call.

Contact the city attorney's office for information regarding solicitation of money for charity. Sometimes the mayor's office has some jurisdiction over these matters. In general, informing as many people in official capacities as possible about your canvassing operation will ensure the least amount of interference later.

### **Study the Demographics**

After making sure that you can comply with the law, you must determine whether your community is a good candidate for a canvass. Gather demographic data on your area: for various neighborhoods, find out the population density, the property values, how many of the people are homeowners, what type of work most people do, what the income levels are, and so forth. This information is available from various sources, including the census, items in the newspaper, volunteers and board members who have lived in the area, and the chamber of commerce, and from developing your own sense from driving around the neighborhoods.

Remember one important point in assessing demographic data: a canvass rarely does well in an affluent neighborhood, and canvassers sometimes conclude that "rich people" are unfeeling tightwads. Affluent people generally do not make contributions at the door. Their charitable giving is usually done in response to major gift solicitation, personal mail appeals, or special events. Canvassing operations do best in middle- and lower-income neighborhoods, where giving at the door is more common.

Another demographic item you need to evaluate is whether the population is dense enough per square mile to make it worthwhile to canvass. Canvassers need to be able to reach eighty to one hundred homes per night (assuming a high number of people are not home). This means that there must be enough people in the area and that the terrain must be flat enough to allow canvassers to walk quickly from house to house. It is much harder to run a successful canvass in a rural area simply because of the distance between houses and the lack of people.

Finally, you need to evaluate whether the area is safe for canvassers. A good canvasser may be carrying \$500 or more by the end of the evening, much of that in cash. Canvasses in high-crime areas (which still can be successful) sometimes send their canvassers in pairs, but this doubles the labor cost. Others have a roving car to check in on canvassers and to pick up their cash.

Street canvassing only works in places where there is a lot of foot traffic: busy downtown areas, malls, busy subway or train stations, farmers' markets, and the like. In that case, the demographic you are looking for is lots of people out shopping, going to restaurants, or heading to and from work. Few people will stop, so the canvasser has to be willing to move quickly from person to person until someone agrees to talk with him or her. The advantage of street canvassing is that it is almost always more successful when done during the day, making it safer for the canvasser and more likely that people will stop and talk. The sheer volume of people going by means a good canvasser will talk with more potential donors than by going door to door.

In any canvassing effort, keep in mind that 30 percent of the people you are approaching are not donors—they are not giving to you because they are not giving to anyone. Some of these people may be good candidates for petitions but, as you can imagine, fundraising strategies do better when they are aimed at the 70 percent of adults who give away money.

## **Hire Staff**

If you determine that your area can support a canvass, you are ready to hire canvass staff and prepare materials for them. The staff of a canvass varies from place to place but typically includes several individuals and the following roles.

### ***Canvass Director***

This person supervises the entire canvass operation, including hiring and firing canvassers, researching areas to be canvassed and mapping out the revolving canvass for the area over the course of a year, keeping the organization in compliance with the law, keeping up-to-date on new laws, and planning and updating materials.

### ***Field Manager(s)***

Each of these staff people transports and supervises a team of five to seven canvassers. Each field manager assigns his or her team to various parts of the neighborhood, collects the money at the end of the evening, and trains new canvassers on the team. This person also participates as a canvasser at the site.

### ***Support Person***

The support person serves as administrator, bookkeeper, and office manager. He or she keeps records of money earned by each canvasser, replaces canvass materials as needed, schedules interviews with prospective canvassers for the canvass director, answers the phone, and generally acts as back-up person for the canvass operation. This person does not canvass.

### ***Canvassers***

These are the people actually carrying out the canvass. Door-to-door canvassers work from 2 p.m. to 10 p.m.; street canvassers have more flexible hours but they are still working eight-hour days five days a week. All canvassers usually have a quota—that is, an amount of money they must raise every day or every week. Their pay is either a percentage of what they raise (commission); a straight salary; or, most commonly, a base salary plus commission.

Canvassers must represent the organization accurately and be respectable ambassadors for it. The individual canvasser is often the only person from the organization whom donors will see and may well be the only face a donor will ever associate with your organization.

Because the pay is low and the hours long and arduous, there is a high turnover in canvass staff. In the summer, college students help expand canvassing staff. In the winter months, recruiting canvassers is more difficult. High local unemployment will lead to more people willing to be canvassers, but in general canvassing is seen as a fairly thankless task that involves lots of rejection for low pay. I have never met or heard of a career canvasser.

### **Develop Materials**

Canvassers must be equipped with various materials. These include any identification badges or licenses required by the city or state, clipboards to carry the materials to be given away—brochures about the organization, return envelopes, and newspaper clippings about the work of the organization—a way to accept credit cards (increasingly a card swiper on a mobile phone) and a receipt book for checks and cash.

Many canvassers use a petition to get the attention of the person being canvassed. The canvasser asks, “Would you sign a petition for . . .” and briefly explains the cause. While the person is signing, the canvasser asks for a donation as well.

Canvassers should try to get the gift during the conversation. However, for people who need to think about whether to give or discuss it with a partner or spouse, the canvasser should have something to leave with the prospect, such as a brochure. A brochure should also be given to people making a donation so they can check out your organization online and reassure themselves that you are legitimate. Your website should also highlight the same project the canvassers are talking about (see also Chapter Twelve, “Multi-Channel Fundraising”). Canvassers should not assume when people say they need to think about your request that they mean they are not going to give. This is a common mistake. Many people do not make decisions on the spur of the moment, and people who need to think about what their gifts will be to your organization may well become major donors.

Petitions, brochures, and any license are displayed on a clipboard, which lends a degree of authority to the canvasser. Wearing a t-shirt with the name of the organization on it is also a good idea. People are more likely to stop on the street or open their doors to someone who looks like he or she is legitimate.

## **THE DOOR-TO-DOOR CANVASSER’S WORK DAY**

At the beginning of the canvassers’ work day, their field manager describes the neighborhood they will be canvassing and relates any new information or special emphasis on issues that they should present to this neighborhood. The crew has a late lunch or early dinner, and the field manager drives them to the canvass site. They begin canvassing around 4 p.m. and end at 9 p.m. when they are picked up by their field manager and taken back to the office. They turn in their money, make their reports, and finish around 10 p.m.

Because canvassing is hard work, essentially involving daily face-to-face solicitation with a “cold” list, it is critical that the rest of the organization’s staff and its board members see the canvass staff as colleagues and as integral to the total operation of the organization. To help build this support, many organizations require non-canvass staff to canvass for an evening every couple of months. Further, because many people who don’t give at the door may later give online, organizations that note an upward blip in giving after a canvass has been through a neighborhood may want to give each canvasser some kind of bonus, or consider paying skilled canvassers a higher hourly rate as an acknowledgment that they may well have raised more money than the amount they return with in any given evening.

Second only to quality of canvass staff in ensuring the success of a canvass is efficient data management. After each neighborhood is canvassed, an evaluation of the neighborhood should be filed along with the demographic data on that neighborhood that led to its being chosen as a canvass site. These data can then be reevaluated in light of the canvassers' experience. Any special considerations, such as "no street lights," can also be noted in the evaluation.

Many people worry that theft by the canvassers will be a problem. Theft occurs no more often by canvass workers than by any others. Careless bookkeeping, however, can cost money and can give the impression that money has disappeared. At the end of the evening, both the canvasser and the field manager should count each canvasser's money brought in. The field manager enters the amounts under each canvasser's name on a "Daily Summary Sheet." The money and the summary sheet are then placed in a locked safe, and the secretary or bookkeeper will count the total again in the morning and make a daily deposit to the bank. At the end of the week, the bookkeeper tallies the total receipt of each canvasser and prepares the payroll. Donor names are entered into the database, with the source of gift noted as "canvass."

## **RETAINING DONORS ACQUIRED THROUGH A CANVASS**

Donors recruited through a canvass should be treated the same way all other new donors are treated: they need to be thanked, added to the newsletter list, and kept informed about the organization.

Within three months of their first gift, and every two or three months after that for a year, they need to receive a solicitation either by mail or e-mail, thanking them for their support and asking for an additional gift. The organization is seeking to move the person from giving to a canvasser to giving directly to the organization. If the donor does not respond to these requests, he or she should be phoned, or, if the organization is able to do this, the donor could be recanvassed at home.

There is always the option of renewing a gift given to a door-to-door canvass, but it is impossible for a street canvasser to renew donations.

One of my first fundraising jobs was door-to-door canvassing for two weeks for nursing home reform. It was one of the hardest jobs I have ever had. From that experience, I have a soft spot for canvassers and, when they come to my door, I am polite and I always talk to them briefly. There is one canvasser who works for an environmental justice

organization who has come to see me three or four times a year for about five years. She is in her mid-fifties, and she always starts her pitch by saying, “We’re making progress—we haven’t won yet, but we will.” She does a lot of things right: she asks if she is interrupting anything, she pats my dog, she says she will be brief. She hands me a short report on what the organization has been up to, and she cuts to the ask quickly: “Will you give \$50—it would really help.” There is one thing I wish she would improve on: she never uses my name or refers to any previous donations I have made, which gives the impression she doesn’t remember that I gave \$50 three months ago. If I say, “I think I gave not too long ago,” she says, “Yes, you just gave in March, as a matter of fact.” I know and like the organization she canvasses for, and sometimes I even invite her in for a cup of coffee, especially on a cold evening. If she were to be conscious of building a relationship with me, she would get much more money. For a canvass to really work, the canvassers have to see their work as finding donors, not just donations, a classic lesson that applies to all fundraising.

Canvassers who fail to bring in their quota for more than a week must be retrained or fired. Strict discipline is important in a successful canvass; keeping performance records will help to maintain a good canvass team.

Canvassing is an excellent strategy for community organizing; if done properly it can be a good way to mobilize members and make money. However, there are many pitfalls, and it is neither a simple nor a low-cost strategy. Canvassing changes the nature of the organization. It doubles or triples staff size and requires office space and additional equipment. Only organizations that have thoroughly researched the pros and cons of canvassing should consider using this fundraising method.



# Opportunistic Fundraising

Recently, I gave a workshop at a conference on the topic of opportunistic fundraising: how to recognize a time when you are with someone (or hundreds of people) doing something not related to fundraising, and suddenly asking for money would be exactly the right thing to do.

I asked whether anyone could think of such opportunities. One participant said she had been tweeting from a fundraising event she was attending. Her tweets were positive about the group and she was sharing some information the speaker was giving. She said, “I could suggest that people give money and put the link in the tweet.” An appreciative murmur filled the audience. (One could assume that someone even tweeted this suggestion to people not at the workshop.) Another participant said that at his family reunion many people congratulated him on doing the fine work they knew about because of his blog. In his next blog post, he mentioned donating money to a specific organization, and by the following week, several people in his family had given. Another even more appreciative murmur . . .

Then someone said that she and other people in her organization led popular workshops for teachers and coaches that always get rave reviews. She suggested that her organization send a follow-up mail appeal to people who attended the workshop. I like to encourage almost any fundraising effort, so I said, “Great idea. Or even faster and possibly more effective would be for you to figure out a low-key way to ask for money at the end of the workshop and provide envelopes for people who want to give right there.” Her face fell, despite yet another appreciative murmur from the audience. “But that would mean I would have to do it,” she noted, stating the obvious.

The fact is that every day we have opportunities to ask for money, but we don’t take them. This omission is called “leaving money on the table.” People are ready to give, but the moment passes and they move on to the rest of their lives and forget about that impulse. The first step is recognizing those moments, the second is figuring out how to use them.

To do those steps, you need to do a thorough inventory of all the work you do now and see how fundraising could easily be built into it. This is called

“opportunistic fundraising,” which simply means taking advantage of a situation you are in anyway. This kind of fundraising doesn’t take extra time and doesn’t require a lot of advance planning. But it does require an awareness and sensitivity to the opportunities that present themselves.

Let’s look at a couple of weeks in the life of an advocacy organization working on reproductive rights and how opportunistic fundraising occurs.

## **TWO WEEKS OF FUNDRAISING OPPORTUNITIES**

### **Sunday**

Volunteers from the advocacy organization are stationed at various locations around a community where they expect to find a sympathetic audience: outside of five grocery stores, near the doors of three liberal Protestant churches, and near a coffee shop in the middle of a large shopping mall. Their intent is to inform people that the local school board has eliminated sex education in the schools, substituting discussions of abstinence. Their literature contains information about the poor results of “abstinence-only” education elsewhere, with evidence of higher rates of teen pregnancy and sexually transmitted disease than before the policy was implemented. They ask people to do a few things: sign up for an e-alert for more information, come to school board meetings when the issue is being discussed, and bring the issue up in their local PTA. They show people samples of a kit with fact sheets and suggested actions to get the school board to reverse this decision and give people a card with a URL where they can download a copy of the kit. Because they want to focus on education, not fundraising, they don’t ask people to become members of the advocacy organization, and they don’t have a donation jar out at any of their locations.

The volunteers are able to enlist a lot of the people they encounter to sign up for the e-alert, and enough of them are either parents or teachers that the group makes its goal to gather XX names. Most interesting, however, is that over and over they hear this refrain: “I’d be happy to contribute some money” or “How can I become a member of your organization?” or “Is there anything I can do if I don’t have kids in the school system?” The teenagers in them all have a different refrain: “This policy is so messed up” and “My mom says it’s stupid.” One suggests to her friends: “Maybe we could do a car wash or something to help raise money.”

### **Monday**

Talking over the experience from Sunday’s efforts, the volunteers conclude that, although they met their goals for talking to parents and teachers, they missed a

great opportunity to involve a lot of other people, particularly those who might make a donation. They decide to revise their tactics for the following weekend.

### **The Next Sunday**

Once again the organization's volunteers spread out around the community with the same literature, but today they also have membership forms, a jar for collecting donations at each location, and business cards with their website and Facebook addresses and information about membership. The mall volunteers, using the wireless capacity of the coffee shop, set up two laptop computers so that people can look at their website and join online. They also prepare a special handout for teenagers.

This Sunday, they sign up thirty members at \$35 each, are given two checks for \$100 each, and later download the names of ten new people who joined online. In addition, their jars have collected nearly \$200. With only slightly more work, they continued their educational and advocacy push, but this week they also raised more than \$1,500.

### **Tuesday**

The executive director of the reproductive rights group attends a lunch meeting of the chamber of commerce. The owner of an office supply store greets her and wishes her luck in the important work her organization is doing. He hands her his card and says, "If there is any way I can help, let me know." She calls him later that day and asks two things: "Can our volunteers set up their information station in front of your store this Wednesday? And would you consider donating or deeply discounting office supplies for us?" She adds the second half of the question on the basis of her experience on Sunday. Yes to both, he says. A 50 percent discount on office supplies for a year saves the organization more than \$2,000.

### **Thursday**

The public policy director of the reproductive rights group meets with staff from a number of other organizations concerned in one way or another with reproductive rights issues. Some work in social service agencies, some work in education, and others are involved in advocacy. The purpose of the meeting is to prepare a joint statement to the press on the school board issue and to compare notes on their other work.

All the organizations are feeling stressed about money. "Is there anything we can do together to help all our fundraising that won't take much time?" someone asks. Ideas are bandied about, but the simplest one is for each organization to make sure their website has a link to all the other organizations' sites. There is no

clear income from this action, but each organization now has heightened visibility for very little work.

### **Friday Night**

The development director meets friends for dinner and a movie. One friend says her mother saw the volunteers from this organization outside of her church but didn't have time to stop. Does the development director have anything with her she could give her mother? Of course she does: she has the business cards created for last Sunday's work, and she hands one to each of her friends. By the following Tuesday she has a check from her friend's mother for \$500.

## **FIND YOUR OWN OPPORTUNITIES**

It is true that organizations working on immediate and hot-button issues will be able to generate cash in the moment, but every organization has opportunities for fundraising every day that they fail to take advantage of. Doing an audit of your day will reveal these opportunities. Review the opportunities that might arise for your group in each of the following typical daily events.

### **Communicating with People**

People in organizations communicate with dozens of people on the phone, in person, or by e-mail every day. Certainly, most conversations cannot include a fundraising component, but many more could than presently do.

**In Person** Any board member, staff, or volunteer talking with people about your nonprofit can hand them generic business cards about your organization that contain a giving option on the back. (The front would have the group's name address, phone, and website, but no one person's name.) The back of the card would look like the example shown here.

I want to help. Here is my gift of

\$45    \$100    \$\_\_other

Make checks payable to Good Group and send to the address on the front of this card, or donate online at [www.worldpeacesoon.org](http://www.worldpeacesoon.org).

Make sure everyone in your organization has some of these cards. Board members and volunteers can write their own names on the cards. People should be encouraged to hand them out like candy.

Most staff have a “signature” on their outgoing e-mail. Where appropriate, add a line that says, “You can help—donate now at [www.ourgroupp.org](http://www.ourgroupp.org).” Board members can add to their personal e-mail signature: “Visit my favorite nonprofit at [nomoretotoxicwaste.org](http://nomoretotoxicwaste.org).”

Everyone who is on Facebook or uses social media generally has some kind of profile. Encourage everyone in your organization to add your organization—with a link to its home page—to his or her profile.

**Voice Mail** On your organization’s voice mail, be sure that one choice is, “If you wish to make a donation, or speak with the development director . . .” or “For information about how to donate, visit our website, [www.goodgroup.org](http://www.goodgroup.org), or leave your address at the tone and we will send you information.”

In other words, make fundraising part of your message—these soft asks will offend no one and will help raise money.

**Publications** Many organizations produce brochures, reports, booklets, and even books. All of these should contain information about how and why to give. If the information can be downloaded from your website, ask for a small donation as part of the download. This information should be placed where a person would be likely to see it, usually at the front or back of the publication. Make sure it is easy to order these materials online, and if you have your own online gift store, add a donation line on the checkout page.

**Other Opportunities** Let people know that money is one way they can help if they want to.

- When people e-mail with questions, answer the question and include a hyper-link to your website.
- When you visit your major donors, ask them for names of people they think would be interested in giving.
- When giving a speech, tell people how they can help, and be sure to mention making a gift and telling others about giving.
- Use birthdays, weddings, Christmas or Hanukkah, or other holiday times to suggest that people make a gift to your organization in lieu of a present. Many people feel that they have enough “stuff” and are happy for a chance to give something meaningful.

Make sure all program staff, organizers, administrators—all non-fundraising staff—are helped to figure out when and where adding a fundraising pitch would be appropriate. Conduct an inventory of their days, and show them when fundraising might be included.

During staff meetings, ask people to report how they included fundraising in something they did or why they decided not to include it. Learning that there are far more opportunities to ask for money than we have realized goes hand-in-hand with learning when a fundraising pitch would be out of line. By sharing information like this, you will also learn where fundraising pitches simply are not worth the time or the money, and where they really pay off.

Here are more examples from a variety of organizations:

- A theater sells sweets, coffee, tea, wine, and soda before every play and during intermission. Near the cash register sits a jar with a notice that change dropped in will go to one of the theater's programs. Every night, people drop in between \$30 and \$50 extra dollars.
- A program serving homeless people has an art program. Some of the homeless people who participate create attractive works. From time to time, local galleries have displayed and sometimes sold the art. Several people have asked if the art pieces are available on note cards or t-shirts they could buy. In response, the organization creates a series of note cards using some of the images from these art works. Boxes of cards sell out quickly, so the program reprints them and offers them on its website and promotes them on Pinterest. These cards become a small but reliable income stream and a further source of visibility, which leads to other donations.
- A garden store donates most of the plants, seeds, and compost for a youth program's organic garden. Located in a well-trafficked area, the organic garden has a small display board thanking the store for its support and telling more about the garden. As a result, the store owner is often praised by his customers for supporting the garden. He decides to mobilize that praise by having printed on the bottom of his receipts the phrase, "Looking for a great cause? Go to [www.youngsprouts.org](http://www.youngsprouts.org)." The online income for this organization has risen since the storeowner started doing this.

By doing an opportunity inventory, almost any organization can raise more money with only a small amount of extra effort.



## **PART FOUR**

# Inviting Current Donors to Make Bigger Gifts

A very important element in effective fundraising is working with the fact that donors are not static. We sometimes say of a person, “He’s a \$50 donor,” but this is assigning an identity to someone based on a moment in time. Someone might start by giving your organization \$50 for any number of reasons: perhaps that is what she can afford. Or that is what he was asked for. Or that is what this couple always starts with. Or perhaps that is how much your organization seems worth to this person relative to all his or her other commitments. We don’t know, but if we just assume that someone who started giving with a \$50 gift will stay there, we make a huge error and we leave money on the table. Donors’ financial situations change and, fortunately for us, often for the better. Donors also have varying degrees of affection and loyalty to us, and our job is to increase both of those so the donor will be inclined to give more.

How to get your donors on a trajectory starting with, “That is one of many organizations I give to” and going through several iterations to, “That is one of my top three giving priorities” is the function of Part Four, which is about asking current donors to give bigger gifts and different kinds of gifts.

I start with how to set up a year-round major donor program, then look at a specific way to upgrade donors by asking them to make monthly donations. Then I sketch out what a legacy giving program will look like—how to get donors to think about what is going to happen with your issue and your organization (as well as their money) when they are no longer alive. Finally, I discuss how to set up an endowment, a strategy that helps your organization exist in perpetuity and creates a reliable income stream from investments.

Although you can’t start with these strategies, they are where the real money lies. People make big gifts to organizations that have been respectful with their

smaller donations, and they want organizations to exist for the long haul that are doing good work in the short term.

The strategies described in this section are almost rewards for doing the work described in the previous sections; they won't work without having established those foundations.

# Building Major Donor Programs

The financial payoff in fundraising is when you regularly receive large gifts from an ever-increasing number of your donors. To build a major donor program, no matter the size of the organization, a majority of staff, board, and volunteers must feel comfortable asking people for money in person (see Chapter Eight, “Getting Comfortable with Asking”). For many people, that comfort starts with being able to ask someone for \$20 for a ticket to a benefit event such as a dance or for \$35 to become a member.

Some askers never move past that level of comfort, but if an organization is to grow and thrive, a critical mass of board, volunteers, and staff must be able to ask for much larger gifts—\$500, \$5,000, \$50,000, and even more.

A person doesn’t have to like asking for money to be able to do it. Some of the most successful fundraisers I have known have confessed that they always feel anxious when asking for money. But they do it anyway, and sometimes their nervousness makes them prepare more thoroughly for the solicitation and feel even better about themselves and their group after they complete it.

## GETTING OVER MY OWN FEAR OF ASKING

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Over the decades that I have been in fundraising, I have been privileged to ask a few thousand people for gifts of all sizes, including three requests for \$1,000,000. (Of those three, one person gave the whole amount, one gave \$300,000, and one told me she would rather do almost anything than give our organization money, but that’s a long story.) My feelings about asking have evolved from “Do I have to?” to “This is exciting.” But some days I still think, “Do I have to?” or “Can’t someone else take a turn?”

Even though I tell people not to take rejection personally, I have to admit that I sometimes do take it personally, and I have to work to let

*(Continued)*

it go. In my experience, no one ever arrives at a place of total peace with asking, but with familiarity, we have more of those peaceful times and fewer times of anxiety, frustration, and maybe even resentment at having to do this work.

Often my feelings of peace are enhanced by euphoria at being told “Yes, I’ll give” or gratitude at someone’s extraordinary generosity or pride in the accomplishments of the organization. Some donors make it easy to ask because they are so moved by the work or are warm, caring people. Sometimes I am flooded with relief—the donor said yes right away, or the donor wasn’t at work when I called!

Feelings are not facts. They come and go, and they are often not very logical. I have found the best way to be the most comfortable with asking is to feel confident that I have prepared well and that I have made a significant gift, not just of my time but of my own money as well, before asking for a major gift. When I know I am asking a prospect to join me by making his or her own gift, I stand on firm ground.

Once it becomes part of the organizational culture to have a variety of board, staff, and volunteers willing to ask for large gifts, the organization must quickly develop a system for identifying prospects and regularly soliciting such gifts. That system is a major donor program. Sometimes this system takes the form of a campaign: major gifts campaigns are discussed in Chapter Twenty-Seven.

Before beginning a major gifts program, your organization must make a number of decisions: how much money it wishes to raise from large gifts, the minimum amount that will constitute a major gift (in this book it is \$500), how many gifts of what size are needed. In addition, you must decide what, if any, tangible benefits donors will receive for their gifts and what materials will be needed for the solicitors. Finally, the solicitors must be trained to ask for the gifts.

## **SETTING A GOAL**

The first step in seeking major gifts is to decide how much money you want to raise from major donors. This amount will be related to the overall amount you want to raise from all your individual donors and can be partly determined on the basis of the following information. (For more on goal setting, see Chapter Twenty-Nine, “Developing a Budget,” and Chapter Thirty, “Creating a Fundraising Plan.”)

Over the years fundraisers have observed that in a healthy organization, the gifts and the money tend to come in as follows:

- Ten percent of the donors will give 60 percent of the income.
- Twenty percent of the donors will give 20 percent of the income.
- Seventy percent of the donors will give 20 percent of the income.

In other words, the majority of your gifts will be small, but the bulk of your income will come from a few large donations. Given that pattern, it is possible to project for any fundraising goal how many gifts of each size you should seek and how many prospects you will need to ask to receive each gift.

It is easy to see that if your organization must raise \$100,000 from grassroots fundraising, you should plan to raise \$60,000 (60 percent) from major gifts, mostly solicited personally; \$20,000 (20 percent) from habitual donors, mostly solicited through phone, mail or e-mail, and regular special events; and \$20,000 from people giving for the first or second time, solicited from mail and online appeals, speaking engagements, special events, product sales, and the like.

If you have five hundred donors, then, expect that about fifty of them will be major donors, one hundred-plus of them will be habitual donors, and about 350 will be first- or second-time donors or donors who only give to your special event or in response to a crowdfunding campaign, but for whom your organization is not a high priority. The lowest major gift you request should be an amount that is higher than most of your donors give but one that most employed people can afford, especially if allowed to fulfill a pledge over the course of a year. Even some low-income people can afford \$20 a month, which brings being a major donor into the realm of possibility for all people close to your organization. (See also Chapter Eleven on creating categories of donors.)

Some organizations try to avoid setting goals. They feel they will raise as much as they can from as many people as they can. This doesn't work. Prospects are going to ask how much you need; if this answer is, "As much as we can get," your agency will not sound very well run. If prospects think you will simply spend whatever you have, they will give less than they can afford or nothing. Further, without a goal there is no way to measure how well the organization is doing compared to its plans. Just as no one would agree to build a house based on the instructions "Make it as big as it needs to be," organizations can't be built on the premise "We will raise whatever we can."

## **DECIDING HOW MANY GIFTS AND WHAT SIZE**

It would be great if you could say, "Well, we need \$40,000 from 10 percent of our donors, so that will mean two hundred people giving \$200 each." But two hundred people will not all behave the same way—some will give more, most will give less.

Given this reality, fundraisers have made a second observation: for the money needed annually from individual donors, you need one gift equal to 10 percent or more of the goal, two gifts equal to 10 percent (5 percent each) or more of the goal, and four to six gifts providing the next 10 percent of the goal. The remaining gifts needed are determined in decreasing size of gift with increasing numbers of gifts. Let's imagine an organization that needs to raise \$200,000 from a variety of individual donor strategies. Using the pattern just outlined, \$120,000 will be raised from gifts over \$500. Their gift range chart will look something like the example shown here.

<b>Major Donor Gift Range Chart</b>			
<b>Goal: \$100,000</b>			
	<b>Number of Gifts</b>	<b>Size of Gifts</b>	<b>Total</b>
Major gifts	1	\$20,000	\$20,000
	2	10,000	20,000
	5	5,000	25,000
	10	2,500	25,000
	20	1,000	20,000
	30	500	15,000
<b>Total</b>	<b>68 gifts</b>	<b>\$500–\$20,000</b>	<b>\$120,000</b> (60 percent of total)
<b>Other gifts @ 250</b>		<b>\$100–\$499</b>	<b>\$40,000</b> (20 percent of the total)
<b>Remaining gifts hundreds</b>		<b>\$5–\$99</b>	<b>\$40,000</b> (20 percent of total)

The most important and useful part of the chart is the top part, which plots sizes and number of major gifts, but the chart should not be seen as a blueprint. If an organization has one donor who can give 15 percent of the goal, then ask for that; in that case you will need fewer gifts at the lower end of the chart. An organization in a rural community may not be able to generate the number of gifts needed, so it will have to get fewer gifts at larger sizes.

The Gift Range Chart is like a map drawn on a napkin—it is not to scale, and few campaigns wind up having every gift fit exactly into every category. But it is

an important planning document and is helpful for testing the reality of a goal. For example, if your goal is to raise \$100,000, but the biggest gift you can imagine receiving is \$500, then you will probably have to lower your goal. The chart is also helpful for board members and other volunteer solicitors who may have difficulty imagining raising \$100,000 but can imagine thirty people giving \$250 each.

## HOW MANY PEOPLE TO ASK

Every fundraising strategy, presuming it is done properly, has an expected rate of response. For major gifts, when the gift is requested by someone who knows the potential donor, knows the prospect believes in the cause, and feels reasonably certain the prospect could give the amount of money being asked, the expected response rate is 50 percent. However, of the 50 percent of prospects who do say yes, there is a further 50 percent chance that they will give less than the amount requested.

With this understanding, for every gift you seek through personal solicitation, particularly at the upper reaches of the chart, you will need at least four prospects—two will say yes and two will say no. Of the two who say yes, one will give a lesser amount than requested. Because the prospects for higher gifts who say yes but give less than asked for help fill in the number of gifts needed in the middle and bottom ranges of the chart, you will need only two or three new prospects for every gift needed in those ranges. Overall, look for about three times as many prospects as gifts needed. For the \$200,000 goal, then, the top portion of the chart would be expanded to include numbers of prospects.

<b>Gift Range Chart and Prospects</b>			
<b>Goal: \$120,000 from Major Gifts</b>			
<b># of Gifts</b>	<b>Size of Gifts</b>	<b># of Prospects</b>	<b>Total</b>
1	\$20,000	4	\$20,000
2	10,000	8	20,000
4	5,000	15	20,000
10	2,500	30	25,000
20	1,000	40	20,000
30	500	60	15,000

## MATERIALS FOR MAJOR GIFT SOLICITATION

In addition to the gift range chart and a list of prospects, three more elements need to be in place before your organization can begin to solicit major gifts: what, if any, benefits you will give to major donors that are not available to other donors; materials that describe your work and how to make donations; and people to solicit the gifts.

### Benefits

While helping the organization is the main satisfaction for the donor, an added incentive, particularly one that doesn't actually cost you very much—such as free tickets to a special event your organization is hosting, a mug, or a book related to your work—will show that you appreciate the extra effort the donor is making and will remind the donor of his or her gift to your organization.

There is no evidence that one kind of benefit works better than another, and there is some evidence that donors prefer more personal attention and more information about your organization, rather than tangible benefits. Certainly, the benefit should not be very expensive. Under IRS law, any value of a benefit that exceeds the vague criterion of “token” is not eligible for the same tax deduction as the rest of the gift. For example, if someone gives \$500 to an organization and receives an etching worth \$50, the donor can only claim \$450 of this gift on his or her tax return because \$50 is more than a token amount. If the same group gave a t-shirt or tote bag worth little or nothing on the open market, the donor could claim the whole \$500 as a tax deduction. The IRS is increasingly questioning expensive benefits for donors, and donors can be annoyed by having to remember that what they gave your organization is different from what they can deduct.

If you decide to have a benefit, it should be easy to deliver, which is why many organizations use mugs or books as benefits. (One size, no color preference, doesn't get stale.) Because of the number of items people can commonly receive for their gifts to public television, public radio, or major national organizations, a small organization should probably offer something that is related to its programs. For example, an organization working for stricter controls on and alternatives to the commercial use of pesticides sends a short booklet on alternatives to pesticides for home gardens and indoor plants. An after-school program for young inner-city children sends drawings the children make, which are very popular with donors. A public policy think-tank has a monthly “briefing call” that donors can call in to. The policy director gives a short update on the policy issues the organization is working on, discusses pros and cons of different positions, and invites questions and comments. This is popular with some major donors and also gives the staff an early sign of what questions and comments a

friendly audience might have about a particular policy position. Benefits of this kind can be extended to anyone who has done a lot for the organization, including long-time donors or faithful and reliable volunteers.

A major donor program can be run successfully without giving any benefits beyond what are offered to all donors, such as the newsletter. This approach will only work if the donors are thanked personally and promptly and if the organization keeps in touch with them using the ways recommended in the section on renewing major gifts later in this chapter. Personal attention and information on the work the organization was able to do as a result of the donor's gift will always be the most effective benefit for maintaining and upgrading your donors' giving.

### **Descriptive Materials**

It goes without saying that every organization needs a useful, up-to-date website with information delivered through pictures, graphs, and even short videos, in addition to text. But for major donors, solicitors need some actual print materials. Some organizations create a brochure aimed at a major donor audience, but many eschew that expense in favor of simple, standard sheets of paper with background information related to asking for a gift, including "Frequently Asked Questions" about the current program or campaign, a copy of the gift range chart for the current campaign, and a list of what the money will buy. These papers are put into an attractive folder with a picture or the logo of the organization on the front. Each sheet includes the website so people can easily give online, but the packet also includes a return envelope for the many people still using checks. Because these materials will be used primarily in personal solicitation, they should focus on ways to make thoughtful gifts. For example, encourage people to make a monthly pledge and describe the tax advantages of giving highly appreciated assets.

The information in the packet is essentially a published, though perhaps condensed, version of your case statement (discussed in Chapter Three). It also helps volunteer solicitors by giving them something to leave with a donor and to refer to if they forget some information they meant to impart. Make sure all your print materials encourage the donor to visit you online, and make sure that information about how to give and choices about giving are completely clear.

### **Solicitors**

Finally, you need to have a core group of people willing to do the soliciting. Some of these people should be members of the board of directors, but the board's work can be augmented by other volunteers. These people should all be trained in the process of asking for money (see Chapters Eight and Nine). They do not have to have previous

experience in asking for major gifts, nor do they need to know many prospects personally. But they must be donors—ideally, major donors—themselves.

## **KEEPING IN TOUCH WITH MAJOR DONORS**

One of the most frequent complaints from major donors is that organizations treat them like ATMs—they punch in the amount they want and then walk away until they need money again. To keep donors interested in your group requires showing some interest in the donor, particularly some interest in why the donor is interested in your group. To give major donors this extra attention takes work, but it is work worth doing for several reasons: first, because it is courteous; second, because it brings donors closer to the work of your group, making them potential activists or advocates; and third, because it will bring in more money.

In addition to the time when you ask major donors to renew their gifts, you should be in contact with them two or three times a year. You will want to be in touch with some donors more often, depending partly on the size of their gifts and mostly on their personality and expressed level of interest. Remember that major donors are a good source of feedback, advice, and volunteer energy, as well as a source of introductions to other potential major donors.

There are several easy ways to keep in touch that make major donors feel personally appreciated and that do not cost the organization much in time or money. You can choose from the suggestions here or develop your own system, but be sure to put a system in place.

**Send a Holiday Card During December** The card should wish the donor happy holidays and be signed by the chair of the board, a board member with a personal relationship to the donor, or a staff person. If possible, write a brief note on the card. The card goes alone—no return envelope, no appeal letter. (You may also send major donors a year-end appeal in a separate mailing.) Unless your organization is religiously identified, make sure the card has no religious overtones, including cultural Christian overtones such as Santa Claus, elves, or Christmas trees. The same applies to the postage stamp you choose. Even if your relationship to the donor is entirely online, send a printed card if you have a street address. Very few people dislike receiving personal mail, and many people who grew up with snail mail miss the personal notes and letters than have been replaced by e-mail.

**Attach a Personal Note to Your Annual Report or a Personal E-Mail with a Link to the Report on Your Website** All donors should receive a copy of your annual report. You can put it on your website and send an e-mail with a link to the report and a brief note thanking donors for all they have done to make the

work reflected in the report possible. The major donors with whom you correspond by snail mail will need to receive a printed copy of the report and a personal note. The note can be on a Post-it and does not have to be long. Say something like: “Thought you’d be interested in seeing this year’s report since you have been so important to our success” or “I hope you are as proud of our work as we are—your gift helped make it possible.” It doesn’t matter if you don’t know the donors—a personal note shows that they are appreciated. If you know that something in your report will be of particular interest, note that: “Paul, that program you asked about is featured on page five” or “Fran, check out the photo on the back inside cover.” Staff usually write these notes, but board members with relationships to these donors can write them as well.

Note in your paper report that the report is also posted on your website and encourage donors to send that link to friends and colleagues. The paper copy may well grace the coffee table or magazine rack in the waiting room of an office. The annual report is a very important piece of communication. Even the smallest nonprofit should budget some money so that the report looks attractive, has some photos, and is well written and laid out.

**Report Successes During the Year** If you have positive press coverage, if you win a victory in your organizing or litigation efforts, if you are commended by a community group, service club, or politician, take the opportunity to send a special letter to major donors telling them of the event. If possible, include a copy of the article or commendation. This letter does not have to be personalized.

**Note a Donor’s Accomplishments** If you learn that someone graduated from college, won an award, or had a baby, send a card. Don’t spend a lot of time trying to learn this kind of information, but pay attention and respond when the information comes your way. Although not an accomplishment, if you know a donor’s birthday, you can send a card then, too. If you have your donor’s e-mail address (and you should), you can send e-cards to save postage.

**Include Brief Personal Notes with All Mailings** You can include a brief note with anything major donors will be receiving anyway, such as invitations to special events or announcements of meetings.

**Include Major Donors in Some General Mailings** Although you will probably not send major donors all the requests for extra gifts that are sent to the rest of your donor base, when a mail appeal is particularly timely or concerns a specific issue that will be interesting to them, include major donors in the mailing. You

can always put a Post-it on the mailing that says, “This is just FYI.” Ditto for e-appeals: the subject line for major donors can be “Just FYI.”

**Just Send a Quick E-Mail** You will be in touch with many of your major donors by e-mail when you are requesting a renewal. So that your e-mail is not always about money, from time to time, drop them a brief note or forward something that you think they will be interested in seeing.

By keeping in touch with your major donors, you will lay the groundwork necessary to approach them for renewals of their gifts in the second year and a request to increase the size of their gifts the third year. Even if no one in your organization has ever met these major donors and their gifts came unsolicited, through personal notes and letters you will begin to build a rapport that will enhance the interaction when you meet them in the future.

## **RENEWING MAJOR DONOR GIFTS**

The process for approaching major donors to renew their gifts will vary depending on the amount they have given. This section describes how to ask for renewals of various size gifts.

### **Gifts of \$250 to \$499**

Although these gifts are not technically major gifts, these donors may be stretching to make them and need a little more personal attention than smaller donors. Near the anniversary of the donor’s gift, send an e-mail (or letter) asking him to give again. In the e-mail, describe the highlights of the year just passed and attribute some of that success to the donor’s gift. Whenever possible, use stories to illustrate your work rather than simply narrating one dry fact after another. One paragraph should be devoted to the needs of the coming year. The next paragraph asks the donor to renew his gift. The letter should ask for the same size gift as the donor gave the previous year, which both reminds the donor of the amount of his last gift and shows that your organization keeps careful records. Offer to talk if the donor would like, but include the link to the website so the person can give online. If you have sent a letter, then include a reply device and return envelope.

### **Gifts of \$500 to \$999**

Use the format for gifts up to \$500, but follow your letter or e-mail with a phone call within ten days. In the letter, let the donor know you are going to call.

The phone call will go something like this: “May, this is June calling to follow up on my letter. Do you have a few minutes right now?”

“Yes, June. It’s lovely of you to call. Congratulations on your good work.”

“Thanks, May. As you well know, we couldn’t do it without donors like you and I wanted to tell you a little more about the campaign we are launching this month. [*Two to three sentences at most.*] It is a logical extension of the work we have been doing.”

SILENCE—let May talk. What June says next will depend on May’s response. If she says, “I like that—it makes sense,” then June can say, “Will you be able to help us again this year with \$500?” If May has questions, June can answer them and then ask.

