Executive Directors Guide
The Guide for Successful Nonprofit Management

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We owe a debt of gratitude to Kim Klein. Her teachings inform our fund development practice to such an extent that our writings echo much of what we have learned from her.

— Third Sector New England
The Good Practice Basics

Raising resources for nonprofits is about discipline, planning, passion for the mission, and knowing how to connect people to that mission. Good practice basics in fund development can be summed up as an upward spiral of communication, planning, doing, and asking.

To maintain this upward spiral, the executive director must:

• maintain or build a healthy organization with a relevant mission;
• develop a case for support based on organizational relevance;
• identify others who have an interest in the work of the organization;
• plan how to contact current and potential donors;
• position volunteers and staff to “ask” for support;
• carry out the plan;
• evaluate the fundraising efforts; and
• build a better fund development program based on the information collected.

*Fundraising* is the act of asking for money, whether through face-to-face meetings, direct mail, special events, proposals to foundations, or responding to requests for proposals from government sources. The act of asking for money is only one component of fund development.

*Fund development* is the ongoing strategic positioning of an organization to sustain and grow its resources by building multiple relationships with those who understand and care about the organization’s relevance to the community. Building these relationships requires creating a shared vision, clear articulation of mission, creative strategies, and a solid communication plan. (See chapter 8, *Public Relations*.)

The first steps in fund development – for all organizations, no matter what size – are:

• making the case for support, and
• finding the resources.

Making the Case for Support

1. Describe your organization’s relevance to its community in terms of mission, purpose, vision, and need.
2. Align the organization’s inner circle – the staff, board, and volunteers – around the mission and vision of the organization.¹
3. Define the key strategies, programs, and activities for fulfilling your mission.
4. Make clear the connection between the organization’s core cause and relevance to the community and the interests of your current and potential donors, as well as the interests of other community stakeholders.
5. List all the resources that will be required to implement strategies, programs, and activities; include in this list the people (paid staff and volunteers) that are needed, the time they will spend, the equipment and facilities they will need, and the administrative overhead that will be attributed to running the project.

¹ See Chapter 2, *Mission, Vision, and Values*, and Chapter 13, *Managing Change*, for tips on how to align key stakeholders with a shared understanding of the organization’s relevance and meaning to the community it serves.
Assign a cost to all of the resources. (This is your budget.)

Determine (internally and informally) how you will know and be able to show that you have accomplished what you set out to do. This begins the evaluation process – a key component of overall organizational and fund development since it confirms why the agency is relevant to the public it is intended to serve.

One of the most important roles of the executive director in fund development is defining the organization’s relevance to the community. The executive director must be skilled at communicating this relevance with integrity, credibility, and passion in order to build genuine relationships with those who will care and contribute.

Finding the Resources

Fundraising is like an iceberg. Most of our attention goes to the tip – asking for money – instead of to the mammoth structure lurking below the surface. Sound fund development plans are built on top of two main factors: relationships that continuously strengthen connections between people and the mission of the organization and solid organizational structures and practices that enable the organization to carry out its mission effectively. Both take considerable time and effort, but since they are the foundation of the fundraising effort, adequate attention must be paid to them.

The executive director’s role changes with the size of the organization. In organizations that are large enough to employ development staff, the executive director will be most responsible for “making the case” in partnership with the board and staff and for overseeing the work of the development staff in developing the fund development plan. In smaller organizations, the executive director will do it all, with the support and participation of the board.

A fund development plan should define, in detail, how the organization will identify potential sources of funding and donors, what communication methods and tools will be used, which activities need to be implemented, when it will all take place, and how much it will cost.

The basic steps for creating a fund development plan include the following:

1. **Make time to plan.**

   The first step is to set aside time to plan and then plan some more. Do not be afraid to spend quality time on planning. Remember that the act of asking donors for money is just the tip of the iceberg. Every event the organization hosts, every proposal sent to foundations, and every ad book produced should be part of an overall strategic effort that the organization has thought out in advance.

2. **Start with a budget.**

   Once a case has been made, it is time to create a budget that shows the cost of doing business for a particular program or for the entire organization. This budget is different from the organization’s operating budget. It should be future-oriented and should describe the full funding needs of the programs. Keep in mind that since programs are not always fully funded, the actual budget may differ from the fundraising budget. The fundraising budget should show all the costs that would be incurred realistically if the program were fully funded. This is how you know how much money you want to raise.

3. **Survey the funding field.**

   Define all the different ways in which the agency can raise funds: foundations, corporations, government contracts, individuals (reached through face-to-face meetings, direct mail, events, telephone, the Internet, and door-to-door canvassing).

4. **Examine your capacity.**

   Base current plans on an honest evaluation of the previous fundraising effort. It is important to be absolutely realistic, maybe even conservative, about the agency’s capacity to implement each aspect of the plan. Note whether there have been changes in the staff, board leadership, or funding environment (changes in the economy, competing campaigns, shifts in foundation priorities, etc.) that will affect your effort. Determine how involved the board will be in implementing the plan. Take the time to research and test assumptions for new techniques that have not been tried by the organization.
Narrow the list.

