AFP Association of Fundraising Professionals

Advancing PHILANTHROPY

SPRING 2015

A New Perspective

Looking at Capacity Building Differently

Advancing PHILANTHROPY

SPRING 2015

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A Unique Role in Philanthropy

By Andrew Watt, FInstF

I'd like to say that AFP has all the answers and that by joining the largest community of fundraising professionals, you automatically will have insights into the greatest challenges facing fundraising and philanthropy. The truth is, the problems that philanthropy—our profession and everyone involved in the philanthropic process—must address are bigger than any one organization.

Does AFP have issues such as training and professional advancement well in hand? I think so, although we are always striving to do better and offer more programs as new techniques develop. It's the larger issues—the ones that speak to fundraising's and philanthropy's place in society and our ability to truly change the world—that are beyond a single organization. Demographics, public policy, public confidence in charities, donor retention and creating philanthropic cultures—these are just a few of the overarching issues that we must address if fundraising is to not only flourish but also rise to the level to effect long-term change and impact.

AFP may not have all of the answers, but what we do have is our unique role in philanthropy. Our advantage isn't the sheer number of our membership (although I'm proud to announce that we've reached 33,000 members and counting, the highest ever) but the diverse reach of that membership. Because AFP represents organizations of all sizes and causes, we can help build a network of fundraisers worldwide. We can speak with a powerful and unique voice when we bring together so many disparate voices and organizations to tackle issues, reach consensus and act in a unified fashion.

However, we can't transform society unless we are working hand-in-hand with everyone who has a stake in our communities and our world. Board members, volunteers, CEOs/executive directors, foundations and other funders are critical, ensuring that what we do is relevant and reflects the needs of those we serve.

Our voice must reflect perspectives from beyond the philanthropic sector. Donors, the business sector, the media, government—all have a role to play in how fundraising and philanthropy evolve to solve long-term issues. We may not always like their ideas or perspectives, but we need to hear them so that we're sure that we have considered every proposal and analyzed every detail.

AFP's role as a convener and facilitator is one of the most important roles we can play. Serving the fundraising profession and ensuring it is prepared with the resources and skills necessary to succeed will always be one of our main priorities. Like any profession, fundraising has evolved immensely over the years. We are not a fledgling profession anymore. We've established ourselves, and it's time to look beyond our immediate circle and address the global, long-standing issues that affect our organizations and our world.

We don't have all the answers, but we can get them by working with you, our partners and our colleagues across the globe. We are committed to bringing people and organizations together—to find solutions, reach consensus and expand fundraising and philanthropy so that we can transform the world.

AFP, an association of professionals throughout the world, advances philanthropy by enabling people and organizations to practice ethical and effective fundraising. The core activities through which AFP fulfills this mission include education, training, mentoring, research, credentialing and advocacy.

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***ADVANCING PHILANTHROPY* © 2015**
Volume 22, Number 2

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Printed in the U.S.A. *Advancing Philanthropy* (ISSN 1077-2545) is published quarterly by the Association of Fundraising Professionals, 4300 Wilson Blvd., Suite 300, Arlington, VA 22203-4168. The annual subscription rate for U.S. nonmembers is $100. Periodicals postage paid at Arlington, Va., and additional mailing offices. POSTMASTER: Send address changes to *Advancing Philanthropy*, 4300 Wilson Blvd., Suite 300, Arlington, VA 22203-4168.

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Read the Research—and Raise More Money!

Fact or fiction? Not-for-profits that consult scientific studies on how best to approach donors and new fundraising strategies are more likely to raise more money. Fact.

According to *An Examination of the Understanding and Use of Scientific Research Methods in Fundraising Campaigns* from the Science of Philanthropy Initiative (**http://spihub.org**), a research center at the University of Chicago, organizations that reported an increase in donations—up to 29 percent—were more likely to regularly evaluate their fundraising methods than those that did not.

More than 1,200 not-for-profit organizations in the United States and Canada responded to a survey designed to learn how organizations use scientific findings and whether those that do had better results in 2014 than the previous year.

The study showed that those that at least sometimes performed evaluations incorporating scientific findings also were more likely to report an increase in donations. However, the report also showed evidence that about half of the not-for-profits taking part in the study are not availing themselves of a growing body of scientific literature on fundraising.