June can then thank May for renewing her gift and ask if she has any other questions or tell her something that wasn’t in the letter (but be brief!). The whole interaction will not take more than five minutes unless May has some questions. Obviously, if May has a lot of questions or disagrees with the direction the organization is going, June will not ask, but might set a time for a longer conversation.

June will very likely get May’s voice mail, and her message will be essentially the same: “May, this is June calling to follow up on my e-mail. I just wanted to thank you again for your support last year, and ask you to consider giving again this year. I will try you again on Wednesday.”

After two attempts, and if a donation has not come in, return to e-mail and say, “Dear May, Would love to talk with you about our work, but I know you are really busy. Do you have any ten-minute windows in the next day or two?”

Many times these interactions will be completed by e-mail, with May responding: “I am drowning in work, but want to help. Remind me in a month.” If used well, e-mail is a great boon to donor solicitation.

### **Gifts of \$1,000 or More**

Send a much briefer letter telling the donor you would like to visit with him or her and that you will phone to set up a time. If you are simply asking for a renewal, the telephone request for a meeting will often go like this:

“Frank, this is Earnest. Did you get my letter?”

“Yes, it came yesterday.”

“Great. Can we get together sometime to talk about the possibility of you renewing your gift?”

“You don’t need to visit me for that. I’ll be happy to renew.”

In this exchange, even though he is planning to renew his gift, Frank may still feel pleased that he was given this attention; again, the interaction is very brief. If Frank does want to meet, he will be drawn even closer to the organization and

you will have a chance to see how your group appears to someone who is thoughtful about how much money to give you.

Some major donors, particularly those who live far away from the organization, prefer e-mail to phone follow-up, and your entire conversation may be done by e-mail.

### **When to Ask for More**

Two questions often arise: How many times should you ask a donor to renew his or her gift at the same amount before asking for an upgrade? And similarly, once the gift is upgraded, what is the appropriate amount of time before asking for another upgrade? The answer to both questions is simple: know your donor. The sooner you meet the donor and learn more about her, the sooner you will have a sense of whether she likes to be visited, whether she is giving to her capacity and cannot give more right now, whether she would rather make up her own mind about when and how to increase her gift, and so on.

Of course, you can't know all your major donors right away, and some you may never meet. When you don't know, follow this formula: get the gift, the following year ask for a renewal, the third year ask for an upgrade. If you receive a larger gift after asking for an upgrade, ask for a renewal of that gift the following year and the next year ask for a gift that is larger by one-third. Then repeat the cycle: for a couple of years ask for a renewal and then another upgrade, and so on. If the donor stays at the same level, keep asking for more unless you have information that the donor is giving as much as he or she can afford.

In addition to this formula, use common sense. If someone gives you \$5,000, you may need to wait to ask for a renewal for several years before asking for more. If someone gives you \$250, then ask her to double the gift. On the other hand, think twice before asking someone giving \$10,000 to double. You can always add the phrase "or more" onto any request you make if you really don't know how much more to ask for.

Of course, your organization must be able to justify needing more money, and that need must be expressed to the donor in a compelling way by putting it into programmatic terms. Hiring another staff person, for example, is not compelling; serving twenty more children (what the additional staff person is needed for) is.

### **THE HARDEST YEAR**

In planning to add a major gifts component to your fundraising, keep in mind that the first year of recruiting major donors may be the hardest. Do not set your goals too high; you don't want volunteers to be demoralized by failing to reach

an unrealistic goal. Major gifts solicitation can be done in the form of a campaign—that is, with a formal beginning and ending time, specific materials, and a special committee, as described in Chapter Twenty-Five, or it can be an ongoing program, with different volunteers helping at different times.

The most important step to take in a major gifts program is to start. Even if you have only one prospect, ask that prospect. If the largest gift you can imagine someone giving is \$250, start by asking for \$250. A major gifts program builds on itself; simply establishing the groundwork for the program will begin the process of getting major gifts.



# Setting Up and Maintaining Recurring Donor Programs

Inviting donors to give monthly (or at some other regular interval) is the most helpful way for donors who want to make a bigger commitment but can't pay all at once to do so, and is a great way to build donor loyalty. Harvey McKinnon, author of *Hidden Gold* and one of the most well-respected fundraisers in Canada, has shown that the lifetime value of a monthly donor can be 600 to 800 percent more than that of donors who give annually. Network for Good, the online fundraising platform that uses the Internet and mobile technology to securely distribute thousands of donations from donors to charities each year, reports that monthly donors give 42 percent more in one year than one-time donors. Recurring donor programs (also called “monthly donor” or “sustaining donor” programs) have been more popular in Canada and Australia than in the United States outside of churches.

With the advent of online donating, recurring donor programs are becoming popular with both donors and organizations because of the ease of setting up and maintaining them—for both the donor and the organization. In addition to how easy it is to set up, there are three other advantages to an organization to build a strong recurring donor program:

1. They give you a steady cash flow every month. Some organizations have been able to raise most of their ongoing operating costs from recurring monthly donations.
2. Donations will continue to come until the donor tells the organization or her bank or credit card company to cancel the payments. This is far different for a donor than having to decide whether or not to make a gift every time she is asked. As a result, the retention rate for recurring donors is often 80 percent or more—much higher than even a healthy retention rate of 65 to 75 percent for other donors.

3. If relationships with monthly donors are properly maintained, these are among your most loyal donors and are more likely to participate in your organization in other ways.

There are also clear advantages for the donor. People who are committed to an organization can express that commitment with a bigger gift by giving a small amount monthly rather than a one-time donation. Many working people, for example, who could not give \$300 all at once could afford \$25 a month. Further, people who give \$100, \$500, or even \$1,000 in one-time gifts may be able to repeat that gift four times a year or even every month if encouraged to do so. Certainly, donors can't make this kind of commitment to every organization, but they can and will make it to their favorite organization if the mechanism is in place for that organization to ask them.

## **CREATING A RECURRING DONOR PROGRAM**

Even though recurring donor programs are relatively easy to set up and maintain, they require thoughtfulness and, like all fundraising, need to be done properly for maximum effectiveness.

The first steps are to be able to accept credit or debit cards and to have your website's "donate" icon take donors to a page where they can sign up to donate using their credit or debit cards.

The next step is to decide on a name for your recurring donor program. Most organizations find that creating a named category or gift club for recurring donors attracts people. Go online to a dozen websites of large organizations and note how they promote their recurring giving programs. Some that you will want to check out are Habitat for Humanity's "HopeBuilders," the ACLU's "Guardians of Liberty," and the Humane Society's "Humane Hero." Even if you can't afford all the bells and whistles built into these or similar programs, they will give you ideas you can use and serve as models for changes you may want to make as your program expands.

Try to find a name for your program that reflects your organization; avoid over-used or boring names such as "Sustainer Club" or "Monthly Donor Circle." Ideally, the name will also have an image or logo to go with it, although that can be added later. Don't spend a lot of time on this step; neither the name nor the logo is as critical to the success of the program as launching it and continuing to market it.

Along with the name, you will need to decide whether being a recurring donor has any special benefits. While not imperative, an invitation to an event that is only open to recurring donors or discounts on other events or a special briefing or report are good benefits and are easy to deliver. (You may want to re-read the discussion on benefits and premiums in Chapter Fourteen, "Direct Mail.")

For the most part, the thinking behind offering donors the opportunity to make a monthly gift will not be that different from the thinking you have already done (or will need to do) about all aspects of your donor program.

## **Launching Your Recurring Donor Program**

To launch your recurring donor program, or relaunch one you already have, use a multi-channel approach, with the following aspects all ready to roll out at the same time:

- Put an announcement about the program on your website's homepage and a longer description of the program on your "donate" page, making it clear how to make recurring donations.
- Send a three-part e-mail invitation to join to a segment of your donors (more about that in a minute).
- Include an article about the program in your paper and e-newsletters.
- Mention the program in all your other social media.

To decide which donors will receive the e-mail invitation, start with how many donors you have. If you have fewer than five hundred donors, consider sending it to all of them, or all except your most major donors. If you have five hundred or more donors, send the invitation only to donors giving less than \$250. People giving more than that should receive more personal attention. Obviously, don't send it to corporate donors or foundation funders, and use a slightly different message if you are sending it to lapsed donors.

Your e-mail message should have a strong subject line and a short, easy-to-understand message. Here is an example from an advocacy organization:

### **FIRST E-MAIL**

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#### **Subject Line: On Your Mark, Get Set . . .**

GO toward our goal of homes for everyone. That is what your donations helped us do every day this year. Our great victory with the Coalition to End Homelessness means eighty new units of low-income housing will soon be available in our community, and our Gardens for All project means that everyone in our community who wants a small garden plot

*(Continued)*

and the company of other gardeners can now have that. *[Add links to these programs with pictures and more text inviting people to become monthly donors.]*

Ours is year-round work and we need year-round income to support it. We have created a program to help us raise the income we need, and we are inviting you to join. Will you consider making a monthly donation of \$50, \$25, \$100, or whatever feels right to you?

You will become a charter member of Win the Race, our new monthly donor program. If you join before the end of the year, we will send you two free tickets to our Taste of the Harvest event on January 24. Read more here *[link to donate page]*.

## **SECOND E-MAIL (THREE TO SEVEN DAYS LATER)**

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### **Subject Line: Help Us Win the Race for Enough Homes**

You know the saying, “Slow and steady wins the race”? We have created a monthly donor club for people like you who have helped us steadily and faithfully, and we’d like you to join. We are looking for one hundred charter members giving from \$5 to \$100 or more each month. This steady, reliable income will guarantee that we can continue to do our work, with sometimes dramatic victories *[our housing complex; link embedded]* or important *voter education efforts* that have *paid off* over time *[link embedded to donate button here]*.

Will you help? Join the first fifty charter members to help us reach one hundred. Please, *join now [link embedded]*.

## **THIRD E-MAIL (SEVEN TO TEN DAYS LATER)**

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### **Subject Line: You could take us to the finish line**

My name is Raquel Espinosa and I just joined “Win the Race.” I have watched the incredible work of Advocacy Organization and often wished I could help more. Now I can! I am giving \$15 per month—an amount I feel I can afford (less than a few cups of coffee!), and it feels good!

We just need twenty-five more people to form our charter membership. Will you be one of those? You can pledge any amount on your credit card.

Please join me. Our community is better for all the work that has been done, but we have a long way to go and much to do. It feels good to know I'm helping with a modest monthly gift that adds up to critical support.

*[Picture of Rachel here]*

After each e-mail, update the website to show how many people have joined. In addition, Tweet people who have joined to post on your website or on your Facebook page when they have taken this step. In this way, over a three to four week period, the consistent fundraising message is "Become a recurring donor."

After this intensive launch, use a small amount of space in your newsletter to discuss your monthly donor program, and make sure to include a monthly donor option on all your return forms.

Many donors still respond well to snail mail appeals, so you will want to use a direct mail appeal to invite those donors to join your monthly giving club. Segment out people who have never given online and who have given more than once a year for at least two years. Here is a sample of what you might send them:

Dear Nora,

You have been helping us for the past five years with \$50 sent several times a year. I hope you know how much we appreciate your generosity. Your gifts have made possible such recent accomplishments as the following:

- Accomplishment
- Another accomplishment

Because our program is so effective, the need for what we do is growing daily and we are not able to keep up. To help expand our capacity to act, we are asking all long-time loyal donors like you to consider stretching their giving by signing up for our "Say Yes to Everyone" circle. Here's how it works: you make a monthly commitment to our organization, such as \$50 or \$100 or whatever feels good to you. This amount then becomes an ongoing charge on your credit or debit card or it can be taken

*(Continued)*

directly from your bank account each month. If you would rather pay by check, we can send you monthly reminders with return envelopes.

If two hundred of our long-time donors become monthly donors, we will be able to raise an additional \$100,000 annually—an amount that would allow us to say yes to everyone who needs our services.

You can join by sending in the enclosed form or go online to [*URL here*].

Thank you for all you do,  
Executive Director

If you want to have an even higher response from this segment, consider following up with a call. In that case your letter would end like this:

“I realize that signing up to become a monthly donor would represent a much larger gift for you, and I don’t expect you to decide on the basis of this letter alone. I will call you in a few days to discuss it further.”

Just as in a major donor campaign, the letter is followed by a phone call to discuss the gift further. Be clear in your call that you know some donors will be able to say yes to this request and that others are already giving as much as they can. You do not want to give the impression that a gift of \$100 or \$200 a year is not enough!

Another way to advertise your monthly donor program is by putting the letter in the form of a testimonial. While the letter is very much the same, the voice is more personal:

“In thinking about my own giving to Good Works Organization, I realized I wanted to do more. However, I could not afford to give \$1,200 a year all at once. But with a little planning and fewer double espressos at the coffee bar, I realized I could give \$100 a month. I am really pleased that I have been able to stretch my giving in this way, as I know it makes a huge difference in the work Good Works is able to accomplish. Will you join me? Here is how it works” [*and so on*].

## ONGOING PROMOTION

A catchy name for your recurring program is useful, but donors respond most when they understand the needs your organization will be able to meet. As with

other giving appeals, donors seeing exactly where their donations go can spur them to sign up. For example:

- \$25 a month provides food and water to forty refugees.
- \$50 a month provides ten students with free tutoring to help them meet their goal of graduating from high school.

Put these numbers on your website and mention them from time to time in your e-newsletter or other ongoing promotion.

## **COLLECTING MONTHLY DONATIONS**

Many sustainer programs have failed because the organization did not put time into collecting the amounts or did not have a system in place to keep track of payments. Credit cards expire after a few years, or people cancel them for various reasons. The donor may forget to transfer a recurring gift to your organization onto a new card, and you will need to call and ask for a new number. When a recurring donor does not renew once his or her credit card has lapsed, it is usually because the organization has done a great job recruiting but then no work at all maintaining. Don't make that mistake.

If you also have a paper system for collecting recurring gifts (an option I recommend offering for donors who would prefer to give by check), you must have good systems in place to follow up with those donors. I have committed to be a monthly or quarterly donor to several organizations over the years; with some of them I made one or two payments, then forgot about my pledge. In some instances my card expired and they never called. But most of those organizations failed to remind me of my pledge or reminded me in such a sporadic way that my pledge was paid sporadically. In one case, after being asked to give \$25 a month to an organization that I found appealing but knew little about, and after making payments for a few months, I received a letter from the organization asking if I could either transfer my pledge to a credit card or pay the rest of my pledge in one payment because they “found the process of depositing so many checks every month too time-consuming.” Since the reason I had committed to give a certain amount every month was to be able to make a larger gift than I could at one time, I found their request lacking in an understanding of the purposes of a monthly donor program.. Further, I found my feelings a little hurt by the implication that losers like me were taking up so much of the organization's valuable time with our endless donations. As a result, I stopped giving altogether. Perhaps not surprising, I never heard from the organization again.

## **KEEPING TRACK OF RECURRING DONORS**

It is as easy to keep track of recurring donation as any other donor gifts. Most databases have fields to record pledges and to make sending reminders simple, or you can buy a module specifically designed for managing a monthly donor program. If your database does not have this feature already or you do not want to add another component to your computer systems, set up fields in your existing database to record pledges and the payment due dates. As payments are made, record them. For people paying by check, send a reminder each month or quarter so that it arrives right before the first of the month, when most people are paid.

### **Thank the Donor Promptly and Often**

In addition to sending an immediate, personalized confirmation that their gifts were processed successfully, you should thank your monthly donors within a few days of setting up their recurring donations. Have a plan in place to make this happen quickly and make it a priority. Consider calling the donors to thank them in addition to a written thank you.

After the first thank you, send an e-mail a few weeks later telling the donor again how important her monthly gift is and how appreciative you are. Use an example or a story. Be personal. Write to “Sarah” rather than “Dear Friend.”

### **Two Don'ts of Recurring Donor Programs**

Here are two warnings to heed in setting up a monthly donor program:

First, don't set up any pledge program unless you are confident that your donation portal, record-keeping, and accounting systems are adequate to handle it. You want to be particularly thorough in handling direct debit and credit card collections. Ask board members and other volunteers to be the first to give using a credit card or direct debit so you can work out any glitches in your system, then move on to your donor base. Organizations often find that they must upgrade their own infrastructure as they adopt more sophisticated ways of interacting with donors. In that way, they not only raise more money but also run more efficiently and effectively overall.

Second, be sure to keep in touch with your monthly donors, just as you do with your major donors. I have heard many monthly donors complain that once they signed up, they never heard from the organization again. Thank-you notes, personal notes, and calls are very important to this segment of donors. Don't take these people for granted—they can be your bread and butter and are often your most stable and loyal donors.

# Legacy Giving

chapter  
**TWENTY-  
THREE**

The term *legacy giving* (also called *planned giving*) refers to arrangements made for a nonprofit to receive contributions from the estate of a donor. These gifts are generally made by long-time donors who believe the work of the organization must continue after their own lives are over, and, more important, who have faith that the organization will continue to do a good job for years and years to come. These are not necessarily major donors; many bequests come from donors who have given small amounts to an organization for a long time. When I look around at board meetings I attend, I often reflect that in thirty years (which is really very little time), people who aren't even born yet will be running the organization. I will be deceased. What would I need to know about this organization to trust that it will continue to attract people to its board and staff (people who don't exist yet) who will continue to do good and needed work? Whatever information creates that confidence is fundamental to persuading donors to consider legacy gifts.

Some organizations use legacy gifts for annual expenses, but because the gift is not repeatable, this practice is unwise. A more appropriate use of legacy gifts could be for capital improvements. But most nonprofits use legacy gifts to build endowments. An endowment is a permanently restricted fund invested to generate interest. The principal, or corpus, is never spent but is added to as more legacy gifts come in. Unless the donor has created terms restricting how the gift can be used, the interest income can be used as the organization wishes. Interest income is usually used to offset general operating costs, as these are the most difficult to raise money for. In Chapter Twenty-Four, I discuss endowments in more detail.

## **GETTING READY FOR A LEGACY GIVING PROGRAM**

Many organizations think that getting ready for a legacy giving program involves going to seminars and memorizing complicated financial planning language, then identifying the organization's oldest donors, explaining to them what you have learned, and watching them sign on the dotted line before they totter off into the sunset. In fact, before anyone in the organization begins learning about legacy gifts, a number of things have to be in place.

First, it is critical that your organization discuss and agree on the need to exist far into the future. (For more on this topic, see Chapter Twenty-Four, “Setting Up an Endowment.”)

Second, you need to look at whether people trust you to do your work now and whether, in general, they understand your need for money. Does your non-profit have a good reputation—not just for work accomplished, but for stewarding resources, handling money responsibly, and raising money with integrity? Although many grassroots organizations could answer yes to all these questions, they may be surprised at the extent to which their donors have no sense of how the organization deals with money. If you never have an audit, if you don’t include financial information on your website, if you don’t publish the names of your donors from time to time, and if you don’t regularly talk about how you raise money, your donors may not have thought much about your financial needs. For example, if someone asks where money comes from for the local humane society or college or symphony orchestra, many people would answer that these institutions receive a lot of money from individuals and bequests. Because of that understanding, as people write their wills, many think of leaving some of their estate to the humane society or to their alma mater or local arts organization. You can start a legacy giving program without people being aware of how your organization raises and spends money, but your program will not go very far until that information is more commonly known.

Third, and closely related to the previous point, you need a donor base that includes people who have given your organization money for several years and who think of your organization as one they will support for as long as they can. Many organizations need to strengthen their relationships with their current donors before they begin a legacy giving program—the longevity of donors is as important as the number of donors you have when it comes to planned giving.

If one or more of these elements are not in place, skip this chapter and re-read the preceding chapters. Do what is recommended in those chapters and you will be ready to come back to legacy giving in a year or two.

## **PREPARING TO TALK ABOUT LEGACY GIVING**

Many organizations that have the donor base in place to start a legacy giving program hesitate to do so because of the almost universal taboo about talking about death. In the context of fundraising, people may feel particularly awkward raising the subjects of money and death at the same time. Such a discussion may seem not only in bad taste but also intrusive. However, it is important to remember that in the United States, bequests, which are the most common form of

legacy giving, account for nearly 10 percent of all the money given to nonprofits. In fact, the money given from bequests in most years is equal to the money given by foundations and always surpasses the money given by corporations. (An old joke in fundraising is that dead people give away more money than corporations.) If you want people to think of your organization when they are drawing up their estate plans, you will have to ask them in one way or another.

When you ask someone for a bequest, you are not asking him or her to die—as inevitable as that will be for us all. You are instead making a statement about your organization and its need, complimenting the donor on her or his commitment to your cause, and giving her or him another opportunity to act on that commitment.

## **THE IMPORTANCE OF A WILL**

To give you a sense of the market, more than half of all people in the United States die without a will. Of those who make wills, only about 8 percent include gifts to nonprofits in their last wishes. Even among very wealthy people, for whom a gift from their estate would lower the estate tax for their inheritors, only 18 percent include any gifts to nonprofits. So there is a huge opportunity for nonprofits to educate donors about their options and to become part of someone's estate plan. But we first have to educate people about this type of giving. Fortunately, the Baby Boomer generation, which really built the nonprofit sector, is the first generation to be fairly familiar with the idea of making gifts through wills and estates, and more of us will be making such gifts than have generations before us.

Although there are many vehicles a donor may use to leave money or assets to nonprofits, the vast majority of legacy gifts are bequests. Fully four out of five planned gifts are made this way, so for many organizations, particularly grassroots ones, establishing a solid bequest program is as far into legacy giving as they will ever need to go.

The terms of almost all legacy gifts, even very complicated ones, are laid out in a will. Everyone should have a will because no one knows when he or she is going to die and because everything you own (and owe) during your lifetime you also own (and owe) after your death. You have the authority to direct what happens to your property after you have died, but if you choose not to make a will, the state will make that direction for you. Introducing your donors to legacy giving is thus a service to them because it causes them to think about making or updating their wills. Your nonprofit may obtain some money as a result, but the main service is in reminding people that making a will protects the donor's family and other interests.

If a person dies without a will (called “dying intestate”), the law specifies who will receive the estate, as follows:

- If the person is survived by a spouse and not survived by a child or parent, the spouse receives all the property.
- If a person is survived by a spouse and a parent and not a child, the spouse and parent share the property.
- If a person is survived by a spouse, child, and a parent, the spouse and child share the property; the parent receives nothing.
- If a person is not survived by a spouse or a child or a parent, then the person’s brothers and sisters and the children of any deceased brothers and sisters share the person’s property.

## **MOTIVATING DONORS TO MAKE A WILL**

People with a substantial amount of wealth are most likely to have taken care of making a will. But in most grassroots organizations, most of the donors are middle-class, working-class, and low-income, and the first step in a legacy giving program becomes motivating them to make their wills. (The second step will then be to encourage them to name the organization as one of their beneficiaries.) A few case studies about what happens to people who don’t have wills motivates most donors to create one. Names have been changed in the two examples presented here, but they are true stories.

### **THE IMPORTANCE OF A WILL**

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#### **Example 1**

When Mary Springhill, age fifty, died of breast cancer, she had no children and her parents were deceased. She was separated but not divorced from her husband. Mary had worked all her life, and her estate, including a house, a new car, and some savings, was worth a little more than \$400,000. Mary had never gotten around to writing a will; she thought she could do it when she was older. During the time she had cancer, she was too sick to think about preparing one. Mary had left her husband three years prior to her death, after enduring his physical and emotional

abuse for fifteen years. Now, as the surviving spouse and sole heir, he is the beneficiary of her entire estate.

### **Example 2**

Faye and Marianna were lovers for five years. Faye had inherited an apartment building and a handsome stock portfolio from her father. She and Marianna lived in a home Faye had bought before they got together. They were planning to add Marianna's name to the title of the house, as well as to create wills, when Faye was killed in an auto accident by a drunk driver. Because Faye had no will or children, her parents became her legal heirs. They had never approved of Faye's relationship with Marianna, and after Faye's death, they evicted Marianna from Faye's house and gave her nothing from Faye's estate.

Most people underestimate the worth of their estate and overestimate the time or cost involved in setting up a will. They also do not realize that not having a will creates a tremendous amount of work for whoever must deal with their estate. Aside from instructions about the distribution of property, a will can carry wishes about how the person wants to be buried, whom he or she wants to look after children or pets, and any other legal or other obligations the deceased wishes heirs to assume.

Nonprofits cannot be involved in the creation of someone's will. They can encourage people to create a will, offer workshops about wills led by attorneys or estate planners, and discuss what they know about wills with donors and in written materials, but they must not get involved in giving legal advice or in helping people to write their wills. The only advice anyone in a nonprofit should give current or potential donors is to consult their own attorney or financial planner. The reason for all these cautions is that people who work for nonprofits are subject to being accused of "exerting undue influence," opening the way to legal challenge of a will.

## **THE BEQUEST**

The simplest form of legacy giving to a nonprofit—and the most common—is the bequest. People note in their wills what property they wish your organization to have: cash, stocks, bonds, art—anything of value. People who already have wills and don't want to change them substantially can add a "codicil" or amendment to their will to specify gifts to your organization.

One of the most famous and earliest bequests was given by Ben Franklin in 1790. He left the equivalent of \$4,000 to be divided between the people of the state of Pennsylvania (76 percent) and the city of Philadelphia (24 percent) on the condition that the principal simply be allowed to grow for two hundred years. (Franklin had great faith in the future of his state and city!) In 1990, when the two hundred years were up, Franklin's bequest was worth \$2.3 million. A group of Franklin scholars given authority to recommend the best use of the money decided that the city's money should be kept in a permanent endowment at the Philadelphia Foundation and the state's money should be shared between the Franklin Institute and a consortium of community foundations around the state.

### **How Someone Makes a Bequest**

Anyone can make a bequest. All that is required is that a person be of sound mind when making or amending a will and own something of value. Many people think bequests are only for wealthy people, but in fact, if all someone owns is a late-model Toyota, he can leave that car to a nonprofit, which can then keep whatever amount it can sell the car for.

All bequests can be revoked during the life of the donor—any time and however often a donor wants to change a will. Your organization may be included in one will and left out of a later version. Thus, unrealized bequests (bequests promised to you by donors who are still alive) cannot ethically be counted toward a fund-raising goal.

### **Wording of Bequests**

Although your nonprofit cannot help people directly in writing their wills, it can, in any published information about the organization, let donors know the appropriate wording for various types of bequests they may wish to leave to your group.

**The General Bequest.** The general bequest is the simplest bequest, whereby a donor gives a stated amount to the nonprofit without attaching any conditions. The bequest reads as follows:

I give and bequeath to [*exact legal name and address of organization*] the sum of \$\_\_\_\_ [*or a specific piece of property*] to be used as the board of directors directs.

To be absolutely certain there is no confusion about which nonprofit organization the donor meant, it is a good idea to include the address of the group.

Similar to the general bequest in language and intent are two other types of bequests.

**Bequest of a Percentage.** With this type of bequest, the donor makes the following type of statement:

I give and bequeath \_\_\_ percent [*a specific percentage*] of the total value of my estate to [*exact legal name and address of organization*] to be used as the board of directors directs.

**Bequest of Residue.** A bequest of residue is a provision that all wills should have. It leaves the remainder of a person's estate to an organization or a person after all other bequests are fulfilled. These bequests are often the largest ones; they read as follows:

The rest, residue, and remainder of my estate, both real and personal, wherever situated, I give and bequeath to [*exact legal name and address of organization*] to be used as the board of directors directs.

The remaining three types of bequests have more strings attached or only come into play under certain circumstances.

**Contingent Bequest.** A contingent bequest leaves a bequest to the nonprofit if any of the other beneficiaries are unable to receive their bequests because of death or other circumstances. All people should have a contingent bequest in their wills (and on their insurance policies and retirement accounts) in case circumstances have changed since it was drawn up.

Should [*name of heir*] predecease me, the portion of my estate going to [*name of heir*] I give and bequeath to [*exact legal name and address of organization*].

**Income Only to Be Used.** This type of bequest restricts its use to a permanent investment, with the income from that investment available to the nonprofit. It carries the following wording:

I give and bequeath to [*legal name and address of organization*] the sum of \$\_\_\_\_ to be invested or reinvested so that the income only may be used as the board of directors directs.

**Designated Bequest.** This type of gift provides a sum of money for a specific or designated project or program.

I give and bequeath to [*legal name and address of organization*] the sum of \$\_\_\_\_ [*or the property or percentage*] to be used for [*specific description of program, scholarship, building, and so on*].

Ideally, a designated bequest has some kind of contingency, such as the following:

Should this program no longer be needed, or be fully funded from another source, the bequest may be used as the board of directors directs.

The most flexible bequests are those that are best for the nonprofit; it is the wording of those that you will wish to advertise.

You can see from these various types of bequests how a donor might change his or her will over time to make your organization more of a direct beneficiary. Some donors start with a contingency bequest, from which if one or more unlikely things happen, your organization will benefit. Over time, they may move to stating a percentage or an actual amount for your organization. Or they may change their bequests to be residue bequests—anything left over is yours. The fact that bequests are revocable works in favor of nonprofits as well as donors and should not be seen as a disadvantage.

## **GIFTS FROM INSURANCE AND RETIREMENT FUNDS**

Any time a person owns an asset, such as an insurance policy or investment in a retirement fund, he or she will be asked to name a beneficiary. That beneficiary can be a nonprofit organization or an heir, and with the nonprofit in second place in the case that the heir dies first. Here are a couple of common examples.

## **Existing Life Insurance Policies**

People generally buy life insurance to protect their survivors if sufficient assets have not been accumulated. The value of the life insurance policy may cover mortgage debt or protect a business. As a person grows older, she or he may not need that protection and can change the beneficiary of the insurance to a charity of choice. With certain kinds of policies, the older the life insurance policy, the more cash value it has built up; that value can be given outright during the policyholder's lifetime. (This, of course, is not as much money as it would have paid as a death benefit.)

## **Buying Life Insurance to Fund a Gift**

For people wanting to give an organization an amount that is far greater than they imagine they would be able to give from accumulated assets, buying a life insurance policy and making the charity a beneficiary may be an option. The premiums on such a policy may be tax deductible.

From an organizational viewpoint, this kind of insurance is problematic because it means the donor is paying out money to help your organization, but you will not see the results of this money until the death of the donor, perhaps far in the future. If the donor stops paying his or her premiums, the nonprofit has neither the insurance nor the donor.

## **IRAs or Other Retirement Plans**

Many Americans are eligible to participate in some kind of tax-deferred retirement plan. You can encourage your donors to make your organization the primary, secondary, or final beneficiary of their plan or to name your organization as a recipient of a percentage of the proceeds. This money may come to you if the person dies before retirement or before she or he has used all the money in the plan.

## **INTRODUCING YOUR LEGACY GIVING PROGRAM**

You have probably thought, as I often have: "I don't know how I would bring up the idea of leaving a bequest with anyone; even if I did, she would be completely shocked. If she weren't upset, it would be because somebody else probably asked her already and I am too late."

These feelings are normal. I have known donors who had a favorite grassroots organization to which they made significant donations and for which they volunteered, only to make legacy gifts to their university or another much larger institution in whose ability to handle such gifts they had confidence. Perhaps they

could not be sure the grassroots organization would last long enough to benefit from a bequest, or they did not trust that the organization could manage an endowment. This is a vicious cycle, and people in fundraising roles in small organizations need to break it by making this option known to all their donors and convincing some of their bolder donors to take the leap with them. Once a few do it, others will follow.

The best way to introduce a legacy giving program is also the easiest and most low-key: begin to include the topic in all the places you already publish information about ways to give. Discuss your endowment and your vision for the future, and ask donors to think of you when they are making their estate plans. One method is to put a short article about bequests in each issue of your newsletter that refers people who want more information to your website, where among the menu items under “Ways to Give,” “Types of Bequests” leads to a detailed description and perhaps sample wording or a sample codicil that people can download.

Once a year, send a mailing specifically focused on bequests to your whole donor list, or at least to donors who have given for three or more years in a row. You may wish to use a brochure explaining bequests and send it with the mailing. Language for such brochures is available from Leave a Legacy, a public service campaign to encourage people to make wills. The campaign’s website, [LeaveaLegacy.org](http://LeaveaLegacy.org), has all the language you need to use in your materials. It also has wonderful stories illustrating the importance of making plans for the disposition of a donor’s estate. [Gaywill.com](http://Gaywill.com) is a similar service for the LGBTQ community.

In every newsletter and on your website, include a notice (like a classified ad) that your organization is receiving bequests and ask people making their wills to remember you. Here is sample language for such ads:

As you are making out your will, remember us with a bequest. Our full legal name and address are \_\_\_\_\_. For more information about bequest language, call or write: [*phone number, postal and e-mail addresses*].

Or

If you have provided for [*name of your group*] in your estate plans, please let us know.

Givers can also be reminded that they can name your organization as the first, second, or final beneficiary for part of all of the proceeds from IRAs, insurance policies, wills, or any other estate-planning documents.

Present this information frequently and people will begin to notice. Once they begin to notice, they will remember your organization when they are making out their wills. It generally takes about three to five years for a legacy giving program to begin to produce results (that is, that you actually begin receiving bequests or you know that some of your donors have provided for your organization in their wills), so it is certainly not a quick fix to an immediate financial crisis.

### **Create a Legacy Giving Mailing List**

As you do more mailings about legacy giving and as people contact you for more information, you will develop a list of people who have identified themselves as wanting information about legacy giving. This list includes some serious prospects who want to help your organization and may consider doing so with a legacy gift. It also includes people doing fundraising for other groups who want to see your material and people who love to get mail and write away for everything. You will have to sort out the serious prospects from the others in order to focus any personal attention you want to give to genuine planned giving prospects.

Many organizations create a “legacy society”—a named group of people who have included your organization in their wills. This segment of people receives special mailings from time to time, some of which can describe your organization’s legacy giving options in more detail, using examples and stories. People in such groups can be invited to receptions or lectures designed for them. These gift clubs turn out to include a nice cross-class makeup, as its members include anyone who notifies the organization that he or she has left it a bequest, which could be of any size.

People interested in legacy giving can also be encouraged to sign up for information sent by e-mail. Any e-mail notices you develop should also be posted on your website and reached through the Ways to Give menu item “Making a Bequest” or “Ensuring Our Future.” Look at the websites of large organizations to get ideas for how to promote legacy giving using your website.

### **Hold a Seminar**

A good community service that can also generate some legacy gifts is a seminar on estate planning. Invite people who have indicated an interest in legacy giving and announce your seminar to the broader community, if you like. Have an estate

planner there and plenty of materials both about your organization and about estate planning strategies. If you can, have someone there who will discuss how he made up his estate plans to include your organization.

The purpose of the seminar is to help people think through what they are going to do with their estates, so you don't want to spend a lot of time talking about your organization. However, you will need to mention yourselves a few times to drive the point home that if a person includes a nonprofit in her will, you hope it will be yours.

A seminar lets you meet people, making follow-up easier. One follow-up technique is for your seminar to be the impetus for forming groups of people who want to discuss estate planning or legacy giving options with the help of an expert. Each month or so, your organization (or a coalition of similar organizations) provides an expert for these prospects to meet with who presents one topic in depth. (The group can also discuss related personal issues, such as when children should have access to their inheritance, the kindest thing to do with pets at the death of an owner, living wills, and so on.)

Many organizations have found success in cosponsoring seminars such as those described here. More people attend, and it is clear that no one charity is being emphasized.

Beyond bequests, there are other legacy giving strategies, some of which can benefit donors during their lifetimes by paying dividends on money put in trust for the nonprofit after a donor's death. Some organizations work with their local community foundation to hold and manage trusts such as these and related types of funds. Since community foundations are set up to handle complicated giving arrangements, they have the language and the knowledge of how to do so as part of their program. A foundation may also impart to donors a sense of solidity and stability that reassures them that their investments will be well managed. Your organization receives the interest, just as you would if you were managing the asset, but without any of the complications of managing the money. You will pay a fee for this service, and you do not own this asset, but the money is pooled with other investments, giving you more—and more reliable—income than if you tried to manage the trust on your own.

Once you are able to move past your anxiety and awkwardness about talking about legacy giving, you will see that a legacy gift is probably the most mutually beneficial gift a donor can make. With every gift, the organization benefits from the donation and the donor benefits by knowing that work he or she believes needs to be done will continue. The bigger the gift, the more assurance the donor needs to have that this will be the case. An organization expresses its gratitude to

these donors for moving the work forward through thank-you notes, special events, and other kinds of attention.

An organization that wants a working legacy giving program will have to have in place all that is required for any successful fundraising program: a desire to work with donors, the capacity to gather and sort data about donors, people willing to ask, plans and goals for the future, and a belief in the enduring value of the work.



# Setting Up an Endowment

chapter  
TWENTY-  
FOUR

During boom years, even the smallest NGO can be found putting money away into an endowment, a reserve fund, or just a savings account. This money is invested in mutual funds or certificates of deposit and, with a little tending, the principal grows, sometimes dramatically. Endowment income can be a reliable part of an organization's annual needs, and for organizations with large endowments, the endowment gains can be a major part of income. During bust years and dramatic stock market downturns, putting money aside is less popular and thought to be less possible.

Just as a family or an individual saves for retirement or hard times, any organization that possibly can should put some money aside. Institutions that should be permanent fixtures in the nonprofit landscape need to start endowments. There are ways to invest the principal in an endowment safely and to ensure both long-term growth and some income.

## ENDOWMENT DEFINED

An endowment is a permanent savings account for an institution. Money is put aside as principal, and a small percentage of that principal (traditionally 5 percent) is used for the annual needs of the institution. In years when the principal increases more than 5 percent, the value of the overall endowment increases accordingly, which then increases the amount the organization can use while still staying at the 5 percent figure. In years when the principal does not increase by 5 percent, the organization can still take out 5 percent of the asset without truly eroding the original principal. During huge market downturns, however, even the original principal may lose value; taking out any of it for operating expenses is not as useful at those times, as doing so further lowers the endowment's value.

Using a mix of investments, an endowment generally can weather market instability and still be productive. Like any source of money, an endowment can lose value or even disappear, which is why organizations have to have diversified income streams so that the investment income from an endowment is not critical to survival.

## **BENEFITS OF ENDOWMENTS**

Although the advantages of endowments may seem obvious, let's review them:

- Just like a savings account, an endowment provides a measure of financial security and takes some of the anxiety out of annual fundraising.
- An endowment allows, indeed forces, an organization to think in terms of long-range planning, because an endowment implies a commitment to exist in perpetuity.
- An endowment provides a vehicle for people to make larger gifts to an organization than might be appropriate as an annual gift, and an endowment allows people to make one-time-only gifts with the assurance that the gift won't be spent right away.
- An endowment gives people a way to express their commitment to an organization through their wills or estate plans; few people will leave money to an organization that does not have some kind of permanent fund. (See Chapter Twenty-Three, "Legacy Giving," for more on wills.)
- An endowment attracts donors who perceive having one to be a sign of good planning and long-range thinking in an organization.
- Principal from an endowment can be used for capital expenses, such as a building purchase, and as collateral for loans, if ever needed.
- In extreme circumstances, the endowment can be used to keep the organization afloat until it can generate other income. (While what's called "invading principal" is something organizations try not to do, there are circumstances in which it might be the best or only recourse, and it is nice to know you have that possibility.)

## **DISADVANTAGES OF ENDOWMENTS**

Endowments have some serious drawbacks:

- If an endowment is large enough, it allows an organization that should have gone out of business, or at least changed the way it works, to exist permanently and to stay the same.
- The income from a large endowment can allow organizations to become unresponsive to their constituency.
- Endowments can provide a false sense of security. Interest rates vary, stock markets crash, and, of course, money can always be invested badly.

- The existence of an endowment may discourage some donors from giving who prefer to support organizations that they perceive to need the money more. However, some donors may choose to give to an endowment rather than to annual operating costs.
- As with any large source of money earmarked for a specific program, endowments that are linked to certain programs can cause the work of the organization to become driven by the donor's stipulations rather than by its own mission. Moreover, by the time it is clear that the program needs to be changed or abandoned, the donor is usually deceased and the terms for changing how the funds are spent may not be in place. If the endowment is large enough, lengthy and expensive court cases may result.
- Managing an endowment is an additional piece of work for board and staff. This management time can become the tail that wags the dog, particularly if there are problems with the investments or disagreement about how to use the income.