After researching assumptions, critiquing previous performance, and scanning the internal and external environment, narrow the list of fundraising methods to a realistic few. Choose those that will bring in the most funding for the least effort, while simultaneously building a broader and deeper funding base.

Continuously work to diversify funding sources and to deepen current donor interest in the cause. Fundraising efforts (especially time-consuming or low-yield events) that do not broaden or deepen the donor base should be discarded.

Create a calendar.

Fit each fundraising method and event into a calendar that shows when each one will take place. Backing up from the day(s) of the event, fill in the timeline for implementation. Be sure to include time for planning and for developing related materials such as invitations or media packets, as well as the actual ask and the necessary follow-up.

Evaluate each step.

Evaluate each technique and measure it against goals to determine (at a minimum) whether:

- the technique reflects the organization’s mission and values;
- the net gain was worth the effort put in;
- the funding base was broadened; and
- the funding base was deepened.

Who Gives, Anyway? And Why?

While the government gives the greatest share of the dollars going for social services, arts, housing, and health, individuals give 85 percent of the nongovernmental charitable contributions in the United States. Executive directors and fund development staff, however, often labor under the illusion that most of the money available for charitable purposes will come from foundations and corporations. As a result, they spend a disproportionate amount of time and effort trying to generate funds from foundations and corporations that typically focus on special projects, have a myriad of strings attached, and generally serve as short-term sources of funding.

Most executive directors and fund development staff would be better off spending more of their time cultivating gifts from individuals, who tend to attach fewer strings to their gifts and to be involved over a longer term, giving nonprofit organizations more autonomy and stability in providing programs that are client- and community-driven. Not that it is easy to develop an individual giving program, but those who put time and effort into creating one are usually pleased with the flexibility it gives them in the long run.

Typically, individuals tend to give 45 percent of their contributions to religious institutions and distribute the remaining 55 percent to other nonprofit organizations, according to the following breakdown:

- educational (11%)
- undesignated (10%)
- human services (9%)
- health (8%)
- arts and humanities (7%)
- public/society benefit (4%)
- environmental (2%)
- international (1%)
- other (3%)

Looking at the list, it is clear that religious organizations are by far the most successful at raising funds from individuals. Among human service agencies, the Salvation Army is usually among the best. If we think about what the two groups have in common, there are several lessons we can draw:

Surprisingly, foundations and corporations account for only 15 percent of the nongovernmental charitable giving in the United States. Executive directors and fund development staff often labor under the illusion that most of the money available for charitable purposes will come from foundations and corporations. As a result, they spend a disproportionate amount of time and effort trying to generate funds from foundations and corporations that typically focus on special projects, have a myriad of strings attached, and generally serve as short-term sources of funding.

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Who Gives, Anyway? And Why?

While the government gives the greatest share of the dollars going for social services, arts, housing, and health, individuals give 85 percent of the nongovernmental charitable contributions in the United States. Individuals give directly to causes that matter to them by writing a check, establishing a trust, creating a private foundation, participating in fundraising events, or creating estate gifts in their wills, and indirectly through their share of the tax dollars that fund government contracts or by contributing to community foundations and pooled giving programs.

Figures are taken from Fundraising for Social Change by Kim Klein (Inverness: Chardon Press, 1994) – the most important book on fundraising that every small and mid-sized community-based nonprofit should own.
• **Ask frequently.** If you don’t ask, you won’t receive. Religious organizations tend to ask for donations on a weekly basis, with periodic requests for special collections. During the winter holidays, Salvation Army bell-ringers are often asking at every street corner.

• **Ask in person.** People tend to respond at higher rates when they are asked in person, even by a stranger. Americans, especially, find it hard to say no to a request made in person. Statistics show that fewer than 1 percent respond to a first-time direct mail appeal whereas requests made in person yield a 50 percent return.

• **Build relationships, trust, and visibility.** Churches constantly work at building relationships with their constituents, imparting their message, and creating a vision and feeling of community. The Salvation Army’s holiday appeal creates visibility, name recognition, and a sense of fellowship. Visibility backed up by trustworthy practices and sound programs is crucial to fundraising success.

• **Build relevance to donors.** For centuries, religious institutions have used the concept of “exchange” to present the value of their service to the people who can support it. They have done so without shame because they believe fervently in the value of their service to humankind. Their constituents, for the most part, value this exchange and give generously.

• **Produce value.** All viable, credible nonprofits produce value – or a product. The product may be improved education, safer neighborhoods, less cruelty to animals, better access to health, more performing arts, or a cleaner environment. Because these products add value, people can be found who care about them and are willing to make an exchange for them. That exchange may be in the form of time (volunteerism), goods and services (in-kind gifts), and/or money (every week for some churches).

Successful fundraisers understand the principle of the “exchange” and never underestimate the value the donor receives in exchange for their gift.

### The Importance of Building Relationships

The executive director’s most essential role is to provide leadership in fund development:

• **Define the organization’s relevance to the community.** Spread the message through written materials, such as direct mail letters, newsletters, major gift or special campaign packages, fact sheets that address “frequently asked questions,” and acknowledgment programs.