- Some 51 percent of organizations do not have staff members who have formally studied or taken coursework about scientific research methods.
- Nearly 23 percent of organizations have someone who understands scientific methods, while 24 percent have some employees who understand some parts of scientific methods.
- More than half of the organizations with budgets of less than $1 million do not have any staff members who understand at least some of the scientific method.
- More than 70 percent of organizations with budgets of less than $250,000 are uncomfortable with or unable to assess the scientific rigor of a fundraising study.
- Less than 10 percent of organizations deliberately sought out scientific research studies for information regarding effective fundraising methods when designing their campaigns, while up to 40 percent said they sometimes used scientific research. Both groups reported increased fundraising results over the 12-month period.
- The more than 50 percent that did not use any scientific research on fundraising when designing their campaigns showed a drop in fundraising revenue over the same period.

What are the most common sources for accessing scientific research studies on fundraising? According to the study, attending conferences and listening to podcasts/reading online summaries.

To read the report, visit **www.spihub.org/site/resource_files/SPI_report_on_NRC_Survey.pdf**.

Management Tools and Your Organization's Performance

The Bridgespan Group (**www.bridgespan.org**) has released the *Nonprofit Management Tools and Trends Report 2014*, which aims to help in understanding the role that management tools play in the efforts of nonprofit leaders to boost their organizations' performance. The study also highlights the gaps between leadership attitudes on key nonprofit management trends and actions regarding which tools to use, how often and for what purpose.

Highlights from the study's findings include:

1. Tool use is widespread and poised for further growth. (In fact, 91 percent said they plan to use 11 tools or more in 2015.)
2. Relationship-oriented tools are more popular than analytic tools, with partnerships and collaboration leading in use and satisfaction.
3. Satisfaction with tools used is generally high but varies with effort invested.
4. Tools and trends at times diverge. Misalignment occurs between opinions on trends and related tool usage in two prominent cases:
   - Nonprofit leaders see a need to increase performance measurement to strengthen not only impact but also their case for program funding, but few believe funders will increase support for evaluations.
   - Many nonprofits consider talent management a key issue, but 60 percent have failed to take advantage of tools that could help assess and develop employees.

5. Leaders' attitudes toward specific pathways to increase impact vary dramatically by the size of the organization (i.e., organizations of all sizes are betting on partnerships and collaborations, but larger ones are more likely to explore technology and for-profit models).

The report itself was modeled on a similar business survey that has been conducted by Bain & Company since 1993. Funded in part by the David and Lucile Packard Foundation and developed with the help of Bain & Company's Advanced Analytics Group, the survey questions for the *Nonprofit Management Tools and Trends Report* included input from more than two dozen sector practitioners, funders and intermediaries and was distributed to more than 50,000 executives.

To read the full report, visit **www.bridgespan.org/Publications-and-Tools/Nonprofit-Management-Tools-and-Trends-2014**.

New Partnership Between CFRE International and EFA

CFRE International and the European Fundraising Association (EFA) have announced a new partnership that will further extend fundraising best practices in Europe with the collaboration of the two partners' professional education and certification programs.

While CFRE International offers an accredited certification and credential for fundraising professionals, EFA offers a qualification framework for fundraising associations to develop professional fundraising training. EFA-certified qualifications count toward CFRE application requirements.

"Partnership between CFRE International and EFA is a natural fit," says Eva Aldrich, CFRE, president and CEO of CFRE International. "A valid, independently accredited, professional certification program and credential is one of the key hallmarks of a mature and thriving fundraising profession, protecting the public and enhancing the public trust."

Günther Lutschinger, president of EFA, a network of 20 leading fundraising associations working to strengthen and develop fundraising across Europe, adds, "The board of directors of EFA is delighted to welcome CFRE International as an EFA Associate and looks forward to beginning a deeper cooperation between EFA and CFRE International in promoting best practices in ethical fundraising across Europe."

In June 2013, the CFRE credential went global and is now available in computer-based testing centers in more than 80 countries. The CFRE credential is accredited by the National Commission for Certifying Agencies (NCCA). NCCA, the accrediting arm of the Institute for Credentialing Excellence, grants accreditation to a select group of organizations that demonstrate compliance with the NCCA Standards for the Accreditation of Certification Programs.

