



Fundraising – Development -
Sustainability

CFFK Leadership Success Academy
Center for NonProfit Excellence

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Today's Topics

- Basic Tenets
- Components of Fund Development/Membership Development
- Understanding Donors/Members
- Building a Diverse Strategy
- Success Factors

The Terms

□ ***Fund Development vs. Fund-raising***

- ◆ **Fund Development is a multi-step on-going process**
- ◆ **Fund-raising is the step involved with “Asking for the Gift”**
- ◆ **Member Development is a multi-step on-going process**

Tenets of Fund Development

1. People give to people

- For services or mission**
- Because of relationships**

2. Mission is key

- Clear**
- Concise**
- Compelling**

Tenets of Fund Development

- 3. Giving is emotional decision – not necessarily logical**
- 4. Research, planning and preparation are $\frac{3}{4}$ of the time and effort of staff and board**
- 5. Be donor/member centered, not centered on the organization's needs**

Tenets of Fund Development

- 6. Create opportunities for donors to invest to fund change**
- 7. Thank, appreciate, recognize, promote from the heart with creativity**
- 8. Create ongoing connection opportunities**
- 9. Involve donors in your success**

Tenets of Fund Development

10. MAKE THE ASK

**What is the Number One Reason People
Do Not Give to Charity?**

They aren't asked!

Tenets of Member Development

1. People join organizations

- For services or benefits
- Because of relationships
- To belong with like-minded folk

2. Mission/Purpose is key

- Clear
- Concise
- Compelling

Tenets of Member Development

- 3. Membership is usually a more logical decision – what’s in it for me or my business?**
- 4. Staff and board research, planning and preparation are $\frac{3}{4}$ of the time and effort to find potential members**
- 5. Be member centered, not centered on the needs of organization to gain members**

Tenets of Member Development

- 6. Create opportunities for members to become engaged in the work**
- 7. Thank, appreciate, recognize, promote from the heart with creativity**
- 8. Create ongoing connection opportunities to work, leadership, mission**
- 9. Involve members in your success and promote that!**

Tenets of Member Development

10. MAKE THE ASK

**What are the Top Reasons People Do
Not Join?**

They aren't asked!

Tenets of Member Development

11. Retain the member!

What is the Number One Reason People Don't Renew?

They did not connect to see relevancy or benefit!

Shifting Perspective

Traditional development -- *organization's* need is the focus

Today's development perspective says
Donor's or Member's needs are the focus

Exercise 1

The Elevator Pitch



The Most Important 8 to 10
Words EVER!!!

Exercise One

The first impression

- With your assigned team mate, give your elevator pitch – listeners rate on 1 to 10 basis:

Scoring criteria:

- Short – 8 to 10 words or so
- Relevant – tells you what the organization does
- Impactful – leads you to want to know more

The Team



Getting the Right Folks On The
Team and Moving Forward!

Steps Involved

- Develop a team of board, volunteers and staff
- Develop/work the plan together
- Divide roles to strengths
- Create tracking and accountability measures

The Board's Role



Yes, This Really IS Your Job

Board Member's Role

- Review Board Development – Handout 1
 - Something for everyone – use strengths from four frames
 - Reinforces it is BOARD'S job
 - Stimulates ideas
- Personal gift is done annually
- Personal gift is confidential to development and governance/nominating committees and CEO/Development staff – unless donor oks
- Tasks are matrixed to show volunteers

Board Member's Role

- ❑ Clear sense of mission
- ❑ Understand the case for the needs
- ❑ Contribute to significant level myself
- ❑ Assist in identification and prospecting
- ❑ Participate in cultivation
- ❑ Make introductions for solicitations
- ❑ Write follow up and thank you letters
- ❑ Write personal notes on appeals
- ❑ Make solicitations myself
- ❑ Follow through on commitments

Overcome Board Denial

- ❑ This is a working board, not fundraising/ membership development board
- ❑ I did not sign up for this, no one told me
- ❑ I am not good at asking for money, members, etc.
- ❑ I don't like hearing no
- ❑ I don't like imposing on my friends
- ❑ I am too busy
- ❑ Others?