• **Build relationships with the staff, board, volunteers, donors, clients, and community.** Work to ensure that everyone associated with the organization understands its relevance and value to the community. Create organizational transparency so that everyone can see and understand how the organization functions. Network with peers in the field, other nonprofit leaders, public policy makers, civic leaders, business leaders, philanthropists, people who work for philanthropists, investment advisors, and trust attorneys. Develop contacts that provide feedback on ideas, offer collaboration, open doors, and generate interest in your programs in the right places and with the right people.

• **Communicate the value the nonprofit adds to society.** Promote the value the organization adds to society. Foster understanding of the exchange or value – albeit not always tangible – that people get from their donation to the nonprofit. Create opportunities for getting the message out through special events that raise public awareness and create name recognition; press conferences that address new issues, facts, or services; hosting important meetings; or special training that you provide.

• **Create additional opportunities to promote and request.** Explain the value of the organization and ask for support through special year-end promotions for tax benefits, donor cards that provide opportunities to make multiyear pledges, and gifts in memory of, or gifts in honor of, friends or relatives.
Keep in mind that relationship-building, networking, and communicating are all forms of donor research. Asking peers and board members is the quickest way to identify and build a profile of potential donors in the business, foundation, investment, and government funding worlds.

Identifying Individual and Institutional Donors
Successful fundraising depends on disciplined, hard work and adherence to some proven principles of fund development. It boils down to researching and list-building.

Research
Fundraising research can seem endless – government funding must be unearthed; corporate and foundation giving programs must be found and reviewed; and lists of individual donor prospects must be developed. If the organization has development staff, research is their job, and the executive director should review their results on a regular basis. If the executive director carries the fundraising function, keep in mind that research is an essential aspect of planning.

Research begins with a review of current donors. To get a good sense of the current situation, ask the following questions:

- Who gives to the organization and why?
- What percentage of donors are active?
- What percentage of donors have lapsed?
- Where do the donors live?
- Why do the donors care about the organization?
- Which methods of fundraising have been most successful at reaching these donors?
- How can others who match the current donor profile be reached?

Researching the funding priorities of foundations and corporations will help the executive director or fund development staff avoid wasting time chasing funding sources that are unlikely to be fruitful. For foundations and larger corporations with giving programs:

- Call and get their guidelines and annual report.

- Review the guidelines and annual report carefully to find out the mission of the organization, the type of groups it supports, the number and size of the grants, and the overall giving budget.

- Record the deadline and application procedures.

List-Building
Even the smallest, most grassroots organization can find new people to add to its prospective donor list. Think about every contact that you make in the course of the day, week, month, and year, and you will begin to see that you come in contact with potential donors virtually every single day. As you build your list, have it reviewed by people who may know more about the individuals on it and can give you advice on how to approach them to begin or increase their giving. To start or add to your list:

- Include all current donors. Often, current donors would be willing to increase their gift, if only they were asked.

- Reach out to vendors, friends, neighbors, and constituents for support and for the names of others who should be asked.

- Ask current donors who are particularly close to the agency, as well as board members and other executive directors to suggest people who should be included.

- Call, get on the mailing lists of, and check the websites of key foundations, corporations, and government agencies that could become funders.

- Ensure that the agency is represented at meetings where funding information is exchanged; join organizations to meet potential sponsors and funders.

- Create donor network trees (or ask development staff to do so) that connect the dots among the people who know each other, socialize, worship, or work together. Identifying the connections between potential donors and current friends of an organization is important for laying the groundwork for major gift or capital campaigns.
Case Study: Solutions At Work

Solutions At Work (SAW) is a Cambridge-based organization created by and for people who have experienced homelessness. SAW maintains a furniture bank, furniture moving service, transitional employment program and clothing exchange.

In the mid-1990s, SAW received a technical assistance grant to hire a consultant to work with members to create their first fund development plan. Their aim was to create a plan that would allow them to cultivate a diversified fundraising base. At that time, they were operating with a budget of less than $50,000. Five years later, the budget has grown to almost $300,000 and strategies have been put in place for it to increase to half a million dollars over the next two years.

The executive director recognizes the importance of relationship-building and has worked collaboratively with other homeless-led organizations (including doing joint fundraisers), with community religious groups, with local community foundations in Cambridge and Boston, and with the business sector.

Prior to the technical planning that allowed SAW to revamp fund development efforts, funding came mostly from foundations. As part of the planning effort, SAW developed a stronger board of directors and created a plan that would draw upon local individual support, major donors, and foundation, corporate, religious and government funding. Recognizing the need to stabilize the funding base before the organization could go forward, SAW made a strong (and successful) pitch for more foundation support, which allowed time to develop other strategies. At the same time, SAW strengthened public relations efforts and was fortunate enough to be highlighted on the “Today” show on Thanksgiving Day in 1996 – an opportunity which brought in new individual donations.

At that time, SAW also began sending out mailings. The first list was made up of people and organizations that had previously donated furniture to the furniture bank. The mailings were done by hand, and donors were thanked with lovely, heartfelt letters from formerly homeless leaders within the organization. Board members were asked to mail to their friends.