For more information, visit **www.cfre.org** or **www.efa-net.eu**.

Charitable Giving and Donor-Retention Levels Increasing

For the fourth consecutive year, charitable organizations across the United States saw growth in the level of funds they raised as well as greater donor retention from year to year, according to the *2014 Fundraising Effectiveness Project (FEP) Survey Report.*

The FEP, developed by AFP and the Urban Institute (**www.urban.org**) in conjunction with donor software providers, measures gains and losses in gift amounts and in the number of donors among participating charitable organizations.

The latest report shows that for every $100 a charity gained in

2013—from new donors, the return of previous donors and increased giving from current donors—it lost $92 from lapsed donors and smaller gifts from current donors, for a positive gain of $8.

This overall gain marks the fourth consecutive year that giving has grown since 2009. That year, the net giving level was -$19—for every $100 a charity gained, it lost $119.

In addition, the 2013 net giving level of +$8 exceeds many years' giving performance before the recession. Since the FEP was started in 2004, the highest net giving was seen in 2007, just before the recession started to affect giving. The level that year was +$14—for every $100 a charity gained in 2007, it lost $86.

Despite 2013's net giving increase of $8, nonprofits continued to lose slightly more donors than they gained. For every 100 new and returning donors, 102 departed without a gift, a net loss of two. However, that figure is an improvement over 2012's value of -5 (a net loss of five donors) and from the 2011 level of -7, the worst donor-retention level reported since the FEP started in 2004.

The best donor-retention level, +18, was reported in 2004—for every 100 new and returning donors, 82 left without making a gift.

Another key metric the FEP follows is the donor-retention rate, or the percentage of donors who made repeat gifts to charities. The most recent report shows that 43 percent of 2012 donors made gifts to participating nonprofits in 2013. That figure is the highest the donor-retention rate has been since just before the recession began to affect giving in 2007. The highest rate (50 percent) occurred in 2005, and the nine-year average is 44 percent.

The difference in net giving levels among charities of various sizes is also improving. In 2013, smaller and midlevel organizations increased their performance. Charities raising

$100,000 to $500,000 had a net gain of 1.9 percent (an increase of 7 percent from 2012), while organizations raising less than $100,000 had a net loss of 2.4 percent, which was still an increase of 11.1 percent from 2012. The largest organizations, or those raising $500,000 or more, had a 10.5 percent net gain, which represented a 6.1 percent drop from 2012.

In 2012, the difference by organizational size was more pronounced. That year, organizations raising more than $500,000 saw an average gain of 16.6 percent in their net giving levels. In contrast, charities raising $100,000 to $500,000 experienced net losses of 5.1 percent, and nonprofits raising less than $100,000 saw net losses of 13.5 percent.

Have you measured your organization's fundraising efficiency? The Fundraising Effectiveness Project has developed the downloadable, Excel-based Growth in Giving (GiG) Fundraising Fitness Test that allows nonprofits to measure and evaluate their fundraising programs against a set of more than 100 performance indicators by five donor-giving levels. In addition, seven GiG reports provide concise, informative pictures of fundraising gains and losses—growth in giving and attrition—in a simple, reader-friendly format that executive staff and board members can understand. These tools and resources can be found at **http://afpfep.org**.

"We are proud to be a leader in helping the nonprofit sector understand fundraising effectiveness metrics," said Erik Daubert, MBA, ACFRE, chair of the Growth in Giving Initiative. "Our groundbreaking Fundraising Fitness Test enables nonprofits to evaluate their own performance against themselves and national benchmarks, and we encourage all nonprofit leaders to take advantage of it."

In 2006, the Urban Institute, AFP and a group of donor software providers designed a survey to measure gains and losses in gift amounts and in the number of donors among the firms' clients. The survey is based on a convenience sample of organizations that have given consent for their data to be used for this project.

The *2014 Fundraising Effectiveness Survey Report* received data from 3,576 respondents covering year-to-year fundraising results for 2013. Respondents raised more than $2.44 billion from 2.2 million donors for an average total annual giving per respondent of nearly $683,000 and an average annual giving per donor of $1,116.

The full study and a fact sheet are available at **http://afpfep.org**.