There are also some philosophical concerns for social justice organizations about endowments. Money that is in an endowment has been diverted from the tax stream, but is not being used directly for tax-exempt activities. (In fact, the nature of the investments often support forms of capitalism that the organization's work seeks to eradicate.) Organizations that are troubled by decreasing support from government funding and increasing privatization of services they believe the government should be providing with tax dollars will need to grapple with this dilemma. An organization that believes it is doing work that the government should be using tax money for (such as social services, support of the arts, support of school programs, libraries, and so on) is essentially "privatizing" that work by raising private "nest egg" funds. (A historic footnote on this point: in 1791, as part of the French Revolution, the revolutionaries seized and sold off all endowments belonging to church or private institutions, reflecting the Jacobins' belief that the state should provide what its citizens need for quality of life and that using private intermediaries, particularly "the long arm of the dead donor," did not promote a healthy society. A subsequent law that essentially curtailed the creation of foundations remained in effect in France until 1987.)

## **CONSIDERING AN ENDOWMENT OR RESERVE FUND**

It is obvious that only organizations with strong annual campaigns are really in a position to start endowments. When thinking of starting an endowment, organizations often focus on the money: how much to raise, how to raise it, whom to

ask for it. But there are two critical questions that must be answered before even one dollar is invested in your endowment.

### **Does Everyone in the Organization Agree That Your Organization Should Exist Permanently?**

Most nonprofits involved in social change are formed with the idea that if their work is successful, they will put themselves out of business. The founders generally do not think of the organization becoming permanent, and everyone may be surprised at how long it is taking to solve the problem the organization was created to address. Arts groups, independent schools, historic preservation societies, community land trusts, parks and wildlands conservation groups, and some social services are clearly permanent, with their work always needed or wanted. In contrast, environmental, feminist, liberation, and advocacy groups, if they are successful, will cease to exist.

Sometimes the most interesting part of the endowment process is discussion of this question at the beginning: Should we always be here? “Permanence” in terms of endowment has shades of meaning. It can take its traditional meaning of “always and forever” or it can take the meaning of “fifty years from now.” But endowments do imply existing well past the lifetime of anyone in the organization, and they require the leadership of the organization to imagine the day when people who are not yet born are sitting on the board of directors and working as staff. Will your work be needed then? What is the evidence of that need?

It is important to make sure that everyone among board, staff, key volunteers, and donors agrees that permanence is a value. When people don’t agree on that condition, the fundamental reason to have an endowment and the driving force of endowment fundraising are already in trouble.

### **What Will Endowment Income Be Used For?**

Just as couples may have differing ideas about how and when to use savings, so may board and staff differ about using endowment income. Some will see the income stream as a relief from constant fundraising; others will see the endowment income as paying for particular programs or doing things the agency has not been able to do before.

What you use the income for is related to how large you want your endowment to be. An organization with a \$250,000 budget simply looking for a little financial relief along with some financial security will be happy to start with a \$100,000 endowment that yields both \$5,000 a year and the knowledge that there is principal that can be borrowed against or added to. This money can be used toward increasing staff health care benefits, buying better equipment, or office needs. It

is not enough money to change the direction of the group in any way, but it is enough to make life easier. A community-based organization looking for enough endowment income to open a satellite office or explore new program directions will need an endowment of \$1 million or more from which they can safely draw \$50,000 a year.

Once these two questions are resolved (which can take as much as a year of discussion), you are ready to begin the initial logistical steps. These steps involve authorizing the endowment, determining what gifts will be accepted, and deciding on investment policies.

## **THE AUTHORIZATION**

First, the board agrees to create an endowment fund and to hold this money in perpetuity. This fund will be reflected in all financial reports as a separate line item. Once this decision has been made, the group should consider and decide on a series of policies about the endowment money.

### **Use Policy**

Policies detailing how the interest income from the endowment will be used can be couched as broad statements, but they should not be so broad that they are subject to a variety of opposing interpretations. For example, one organization's policies stated: "Endowment income is to be used for operating costs." Later, that group opened a second office and added new programs. Some board members thought the endowment income should be spread to include all operating costs for all programs; others felt the income was limited to operation of programs in place at the time the policy was created and that new programs were therefore on their own to raise all the money they needed.

### **Invasion Policy**

Are there any circumstances under which the organization would use (invade) the endowment principal? There are no right or wrong answers to this question, but in most cases endowment principal is only invaded under the most dire circumstance or when the endowment is going to be used to pay for another long-term asset, for example, as the down payment for a building.

The organization will need to decide on the categories of "dire." Most board policies establish that endowment principal can only be used if the organization itself is in danger of closing and that the amount taken from the principal must be paid back within a given time period. Some boards rule that the principal cannot be touched even if drastic cuts are required, whereas others decide that

the principal can be used to balance the budget, but not for more than two years in a row.

Although no organization can think of every contingency, and certainly you don't want to spend hundreds of hours on your policies, you do need to spell out in the authorization the most common things that could happen. I know of several instances in which a board of directors and staff worked hard to build an endowment; then years later, after all those people were gone, another board with too much latitude to invade voted to use endowment principal to balance the budget, gradually burning through the whole corpus in just a few years. At the other extreme, I once knew an organization that lost most of their funding, forcing them to lay off staff and move to a board member's garage. A look at their financial statement showed \$400,000 in an endowment. When I asked why they weren't using that money, they said, "It is for a rainy day." To me, they were in a hurricane, but to them, the skies were not yet dark.

A related question is: Who will have the authority to decide whether to use endowment principal? Most boards rule that the whole board would have to approve of such a use. Others stipulate that up to a percentage of the principal can be used on the vote of the executive committee; beyond that percentage, the decision must go to the whole board. At the full board meeting, some boards require unanimous agreement; others deem that a simple majority is sufficient. Some of these procedures will be determined by how the organization makes decisions on other matters.

### **Gift Acceptance Policy**

Another broad category of decisions involves determining what types of gifts you will accept, who has the authority to accept them, who will draw up contracts with donors about them, and under what circumstances the organization will accept or decline a gift. (Most organizations should have some gift acceptance policy in place, even if you don't have or never intend to have an endowment. As you can see from the examples that follow, any kind of fundraising effort could raise these types of questions.)

For example, will you accept the gift of a house? "Well, why not?" you ask brashly. One NGO discovered that the owner donated his house because he could not sell it, even at a huge loss. Another accepted a house with a lien on it. Another accepted a duplex with low-income tenants in place, intending to convert the building into an office. When they sought to evict the tenants, they faced a public relations nightmare, including this headline: "Single mothers evicted for 'social justice.'"

Will you take jewelry, art, or antiques? You have to think about what you will do with this stuff. How will you sell it? Do you have access to appraisers and buyers of fine art? These items may be worth a lot of money, but you may not be able to sell them. You can spend hours of staff and volunteer time trying to get a fair price for these items; in the end, they will have cost you more than they were worth.

Will you accept stock from companies that make weapons, degrade the environment, or use sweatshop labor? (Because stock should be sold immediately, most organizations have decided they can accept stock from companies they disagree with without feeling that they are supporting the company, but it is still important to discuss this in theory, before the actual stock is being given to you.)

Will you accept endowment gifts that are restricted in use? For example, if someone wants to endow your children's program forever, will you accept that restriction? If someone wants to create a new program and endow it, will you consider that?

To keep things simple, at the beginning most grassroots organizations should accept only cash, appreciated securities (stocks and bonds), and life insurance—all with few or no use restrictions. Other kinds of assets can be negotiated on a case-by-case basis.

Your published gift acceptance policy can be quite simple: “The board of directors of People for All Things Good reserves the right to turn down any gift that it believes will not be in the best interest of our mission or that we cannot handle appropriately.” What you publish is not as important as the occasion to have this conversation with your board and staff, with everyone understanding what you are getting into. The tendency of most organizations is to accept all gifts (“Don't look a gift horse in the mouth”), but you need to be clear that some gifts can be burdensome beyond their value.

If you have difficulty defining the types of gifts you should accept and what is involved, hire a consultant with experience in creating endowment policies to help you. This may save you money and time later.

## **Investment Policies**

Finally, your organization needs an investment policy. Will you invest entirely for income, or will you have a mix of investments that allow for growth of the principal and income? Will you require socially responsible investing and, if so, what screens will be put in place? For example, some nonprofits specify that they will not invest in certain kinds of products or businesses, such as tobacco, national chain box stores, nuclear power, or logging. Others require evidence that the company does not engage in union busting, has a racially diverse staff and board,

or offers health and other benefits for domestic partners. If you do social screening, you need to set priorities. If you try to screen out everything bad, you will have few places in which to invest.

Once the organization begins receiving endowment funds, the board will need to create an investment committee. This committee can include people who are not on the board. Friendly bankers, your biggest donors, and program officers at foundations can help with recommendations for candidates for this committee and sometimes may serve themselves. For many grassroots board members, their biggest investment is a new car; investing endowment funds requires learning a number of new concepts. Even if the board delegates responsibility for investment decisions to others, it must still educate itself in order to monitor the management of the endowment. It is not always easy to tell what is a good or bad investment, nor is it always easy to tell whether someone is using your lack of investment knowledge to their (and not your organization's) financial advantage. Although you may want to hire an investment professional, don't ever trust your investment decisions to just one person or a group of people who are all friends with each other.

Here is a checklist to help you determine whether you are ready to start an endowment.

## IS YOUR GROUP READY FOR AN ENDOWMENT?

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We currently have a strong individual donor program in place. We regularly meet with our major donors, and a majority of our staff and board feel comfortable asking for money in person. Further, our annual income from individuals has been growing for the past three years, both in amount of money and in number of donors.	Yes	No
The entire board, staff, and key volunteers (hereinafter referred to as "We") agree that our organization needs to exist at least fifty more years.	Yes	No
We have considered the drawbacks of having an endowment and have decided the advantages to our organization merit the risks.	Yes	No
We have decided on the use of the income from our endowment.	Yes	No

We have decided on an approximate ideal size for the endowment (understanding that this may take several years to achieve).	Yes	No
Authorization to open an endowment has been given by the board and is reflected in the board minutes.	Yes	No
The board, in discussion with all appropriate parties, has created the following policies: a use policy, an invasion policy, a gift acceptance policy, and an investment policy.	Yes	No
We have a plan for creating an investment committee once we begin receiving endowment funds.	Yes	No
We are excited about moving into this next phase in our organization's development.	Yes	No

Do not short-circuit these steps in creating an endowment. They do not have to be monumentally time-consuming, but they allow you to have some in-depth discussions about the future of your organization that you should be having anyway. Once you have agreed on a case for needing to exist far into the future and you have in place the policies you need, you can announce your endowment and encourage people to contribute to it as an ongoing part of your fundraising. You can direct your bequests and other legacy gifts to it, and then, if you want, you can conduct an endowment campaign, as discussed in Chapter Twenty-Five.





## **PART FIVE**

# Using a Campaign Strategy for Raising Large Amounts of Money

In the following three chapters, I look at needs that can only be met with large gifts, and I discuss using a time-limited intensive strategy to raise that kind of money through giving campaigns.

The three campaigns discussed reflect an organization's three types of financial needs, as introduced in Chapter Six:

*Annual Funding:* Annual funding is the money the organization needs every year. Donor gifts to annual funding generally come from their annual earnings. In order to be able to increase an organization's annual funding, it encourages as many donors as possible to become major donors. It may do this through a major donor campaign.

*Capital Funding:* From time to time, an organization needs something it doesn't need every year. For this kind of need, additional money has to be raised beyond the annual budget. For small capital needs (new computers, ergonomic office furniture), an organization may just add money to its annual budget and raise it with an extra appeal, or it may submit a proposal to a foundation or an appeal to a generous major donor. When the capital improvement involves buying, retrofitting, or renovating a building, however, the organization usually needs to conduct a campaign to raise the money from a number of sources. For capital funding, a

capital campaign encourages donors to give larger gifts, which often come from assets.

*Endowment Funding:* Organizations that think they will be needed forever, or at least as far into the future as they can project, will want to invest some of their money and use only the interest from the investment to provide part of their annual income. The principal that is set aside to be invested is usually referred to as an endowment. Donors traditionally give to endowments through estate gifts bequeathed in their will to be distributed after their death. However, in this section I present an option for raising endowment funds through a campaign with living donors giving from assets during their lifetimes.

The last chapter in this section looks at feasibility studies: how to evaluate whether a big campaign may be successful, how and when to do such a campaign, and, very important, when not to.

Sometimes organizations feel that they must be more sophisticated or have more infrastructure in place in order to conduct a capital or endowment campaign. I find that actually starting these large-scale fundraising efforts is a great way to get sophisticated in a hurry and to see clearly what needs to be quickly put in place. Campaigns in particular are fun; they bring out the latent competitiveness in many of us, and excitement and creative tension are built into racing to meet the goal. Capital and endowment campaigns often stimulate volunteers far more than an ongoing (and from the volunteer viewpoint, never-ending) annual needs effort.

Large-scale fundraising strategies are loaded with details, and like special events, many details build on others, so there is not much room for mistakes or carelessness. Further, you don't want to open an endowment and then never mention it again, or start a capital campaign but then stop when you become discouraged. As with all fundraising (and I may have mentioned this before), persistence, attention to detail, and a willingness to take some risks are key to success.

# What All Large Campaigns Have in Common

Capital and endowment campaigns operate from the same fundamentals as any well-done fundraising campaign: they have financial goals for which a gift range chart and a timeline have been developed to ensure that the organization meets the goal, and they have a committee of volunteer solicitors, a list of qualified prospects, and creative materials that describe the campaign and its benefits. Because of the size of capital and endowment campaigns, some organizations seek further assurance by commissioning a feasibility study that helps determine what the goal of the campaign should reasonably be, whether your donors have the ability and willingness to access assets, and sometimes even indicates whether to commit to the campaign at all (see Chapter Twenty-Eight for a discussion of feasibility studies).

The difference between a campaign and an ongoing program is simply that a campaign begins and ends. A major gifts program goes on all year long; but during the year, you may focus attention on major gifts using the vehicle of a time-limited campaign. A capital campaign for a building or some other large cost will not be an ongoing need, so it is always done in a campaign format. An endowment can simply be opened and you can focus attention on it all year round, or it can be started or expanded by a campaign. Unlike a capital campaign, major gifts and endowment programs never really end, although campaigns relating to them will.

The following are the main steps in every campaign and the steps you will follow if you decide to do a major gifts campaign. In the chapters that follow I discuss further some of the differences between capital and endowment campaigns.

## STEP 1: SET A GOAL AND CREATE A GIFT RANGE CHART

By now you may be tired of reading that having a goal is imperative, so I will merely remind you of that fact. Having a goal enables you to construct a Gift Range Chart, which is essential for a campaign. For an annual major donor campaign, the lead gift in the Gift Range Chart is figured at 10 percent of the goal, whereas for capital and endowment campaigns, the lead gift should equal 20 percent of the goal.

A chart for a campaign with a goal of \$1 million is shown here. The chart calls for one gift equal to 20 percent of the goal (as in a capital or endowment campaign), two gifts that equal 10 percent of the goal, and three to five gifts that make up the next 10 percent of the goal. Five to ten donors, then, contribute about one-third of the total goal.

Campaign Gift Range Chart		
Number of Gifts	Gift Size	Cumulative Total
1	\$200,000	\$200,000
2	100,000	400,000
4	50,000	600,000
5	25,000	725,000
10	10,000	825,000
20	5,000	925,000
20	2,500	975,000
25	1,000	1,000,000

In general, gifts of less than \$1,000 are not sought (although all gifts are gratefully accepted). For all gifts, donors may pledge a total and pay off that pledge over a period of a few years if they like. This enables people to make larger gifts over time than they may be able to do at one time. Because donors have several years to complete their gifts, a pledge of \$1,000 may be affordable even for lower-income people, who could pledge \$27 per month for three years to reach their \$1,000 total.

## **STEP 2: CREATE THE TIMELINE**

The timeline for a big campaign is usually not less than two years and definitely not more than five years. The timeline does not include the discussion involved in deciding to do a campaign or the time to carry out the feasibility study, but it does include the preparation time in terms of researching prospects and developing materials. It usually takes the best part of a year just to create appropriate materials and to solicit the lead gifts (because many of the lead donors will have to be talked with several times), and it may take another year to solicit all the other gifts. Three years allows for the unforeseen to be dealt with and the maximum number of donors to be solicited. Five years is the outside maximum amount of time an organization can sustain interest and passion for a campaign while maintaining annual fundraising. Usually, two to three years is the ideal amount of time to conduct a campaign. A fourth year can be used as a “wind-down” period, and pledges can be paid over five or more years, even if the solicitation phase of the campaign is completed in two years.

## **STEP 3: FORM A SOLICITATION TEAM**

In forming a committee, you are looking for people who are comfortable asking donors for assets; usually, these are people who have made an asset gift themselves. The people on the solicitation team include members of the board and people who, once asked, have made large gifts to the campaign. The role of volunteers in these campaigns cannot be overstated. Staff can ask, and they do, but to do so credibly, even a staff person will need to have made a campaign gift in addition to an annual gift.

To form the solicitation team, first identify the people closest to your organization who believe in the goal of the campaign and can make the largest gifts. A team consisting of a board member and a staff member asks each of these potential solicitors for a gift, then asks them all to be on the solicitation team. Some members of the solicitation team are usually identified during the discussion about whether to conduct a capital or endowment campaign, or they may be surfaced during the feasibility study. They are the ones who argue in favor of it and say that they will give to such a campaign.

Conventional financial planning dictates that one should “never touch principal.” Yet principal is what you are asking for. In a sense, you are asking people to transfer some of their capital to your capital needs or to your endowment. This process requires thought, commitment, and careful consideration on the part of the donor. People will make these kinds of gifts only a few times in their lifetimes. All the solicitors must be people whom the donors trust to have gone through

this process themselves. Moreover, there is something very convincing when a person can say, “My husband and I have accumulated a nest egg of \$1,000,000 over many years of saving. It is for our retirement and for emergencies. But the threat to the environment (or our children, or world peace) is bigger than our need for a nest egg. We want to make sure that Important Group is able to do its work well into the future and maintain its economic stability. So we are giving 10 percent of what we have invested in our nest egg—\$100,000—to the endowment as our investment in our community’s future.”

Even someone with no real assets can make a good solicitor, as long as he or she has given a significant gift. In one organization, a board member postponed buying a new car. He described his gift this way: “My old car can be coaxed into a couple more years of use. In the meantime, I am going to give the equivalent of a car payment on a new car for two years to the capital campaign. That will bring my gift to \$5,000. I don’t have any real assets, but I can give by postponing acquiring an asset, and my gift will have far more permanence than a new car.” In another instance, a solicitor described her gift this way: “I put some money aside every month, and once a year I use it to go away for two weeks. This year, I vacationed at home. I saw friends, I planted a garden, I read books, I went to free events at my library, and I gave the money I saved to our campaign. I had a great time, and although my gift was a significant amount for me, it was not painful.”

The solicitation team can be formed slowly. It can start with two or three donors and, as more donations are received, new donors can be asked to join the team.

#### **STEP 4: COMPILE AND ORGANIZE THE LIST OF PROSPECTS**

In all campaigns, the rule of “top down, inside out” is the way to organize your prospects. Ben Franklin, who was one of America’s earliest and best fundraisers, advised: “Apply to all those whom you know will give something; next, to those whom you are uncertain whether they will give anything or not, and show them the list of those who have given; and lastly, do not neglect those who you are sure will give nothing, for in some of them you will be mistaken.”

Franklin’s advice is what we mean by “inside out.” Start with the people closest to the organization. Those will be board members (if they are not the closest people to the organization, then reconsider doing a capital or endowment campaign), other major donors, volunteers, former board members and volunteers (assuming no ill will accompanied their becoming “former”), staff, and so on. Then, start from the top of that list and work your way down. The first gift should

be solicited from the person closest to the organization who can give the biggest gift. This may not be the biggest gift you need, but it should be the biggest one you can get right now.

Sometimes it is hard to figure out which of the people who are closest you should approach first. Think through who on the list can give the biggest gifts. This exercise should narrow your list somewhat. Now think about who is most excited about this campaign. Remember, there are going to be major donors who love your organization's work but who are not going to support your campaign. This is particularly true with endowments because some otherwise very supportive donors simply may not agree that a grassroots organization should have an endowment. There will be some who have given to other endowments only to see the endowment funds spent on annual needs by a careless board. And there will be others who wish your endowment effort well but are only interested in funding more immediate needs. Finding donors who agree with all three premises of the case for an endowment—that the organization currently needs some financial stability, needs to exist indefinitely into the future, and is mature enough or sophisticated enough to handle this kind of money—and who also have the capacity to give is not simple. The argument for a capital campaign is usually more straightforward, but you can still run into disagreement. Perhaps your biggest donors think you should rent office space instead of buying a building, or they wonder whether your organization will be distracted from its mission by working on a capital campaign.

Use common sense in identifying these prospects. Think about what else you know about the people on your list. For example, a person giving \$50 every quarter might be close to the group, but she is probably far from the biggest donor. However, if her \$50 gifts are derived from income earned from investments, then she goes to the top of the list because perhaps she would give you the asset that is yielding that \$50 each quarter. Someone who gave you \$1,000 that he won in the lottery, whose gift prior to that was \$25, and who actually ekes out a living as an artist, is not going to be high on the list, but he may be an excellent solicitor because he actually gave an asset that he could have used himself.

Many people will say that they have no idea what assets their donors have. If you really have no idea, then you are going to have to find out more about your donors before you begin asking them for gifts to your campaign. However, a general easy rule to follow in soliciting capital or endowment gifts is to ask for a gift that is ten times the amount of the donor's annual gift. You want to make it clear that this gift is in addition to his or her annual gift—you don't want your annual income to decline while you are doing the campaign. When you tell donors that you are asking everyone for the same thing—ten times their annual

gifts—people are not offended, even if the size of the gift is absolutely out of their range. The real risk you take in following this formula without other knowledge is that you would ask someone for too little.

The final step in compiling a prospect list is to be sure you have enough prospects. A prospect for a capital or endowment gift is someone who has demonstrated a commitment to your nonprofit, usually by giving over several years and often by also being active beyond financial involvement; someone who has the money; and someone whom you know or you have access to.

As with capital campaigns, you need about three times as many prospects as the number of gifts you seek because 50 percent of your prospects will say no and 50 percent of the group that says yes will give you less than what you ask for. Thus, as you go down the chart, it is filled in by people who, for example, said they couldn't give \$25,000 but could give \$10,000.

In our \$1 million gift range chart shown earlier, you would need about 261 prospects (87 X 3) to be certain that you could meet this goal. You don't need to have all the prospects right at the start, but you do need at least some of the prospects for the biggest gifts right from the beginning. You would be ill-advised to launch a million-dollar campaign with fewer than one hundred prospects for the gifts of \$2,500 or more. Far worse than no campaign at all is a campaign that splutters and moves slowly. The energy of the campaign is part of what makes it successful or not. A report that "Our campaign is going so well" makes people want to give. The news that "Our campaign is getting off to a slow start" or "We asked a bunch of people who said no" is not as appealing.

## **STEP 5: SOLICIT THE GIFTS**

For a full description of the process of soliciting large gifts, please see Chapters Eight, Ten, and Twenty-One on "Getting Comfortable with Asking," "How to Ask," and "Building Major Donor Programs."

The primary difference between major gifts or capital campaigns and endowment campaigns is in the case. A person being asked for a major gift needs to be convinced that there is a pressing, immediate need that your organization can meet and that this need must be addressed with, among other things, some very large gifts. A capital campaign makes the case that the pressing needs of the organization cannot be met adequately in the facility you are in or with the equipment you currently have or without some other large investment. The case for the endowment goes one step further, explaining that the organization needs stability currently and into the future. It tells donors that their commitment to

your current programs is so important that you hope they want to help make your work a permanent feature of your community.

Even the most progressive people can become fiscal conservatives when asked for capital or endowment gifts. They may well believe that your organization does wonderful things toward ending racism or providing creative learning opportunities for children with disabilities or advocating for more just tax policies. But do these same donors believe you will be good at managing a building or be able to manage investing large amounts of money? Donors will have these questions, and organizations must be able to respond to them. When an organization wants to start an endowment, there will be an added question that no one can really answer: “What will happen when everyone who is currently involved in this organization is gone?” Taking seriously the right (and indeed, the obligation) of donors to raise these questions and doubts and preparing thoughtful and reasonable answers are the marks of organizations ready for capital and endowment projects.



# Raising Money for Capital

chapter  
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SIX

A capital campaign is an intensive, time-limited effort to raise money for a project that presents a one-time need over and above the annual budget. Capital costs are too large for the annual budget to absorb. For example, a few new computers are an annual expense, even though (we hope) you won't have to buy them every year. But an entire new network system with conversion from the old system, training, and so on will often be a capital expense. Capital campaigns traditionally are employed to finance buying, constructing, or refurbishing a building, including making the space accessible to people with disabilities or making the office space "green" (that is, using more environmentally sustainable materials or systems).

The financial goal of a capital campaign is often at least as large as the organization's annual budget and often many times larger. Most capital campaigns last two to three years; some go on as long as five years. As discussed in the previous chapter, capital campaigns allow donors to pledge a large amount and take as many as five years (and for very large pledges, ten years) to pay it off. Donors are asked to give to the capital campaign in addition to their regular annual donations, and they are explicitly asked not to decrease their annual gifts in order to make capital gifts. Capital gifts are usually so large that donors cannot finance them from their income and must donate cash from savings or other assets (stocks, bonds, real estate). This is a request that asks donors to go to a whole new level with your organization.

For a capital campaign, then, your donors' earnings are less important than their savings. I have seen nonprofits mount successful capital campaigns with lead gifts from older donors living on fixed incomes who have some highly appreciated stock or a piece of property they are willing to give. Because the donor can deduct the fair-market value of his gift and avoid the capital gains tax on that asset, he is able to make a much greater gift than he might have thought he could.

## **BEST USE OF CAPITAL CAMPAIGNS**

Some grassroots organizations have conducted what they called capital campaigns to raise money for smaller goals, such as to move to a new office space or send staff to conferences—which meant their goal was \$5,000 or less, their time

frame was a few weeks, and people were simply asked to put in a few extra dollars. However, capital campaigns are best used to seek gifts of assets from a wide pool of people and institutions, not just to seek “something extra” from the annual incomes of current donors. Capital campaigns should be seeking people in your donor base who may own property or securities and who would not help you in this way every year, but might give you a big gift once in a while. For this to be your intention, your capital campaign goal needs to be at least \$100,000. If you need to raise less than \$100,000, consider structuring your campaign as a major gifts campaign and run the campaign for a short time during one year, or seek two or three foundation or corporate grants to meet the goal and don’t run a campaign at all.

Although your most loyal annual donors will also give to a capital campaign if they can, there are many other types of people who give to capital campaigns who are not regular annual donors. Here’s an example: a local attorney helped a small community organization in Alabama file a lawsuit against its city. The attorney admired the group’s feistiness, its willingness to take risks, and the dedication of its sole staff person and volunteers. She did not charge for her assistance with the lawsuit, and she donated \$100 after it was over. But she did not wish to become a regular donor to this group, so she did not respond to subsequent annual appeals. However, she stayed in touch with the executive director, and she continued to provide legal advice when asked. She bought a table at the organization’s annual dinner event for \$1,000 for two years in a row, and she gave the group \$2,000 when asked to help send a number of its constituents to the World Social Forum. When, a few years later, the organization decided to buy a building to house its offices, the executive director and board chair asked her for a lead gift of \$20,000. The work she had done pro bono on the lawsuit had been worth about that much, and she seemed to continue to respect their work through her other gifts. She admired their boldness in asking her and agreed to make the lead gift. She gave \$10,000 outright and pledged an additional \$10,000 as a challenge to be met by other lawyers.

Some people like the idea of contributing to something as substantial as a building. Universities and private schools often receive a one-time gift to a capital campaign from an alumnus or alumna who had previously been a minimal donor.

To ask donors to stretch their own giving and to seek donations outside of the immediate “donor family” means having a goal that stretching will be required to meet. It must seem to a prospect—including a corporation, government agency, foundation, or religious institution that might not support your annual program work—that the organization cannot get this money simply by asking a few people or writing a single grant proposal.

## BEGINNING A CAPITAL CAMPAIGN

A capital campaign begins when the organization has identified a large one-time need. The board of directors must fully concur with this need and must support the idea of conducting a capital campaign, which is a lot of extra work for everyone and may require an initial outlay of money to hire extra staff and develop materials.

Key volunteers who are not on the board along with long-time major donors should also be consulted about doing a capital campaign. Everyone who is important to an organization should have an opportunity to voice his or her concerns and to feel part of the decision. Too many capital campaigns go forward despite lack of total support from key people in the organization. Without firm community support, the resulting building may become more albatross than asset. Even if the organization could raise the money for the building, it may exhaust all its donors in the process and lack the money to run all its programs or sometimes even to finish furnishing the building, leaving the building underutilized. In other instances, campaigns have had to be called off in midstream when volunteers and donors leave the organization to protest doing the campaign in the first place. A capital campaign is a highly visible enterprise; it needs widespread support within the organization.

### Estimating Costs

After all the parties have been consulted and there is agreement on the need, a goal has to be set. Similar to the understanding that in a fancy restaurant the eventual cost of the meal will be double the entree (with drinks, dessert, and tip), the true cost of a campaign is far more than the cost of the project itself. One agency learned this fact the hard way. It needed larger office space and decided that buying a building would, in the long run, be less expensive than continually paying rent. The agency's managers found a building that suited them priced at \$500,000. They launched their campaign for \$500,000, forgetting that there would also be closing costs, insurance, furnishings, the cost of the campaign, and so on. In the end, the true cost of the building was \$610,000. The organization spent two years climbing out of a \$110,000 deficit caused by their lack of understanding the full financial implications of the building purchase.

The following items need to be added to the actual cost of whatever you are buying or doing with the money you are raising.

**Fundraising Materials.** Materials need to be developed for the campaign, including at least some of the following: a case statement, brochures, pledge cards, background information for solicitors, pictures, architect's renderings, a special

newsletter to capital campaign donors to keep them informed of progress, and a prospectus (see below). And continual updating of the website to reflect the status and progress of the campaign must be attended to.

**Cost of Staff Time.** Someone has to handle pledges, write thank-you notes, report to the board, work with the contractor, decide who will approve paint color or carpet choices, know what to do when someone donates stocks, and handle emergencies.

**Accounting Systems.** The organization's books need to keep the campaign's income and expenses separate from the annual budget, and there need to be reminder systems for collecting pledges (which may extend well past the end of the campaign). If you plan to use current staff for that task, then you will have to figure out how the work they are currently doing will be done. In a multiyear campaign, it is unlikely that an organization could get by without hiring extra staff.

**Office Extras.** You may need to put in extra phone lines or buy more computers. If you hire staff, that person will need to sit somewhere, so you may need another desk and chair.

### **For the Building Project Itself**

Someone with expertise in this area will need to help you list costs related to the building, such as construction insurance, building permits, design costs, disaster preparedness, fire extinguishers, landscaping, plumbing, and wiring, and help you with how much to estimate for cost overruns or unforeseen delays.

**Furnishings for the Building.** What are you going to bring from your current office and what else will you need? What will these items cost?

**Debt Service on a Bridge Loan.** You will probably have to pay bills before pledges are fully paid, and you may have to borrow money to cover the gap between pledged and received income. The interest on that debt needs to be factored into the goal of the campaign. Banks will lend money with pledges as collateral, but you have to pay interest on the loan.

**Additional Costs.** Add 15 percent to the grand total to cover people who pledge but cannot finish paying or decide not to pay. Add another 5 to 10 percent and you can feel reasonably safe that this will be the cost of the campaign.

In any fundraising endeavor, but particularly in campaigns with big-ticket items such as buildings, follow the adage: plan expenses high and income low.

## **Preparing a Case Statement**

Once the need is established and the costs are known and provisionally approved by the board, the next step is to write up a case statement for the campaign. This case statement is separate from the organization's overall case statement, although certainly it borrows from it. The capital campaign case focuses solely on the goal of the campaign and shows how this goal will help the organization meet all its other goals. The case statement implies or overtly states that the work of the group will be greatly enhanced by the addition of whatever the campaign is proposing to achieve and will be significantly slowed down or impaired by the lack of whatever is being proposed. The final page of the case statement is the financial goal displayed as a gift range chart.

## **Timing**

The final decision the organization must make is about timing of the campaign. Try to find out what other organizations will be having capital or intensive fund-raising campaigns during the time you wish to run your campaign and assess whether any of your prospects will be key prospects for those groups. It's best to launch your campaign during years when you expect your annual campaign to be doing well and to make sure you do not anticipate any shortfalls in annual income. Because during the capital campaign your annual income will probably not rise, do not plan major new programs outside of the capital project.

## **Final Approval**

Once you have prepared the case statement, with costs, gift range chart, and timing, bring the whole package back to the board, key volunteers, and staff for re-approval. While these people may have approved the concept of the campaign, when faced with the realities of the money and time involved, they may wish to change their minds. Without full board and staff ownership, the campaign will fail. Taking the time to make sure that everyone understands the implications of the campaign is imperative, because once the campaign is launched publicly, it must be seen through to the end.

## **The Prospectus**

With the case approved, you will be ready to begin soliciting the lead gifts during the quiet phase, described below. For this, you will need to design a document called the prospectus, which is a brochure, a booklet, or sometimes a PowerPoint or video incorporating information from the case statement in a shorter and more artistic format. The prospectus will be given to all prospects, and it must look

good. The prospectus shows the prospect that you know what you are doing and that your organization is able to handle large amounts of money and manage this large capital project. The prospectus should also be posted on your website after the launch of the campaign, along with regular updates on the progress of your campaign, your gift range chart, and how donors can contribute. Few, if any, gifts will come from the website, but it is good for visibility and consistency of message.

## **FOUR PHASES OF THE CAMPAIGN**

A capital campaign is conducted in four parts. The first phase is the “quiet” phase: it starts when the case statement is ready and approved. The second phase is the “launch,” when the campaign is publicly announced and begins to seek support beyond the inner circle of donors. The third phase is often called the “public” phase; this is the most intensive and continues for the longest time. This is the phase when solicitors are visiting prospects and gathering commitments. When the campaign has reached between 85 and 95 percent of its goal, the “wind-up” phase or “topping off” phase begins.

### **The Quiet (or Pre-Campaign) Phase**

Have you ever noticed how an organization will have an event to announce its capital campaign and declare, “We are proud to launch our \$3 million building campaign today, and we are pleased to report that we already have \$2.3 million pledged”? Do you wonder how it could have raised all that money in just one day? Of course, that money was not raised in a day; in fact, it may have been raised over a period of months or even years. The purpose of the quiet phase is two-fold: to test the concept of the campaign with people who could actually meet its goals and to give a feeling of momentum at the public launch. Everyone may feel good about the case and the need for this campaign, but the true test of its possibility for success is whether people feel good enough about it to give a big gift. Some campaigns have to be abandoned or seriously rethought at this phase if not enough people step up with early gifts, but no real harm is done because the campaign has not yet been made public. Once the campaign is made public, you want people to say, “Wow, that’s great they have raised so much money already. My gift can move them forward.”

The goal of the quiet phase is to obtain 40 to 50 percent of the campaign’s total from the top three to five donors. Most fundraisers feel that if you can get the largest gifts first you will be able to find all the remaining gifts needed. (The largest gifts are called the “lead” gifts, although they may not truly be the very first gifts, as those should come from board members.) Lead gifts provide momentum,

instill confidence in the campaign, and inspire other big donors. Smaller gifts seem more worthwhile to the donors when they are put toward a goal already partly reached.

Starting a capital campaign without lead gifts is dangerous because the momentum lags. Furthermore, if an organization doesn't know possible lead donors at the beginning of the campaign, where does it think it will meet them later? It is worth postponing a campaign for months or even years in order to ensure that the first gifts given are also the largest. At the risk of redundancy, let me repeat: an organization does not need to know all of its prospects ahead of time, but it must know those who are capable of making the lead gifts, and it must have a sense that it will ultimately know about as many donors as it needs for the whole campaign.

**The Lead Gifts.** The lead donors must not only be able to give a big gift, they must also be people who like to set the pace, set an example, and take a leadership role. These first large gifts come from people who will gamble with you that the campaign will succeed and who actually pride themselves on being risk takers. Obviously, they must care very much about your cause and be committed to the capital project. Frequently (and ideally), the lead gifts come from a few people who were involved in the planning and approval of the campaign. If those people are not able to give the biggest gifts, they need to know people or institutions that can.

**Approaching the Lead Prospects.** The process of approaching people who could make lead gifts is the same as approaching any major donor—a letter, followed by a phone call and request to meet, followed by a meeting at which the gift is requested—with one slight change. With requests for capital gifts, an answer almost never comes at the meeting; often the prospect wants more information that must be sent or brought to a subsequent meeting, or he or she needs time to decide what size gift to make.

When prospects seem to be stalling or wanting more information, see it as a good sign. In fact, many fundraisers believe that if a person says, “I need to think about it” in response to a request for a large gift, they have asked that person for just the right amount. The amount was not one she could give easily at the meeting, nor was it an amount that was patently out of her range. A person who says yes to a request for \$10,000 in one meeting may be someone who has thought a great deal about the campaign and made her decision, but it also may be someone for whom \$10,000 is not a stretch gift. Making a capital gift is a big decision. Most people will make, at most, a handful of capital gifts in their

lifetimes. Even very wealthy people can't afford to give capital gifts very often, and they want to make sure their gifts will be well used.

These gifts should be solicited by teams of two people—usually a board member and a staff person or two board members. The board members share the prospectus with the prospect and make clear that they are giving what is a stretch gift for them. They should be willing to share information about their gifts with the prospect. For example, the board member might say, “I am giving ten times my annual gift to this campaign and paying my pledge over five years” or “My partner and I decided this endeavor was as important as our car, so we are giving the same amount as our car payment over the next two years.” If the solicitor feels comfortable, he may also share the actual amount of his gift. The point to make clear to the prospect is that the people asking are giving as much as they can possibly afford and that their gifts have been made after a lot of thought. They are hoping the prospect will make a similar commitment.

Once the lead donors have agreed to a gift, they should be asked if they would be willing to help solicit other gifts. Some people find it flattering and sometimes emotionally moving to be asked for a gift by someone who has given the biggest gift.

Once the very top of the pyramid has been filled in with donors, the organization is ready to move to the second stage.

## **The Launch**

The launch of a capital campaign should be marked with a special event. The press, donors to the organization, volunteers, and foundation and corporate staff should be invited. The press should receive a press release ahead of time with background information on the group and the campaign or they should be given one at the event. As the first impression most prospects will have of your capital campaign, the invitation to the launch should be attractive. The event itself doesn't need to last very long. Large graphics on display should describe the overall goal of the campaign and show the gift range chart and how much money has been raised. A board member should describe to the gathered crowd how important the campaign is and invite everyone to celebrate the donations that have come in so far. Drinks (including champagne) and hors d'oeuvres may be served.

## **The Public Phase**

Immediately after the launch, the public phase begins. During this time teams of two people are visiting prospects with as much speed as that process will allow. Most prospects are visited at least once during this time. As each gift is received, the total still needed is revised and publicized, at least to staff, board members, and solicitors, so there is a constant sense of movement toward the goal. During

this stage, the three most important elements are maintaining accurate information on donors and prospects, keeping track of where the organization is in the solicitation process with each prospect (often called “moves management”), and keeping in touch with volunteer solicitors. Thank-you notes must go out to donors promptly, including notes thanking them after the initial meeting. When people pledge to pay over the course of several years, they must sign a pledge agreement. It can be very simple, as in the example shown here.

### **SAMPLE PLEDGE AGREEMENT**

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I, [name], pledge the sum of \$\_\_\_\_ [amount] to be paid in monthly [or quarterly] installments of \$\_\_\_\_ beginning on \_\_\_\_ [date] and continuing through \_\_\_\_ [date].

This document constitutes a legally binding agreement, and I know that plans are being made and money is being spent based on the expectation that I will pay this pledge in the way I have described. A copy of this pledge agreement has been placed with my will.