This modest effort was the beginning of a successful fundraising strategy. Currently, SAW adds names to its mailing list by keeping track of furniture bank donors, and event participants, and by gathering names at various community affairs. SAW’s funding base now includes individual donors, local and

Places to Find Information
Associated GrantMakers of Massachusetts (AGM), located at 55 Court Street in Boston (www.agmconnect.org) is an invaluable place for novice and expert fundraisers to research information. AGM maintains a library of development periodicals and publishes the Massachusetts Grantmakers Guide, which includes information on over 300 foundation, family, and corporate trusts in Massachusetts.

The Division of Public Charities at the Massachusetts Office of the Attorney General maintains current financial and background information on all charitable organizations, including trusts, foundations, and other nonprofits operating in the Commonwealth.

The Catalog of Federal Domestic Assistance contains hundreds of assistance programs administered by federal agencies. It is available on line at: http://www.cfda.gov or by mail from: Superintendent of Documents, PO Box371954, Pittsburgh, PA 15250-7954. Call 202-708-5126 for more information.

The Federal Register contains requests for proposals for proposed and approved rules and regulations for federal domestic assistance programs. It is online at: http://www.access.gpo.gov/su_docs/aces/aces140.html. Call: (888) 293-6498 or fax: (202) 512-1262 for more information.

Public libraries are another great source of information on potential funders.
federal government funding, corporations, religious organizations, private foundations, small events and earned income from the furniture bank and transitional employment. Recently, fundraising letters were sent to college classmates of the executive director, garnering a large gift from the family foundation of one classmate – hence proving the potential link between direct mail and major gifts. SAW now receives $45,000 annually from individual donors – almost the total budget of five years ago.

**Sources of funding for SAW**

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*In 1997, corporate and faith-based gifts were particularly high because a special campaign to buy a truck for the furniture bank.

SAW's goal was to build on the relationships made during the campaign and steadily increase donations in each area. In 2000, the organization focused on corporate donations, and raised more in the first six months than they had all year in 1999.

SAW has also gained greater support from family foundations. They did this by working closely with the Cambridge Community Foundation and by ensuring they were listed at the Boston Foundation so that the organization and its mission and programs can be reviewed by donors who make designated grants. Currently, they are researching other family foundations in an effort to expand this source.

By making sure that their income sources are mixed, SAW keeps from becoming too dependent on any one source. In addition, this diversity has helped the organization gain skills in a variety of fundraising techniques. Developing a solid plan implemented with consistent follow-through has been the key to their incremental, but successful, growth in resources.

SAW also credits increased attention to public relations. They have received good media coverage – in local papers, on the Today Show and with a recent story on CNN. SAW makes their uniqueness work to their advantage in public relations and in crafting their message to donors. Staff and board do, however, see a need for creating a stronger, more consistent public relations plan as part of the organization’s development plan.

Another area that they find needs constant attention is developing adequate people power. In their small organization, the burden for fundraising and public relations has tended to fall on the executive director and other staff, with some board support. They now have a fundraising chair on the board and recognize that they need to hire a staff person dedicated to fundraising. While they used to leave it to luck, SAW now consciously designs mechanisms for bringing in fundraising volunteers and working with them.

They advise other small nonprofits to take advantage of free courses on fundraising, volunteer coordination and board development, as well as *to speak with others who have developed good approaches and systems*. They received free help in developing a marketing plan from the Community Consulting Team, which brings together graduates of business schools and selects six to ten nonprofits to work with each year.

Finally, SAW staff believe that, no matter how small the organization, a website is absolutely necessary for visibility. They believe that the Internet has become the way to access information and make connections. Their web address is: (www.SAWork.org.)

SAW summarizes the lessons they have learned as follows:

- Bring on volunteers who understand financial responsibility;
- Access all the free help and information you can from: area universities (they used Harvard Business School volunteer
programs extensively); community foundations; other nonprofits; the business community; and the faith community. Develop your list of questions and do not be afraid to go out and ask for help;

- Create a diversified fund development plan. Start with what you have (names of friends of board members may make up your initial direct mail list), follow your plan and build on each success;

- Thank donors;

- Communicate with donors about your programs and their relevance. SAW produces an informative, though brief, newsletter. They also send copies of important newspaper coverage to their donors; and

- Get a website and stay up-to-date with technology.

Basic Fundraising Techniques

Research and list-making are ongoing activities that must eventually be incorporated into planning activities that will eventually become program activities that will eventually lead to the actual request for funding. Fundraising techniques help prepare the agency to “ask” for money. A good fund development plan includes methods to reach a variety of targets; those targets may include individuals, government sources, foundations, and corporations.

Individual Donors

Individual donors provide the most money with the fewest strings attached. A future-oriented executive director will help lead the organization toward building a solid individual donor program. It may start small, but if the effort is continued and maintained, it can pay off handsomely down the road. Individual donors are generally reached through:

- face-to-face meetings during annual appeals and major gift programs;
- direct mail appeals;
- telemarketing, telethons, radio appeals;
- door-to-door canvassing;

- house parties or other smaller gatherings; and
- large-scale events.

The goal of all individual gifts programs is three-pronged: (1) to acquire new donors, (2) to retain these donors, and (3) to get these donors to give more over time.