The State of Disaster Philanthropy

The Foundation Center and the Center for Disaster Philanthropy (CDP) have released a report to help donors, NGOs (nongovernmental organizations), government agencies and the media gain an increased understanding of how much foundation funding is spent on disasters each year, by whom and for what activities. *Measuring the State of Disaster Philanthropy 2014: Data to Drive Decisions* presents an analysis of funding for disasters by the largest U.S. foundations.

According to the research findings, in 2012, 234 foundations made 884 grants totaling $111 million for disasters. The majority of disaster grant making in 2012 was for natural disasters ($64.9 million), and almost half of all disaster funding was directed to response and relief efforts ($51.5 million). The report also examines the philanthropic response to earlier disasters, explores the media landscape and anticipates what it will take to improve coordination and collaboration for more effective disaster-related giving. Three case studies in the report take a closer look at foundations that have made substantial investments in disaster preparedness, relief and recovery.

The research report is part of a broader effort to track philanthropic funding flows to disasters, cultivate an online data-gathering network and equip the field with strategic resources for improving disaster preparedness, response and resilience. A searchable online platform

launching in late 2015 will make this information accessible, facilitate even more peer-to-peer learning and provide an opportunity for additional funders to contribute to this collective body of knowledge.

The project was made possible by a generous gift from the Irene W. and C.B. Pennington Foundation. An expert advisory committee comprising foundations, humanitarian organizations and philanthropic support organizations also provides ongoing guidance and insight for the project.

Measuring the State of Disaster Philanthropy 2014: Data to Drive Decisions can be downloaded for free at the Foundation Center's website (**http://foundationcenter.org**) or at the Center for Disaster Philanthropy's website (**http://disasterphilanthropy.org**).

U.S. Charitable Giving Tops $450 Billion in 2014

According to the Atlas of Giving's 2014 final report on charitable giving in the United States and its initial 2015 giving forecast, Americans gave a record $456.7 billion to charity in 2014. Furthermore, total donations grew by 9.3 percent over 2014, fueled by favorable economic factors that drive giving, an increase in the number of nonprofit organizations, the impact of donor-advised funds and advances in fundraising technology and techniques.

The biggest gains in gift revenue were realized by human services/disaster relief organizations, educational institutions and environmental causes. In 2014, double-digit growth in stock prices encouraged these increases in giving to organizations such as colleges and universities, which rely heavily on large gifts and capital campaigns. An improved employment picture coupled with reduced energy prices boosted giving from discretionary income to disaster relief, social service agencies and environmental programs, most

of which depend on a high volume of smaller donations to fund operations. Improved consumer confidence also played a role in giving growth.

The report also cites low inflation and historically low interest rates as factors that contributed to a robust year of receipts for America's nonprofits. Other factors that contributed to the rise in giving include a continued surge in the number of new nonprofits and churches in the United States, as well as an enormous increase in contributions to donor-advised fund accounts. In fact, the number of U.S. nonprofit organizations recognized by the IRS has grown 50 percent since 2003.

According to the report, the impact of donor-advised funds on giving is considerable and growing, with donor-advised funds accounting for $29.4 billion in giving, or 6.4 percent of all giving in the United States.

While donations to churches and religious causes remains the largest giving category, representing one-third of all gifts, giving to religious organizations grew at a rate of only 6.4 percent in 2014. By comparison, gifts to human services/disaster relief organizations increased 12.7 percent, while gifts to environmental causes and educational institutions rose 11.8 percent and 11.5 percent, respectively.

And for giving in 2015? The Atlas projects that giving could actually drop from 2014 levels by as much as 3.2 percent. The last time total annual giving fell was in 2009, when recessionary conditions brought about a 5.8 percent decline from the 2008 total. The forecast cites an anticipated stock market correction along with an expected increase in interest rates in the second half of 2015 as primary drivers of an upcoming downturn in giving. Global economic factors are also expected to negatively impact 2015 giving.

The Atlas of Giving reports and forecasts on U.S. charitable giving on a monthly basis by charitable sector, gift source and all 50 states, as well as the District of Columbia.

The full Atlas of Giving report on 2014 giving and its forecast for 2015 is available at **www.atlasofgiving.com**.