Role of Development Committee

- Formulate goals, action plans
- Recommend approval to board of goals
- Monitor/report progress and board participation
- Assure board has training and tools
- Recommend policies
 - Gift acceptance, donor recognition, etc.
- Provide input to Governance/Nominating Committee on board members who fulfill commitments

Exercise 2

Individual Commitment Plan



Commitment Is The First Step
To Behavior

Exercise Two

- As a group, use handout 1 and quickly place a check by those elements you can use in your own board commitment form.
- Did you skip any? If so, why?

Donors and Members



Understanding Who You Have
And Who You Need

Start - Existing Donors/ Members

- Reinforce relationship
- Move up to higher level
- Get more than one gift
- Ask for introductions or in-kind hosting to introduce new prospects
- Ask for other help
- Get advice on strategy

Do Research on Donors/ Members

- Churn rate – how many do we lose each year?
- Current donors/members
 - Tenure of giving/membership
 - Amount of gifts – beyond annual?
 - Type of gifts (events, annual, etc.)
 - Reason for giving – behaviors - referrals
 - Lifetime value
 - Ability to be upsold

What Motivates Donors/ Members

- Ego— I am helping
- Memorial to honor someone
- Affinity (Rotary, alumni, business groups)
- Prestige (the “IT” charity or association)
- Build social networks
- Image (for business exposure)
- Benefits derived (discounts, healthcare, etc.)

What Motivates Donors/ Members

- Personal reasons to change others
- Value of responsibility
- Leaving a legacy
- Sharing my blessings
- Religious—should do this
- Friend or family asks me to
- Benefits derived (discounts, healthcare, etc.)

Six Donor Behavior Groups

- Repayers – Support orgs that helped me or those close to me
- Casual Giver – Give to well known orgs, or use payroll deduction, or host a table for friends at event
- High Impact – Support those generating greatest social good – may be overlooked by others

* *Money For Good by Hope Consulting, May 2010*

Six Donor Behavior Groups

- ❑ Faith Based – Give to church or to those orgs that match religious beliefs
- ❑ See the Difference – Give to local and small orgs where gift really makes a difference to org
- ❑ Personal Ties – Response to people at org or because friend asked

Money For Good by Hope Consulting, May 2010

Donor/Member Centered Approach

- ❑ Listens to what interests donor/member
- ❑ Matches donor/member interests to something organization does or needs
- ❑ Creates custom approach to funding request if needed
- ❑ Looks for ways to engage and involve the donor/member in program they funded
- ❑ Values relationship with donor/member for long-term even through difficult periods

Donor/Member Centered Approach

- ❑ Sells what the donor/member wants, not what we have on hand
- ❑ May create a bit more time and effort but yields much deeper relationships
- ❑ Demonstrates we heard and value the donor/member and want to create a mutually beneficial relationship

Prospecting



Researching Likely
Candidates to Give

Steps Involved

- Develop internal tracking systems
- Identify prospects
- Quantify prospects
- Rate the prospects
 - Loyal, ongoing donors
 - Significant donors but require more attention
 - New donors (one gift)
 - Potential donors
 - Low potential (memorial gifts)

Prospect Identification

- Segments by audience
- Consider
 - Demographics
 - Psychographics
 - Wants
 - Needs
 - Values
 - Behaviors*

Prospect Considerations

- Research what appeals to audience
- Evaluate competition (who and what)
- Understand the decision makers and their approach
- Identify who influences the decision maker
- **Set target goals by specific amounts**

Factors Donor/Member

- Demographics (age, income, race, gender)
- Lifestyle
- Social/cultural
- Economic
- Scientific
- Technological
- Business
- Competition
- Behavior*

Factors Donors

- How experienced (in giving) is the donor?
- Sophisticated donors are now looking for
 - Efficiency
 - Metrics
 - Outcomes
 - Collaboration
 - Scale
 - System change

Factors Members

- How involved in the industry or sector?
- Level of interest in the causes championed?
- Direct benefit derived?
- Level of urgency on business matters?