There are several tried-and-true methods for acquiring new donors. Every nonprofit should build into its plan at least one of the following strategies:

- direct mail appeal targeted to a list of friends that was generated by board, staff, and others, followed by a telephone call or face-to-face meeting;
- direct mass mail appeal to lists of people who have contributed to similar causes;
- face-to-face meetings with potential donors;
- house parties; and
- telephone, e-mail, and other Internet-based appeals.

Direct Mail

Direct mail is one way to begin to build an individual giving program. Even though the increasing costs of printing, postage, and purchasing lists – coupled with a standard return rate of less than 1 percent on initial mailings – have somewhat diminished the attractiveness of the direct mail technique, it is still a viable method, particularly for organizations that lack a current donor base. The real appeal of direct mail comes with the knowledge that, of the donors who respond to the first mailing, two-thirds will give again. The cost of the first mailing should be viewed as the cost of acquiring a new donor; the actually funding comes in the second and subsequent mailings.

Nonprofits looking to cut the costs of using direct mail should consider trading lists with other agencies and developing internal lists made up of names given by board members, staff, and others. It is a slower method, but the names will tend to be “hotter.” If the board member (or other source of names) signs the request letter, the yield may be even higher than the 1 percent return that is considered standard for a “warm” list – one that is sent to people who have already given to a cause similar to yours.
It is important to do your homework before venturing into the world of direct mail. Learn about direct mail at seminars or through fundraising “how to” books. Collect direct mail samples from other nonprofits. Create a cost-benefit analysis (budget) of the cost of acquiring a new donor. Done right, direct mail will slowly, but surely, build a base of donors for your organization.

**Personal Solicitation**

*Personal solicitation* is a good method for raising gifts of $100 or more. It not only serves to help board members and other volunteers practice (and overcome their fear of) asking for money, it prepares them for asking for major gifts. The steps involved in personal solicitation include:

1. **Identifying prospects.** Create a list of people from your direct mail effort or from names suggested by board members and others. Review the list (with a small group of knowledgeable supporters) to make sure that each person meets the following qualifications:
   - they have the financial ability to make a gift within the range you have set;
   - you have evidence that they care about your cause; and
   - someone within your organizational family knows them well enough to approach them in person or sign a letter to them.

2. **Training volunteers to approach the prospects.** Volunteers should be trained on how to handle the telephone conversation and any face-to-face meetings. It is important for each volunteer to be comfortable discussing the organization and to be able to respond to questions about the organization; fact sheets are helpful. It is also important that each volunteer be comfortable responding to the various typical responses that prospective donors will make – from an outright “no” to “I need to check with my partner.”

3. **Approaching prospects.** The standard approach is to send a letter signed by the volunteer to the prospective donor. The volunteer then calls the prospective donor and either asks for the gift over the telephone or asks for a meeting and solicits a gift at that time. At the time of the call or visit, the volunteer should be equipped with basic materials about the organization as well as a pledge card that allows a variety of donor options, such as paying by check or credit card, pledging over time, or making a gift in honor or memory of someone important to them.

**Following up with donors.** Obviously, as with all fundraising, donors should be thanked for their contribution. It is a good idea to thank those who said no to this request, but took the time to meet with a volunteer, for their time and interest; you never know what the future holds. It is also a good idea to thank your volunteers for helping out with the effort.

**Government Sources**

The size and availability of government grants and contracts can vary greatly depending on who controls the political agenda. During the 1980s, social service agencies in Massachusetts learned that lesson the hard way when their funds were cut across the board by 16 percent or more. Agencies that relied less on government resources – and had more experience finding other sources of funding – fared far better during that difficult time. While government funding may seem stable over a five-year period, it will not remain stable over the life of a nonprofit. Federal grants for nonprofits have been cut dramatically during the last two decades of the twentieth century.

Find out about the availability of government funding by getting on mailing lists, researching over the Internet, reading state and federal registers (also often available over the Internet), and talking with colleagues in your field. Joining statewide or national associations or coalitions is another good way of finding out about government resources that provide funding for your cause.

**Foundations**

Private, family, and community (local and national) foundations account for only 7 percent of all charitable giving. Foundations are generally good sources of support for new initiatives, and they often are willing to provide several years of funding to get the initiative off the ground. A few foundations are known for funding ongoing operations in particular
fields, such as the arts, higher education, or social services, but these are rare and typically will not provide 100 percent of the operating costs of a single agency.

Foundation guidelines and giving limitations can be researched easily, using the Internet or regional associations of grant makers, or by calling for general information. Larger foundations have program staff that review proposals, make site visits, and write recommendations (usually in the form of a one page synopsis) to the foundation’s trustees. In the largest foundations, program officers have areas of specialty, such as housing, economic development, education, international affairs, health, or the arts. In some foundations, the program officers do all the legwork, and the trustees make the final decision, while in others, the trustees merely rubber stamp staff recommendations. Either way, it is important to make the program officer’s job as easy as possible. To do so:

- **Read** the guidelines of the foundation carefully; if the mission of your organization does not match the philanthropic mission of the foundation, don’t waste their time or yours. Program officers at the biggest foundations often have several hundred proposals to review for each grant-making cycle.