Signed: \_\_\_\_\_

Solicitors must be notified of new gifts as they come in; they should be in touch with the office weekly and meet together every month or two to report on their progress. Any problems they run into must be dealt with promptly. One such problem is conditional gifts. Prospects will often offer to make a gift on certain conditions: “I’ll give if three other people match my gift” or “I’ll give if the conference room can be named for my mother” or “I’ll give if I can have a seat on the board.” Conditional gifts, regardless of how benign the condition proposed, must go through an approval process, preferably at the board level. Solicitors can say to such prospects: “That’s a very kind offer. Let me see what we can do about it. I don’t have the authority to make those promises.” Then the organization decides whether it wishes to accept the condition or not. An organization should never take money on conditions that it doesn’t wish to meet. People should not be able to “buy” board seats, for example.

### **The Wind-Up Phase**

When more than four-fifths of the money has been pledged, the organization goes into a wind-up phase. At this point you look for one or two people who can put the goal over the top: “Mr. Jones, we are \$50,000 short of our goal—would you

finish this campaign with a gift of that amount?” To find people who can close the campaign in this way, go back to your original prospect list for lead gifts and see whether any of the people on that list were not asked because solicitors felt that they would not take a risk on being the lead gift, or see whether any of them said, “Come back to me when you are further along.” The wind-up phase is also a good time to ask for a lot of small gifts, because at this stage gifts of \$1,000 are clearly helping to move the organization toward its goal.

The end of the wind-up phase is a large celebratory special event. If you are purchasing or constructing a building, this is often a ribbon-cutting or ceremonial groundbreaking event, if that hasn't happened already.

## **POST-CAMPAIGN**

Volunteer solicitors should be given their own party, such as dinner at a fancy restaurant, and should be presented with gifts of appreciation. These are often plaques. Although nice, the gifts should not be expensive. Staff should also be rewarded at this party, possibly with a certificate for a weekend away at a bed-and-breakfast or a gift certificate to a store they would like.

Staff and solicitors should review all the donor records for the campaign to make sure they are accurate and complete. A special report should be sent to all donors and funders describing the successful conclusion of the campaign and reiterating what wonderful work the group will be able to do in its new building.

Soon after the end of the capital campaign, you will need to increase the amount of money you are raising annually, since you will not have had an increase in two or three years while the campaign was active. A good capital campaign usually has the effect of helping increase annual income, as donors feel closer to the organization and realize they can afford to give more than they thought. Further, the high visibility of a capital campaign will often attract new annual donors.

As you can see, a capital campaign is a time-consuming project and one that requires keeping track of a lot of details. Only organizations with a strong working board of directors, a loyal donor base, and a well-designed major gifts program should undertake such a campaign.

# Endowment Campaigns

chapter  
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SEVEN**

There are two ways to build an endowment. The traditional way, described in Chapter Twenty-Four, involves creating an endowment, with all the policies you need to protect it and invest it properly, and add to it as you can. All legacy gifts are deposited there. In addition, many organizations discipline themselves to put money from their annual budget in the endowment on a regular basis, and they don't draw anything from the endowment until it reaches a certain size (generally at least \$1,000,000). However, there is another way to start or expand an endowment by using a campaign strategy. This strategy is particularly useful when you want to move the endowment principal to a meaningful size.

Organizations with a donor base of very-low-income people need to think twice before launching an endowment. Even if such an effort could be successful, it means the organization will have a kind of financial security that few, if any, of its supporters have. This can exacerbate a danger present in all endowments: a perception on the part of donors that the organization doesn't need annual gifts and that, in fact, the organization has lost touch with its base. A further danger is that donors will give to the endowment instead of to the annual fund. As the saying goes, you will have robbed Peter to pay Paul.

As with other campaigns, the tasks for launching an endowment campaign include forming a committee of solicitors and compiling a list of prospects. Like a capital campaign, you also need to develop creative materials that describe the endowment campaign and its benefits. Once these tasks have been done, the prospects are prioritized and solicitation begins. Unlike a capital campaign, however, an endowment remains open for new gifts even after the campaign has ended. The gifts sought during the campaign are from donors who will give over the next few years; gifts through estates are not the focus of the campaign itself, but are the focus of an ongoing endowment.

For all their similarities, there are subtle and not-so-subtle differences between the steps of endowment campaigns, described in the following, and those of capital campaigns.

## SETTING A GOAL

For an endowment campaign, you need to decide how much interest income you want your endowment to generate each year and what amount of principal will be likely to generate that amount of interest. A financial adviser will be able to help you with projections. In general, an organization can safely assume that it can take the equivalent of 5 percent of the principal out every year and the principal will continue to grow.

To generate \$50,000 a year in interest income, then, will require an endowment of about \$1 million; to generate \$200,000 a year will require an endowment of \$4 million. An endowment is not a quick fix to a cash flow problem! The principal of your endowment is not guaranteed to grow: it can fall behind both in inflationary times and, more obviously, with market crashes and economic instability. Organizations will have years when they cannot draw the amount of money they need from their endowment without eroding the corpus.

There are two ways to reach your goal: one is to conduct a campaign for that goal and the other is to conduct a campaign to “seed” the goal. If you need \$1 million, your campaign goal is \$1 million. However, if that sum seems out of your reach right now but you think you could reach, say, \$250,000, you can conduct a campaign to get the endowment off the ground and to show donors you are serious about this effort. With this type of campaign, you do not draw anything out of your endowment until it reaches the initial goal you have set—in this case, \$1 million. Once the campaign has ended, you keep raising endowment funds as part of your fundraising work, but without the intensity of a campaign.

Having some money raised will help donors feel more assured that their endowment gift is joining existing money. The problem with the “seeding” approach, however, is that too often the endowment levels off at the small amount raised by the campaign. The endowment principal is too much money for the organization to spend, but not enough to generate the kind of interest that will really help with the annual fundraising crunch. If you decide to seed an endowment with a campaign, then be sure that you have a plan in place for having the endowment continue to grow after the campaign is over.

Sometimes groups just want “something to take the edge off”—the stiff drink approach to endowments. They want a pot of money that generates between \$5,000 and \$10,000 a year, which means they only need between \$100,000 and \$250,000 invested. An endowment campaign is not the best vehicle to raise this small amount of money. For any need of less than \$25,000, an organization should consider increasing its annual fundraising goal, perhaps by diversifying to a new strategy or being more aggressive with current donors, or just opening a savings

account. Generally, it is not worth the effort of starting an actual endowment campaign if your goal is to raise less than \$500,000.

Of course, however much money you decide to raise in your campaign, you should always be seeking and accepting additional endowment gifts. But get your endowment moving by setting a large enough goal to be meaningful.

A note of caution: Some organizations have counted the unrealized value of bequests as part of meeting their endowment campaign goal, but this is both foolish and unethical. Bequests can be changed any time before the donor's death, so even when a donor has promised you a bequest, it may not come to you if the donor has a change of heart or circumstance. Only irrevocable legacy gifts can be counted toward a goal.

## THE SOLICITATION TEAM

Another difference is in the composition of the solicitation team. As I have noted, traditionally, endowments are funded by gifts from estates. This is why traditional endowments are not generally funded using a campaign strategy; rather, they grow as donors leave money to them and as the investment grows. Your endowment campaign team needs to be made up of people who have made a significant gift themselves and have included your organization in their wills or estate plans. They need to be able to articulate a clear case as to why your organization needs to exist in perpetuity, which is very different from why you may need a new building or some other capital expense, and, as with a capital campaign, the solicitors have to be willing to ask for gifts that most donors are only going to be able to make by giving assets.

## ON NOT GIVING PRINCIPAL

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One of my favorite conversations about endowment was with a woman who had inherited many millions of dollars from, as she described it, "dead white guys." Any effort to ask her where the money came from was met with laughter—"So many awful places." One day we got into a discussion about the adage her financial advisors were trying to get her to adhere to: don't touch principal. She surprised them when she asked, "Which principal? The one I inherited at eighteen? The total principal formed by my second inheritance at thirty-two? What it shrank to when the market corrected under President Reagan? What the

*(Continued)*

principal had grown to under President Clinton when I was forty?" She told me: "They act as though principal is some fixed amount, but almost nothing is changing as quickly as principal—it goes up, it goes down. The fixation on principal is ludicrous." By the time I met her, when she was forty-two; she had given away half of the money she had inherited. I was stunned by her generosity, but again she laughed: "When you are very wealthy, money is like mildew in your bathtub. Once you seriously have it, you can't really get rid of it."

The solicitation team can be formed slowly. It can start with two or three endowment donors and, as more donations are received, new donors can be asked to join the team.

### **A CLEAR CASE FOR SUPPORT**

The primary difference between major gifts or capital campaigns and endowment campaigns is in the case. A person being asked for a major gift needs to be convinced that there is a pressing, immediate need that your organization can meet and that this need must be addressed with, among other things, some very large gifts. A capital campaign makes the case that the pressing needs of the organization cannot be met adequately in the facility you are in or with the equipment you currently have or without some other large investment. The case for the endowment goes one step further, explaining that the organization needs stability currently and into the future. The case statement is an internal document for board and staff; it is used as the basis for solicitation materials for donors that emphasizes that their commitment to your current programs is so important that you hope they will help make your work a permanent feature of your community.

# Conducting Feasibility Studies

A feasibility study is a survey of people whose agreement and support you would need in order to succeed at a particular project, usually a large capital or endowment campaign of at least \$1 million. Usually, prospective donors, board members, community leaders, and program officers at foundations and corporations who might be approached to contribute to such a project are asked to state anonymously what they think about it and what level of support they or their organization might provide. Generally, the survey is done in two or three parts: an online survey sent to all the prospects who will be asked for major gifts, a phone survey to a smaller number of donors who will probably be asked for lead gifts, and optional in-person interviews or a focus group with a handful of key leaders.

## WHO CONDUCTS THE FEASIBILITY STUDY

For prospects to feel that they can be completely honest and candid, their answers have to be truly anonymous. For that reason, most organizations hire a consultant to carry out a feasibility study. Maximum anonymity is ensured when people are asked by a consultant whom they don't know to fill out a form sent by e-mail that does not call for them to include a name and address. Online surveys aggregate the data right away; by now, people are comfortable with them. Although some people might be completely candid without the shield of anonymity, human nature is such that, to spare someone's feelings or to avoid a confrontation, many people will not be as direct if they know that what they say is going to get back to someone they know.

The e-mail survey consists of structured questions presented in a multiple-choice format. A few open-ended questions can also be included, which ask such things as whether prospects have confidence in the leadership of the organization and what they think about the organization's program directions. Open-ended questions can also ask prospects' opinions on anything the organization may have

done or said that was at all controversial. Once the results of the survey are in, the consultant looks for any pattern of response and for issues that need to be clarified. The results of the online survey form the basis of the questions in the phone survey with prospective lead donors. On the phone, the surveyor can probe a little more, record anecdotes and examples, and even query respondents about whether they agree or disagree with some of the opinions or findings that came from the written survey. Many studies don't also include in-person interviews. Such interviews are helpful if there is a need to clarify the case or probe further about any anomalies found in the phone or written surveys, but otherwise you might have enough information to go on without them.

A feasibility study is complicated and time-consuming both to construct and to conduct, which makes it expensive. That's why it is only done in the case of high-risk or high-cost projects. The least-expensive study conducted by a professional will likely cost \$5,000; many studies run as high as \$50,000.

## **WHETHER TO DO A STUDY**

There is no need to do a feasibility study in the following situations:

- If you intend to do the campaign no matter what the study shows. I have known half a dozen organizations that spent money on a study only to conclude that the results showing lack of support were wrong. They proceeded with their campaigns—some succeeded, some failed.
- If you are going to use the study simply to find out whether or not you can make your goal. You will discover easily enough whether you can raise the amount of money you need by asking for lead gifts from qualified prospects before the campaign is announced publicly. If they all say no or give much lower gifts than you needed, don't announce your campaign, and go back to the drawing board.
- For projects of less than \$2 million, a modified study could be useful, such as doing only the online survey or a limited phone survey if you have some specific questions. But what you really want is to go to the lead prospects and see what they say. Tell them about the possibility of the campaign and ask what they think about it. Tell them you are "testing the waters" or "getting feedback on this idea." Make the conversation very casual, but pay close attention to what they say.

You will need to do a study under the following circumstances:

- The key leadership in your organization does not have the full confidence of important donors. I conducted a study for a capital campaign for an organization

whose executive director had been there thirteen years. She was well liked, but as one key prospect said, “The organization has gotten too big for her, and neither she nor her board can handle the responsibility of a project this large.” The study showed that unless the organization made significant changes in staffing, including hiring an associate director to fill in administrative and human resource skills the executive director lacked, few were likely to contribute.

- Your building project may be controversial. A proposed homeless shelter discovered that it would face major neighborhood opposition if it expanded in the way it envisioned. The shelter slowed the process down to address neighborhood concerns with public education programs. Once that was done, the campaign proceeded successfully.
- You want to raise more than \$2 million and you have never raised that amount of money before.
- You want to know exactly what the capacity of the people closest to the organization is before you ask them. The results of your study will not show you what any individual donor can give, but you will learn whether there are people in your sphere who have the capacity and willingness to give large amounts. You will need to figure out who those people are.

A feasibility study gives you an added measure of assurance and will help you identify and counter potentially big problems. When you are raising large amounts of money, a feasibility study will allow you to discover the capacity of your donors in a way that would otherwise be difficult, given our society’s strong taboo about talking about how much money a person actually has.

In the end, you are looking for assurance that you will be able to raise the first third of your goal from five to ten people. If you can do that, you will most likely be able to raise the rest of the money to reach your goal. That guideline is the most reliable indicator of whether your campaign will succeed.

## **WHAT FEASIBILITY STUDIES TELL YOU**

Feasibility studies often predict that a campaign will bring in a lower amount than it actually raises in the end. Some consultants prefer to err on the side of underestimating the amount that can be raised, but the main reason campaigns exceed their goals is that it is impossible to factor in the effect of the excitement generated by the campaign on the prospects. It is one thing for prospects to talk on the phone about what they might, theoretically, do for a campaign should it be launched, but quite another for them to be asked in person to give to a campaign

by someone they admire. On the phone, a person is sober and serious and not wanting to mislead the questioner. He names an amount that is perhaps a stretch for him but that he feels confident he would be able to pay. Later, during the real campaign, when a friend or colleague comes with a staff person to ask for his gift, he is likely to become excited by the enthusiasm of the askers and end up giving more than he told the interviewer he might during the phone survey. Perhaps on the phone a prospect said she would be unlikely to give, but faced with the reality of the campaign she may not want to be left out. Her objections, which seemed so big during the phone call, can fade in the light of the campaign. This does not mean you should add on a few hundred thousand to whatever the study suggests you can raise, but it does mean that you can be confident that a well-done study will present an amount that is at or below what you can actually bring in.

## **ACHIEVING SUCCESS**

Of course, there is no assurance that any plan will succeed, but you have a better chance of succeeding if you have a plan than if you don't. Moreover, evaluating your success will be easier if you have a plan—in fact, a plan is what makes evaluation possible.

Another requirement for success is to make sure your board of directors is on board. If a board of directors does not want to work on the campaign, the campaign is going to go nowhere. People look to the board for leadership. Your board may well be made up of people who cannot make big gifts to a capital or endowment campaign. That's fine. But they need to make some gift, and they need to be involved in planning the campaign.

The best way to know whether you are going to succeed is to take the time to plan properly, as discussed in the chapters on capital and endowment campaigns, then implement the quiet phase of your plan. The requests made during the quiet phase give you the most accurate information with the least amount of public risk.

### **ONLINE CONTENT**

Sample Feasibility Study Cover Letter  
Sample Questions for Feasibility Study  
Sample Feasibility Study Report  
Case Study of a Feasibility Study: Family Matters



## PART SIX

# Budgeting and Planning

One of my more difficult clients was a long-time community organizer who resisted every suggestion I made. (He probably found me difficult, too.) His board of directors, having learned of their fiduciary responsibility, asked to see a budget. He hired me to help put one together, and I suggested he also create a fundraising plan. As it turned out, he did not want to do either, finding both efforts a waste of time. Finally, in exasperation, he said, “We do what needs to be done with the money we have. That’s my plan and that’s my budget!” I often think of him when I think of planning. In many ways, he was simply more up-front about his method than many organizations I work with that operate the same way.

All nonprofits want to have enough money to do their work, but many cannot name what amount that would be. They certainly want to use the time and money of volunteers and donors wisely and make progress in accomplishing their goals, but the work of defining exactly what that would mean often is not done. The founder, if she is still in the picture, and her friends are often working from a “plan” kept in their heads and revealed to others on a “need to know” basis. This is not an effort to be secretive so much as a failure to articulate the plan and a habit of operating from (usually good) instincts. The budgeting process is: “We need money—whatever we can get. We’ll spend what we have, but it won’t be enough. We’ll end up with heartburn in either case.” The fundraising plan is: “Help! Write a grant proposal, quick! Let’s do an event—what’s fast? Does anybody know anybody they can ask for a big donation?” If you thrive on this chaotic, crisis approach to budgeting and planning, then don’t read the following chapters. But if you think, “There has to be an easier way,” you are right. In fact, the time my client spent resisting me was about the same amount of time it would have taken to create a budget and a plan.

Because time is our most precious nonrenewable resource, all efforts that use time respectfully, efficiently, enjoyably, and with the greatest results for the time invested ought to be our top life priorities. Developing a financial plan—that is, a budget—and a fundraising plan will let you use your time to maximum effectiveness with minimum heartburn.

# Developing a Budget

The first step in developing a fundraising plan is to develop a working budget. In its simplest form, a budget is a list of items on which you plan to spend money (expenses) and a list of sources from which you plan to receive money (income). A budget is balanced when the expenses and income are equal; an ideal budget projects more income than expenses. Budgets are usually prepared from year to year. Many organizations also create financial projections going out two or three years that allow them to see how money spent in one year might not be recouped until the third year, or to take into account the effect of a grant that may go over two years, but not be present in the third year.

There are many ways to prepare a budget. As organizations grow, they may change the way they prepare the budget a number of times before finding one that gives them the most accurate projections. In some organizations a single staff member prepares the entire budget and presents it for board approval, but this is a large burden for one person. Therefore, the method presented here assumes that a small committee will undertake the budget-setting process. This committee can be a standing finance committee of the board, which would then be in charge of monitoring the budget, or it can be an ad-hoc committee of two or three board members and a staff person. Many grassroots organizations lack expertise in developing budgets, so they recruit someone who has that experience onto their budget committee for that purpose. It is particularly helpful to have someone with financial expertise if you are switching systems or fiscal years or if you want to plan for more than one year at a time.

If you work with a committee, it should be limited to four or five members. Each should have some knowledge of the organization and be willing to put in the time it will take to do the job as thoroughly as possible.

There is a simple, two-step process for preparing a budget that most small nonprofit organizations can use effectively. The process takes into account the largest number of variables without requiring extensive research and can be done using a simple spreadsheet (or even old-fashioned paper and a calculator.)

## **STEP 1: ESTIMATE EXPENSES AND INCOME SEPARATELY**

The budget committee should first divide into two subgroups: one to estimate expenses, the other to project income. When these tasks are completed, the subgroups will reconvene to mesh their work in the second step. If one or two people are preparing the budget, they need to figure expenses one day and income another day. Otherwise, the temptation is to make everything match up as they go along, which leads to inflated projections of income and inaccurately low projections of expenses. The committee should follow the old fundraising adage: “Plan expenses high and income low.”

### **Estimating Expenses**

The people working on the expense side of the budget should prepare three columns of numbers representing “survival,” “reasonable,” and “maximum” expense figures, as shown in the example. The “survival” column spells out the amount of money the organization needs simply to stay open. If you are not able to raise this amount of money, you would have to shut your doors. Items here generally include minimum staff requirements, Wi-Fi access, postage, printing, and telephone. This column does not include the cost of doing new projects, salary increases, additional staff or consultants, or even office space, if it’s not necessary.

Next, prepare the “maximum” column: how much money your organization would need in order to operate at maximum effectiveness. This is not a dream budget, but a real estimate of how much it would cost to have a real impact on the issues you are addressing.

Finally, prepare the “reasonable” column: how much money the organization needs to do more than survive but still not meet all its goals. These figures should not be conceived of as simply the middle of the other two columns. For example, an organization’s leaders may feel that in order to accomplish any good work, each staff person needs a company cell phone, or they must raise salaries or offer more benefits to decrease staff turnover. These items may not be necessary to the organization’s survival, so they will not be included in the “survival” budget; however, they are imperative enough to the organization’s work to be included in the “reasonable” budget, which could bring the reasonable and maximum budgets closer together.

The “survival,” “reasonable,” and “maximum” columns, then, give the range of finances required to run the organization at various levels of functioning. If you have a year or two of financial history, you can use the line items and costs from previous years to help in creating your budget.

The process of figuring expenses must be done with great thoroughness and attention to detail. For example, to estimate how much you will spend on printing, think through all the items you will want to print and how many of each you will need. A simple mail

appeal has at least three printed components—the letter, the return envelope, and the envelope the appeal is sent in. The budget for your online presence will need to include staff or consulting time for the person who updates the website, and the staff time required to respond to your info@ e-mail address or to process donations or orders given online. You may want to hire a consultant to help you expand your legacy giving program or to help work with the board. When you don't know how much something will cost, do not guess. Take the time while creating the budget to find out.

To ensure completeness and accuracy in budget-setting, many organizations have found it helpful to send board and staff members to training sessions on financial planning.

<b>Sample Expense Projections</b>			
<b>Item</b>	<b>Survival</b>	<b>Reasonable</b>	<b>Maximum</b>
<b>Personnel</b>			
Executive director			
Development director			
Community organizer			
Program coordinator			
Benefits and taxes (payroll, workers comp, health insurance)			
<b>TOTAL PERSONNEL</b>			
<b>Professional Development (seminars, classes, coaching)</b>			
<b>Staff Travel</b>			
<b>Office Rent</b>			
<b>Furniture and Equipment</b>			
Lease photocopier			
Computers			
Printers			
Office supplies			
Telephone and online			
Telephone service(s)			
IT Support/consultant			
Internet service provider			
Software updates			
Web maintenance			

(Continued)

**Sample Expense Projections (Continued)**

Item	Survival	Reasonable	Maximum
<b>Fundraising and Marketing</b>			
Fundraising costs, not including personnel			
Consultants			
Event planner			
Other			
Tech Support fees for database			
Merchant fees			
Other			
Event costs			
Printing			
Design of print materials			
Annual report			
Mail appeals (specify numbers)			
Event invitations and flyers			
Newsletters			
Premiums for donors			
Other			
<b>TOTAL FUNDRAISING AND MARKETING</b>			
<b>Postage</b>			
First-class mail			
Bulk mail			
Bulk mail permit			
Other (specify)			
<b>TOTAL POSTAGE</b>			
<b>Other Contractors</b>			
Bookkeeping			
Training for board and staff			
Board travel			
Annual meeting or retreat presenters			
Volunteer appreciation			
Other (specify)			
<b>TOTAL COSTS (other than personnel)</b>			
<b>GRAND TOTAL</b>			

## Projecting Income

At the same time that the expense side of the budget is being prepared, the other half of the committee is preparing the income side. Crucial to this process is knowledge of what fundraising strategies the organization can carry out and how much money these strategies can be expected to generate. Much of this information will come from reports kept in previous years. As shown in the example, the income side is also estimated in three columns, in this case representing “worst,” “likely,” and “ideal.”

To calculate the income projection labeled “worst,” take last year’s income sources and assume that with the same amount of effort the organization will at least be able to raise this amount again, unless you know that the effort expended was more than can be expected in future years or you were given some one-time-only gifts (such as bequests or gifts to a capital campaign), or your community has plunged into a deep recession. In the case of foundation, corporate, or government grants, it may be wise to write “zero” as the worst projection unless you have been promised or strongly led to believe a grant request will be funded or renewed.

Draw up the “ideal” income projections next. These figures reflect what would happen if all the organization’s fundraising strategies were successful and most grant proposals were funded. Again, this is not a dream budget. It does not assume events that will probably not occur, such as someone leaving you a million dollar bequest. The ideal budget must be one that would be met if everything went as well as it possibly could.

The “likely” column is a compromise. It estimates the income the organization can expect to generate with reasonable growth, hard work, most people keeping their promises, and expanding old fundraising strategies and having success with some new ones, yet taking into account that some things will not go as planned.

There are two ways to budget income and expenses from fundraising strategies: one is to show all expenses in the expense side (as shown in the example above) and all income on the income side. For small organizations, this is probably the simplest. The other is to show net income (after expenses) in the master budget, with a detailed expense and income budget available on a separate spreadsheet for each strategy. For organizations that do a lot of special events or conferences or that have fees and products for sale—in other words strategies that have a high gross income but a much lower net—this method will be more accurate overall.

The income and expense sides of the budget are presented in columns of numbers, but each subcommittee should also include a narrative or notes that explain some of the rationale behind the numbers and outline goals other than financial that some fundraising strategies will be seeking to accomplish.

### Sample Income Projections

Source	Worst	Likely	Ideal
<b>Major Gifts</b>			
New			
Renewals or upgrades			
Monthly donors			
<b>Donors Giving Less than \$250</b>			
New (specify strategies)			
Renewals			
Recovery of lapsed donors			
<b>Special Appeals</b>			
<b>Sale of Products</b>			
T-shirts			
Other (specify)			
<b>Special Events (define whether net or gross)</b>			
House parties			
Dance			
Conference			
<b>Board Donations</b>			
<b>Fees for Service</b>			
<b>Foundations (specify)</b>			
<b>Other (specify)</b>			
<b>TOTAL INCOME</b>			

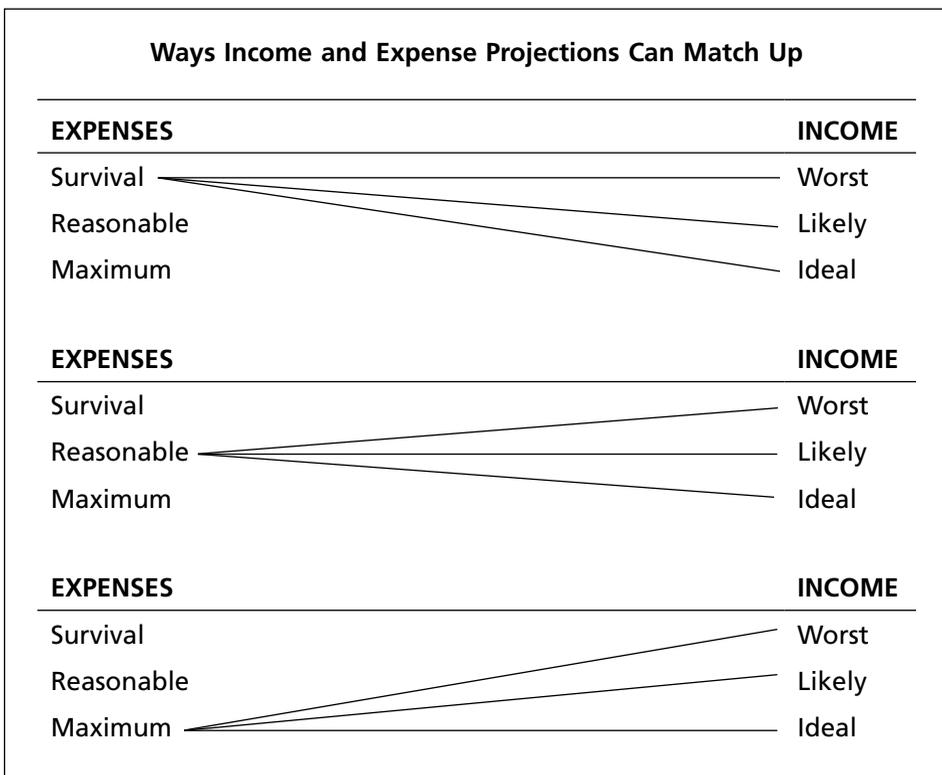
### STEP 2: MEET, COMPARE, NEGOTIATE

When the entire committee reconvenes, you hope to find that the amount in the “reasonable” expense column and the “likely” income column are close to the same. In that happy circumstance, those figures can be adopted as the

budget with no more fuss. Occasionally, nonprofits are pleasantly surprised to discover that their “likely” income projections come close to their “maximum” expense projections. However, compromises usually need to be made. Most of the time the expenses need to be adjusted to meet realistic income potential, not the other way around. If you do what many organizations do, which is to boost income estimates to make the budget balance, you will soon be in financial trouble.

When no two sets of numbers are anywhere near alike, the committee will have to find solutions. There is no right or wrong way to negotiate at this point. If each committee has done its job properly, there will be no need to review each item to see whether it is accurate. However, with more research, each subcommittee may discover other ways to decrease expenses or add income.

As shown in the illustration, there are nine possible ways income and expense projections can match up.



Here are two case studies that illustrate different ways of reaching a workable budget using compromise and research.

## COMMUNITY ARTS INITIATIVE

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Community Arts Initiative was founded in 2000. For the first ten years, it functioned as a small organization of mostly volunteers, with outside people brought in occasionally and paid for specific projects. Then it applied for Arts Council funding; for five years, the organization received a grant of \$50,000 annually, allowing it to hire a coordinator who, in turn, helped it raise more money. After the fifth year, Arts Council money was no longer available. Of the Initiative's total budget of \$150,000, this shortfall represented more than 30 percent. The budget committee developed the following estimates:

	Expenses		Income
Survival	\$60,000	Worst	\$50,000
Reasonable	\$100,000	Likely	\$75,000
Maximum	\$150,000	Ideal	\$100,000

All of their income projections were below their parallel expense projections. Their "survival" budget represented such significant cut-backs that several board members felt there would be little point in even staying open. However, their "reasonable" expense projection included all the expenses of the past year except those paid for with the Arts Council money, and including fixed increases in line items to account for increases in cost of living. After much discussion among the board and staff, the organization decided that it wanted to continue operating at the current level to avoid curtailing the program and undermining morale. The board members agreed to adopt the "ideal" income and the "reasonable" expense estimates, committing themselves to an intensive major donor drive in the first part of the fiscal year to see whether they would be able to operate within the budget. They also committed themselves to never being so dependent on one source of money again.

## NORTH FORK WATERSHED PROTECTION

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North Fork Watershed Protection had been functioning for only two years. The first year the program was run entirely by volunteers, most of

them residents living near the watershed area. In the second year, they incorporated as a nonprofit and formed a board of directors. They were able to raise enough money to hire a staff biologist. With this person's expertise, the organization documented the sources of the pollution entering its watershed, generating a good deal of publicity and attracting the attention of the public health department. To keep the pressure on and to monitor steps taken to mitigate the pollution, the staff member now needed a half-time assistant to help with fundraising, administration, and dealing with the press. The board's initial successful fundraising represented a few significant financial contributions, but no one was certain that these gifts would be repeated. It was also difficult for the board to make income projections, because it had so little past experience to go on. A budget committee estimated these figures:

	<b>Expenses</b>		<b>Income</b>
Survival	\$158,000	Worst	\$160,000
Reasonable	\$175,000	Likely	\$175,000
Maximum	\$220,000	Ideal	\$290,000

The only difference between the "survival" and "reasonable" expenses was the cost of a part-time assistant. Even though the "likely" income could cover the "reasonable" budget, the board elected to adopt the "survival" budget for the first six months, forgoing an immediate new hire while aiming to meet the "likely" income. They reasoned that, although their track record for fundraising was good, their fundraising program was not well enough established to draw conclusions about the future.

They decided that they would review their income after six months and hire the assistant if they had raised at least half of their "likely" goals. This strategy gave the board some breathing time and assured the staff person that the issue of her workload was being addressed. In the meantime, board members and other volunteers committed themselves to helping out in the office and handling more of the media calls.

These case studies illustrate that budgets are designed to be flexible, to serve as measurements of progress, and to provide structures for the way money is

spent and raised. Using a budget this way makes it a helpful document rather than a club hanging over an organization's head. Small organizations cannot know exactly how much money they will raise or spend beyond certain fixed costs, such as for rent or salaries, but they need the parameters that a budget can provide.

## **ONGOING MONITORING**

Once the budget is developed and adopted, it must be monitored. Although you can monitor your budget using a spreadsheet, there are inexpensive accounting software programs that can issue profit and loss reports that will be easier to understand and examine (QuickBooks is the most commonly used program). Every month, you note what you have spent or raised in each category of your budget as well as the amounts you should have spent and raised in that time, if all the money were being raised and spent equally over the twelve-month period (you will have more income or more expenses in some months than in others, which should make the budget work out at the end of the year). You can then make adjustments as needed and catch problems fairly quickly. Do not change your budget—use it as a learning tool. Compare what you projected would happen with what did happen and discuss the differences. This way, as the years pass you will be able to create more and more accurate budgets.

### **ONLINE CONTENT**

“‘Outing’ Overhead”

# Creating a Fundraising Plan

chapter  
THIRTY

Even though I am a big fan of budgeting and planning, it is instructive to start this chapter with an old fundraising saw: “Fundraising is 10 percent planning and 90 percent follow-up calls.” Although many people hate planning, I fairly frequently find people who take so much time to plan that they have no time to actually do the work. So this is a short chapter because, although planning has to be done thoughtfully and as thoroughly as possible, a plan that is not implemented is more problematic than working with no plan.

Planning for fundraising is not difficult to do. And even though planning should not be what you spend most of your time on, it is also true that one hour of planning can save three hours of work.

There are five steps to creating a workable plan.

## **STEP 1: SET A GOAL**

Your financial goal will come from your budget, which you can create using the principles outlined in Chapter Twenty-Nine.

## **STEP 2: SPELL OUT THE DETAILS OF EACH INCOME STRATEGY**

The biggest lament people have about planning is “plans don’t work.” This is true—plans are not prophecies. They are created assuming that most of what has been true will continue to be true—they do not factor in massive natural disasters or arson or fraud, although an implemented plan will have done what can be done to prepare for or insure against such events. However, the main reason plans fail is not because of huge unexpected occurrences but because there was no detail to the so-called “plan.” Many fundraising plans are some combination of wish list and outline. A plan includes details such as:

- For each strategy—acquisition, retention, upgrading—the specific tasks needed
- Due date for each task
- Who is in charge of each task
- How much the strategy is going to cost and how much it is going to raise

### **STEP 3: PLOT OUT YOUR PLANS FOR RAISING MONEY FROM INDIVIDUALS**

Your organization may raise money in any number of ways, but here we are focused on your plan to raise money from individuals. You may need to create other plans for how you will raise money from foundations, corporations, or government, or how you will market products or collect fees for service.

Given the amount of money that must be raised from individuals, determine how much will be raised from each segment of donors discussed in Chapter Six, “Financial Needs and Fundraising Strategies”: first-time donors, repeat donors, and donors upgrading their gifts. Following the formula described in Chapter Twenty-One for major gifts programs, figure that 60 percent of the income will come from 10 percent of your donors, 20 percent will come from 20 percent of your donors, and the remaining 20 percent will come from 70 percent of your donors. The first number (60 percent of the total) is your goal for major gifts; the second number (20 percent of the total) is your goal for habitual donors responding to retention strategies, particularly from those donors who give several times a year; the last number (another 20 percent of the total) is your goal from first- or second-time donors giving through acquisition strategies.

Analyze your current donor base using the following questions:

- How many donors do you have now in each category—major gifts, habitual donors, first-time donors?
- What is your conversion rate? That is, what percentage of first-time donors give a second gift? (It should be about 20 percent.)
- What is your retention rate? That is, what percentage of donors who have given at least twice keep giving? (It should be around 70 percent.)
- What is your renewal rate? That is, what percentage of all donors who give in one year give in the next? (It should be about 55 percent.)
- What are the organization’s strengths in working with donors?
- Do you do a good job of acquiring donors but have a lower-than-normal retention rate? Or do you have a strong base of very loyal habitual donors, with a higher-than-normal retention rate?
- Do you do a good job of identifying the top 10 percent of donors and regularly seeking upgraded gifts and major gifts from them?
- Has the number of donors to your organization grown, decreased, or stayed the same in the past three years? (If it has decreased, you are not doing enough acquisition and may also have a problem with retention of donors. If the number of donors has stayed the same, you are doing a good job with either retention or acquisition, but not both; otherwise, you would see an increase.)

## STEP 4: DECIDE ON NUMBERS OF DONORS AND MATCH THEM TO STRATEGIES

On the basis of your analysis in the previous step, decide how many donors you need to meet your goals and match them with the strategies—acquisition, retention, upgrading—that work best for reaching those donors.

## STEP 5: PUT THE PLAN ONTO A TIMELINE AND FILL OUT THE TASKS

Voilà! A fundraising plan is created. (See examples of fundraising plans in the case studies that follow.)

By using these steps, the planning process can be both simple and accurate. Once a plan is developed, working the plan should bring in the money you need.

Below is a template that many grassroots organizations find useful in putting together a plan.

### Creating an Annual Individual Donor Plan

Adapted by Stephanie Roth from worksheet created by Priscilla Hung

My organization's strategic fundraising goals are [*consider non-monetary goals that are key to building a successful donor program, e.g., strengthening teamwork in fundraising, increasing number of individual donors, increasing number of in-person visits with major donors, etc.*]:

- 1.
- 2.
- 3.

#### Strategy Planning Guide

Strategy:

Acquisition     Retention     Upgrading/Major Gifts

Audience:

Number of people in this audience:

Goals: \$

# of gifts

% response rate

Other:

### Gift Range Chart

Gift Amount	Donors Needed	Prospects Needed	Total Amount
<b>Total</b>			

Tasks and Timeline:

## FUNDRAISING PLANNING AT WORK: TWO CASE STUDIES

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### 1. People's Theater

People's Theater is a community theater that performs works of local playwrights and works aimed at raising consciousness about or demonstrating the talents of children, seniors, and disabled people. It has a budget of \$500,000 a year and four full-time staff: an artistic director, a development director, a program and marketing director, and an administrator, who also helps with fundraising. The group has an active board of directors of thirteen people. This year they plan to raise \$300,000 from ticket sales, small government grants, and fees from their acting classes. They will raise the remaining \$200,000 from community donations, including making up for the loss of a foundation grant that has provided \$50,000 for each of the past three years.

Using the formula in the third step of the budget-planning process, People's Theater sees that it will need to raise \$120,000 from major donors, \$40,000 from habitual donors, and the remaining \$20,000 from its current fundraising program of three special events and an online campaign at the end of the year. The events focus mostly on acquisition: the online campaign brings in gifts from current and new donors.

The theater is highly visible in its community of 500,000 people. It currently has one thousand donors, more than eight hundred of whom give less than \$100, and one hundred of whom give between \$100 and \$249. Many of these gifts are given at the end of performances, when a board member comes to the stage and asks people to make a gift above the cost of the ticket. The biggest gifts overall are \$2,500 from a long-time major donor, five gifts of \$1,000 each from board members and former board members, twenty gifts of \$500 each and forty gifts of \$250 each from regular patrons, and two gifts of \$5,000 each from sisters who support all the arts programs in this community. Total giving from all donors is \$85,000.

Audience numbers have held steady, but the donor attrition rate is more than 50 percent. For the past three years, the theater group has steadily lost donors, going from 1,500 to 1,000 in that time. Some board members have blamed this decline on the artistic director's choice of productions—including, in the past two years, a play about disability rights that some people complained was too strident, two avant-garde plays that some people found too obscure, and a play about an aging priest and his struggle with and eventual expulsion from the Catholic Church because of his views on sexuality, which some found anti-Catholic, others found antigay, and others found too pro-gay. Because the director mixed these productions with works appropriate for families and plays written and largely acted by children, other board members feel that the range of works is appropriate and suits the variety of people in the community. These board members also feel that, since their mission is to raise consciousness, the plays that are chosen will necessarily raise hackles as well.

The board and staff have spent hours discussing the plays and audience reaction to them; by and large they have found these conversations helpful. However, fundraising has lagged. Now they have decided to

*(Continued)*

focus first on fundraising and then to determine whether the plays they are producing are the cause of the decline in their donor base.