Philanthropy Education in the UK and Europe

Produced by the Centre for Charitable Giving and Philanthropy (CGAP) at the Cass Business School at the City University London and the University of St. Andrews and written by Charles Keidan with Tobias Jung and Cathy Pharoah, *Philanthropy Education in the UK and Continental Europe: Current Provision, Perceptions and Opportunities* looks at the level of activity and attention paid to philanthropy and giving in universities and research organizations across Europe.

The aim of the study was to illuminate the scale and scope of philanthropy education in Europe today and highlight some of the key issues affecting the future development of the field. The study combines a mapping of educational provision with semi-structured interviews with 18 philanthropy stakeholders. The research addresses the following questions:

- What is the scale and scope of teaching about philanthropy at European universities today?
- What are some of the perceptions of the needs, barriers and opportunities for the development of philanthropy education?
- What are some of the implications of the data for a) the future development of philanthropy education in Europe and b) further research in this area?

For the purposes of the research, philanthropy education is defined as "the study of, or training in, the history, theory and practice of private contributions of money or other resources with a primary goal to benefit the public good."

Among the key findings are the following:

- There is an embryonic philanthropy education sector emerging across Europe. This can be seen in a range of geographies and universities, within academic disciplines and centers and in (primarily) postgraduate teaching on the subject.
- Philanthropy education exists across Europe but is stronger in some regions and countries

than others. Concentrations were most evident in western European countries, especially the U.K., Netherlands, Germany, Italy and France. Conversely, philanthropy education was virtually absent in northern Europe and in countries of the former Soviet Union, with the exception of Lithuania.

- Philanthropy education is dispersed across a number of disciplines in the social sciences and the arts and humanities. Business is the predominant discipline within which philanthropy is taught.
- Teaching about philanthropy primarily takes place at the postgraduate level, in the form of individual elective courses and in the context of executive education.
- The emergence of academic centers and chairs in philanthropy reflects a small but growing critical mass of philanthropy education in Europe.

In addition, interviews revealed the following:

- Philanthropy has a growing role in public provision, including higher education.
- Philanthropy's importance to society increases the need for universities to build a knowledge base about philanthropy.
- Philanthropy course instructors and foundations show an appetite for more systematic teaching and research about philanthropy.
- Teaching about philanthropy should draw on expertise from multiple disciplines.
- The imperative to provide vocational training for the philanthropic and nonprofit sector was urged by some, while others emphasized the need for a broader approach centered on the history, philosophy and ethics of philanthropy.
- "Student philanthropy" courses would be welcomed in Europe as an innovative approach to teaching, but there is skepticism about their fundability.
- University leadership has not prioritized philanthropy research or education to date.
- Scholarship about philanthropy is not internally embedded or sufficiently valued in the academy. It frequently lacks academic and financial incentives or disciplinary rooting, and student demand is unproven.
- Philanthropists and foundations have traditionally shown limited interest in supporting philanthropy research, which some perceive as navel gazing or potentially raising awkward questions.
- Philanthropic funders are showing a growing interest in philanthropy research, reflecting greater professionalization, introspection and scrutiny, but foundation funding in this area could create conflicts of interest.
- Philanthropy education presents multiple opportunities for universities, both at the institutional level—in terms of building donor relationships, understanding donor motivations and developing the skills of fundraisers—as well as at the scholarly level in terms of advancing academic knowledge.

To read the full report, visit **www.cass.city.ac.uk/__data/assets/pdf_file/0004/238072/Final-Philanthropy-Education-revised.pdf**.

Volunteering Is a Way of Life for Many

In 2013, one in four adults (25.4 percent) in the United States volunteered through an organization, demonstrating that volunteering remains an important activity for millions of Americans. Altogether, 62.6 million Americans volunteered nearly 7.7 billion hours in 2013. Based on Independent Sector's estimate of the average value of a volunteer hour, the estimated value of this volunteer service is nearly $173 billion.

More than 138 million Americans (62.5 percent) also engaged in "informal volunteering" in their communities, which includes helping neighbors with such tasks as watching each other's children, helping with shopping or house sitting. Two-thirds (68.5 percent) of Americans have dinner with their family virtually every day, while three in four (75.7 percent) see or hear from friends and family at least a few times a week. Furthermore, more than one-third (36.3 percent) are involved in a school, civic, recreational, religious or other organization.