- **Call** the foundation and try to speak directly to a program officer to introduce your proposal or to find out if your program matches their mission. Keep in mind that the staff is trained to be discouraging since often as few as 10 percent of submitted proposals are funded; so do not be disheartened. If the person you speak with, however, says that the program you have described is absolutely not a match, do not try to wedge a square peg into a round hole – you will only look desperate.

- **Learn** how to write a concise, easy-to-read proposal that is no longer than five to ten pages. Check with your regional nonprofit association for available training or refer to the sources listed in the bibliography. Ask an experienced grantwriter to review your proposal, then incorporate feedback in your proposal. Ask foundation staff for feedback on what was good or bad about the proposal you submitted to them.

- **Write** an executive summary, making it easier for the program officer to present your proposal for internal review.

- **Develop** realistic budgets. Keep in mind that program officers review proposals from all across the nonprofit sector and are familiar with reasonable salary ranges and the general costs of doing business. Do not inflate budgets.

**Corporations**

Although the trend is changing, only a small percentage of corporations have formal giving programs. While the concepts of cause-related marketing and promotion of social investment are growing, corporations are in business to make money, not give it away. Even the most socially conscious corporation is likely to give away no more than five percent of pre-tax profits; more typically, the amount is 2 percent of pre-tax profits. Larger corporations with community relations departments tend to make donations in ways similar to foundations – they usually request written proposals and have staff review them, make site visits, and make recommendations to the decision makers within the company.

Local businesses can be invaluable partners for nonprofit organizations by providing funds, lending meeting space, giving material goods, or providing volunteers. Local businesses are more likely to see the benefit of investing in their home community and can be approached through direct mail, telephone calls, door-to-door solicitations, or face-to-face appointments. Consider asking for larger donations to sponsor events or smaller contributions to advertise in event programs or ad booklets. Local businesses often will donate items for raffles and auctions, or provide printing services or food and supplies in exchange for publicity in some form, such as inclusion of the company name on banners, T-shirts, program books, annual reports, or agency newsletters.

Research local businesses and corporations through trade associations, the Chamber of Commerce, and by asking board members and others whom they know.
Major Gifts and Capital Campaigns

Major gifts programs are designed as part of an annual fundraising plan or as a special event. Capital campaigns are special one-time campaigns for raising funds to purchase a building, make capital improvements, or create an endowment. Major gifts and capital campaigns operate under the same basic principles outlined above for individual donors although the financial goal of the campaign will determine the levels of request that will be made. Individual donors will be asked to contribute at varying levels, according to their means.

The goal for a major gifts or capital campaign should not be simply picked out of the air or determined solely by what it would be nice to raise. The goal should be established by thoroughly researching the capacity of the identified prospects. Consider investing time and resources to conduct a feasibility study – either performed in-house or led by a consultant – for capital campaigns that have a goal of $1 million or more.

Several basic rules of fundraising have been established and confirmed as reasonable practice throughout the years, including:

- The 80/20 rule, which holds that 80 percent of the funds raised by individuals will come from 20 percent of the donors.
- The rule that you need three prospects for every gift – meaning three prospects who have the means to give at the level required, and that roughly one out of every three people asked will give. Ideally, try to have four prospects for every gift sought. For example, to obtain three gifts of $5,000, identify 9 to 12 people who have the means to give at that level and an interest in your organization or mission. Ask them in person.
- The rule that the largest single gift should equal 10 percent of the campaign goal.

Be sure to include your volunteers on your prospect list. One of the most frequent questions volunteers get asked is “How much did you give?” That’s why all volunteers should be strongly encouraged to give a gift – preferably at the level at which they will be soliciting.

Gift Range Chart

A gift range chart for a major gifts campaign to raise $50,000 might look like this:

<table>
<thead>
<tr>
<th># of Gifts</th>
<th>Size of Gifts</th>
<th>Total</th>
<th># of Prospects</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>$5,000</td>
<td>$ 5,000</td>
<td>3 - 4</td>
</tr>
<tr>
<td>2</td>
<td>$2,500</td>
<td>$ 5,000</td>
<td>6 - 8</td>
</tr>
<tr>
<td>5</td>
<td>$1,500</td>
<td>$ 7,500</td>
<td>15 - 20</td>
</tr>
<tr>
<td>10</td>
<td>$1,000</td>
<td>$10,000</td>
<td>30 - 40</td>
</tr>
<tr>
<td>15</td>
<td>$ 500</td>
<td>$ 7,500</td>
<td>45 - 60</td>
</tr>
<tr>
<td>20</td>
<td>$ 250</td>
<td>$ 5,000</td>
<td>60 - 80</td>
</tr>
<tr>
<td>100</td>
<td>$ 100</td>
<td>$10,000</td>
<td>300 - 400</td>
</tr>
</tbody>
</table>

In this sample campaign, approximately 30 to 40 volunteers should be recruited to ask the prospects in the $250 to $2,500 ranges for face-to-face meetings, which would require each volunteer to meet with about five prospects. The 300 prospects at the $100 level could be approached by letter, initially, and followed up with a telephone call.