Applying the formula to their donor base of one thousand donors, they come up with the following needs:

- One hundred donors giving \$250 or more, for a total of \$120,000 (currently sixty-eight people give \$250 or more for a total of \$37,500 in major gifts)
- Two hundred donors giving \$100 to \$249, for a total of \$40,000 (currently one hundred give in this range and their gifts total \$20,000)
- Seven hundred donors giving less than \$100, totaling \$40,000 (currently eight hundred donors give small gifts that total \$42,500)
- In addition, they must acquire at least three hundred donors to make up for a normal attrition rate of 30 percent just to maintain their base at one thousand donors.

Moving to Step 4, they draw up this outline:

*Goal 1:* Increase the number of donors giving more than \$250 to one hundred and increase their total giving from \$37,500 to \$120,000. Meeting this goal will require asking for significant increases in gifts from current major donors and in moving some people up to be major donors. This seems quite doable.

*Goal 2:* Double the number of people giving between \$100 and \$249. Meeting this goal will require a big effort, both to acquire donors at this higher giving level and to ask about three hundred current donors to increase, and in many cases, double their current giving. This seems ambitious, but necessary.

*Goal 3:* Attract three hundred first-time givers and strengthen retention strategies to ensure that seven hundred of their current one thousand donors renew (many of whom will also be increasing their gifts). Achieving this goal, they will maintain their base of one thousand donors. To reach this goal will require an intensive effort to convert single-ticket buyers to be regular donors.

To accomplish these goals, People's Theater will conduct two donor campaigns, one in the spring focused on major donors and one in the fall focused on getting current small donors to move into the \$100 to \$250 range.

### **Spring Campaign: Major Donors**

People's Theater will create a gift range chart for major donors and seek to renew or upgrade its current donors as well as find thirty-two new donors, for which it will need one hundred prospects who could give gifts in the range of \$250 to \$1,000 (projecting both a 50 percent refusal rate and that 50 percent of the positive responses will give less than the amount requested).

### **Fall Campaign: Upgrading Other Donors**

A well-written and attractively printed personalized letter, with a personal note from a board or staff member, will go to all donors who have given between \$50 and \$249 for three years or more. The letter will ask for an increase in their giving and be followed up with phone calls. All other donors who have given more than twice and who are not in these categories will be sent a personalized letter or e-mail, depending on how the theater corresponds with these donors currently, asking them to increase their gifts.

The theater's website will also feature the fall campaign and a thermometer there will show how the campaign is proceeding. With each online gift, the thermometer will rise.

### **Year-long Strategies: All Donors**

To retain donors, the theater will approach current donors three times during the year, describing different projects and aspects of their work. It will also offer special receptions for donors who increase their gifts, regardless of the size of the original gift or the amount of the increase.

Finally, the theater will continue with the acquisition strategies that are working: asking for donations at the end of each theater show and holding three annual special events.

Moving to the fifth step, board and staff are ready to put their plan on a timeline. On a master calendar, they mark off when their plays are running, when their government grant proposals are due to be submitted, when their special events are scheduled, and when their quarterly newsletter goes out. Next, they schedule their extra appeals to take place just after the first three plays but at least three weeks before or after each special event. Finally, they schedule their major gift campaign in two small remaining windows of time: January 15 through February 15 and November 1 through Thanksgiving.

*(Continued)*

With this plan approved, the People's Theater board divides into three committees: acquisition, retention, and major donors and upgrades. With the help of the organization's administrator, each committee prepares a task list and divides up the work.

## **2. Affordable Housing for Working People**

Affordable Housing for Working People is located in a small town about an hour away from a major urban area. Because the town is in a beautiful rural location surrounded by parkland, many of its homes have been bought as weekend and vacation places by the nearby urban residents. This influx has both driven the price of housing up and created a shortage of housing for people who actually work in the town. These people not only provide many of the services the second-home owners rely on when they are there, but they also help maintain the rural and diverse flavor that is one of the town's drawing points. Affordable Housing seeks to purchase existing houses throughout the town and resell or rent the homes at affordable rates to local working people while holding the value of the land in trust for the community, as in the nationwide community land trust model.

After five years of building the organization, Affordable Housing has acquired its first property, which ultimately will house two families. Although it has launched a successful campaign to finance the purchase beyond what the rental income will cover, it needs to expand its member base in order to maintain a small operating budget of \$42,000 for the current year. This budget supports two part-time staff people and a small office. The plan is to meet the budget with a repeat (final year) operating grant of \$10,000 from the county, another grant of \$10,000 from a local foundation, \$5,000 from local businesses, and \$5,000 from events. The remaining \$12,000 of the operating budget is designated to come from membership income. However, looking ahead to the end of the county's operating grant, they decide to raise \$22,000 from members—a large and ambitious increase—bringing their total budget to \$52,000 this year and returning to \$42,000 the following year.

Last year Affordable Housing raised \$12,000 in membership donations from 130 members. The renewal rate was low at about 50 percent. The organization realizes it needs to increase efforts to recruit new donors and retain old ones. Following the formula, the board commits to raising \$22,000 in individual donations as follows:

- Sixty percent in major gifts from 10 percent of donors: \$13,200 (average gift of about \$500 to \$750 from twenty-five donors, including board members)
- Twenty percent from 20 percent of donors in midlevel gifts (both new and renewing), especially those giving more than one gift per year: \$4,400 (average total annual giving of about \$100 each from about forty-five donors)
- Twenty percent from 70 percent of total donors in small gifts: \$4,400 (average gift of \$30 each from about two hundred new and renewing donors).

The organization creates a fundraising plan for its operations budget that includes goals, strategies, and actions; who will lead the effort; when each strategy will be implemented; and what expenses are involved.

## **RAISE, DON'T CUT**

In both these cases, the income side of the plan will need to be monitored carefully, but both organizations have made a wise choice to focus on raising money and not cutting their budgets.

I firmly believe that organizations that focus on raising money are healthier, last longer, and do better work overall than those that look for ways to cut costs. Grassroots organizations generally operate on a shoestring in the best of times. Our instincts are to do everything as inexpensively as possible, but we also need to develop our ability to solve financial problems and shortfalls by raising more money.

### **ONLINE CONTENT**

Sample Monthly Fundraising Report  
"Fundraising Planning Worksheet: A Tool for Creating Your Annual  
Fundraising Plan"  
Sample Fundraising Plan



# The Perennial Question of Clean and Dirty Money

Over the years, I have received dozens of questions about a problem that surfaces at some point in the life of almost every organization. The problem was nicely laid out in the following letter:

“Dear Kim,

My group is struggling with what I understand to be a perennial problem: dirty money. We have two questions: Should we take dirty money, and how do we decide? A corporation has offered us a large grant for operating expenses, but several people in our group have problems with this corporation because of the way they treat their workers (badly). On the other hand, we need the money and not many places give money for operating expenses. What shall we do?”

This organization had stumbled on the subject that has probably taken up more time in progressive groups than almost any other topic one could name. In fact, had some organizations held a “dirty money discussion-a-thon” and sought pledges for each minute they spent discussing the very questions the writer raises, they would be handsomely endowed by now and could change their discussion to “dirty and clean investment policies.” However, the writer raises serious questions that are not easy to answer, which is why this debate is perennial.

Let’s divide the questions into two parts: the idea of “dirty” money and the consequences of taking such money.

I don’t subscribe to the idea that there is “dirty” money and “clean” money. Like a hammer, money is a tool. A hammer can be used to help build a house or to bludgeon someone to death, but we never talk about clean and dirty hammers. Because we don’t credit hammers with power they don’t have, we are able to see

just what a hammer is and to separate the hammer itself from what it might be used to do. We need to get that kind of perspective on money. Money can be used wisely or squandered. It can be raised honestly or dishonestly. It can be earned, inherited, stolen, given, received, lost, found. It is not in itself dirty or clean.

If you let go of the idea of dirty and clean money, you can focus on the real questions in accepting money, which are these: How does it make you feel to accept money from a corporation whose labor practices you find appalling? How would accepting this money make you look to others? Will there be a cost in goodwill, faith in your organization, or even actual money given to your organization if you accept this money?

I have seen organizations answer this question in various ways. The most sensible answer I've seen was a policy adopted in 1980 by a group in San Francisco called the Coalition for the Medical Rights of Women during a marathon discussion about accepting free printing from the Playboy Corporation. The Playboy Corporation had always been a strong supporter of civil liberties and reproductive rights groups. In those days it offered to print stationery, envelopes, invitations, newsletters, and the like for nonprofit groups working for those causes. Any nonprofit using such money simply had to put the statement "Printing donated by the Playboy Corporation" somewhere on the printed piece.

The Coalition, which was the first place I worked as a development director, had occasionally accepted Playboy's services to get some of this printing. Although this was a big help financially, the group, which by definition was fighting against sexism in many areas of society, always had great uneasiness about taking advantage of Playboy's program. As a collective, we argued back and forth about whether to continue taking the free printing. Those in favor said, "Playboy made its money off of women and we're simply putting that money to good use; we deserve it." Those against argued that Playboy exploited women and promoted sexism and we would help it in its sex-for-money pursuit by taking its free printing. Late one night, after yet another such go-around, one person finally said, "I don't know whether it is right or wrong to take this money. All I know is that the idea of taking Playboy's money or its free printing makes me want to vomit."

From then on, in questions about taking money, we applied the "vomit test." If a person who was important to the organization—staff or board member, volunteer, long-time friend—said, "Taking money from such-and-such would make me want to vomit," we wouldn't take it, because that person and her continuing contributions to our group were more important than any money.

I have never found a more rational approach to the question "How would it make us feel to accept money from a source whose practices we do not condone?"

The second question, “How would it make us look to the outside world to take this money?” is a more practical one. Sometimes a source of money will pass the vomit test but fail this second test. For example, a board member of a tiny health center in rural New Mexico was a fraternity brother of the vice president of a large uranium-mining operation that is polluting the entire area around it with radioactive uranium tailings. Through his contact, the board member secured a grant from this mining corporation, which so outraged several major donors to the health center that they stopped giving. The ensuing bad publicity and loss of donations was a major factor in the demise of that organization the following year.

When an organization accepts money from a source that is controversial, it needs to think about how its other donors or contributors might react. Of course, others’ reactions are sometimes hard to judge, but people are likely to be shocked or offended if an organization accepts money from a source that is perceived to be in conflict with the organization’s values or goals. So when a mining corporation whose irresponsible practices are causing serious health problems donates to a health center, accepting such a donation can be predicted to cause outrage. Had the corporation donated to the public library, there might have been less of an outcry.

The other factors in accepting money from a controversial source are the amount of money relative to the budget of the organization and what kind of recognition the source wants for the gift. Although this may have happened, I have never heard of an organization spending hours debating whether to accept a \$50 gift from a corporation with even the most foul practices or from one of that corporation’s employees, because that amount of money cannot buy any influence. Similarly, I rarely hear of an organization refusing to accept even a large gift from an individual who may have made his or her money from a corporation with horrible practices, because the corporation will not receive any glory for that gift. Certainly, I have never heard of an organization turning down a foundation grant, even when the source of that money might also be problematic.

Sometimes an organization will accept money from a corporation if it does not have to publicize that gift, but will refuse the gift if it requires public acknowledgment. Examining the hypocrisy of that position can be helpful to groups sorting out whether to take that money or not. Ask yourself: “If this gift from this source were to be headline news in our local paper tomorrow, would we be happy, would we feel embarrassed, or would we be nervous about the consequences?” If happy, take the money. If you would rather people didn’t know about the gift, don’t take it.

The issue of clean and dirty money generally comes up in relation to corporations. Since corporations are only responsible for about 5 percent of all the money given away in the private sector, and fewer than 20 percent of corporations give away any money at all, organizations are simply better off focusing their fundraising efforts on building a broad base of individual donors. When an organization receives most of its funds from individuals, and those individuals ask no more than to be thanked for their gifts and to be kept abreast of the work, there is no need to worry about clean or dirty money.

# What to Do in Case of Financial Trouble

Like most people, organizations get into difficult financial straits from time to time. Don't panic. Panicking, searching for who is to blame, and whining will not solve your problem. What you must do first is carefully analyze the nature of the financial problem and how you got into it. This will help create a strategy for getting out of it.

Financial troubles range from simple cash flow problems to serious mismanagement or even embezzlement of funds. These major types of financial problems are discussed in the following sections. However, it is important to recognize that financial problems are usually symptomatic of deeper management difficulties. These difficulties usually show up first, and often most seriously, in the areas of fundraising and spending. The root cause may be the failure of the board of directors to plan the year thoroughly and thus anticipate the financial crisis, or it could be the reluctance of a staff person to discuss the finances of the organization honestly and fully with the board, leading the board to approve an unrealistic budget. Sometimes the deeper problem is that fundraising projections are inaccurate because not enough research was done to make reasonable estimates of income. Whatever the problem turns out to be, it must be addressed and solved. If only the financial problem is solved, however, and the underlying organizational issues remain unaddressed, the financial problems will recur, each time with increasing severity.

There are four main types of financial problems: cash flow problems, deficit spending, serious accounting errors or mismanagement of funds, and embezzlement of funds.

## **CASH FLOW PROBLEMS**

A cash flow problem occurs when anticipated income is not coming in fast enough, creating a temporary lag in income in relation to spending. A cash flow problem has an end in sight. You know that when a certain major donation or

grant payment comes in, or when a reimbursement from the city, county, or state is received, you will be able to pay your bills and say goodbye to your problem. Until that time, however, the organization has to draw on its reserves; once the organization exhausts any savings it might have, then it is in a bind.

You have several choices at that point. You can try to put a freeze on spending and even up your income and expenses by ceasing to incur expenses. You can attempt to stall your creditors by paying bills in installments and by postponing paying as many bills as possible. In that case, call creditors and explain your situation, giving them a date by which you will pay the bill. Creditors will often allow you to postpone payment if they believe you will have the money soon. Another option is to borrow money to cover your expenses and repay the loan when your cash flow improves. You can do this by using a company credit card or obtaining a loan, if possible, from a loyal board member or major donor who will charge little or no interest and create no publicity. You may inquire of foundations and corporations in your community whether they have emergency loan funds to help groups through cash flow difficulties that are not the organization's fault. A final option is to set up a line of credit at a bank and draw on it to cover expenses.

A cash flow problem is largely a logistical one and often can be avoided in the future by setting aside money in a reserve account in anticipation of such times. I believe every organization should have both a line of credit and a credit card. The time to open these is when you have cash on hand so that the bank or credit card company believes you will be able to pay your debts. Then the organization needs to have clear guidelines about who can use the card, who is authorized to draw against the line of credit, and how much can be charged or borrowed. These policies are not hard to set up, and your accountant or a consultant can help you create them.

## **DEFICIT SPENDING**

A deficit is a chronic cash flow problem or, more accurately, a situation in which you are spending more than you are raising with no end in sight. Irresponsible or short-sighted organizations finance their deficit with money from their savings, if they have any, or with money earmarked for special programs, a practice that is then problematic for the special program and may cause distress to the person or grantmaking source for the program. Commingling funds that were meant for one purpose but join others meant for another purpose is unethical and, depending on how you commingle funds from different sources, can be illegal. At some point, however, the organization will run out of money and no longer be able to finance the deficit.

There are only three solutions to deficit spending: create an ongoing way to raise more money or cut down on spending or do some of each. Examine where you might be overspending and put a freeze on those areas. In addition to the person who may authorize expenditures, designate an additional staff person or board member to look at all requests for more than \$500 and, working together, try to identify a spending pattern that can be cut. (In small, very frugal organizations, this may be an impossible task.)

Obviously, the organization's fundraising plan and income reports will have to be carefully examined and strengthened. Raising more money, however, is the only viable long-term solution. Deficits require immediate attention because the longer they continue the worse they get. Once you are out of the deficit, avoid the situation in the future by spending no more money than you raise.

### **SERIOUS ACCOUNTING ERRORS, MISMANAGEMENT OF FUNDS, OR EMBEZZLEMENT**

In cases of even more serious financial errors, mismanagement, or embezzlement, the entire board must be notified immediately and the people responsible for the error or crime must be dealt with swiftly. If embezzlement has occurred, the person committing the crime must be fired; the board will have to decide whether to take legal action against the person or people responsible. In the case of serious error, some mitigating circumstances may be taken into account, such as if the person had never made an error before, the person admitted it immediately and took steps to remedy it, or the error was clearly a mistake and not indicative of carelessness or deception. Nevertheless, the person should probably be suspended until the situation is resolved.

Board members should prepare a brief statement on what happened and what the organization is doing about it. This statement can be sent to funding sources and used as a response should the story get into the media. Honesty and swift action are the best ways to ensure the fewest repercussions.

The more difficult problem to solve is how to make up the loss of money that such an error or crime has caused. Options include asking major donors who are close to the organization for extra gifts; seeking loans; and instituting spending freezes, vacation without pay, or pay deferments for staff. As a last resort, staff layoffs may be necessary.

If the financial situation cannot be improved by any of these means, the organization should consider closing. An organization development consultant or a facilitator will be helpful in leading the board to a proper decision.

The most debilitating problem in the case of serious mismanagement or theft is the decline in morale. Very little work goes on when everyone in the organization is depressed and shocked. Morale will be boosted when the staff and board have decided on a course of action. If the organization is to stay alive, a plan must be made quickly and implemented immediately. A crisis of this magnitude can pull people together and strengthen the organization as long as those remaining agree that keeping the organization going is of the utmost importance. (For more on this topic, see my book, *Reliable Fundraising in Unreliable Times*, which provides much more detail about how to handle and survive a crisis.)



## PART SEVEN

# Fundraising Management

Once worked closely with a charismatic and charming woman named Margaret, who was the executive director of a coalition of human rights organizations. She and one other person, who did all the administrative and programming work for the coalition, were the only staff. Margaret travelled most of the time to meet with donors and funders. She sent terse e-mails back to the admin person: “Met with Sandy. Send him strategic plan.” “Serious Foundation wants to see audit. E-mail with note.” “Harry and Mike are in for \$10,000. Send ty.” “Remind me who Lara’s husband is. Seeing her in 20 minutes.” Upwards of a dozen of these notes would come every few days. The administrator’s work day was basically spent trying to do all the follow-up coming out of Margaret’s prodigious ability to meet with people and get them to agree with her about what was needed. No administrator could keep up with her as well as carry out all the other duties of the job. As a result, one after another administrative staff people came and went.

Things fell through the cracks: data were not entered or were inadequate, proposals and funder reports were not sent on time, donors were not thanked, sometimes checks were not deposited for a week or more. Finally, a consultant offered Margaret this advice: “You are a great front person. But fronts need a back.” With that insight, Margaret beefed up the back office: she hired an assistant just to work with her, a development director to expand the program and to help maintain relationships beyond what Margaret could do alone, and a program director to keep up with all the other work of running a coalition.

Margaret is not a typical executive director, and you may wish you had the problem of such a go-getting executive! But she was illustrative of the management issues we too often ignore. In this section, I start with a discussion of infrastructure, including how to set priorities and manage your time. Good time

management often separates talented fundraisers from successful ones. I then look at the data you need to maintain on your donors. These two chapters could be summarized in three words: focus, focus, focus.

Finally, I look at when and how to hire a development director and how to think about hiring outside help, such as consultants or trainers.

# Infrastructure for Fundraising

**E**ffective time management often marks the difference between a good fundraiser and someone who is never going to make it in this field. Partly, this is because a fundraising job is never done and you are never caught up on your work, so you have to be very clear about your priorities. And partly it is because of a corollary of Parkinson's Law that states that expenses rise to meet income. The more successful the fundraising plans are, the more plans the organization will make to spend that money. Consequently, no amount of money raised is ever enough. Fundraising staff (paid and unpaid) must set their own limits, because no matter how supportive the organization may be of your work, it is still relentless in its need for more money.

But the main reason good time management will separate otherwise quite talented people from those who actually do well in fundraising is that the purpose of time management is to help make you happy. Excellent fundraisers are, by nature, optimistic. For example, we believe the next person we ask might respond with an enthusiastic "YES!!" However, our enthusiasm can wane under the pressures of a job that has huge responsibility without a whole lot of authority. If you are not able to set your own boundaries around your work and you don't feel that the priorities you have are taking maximum advantage of your time and talent, you will soon be unhappy in your job, and, in what sometimes becomes a vicious circle, you will gradually be less effective.

Here are some guidelines for using your time to best advantage.

## **GUIDELINES**

Certain tasks must be completed either every day or every week.

### **Every Day**

**Reserve Time When You Cannot Be Interrupted.** For at least one (and sometimes two or three) hours each day, let someone else or your voice mail answer the phone. Do not talk to other staff, turn off your cell phone, and do not

check e-mail. Use that time for planning, writing, analysis of your fundraising results so far—anything that requires being uninterrupted.

**Create or Update To-Do Lists at the End of the Day.** Spend fifteen to thirty minutes at the end of the day creating your to-do list for the next day. At the beginning of the day, review your to-do list. Unless something comes up that really can't wait, do only those tasks already on your to-do list. Put new things on tomorrow's list. Don't plan to do more than can be done in about half to three-quarters of the day. The rest of the time will be taken up with stuff you must deal with that you did not plan for. If you plan eight hours of work in an eight-hour day, you will wind up working twelve hours. Plan four to five hours of work, and you will be able to leave after eight or nine hours.

**Make Sure Thank-You Notes Are Being Sent.** Ideally, a board member or volunteer is coming into the office to write or personalize thank-you notes on a regular basis, or the executive director is adding a personal note to thank-you notes going to major donors. You must stay on top of this process.

**Keep Your Database Up to Date.** Data entry is a task that can easily be put off in favor of more urgent tasks, but this is a mistake. Ideally, you have someone who does data entry for you. This can be a very detail-oriented volunteer, an intern, or a part-time staff person. Even some very small organizations have realized that paying someone to enter data is a better use of money than having the development director do it, which uses time that he or she would be using elsewhere. (Of course, when you use a volunteer or pay someone, you have to be sure that the person understands how confidential these data are.) Also, development directors are not always as precise as data entry requires, and our tendency can be to rush through this task, leading to misspellings and duplicate entries. I put this task under "daily" because I think this is the best way to keep up with it, but the important thing is to have a system and schedule for data entry and to keep current with it in the best way for your organization.

## **Every Week**

**Review Your Fundraising Plan for the Month.** Go over your plan to make sure you are on target. Don't put off tasks such as sending a letter or a newsletter to the printer, calling a foundation, or setting up meetings of the major gifts committee or the special events committee. Do these tasks on time.

At the end of each week, review the week: Where did you fall behind? What is right on schedule? What is unexpected? What course corrections do you need

to make to your plan? Who needs to be involved in deciding on those changes, should there be some? Who will be affected, and who will tell the affected person?

Remember, don't plan on catching up—you probably won't, so some set of tasks will need to be delegated or triaged. Doing this in-depth analysis every week means a minimum number of major surprises and maximum chance of meeting your goals.

## **WATCH FOR TIME SINKS**

How many times have we looked up at a clock and in total disbelief said, "How could it be four o'clock?" or "Where did the day go?" Sometimes this is a sign that we have been absorbed in important work, but sometimes it is a sign that we have used up our time doing a lot of stuff that seemed important but wasn't, or that is important but could have been handled in a fraction of the time. Here are the most common time sinks.

### **E-Mail**

E-mail is a great time saver to be sure, but it is often one of our biggest time sinks. This is not because of spam and her sister, the spam filter, although that is part of it. It is also because it is easy to spend a lot of time reading e-newsletters following links to (and then reading) blogs, and taking a short break to look at your friend's dog video, which leads you to the animal shelter's website, and so on. You can limit the amount of incoming e-mail a great deal. Unsubscribe from anything that is not useful to your work or that you don't read anyway. Don't use work e-mail for personal stuff. Have personal e-mail sent to your personal e-mail account (and don't check personal e-mail at work more than once a day). Delete without reading anything that has been forwarded to you that you know is not related to your work. Don't feel obligated to answer every e-mail, particularly if you receive e-mail from people who are not and are never going to be important to your organization, and/or whom you have never heard of and will probably never hear from again. Although a great deal of your work will take place on e-mail, you need to impose limits on how you use it. Some people check their e-mail only three or four times a day. Some simply use the break time recommended above. Avoid the temptation to respond to work e-mail in the evening and limit how much time you spend with it on the weekend. E-mail allows people to work all the time, but you are not required to: e-mail is not in charge of us; we are in charge of it.

### **Social Media**

Facebook, Twitter, Tumblr, LinkedIn, Instagram, and so on are fun, interesting, and have opened up ways to communicate that were unthinkable even a decade ago. These platforms and dozens of others that exist or will appear also give us

many new avenues for fundraising and the ability to reach new constituents. But from a purely time management point of view, you must apportion your time to them only in accordance with the answer to the question: “Is this helping our organization raise money?”

### **The Telephone**

The telephone is much less of a distraction than it used to be, having been replaced by e-mail and social media, but it can still use up time to no real purpose. Because you know that for most of the calls you make you will reach voice mail, spend a few seconds before you call thinking about the exact message you are going to leave. We all dislike receiving rambling messages, yet many of us leave them. This wastes time. Although friendliness and warmth are wonderful, “Hope you are well” does not need to be followed with “and I hope you are having time to enjoy this wonderful weather.” Ditto with “OK, take care. Look forward to talking with you. Great to hear your voice.” Pick one of those, preferably a short one. When possible, text the person rather than calling—this may be the most efficient way to communicate something brief.

### **Chatty Co-Workers**

Learn to sort out what kinds of conversations are important for maintaining morale and showing interest in other people and what conversations simply occur because you or your co-worker is procrastinating getting work done. Schedule social time with co-workers you like so that you will not have to steal time away from work. When you spend time talking with someone when you know you should be working, you are neither really enjoying the conversation nor, obviously, getting your work done.

## **CALENDARS**

There are hundreds of different calendar systems; find one that works for you.

Many people find an electronic calendar system to be most efficient. A great beauty of electronic calendars is that they can be synced, so you can have your calendar on your smart phone, your tablet, your laptop, as well as it can sync to an office wide electronic calendar. So no matter where you are, you can easily look up and see what your current appointments are for any given day as well as know when a co-worker might be available for a meetings. The other great thing about electronic over a paper calendar is that you always have a backup copy. And because it syncs to your other devices as well as to the Cloud, a copy is available to you, even if you were to lose your smart phone or tablet.

Having said that, I should confess that I am a paper calendar person. I have a year-at-a-glance calendar in my office and a month-by-month paper calendar I carry with me. My “back up” system is another calendar I keep at home which is a duplicate of the one I am carrying. I say this to encourage people to find a system that works for them.

Whatever system you implement, start by using it to indicate days you are not going to work. Here are some of the days you should not plan any work:

- Major holidays and one or two days before and after those holidays
- Your vacation—and you must take one!
- Your birthday (don’t work on your birthday)
- The day (or two, if you wish) after any work meeting or conference that you know will be grueling or for which you have to travel a long distance

What you have left is close to the true number of days you could accomplish some work.

Now note the dates of board meetings, the annual meeting, special events, proposal deadlines, newsletter deadlines, and any other meetings or deadlines that you can anticipate. Indicate how many days it will take you to prepare for any of these events, so you don’t schedule long meetings or big projects during that time. If you do this, you will have a clear visual picture that allows you to assess quickly: “Can I take on this commitment?” “Does it make sense for me to attend this conference when I will be exhausted from our annual retreat?” “Should we conduct our major donor campaign during our audit?”

Remember also that some of the days of the year will be used up by illness (yours, your partner’s, your children’s, and so on), by goofing off or not working efficiently, and by work emergencies that take precedence.

Finally, synchronize your to-do list with your calendar. Enter your major to-do’s on your calendar, such as “send thank-you notes,” “update database,” “newsletter copy due,” “proofread annual report,” and so on. This calendar does not take the place of a to-do list. However, most people do not keep the relationship between their to-do lists and their calendars clear enough. For example, someone calls and asks for an appointment. You look at your appointment calendar and, seeing a clear day, make the appointment, only to realize later that the day was kept clear because of approaching deadlines on the to-do list. Whenever possible, set your meetings, appointments, lunch dates, and so on by referring to your whole calendar. A day does not stand alone. Do you really want to have a 7 a.m. breakfast meeting with a major donor the morning after a board meeting that will run until 10 p.m.?

Finally, make appointments with yourself. My friend Bill, who has a hard time saying no to anything, assigns meeting times to HH in his calendar. Then, when

someone trying to set up a meeting with him checks the work calendar, he or she sees that Bill has a meeting that is taking up most of the day with “HH.” Bill will have protected a day of work, even though it involves no appointments, by making a long appointment with HH (HH stands for “ha-ha”). These fake appointments jar him into not saying yes. He can say, “I have a meeting,” which for him, as for most people, is easier than saying, “I have to write the Annual Report.” It also spares him the frustration of having to respond when someone says, “This will only take twenty minutes—it will be good for you to have a break from your writing.”

Following are some things to avoid in using calendars and scheduling your time.

### **Avoid Bemoaning Your Busy Life**

When you say to yourself or others “I am so busy” or “I don’t know how I’ll get everything done,” you tend to set up a self-fulfilling prophesy. Further, comments such as these don’t accomplish anything except to use up time. Most people are busy and few people finish everything. Tell yourself instead: “I can finish this. I have enough time.”

### **Skip Unnecessary Conferences**

Conferences, trainings, webinars, workshops, and seminars are the order of the day. They are both expensive and time-consuming and often not worth either the time or expense. Choose the events where you will really learn something or see people you truly want or need to see. Then go and be there. Too often we decide to attend a conference half-heartedly and spend most of the time during the plenaries and workshops checking e-mail, sending text messages, or slipping out to answer our cell phones. If you choose to attend a conference or seminar, be at the event and get as much out of it as you can.

### **Avoid Scheduling Too Many Meetings**

Although we have work to do in meetings and, admittedly, a certain amount of the work we do at meetings is socializing and building camaraderie, many meetings are not essential, and almost every meeting lasts too long. Question every meeting: Is this meeting necessary? If it is, do I need to be there? Can I be there for part of it and not all of it? If you have any say in what will go on at the meeting, make sure there is an agenda with times for each item. People tend to talk for the amount of time that is listed. If needed, they can negotiate the need for extra time as it comes up.

## ACTION PLANS

One of the difficult things about working with individual donors is that this work has no externally determined deadlines, so you have to create your own. Once you have your calendars set up, you are ready for the next step in organizing your work: creating action plans.

Whenever you work with a donor or a prospect, make a note in that person's record of what occurred and what you intend to do next. The latter is called your "action plan" or, more simply, the "next step." This information should be recorded in a separate field related to the name in your database. An action plan is brief, such as, "Invite to Marian's house party" or "Call with outcome of organizing effort in Roane County" or "Send report on toxic waste dumping as soon as available." Then add a date by which you plan to take the action. Put this date in your calendar. Note the donor's last name or some identifying phrase that will remind you to check what you were going to do on that date. Contact-management software is very helpful for keeping up with these plans, but the calendar and task functions in most smart phones also do a great job, and simple paper and pen have worked well for decades. Find a system that works for you and use it.

If you are systematic about your donors, you will have a date for each major donor or major donor prospect on which you are going to do something to move along the process of building her or his relationship with the organization. By spreading these dates out over the year, you can give more personal attention to donors and not get jammed with unrelated donor meetings during a campaign or at the end of the year. If you have hundreds of donors, you obviously will have to decide which ones you want to work with personally, but the action plan concept can be used for group activity also, such as, "Oct. 1: All \$50 to \$249 donors receive news alert mail appeal."

A fundraiser's job is often compared to that of the circus performer who balances plates on sticks by keeping the plates twirling and runs from stick to stick to keep the spinning going. If she misses, a plate falls and may break. The calendar is the stick, and the action plans are the plates. This is how you keep your plates spinning and not falling. The overall idea is to have as little to remember as possible. You shouldn't have things in your memory that you could record somewhere. This system frees you to use your mind to be creative or to learn new details about new people and write those down later.

The wide variety of tasks involved in fundraising are both exciting and one of the many difficulties of the job. You can minimize some of the difficulties by relatively simple procedures to keep your office running efficiently. A calendar and action plan system allows you to use the information you accumulate to raise maximum dollars for your organization.



# Hiring a Development Director

As small organizations grow, they grapple with the ongoing need to raise more and more money as well as manage the infrastructure (databases, volunteers, website, social media, research, communication, reporting, and the like) required to do so. Inevitably, they must consider hiring someone to take charge of the fundraising function. This is a difficult decision. An organization is gambling that the investment of salary—money they often barely have—is going to generate much more money than they are currently raising. The gamble will pay off if the person they hire is effective, the board already accepts its role in fundraising, and the organization has its basic infrastructure in place—that is, a fundraising program that includes accurate goal setting, good data management, and relatively predictable revenue. However, there is little margin for error. What if the person isn't skilled enough or isn't a good worker? What if everything is in place, but the fundraising program takes longer than planned to bring in the needed funds—how will the organization support itself in the meantime? And—most common—what if the organization doesn't have the infrastructure in place yet and needs to hire someone with the skills to make it happen?

To avoid the problems that can arise from these situations, three issues must be clarified before your organization decides to hire a staff person to manage fundraising: the role of the fundraiser or development director, the tasks this person will carry out, and whether hiring a development director will actually solve the problems you have. Let's consider each of these issues in more detail.

## THE ROLE OF A FUNDRAISER OR DEVELOPMENT DIRECTOR

First and foremost, everyone must understand that the person whose primary responsibility is fundraising does not run around bringing in money. Instead, a development director's job is to work with the board and staff to develop fundraising goals and sensible, easily understood plans to meet the goals. This person spells out the strategies that will be used and helps people figure out their tasks

and stay on task. In addition to creating an effective fundraising system, the development director either does or supervises the following activities:

- Maintains accurate and accessible donor and prospect information
- Sends out thank-you notes
- Writes reports, such as the annual report and reports to foundations or large donors on specific projects
- Conducts prospect research
- Coordinates all appeals, whether for acquisition or retention, and coordinates all upgrade efforts, such as campaigns
- Helps with special events and other income streams
- Helps with all social media
- Goes on major donor visits as needed and oversees maintenance of those relationships

Of central importance, the development director works closely with the board and other fundraising volunteers, helping them make and then fulfill their fundraising commitments. The development director may also research the grantmaking programs of foundations and corporations and write grant proposals, if that is a part of the organization's plan, and there may be other fundraising strategies that he or she must oversee or implement. Many organizations have also hired a "communications director" to handle and expedite the enormous volume of information that flows in and out of nonprofits, particularly those that do community organizing or advocacy. Communications and fundraising are related and overlap, but they are not the same. It is important, however, that these two positions are aligned and integrated and that the people in them work well together.

The development director primarily works behind the scenes establishing a structure for effective fundraising and ensuring that when staff or volunteers do solicit donors, they can be confident that the donor will be thanked promptly, names will be spelled properly, information will be entered into the database accurately, and the donor will receive regular communication from the organization.

Many board members and paid staff imagine that hiring a development director will save them from further fundraising tasks. "Let's pay someone to do this so we can do the real work" is a common and potentially fatal suggestion. First, it must be remembered that fundraising is real work, and it is work that should be integrated into the day-to-day functioning of your program and organizing efforts. Second, while the paid fundraising staff obviously relieves the load of

other staff and may relieve the board of some tasks, everyone's consciousness of fundraising and involvement in it must stay the same or increase for the expanded fundraising program to be successful.

## THE TASKS OF THE FUNDRAISER

Many people wonder why the task of fundraising has so many different job titles attached to it, such as “fundraiser,” “fundraising coordinator,” “development director,” or “resource developer.” In many smaller organizations, the person is called the fundraising coordinator. In other, usually larger, organizations, this position is called the director of development or director of advancement or sometimes an even more exalted title, “chief development officer.” Some very lucky organizations have more than one staff person in their development department, so they may have Directors of Annual Giving, Grantseeking, Planned Giving, and the like. This chapter is geared to organizations hiring their first (and probably only) development person.

Beyond the terminology, there are actually important differences between fundraising and development. Fundraising is the process of bringing in the amount of money an organization needs in order to carry out its programs from year to year. Development, in addition to coordinating the raising of an operating budget, includes most of the following activities:

- Fostering a culture of fundraising in which fundraising is part of everything the organization does instead of its remaining in own silo
- Directing marketing and public relations OR working with the communications director in these areas
- Working with the executive director and appropriate board person to develop and then maintain a successful process for bringing on new board members
- Providing fundraising training for board, staff, and volunteers
- Looking two or more years ahead to the organization's financial needs and assessing what will need to be in place for the fundraising capacity to keep pace or even get in front of those needs
- Developing the organization's capability to create other income streams, especially planned giving programs

One development director characterized the difference between fundraising and development this way: “In fundraising you make do with what you have. You keep the organization going and out of debt. In development, you start with what you have and you help it grow.”

## SOLVING YOUR PROBLEMS

Before you hire anyone, analyze your situation to see whether your problems actually lie in fundraising or whether it just looks as though they do. All problems in an organization show up in their money, and often they show up there first. However, fundraising may only be a symptom of other problems, in which case hiring someone to do fundraising will not solve the problem and may in fact make it worse.

To begin this analysis, answer the following questions:

- Is your board or some other group of volunteers active in fundraising?
- Does almost every board member participate in fundraising in some way, whether organizing special events, opening doors for you to other people, asking for money face-to-face, or helping in more behind-the-scenes but still useful ways?
- Does it sometimes seem that the board spends more time planning for fundraising than actually raising money?
- Do board members and other volunteers involved in fundraising seem to suffer from a lack of knowledge of what to do rather than a lack of enthusiasm?
- Does the staff feel torn about setting priorities for use of their time?
- Is your budget more than \$250,000 or do you need to raise more than \$100,000 from sources other than government or foundations?

If your organization answers yes to three or more of these questions, you should seriously consider hiring a development director. To be able to say “yes” to three or more of these questions is a positive statement about the organization. It means you have a solid foundation and now need paid help to really take advantage of what has been built. A good development director would stoke and focus the fundraising energies of the board, plan and then evaluate strategies, train others in fundraising tasks, and enable program staff to do their program work while helping all staff figure out how fundraising fits in with what they do.

If, on the other hand, you need a better and more involved board, then you may want to strengthen your board and provide some motivational training for its members before you hire a development director.

If what you need is help with data entry, compiling financial reports, responding to e-mail, depositing checks, processing credit cards, sending thank-you notes, and the like, then you should consider hiring support staff, such as an administrator or office manager. If you need help compiling and writing reports, consider hiring a freelance writer on a project-by-project basis.

If what you want is someone to help you plan and carry out a time-limited fundraising project, such as a large event or a major gifts campaign, consider hiring an events planner or a consultant.

## **PAYING THE DEVELOPMENT DIRECTOR**

Imagine this scenario: an organization is debating whether to hire a development director. It has little money for such a position, and it worries about both finding the right person and meeting a salary. As if in answer to a prayer, a handsome stranger shows up and offers to raise \$250,000 (the organization's budget) plus a 20 percent commission. He will take his commission only from money he raises, he explains, so if he raises nothing, the organization pays nothing; for whatever he does raise, he will be paid 20 percent of the total. He predicts he can raise the full budget, plus his commission, in six months; if successful, he will earn \$50,000, then the organization can re-up his contract if they want, or he will go on his merry way.

There are several reasons that no organization should accept such a deal (whether the stranger is handsome or not). First, no one else in the organization is paid on commission. People are paid a salary in recognition that their work is part of a process; they may be very good at their jobs without showing a lot of immediate progress toward ending racism, advancing Middle East peace, or whatever the organization is working on.

Second, a commission tends to distort salaries. In this case, this fundraiser would be earning the same salary in the course of six months that the executive director makes in nine months.

Third, this person will not bring his own list of contacts, nor do you want him to because you won't want him taking your donor list to the next job. He will be working with the organization's donors. Further, his whole livelihood depends on donors saying yes to his requests. Even a totally honest fundraiser working under these conditions would be tempted to distort information, seeing his paycheck in the eyes of each prospect. In addition, this fundraiser may be willing to settle for a smaller gift given quickly rather than take the time to carry out proper cultivation for the size of gift a donor is capable of making.

Fourth, what will the donors think if and when they find out that 20 percent of their gift went outright to this staff person? Few things make donors angrier than learning that a significant part of a gift was used for inappropriate fundraising expenses.