The top volunteer activities included fundraising or selling items to raise money (25.4 percent); collecting, preparing, distributing or serving food (24.2 percent); providing transportation and general labor support (19.6 percent); tutoring and teaching youth (18 percent); mentoring youth (17.3 percent); and lending professional and management expertise (15 percent).

Also, volunteers are almost twice as likely to donate to charity as nonvolunteers. Nearly eight in 10 (79.2 percent) volunteers donated to charity, compared with four in 10 (40.4 percent) nonvolunteers. Overall, half of all citizens (50.7 percent) donated at least $25 to charity in 2013.

For more information, visit **www.volunteeringinamerica.gov**.

Also, volunteers are almost twice as likely to donate to charity as nonvolunteers.

Ultra-Wealthy Philanthropists Donate US$25 Million During Lifetime

According to the inaugural *Wealth-X and Arton Capital Philanthropy Report 2014*, the typical ultra-wealthy philanthropist donates US$25 million over the course of his or her lifetime, is 64 years old and has an average net worth of US$240 million and an average liquidity of US$46 million.

The report examines the full spectrum of ultra-high-net-worth (UHNW) philanthropic activities,

identifies trends in UHNW giving, provides the profile and traits of ultra-wealthy philanthropists and highlights their motivations in contributing to charities across a range of areas and sectors.

The Wealth-X and Arton Capital Major Giving Index, which tracks trends in UHNW charitable giving, shows that the level of traditional philanthropic donations remains strong. The index has risen in the past few years, reaching a level of 220 in 2013, making it the strongest year for UHNW giving since the 1997/1998 global financial crisis and only 12 points below the all-time high of 232 in 2006.

However, the report reveals that UHNW philanthropists are expanding their philanthropic approaches and activities, shifting from major giving toward self-sustaining projects and entrepreneurialism.

Note: This article was originally published on **www.hubbis.com**.

To download the report, visit **www.wealthx.com/articles/2014/wealth-x-and-arton-capital-philanthropy-report-2014**.

Protecting Your Greatest Asset

By Bill F. Faucett, Ph.D., CFRE

JIM FRAZIER/ILLUSTRATION SOURCE

In the popular 1995 film *Rob Roy,* actor Liam Neeson—portraying the real-life Scottish folk hero Robert Roy MacGregor, who was made famous in Sir Walter Scott's 1818 novel—is scolded by his wife for not remembering an aphorism that he had recited to their sons many times. "Honor," she reminds him, "is a gift a man gives himself." That notion still resonates. (Although today, of course, the gender reference would be neutral.)

The idea of honor seems somewhat dated these days. It has lamentably receded from everyday conversation, except in a few notable spheres, such as the military. However, the concept actually lives on in other parts of your vocabulary. Perhaps without even knowing it, you tend to substitute for "honor" the words "integrity" and "honesty" and slightly broaden their meaning into something that resembles honor.

Each of these words—honor, honesty, integrity—relates to an individual's adherence to widely accepted principles of ethics and morality. They also directly relate to you because they are foundational to your career as a fundraising professional. If properly tended, they will help you maintain your most precious asset: your reputation.

It is common knowledge that a reputation can be a difficult thing to manage. It is easily sullied; it is tremendously difficult to recover. Prospects—people who rely on you to be above-board in every aspect of your life (and not just your professional life)—expect you to adhere to high moral and especially ethical standards, and very often their gifts are at least minimally tied to the trust they put in you. With that in mind, here are six reminders that will keep you and your reputation in good stead with donors and prospects.

1. Be more than *merely* honest. There is more to honesty than merely telling the truth. You should be forthcoming with your donors about the state of your project and organization and provide them with information that will help them to better assess their interests and their willingness to donate. Put plenty of information on the table. Encourage them to ask questions, and answer them honestly. Respect your donors' intelligence, and expect that they can spot problems. Perhaps they will even be able to offer valuable solutions. Accurately explaining your organization's current state—its successes and its challenges—is critical.

2. Do not omit information. Omitting important information can be very harmful. The failure to provide donors with the complete picture of your project and organization will eventually haunt you. No one expects a conversation or even a proposal will be fully comprehensive, but at the same time, no one expects the most salient details to be left unrevealed.