Keep in mind that major gifts and capital campaigns should be volunteer-driven. The executive director and development staff can provide backup to the volunteers or may choose to participate in meetings where higher levels of gifts are being solicited, but cannot possibly be expected to meet with the number of people that must be approached over the course of a 10- to 12-week major donor drive. More importantly, peers give to peers – which is why your volunteer base should reflect your donor pool of prospects.

Remember, the work of the executive director is to build the relationships that encourage people to care enough about the organization and its mission to be willing to volunteer as fundraisers.

Fundraising Roles and Responsibilities

The Executive Director

Fund development is a crucial responsibility of the executive director. Although a deep understanding of the organization’s field is essential, fund development, along with administration, financial oversight, and people management, comes with the territory.
An executive director in an organization with development staff should be spending at least 20 percent of the work week (one day) on fund development. In organizations where the executive director doubles as development staff, as much as 80 percent of the work week may be spent on development tasks.

In “small shop” organizations where a single development person carries multiple responsibilities, the executive director should be spending two to three days a week on development related activities. In larger organizations, where multiple development staff are responsible for writing proposals, running events, managing databases, and creating individual appeals, 20 percent of the executive director’s time should be spent on meetings with donors, policymakers, and foundation program staff. In these larger organizations, a key role of the development staff should be enabling the executive director to deliver the agency’s core message in as many venues as possible.

The role of the executive director in fund development will change with the size and complexity of the organization. Nonetheless, as the executive director moves from being the “doer” of tasks to becoming the “facilitator” of staff and key volunteers, the ability to manage his or her time in order to spend enough time on fund development remains a key responsibility. Keep in mind that not allocating enough time for planning and attention to the tasks associated with fund development is the major reason that most organizations fail to meet fundraising goals.

**Development Staff**

Integrate development staff into the life of the agency – whether there is one part-time or five full-time staffers. Include them in strategic planning discussions and give them access to the board and other fundraising volunteers.

Orient development staff to all of the organization’s programs. It is a good practice to have development staff actually engage in the core work of the agency – serving in the soup kitchen, staffing the opening of the art show, and answering the hotline – from time to time. This provides first-hand knowledge that allows staff to better communicate what the agency’s programs really do and what is needed to get the job done. In addition, doing so allows frontline staff to see development staff as real people, not just as those who get their own office and the best computers – thus making them more open to helping the development staff when program statistics or extra volunteers are needed.

Development staff should have a commitment to the mission of the organization. They should be donors, within their means. They should understand the difference between fund development and fundraising. And they should be skilled at both.

Development staff should understand how to build organizational capacity by laying out realistic, achievable plans and facilitating implementation of the tasks within the plans in a timely fashion, drawing on the strengths of the executive director, board members, and other fundraising volunteers. In fact, their skill and experience in building this capacity should dictate their salary level.

All development people need strong communication skills that enable them to connect donors and prospects to the mission of the organization. They must also be forward-thinking, goal-oriented, and disciplined. Fundraising is hard work and is sometimes disappointing; high self-esteem, optimism, and perseverance are important attributes of a successful development staff.

An executive director who does not understand the complexity of developing a sustainable fund development program will inevitably make unreasonable demands on development staff. Development staff are not money machines. They cannot be dictated a dollar amount to be raised without being provided the necessary support and direction for building the organizational capacity to reach goals.

Executive directors and boards need to view development staff as the people who help build the organization’s capacity to attract and maintain donors and who enable them and their volunteers to “ask” on behalf of the organization.

Boards and executive directors should beware of development staff or consultants who market pure technique over long-term development practices, particularly when considering telemarketing – a field rife with unscrupulous operators. Avoid devel-
Development people who start with blanket statements about how much money they can raise instead of talking about how they can help build the organization’s capacity to raise funds in a variety of ways. Development staff, executive directors, and board members should concentrate on developing plans that build on the organization's current donor base and successful fundraising techniques. Avoid development people or consultants who suggest plans or techniques that do not incorporate and build upon existing donors and strategies. The executive director must ensure that development staff walk their talk and aren’t simply style over substance. Building organizational capacity and solid relationships takes hard, sustained work.

The Board of Directors

The buck stops with the board of directors. Board members, ultimately, have responsibility for the organization. They set the parameters that ensure the organization solicits funds honestly and responsibly, and they provide the oversight that ensures funds are raised at a level that will support operations and are spent responsibly.

Every nonprofit organization should have an expectation that each board member will contribute to its future viability in some way. Board members should donate both time and money (within their means). They should also work at building the relationships that will sustain the organization over time. Board members must take a leadership role in fund development because they are legally responsible for the organization’s health and well-being.

Some nonprofits employ a “give, get, or get off the board” attitude with board members. But fund development and board development are never so starkly black and white. Many nonprofits can benefit greatly from board members who are unable to contribute financially. Both fund development and board development are processes in motion that require flexibility and growth. The bottom line still remains, however, that if a board member— who is legally and morally responsible for the nonprofit organization— will not contribute to and participate in the planning for the organization’s future, then why should anyone else?

A good fund development plan— even for a very small nonprofit, needs many people to succeed. The executive director and board must act as partners in growing their organization’s fundraising capacity over time, adding new donors, broadening the base, and developing and enabling more volunteers to help with fundraising activities.