Fifth, as was stressed earlier, one person should not be in charge of actually raising money for an entire campaign or organization. Even if he is both honest

and successful, the group will be \$250,000 richer, to be sure, but no wiser in regard to fundraising.

Finally, the person coordinating the fundraising should absolutely believe in the cause and be a part of the team of people putting the campaign together. A “gun for hire” is unlikely to have a deep belief in the mission of the organization.

For these reasons, paying on commission is highly frowned on in fundraising. All the trade associations for fundraisers, including the Association of Fundraising Professionals, the National Association of Hospital Developers, and the Council for the Advancement and Support of Education, have issued statements advising organizations against commission-based fundraising. The only recognized exception to this policy is with canvassing (see Chapter Nineteen), where people are often paid a base salary and a commission. However, the nature of canvassing means the canvassers rarely deal with soliciting major gifts. Even so, the commission-based nature of canvassing has presented some of the problems presented above and is a gray area in fundraising.

Rather than being based on commission, the development director’s salary should be based on other staff salaries. If you have a collective salary structure, then that person’s salary would be the same as everyone else’s. If there are pay differentials, then the development director’s salary would be less than the executive director’s but more than the office manager’s. In a hierarchical structure, the development director is a management staff person, usually reporting directly to the executive director.

Organizations often think they have to pay a high salary to attract a capable development person. This is not true. A good person for your organization is someone who, first and foremost, believes in your work and wants to be part of it. This person will express his or her belief through fundraising, just as someone else is expressing his or her belief by doing direct service, organizing, or policy development. If someone who meets the criterion of believing strongly in your work has fundraising skills but can’t afford to work at the salary you are offering, you may need to reevaluate everyone’s salaries. Chances are you are losing out on good staff people for other positions as well.

## **HOW TO FIND A CAPABLE DEVELOPMENT DIRECTOR**

Once you have decided that you need a development director, the first step in hiring one is to create a fair and accurate job description. Many job descriptions fail to attract candidates because the job has been structured to encompass too many responsibilities. Avoid the temptation to add components to the job that are not related to fundraising or public relations. It is fair to ask the development director to edit and oversee the publication of the newsletter; it is unwise to ask that person to be the accountant as well.

The job description can be two or three pages long, but you will also want a much shorter description to use in nonprofit publications and job banks. (See example below.) Interested people can e-mail for the full description. Think about what skills are essential, as opposed to those that are desirable but not imperative. Ask applicants to send a writing sample, since writing will be a large part of almost any fundraiser's job.

### **SAMPLE OF AN EXCELLENT JOB DESCRIPTION FROM BREAST CANCER ACTION** (used by permission)

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Breast Cancer Action (BCAction) is currently seeking an experienced, high-performing Development Director to join their dynamic team. The Development Director leads all fundraising efforts for this established and growing nonprofit, which celebrates a 25th anniversary this year. The Development Director will build on four consecutive years of revenue growth to ensure a balanced budget and sufficient resources to fulfill the strategic plan. Key responsibilities include leading and growing the organization's revenues—65 percent of which come from individuals—by creating and implementing a comprehensive, multi-year fundraising plan.

The ideal candidate is both knowledgeable about grassroots fundraising strategy and efficiently executes the day-to-day tasks required for successful individual donor management. In addition to experience with individual donors at all levels, this candidate also has a proven track record of grant writing, fundraising events, business sponsorships, and both snail mail and online appeals. The Development Director will supervise a fundraising staff of 1.5 FTE, plus a grant-writing contractor, support the Board of Directors in their fundraising, and engage and support volunteer solicitors and fundraisers.

We are looking for a results-driven team player who is passionate about BCAction's work and will help grow the organization's donor base. Currently with an annual budget of a little over \$1 million, the Development Director will lead and implement a strategy to reach \$1.5 million by 2019. The Development Director reports to the Executive Director and serves in a leadership capacity within the organization.

BCAction is a national education and activist non-profit whose mission is to achieve health justice for all women at risk of and living with breast cancer. BCAction focuses on systemic interventions that address the root causes of the disease and produce broad public health benefits. As the watchdog of the breast cancer movement, we educate, organize, and

*(Continued)*

take action for systemic change in three priority issue areas: 1) Breast Cancer Screening, Diagnosis & Treatment, 2) Root Causes of Breast Cancer, and 3) Pink Ribbon Marketing and Culture. As a matter of policy, we guard against conflict of interest and never accept corporate funding from any corporation that profits from or contributes to cancer. This policy allows us to put patients before profits.

BCAction is located in San Francisco, California. For more information, please visit [www.bcaction.org](http://www.bcaction.org) and [www.thinkbeforeyoupink.org](http://www.thinkbeforeyoupink.org).

### **Position Responsibilities**

- Develop and lead a multi-year, sustainable fundraising strategy to grow revenue
- Develop and execute BCAction's annual fundraising plan to meet or exceed annual revenue budget and monthly projections for individuals, foundations, and businesses
- Promote organization-wide culture that supports fundraising
- Supervise and support development staff
- Support Board of Directors in meeting their give-and-get commitment
- Support, cultivate, and expand fundraising volunteers nationwide
- Support and grow BCAction's peer to peer fundraising activities nationwide
- Develop and reinforce systems for donor management, including prospecting, cultivation, gift processing, and data entry
- Oversee and support Development Officer in planning and executing fundraising events
- Oversee and coordinate all foundation proposal development, tracking, and fulfillment of reporting requirements
- Support and strengthen the individual giving program, including development of individualized donor cultivation plans for all mid- and major-donors
- Develop and maintain ongoing relationships with major donors
- Develop and expand planned giving program

### **Qualifications**

- Minimum 5 years leading fundraising efforts, from setting strategy to successfully implementing

- Demonstrated ability and experience with all aspects of fundraising and budgeting, including monthly projections, audit preparation, etc.
- Specific expertise in grassroots fundraising and proven track record of prospecting, cultivating, and managing donor relationships
- Commitment to social justice and passion for BCAction's mission
- Commitment to accountability and transparency and willingness to protect against conflict of interest with funders
- Excellent team player who enjoys working with strong, smart, passionate colleagues
- Results driven and persistent
- Committed to doing good work in a good way, upholding organizational values
- Detail and deadline-oriented with excellent organizational and interpersonal skills
- Ability and willingness to work some evenings and weekends as needed
- Fluency with Excel and Microsoft Office
- Excellent written and verbal communication skills
- Understanding of and commitment to women's health issues from a feminist perspective
- Familiarity with Salesforce is a plus

#### **TO APPLY**

Please email your resume and cover letter, highlighting relevant experience along with your salary requirements to [info@bcaction.org](mailto:info@bcaction.org) using the subject line "Development Director." No phone calls please. This position will remain open until filled.

#### **Compensation**

Salary is competitive and commensurate with experience. This position offers health insurance and paid time off benefits.

Breast Cancer Action is committed to equal opportunity in employment and does not discriminate on the basis of race, color, sexual orientation, religion, national origin, sex, gender, age, disability, citizenship, or veteran status as provided by law.

In addition to posting a job announcement on your own website, advertise on websites and in publications geared to nonprofits, such as *Idealist*, GIFT (grassrootsfundraising.org), and *The Chronicle of Philanthropy*, and with statewide nonprofit job banks. Send the announcement to other nonprofits and ask them to forward it to people they think would be interested. Call directors and development directors you know and tell them the job is available. Don't rely only on e-mail to put the word out.

Don't get bogged down in trying to find someone with all the "right" qualifications and experience. If you find such a person, of course hire her or him immediately. But if you don't find such a person, look for other sorts of qualifications that are evidence of experience related to fundraising, such as running a small business, teaching, or managing personnel. Any job that required that a person be a self-starter and a hard worker, required working with diverse groups of people, and having good organizational skills is a good background for fundraising.

Look closely at volunteer experience and encourage applicants to describe their work as volunteers. Many people know more than they realize about fundraising from having volunteered. People with little or no volunteer experience are not good candidates because they will have little idea of how to work with volunteers.

In addition to broadening your criteria in hiring someone, it might be easier to imagine a capable but untrained person in the job if you are willing to hire a consultant for a few hours a month for the first few months to help your new staff person get a running start on her job, or to consider sending the new development director to some of the many classes and courses that are offered on fundraising. Even though they take a lot of work to implement, the theories and how-to's of fundraising are not particularly difficult to understand. Finding someone who is underqualified but bright, committed, and eager to do a good job is almost as good as finding an experienced person with the same attributes.

# Using a Consultant, Coach, Mentor, or Trainer

There are times in the life of almost every person or organization when hiring an outside person to help you think through or get through a certain time or situation can be very helpful. For a nonprofit organization's fundraising program, these times are characterized by one or more of the following situations:

- Your organization needs advice on how to improve its overall fundraising or some particular aspect of fundraising. You need someone with skill and knowledge who cares about the issues your organization is concerned with but is far enough removed to be able to “see the forest.”
- You need help deciding on a course of action: Can you really launch a capital campaign now? Would a legacy giving program be a good strategy to explore? Should you create a separate 501(c)(4) organization so you can do more direct lobbying?
- You need someone to do a time-limited piece of work: run a special event, train the board in fundraising, plan a major gifts campaign, redesign your website, research funding sources, or write a proposal.
- You need someone to provide guidance and answer questions in designing the fundraising staff's work plan, especially when a bright and energetic but inexperienced staff person needs help getting up to speed.
- You need someone to run the development function of your organization temporarily until staff can be replaced.
- You need help with fundraising as you make a transition from a founder to a new executive director, or during a major change in direction, goals, and structure, or during a name change.
- Your organization has relied on government or foundation funding sources, and you need help getting out of the funding crisis that cutbacks in these funds have created.

The skills of consulting, coaching, mentoring, or training are all similar; sometimes one person is able to perform all of these functions. However, knowing the differences among them may help you decide which you need, and as we say in consulting, knowing what you need puts you 90 percent closer to being able to get it. Here is how these helping functions apply to fundraising.

## **CONSULTANT**

A consultant works in partnership with an organization (usually working closely with one or two people in the organization) on a specific, time-limited project. How much that person does, as opposed to what he or she advises you to do, will depend on the consultant and on the project, but the job of a consultant is generally to get out of the organization as quickly as possible without the organization becoming reliant on him or her. A consultant is an expert who dispenses advice and has answers. Consultants are hired primarily for their knowledge and their ability to impart that knowledge. They focus on what will improve effectiveness and increase success, and they work for the organization (rather than for a person in the organization).

## **TRAINER**

A trainer provides a workshop, seminar, or in-service presentation that can last from twenty minutes to several days to a group of people who all need to know the same thing and, ideally, are about to embark together on a fundraising task. Trainers will often provide training to boards, major donor committees, or other subsets of an organization. Trainers will also work with many organizations at once. (Most trainers are also consultants, although many consultants are not trainers.)

## **MENTOR**

A mentor works with one person and serves as that person's guide, in the role of wise older sibling and role model. Someone with several decades of fundraising experience is teamed up with someone who is learning on the job. The person being mentored sees attributes, qualities, or abilities in the mentor that he or she wishes to learn or emulate. Whereas a trainer or consultant is hired for a specific amount of time and a particular piece of work, a mentor is usually a volunteer, and she or he may work with a person for years. Mentors are often in work situations with the people they are mentoring, which makes access to each other easy.

## COACH

A coach can work with one person, several people, or an entire organization to help with the process of making decisions, imagining the future, and creating a plan to get there. In coaching, the starting point is the client's desire for personal and professional success. Coaching is not about how you came to be in the situation you are in, but rather about getting you from where you are now to a future that you want. Coaches clarify goals and help people through difficult or large transitions. Coaches are not generally used for how-to information or practical training, just as trainers generally don't help organizations deal with the death of a founder or help an executive director be a better manager.

Clearly, the lines among these roles are malleable and permeable, and the types of people who work in these fields will vary a great deal. This chapter deals mostly with how and when an organization should use a consultant; however, knowing the definitions of coaching, training, and mentoring may help you realize when what you need is not a consultant but one of the other types of helpers.

## WORKING WITH A CONSULTANT

A consultant's work with your organization will be characterized by three things: it is time-limited (lasting either a few hours a week or a few days a month, or based on a contract for a specific number of months), the consultant is not involved in day-to-day operations, and there is more emphasis on advice and guidance than on doing hands-on fundraising work.

Partly because the services of a consultant are time-limited, the concept of employing someone in that capacity carries a negative meaning for many people. The jokes "A consultant borrows your watch to tell you the time" or "A consultant gives free advice for a price" are said only half in jest.

The problem of finding a reliable and competent consultant is compounded by the sheer number of consultants in business. As with nearly any profession, there are incompetent consultants in the fundraising field, but a more common problem with consultants is that many genuinely think they know more than they actually do. Sometimes people ask me how they should go about becoming a consultant. When I ask what experience they have, they respond with a list of the books they have read and the trainings they have attended. They think consulting would be exciting because one can travel a great deal, and they imagine they can charge a lot of money. They are also enthusiastic about the fact that consultants do not carry the ultimate responsibility of the fundraising success or failure of any organization.

What my inquirers fail to see, however, is that consultants carry a different level of responsibility: the advice we give must be correct. If implemented, it must work. Further, consultants must trust others to implement plans that the consultant has helped the organization to make. The plan must be communicated clearly and be appropriate to the level of skills and resources of the people carrying it out or that people have access to. The process of generating the suggestions or putting the plan in place must include all the people who will be implementing it. Moreover, consultants must know the difference between what can be learned by teaching, guiding, and giving advice, and what can only be learned from experience. They must know what they can do for an organization and what an organization can only do for itself. If they fail in these aspects, they will not be consultants for long.

### **WHAT FUNDRAISING CONSULTANTS CAN DO**

Here is a sample list of fundraising tasks for which it is appropriate to use a consultant:

- Create fundraising plans and help implement and evaluate those plans
- Research prospective donors (individuals, corporations, foundations, religious sources) and write proposals for funding if needed
- Set up a database for keeping track of donor information
- Conduct feasibility studies
- Conduct direct mail campaigns
- Design (and manage) an online fundraising strategy
- Create a communications plan or public relations campaign
- Study and recommend structural changes in an organization to improve functioning and fundraising efficiency
- Help hire fundraising staff, including writing job descriptions and advertising for and interviewing candidates
- Organize special events
- Set up any other fundraising strategy that an organization has decided to use

If the consultant is also a trainer, he or she can do the following:

- Train and motivate people in all aspects of fundraising
- Help board members understand their responsibilities, and help organizations recruit and train good board members

## WHAT FUNDRAISING CONSULTANTS GENERALLY DON'T DO

Fundraising consultants are not expected to do the following activities:

- *Actually solicit money from individuals.* That is, unless they go as part of a team with someone from the organization.
- *Use their personal contacts to raise money.* Consultants often know a great deal about wealthy givers in the community; with discretion, they can share that knowledge in prospect research. However, consultants do not go from job to job with their own lists of prospects.
- *Actually raise money.* If a consultant offers to do all your fundraising for you, run the other way. This is not an effective solution because, at best, it postpones the necessity of getting the board, staff, and volunteers involved in fundraising.
- *Guarantee their work.* There are no absolutes in fundraising. There is a body of fundraising knowledge, largely based on common sense, and there are many applications of this knowledge. No strategy will work every time for every nonprofit.

## HOW TO CHOOSE A CONSULTANT

Once you have decided that your particular situation may be helped by a consultant, here are the kinds of things to look for in that person.

### Track Record

Ask how much fundraising he or she has done and with what success. Find out whether the person has worked with organizations similar to yours in both purpose and strategy and in similar locales. A successful consultant for social change groups in Manhattan may be less useful for rural advocacy groups in North Dakota than someone with more traditional experience but familiar with rural fundraising. Superb consultants for large institutions may not be good for all-volunteer operations with budgets of less than \$25,000. Questions of experience raising money in and for organizations focused on gender, sexual orientation, race, class, or disability are important to ask about, even if these issues are not the focus of your work.

### Recommendations

If you don't know the person by reputation, ask for a contact person at the last three organizations where she or he has worked. Then call those organizations and ask about the consultant. Was the person helpful? Did the consultant listen

well and really understand the situation? Would this organization hire this consultant again? You can also check references, but you may obtain a more candid evaluation from groups the person hasn't listed as references.

### **Compatibility**

If you envision a relationship with the consultant involving more than a one- or two-day training, you may wish to meet the person. The consultant should offer a preliminary half-hour meeting without charge. In the meeting, you can see whether you like the person and you would feel good accepting his or her advice. It sometimes happens that an excellent fundraising consultant is not the right person for your nonprofit because the personalities will not mesh. If the organization dislikes the consultant, both the consultant's advice and your money are wasted.

### **Confidence**

Ask what the consultant will do for you or what he or she recommends. Avoid asking for long written scopes of work. Elaborate work plans or proposals are often standardized; each one is essentially the same as the next, with the name of your organization substituted for the name of the previous organization. You can ask for a résumé, if you find that helpful. By the time of the first meeting, you are not looking so much for proof of fundraising knowledge as for ability to put that knowledge across. Ask yourself: "Is this person believable?" "Is he or she enthusiastic about our mission?" "Will the people who will be working with this person like him or her?" "Do we have confidence in this person's knowledge and skill?"

### **Belief**

Finally, the consultant must be able to articulate the mission of your organization and believe that the work you do should be done. The consultant does not have to be a donor to your organization and she or he does not have to think that your organization is the greatest idea since sliced bread, but the person needs to care about what you stand for and want to help you out of conviction as well as needing a job. This belief is particularly important if your work is controversial or challenges the status quo. Avoid consultants who advise you to "tone down" your message or broaden your goals "to make everyone feel included." A fundraising consultant's job is to help your organization raise money—not to water down the organization's message or philosophy and then help that newer, lightweight group raise money.

## **PAYING CONSULTANTS**

There are no standards or guidelines for how much to pay a consultant. A high price does not necessarily mean better performance or more accountability, but a price that is too good to be true probably is. By hiring a consultant, you are investing in the present so you will have more money in the future.

Most consultants charge by the day or the hour, but some charge by the job. A person's daily rate is usually lower overall than if you were paying the hourly rate for a full day; several days' work should average out to a lower fee per day than just a one-day job. Consultants also charge for all their expenses: hotels, meals, telephone, photocopy, and travel are the most common. You can cut some of these costs by offering to house the consultant in someone's home and by providing meals, but if you do that, make sure the consultant is comfortable and can get a good night's sleep. I have often agreed to stay with someone only to discover that I was sleeping on a fold-out couch in the living room, which would be invaded by small children wanting to watch the cartoon channel beginning at 6 a.m. When you cut costs on comfort, you decrease the consultant's ability to be helpful by increasing her or his exhaustion.

Establish clearly what you are paying for. For example, you pay for the consultant's time, but when does that time start? In some cases, the time starts when the consultant reaches the office of the client or the training site. Even if it takes a day to get there, some do not charge until they are there. Other consultants start charging the minute they leave their houses or offices. Find out, too, whether the consultant charges for all phone calls and e-mails, particularly those that are not substantive, such as setting up meeting times or confirming dates, and at what rate.

If you are hiring a consultant for several days or months of work, build in evaluation points. For example, you might say, "At the end of one month, we will evaluate progress and decide whether or not to continue or whether the plan needs to be modified." This practice is best for the consultant, too, who may need to re-estimate the time involved or who may have run into some unforeseen obstacles. It is important to have a written statement or contract that you both sign spelling out your understanding of the consultant's role, fees, and expenses.

For the same reasons as discussed in the previous chapter on hiring a development director, never hire a consultant on a contingency or commission basis.

## **NO MIRACLE WORKERS**

Consultants, coaches, trainers, and mentors play an increasingly important role in helping organizations or specific people in organizations increase their fundraising ability, solve problems, and help board members and volunteers to

understand all the ways they can raise money and why they should be involved in fundraising. However, like the results generally reported from personal psychotherapy, it seems that one-third of the organizations do better, one-third do worse, and one-third stay about the same. Consultants cannot create motivation and cannot force people to change bad habits. Timing is key. Is your organization willing to change? Are you willing to try something new? Or do you wish you were willing to change but you are not really ready to do so? Are there major personality conflicts that need to be addressed before fundraising can begin? Are there other hidden problems?

During the first meeting with your organization, a good consultant should be able to help you figure out whether consulting is what you need. If it is, he or she can also help you determine what the best use of his or her time would be. In the end, for a consultant's time to be truly useful, your organization has to be willing to hear what the consultant has to say.

# Dealing with Anxiety

**D**uring the thirty-five years I have been in fundraising, I have observed that the greatest factor causing people to leave fundraising or to burn out is not the work itself or even the challenge of having to ask for money. It is the constant, gnawing anxiety that the money won't come in and the knowledge that once you have raised money for one month or one quarter you must simply begin fundraising for the next period of time. A colleague of mine observed that the best day of her year was immediately followed by the worst day. The best day was the end of the fiscal year if the organization had raised or exceeded its goals for the year. Staff and board would celebrate and everyone would feel good. The worst day was the next day—the first day of the new fiscal year when everything started over. Fundraising for small organizations means there is rarely any rest, success is short-lived, and lack of success shows up immediately. Fundraising can also be an isolating job, with the burden of producing money too often placed on one or two people.

Many paid fundraising staff have told me that they wake up in the middle of the night worrying and that they never really feel free to take a weekend off, let alone a vacation. Fundraising staff often watch their enthusiasm and self-esteem get eaten away by the constant pressure of a job that by its nature can never be finished.

Aside from seeking psychotherapy or quitting one's job, there are five ways to deal with this anxiety.

## **RECRUIT VOLUNTEERS AND DELEGATE**

Saul Alinsky, one of the most important figures in community organizing in the 20th century, had an iron rule for organizing that also applies to fundraising: "Never do for someone what they can do for themselves." People who are good at fundraising know that people like to help. When you are doing something that a reasonable, intelligent person could do with minimal training, find such a person and get him or her involved. This will decrease your isolation and increase your productivity and, as Cesar Chavez observed, "The more

things people can find out for themselves, the more vigor the organization is going to have.” Having volunteers help you will not save time, as the time you save by having them do the task is used in recruiting, training, supervising, and then thanking them, but the goal of having the work spread over a larger number of people is accomplished, and the feeling that it is all up to you is diminished. Further, once this becomes part of the organizational culture, volunteers will recruit other volunteers and they will teach each other the tasks they have taken on.

## **KEEP YOUR PRIORITIES CLEAR**

If your primary responsibility is to raise money, then every day that you come to work set your priorities around that goal. Ask yourself: “Of all the tasks that I have to do today, which one will raise the most money over the longest period of time?” Do that task first, then do the task that will raise the second-most amount of money, and so on. These decisions will call for some judgment on your part. For example, if you have the choice of writing a grant proposal for \$10,000 or approaching a major donor for an additional gift of \$1,000, you may decide to go to the donor because she is more likely than the foundation to give year after year. Or if you follow the advice to involve others, you will try to enlist a board member to go to the prospective donor, freeing yourself up to write the grant proposal. Just remember that no one ever finishes the whole job. Make sure that the things you don’t do are things not related to fundraising. Here’s an example.

In one organization, the director was the only staff person. Feeling responsible for everything, she did those things she knew how to do and that she could finish. She kept accurate and excellent books; paid bills on time; got out minutes and agendas for meetings; and wrote, edited, and produced the newsletter. The board did a lot of program work under her direction. Soon, the organization had little money and was in danger of going out of business. This director quickly learned to change her priorities. Now she works on fundraising at least four hours every day; the organization has outsourced the bookkeeping; board meeting minutes and agendas are handled by the board secretary; and at each board meeting, the director has a fundraising to-do list for the board. While some board members object that they would rather be working on a program than on fundraising, the director is teaching them that without money there is no program. The primary responsibility of the board and staff of any organization is to do work that fulfills the mission, which usually means active, ongoing participation in fundraising.

## **DETACH FROM THE RESULTS OF YOUR WORK**

Not being able to do everything is not a condemnation of your worth as a person. A request turned down or an unsuccessful appeal does not mean that you are a failure as a person or as a fundraiser. If you make a mistake, it doesn't mean you are a mistake. Ask yourself whether it will be important in ten years whether you got the newsletter out today or next week. One person can only do so much. Do what you can do in the time allotted, and let the rest go. Too often, small non-profits have fundraising goals that no one could reach. Instead of trying to live up to impossible expectations, evaluate your goal setting.

## **RECOGNIZE THAT THERE ARE EXTERNAL FORCES BEYOND YOUR CONTROL**

You can do your job flawlessly and your organization can be effective and well regarded, and you still may not be able to raise the money you need. The rising gap between rich and poor, which every year reaches another record, and the depth and breadth of government cutbacks mean that more and more organizations scramble for money. In the United States particularly, there is plenty of money, but it is very unevenly distributed. Without a major restructuring of social policy that places people ahead of corporate profit and a priority on peace rather than military might, nonprofits of all sorts will continue to struggle. This state of affairs is not your fault. Dealing with these larger forces means opening up the time in your organization to join and work in coalitions of organizations addressing tax policy, the preservation of "the commons," and the role of the nonprofit sector in general. Your organization has to work on issues beyond its own mission. Getting perspective on the larger picture will help reduce your anxiety.

Some people have found it helpful to form support groups with others doing similar types of work—either informal gatherings over happy hour or more formal, structured meetings at a specific time and place. If you do use a support group, make sure it supports your work and helps with strategies. Do not use it as a gripe session to compare notes on how awful everyone's job is. That will only make you more dejected.

## **TAKE CARE OF YOURSELF**

There is a pervasive form of contemporary violence to which the idealist fighting for peace by nonviolent methods most easily succumbs: activism and overwork. The rush and pressure of modern life are a form, perhaps the most common form, of its innate violence. To allow oneself to be carried away by a multitude of conflicting concerns, to surrender to too many projects, to want to

help everyone in everything is to succumb to violence. More than that, it is cooperation in violence. The frenzy of the activist neutralizes one's work for peace. It destroys the fruitfulness of one's work because it kills the root of inner wisdom which makes work fruitful.

—*Thomas Merton*

Don't always work overtime. Take vacations. Ask for help. Delegate tasks. The overall work of social justice is the creation of a humane and just society in which, among other things, work and leisure are balanced. If the culture of your workplace does not encourage balance, it is unlikely that your organization can have a positive role in creating social change.



## PART EIGHT

# You the Fundraiser

This book is about how organizations raise money. It is meant to be read by anyone in the organization who is curious about how fundraising could be done more effectively. But it will be most closely read by those people for whom fundraising is their job, and I know that every so often as you read this book, you will be thinking: “Where will I get the time to do that?” or “Seriously?!! Try getting the executive director to agree to that!” In this section, I anticipate the four biggest issues development directors deal with, some on an almost daily basis (working with the executive director), some less often (anxiety), and one that I hope might almost never arise (ethical dilemmas).

For most of the years I have been in fundraising, study after study has shown that the average tenure in a fundraising job is less than two years. Although some development directors are promoted to executive director and others (like me) leave to be consultants, far too many leave one development job for another. Sadly, some very talented people leave the profession altogether. The cost of replacing a development staff person—including searching for, interviewing, selecting, and then training a new employee—is estimated by Cygnus Research to be anywhere from 10 to 70 percent of the salary of that person.. It would seem that most organizations would do whatever they can to make the job attractive and sustainable.

Many theories are put forward about why there is such high turnover, including salaries not being high enough, the development staff not having enough involvement in program work, too much pressure on the job, and so on. In addition, in this century, the devolution of government funding has created impossible demands on fundraisers to find individual, foundation, and corporate donors to replace government dollars. The rising costs of running a nonprofit and the increasingly complicated nature of the work have created another problem, a shortage of qualified development professionals, particularly for social change organizations, which tend to stretch their staff under the best of circumstances.

All of these factors are related to the two main reasons people leave development:

- Development is a job of great responsibility and little authority.
- There is a lack of understanding on the part of everyone involved as to exactly what the job of a development director is.

This section seeks to address and proactively prevent the second of these reasons. Many grassroots organizations have hired enthusiastic but inexperienced first-time development directors, and neither the organization nor the new staff person really has a clear idea of what the job involves. High expectations followed by huge disappointment either generate some badly needed clarification, possibly saving the person and the position, or, in less functional organizations (unfortunately, the majority), result in the person leaving. The section also looks at two other crucial aspects of the development director's role that may affect his or her success in the job: working with the executive director and working with volunteers. Finally, the section looks at what a development director must do when faced with dilemmas that can only be described as raising ethical questions.

# Know What You Need to Know

I am not a fan of the phrase “arguably the biggest” to describe anything. If you have to modify your own statement with the notion that it is arguable, why make the claim? Yet I feel forced to use this statement to describe the magnitude of the change that has happened in fundraising concerning information. We need information about major donors: Where else do they give? What is their real capacity? What do we do that they might respond to? And we need other kinds of information: What is working in direct mail? What would make a corporation sponsor an event? How important is a good logo?

Today, we can find hundreds and sometimes thousands of pieces of information to answer these questions from our search engine. Then we have to decide which information we trust, which applies to us, has anything more recent happened, and so on. Filtering information, finding what we need, and not spending a lot of time with ideas and information we don’t need have become major challenges. It is easy to spend hours following one link to another, reading fundraising blogs and e-newsletters, participating in free or low-cost fundraising webinars, or doing prospect research. But successful fundraising means knowing what you need to know and putting together what you know so you can implement your fundraising plan: specifically, asking the right person at the right time for the right amount; scheduling the right event and inviting the people most likely to be interested in attending; inviting as many people as possible to join your organization as donors and keeping up with those donors; and using volunteers to the best of their abilities.

People in fundraising must always be clear about what they need to do and what tools they need to help them do it. In this chapter, we will explore those interrelated issues.

## **INFORMATION YOU NEED FOR FUNDRAISING**

To build, maintain, and expand a broad base of individual donors, you need the following types of information. Each point leads to another series of questions, and questions will vary from person to person, but most fundraisers must be able to access the following:

- Data about current donors, including board members
- Information pertaining to prospects
- Information about strategies the organization will use to find more donors and prospects
- Current budget and current profit and loss statements
- Work plans for the ED and anyone else who is going to help with fundraising
- Evaluation of past fundraising activities
- Fundraising goals, benchmarks, and tasks for the current time period
- Useful how-to information (such as this book)

Every piece of paper and every file in your computer should be held up to this test: Will this item help us raise money or get something else we really need from someone? If yes, who and how? Then save it in the appropriate place. If the answer is no, delete it, throw it out, or forward it to another staff person whose work it will help.

## **FIND A GOOD DATABASE**

The most important tool for entering, managing, and retrieving what you need to know about your donors is a database of some kind. There are hundreds of donor management systems in use, with new ones appearing frequently. Choosing one is a serious task that can take time, but not too much time or a lot of data will have been accumulated or lost while you search for just the right database. Of course, these systems are only as useful as the data entered and the uses you make of them.

When you are first starting out, you can keep track of donors on an Excel spreadsheet, but you are going to want to move to a fundraising database pretty quickly for a few reasons: first, it is easy to create reports with databases. Reports based on queries are easier to run in a database and is it much easier to mix, match, and re-sort data in a relational environment, as opposed to a static spreadsheet. Second, databases make forecasting future results a lot easier than a spreadsheet, particularly if there are a lot of variables. And finally, databases are

more accurate and don't depend quite as much on the skill of the user. A wrong number inserted into a spreadsheet can change everything—this is less likely to happen in a database. You can augment your database with paper files on donors; however, this soon becomes problematic as you have to look in two places for information. In general, record all that you can, and is appropriate, in your database.

Your database needs to be able to do at least the following seven functions:

- Hold a lot of names with addresses, phones, e-mail, giving history, etc.
- Store this information in the Cloud for easy access and backup in the event of a computer or software crash
- Sort fields quickly and easily
- Produce reports with simple queries (total number of gifts from the summer appeal, amount pledged versus amount received, donor renewal and retention rates, difference in specific fundraising costs, and income between this year and last year)
- Be able to interface with your e-mail system for sending e-newsletters, action alerts, and e-appeals
- Allow you to individualize letters and thank-you notes for different donor segments
- Respond to special requests, such as opting out of having their names traded with other organizations, not wanting to be called, or wanting to be asked only once a year. (In other words, Sally Vesey notes on her reply device that she only gives in the fall and does not want to be asked more frequently. When sorting for the spring appeal, her name will not show up on that list.)

When choosing a database, don't spend a lot of money and make sure the tech support is good.

The best sources for information about databases are:

- Colleagues in similar sized nonprofits whose opinions you trust;
- Idealware ([www.idealware.org/reports/consumers-guide-donor-management-systems](http://www.idealware.org/reports/consumers-guide-donor-management-systems)) a useful website with frequent reports that help you decide what donor management system is best for your organization. They make recommendations that work for small organizations as well as giant ones; and
- TechSoup ([www.techsoupglobal.org/](http://www.techsoupglobal.org/)) is another website with a lot of useful information that can help your nonprofit obtain different kinds of software for free.

Donor and prospect information, data used in creating reports, and much of the correspondence you do with donors will be stored, managed, sorted, and retrieved from your database. A good database with good data entered and sophisticated knowledge of how to use it will save you massive amounts of time. However, this does not happen by magic. It takes learning and re-learning the software and the discipline to take full advantage of the technology.

## **THE IMPORTANCE OF DONOR RECORDS**

Systematically gathering information about donors and keeping thorough donor records is an important aspect of donor management. In doing so, keep the following three facts in mind.

### **If You Don't Record This Information, You Will Forget It**

Without this information, you will not be able to raise money as effectively as you could with it. Many people have “birthday books” in which they write down all the dates of the birthdays they want to remember. No one thinks this is an invasion of privacy—in fact, people are pleased to receive a card on their birthdays. (Proof that people are happy to share a lot of personal information is seen in the popularity of social media.) You are trying to use donor resources to the best advantage, which is what donors want and deserve. There is no point in asking someone for money several times a year if the person only gives once a year, but it is a shame not to ask someone who likes your organization and would gladly give more often if asked. Further, how will the organization know that your long-time loyal donor, Tania Lopez, hates to be called at work if someone doesn't record that fact? Or that Steve, who owns the deli, said he would cater your annual meeting for free if you get back to him by March? Finally, you are obligated by law to keep a record of gifts of more than \$250 in order to validate them if a donor is audited by the IRS.

### **Don't Record Anything You Don't Need to Know**

Your goal is to get every donor to be as loyal to your organization as possible and to give you as much money as he or she can afford because of that loyalty, which is increased by knowledge about the organization and the feeling of being appreciated by it. Everything you record about a donor should be information that helps you toward that goal. So no matter how interesting it might be that Max was once lovers with Fred, don't record it. If a donor who is also a friend confides to you that she spent time in prison and is having trouble with the parole board, don't write it down. Think of this: If a donor asked to see his or her record, would you

be embarrassed to show it? Why? What's in there that shouldn't be? You should be recording only information that is easily obtainable or that people would not object to your knowing, such as how many children they have or where they work.

### **This Information Is Highly Confidential**

In addition to people trusted to enter data, only a few people, such as the executive director, the development director, the treasurer of the board, and sometimes the bookkeeper or administrator, should have access to all the information in your database. Even fewer should be authorized to change or add information. Protect your information with passwords. Doing so will also give you some control over who can change a donor record and ensure that people working on the database can't mess it up or delete information by accident. Donor information that is not protected by passwords, such as paper files, should be in a locked filing cabinet with access limited to a few people. People who can see this information must understand its delicate nature and use the same discretion in revealing it as is used in recording it.

### **KEEPING YOUR LIST IN SHAPE**

Update your donor records on a regular basis. Don't let more than ten names go unrecorded, or you will get careless with numbers and spelling. Watch for duplicate entries, particularly when you are going to use the list for a mailing. Donors dislike receiving more than one copy—whether by snail mail or e-mail—of your newsletter or mail appeal. A database program will not know that J.P. Miller and John Miller are the same person, or that Mary Jones no longer lives at 22 South Street and is now Mary Moondaughter on 44 North Street. Every so often, print out your whole mailing list and go through it looking for duplicates, spelling errors, incomplete addresses, and so on. (If it is very large, print it out in sections by alphabet or by number of records. Going through this is something that a detail-oriented volunteer can do.)

Don't keep people on your mailing list who have never made a donation and whom no one knows. I have known many organizations that have mailings lists of 4,000 but donor lists of 700. When I ask what the other 3,300 people are doing on their list, they will say, "This is our outreach program." But most organizations have no evidence that they gain donors from this outreach, or even that all of these people are alive or at the addresses on their records. Considering that it costs from \$3 to \$10 per entry every year to keep someone on a mailing list—presuming you send at least two paper newsletters and at least one paper appeal—you could be spending hundreds or even thousands of dollars keeping

people on your mailing list about whom you know nothing. That same money could be invested in exploring other fundraising strategies or spent on programs that will attract more donors.

Because as many as one-third of the people on a list move in a year, and another third change their e-mail address every year, it's important to know when the address you have is no longer accurate. For snail mail, you can get address corrections from the post office by printing "Address Correction Requested" on the outside envelope of all your bulk mail. You pay a certain amount for each piece returned to you, but the returns will have a forwarding address, if known, on them, which helps keep your list clean. Request address corrections at least once a year. Also, someone has to delete bounced addresses and correct e-mail addresses each time you send any communication.

## **YOUR FILING SYSTEM**

Take time to organize your electronic and physical filing systems. To test your filing system, ask a friend or another staff person to come into your office and start naming things for you to find. It should not take you more than two minutes to find any piece of information—physical or virtual—that you are in charge of. If you can't do that, reassess your system. Once your system passes this test, see how well it works for someone else. Suppose you were hit by a train: How obvious is your information setup? If it takes someone else more than five minutes to figure out where something is, your system is too mysterious.

Many otherwise neat people have sloppy virtual files, so give this problem extra attention. I know, because I am one of these people. Virtual files fool you because you don't often notice how much room these are taking up—the "clutter" is invisible, so it is easy to let the information on your hard drive get out of control. I, who rarely handle a piece of paper more than once, will spend an hour scrolling through my files with the intensity of a mad scientist: Did I save it under "November" because it happened in November, or under "Special Events-Ideas-Fall Plans" or in "Docs-Fundraising-Special Events-November"? Why would I even have a filing system like that? Again, apply the standard "If I were hit by a train, could someone else find this?" Give it a name that makes some sense.

## **STICKING WITH IT**

To help you stay on top of your files once you are organized, note somewhere you will see it, the one, two, or three things that will most help you stay focused on what to keep. Here is one person's screensaver:

- Is it a donor?
- Is it a prospect?
- Could it lead to a donor or a prospect?

Another has this on a small Post-it on her screen:

- If in doubt, delete.
- After all, what is the worst thing that can happen?

Twice a year or so, have your whole staff clean up their offices, including files using this question:

- If this were my last day at work and I was sorting through my stuff, would I give it to the person succeeding me?

In our business, information is like food: we eat it, we serve it to others, we save it for a few days, but we don't keep it permanently. It is useful for what it does for us, but is not really useful beyond being converted to energy, enjoyment, or, in this case, donors and donations. Seeing information in that light will let you be in control of it so that you can use it to do your work.

## ONLINE CONTENT

A Donor Bill of Rights  
Code of Ethical Principles and Standards



# Working with Your Executive Director

For many people reading this book, this chapter could be called “Working with Yourself,” because as the only paid person, the title “executive director” describes you, as does the all-encompassing title of “staff.” Nonetheless, even if you are a sole staff person, you may find this chapter helpful in avoiding mistakes once your organization is big enough to hire someone in the development role. Some organizations are lucky enough to have one or more volunteers who devote themselves to fundraising, being in essence unpaid staff. If you supervise people in this role, you will want to review this chapter. But mostly, if you are a development director working with an executive director, this chapter is about you.

As development director, the executive director can be your greatest ally or your biggest challenge, but rarely anything in between. The job of the development director is an odd one in the sense that you report to and are accountable to the executive director, yet your job includes organizing the executive director’s time efficiently with regard to fundraising—which means telling your boss what to do. To work effectively with an executive director requires discussing early on in your tenure how the executive director wants you to present the fundraising tasks that he or she is to carry out and how the executive director intends to be accountable to that work. Here’s how an ideal working relationship between an executive director and a development director would play out.