3. Provide adequate detail. Increasingly, donors want to know what is happening at your shop. As you are often reminded, the days of "checkbook philanthropy"—when donors simply signed a check and walked away only to return next year to do it again—are nearing their end. Information is a powerful thing, and sharing it with your donors will not only comfort them but also increase the perception that you are expert in your knowledge about your charity. And knowing what

you're talking about, in plentiful and accurate detail, is crucial to garnering your donors' respect. (*Nota bene:* If, for instance, a donor asks about the annual fund, you do not need to have a full report at the ready. Nevertheless, you hopefully will know enough to speak with authority on the subject. If that is not the case, for goodness' sake, do not try to fake it! Simply let the donor know that you will get back to him or her with the information—and then make sure you do, promptly.)

4. Respect the limits of your relationships. It is virtually impossible to build a donor relationship over time and not become friends. Nearly every fundraiser of experience has, at one time or another, befriended a donor, and there is nothing wrong with it. Presumably, your personalities mesh well, and, as demonstrated at least by charitable interests, you share some common likes and dislikes. That being said, there are lines that should not be crossed. Consider these questions: Is it really a two-way friendship, or are you exaggerating the donor's feelings toward you? In the event a family squabble crops up (a common situation when money is at stake), will you be in danger of appearing biased? Will your friendship prevent you from doing the work your organization expects you to do? Asking friends for donations, as many already know, can be more difficult than asking strangers.

5. Do not gossip, and do not blame others. Gossip is always a bad idea, but you should be especially wary of engaging in it with your donors. We all know that there is a certain variety of donor who enjoys being an "insider" with your charity, and that is a good thing! It indicates interest, concern and loyalty. However, avoid discussing office shenanigans with your donors. After all, mentioning your colleagues in other than a good light only makes you look small and petty, and giving a donor insights into the underbelly of your organization could make it seem dysfunctional. Word of any betrayals will inevitably get back to your office. As for blame, simply try to follow the old saying that it should be accepted quickly and assigned reticently.

6. Do not be too quick to respond to criticism. Defensiveness can quickly end a relationship with your donor. The longer you know someone, the more apt you are to be criticized. And the criticism may not always be levied with tact. Should a donor hurl an insult in your direction or correct one of your errors—one that was, in fact, not an error—you must let it go. If you cannot let it go, do not respond immediately. Bite your tongue; deliberate on it for a while; and then devise a plan to deal with it gently. Your donors talk to lots of other donors, and if you become known as a difficult personality, your reputation will suffer. (A mentor of mine used to be fond of saying, "The donor is right only twice: when the donor is right and when the donor is wrong." That is worth remembering!)

While these tips relate to your interactions with donors and prospects, it is equally important for you to maintain a good reputation in your office as well. How? First, by abiding by many of the rules you have just read. A number of them will apply nicely to office situations. Another bit of advice I wish I had taken very early on in my career is to never work for shady organizations or bosses. If they become shady, leave.

A reputations is a two-way street, after all, and aligning yourself with a characterless charity will inevitably drag you down. Determining an organization's reputation via its leadership and its financial standing, among other parameters, will require some investigation on your part, but it will be worth the effort.

Your reputation, in the end, will ultimately determine your success as a fundraiser and, more importantly, as a person.

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Determining an organization's reputation via its leadership and its financial standing, among other parameters, will require some investigation on your part, but it will be worth the effort.

How capacity building—not just another term for fundraising support—helps nonprofits perform better

A New Perspective

By Paul Lagasse

After several difficult years, nonprofits are finding that they can begin turning their attention to strategies for rebuilding and even growing their operational capacities. Fortunately, grant-maker support for capacity building remains strong. To earn that support, however, a nonprofit needs to be able to convince funders that it will use those funds wisely.

What is capacity building? It is a broad term that encompasses "actions that improve nonprofit effectiveness" in terms of organizational and financial stability, program quality and growth, says Barbara Blumenthal, author of *Investing in Capacity Building: A Guide to High-Impact Approaches.* Capacity building can take many forms, such as creating or re-examining organizational plans; initiating collaboration with other nonprofits; developing new sources for earned income; professional development for staff and board members; opportunities for peer learning, networking or leadership development; and utilizing pro bono support for high-impact projects.