**Partnership with the Donor Community**

Assemble a group of executive directors in a room with program officers from large foundations, and very often those executive directors, a group of otherwise strong, opinionated people, become clones of Uriah Heep. Executive directors, as well as development and other staff at nonprofits, have mental models of foundations, other philanthropic institutions, and large donors. Likewise, donors and program officers also have mental models of nonprofits and the people who work for them. Money changes everything; people act very strangely around funders, mostly out of unnecessary levels of fear and apparent need. All the players, from givers to middle people (the nonprofits) and end users, need to remember the concept of exchange. Given this concept, no one is begging and the need is never about money. Rather, it is about community, people, and mission.

Being authentic, true to yourself, and true to your agency’s mission and constituents’ needs is the only real path to take with funders. By being an honest window of interpretation on the needs of the community— backed by real data, not just folksy anecdotes, you will gain the ear of donors. By having a cost-effective strategy that makes a difference, you will gain their respect. If your strategies and mission are a match with the donor’s philanthropic mission— and you have laid out a sensible, cost-effective plan, you will likely get funded.

Executive directors, development staff, and board members should seek out and promote active partnerships with donors whose philanthropic mission is close to the agency’s mission. Increasingly, this work is being made more complex through partnering across the field of work (the arts, social services, community organizations) and the need to find philanthropic partners to help move collaboratives or broad-based initiatives forward. Too often, however, it is the foundation staff, government funders or donors who promote the partnership or collaborative concept first.
Staff and nonprofit boards (who are close to the consumers of donated dollars) need to: (a) bring those end users into fuller partnership with the analysis of need and future programming; and (b) be proactive in providing foundations and other donors with ideas, concepts, and programs that make sense. Relationship-building is about taking risks; those in the nonprofit sector need to take risks with funders and with their constituents, while remaining their authentic selves.

The Small Shop: What It Takes

The majority of nonprofits operate from the small shop model, with one or two people implementing all of the tasks related to fundraising.

If possible, set aside a separate work area for fund development. It does not have to be the best office space in the agency, but it should have the best computer system. Since fundraising relies on building databases and researching information, the system should be equipped with an updated word processing program, spreadsheet program, and database management program. If the development office produces a newsletter and other marketing materials, the computer should also have desktop publishing capabilities.

Success in fundraising depends in part on maintaining good fundraising records. Too many nonprofits have lost years of donor names and giving histories when their computers crashed. To avoid losing vital information:

- Always back up donor files.
- Develop companion hard files.
- Organize folders by categories, such as government, foundations, corporations, religious institutions, and individual donors.
- Keep copies of all correspondence and records of gifts.
- Keep the database updated with notes on changes in program staff or donor status.
- Archive older correspondence so that new development staff will have access to old records.

In addition, keep records of feedback and analysis of fundraising appeals so that future staff will have information such as which mail houses have been troublesome, which volunteers are so high-maintenance they should be avoided, which caterers to use, etc. Fund development is hard work, and staff turnover is high, so do your future colleagues a favor and maintain an institutional memory through the written word.

Nonprofit development staff must have access to the Internet since most foundations and government funding applications are now available online. For startups and agencies that are simply too poor to afford access, set aside time to go to Associated GrantMakers or other libraries to research funding sources over the web.

Sustaining Development and Emerging Trends

Sustainable Programs

Sustainable programs depend upon acquiring new donors and upgrading active donors to larger gifts. Keep good records and maintain regular communication with donors (including thank-you notes and organizational updates). Maintain a sound reputation by offering meaningful, cost-effective programs and working to minimize staff turnover that can create instability.

It is particularly important for boards to minimize turnover of executive directors and for executive directors to minimize turnover of development staff. Board members should ensure thoughtful succession planning at the governance level to ensure a mix of seasoned leaders and new energy.

Sustainable programs depend on fund development plans that call for a broad mix of sources and that challenge the board, staff and fundraising volunteers to do a little bit more each year.

Emerging Trends

New technology will continue to have an impact on philanthropy for years to come, as will the affluence that has been generated through technology. Younger donors, who tend to view themselves as
social investors, will give less to pooled general funds and more directly to causes they care about.

Emerging vehicles for funding include charitable remainder trusts, family foundations, and donor-advised funds. Development staff will need to include these vehicles in their research and communicate with the professionals who serve as advisors to the individuals and families who make use of them.

*Charitable remainder trusts* allow donors to give cash, stock, real estate, or other assets to a charity, which then invests the gift and provides regular payments to the donor, a beneficiary named by the donor, or both. When the donor and any other beneficiaries die, all the assets in the trust go to the charity.

*Donor-advised funds* are financial accounts from which donors can easily make grants. Contributions to donor-advised funds are irrevocable; donors receive immediate tax advantages and can make donations from either the interest earnings on the account or from the principal and interest earnings. Donor-advised funds are legally controlled by, and exist within, public charities that have been so designated by the IRS. Donor-advised funds are most commonly managed by community foundations, but financial service firms are becoming major players in this arena.

More fundraising vehicles will emerge as the World War II generation makes what will be the largest transfer of wealth to heirs in our nation’s history, and as new fortunes continue to be made in emerging technologies.