At the beginning of the year, the executive director and the development director create a draft fundraising plan. Perhaps the development director does most of the work on the plan and then brings it to the executive director to discuss, but the executive director is familiar with it and believes it is the appropriate plan for the year. These two staff go over the plan in great detail with the board leadership, such as the fundraising and finance committees. Board members’ suggestions for changes are incorporated, then someone from the board presents the plan to the full board, ideally receiving enthusiastic buy-in (or at least willingness to do the job) from the full board. The development director feels supported by the

executive director in all her efforts to work with the board and with the executive director. The executive director sees the development director as a partner in the financial future of the organization—a junior partner perhaps, but still someone she turns to for advice and whose counsel and instincts she trusts. The development director, in turn, sees the executive director as someone she learns from and whom she likes and respects. If not friends, at least these two see themselves as strong colleagues, interested in each other's opinions on a wide variety of topics related to running the organization.

Some co-workers develop this relationship naturally. They are usually people who are competent, not competitive and not controlling, more committed to the mission of the organization than to their own ambition, and able to delegate tasks and share information. Each appreciates the strengths and talents of the other, and they have complementary skills. These people are not without their struggles or disagreements, but they are able to be straightforward in conversation and listen to each other, and they are willing to take the time to work things out.

People who do not naturally subsume themselves to the work of the organization can still have a strong working relationship if they work at it a bit. These are usually people who are competent but can be controlling, who are committed to the mission of the group but wanting personal recognition, who are so overwhelmed with work that they have trouble sorting out what can be delegated and what cannot, and who keep information to themselves more out of sheer inability to find the time to share it than any real intent to conceal. Again, honesty in communication and a commitment not to harbor resentments will help this be an effective working relationship. It is also important to note that chronic overwork with no praise or recognition of effort can cause anyone to become difficult to work with.

## **DEVELOPING A GOOD RELATIONSHIP**

Unfortunately, there are far too many situations in which the relationship between the executive director and the development director does not work. Although some of these poor relations may be primarily the fault of the development director, the majority have their roots in the work style of the executive director. Here are the most common reasons a productive relationship between executive director and development director fails to occur:

- The executive director's successes eventually mean that the organization grows beyond her ability to run it. Rather than admit that she has reached her limit of competence, the executive director becomes more and more controlling and may actually shrink the organization back down to a size she can manage. This

dynamic is particularly prone to occur with executive directors who were founders of the organization.

- The executive director has been at the organization too long. He feels tired and has lost enthusiasm for the work, but he stays in the job because he can't imagine what to do next, or he is afraid he won't find another job. Mediocrity becomes the standard of work. Other staff, as well as the board and volunteers, follow the lead of the executive director and exhibit the same mediocrity.
- The executive director is sensitive to criticism, even defensive. She creates a work environment in which only total loyalty to her is acceptable and questioning her decisions or directions is perceived as insubordination. Creativity is squelched.
- The executive director is afraid to ask for money and will not help with fundraising from individual donors. Often this fear is disguised as "I can't deal with a bunch of little gifts. Let's just get a foundation grant."
- The executive director doesn't trust the board members or wants to retain power, so does not share decision making with them. Few if any boards will actively engage in fundraising if they are not involved in policymaking and other board activities, so the board is little use in fundraising.
- The executive director is threatened by the development director's knowledge of fundraising and feels that his own lack of knowledge will be perceived as incompetence. He continually belittles the development director's ideas or ignores them altogether.
- The executive director's job is too big. She works between sixty and seventy hours every week, which means she is often at the office on weekends; she rarely takes a vacation (and then is responding to e-mail and sending work-related text messages several times a day); she expects the same effort from the other employees, even though she will protest that she does not. Such people do not realize that they simply disguise the cost of doing business, and they wonder why they have high employee turnover.
- The executive director believes that the development director's job is to get the money. He wants the development director to bring in the cash, no questions asked. He is slightly embarrassed that the organization needs money at all.

There are many other variations on these themes, but these are the most common. If you are already working for an executive director who has one or two of these characteristics, it is possible to make a change in the staff dynamic, usually with the help of a coach or a consultant. If your executive director has several of these characteristics, it is more likely that you will need to find another

job. To guarantee that you don't take a job where these dynamics prevail, make sure that you know what you have the right to expect from an organization and an executive director and what they have the right to expect from you.

One of the best ways to develop good working relationships is to be absolutely clear about your job. Your job is to coordinate the fundraising function of the organization. You are to make sure that all fundraising tasks are completed, one of which is to help the executive director complete his or her tasks. You lead by pushing others into doing the work, and your job is to involve as many people in fundraising as possible so that the organization can raise as much money as it needs from as many sources as you can manage. You also set an example of being able to ask for money by soliciting some major gifts, but you are not the only, or even the main, solicitor.

Given that these are your responsibilities, the executive director should expect that you and she would work closely together to create the executive director's fundraising task list and that you would have the authority to remind the executive director about her tasks and to hold her accountable for completing them. She, in turn, would expect you to provide the support she needs, such as materials, prospect information, strategy details, reports, and so on. Keep in mind that the executive director is the front person for the organization. Many donors will prefer to meet with that person rather than anyone else in the organization. The development director has to appreciate that the executive director balances many tasks, of which fundraising is only one—even if it is very important.

Sometimes the executive director will know a lot more about fundraising than the development director does. In that case, the executive director should mentor the development director. More frequently, the development director knows more about fundraising than the executive director. The executive director should welcome this knowledge, recognizing that an organization hires staff partly because the executive director doesn't have the time—or necessarily the skills—to do the whole job. Many successful executive directors have used their development directors as mentors. While their job titles give one authority over the other, they choose to play to each other's strengths and to create a learning community. Generally, this attitude will be found all the way through the organization.

Your job is also to coordinate the fundraising efforts of the board of directors and other volunteers. You should have access to all board members and be actively supported by the executive director in your efforts with the board. Both of you should work closely with board members, particularly on personal, face-to-face solicitation.

Both parties should know how the other likes to work. Questions of working style should be talked out early in the relationship. Such questions include whether

interruptions are OK; how each feels about editing the other's writing (because the executive director needs to feel good about everything that comes out of the office, all written materials should be read and edited by other people); how much nagging about getting a task done is bearable; methods of dealing with conflict; the best way to hear criticism; and so on.

The way to have a good working relationship between development director and executive director is to be clear from the beginning what each of you thinks the executive director and development director jobs are and are not—and to agree on those job descriptions. In the end, the people in these jobs need to work as much as possible as partners in fundraising and to see the board as an asset to be developed. As development director, be mission-driven and know that your main loyalty has to be to the work of the organization. Know that you are not always going to see eye-to-eye with the executive director and that final decisions rest with the executive director. Above all, be honest and demand honesty in return. Your relationship needs to mirror the kind of relationships we want to see in the world: respectful, caring, nurturing, genuinely interested in the other, and joined in a mutual belief in something bigger than yourselves.

## **ON DEFENSIVENESS**

Defensiveness is so important and so endemic that I feel it merits a short discussion on its own. Defensiveness, according to the dictionary, is “resisting criticism or attack.” Defensiveness surfaces as the inability to be told that one's thinking or behavior either is or might be wrong—or even that there may be equally viable alternatives to one's thoughts or actions. Executive directors can be very defensive, as I mentioned earlier, partly because of the enormous responsibility they often feel for making everything go right so as to keep the organization afloat. Unfortunately, however, defensiveness can be found in all parts of an organization, and it needs to be addressed early and often.

There are several reasons that a person might be defensive, but one very common root of a defensive attitude is that many people equate disagreement with disrespect. It is impossible to have a discussion with someone who sees disagreement this way. Everything is taken personally, and the defensive person has a limited ability to separate action from personality. They hear “I disagree with you” as “You are wrong and stupid.” I have worked with many people in leadership who demand their staff exhibit the kind of loyalty one expects of a dog to its owner. They can change, but such change usually requires intervention from someone they respect as well as some training in how to accept—and even use—criticism. Sometimes people (defensively) deny that they are defensive, but they

truly may not realize the effect of their tone or body language. Simple changes can make a world of difference. For example, one harried executive director received this feedback from a facilitator hired to help with tension between him and his development director: “When the development director is speaking, you often interrupt her to explain why something happened the way it did, instead of letting her finish her point. This gives the impression you don’t want to hear what she has to say, and she also tends to lose her train of thought.” The executive director was surprised, and noted that he can’t stand being interrupted by others. He now consciously waits until he is sure his staff person has finished what she wants to say before responding.

Another executive director received feedback from watching a video one of her staff was making about their mentoring program to post on YouTube. Although the final video was only one minute long, the staff person had shot a lot of footage that the executive director reviewed, seeing herself in several settings, including a board meeting. The executive director felt that the board was ineffective and offered little leadership to the organization. What she saw, though, was herself shooting down every idea that anyone proposed: “That can’t work—no one will fund it” or “We did that a couple of years ago before you were on the board and it was a complete bust.” She realized that she was so emphatic and dismissive that no one wanted to speak up. With the help of a coach, she has learned how to listen and to encourage ideas. Ironically, as she points out, she needed to learn the skills her organization looks for in finding good mentors.

For those who are not the executive director, defensiveness often arises out of fear of being perceived as a poor worker. “I disagree with you” becomes “You are a bad worker.” Others just automatically put their backs up when criticized about anything. These people overcompensate by posturing that they are always right. I know so many people like this that I have given them an acronym: “NIMF”—Nothing Is My Fault. One way you as a leader can counter this kind of defensiveness is to give honest credit and praise much more often than you levy criticism. Such balance will help your staff trust you enough to be able to hear disagreement or admit error.

Finally, of course, we live in a culture that is averse to conflict. When we read about things people are frightened to do, such as public speaking or asking for money, I sometimes think that at the top of that list would be “starting a conversation that might lead to conflict.” Some organizations do in-house trainings on conflict and conflict resolution in order to strengthen their staff and volunteers’ ability to be in creative dialogue with each other and to surface disagreements before they fester and become explosions.

None of the manifestations of defensiveness are good leadership qualities. Of course, all of us feel defensive from time to time. Thinking about what makes you feel on the defense and what helps you to let go of that defensiveness will help you deal with others. People who want to be effective leaders are always working on not taking things personally, and organizations that want to be healthy workplaces should put processes in place that encourage civil disagreement, that praise people for admitting mistakes and errors, and that teach people how to give and receive both positive and not-so-positive feedback.



# Working with Volunteers

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Recently, a dear friend of mine, a professor, recommended one of his students to me. Having just graduated from college, she wanted to explore working in the nonprofit sector. She was willing to volunteer almost full time in order to get some experience and to see if this was a career path she might want to pursue. She was particularly interested in learning more about fundraising. I valued the professor's judgment, so I sent e-mails to various understaffed social justice organizations that do good work, asking whether they could use someone like this. No one could. "It is a great offer, but I don't know what I would have her do" was the common theme.

Another friend, recently retired, wanted to become involved in climate change work. Interviewing to volunteer with a few organizations, she expressly said she was willing to help with fundraising. "Do you have rich friends?" one director asked her. "I could raise \$2,000 to \$5,000 fairly easily" she said. "We are looking for much bigger gifts than that," he replied.

It is a sad commentary on movement-building organizations when they cannot figure out how to use someone who is smart and willing to start out volunteering nearly full time, or someone else with a lot of experience who is willing to ask friends for money. In asking various friends who are unemployed, underemployed, or retired, I have found these types of responses to be a pattern. Some have even filled out online forms designed for volunteers and received no response.

In the decades preceding the Great Recession, many organizations found it had become difficult to recruit and retain volunteers. There were far fewer traditional volunteers—people who didn't need to work for pay, as their spouse or partner earned enough for the entire family, and many more people were holding down more than one job and had no "free" time to offer. Since 2007, the situation has changed. The Great Recession that began in 2008 threw hundreds of thousands of people out of work and many have not returned to full-time paid employment. And the Baby Boom generation began to retire, potentially freeing up millions of volunteers over the next couple of decades as Baby Boomers age. Baby Boomers really built the nonprofit sector, and many want to keep active.

Many organizations' fundraising programs rely too heavily on staff. In very large organizations, the frequent solution to fundraising problems is to "staff up." But an organization cannot "staff up" to the extent needed to have a truly effective fundraising program, and even if it had the money to hire enough staff, that is not an appropriate use of donations. Organizations need to look back to volunteers to make the wisest use both of donations and of expensive staff time. If an organization needs help managing volunteers, the solution is not to get rid of the volunteers, but to hire a volunteer director or help the development director make that part of his or her skill set. Using your time to mobilize volunteers is far more useful than using your time to do everything yourself, which you can't do in any case.

To be fair, there are grassroots organizations that have dozens of regular volunteers. They have volunteers who also have full-time jobs, children, and other volunteer commitments. They have volunteers who are on welfare, who are single parents, who travel extensively for work, who are elderly and not able to come to meetings at night, and so on. In other words, some organizations are successful in recruiting and keeping volunteers, which includes using them appropriately so that both the organization and the volunteers feel it is worth the effort. What we need to do is focus on how, rather than how hard it is, to have a successful volunteer program.

In this chapter, I share six things you need to do in order to recruit and keep volunteers who are willing to help with fundraising. As you will see, these actions are not completely dissimilar to what you need to do to recruit and keep donors, and they are parallel to what is required to recruit and keep good board members (who, in some ways, are the ultimate volunteers).

## **INVITE PEOPLE TO PARTICIPATE IN FUNDRAISING**

Many development directors lament that no one volunteers to do fundraising. From this, they conclude that no one wants to, but this is often not the case. People have no idea of the range of tasks and skills involved in fundraising, and how many of these skills they actually possess. Many fundraising volunteers have told me that, prior to being on the fundraising committee or involved in some fundraising activity, they thought fundraising would involve writing proposals, about which they knew nothing, or would require asking their own friends for money who, they would explain, couldn't give thousands of dollars. So they concluded there was no way for them to be usefully involved in fundraising.

There are dozens of behind-the-scenes tasks that volunteers can do. Paid fundraising staff need only to observe their own work; when they see that they are doing something that a reasonably intelligent person could do with a little bit of

training, they should ask: “Why am I doing this when a volunteer could be taking it on?” Save yourself for work that is too detailed, too complicated, or that actually does require experience and skill, and move all other tasks off to board members and other volunteers.

The first step, then, is to describe fundraising in all its variety, and to show volunteers that they could successfully complete a number of development tasks. Thank-you notes, thank-you calls, prospect research, data entry, and maintaining social media accounts are all examples of behind-the-scenes work that do not require asking anyone for money. Create a “Wanted” column on your website that describes specific needs and ask people to contact you. Put an occasional column in your newsletter that asks people to become involved in fundraising. Make it sound fun and interesting. And then answer people who contact you!

Some people will be interested in more difficult tasks or in working with a team. Ask those people to join a committee with a specific focus. Invite them to be involved in fundraising strategies that have a goal and are time-limited, and make sure you provide appropriate guidance and training. Major gift campaigns, house party programs, and special events are all examples of such activities.

Above all else, volunteers want to feel useful, and there is no more useful place than fundraising.

## THE STORY OF THREE BEHIND-THE-SCENES VOLUNTEERS

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**Ben**, a retired software engineer, gets up every morning and checks the website of the organization he volunteers for. He adds current stories and data that staff or other volunteers have sent him, takes down events that have happened or information that is stale, and checks all the links and fixes any that are broken. Once a week he donates \$5 on the site to make sure that link is working properly. One year, he rescued the organization on December 31st when their website crashed from too much traffic. He also posts stories or articles on Facebook or comments on postings that are there and he tweets on behalf of the organization several times a day. Staff forward him ideas, articles, and pictures. He is the de facto web manager and social media coordinator for this small organization. Ben has a serious lung disease and needs oxygen all the time. This makes it hard for him to leave his house often, but the work he does for the organization keeps him engaged and provides a very valuable service.

*(Continued)*

**Madeline** is a senior in college working full time to pay her tuition and expenses. Her classes end at 4:00 and her shift as an aide at a hospital begins at 7:30. From 4:30 to 6:30 three days a week, she goes to a nonprofit and generates all the thank-you notes for donations that have come in. She uses the database to determine which she can sign and which staff, especially the executive director, should sign. She often winds up having dinner with the development director. Among other things, they discuss how the content of the thank-you notes should change depending on the appeal and the donor and Madeline makes the changes. The six to eight hours Madeline works on this task frees the development director to focus on major gifts. Income in the organization has gone up significantly since Madeline started. The development director hopes to offer her a paid position when she graduates.

**Agnes** lost her job as an administrator in 2011. She has been unable to find work and now pieces together house sitting, dog walking, and gardening to make ends meet. She wanted to volunteer as a math tutor in the public schools but, despite several efforts to register with a tutoring program, she was never contacted. She has carved out a volunteer job as “lapsed donor recovery specialist” with a local nonprofit for which she calls lapsed donors and asks them to renew. She makes the calls on her own schedule and works four to six hours a week, including some nights and some weekends. She now has a team of three other people whom she has trained, and they are expanding to calling current donors to the organization for extra gifts. This is work that was not being done in the organization before, so every gift is extra income.

All of these people worked with creative development staff to find tasks they could do in the time they had available. All are invaluable.

## **TAKE THE TIME NECESSARY TO ORIENT VOLUNTEERS TO YOUR FUNDRAISING PROGRAM**

A two-hour in-service orientation in which you go over your budget, your fundraising goals, and your progress to date will set a good example of transparency and allow people to ask questions they have or voice concerns. Such a meeting can also educate your volunteers about the context in which your fundraising plan is developed, as described in Chapter One, including how many nonprofits there are, where money for nonprofits comes from, who gives that money away, and so on. This in-service meeting should focus particularly on your case statement; have

volunteers practice describing your organization to each other and answering questions about it.

Volunteers need to feel “in the know,” and they need to feel competent with regard to describing mission, goals, and objectives of the organization. We often think a volunteer is unwilling to ask for money when, in fact, he or she may feel insecure about discussing the organization. Volunteers have often told me: “I didn’t ask for the money because I thought I might do more harm than good in trying to explain what the organization is doing, and I didn’t want to look bad by not knowing all the complications of the work.”

### **HELP EACH VOLUNTEER CHOOSE THE FUNDRAISING STRATEGIES HE OR SHE WILL FEEL MOST COMFORTABLE USING**

By allowing volunteers to choose the work they will do, you play to their strengths. In *The Accidental Fundraiser*, Stephanie Roth and Mimi Ho describe three broad categories of activities that volunteers will prefer, depending on their personality and confidence: entertaining, selling, and asking. Those who prefer to raise money by entertaining happily host house parties and are good at organizing other special events. They know how to make people feel welcomed, and they are good at thinking through what would be fun or interesting for a group of people. These volunteers often like to work in groups; you will often find them on special event committees.

People who prefer to sell things are excellent people to staff a booth selling t-shirts, mugs, books, or other items that your organization produces or distributes. They will sell products to friends, neighbors, and family, and they can be relied on to sell tickets to events. However, they are less willing to ask for money directly. The third type of activity, direct asking, engages fewer people. People in this group are likely to have a little more experience with fundraising and they have the tolerance to be turned down, knowing that if they ask enough people they will get the money the organization needs. Many of these people are or have been in sales or real estate and have overcome their own barriers to asking (see Chapter Eight). Some of them come from countries where taboos about money are not as strong as in the United States. Both the sellers and the direct askers have stopped taking rejection personally.

Of course, some people are good at all three approaches, and a minority of volunteers are not comfortable with any strategy that requires talking to people about money. This group can nonetheless be put to work doing anything that you need in fundraising that does not require talking to people about money directly: writing thank-you notes and the like.

Paid staff should as much as possible focus on doing things that an organization really could not expect a volunteer to do. Tasks that require technical knowledge, that are tremendously time-consuming, that involve directing other people, or that involve a lot of sequencing should take up the bulk of a staff person's time.

### **REMEMBER THAT GOOD ENOUGH IS GOOD ENOUGH**

Staff-volunteer tension can come about when a staff person wants the job done perfectly—according to her or his own definition of perfect. For example, in a small nonprofit, two volunteers took on the task of writing and sending the e-newsletter, scheduled to go out on the third Tuesday of each month. Over a period of six months, three newsletters went out on time and three went out two days late. Some of the newsletters had a few typos. These lapses were too much for the staff person, and she took the job back from the volunteers. If the volunteers had commonly been a week late with the newsletter and if it were riddled with typos each time, her action would have been justified. But these volunteers were for the most part both reliable and thorough. Far too often in dealing with volunteers, the best becomes the enemy of the good.

### **SHOW GENUINE AND FREQUENT APPRECIATION**

Remember United Farm Workers' Cesar Chavez's dictum for organizing: "People are far more appreciative of what they do for you than of what you do for them." Thank them often. Thank-you notes, thank-you calls, and brief mentions at meetings go a long way. Flowers, plaques, and ribbons are fine, but they are not as important as the occasional grateful word or an invitation to join the staff for pizza or to come to a board meeting.

### **GIVE VOLUNTEERS TIME OFF**

People need time off for good behavior. Many volunteer fundraisers have found that their reward for doing their work well is more work. "Ruby, you did such a great job with the auction. You are a natural! Once you catch your breath, do you think you could chair the membership drive?" Such a comment is a sure way to guarantee that Ruby will run, not walk, away from your organization as soon as she can.

Make sure that, unless any one volunteer insists otherwise, volunteers have at least two or three months between intense fundraising activities and that they are

encouraged to become involved in other aspects of the organization as well that may require less intensive concentration.

Keep in mind, then, that what may be most efficient for getting a job done thoroughly—excellent staff people doing every piece of work to their satisfaction—is rarely most effective for building an organization and developing new leadership. As you concentrate on working with your volunteers, remember that you are ultimately trying to ensure that the organization will be able to continue, even as key people move on to other things. By keeping your eye on the prize of longevity and stability of the organization, you will structure your volunteer involvement activities much differently, and you will find that there are plenty of people who want to be active, engaged volunteers.



# When You Encounter Ethical Dilemmas

chapter  
FORTY

In our everyday language, we use a lot of words and phrases related to being a good person fairly interchangeably: a person might be honest, have a lot of integrity, always tell the truth; he or she might be highly principled, decent, fair, or just. Although philosophers and linguists (and the dictionary) can probably sort out the nuances of meaning among these words, I simply hope that all of us are doing our best to be all of the above. To behave ethically will have all these elements, and certainly an honest person will have a far easier time being ethical than will someone who is sneaky or deceitful. However, ethics are usually grounded in a large moral framework and involve issues of a broader nature than simply personal behavior. In this chapter, I look at some problems that can't be solved simply by applying accepted standards of honesty or integrity, but require in addition some broader ethical considerations.

Fundraisers often run up against dilemmas that test their honesty, but right and wrong behavior are still fairly obvious. For example, it is dishonest to tell a funder or a donor that you are engaged in a certain kind of program if you are not, no matter how much money that donor might give you if she thought you were. Similarly, it lacks integrity to take on a program area or a piece of work just because someone has offered to fund it. It is not fair to other employees or the mission of the organization to agree to hire your donor's unqualified son-in-law to be your organization's program director in exchange for a major gift. It is unprincipled to keep two sets of books—one for the public and a different, truer accounting that remains internal to the organization. Many of these issues are addressed in standard accounting procedures and in the excellent Association of Fundraising Professionals' "Code of Ethics" (see Online Content for Chapter Thirty-Seven).

Although we could also use the word *ethical* to describe appropriate behavior in any of the situations just described, there is a subset of ethical issues that are more blurry and that are usually the development director's job to navigate. These

dilemmas often arise because the right or honest thing to do is not completely clear and because the development director has conflicting loyalties. Let's look at some examples, with you as the development director.

### **THREE MORAL DILEMMAS**

#### **A Question of When to Tell "the Truth" and to Whom**

An LGBTQ organization with a staff of five people is offered the opportunity to buy the building their office is in. Their landlord suggests a reasonable price, but the building will need a great deal of work and the organization has never thought about owning property. The board chair and several board members are enthusiastic about buying the building, but the executive director and several other board members are not. They feel the building needs too much work and that owning and rehabbing the building could take staff away from the actual work of the organization.

As development director, you agree with those who oppose buying the building; in addition, you think it would be hard to raise funds for something for which enthusiasm is not widely shared and for which the executive director, in particular, is not in favor. You talk over your thoughts with the executive director. At the next board meeting, the executive director announces that one of the organization's biggest donors, a banker, has expressed concern about the amount of work the building needs and has related that she has seen nonprofits get into financial trouble when they tried to own property. The donor has advised against buying this building. You know that no such conversation has taken place, even as the board chair recommends deferring to this donor's knowledge and the matter is dropped.

#### **A Question of an Inappropriate Request**

An organization working for campaign finance reform is given \$25,000 by a real estate developer who loves what the organization does and was approached by a board member for a gift. The entire organization is thrilled, as this is the largest gift they have ever received from an individual. About a month after the gift has come in, the real estate developer calls you and says that his nineteen-year-old son has just dropped out of college and has been arrested for drunk driving. He thinks his son just needs work that has some purpose and to be around people who are committed to a cause. He asks you if you could arrange for the son to be put on the board of directors. You are taken aback and explain that you don't have that power but will talk it over with the executive director. Instead you talk to the board chair, who says she will call the donor and explain why his request

is impossible. You know that the board chair is not reliable and is also a conflict avoider so you doubt the call will ever be made. You text the donor saying the board chair will get back to him in a few days. You hope that the donor will forget his request or involve his son in something else.

### **A Question of Conditions**

The chair of your board brings you to a meeting with her elderly aunt, who is interested in your organization's work. On the board chair's advice, her aunt has decided to offer the lead gift for a program your organization has wanted to launch; moreover, the donor is willing to give this same generous amount for three years. You and the board chair are thrilled. As your meeting with this woman is winding down, she says, "I just have one question for you: Does your staff go to church regularly?" You do go to church, but your executive director is an atheist, and the two program staff who will run the program are Jewish. One is religious and one is not. You say you go to church and then tell a funny story about the last time you went to church. The donor does not press the question further.

In these examples, there is one easy way out: let the matter drop. So what if the executive director made up a conversation in order to end the discussion about buying the building? It avoided a big fight, and it was probably the right decision anyway; certainly, it was the one you agreed with. So what if you pretend the board chair will call when you know she probably won't? So what if you avoid answering the question about how religious the staff is? The donor probably won't pursue the question further. Your involvement as the development director in any of these three situations is relatively minor and your conscience can be pretty clear.

However, as the saying goes, giving in to any of these "so what's" leads you down a slippery slope. Each of these examples bears a deeper examination to ferret out the ethical and practical complications and to see whether there is another way to respond.

### **THREE TOOLS**

There are three tools that can help you avoid feeling the need to say or do something just to please a donor. First, follow the Quaker adage: "Assume good intent." That is, assume that people you disagree with may be acting out of positive motivation, and that they will want to know whether you have concerns about what is happening. Second, follow a main principle of assertiveness training by making only "I" statements: "I felt," "I wonder," and so on. Third, use a "gut check." Does

this feel bad or weird? What if this whole story were in the newspaper—would I feel proud of my role in the outcome? Using these three tools, let's look at the dilemmas in two ways: good endings and more difficult endings.

## **Good Endings**

First, a look at how these situations could have good endings.

In the first situation with the executive director making up something a donor said, a gut check says, "This is weird." You need to talk with the executive director about his story. First of all, any of the board members may know the donor whose name was invoked, and if they see each other and the board member thanks the donor for her clarity, your executive director will be found out and your board chair will be embarrassed. Second, if the board chair is a good person and good worker, why not see whether she understands the fact that a capital campaign cannot succeed without total enthusiasm from everyone? Assuming good intent, you ask the executive director why he thought his story was the best way to solve the problem. Regardless of his rationale, you can then use "I" statements to make your position clear. For example, if the executive director explains that he didn't want to hurt the board chair's feelings and is quite certain she doesn't know the donor in question, you could say, "I would rather see if she understands the need for full staff and board support for a big project. Otherwise, something else may come up that she supports and others don't and we'd be in a similar situation."

Here's how such a scenario might play out: The executive director agrees to have a meeting with you and the board chair. He tells the board chair that he exaggerated a conversation with a donor to avoid hurting her feelings and now feels bad about it. He realizes she is perfectly capable of understanding why pursuing the building did not seem like a good idea to him. You offer support for his position, including telling the board chair how important she is to the organization and how no one ever wants to dampen someone's enthusiasm. She is understanding and, as is her nature, gracious. She does say lightheartedly as the meeting ends: "Don't worry about my feelings in the future. I'm tougher than I look."

In the second instance, you are being asked to make an arrangement that is not possible and puts you in a difficult position. However, seeing the situation with compassion, you could think that the donor is worried about his son and is grasping at straws to help him. The fact that time passed between the gift and the request could mean that the donation and the request are unrelated in the donor's mind. The donor may have little experience with what it means to be on a board and the kind of responsibility he is asking for. Using an "I" statement, you could say, "Actually, there is a whole process for getting on our board and I think you

have to be twenty-one to be a full-fledged member, and I don't really have any say about who goes on the board. However, we do have other volunteer opportunities here. Would you have your son call me so we can talk?" If the donor is simply acting out of concern for his son, this will be a lifeline. If the son calls, you can explain the volunteer opportunities as you would to anyone who calls.

The third example, concerning the religious behavior of the staff, is one in which "assume good intent" is the primary authority for your actions. You have no idea what the donor wants to know when she asks whether you and other staff go to church. Perhaps she is just making conversation and, in her circle of friends, this is a common question. You would answer: "I am active in First Methodist. The two people running the new program are Jewish. One goes to Temple Emmanuel and I don't know so much about the other's life. Are you involved in a church?" You might be surprised when she answers: "I'm an Episcopalian. I think churches and synagogues might be interested in this program, and some of them might be able to provide some money and volunteers. Perhaps one of the program people can talk to my women's group and to their own religious groups once the program is up and running."

The lesson about ethics in these three situations is that we have a tendency to make up stories in our own minds about why other people do things. That habit in itself is, ironically, a form of unethical behavior. We don't approve of saying something that is not true and that could cause the person hearing it to behave in a way he or she would not if the truth were known, but if we say something to ourselves that we don't know to be true and then act on it as if it were true, it has the same effect. Just as in donor negotiations, you need to stick with what the donor has said, and not add your own interpretation to it.

### **More Difficult Endings**

Of course, all three of these situations could have gone another way. Let's look at how we might work with more difficult endings.

In the first circumstance, the executive director becomes defensive when you discuss his fabrication and refuses to talk to the board chair about it. He says that he has made up things before in order to "get things done" and that you need to be more practical. Your dilemma now moves to a different level: Do you want to work with someone you know will make up stories (possibly to you) in order to get his own way? This would not be an easy decision, particularly if you like the organization or if jobs are hard to come by. Over time, however, the price of supporting someone who regularly exaggerates or fabricates to get his own way may be too great.

In the second situation, the donor says that he is “very disappointed” and that he feels his gift should entitle him to some consideration. In that case you would need to go to the executive director and both of you will need to ask the donor whether the gift is contingent on his request being met. Often when faced directly with that question, donors back down, but if he doesn’t you might have to return the money.

In the third case, the donor says she prefers to give money to organizations in which all the staff are involved in a church. Invite her to meet all the staff and hear from them personally before she makes a final decision, but be prepared to let go of the donation.

By continuing to negotiate in any situation, you stay in a place of integrity but not self-righteousness. Having been in many serious moral and ethical quandaries with regard to fundraising, I have always felt best, and felt that the best outcome resulted, when I told the truth—that is, what was true for me—without insisting this was the only or even the complete truth. Offering options and asking to stay in a conversation usually resolved the problem amiably.

As you can see, some of your willingness and ability to operate completely ethically will come out of having a diversity of funding sources so that no one person or source is so important to you that you are even tempted to compromise your values for the money.

It is also true that some things can’t be resolved. Then the question revolves around your own integrity and to what lengths you will go to preserve it. No amount of money is worth your integrity and you have to have the confidence that, if you really have to turn down a gift, another one is around the corner, given by someone who values honesty.



## PART NINE

# Special Circumstances

If I had a dollar for every time I have been told: “You don’t know what it’s like to raise money for \_\_\_\_\_,” followed by a description of the place where the organization is located, or the issue it works on, or the people it encounters, or some other variable, I could endow every nonprofit I ever cared about. Of course, it is true that I don’t know what it is like, but I can ask questions and learn, and that is usually why an organization is paying me to be there. What people mean when they tell me that I don’t know what it is like is that I don’t know how hard it is. No one says, “You don’t know what it’s like to have an easy time raising lots of money.”

People in nonprofits often imagine that it would be easier to raise money for a different NGO than the one they are in. People in the arts think social service fundraising is a cinch, people in advocacy imagine that providing free legal services would really loosen the purse strings, environmentalists covet the fundraising jobs of labor rights activists, and so on. For the most part, people kid themselves that fundraising would be much easier in another setting, but occasionally special circumstances make fundraising more difficult for certain kinds of organizations or at certain times in an organization’s existence. An accurate analysis of your fundraising situation is essential for creating a robust and sustainable fundraising program.

Most of the problems you have in an organization will show up in your income, and often show up there first, leading people in the organization to think that funding or fundraising is their problem. However, it is worth a few moments of time to understand that fundraising is often a symptom of a different problem, one that must be solved before fundraising (or even fundraising problems) can be addressed. The issue of analyzing your real problem is something I explore in depth in my book *Reliable Fundraising in Unreliable Times*. If you think fundraising may not be your organization’s real problem, I advise you to check out that book.

Here are just three examples of how organizations mistake what their real fundraising problems are:

- An organization may feel that it can't raise money because no one agrees with its program, when in fact it has failed to articulate a clear case as to why it deserves support, or its work is not generally known. Many organizations flatter themselves that they are so controversial when in fact no one is discussing them at all.
- An organization that is losing donors and volunteers may believe the economy is to blame or that they need to use a new fundraising strategy. It may be, however, that the organization has drifted away from its mission, the programs it is engaged in don't really match what people think the organization is about, and donors are voting with their feet.
- A founder has built the organization past his or her ability to run it. Instead of stepping aside, the founder stays and unconsciously shrinks the organization back to a size or focus he or she can manage.

Aside from how an organization's own myopia may affect its fundraising, external factors also play a much bigger role than organizations realize. An organization's fundraising may be diminished for any of the following reasons:

- When the economy is in really bad shape, people just don't have that much money to give. With rising concentrations of wealth in the hands of a few and a massively increasing number of people at or near poverty, fundraising will be affected.
- A scandal in a large, well-known nonprofit can cause distrust of all nonprofits and decrease revenues temporarily. A series of scandals in a number of nonprofits, as occurred in the first part of this century, can cause an overall decline in public confidence, which takes a toll on fundraising.
- The sheer number of nonprofits asking for donations can contribute to donor fatigue.
- Natural disasters take attention and sometimes funding away from the day-in and day-out work of service agencies. In recent years, there have been so many natural disasters (compounded by poverty and racism) that organizations are in an almost permanent state of raising money for themselves while being supportive of efforts to address major crises.
- Wars take a bigger toll than is generally acknowledged. Financially, they absorb money that needs to be spent elsewhere, but they also wreak psychological damage, as the scale of wounded and killed overshadows a small,

community-based organization's case for doing a piece of needed work in a local area. As veterans return with very serious physical and psychological problems, social service agencies find themselves overwhelmed and are given little government support to help this new audience.

- Issues come into style and go out of style; long after it has ceased to be popular to fund solutions to a particular problem, the problem will still exist.

In this section, I concentrate on five of the more common special circumstances that an organization may find itself in, either temporarily (being brand new) or permanently (being rural). The fifth circumstance is one that all organizations face at different times, in which a question arises about whether to seek (or take) funds from a particular funding source—in other words, the question of clean versus dirty money.

An entire book could be devoted to special circumstances, but these five should give you a sense of how to think through special circumstances of your own and make fundraising plans that overcome the adversity and take advantage of the opportunity the special situation presents.



# Raising Money in Rural Communities

A long-standing belief in fundraising circles is that it is much harder to raise money in rural communities than in urban or suburban settings and that you probably won't be able to raise the money you need. This belief has some logic: there are fewer people in these communities, which means fewer people to ask. Although those people have fewer local nonprofits to choose from, there are still basic services that must be supported, and their tax rates may be higher to pay for local health services or schools or a library. Further, as studies by the National Rural Funders Collaborative have shown, nonprofits in rural communities do not receive foundation funding in proportion to their need, or even in proportion to their population. These facts support the belief that it is harder to raise money in rural communities. But harder does not mean impossible, and I have found it is not only possible to raise money in rural communities, it is sometimes possible to raise large amounts of money.

## THE MANY DEFINITIONS OF *RURAL*

First, it is important to note that there are many different kinds of rural communities, and they will each have to look at their assets and challenges in creating stable fundraising programs. For example, our romantic image of rural people living and working on the same piece of land all their lives is more often than not pure mythology. Many people living and working in rural communities do not make their living from farming or ranching. For example, some rural areas have become retirement communities, with many of the people living there not originally from the region and with little loyalty to it. Their charitable giving to that area will develop over time, but most of their donations will continue to be made to the organizations in the communities they left behind.

Other rural communities, such as those within a few hours of major cities, are bedroom communities for commuters who work in the nearby cities. Even more people may telecommute, going into the city only as needed. Their loyalty

to their local community may depend on whether they are raising a family there and how strongly they wish to be accepted and involved. “Back-to-the-land” small farmers, vintners in boutique wineries, owners of bed-and-breakfast inns, and the staff of retreat centers, to say nothing of marijuana growers, are among the many types of people who can make up or contribute to rural communities. The finances and values of these people are extremely varied; the job of local nonprofits is to help people develop loyalty to their community and want to make it a better place.

There are many rural communities where people make their living (or once made their living) from mining or timbering. In others, people work on other people’s farms or ranches, often forming large communities of migrant or semi-migrant workers. There are rural communities primarily built around a college or a prison. There are many rural communities whose populations vary seasonally, swelling with tourists and “part-timers” who own second homes or cabins or timeshares at resorts during part of the year. Many towns in popular tourist areas will host a weekend crowd of thousands of people who don’t live there. Tourists are the main economy in many communities, in which case “locals” are often engaged in service provision for tourist destinations. Increasingly, there are rural communities where the majority of the population is made up of non-English-speaking immigrants or refugees from Mexico, Latin America, Russia, and Pan Asian countries. All of these sources of diversity add layers of complexity to any rural fundraising effort.

Nonetheless, certain things must be taken into account when mounting fundraising efforts in any rural community, each of which is considered here.

### **Everything Takes Longer**

There are two ways in which things take longer to accomplish: the obvious time involved in going from one place to another when great distances can separate homes or towns, and the less quantifiable but equally important rural hospitality, which tends to be more extensive than that of city dwellers. For example, suppose you decide to visit a major donor on his or her ranch. You make an appointment, then drive one to three hours to the ranch. Once there, you do not chat briefly, ask for the gift, and leave in forty-five minutes, as you might in a city. The graciousness often customary in rural areas may lead your host or hostess to give you a tour of the ranch and invite you to stay for lunch or dinner. In remote communities, when you set up your appointment, you may have been invited to stay overnight. This graciousness is wonderful but time-consuming, and you disregard it at the cost of the relationship with the donor.

## **The Necessities of Ranch or Farm Life Can Limit a Donor's Availability**

There will be times, such as planting, harvesting, lambing, or calving, when contact with donors will be limited because people are working almost around the clock. When none of those things are going on, the weather may make driving conditions so hazardous that volunteers cannot get to meetings, people cannot attend special events, and prospects cannot be visited. In many rural communities, people can also be hard to reach in the summer. Short summers in Alaska, for example, mean that people are out enjoying the environment their donations are trying to save.

## **Fundraising Costs Are Higher**

The city dweller's idyllic notion that everything is inexpensive or free in a rural area is false. Almost all supplies and equipment have to be shipped in, adding freight to their cost; lack of competition among businesses can add another layer of cost. Consultants to help repair your computer or handle your bookkeeping needs are fewer and, lacking competition, may charge more. Although office space may be less expensive than in a city, there may not be any available. The distances between people and places make driving costs high, and there is rarely adequate public transportation.