Exercise 3

Knowing Your Donors/Members



Do You Know Who They Are?
And, Why They Give or Join?

Exercise Three

- With your group
 - List your top five individual donors/members by dollar value
 - For each donor/member listed answer:
 - When did they start giving or join?
 - Why do they give or join – what is the motivation?
 - Who brought them to you or how did they connect with your org?
 - Which of the six behaviors matches the donor
 - Can't answer this? Who in your org can?

Cultivation



Getting To Know the Potential
Donor/Member
Before Making the Ask

Cultivation Strategies

- ❑ Be strategic
 - ❑ Be patient
 - ❑ Have multiple outreach
 - ❑ Drop personal notes of interest
 - ❑ Educate, add to newsletter lists
 - ❑ Involve/Interest
 - ❑ Develop relationships
 - ❑ Discuss progress with the team
 - ❑ BE DONOR/MEMBER CENTERED!
-
- ❑ *Don't expect to get married on the first date!*

Cultivation Steps

- Personal friend asks them to:
 - Tour facility or a program funded
 - Participate in a program activity
 - Hear a visiting speaker
 - Attend a special event
- Introductions are made
- Conversation to probe interests
- Thank and follow up

Preparation: BEFORE Making the Ask



Don't Under Estimate The Time
This Takes to Get It Right

Prepare

- Plan
- Script
- Rehearse
- Revise
- Set appointment
- Have the right one or two people there
- Spend time on this, be strategic

Prepare

- Know enough about the donor/member's gifts to others or to your organization to speak intelligently
- Write some questions in advance that probe how the person got involved with the other organizations or your own, what are interests, etc.
- Based on the history of giving, prepare some options to discuss with specific amounts
- Call to set an appointment. Never drop in.

Prepare

Create Competitive Positioning

- Differentiate from others
- Articulate unique and specific niche
- Describe in simple language
- With messages that are important to the audience
- Develop several stories that sell the organization

Elements of Story

- Lead character
- Issue or opportunity for changing
 - Behavior, condition, situation
- Meaningful outcome

Tied to our mission with a message that really resonates, creates a memorable and emotional connection that is catalytic to the donor.

Solicitation: Making the Ask



Some Helpful Tips

Present

- Have a conversation
- Ask key questions
- Show you have done your homework
- Listen
- Tie your request to their needs
- Adjust if necessary
- Be brief
- Tell a good story

Present

- ❑ Be sincere
- ❑ Encourage questions
- ❑ Differentiate from other groups
- ❑ Discuss outcomes, results the gift will make
- ❑ Expect surprises
- ❑ Watch for the buy signals
- ❑ State when, how and who will follow up
- ❑ Stick to it! **FOLLOW UP!**

Close the Deal

- ❑ Make the ask—get the right range
- ❑ Say nothing.
- ❑ Let the quiet stand, don't fill it
- ❑ WAIT FOR IT!
- ❑ Adjust if need be
- ❑ Thank and follow up regardless of the answer!

The Story

- Have an inventory of stories
- Match various donor behaviors and interests
- Show tangibles – photos, letters, facts, etc.

Consider Timing

- Tied to particular promotional theme
- Appeals to particular stage of donor's life
- Window of seasonal opportunity
 - Anniversary of death of loved one
 - End of year tax
 - Earth Day
 - Child week, nurses day, etc.
 - Others?

Consider Channels

- Reaching THROUGH
 - Professional advisors (CPA, attorneys)
 - Physician offices
 - Sponsors and donor offices
 - Friends and family of donor
 - Other similar businesses in same sector

Pick the Right Intro Tactic

- Personal letters
- Personal email v. organizational email
- Hosted, small dinners or receptions
- Telephone calls by those who are helped
- Direct mail
- Special events
- Guerilla event
- Targeted campaign outreach that leads to.....