## **Cell and Internet Use May Be Spotty or Nonexistent**

Cell phones and the Internet, particularly e-mail, have transformed rural communities, enabling much faster and more reliable communication. However, cell signals are not reliable and in some places, nonexistent. Wi-Fi can also be iffy. According to Pew Research studies, 84 percent of adults in the United States use the Internet, but only 78 percent of adults in rural communities use it. Even where Internet use is high, if falling tree limbs take electricity out in a storm, these 21st century conveniences may not be present.

## **Relationships Are Often Complicated**

In some rural areas, people have known each other for many years; sometimes families have known each other for generations. Firing an incompetent staff person is more difficult when that person is your cousin's son or your friend's neighbor and everyone in the family or the town is going to hear about it. People are often involved in more than one organization. One development coordinator was puzzled that her two most reliable volunteers were reluctant to ask local businesses to sponsor their event. Then she realized that all the business owners were close relatives of these volunteers, and that these same volunteers had asked these

same business owners (sometimes over the dinner table) for a sponsorship for another organization earlier in the year.

Moreover, people depend on each other for help in hard times or for assistance in emergencies. This interrelatedness makes them cautious about doing anything that might cause offense—including fundraising assertively or asking people for money directly. Rural people do not wish to seem pushy in their requests to a neighbor, partly because they know that if they have a medical emergency in the middle of winter and can't get the car started, they may need to call that person.

### **Cultural and Economic Forces Are Changing Rural Areas**

Rural communities have been seeing a lot of things change in how they operate, and nonprofits working there must be able to adapt quickly. Many locally owned businesses have been forced to close as superstores such as Wal-Mart have opened nearby or as competition from online sales have lured customers with cheaper prices and direct shipping. Whole downtowns have been abandoned in favor of malls outside the town, which in turn may be closing due to high unemployment and young people leaving the area to find work elsewhere. Many family farms have been put out of business by agribusiness concerns, and in many places suburbs and exurbs have replaced farmland altogether. For fundraising, this can mean that the people who live in these communities don't know each other and are fairly isolated. Finding who the donors are, let alone who might donate to your organization, is challenging.

### **RAISING THE MONEY YOU NEED IN A RURAL COMMUNITY**

The first step in fundraising in a rural community is to gather data and reflect on what it tells you about the community. How big is the permanent population, and what do most of those people do for a living? What nonprofits are raising money locally? If you have a part-time as well as full-time population, who are the part-timers—weekenders, tourists, students, farm workers? What is their giving potential, and how can you invite them to give?

The second step—or more accurately, a simultaneous step—is to set a goal. How much do you need to raise? People have told me: “We can't raise millions of dollars here in Green Valley like you can in a city.” If you don't need millions of dollars, then it doesn't matter that you can't raise it. It may be that you can't raise what you need, and there are some solutions for that, but first, know your need. It is possible to raise substantial amounts of money in rural communities. For one thing, there are people in every community who have the means and will understand the need for larger gifts.

Here's an example. There are a number of communities called *colonias* that span the borders between Mexico and the states of Texas and New Mexico. These communities often lack running water or electricity. Their community facilities—schools, roads, and local government—are in poor condition or nonexistent. The people in these communities tend to work in factories or farms nearby. Many people have lived in these communities for years. Raising money for nonprofit work is not easy in a place where so many people have so little, but some organizations in these areas have done well. In addition to setting up food booths and collecting small amounts of money from residents, some nonprofits have identified a few people who care about the community and who can afford to give more. In one instance, a staff person of an organization working with teenagers identified a small farmer they thought could give \$100. When they asked him for that amount, he misunderstood the question. “Yes, I can give that every month,” he said, to their surprise. He has been helpful in identifying other people who can also give substantial monthly or yearly contributions. Further illustrating the relationship between fundraising and organizing, he has helped several community groups petition local government agencies for improvements to roads, sewage systems, and public schools. He has helped people understand that, because they pay taxes, they have the right to services that taxes are meant to provide.

Second, even relatively small communities can raise large amounts of money for a variety of big projects over time. In a town of two thousand people in northern California, for example, the Friends of the Library decided to expand their public library facility. To do so, they needed to raise \$35,000. Everyone involved in the nonprofit part of the community agreed that such an amount would drain the community and make other large fundraising drives impossible. Nonetheless, many in the community supported the idea, and the Friends of the Library decided to proceed because the expanded facility would be so well used. They raised the \$35,000 they needed. Soon after, leaders at the community center in town decided they desperately needed a new space and set out to raise \$750,000 to build a new community hall. Between grant monies, county subsidies, and individual donor fundraising, they succeeded. Now the common wisdom of the community was that there certainly was no more capital money in the community. Nonetheless, two years later the health clinic had no choice but to launch a capital campaign to modernize and expand its facilities. This fundraising effort was also successful.

Each of these fundraising drives took place over a number of years and used several different strategies in their individual donor campaigns: special events, major donor solicitations, and direct mail. Each effort took a lot of hard work and the volunteer efforts of dozens of people. To be sure, this community has a number of wealthy retirees, and many of them made significant gifts to these

campaigns. But the entire community participated, and some money was even raised from tourists. A poorer town with no wealthy retirees and no tourism would need to raise this kind of money from government or foundation grants, but it would still need to be open to the idea that a few people in their community could make significant gifts and the rest of the community could give significantly with a number of smaller gifts.

The lesson here is that, in any community, but more obviously in a rural community, fundraising is not a zero-sum game. There is always more money, and it is not diminished or used up by big campaigns. Organizations in rural communities will want to time their campaigns—for two organizations to run a capital campaign at the same time will rarely be as successful as running them sequentially. In addition, the need has to be well established, and the community has to agree with the goal of the campaign. But it must be remembered that money grows back and produces more money.

## PROSPECTS

There are three populations from whom a rural organization can raise money: locals, part-timers, and people in nearby towns and cities. Let's begin with the last group.

If you are located near cities with populations of ten thousand or more—and where there is not another program like yours—focus attention on raising money in those towns and cities, where the financial base is strongest. Form support groups with people living in the town or city by asking existing donors in those communities to host a small party for you, or by contacting sympathetic churches, synagogues, service clubs, and the like. Ask people to share information about your organization on social media and seek interviews on the radio. Keep your website up-to-date and interesting, even to people who don't live in your community. Consider using crowdfunding for specific projects, where your campaign can be shared by the people on your list with their friends and family. If local people have contacts in these nearby towns and cities, use those contacts to introduce your local needs to this population and to cultivate potential major donors. Consider having a special event which would be interesting to people from the city. Often these events can be done successfully with other local nonprofits. Art fairs, locavore food festivals, century bike rides, and the like can raise a lot of money from people who are not locals.

Next, try to discover ways to raise money from people who pass through the community, particularly tourists and visitors. Some communities mount events primarily to attract tourists. For example, many communities have county fairs or various kinds of festivals, such as the Garlic Festival in Gilroy, California, the

Ramp Festivals in many communities around Tennessee, Georgia, and Virginia, and Shakespeare Festivals in Ashland, Oregon, and many other communities. These events attract tourists who spend money both to attend the event and while at the event and in the town hosting it.

If you live where tourists come to see natural beauty or to vacation (such as along the coasts or near national parks or monuments), consider developing products that tourists will buy. Local crafts and homemade jellies and jams are always appealing. Photography books and calendars, guides to the local sights, and collections of stories of people who live in the community have all proved to be steady income streams for rural organizations. In some communities, the history museum will have a gift shop featuring items from a number of nonprofit organizations. A for-profit bakery or grocery store may also carry calendars, woodcarvings, weavings, and the like whose sale benefits local nonprofits. Imagination and cooperation are key to the success of these endeavors.

If you live near a freeway or a frequently traveled road, set up a rest stop where truckers and tired drivers can buy coffee, doughnuts, fruit, or other treats. Such an enterprise can be very lucrative in the cold winter months, particularly at night. It is also a community service that helps keep people from falling asleep at the wheel.

At the local level, focus on finding a few people who can give larger gifts. Every community has generous people, and a few of those will be able to give major gifts, if asked. Whenever possible, ask current donors for the names of other people who could also give. People tend to be friends with people who not only share their values but are also in a similar economic situation. Someone who gives your organization \$500 will know two or three other people who could give \$500 and one or two people who could give \$1,000. They, in turn, will know people who could give \$2,500.

You can also raise money from the community at large. Even in the poorest and most remote areas, churches, volunteer fire departments, rescue squads, and service clubs are supported by local residents. Some of the smallest, poorest towns in the Bible Belt, for example, support at least two churches; even if they do not have paid clergy, the people manage to support a building.

Money can be raised locally through special events. Providing a way for the nonprofit to give something in return helps counter the reluctance rural people have for asking for money directly. Events such as raffles, auctions, and bake sales can be good moneymakers. Many times people from rural community groups simply stand with buckets at busy crossroads and ask drivers to drop in spare change. Three hours at a crossroads on a shopping day can bring in \$300 to \$500. Flea markets are also popular. It is often easier for rural people to donate items rather than cash, and people always seem willing to buy each other's castoffs. In Sitka, Alaska, on Baranof Island, a thrift shop run by volunteers, called the White

Elephant Shop, averages \$100,000 in profit every year between purchases from locals year round and from tourists in the summer months. It donates these funds to a variety of nonprofits on the island. Often a prom dress or fancy suit will be sold two or three times before being retired to rags. On the other side of the country, on the Outer Banks off the North Carolina coast, the Outer Banks Hotline Crisis Intervention and Prevention Center has developed a store called Endless Possibilities that helps support the operating costs of their domestic violence program.

## **STRATEGIES FOR RAISING MONEY**

Keeping in mind the realities of raising funds in rural areas, let's look at the most common fundraising strategies available to rural communities and how they are similar to and different from those in their urban counterparts.

### **Special Events**

Everyone is familiar with the large golf tournaments, award luncheons, and black-tie dinner dances that are known to raise at least \$100,000 and as much as \$1,000,000 in urban areas. These events usually cost thousands of dollars to put on and require dozens of volunteers and often paid staff working for months to be successful. Most rural communities can't pull off something like that. However, the special events that small nonprofits can put on often form the basis of the social life of small towns and rural communities.

A rural organization can raise \$1,000, \$5,000, or even more with three or four months' lead time and a handful of volunteers. Start with an event that people would like to come to and might even travel into the nearest town for, and do your best to put it on in your community.

Take, for example, a dinner dance. The dance can be held in the community center or the school gymnasium, which in many places can be used for free or for a minimal fee. The food can be provided by members of your organization, but to make it more fun, turn it into a competition. Community cooks then pay a small fee to "enter" the food competition in various categories, such as main course, salad, and dessert. Each is asked to bring enough food to feed fifteen people. People coming to the event get a small sample of each entry and then vote on which ones they like the best. They can then pay for a larger portion of the dishes that they liked. In reality, most people will be full after the tasting, so the group will not run out of food. A cash bar serving smoothies, soft drinks, and juice can provide extra income. (Be cautious about serving alcohol to people who will be driving home. If you want to have alcohol for sale, be sure to get permission if your event is in a publicly owned building and check that you have

adequate insurance.) Later, dance music can be provided by a local band that is trying to become more well known and so will perform for a small stipend or for free. Or music can be provided by a DJ who is a friend of one of the members. Live tweeting and sharing pictures on Facebook of the event as it is going on can be used to invite people not in the community but familiar with it to donate.

Marketing and advertising for the event are done largely by word of mouth; Facebook and other social media; and the time-honored posters hung in the post office, general store, library, and other places around town. Each board member is expected to sell ten tickets. If your event is the only thing going on that Saturday night, getting a hundred people to attend should be easily done. If the ticket price is \$25 to \$50 per person and many people pay \$10 or \$15 more for extra food or drink, the food competitors each pay a \$10 entry fee, an organization can easily gross \$5,000 to \$10,000. If you have t-shirts or other items to sell, you can add a small income stream from those sales with little effort.

Expenses will include buying drinks to sell, printing nice-looking certificates or ribbons for the winners of the food contests, and mailing thank-you notes after the event to volunteers and participants. Of course, some drinks can be solicited as donations, and perhaps a member of the organization knows how to print the certificates from his or her home computer. As the years pass, more and more people will want to enter the food contest, and more people will want to come to the event.

A Chocolate Lovers Festival put on by an organization with a total budget of \$175,000 in a college town of eight thousand people—including students—was organized along the lines of the dinner described above. By the eighth year, the festival netted \$60,000! Eventually, it attracted top chefs from restaurants in nearby towns in addition to lay people entering their favorite brownies or best hot chocolate. Pictures of the festival posted on the group's Facebook page and video highlights on YouTube become the best advertising of the festival for the next year.

The dinner dance is just one example of how malleable events are. Each aspect of the event should be conceived of as a separate component, and components can be added or subtracted according to the number of volunteers and the amount of time available. A silent auction can be added to the dinner dance, or a live auction could replace the dance or be added to it. An afternoon barbecue at the beach could replace the dinner, and games could replace the dance. That kind of event would focus more on families with young children. Tea and dessert followed by a lecture would appeal to a more academic or older crowd. Silent auction items that can be easily shipped can be auctioned online as well by opening the auction to online bidders first. One organization whose staff is technologically sophisticated is experimenting with a simultaneous live and online auction in which it tweets initial bids

to its followers, then posts higher bids as they come in from responding tweets on the items for those at the auction in person to see and bid against.

The secret to all of these events is to do as much as possible for free or very low cost and to charge for as many things as you can without having people feel that they are being nickel and dimed to death. Advertising must be effective so that the maximum number of people who might be interested in attending are attracted to the event at minimum cost. Word of mouth is the cheapest and most effective advertising and marketing vehicle, and the organization's board should talk up the event everywhere they go; but e-mail blasts, Facebook postings, notices on your website, and articles in the weekly paper are important as well.

### **Personal Solicitation**

Personal face-to-face solicitation is the most effective strategy for all organizations, big or small, rural or urban. Your rural organization may not have a lot of name recognition outside your immediate community, and you may not have famous people on your board. But your board members and volunteers have integrity, and some donors will give \$1,000 or more because their friend, Terry, is on the board and says that the organization does good work.

Personal solicitation is both the easiest and the hardest strategy for almost anyone. It is the easiest because volunteers just have to talk to their friends, who are, presumably, easy to find and comfortable to talk with. There is no real cost involved, except for the time of the volunteer and perhaps the cost of taking a friend out for coffee or lunch, and the meeting can be set at the convenience of the volunteer and his or her friend. It is the hardest because it requires asking for money and running the risk of rejection or of offending the friend. Because you will see your friend often, you don't want to do anything that will harm the relationship. Your request may be more low-key than in a more urban culture. Instead of saying, "Will you help with \$500?" and waiting for a response right then, say, "I'd love it if you gave in the \$500 range. Take some time and think about it." Follow-up will be important, but giving the prospect some room to turn you down without having to tell you no directly will help preserve your relationship.

### **CONCLUSION**

When all is said and done, the essence of rural fundraising is the essence of all fundraising: building relationships. Successful fundraising of any kind requires ingenuity, commitment to the cause, love of people, common sense, a willingness to ask for money, and an understanding and deep appreciation of human nature—especially of the natural desire of all humans to be appreciated.

# Fundraising for a Coalition

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There are hundreds of organizations whose board members are representatives of nonprofits that have joined together for the benefits that a coalition of organizations can bring. Churches that want a presence on college campuses and that are aligned theologically will form an ecumenical “campus ministry” that may represent several denominations, and the board will be made up of representatives of the churches involved. In federated funds, members of the federation hold the majority of seats on their board. Almost every state has a coalition against domestic violence, for which directors of local domestic violence or sexual assault prevention programs serve as board members. Most regional associations and national organizations operate the same way, with most of those on the board of directors drawn from the member organizations.

There are obvious advantages to this type of board. A regional or national organization whose mission is to strengthen local organizations as well as raise overall visibility for an issue will be best governed by those most affected by the decisions made. Sharing resources, working collaboratively, developing joint projects, and seeking to expand the reach of the work will all be done best by a coalition made up of people with power at the local level. A board or staff member of a local chapter will be in the best position to represent the concerns of the local organization to a regional or national formation. This person will also well understand the need for a regional or national umbrella, engendering a commitment to the coalition as well. Ideally, this person will be the best qualified to make policy and help plan for the coalition as well as to translate the work of the coalition as a whole to the members of the member organizations.

A coalition is generally made up of separate free-standing organizations that come together for some purpose. This is different from a national organization with local chapters, but the fundraising challenges are similar. In a coalition, the executive director or development director is working with board members whose primary loyalty and main fundraising commitments lie with the organizations they represent. Sometimes people have not actually chosen to serve; they may be appointed to a coalition board by their organization, and such service may be a part of their job description. In that case, with a job that is often more

than full time, tasks related to coalition board service can receive short shrift. Getting such a board to raise money requires patience, perseverance, and a degree of maneuvering. However, if you are the person in charge of that fundraising, keep in mind that it can be done.

## **EXAMINE THE PROBLEM**

The first step is to examine the problem. Evaluate the excuses coalition board members offer for not being able to raise money. Most will say they can't participate in fundraising because they have to raise money for their local group. They will say that they can't ask the same people to give money to the umbrella group as well as to the local group, and they will claim that the local work has much more immediate appeal to donors. Next, they will point out that fundraising strategies other than face-to-face asking are difficult for a coalition to carry out. Special events, for example, require a local presence to generate interest in the event. Direct mail is not a good way to sell an umbrella group because the service is too complicated and local representatives are reluctant to provide names of possible donors. An online fundraising approach will confuse the donors to the local groups. When I have worked with board members of coalitions, they were often able to offer these or similar cogent, sensible explanations as to why every strategy I suggested would not work. Yet they would claim that they were committed to the coalition—they just couldn't do anything to help with fundraising.

I puzzled over this conundrum for many years, until I happened to work with a local organization that was part of a coalition. In a casual conversation, the board chair of the local group said, "Part of our problem is that the executive director does so much fundraising for the coalition that he doesn't have enough time to do the fundraising he needs to do here." I was surprised to hear this, as I had worked with the coalition of which this executive was a part and knew him to be one of the most strenuous objectors at the coalition meetings about how fundraising responsibilities at his organization kept him from raising money for the coalition.

When I looked more closely at the people who complain most about how difficult it is to raise money for an umbrella organization, I realized that many were like this executive director: not effective at raising money at the local level or for the coalition. In fact, perhaps not so surprisingly, people who are very effective at their local level, with active fundraising committees and well-executed fundraising campaigns for their local organization, often make the best fundraisers at a regional or national level.

The reality of fundraising is that some individual donors, foundations, or corporations prefer to give locally; others have no preference and will give locally, regionally, and nationally; and still others would rather be part of regional or national strategy. Further, as we have noted before, the vast majority of donors give to several organizations, so the notion that if they support the local chapter they will not give to the state organization is not true. The only way to know if a donor to a local organization would also give to the regional association is to ask that person. (I may have mentioned this insight earlier!)

Local organizations are in the best position to identify sources of funding that are based in their communities but that might be more interested in regional or national work. Those sources should be solicited for the umbrella group. It also happens that a donor will find and donate to an umbrella organization but is, in fact, more interested in supporting local work. The coalition should let all its donors know of all the local affiliates. Further, some donors will give to both the local group and the larger coalition, understanding the importance of both organizations to the overall cause being served.

Another common excuse from local people is that they don't have time to raise money in addition to all their other responsibilities for both the umbrella board and their local group. This is a legitimate problem; however, these same people will spend hours debating personnel issues, discussing policy and program problems, and poring over the budget to see what can be cut. By shaving a few minutes off of each of those tasks, they would have some time for fundraising.

To be frank, you will fight an uphill and pointless battle if you spend all your time trying to get executive directors or active board members of local groups to raise money for the coalition or umbrella group. It is better to spend time recruiting and developing other board members who understand why the coalition itself is important and who will focus on raising money for that entity.

## **SOME SOLUTIONS**

First, consider reserving three slots on the coalition board for at-large members—people who are not associated with any of the regional or local members of the coalition. These people might be former staff or former board members of the local chapters, but ideally, they are people who prefer to work at a regional or national level. Their primary loyalty should be to the coalition and their primary task should be fundraising. They can take part in all other discussions and decisions of the board if they want, or they can be part of a separate fundraising committee. When they are recruited they understand that raising money is going to be the main task they perform for this organization.

Second, when you recruit representatives from local entities to be on the umbrella board, try to move away from this person being the local group's executive director. Other people can do a good job of representing the local organization, such as a person who has previously been a staff person or a board member or who is a key volunteer. These people will have more time to devote to the umbrella board.

One social justice federated fund requests that member groups send as their representative someone who “does not have major responsibility for the health and well-being of the local organization.” Its board is active in fundraising, and board members do not have the problem of divided loyalties. They are clear that they represent their local organization, yet their primary task is to promote the umbrella organization. Further, they understand that they work best for their local group by being part of a strong umbrella organization.

Third, coalitions perform a vital service for their members and need to create some kind of income stream, such as a dues structure, that reflects the value of the work they are doing. Paying dues reinforces the idea that at least part of the budget of the coalition needs to be produced by the board representatives of the local organizations. It also reinforces the importance of the work of the coalition. Dues can be structured so that groups with larger budgets pay more than smaller affiliates, but dues should constitute at least 20 percent of the income of the coalition.

Working closely with individual board members, lobbying with member groups for the most appropriate people to be nominated, and creating an organizational culture in which everyone participates in fundraising will enable an umbrella organization to get maximum use of its board for fundraising. The following case study provides one example of a successful coalition's fundraising effort.

### **A LOCAL ARTS COALITION RETHINKS ITS FUNDRAISING**

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A statewide coalition of thirty-five arts and culture organizations struggled for years to find the funding it needed. The board was made up of one representative from each of the local organizations. The coalition had three staff members. The executive director spent most of her time on the road giving speeches, talks, seminars, workshops, interviews, and the like on the critical importance of arts and culture to the quality of life in any community. She was an inspiring speaker and did an excellent

job of promoting the arts. Her deputy director did most of the fundraising, as well as providing technical assistance to local affiliates on financial management, evaluation, marketing and promotion, and fundraising. The affiliates appreciated both of these staff and were quite loyal to the coalition. The third staff person did the administrative and financial management for the coalition.

The three staff people were stretched to the brink. They could raise the money they needed to maintain their budget, but they desperately needed at least two more staff people in order to provide services to several more arts organizations that wanted to join the coalition and to expand their advocacy work. The staff and board agreed that they were missing a number of opportunities and that the workload was far too burdensome. However, most of the board members maintained that they could not be involved in fundraising in any serious way because of their fundraising responsibilities in their own organizations.

With the help of a consultant, the coalition members rethought their entire fundraising approach and their structure. First, they instituted an annual dues structure on a sliding scale from \$100 for the smallest arts groups to \$2,500 for the largest. All members agreed on the necessity for dues and concurred that what they got back was well worth the money. Next, the coalition set fees for technical assistance to member groups. Because most of the thirty-five members used about four hours per year of technical assistance, the coalition continued to offer four hours without charge; each hour after that was billed at \$125—which was at or below the prevailing consulting rate.

The board then decided to shrink itself to eleven members from the original thirty-five, with a quarterly meeting to bring all the members of the coalition up to date and elicit their concerns. This much more manageable board not only saved the coalition the expense of carrying a larger board (in travel, communication, and time), but it was also better able to focus on fundraising and governance.

The thirty-five-agency membership then divided itself into five groups of seven representatives each; each group chose one or two months in which it would be active in fundraising, focusing on one of five agreed-to strategies: a corporate honorary membership drive; an art show; a major donor campaign; a phantom event appeal; and an online directory of artists, art supply vendors, galleries, classes, teachers, and the like called “ART: Art-Related Things,” in which anyone who wished to be

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listed paid a yearly fee (later this was taken over by a staff person). Although some of the subgroups have been more effective than others, over the past five years this system has worked well and become part of the organizational culture. Although the member groups are paying more money, they are receiving far more time, attention, and other benefits, and no one questions the dues structure or the fees for technical assistance.

With the added income from membership fees, the coalition was able to take on new staff: a development director to work with the deputy director, a membership coordinator to work more closely with the member groups, and another support staff person. In the first two years, there were a number of rough moments, but five years into this new structure, staff workload is manageable and the organization has grown a great deal. Further, the staff have high morale and good camaraderie. Like all the staff in this coalition, they work many more hours each week than they are paid for, and with increasing tax cuts to the arts, the member organizations decided to add another staff person to coordinate their advocacy efforts, and they raised the money for this position beyond their dues.

The successes and growth of this coalition demonstrate the importance of all members in a coalition feeling that they are pulling in the same direction, regardless of whether they are working locally, regionally, or statewide.

# When No One Is Paid

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**T**housands of successful nonprofits are run entirely by volunteers. Most service clubs (Rotary, Lions, Ruritan, Shriners, and so on, as well as PTAs, hospital auxiliaries, “friends of” groups, and neighborhood organizations) have no paid staff. In many rural communities, even the fire department consists of all volunteers. Many of these organizations have run effectively for decades. They are designed by volunteers and designed to be run by volunteers. Other organizations may prefer to have paid staff but cannot afford them, so they too run on the energy of volunteers. Finally, there are untold numbers of short-term projects that are run by volunteers from beginning to end. Examples include building a new playground; organizing a demonstration, a conference, or multiblock sidewalk sale; or organizing local political campaigns. If your group or project is an all-volunteer endeavor, here are some pointers to help you function smoothly and effectively.

The goal for any organization, but especially one run entirely on unpaid energy, is an environment in which people do what they say they will do and do not take on any more than they can do. In an all-volunteer organization, the volunteers should think of themselves as unpaid staff. An organization should not tolerate incompetence and lack of follow-through from a volunteer any more than it would from a paid person.

Like staff, volunteers have lives beyond the organization and should be encouraged to set boundaries around their work with the organization. Suppose you know that Sally Jones would make a great treasurer but she says she doesn’t have the time. Finally, after you implore her several times, she agrees to take the position. Don’t be surprised when Sally turns out not to be as good a treasurer as you had expected—and that she truly does not have the time to follow through on the tasks. As part of showing respect for each other’s time, it is imperative to create and support an organizational culture that allows people to take on fewer tasks if it also encourages them to finish the tasks they do agree to. Moreover, some people have more open time than others and may be able to take on more work than others. These differences need to be accepted in the group; people with less time to volunteer must not be made to feel that they are not doing enough if they don’t

put in as much time as those who have more time to devote to the organization. Ironically, one of the best ways to create this type of supportive work environment is to make sure that no one or two people take on most tasks. When you have “uber-volunteers” who get everything done, accomplishing more work than anyone else, everyone else’s enthusiasm to pitch in to do the work is dampened.

Volunteers should use their own and other people’s time respectfully. Meetings should start and end on time. There should be an agenda. A facilitator, the chair of the meeting, or the group as a whole should agree on how long each agenda item will take and try not to take longer on any item than agreed to. There is usually more that can be said on any item and one more way of looking at things, but unless the group is an academic think tank, don’t try to explore every possibility.

People should take on particular responsibilities. Someone should be the treasurer, someone should prepare the agenda for meetings, someone should be the chair. Organizations working in a collective model can rotate these responsibilities (which need to be rotated occasionally in any structure). No one in the organization should have to wonder: “Who has the checkbook?” or “What’s the password to get into the database?”

Think of the people working in your organization as being like a sports team. On a team, everyone has a place and they play their places. Everything is time-limited, rules are clear, and violations of rules have penalties. At any given time, some players are out on the court or in the field and others are resting on the bench. No one plays all the time, and no one rests all the time. Discuss this team metaphor from time to time in your organization; examine how your organization is most like a team and where it needs to improve.

For an all-volunteer organization to succeed over time and over generations of new volunteers, it is particularly important to write things down. In decades-old successful all-volunteer organizations, there are handbooks that discuss almost everything a volunteer might be called on to do. Part of the job of current volunteers is to keep this information up-to-date. Every event, appeal, campaign, and so on should be evaluated so that next time it can be done better and more easily, even by new people, on the basis of the records kept.

Turnover in all-volunteer organizations is often high, and knowledge easily gets lost, particularly if there is no central way to store information. If you do a special event, send an appeal, or write a proposal, keep track of everything someone else might want to know about it in order to do that same fundraising task faster and more easily the next time. Any systems used should be documented. Err on the side of keeping track of too much rather than too little information. Imagine a graduate student in one hundred years reconstructing

your organization from a box of dusty files, real or virtual. Would it be possible? It should be. If yours is an organization that is coming together for a one-time project, this level of detail is not important. However, if your intent is to exist for several years or indefinitely, you will need to set up Cloud-based information storage and retrieval systems, including back-up systems to prevent data from being corrupted and central storage sites such as Wiki pages or Google Docs that everyone can access.

Preparing reports and narratives for the use of people who will come after you is the best way to ensure that your organization can continue to function well using volunteers. In fact, developing such a history helps to ensure that your organization can grow.

## **EFFECTIVE ORIENTATION OF NEW VOLUNTEERS**

The two most important elements in creating a culture of accountability are making sure people know, understand, and accept their tasks, and making sure that people who do their work are rewarded with appreciation and with time off and that those who don't do their work are gently but firmly called to task.

In my own experience working with thousands of people over the years, I feel confident saying that most people do most of what they say they are going to do. When they say they are going to, they come to meetings, show up at events, bring food, pick up or deliver people or items, and so on. A few people almost never do anything they say they will do, and all of us fail to meet commitments from time to time, but the organizational lament that board members and volunteers don't do their work fails to note that the reason for such malfunction is often a failure to orient them to the work required and to make sure they have agreed to do it.

We often think of orientation as acquainting someone with the organization itself: going over the case statement, budget, number of meetings, and obligations of being part of the group, along with the projects currently being worked on. Although accurate, this is only half the story. When we end our orientation with the question "Are there any questions?" or "Is everything clear?" our novices nod their heads with more or less enthusiasm. They understand what they've heard; they have no questions. But what we haven't asked is: "Of the tasks we have outlined, which ones could you see yourself doing right away, Terry?" "Of the tasks we have discussed, which ones would you like to have more training on or more time to think about, Marge?"

The best way to use new volunteers is to ask them to agree to do something immediately. The tasks they agree to have to make sense to them, and the volunteers have to feel that they can accomplish them.

Agreeing in theory that something should be done, and wishing I were the kind of person who would do it, or even thinking that maybe I could do it even though it sounds scary, tedious, complicated, or embarrassing, is not the same as saying, “Yes, I will do it.” People show up for tasks that they are familiar with and know how to do: get to a meeting, pick up pizza, text instructions to an intern. Seeking sponsorships from business owners for an event, asking friends to attend a fundraising house party, calling a current donor and asking for another gift—these are not things everyone knows how to do, and while someone may be enthusiastic about doing them while at a meeting, he or she may rapidly lose that enthusiasm once the meeting is over.

The orientation has to include how people are going to be trained to do the tasks and what latitude they have in choosing tasks to focus on. There have to be deadlines and goals. In other words, the orientation is run as though it is the beginning of a campaign.

## **FINDING VOLUNTEERS**

Organizations should continually seek to expand the number of volunteer workers. There is so much work to be done that a few initial dedicated volunteers will burn out quickly. You should be drawing new people into the organization all the time so they can help share the work and broaden the organization’s thinking and its access to funds.

All-volunteer organizations are not that different from many grassroots organizations that have one or two paid staff people. In fact, in many grassroots groups there are two kinds of staff: low-paid and unpaid. In all other grassroots groups there is one kind of staff: unpaid. The work is still valuable, and people’s time is still invaluable. Keeping these points in mind will ensure that your organization is able to do the useful and important work it has set out for itself. The following case study examines some of the pitfalls for all-volunteer groups.

### **HOW MARY MORPHED FROM TEAM CAPTAIN TO ONE-WOMAN SHOW (AND BACK)**

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Mary, the chair, of a PTA with twenty active parents, is a full-time volunteer. Everyone else has a paying job in the work world, and some of the parents have two jobs in order to make ends meet. When the PTA first starts meeting, everything seems to go well. Mary does more of the work because she has more time, and neither she nor anyone else seems to

mind. However, after a short time, Mary starts to volunteer to do things that others could easily do. For example, someone always brings snacks to the meetings, which are held right after work. José offers to bring them to the next meeting, saying, "I'll grab some stuff at the supermarket right after work." Mary says, "You don't need to do that. I have time. I can bake something healthy and delicious." After that, Mary always makes the snacks.

The meetings rotate among members' homes. People can bring their children, who play with each other while their parents meet. Sharon offers her house for the next meeting as long as no one is allergic to dogs, as she has two friendly mutts adopted from the Humane Society. No one is allergic, and several people say that they love dogs, but Mary says, "Why don't we just have the meetings at my house?" Mary does have the nicest house, with a playroom for kids and no pets. No one ever volunteers to host a meeting again, and from then on all the meetings are at Mary's.

The PTA decides to have a "white elephant" sale to raise money. Bill and Tiffany are excited and offer to chair. They find a space, send out e-mails inviting people to donate stuff, and create a fun flier advertising the event. Bill stores the items in his garage. At the meeting two weeks before the event, Bill and Tiffany announce that they have gathered a lot of really good stuff, including a place setting for six with only one fork missing, some wonderful antique bookshelves, some interesting fabric, and two quilts. Tiffany has invited some antique dealers she thinks will pay top dollar for some of the items. Bill has set aside time the evening before the sale for people to come over and put prices on things, which he knows is often a fun task. Mary says, "Oh, no. We need to research prices and I think it should be done this week. I can do all that—just give me a key to your garage." Bill reluctantly agrees that a more thoughtful approach might be better. The sale goes well. The antique dealers pay the prices Mary has set, and almost everything sells. Afterward, Tiffany, Sharon, and Bill volunteer to count the money, write a report, and make the bank deposit. However, Sharon and Bill can't do it until Tuesday, three days after the sale. Mary steps in. "Tiffany and I will do it today and get it in the bank right away." Sharon reluctantly agrees that getting the money in the bank sooner might be better. Although Bill is beginning to find Mary's controlling ways annoying, he doesn't feel he can criticize her, as she does get a lot done.

*(Continued)*

At the next meeting, Mary has baked a lovely cake that says, “Thank you, Bill and Tiffany.” The five parents who come to the meeting are grateful to Bill and Tiffany, who feel appreciated. However, the cake is so excellent and extravagant that, ironically, the focus goes back to Mary, and everyone thanks her profusely for her thoughtfulness. Bill announces that he can’t come to meetings for a while because of work.

At the next few meetings, a new parent, Mimi, is present. She has just moved into the district and her son is starting school halfway into the year. She is an organization development consultant by trade and notices immediately the dynamic between Mary and the rest of the parents, now down to eight others. She soon hears grumbings from other parents—a mixture of admiration for Mary’s indefatigable energy and resentment of her seeming need for control. Mimi invites Mary to dinner and asks her how she feels about doing so much for the PTA. Mary admits she is getting stretched thin, but points out that she is the only one without another job. Mary says she tries to make up for the fact that she’s the only one not working by doing as much as possible to make it easier for the other parents to participate. She also expresses puzzlement that so many parents have dropped out over time.

Mimi tells her that she imagines many of the parents feel that Mary is such an incredible volunteer that nothing they do can come close to matching her accomplishments, so they just give up. “Kind of the way kids will stop cleaning their rooms altogether if a parent never praises the attempts that they make,” Mimi explains, “even if those attempts do not result in a perfectly clean and tidy room.” Mary understands that metaphor immediately. “What can we do to get people back?” she asks. “You have to do less, and you have to ask some people to do more,” Mimi advises. “For example, ask José to bring snacks next time.”

A year later, the PTA is back up to twenty active parents. Mary is still the chair and still does a lot, but she is careful not to volunteer for everything. With Mimi’s help, the parents have had some honest conversations about how they work together and have begun to work much more like a team.

# When You Are Just Starting Out

**M**artina, Jeff, and Lupe are recently retired teachers in a rural community. They share a deep concern that at least a dozen students in the elementary school are homeless and may have little to eat all day outside of the school lunch. They also worry that these students and other very poor students are marginalized in the community. They cannot solve the whole problem but want to do something, so they start a Friday night dinner program at the local community center to which all students and their parents are invited. After dinner, those who want to stay can play cards or watch a movie. They charge \$2 per person for dinner, and the community center donates the space. In the beginning about a dozen children and their parents come, but over time, the crowd grows to a regular group of fifty to seventy-five people, crossing race and class lines, and always including the homeless children and the adults they live with. Many seniors come to these dinners also and they are considered a great success.

Although most people give more than \$2 and the local grocery store and bakery sometimes donate food, the three of them are personally subsidizing the program. They have a few volunteers and an increasing number of donors but soon, the work of this very successful program becomes more than they can manage; they have to figure out a way to move forward by systematically recruiting volunteers and soliciting donations.

This chapter is designed for any effort that has come to the moment Martina, Jeff, and Lupe have reached: they are meeting a need, the community is supportive, and the program is outgrowing the founders' ability to keep up with it. This is when an organization truly starts.

In this chapter I provide some tips on how to make the transition from good idea with early success to workable ongoing program.

The first task is to figure out how much money you need for your organization to begin functioning smoothly for a year. Once you have drawn up an expense budget, break it down into what you need for this month and then the month

after. Some months you may need more money to operate than others. Seeing everything in the smallest possible time frame will keep you from getting discouraged. If you can raise the amount of money needed for one month, you can continue for that month. Then go on to the next month. Sometimes, in the early days of an organization, you may even think in terms of week to week. Although this is not a sustainable practice for more than a few months, it will give you breathing room at the beginning.

The founders need to keep track of how much money they are donating to the organization in order to begin developing a culture of giving money among all who work with the organization, and of having a realistic idea of what the program has come to cost. Next, each founder or core volunteer should assess how much money he or she can raise from friends, family, and acquaintances.

Each person should make a list of all the people he or she knows without regard to whether these people believe in your cause or give money away. Just list the names of people who would recognize your name if you phoned them. Next to that list, mark all the people you know believe in the cause your new nonprofit represents. If you don't know, put a question mark. Next, for all the people you know believe in the cause, mark all those you know for a fact give away money. Now, for each person on the list you know believes in the cause and you know gives away money, note how much you are going to ask that prospect for. If you are not sure how much to ask for, keep it small. Is it \$50? \$100? \$35? Keep in mind that some family members and friends will give you money just to be supportive of what you're doing. Finally, note what method you will use to solicit this money. Will you hold a house party? Use crowdfunding? Send a personal letter and follow up by phone or email? Some combination of these? The chart below shows what your list might look like.

<b>Potential Donors</b>			
<b>Name</b>	<b>Believes in Cause?</b>	<b>Gives Money?</b>	<b>Amount to Request</b>
Francisco	yes	yes	\$100
Edward	yes	?	?
Marianne	?	yes	\$35
Gloria	no		
Charmaine	yes	yes	\$50

People sometimes object to raising money for a brand new effort when they have nothing to give in return, such as a newsletter or evidence of an organization in an office or more formal program. At this point, however, you are asking people to give to an idea or, as in the example above, to the beginning of a program and to the people involved in making the idea or early program into an organization. They will give for the same reasons you are giving time and money: they agree with you on the nature of the need and they think you are the people who can meet it with the work you are doing. Some people enjoy—even prefer—to give money to new organizations. (In fact, many organizations find that the people who gave them money in their first five years do not continue to give—they move on to other new organizations.) Those who prefer to give to more established groups won't give to you right now, but that will not be everyone's response.

The next step is to identify a few people or foundations that will give larger amounts of money (\$1,000 or more) for startup costs. Use the methods described in Chapters Nine and Ten for this step. For information on approaching foundations, go to your local Foundation Center or to their online programs, which will help you decide which foundations to approach and how to write a proposal. Or ask a friend who works in development to help you. You will need to develop a case statement, as described in Chapter Three, including a preliminary budget. Although your organization has no history, the people who are forming it have history. Each of the founders should be briefly described in order to show that knowledgeable and experienced people are behind this idea.

From the beginning, appoint someone to keep records of the donations you receive and ensure that they are accurate. Always write thank-you notes for every donation within a couple of days, even before you have a logo. Start an e-mail list and a Facebook page and keep people posted on what you are doing. Using social media gets your message out much faster than you could do otherwise and gives you a base of people to start raising money from.

Being a brand new organization gives you a chance to do your fundraising the right way from the very beginning.



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