The one on one

Exercise 4

Telling Your Story



Creating Connections

Exercise Four

With your elevator pitch partner, now try your hand at your story.

- Briefly visit with your partner as if he/she is a prospective donor/member
- What story will you share?

Tools



To Take Along...Not Take the Place
of YOU

Tools

- Case statement
- Brochure
- Video/CD/DVD
- Newsletters
- Unique leave behind
- Web based tools

Public Relations

- ❑ Most people think of publicity
- ❑ Creating 2-way relationships to connect, inspire, listen and adjust as organization
- ❑ Creating an emotional connection, a culture, a fabric, a connectivity
- ❑ Builds the brand image

The Case Statement

Why? Why is the organization in business?

What? What is the organization doing to meet the needs/opportunities?

How? How does the organization go about creating, implementing and sustaining a solution?

Who? Who is the organization in size, history, leadership, financing, community

Case Statement Donors

Stress the specific outcomes the donor's investment will yield (\$150 sends the kids to camp where they learn this) OR

State the specific need, the services you provide, the outcomes that will occur because you are doing this and the change for the greater community.

Case Statement Members

State the specific benefits you provide to members for their fee/dues investment

State the specific need, the services you provide, the outcomes that will occur because you are doing this and the change for the greater community.

BREAK



Time To Clear Before We Move
To Planning

Development Plan



A Holistic Approach to Sustainability

Steps Involved

- Develop the annual plan – this year's work
- Develop the annual operating budget
- Prepare the development plan
- Set goals for 130% of budget
- Examine the methods of raising dollars
 - Annual campaign
 - Special event
 - Sales/revenue
 - Sponsorships
 - Other

Development Plan

- ❑ Sets goals by target audience
- ❑ Creates action steps/tactics
- ❑ Tied to a timeline
- ❑ Identifies tools necessary
- ❑ States responsible parties and the time involved from each
- ❑ Projects revenue for future year' s
- ❑ Outlines budget requirements

Development Plan

- Vision Statement
- Mission Statement
- Strategic plan goals
- Organizational goals
- Funding projects
- Case statement for projects
- Fundraising projections by audience
- Fundraising projections by method
- Organizational chart

Development Matrix

- ❑ Evaluates by audience
- ❑ Evaluates by donor/member levels for movement
- ❑ Evaluates by method
- ❑ Sets financial goals for each audience and for each method
- ❑ Is part of fund development plan (creates at a glance tool of dollar goals)

Audiences

- Individuals
 - subsets
- Corporate/business
- Foundations
- Government

Process

- Develop the prospects
 - Prospecting
 - Cultivation
- Preparation
- Solicitation (making the ask)
- Stewardship (relationship building)
- Evaluation

Methods of Giving

- ❑ Annual giving—unrestricted gift each year (membership, friends of, etc.)
- ❑ Mass—direct mail, website/internet
- ❑ Program/project grants
- ❑ Events (tickets, auctions, items, etc.)
- ❑ Sponsorships
- ❑ Dues
- ❑ Fee revenue
- ❑ In-kind
- ❑ Capital
- ❑ Matching
- ❑ Endowment
- ❑ Planned giving

The Donor Pyramid



Benefits of Annual Giving

- Access to donors/members
- Renew donors/members support annually
- Cultivate donors/members to higher level
- Build loyalty of donors/members
- Identify & involve as leaders
- Identify major gift prospects

Benefits of Planned Giving

- Lasting Legacy
- Life Insurance
- Charitable Remainder Trust
- Annuity Gifts
- Other bequests

Benefits of Special Events

- Education
- Visibility and awareness
- Cultivation
- Immediate solicitation of funds
- Branding
- Appreciation

Exercise 5

Knowing Your Sources



Evaluating Source Volume

Exercise Five

With your group using the donor Matrix

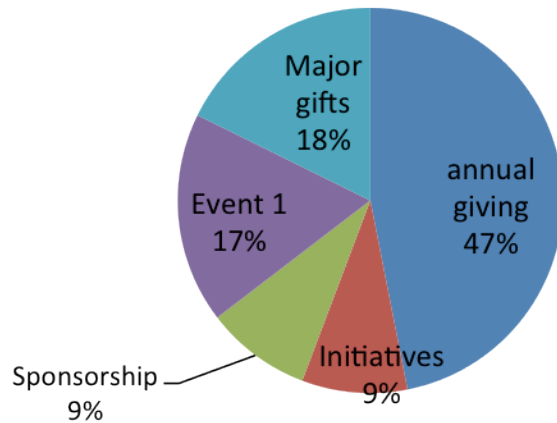
- Quickly list the dollar value for each of the sources shown for your current budget year

Comparison Total Revenue

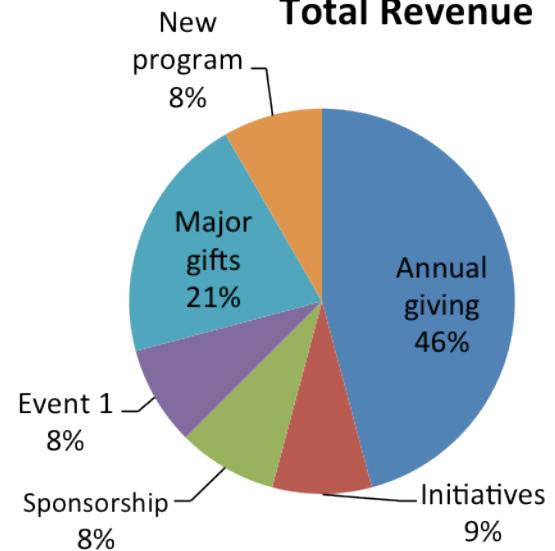
\$11 million 20011-12

\$25 million 2014-15

Total Revenue



Total Revenue



Stewardship



Cultivating and Maintaining
Relationships with Donors

Reinforce the Relationship

□ Rewards

- Immediately thanked
- Personal, moving thank you
- Resonates with their values
- Photos, postcards, client calls

□ Feedback

- Timely re: outcome of their investment
- Periodic without other ask

Reinforce the Relationship

- Continue educating
- Continuing involving
- Share success stories impromptu
- Ask for advice
- Ask for support other than dollars
- Demonstrate strength
- Be accountable and transparent

Attributes of Appreciation

- ❑ Specifically references how the fund will be used
- ❑ Gives contact information if they want to learn more about program
- ❑ Gives time frame in which funds will be used
- ❑ Creates emotional connection
- ❑ Is prompt, before bank statement shows check was cashed
- ❑ Does not ask for anything else
- ❑ Has IRS info on form or at bottom of letter

Attributes of Appreciation

- Real, not prescriptive
- Personally addressed, salutations, etc.
- Personal signature (not stamped)
- Personal note on letter or handwritten note by board member

Attributes of Appreciation

- Board members call
- Recipients call
- Art from kids, etc.
- Thoughtful postcard
- Unusual “holiday-event” card

Donors/Members As Partners

- ❑ Share learning from failures
- ❑ See donor expertise, connectors, other factors besides dollars
- ❑ Leverage relationships
- ❑ Demonstrate organizational health and capacity
- ❑ Candid assessment of success measurement and areas of improvement

Evaluation



Measuring Success

Evaluate Your Efforts

- ❑ Did every board member participate?
- ❑ Did everyone deliver on their commitments?
- ❑ Was the strategy on point?
- ❑ Was the prospecting solid?
- ❑ Do board members feel trained enough?
- ❑ Did written materials reinforce the ask?
- ❑ Do we track enough information?

Evaluate Your Efforts

- ❑ Did we get out timely and sincere thanks?
- ❑ Did board members write personal notes or make calls to thank donors/members?
- ❑ Do board members continually prospect and cultivate for us?
- ❑ Did board members meet their goals?
- ❑ What worked?
- ❑ What didn't work?
- ❑ Did we meet our overall goals?

Cost-effectiveness of Development Programs

% = Fund-raising costs as a % of revenue



Special Event Fundraising



Is it a Friend Raiser or
a Fund Raiser

Evaluating Your Efforts

- ❑ Did board members attend?
- ❑ Did board members invite all their contacts?
- ❑ Did the major gift committee or volunteers identify prospects, train board members to work the prospects and match the right board member to the right prospect?
- ❑ Did we have great takeaway information?
- ❑ Did we work the event to raise the paddle for us?
- ❑ Did we ask for money at the event?

Evaluating Your Efforts

- ❑ Was our follow up after the event IMMEDIATE—the next day or week?
- ❑ Did we immediately get together to follow up on interested prospects?
- ❑ Did we have a way to get feedback on the event from attendees?
- ❑ What worked? What didn't work?
- ❑ Is our event a community signature? Or just one of the pack?
- ❑ Did we net at least 70% of the gross?

Evaluating Your Efforts

- ❑ What was the net proceeds by percentage?
- ❑ Did we get the name, address, phone and email of everyone who ATTENDED (not just purchased the tickets)?
- ❑ Did we prepare in advance how we intended to follow up after the event?
- ❑ Did we do the follow up?
- ❑ Did we get enough attendees?
- ❑ Was the ticket price sufficient?

Exercise 6

Building The Plan



Planning and Goal Setting
For Development

Exercise Six

- Using the Fund Development Plan worksheet provided, sketch out what a fund development plan might look like in the future.....
 - 130% of budget
 - Using diverse methods

Recession Strategies



Together We Are Stronger

Consider Collaborative Effort

- Same audience
- Different organizations
- Different appeals

Consider Collaborative Effort

Some reasons to consider—

- Financial
- Image
- Expertise
- Efficiency
- Organizational morale
- Catalytic opportunity

Consider Collaborative Effort

Some elements for finding right partner—

- ❑ Audience in common
- ❑ Compatible agenda
- ❑ Net gain for both
- ❑ Clearly articulated responsibilities
- ❑ Clearly articulated message of what, who, how

Be Creative

- Use creativity to generate buzz on low cost events, or service events
- Be honest, but don't whine
- Showcase opportunity to invest in success, not losses
- Explain the risk of choices
- Figure out to whom you matter!

Success Factors



Additional Considerations

Five Success Points

In *Robin Hood Marketing* by Katya Andresen

- Powerful board
- Distinctive/recognized brand
 - Attributes, not just logo
- Clear message strategy
- Disciplined management
- Visible, committed leader(s)

Team Accountability

- Everyone plans together
- Commitments are made
- Committee helps accountability
- A few targeted big gifts take the same or less time and energy as many small gifts

Balanced Approach

- Special events are not the only way
- Continually prospect and cultivate
- Really evaluate existing and lapsed donors

Resources

- *Boards That Love Fundraising*, by Robert Zimmerman & Ann Lehman, John Wiley & Sons, 2004
- *Donor Centered Fundraising*, by Penelope Burk, Cygnus Applied Research, 2003
- *Robin Hood Marketing: Stealing Corporate Savvy to Sell Just Causes*, by Katya Andresen, John Wiley & Sons, 2006
- Roles of Board Members, <http://www.Boardsource.org>

Resources

- ❑ Association Fundraising Professionals, <http://www.afpnet.org>
- ❑ North Sky Nonprofit Network
<http://www.northskynonprofitnetwork.org/index.shtm>
- ❑ Compass Point Board Cafe <http://www.compasspoint.org>
- ❑ CFFK' s Nonprofit Center Library!!!
- ❑ Money for Good Study, Hope Consulting, May 2010,

Good luck!

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