According to the report *Is Grantmaking Getting Smarter?* from Grantmakers for Effective Organizations (GEO, **www.geofunders.org**) in Washington, D.C.,

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more than one-quarter of funders have increased the total amounts they give through capacity-building grants, and support for multiyear grants has returned to prerecession levels. Furthermore, fully 81 percent of grant makers surveyed provide general operating support, and the median percentage of grant dollars awarded to general operating support is 25 percent, an increase of 5 percent since the previous survey in 2011.

For nonprofits, it is not enough anymore to promise funders that their grants will be used to acquire the systems they need to carry out their missions. "The important thing about capacity building is that it is a means to an end," says Paul Connolly, director of philanthropic advisory services at the Bessemer Trust (**www.bessemertrust.com**), a private wealth-management firm that has more than $1 billion under supervision, including about $4.5 billion in assets associated with more than 400 family and independent foundations. "A strong organization leads to a strong program. If building managerial and leadership capacity leads to better programs, that's great. But if the programs are not there, what's the point?"

The challenge, Connolly explains, is to get prospective grantees to look beyond immediate fundraising needs to identify the underlying systemic issues that are driving them. "Yes, some nonprofits need to strengthen their fundraising capacity, but that's an easy thing to pick off the top," he says. "What's more important is that the organization is able to convince a grant maker that it is truly ready for change."

To Build Capacity, Change Your Perspective

Many nonprofit management and fundraising consultants argue that thinking of capacity building as simply a way to boost revenue generation is short-sighted. What is required, they say, is a shift in perspective. "One of the challenges in our sector, particularly when you're a fundraiser, is that the board and the senior staff want to see results, which tends to translate into the amount of money you raise," says Vivian A. Smith, CFRE, president

Why Investing in Leaders Can Be Good for Capacity Building and Fundraising

Much has been written about the nonprofit sector's looming leadership deficit—the exodus of retirement-age, baby-boomer executives from the workforce—and the negative effect that it will have on the organizational capacities of the organizations they leave behind. Many observers, however, are increasingly skeptical that the departure of a generation of leaders will trigger a leadership vacuum. They point to the sizable cadre of young gen x professionals who have for years been assuming positions of greater responsibility in preparation for their time in the sun and to the leading edge of the millennial generation that is entering its professional prime right behind them. If anything, these observers say, now may actually be a good time for boomer executives to start turning over the reins to the next generation.

"If you interview young people, they will say that leadership is not making room for them either by retiring or by enabling them to exercise leadership," explains Linda Wood, senior director and director of the Leadership Initiative at the Evelyn & Walter Haas, Jr. Fund (**www.haasjr.org**) in San Francisco. Wood says that many organizations are missing opportunities to prepare the next generation of leaders to assume positions of greater responsibility. They could be providing coaching and training or distributing leadership responsibilities among more people.

Such changes could be crucial for organizations that are seeking to build their capacity, says Wood, who created the fund's Flexible Leadership Awards, which to date has awarded $12 million in leadership development grants to more than 75 nonprofits. "We have seen that leaders are accustomed to strategic thinking, but they don't necessarily take a step back and ask themselves, 'How do I need to change, if that's where I want to go? And how do I change my organization to make that happen?'" she says.

of Liberty Quest Enterprises (**www.libertyquest.ca**) in Langley, British Columbia. Smith counsels her clients to distinguish between capacity building and capital building. The latter should not be the focus, she says, until the former has been firmly set in place.

A former fundraiser herself, Smith says that nonprofit executives often have a hard time taking their eyes off the fundraising bull's-eye to look at the concentric rings that surround it, which consist of elements as varied as volunteer and staff recruitment, succession planning, professional development and strategic planning. That narrow focus, Smith says, results in reactive organizations that lurch from one fiscal crisis to another. "To restrict an organization to outcomes within a fiscal year does not prepare it for successful financial outcomes," she cautions.

The biggest challenge in educating leaders about capacity building, Smith says, is getting people to think long-term. For instance, she cites the recent experience of the Vancouver Canucks hockey team, an example that resonates with many of her Canadian colleagues. Seeking to climb out of a slump, for several years the team has been restructuring its staff and player lineup in an effort to build a cohesive team of eventual Stanley Cup contenders. Smith believes that when it comes to sports teams, people intuitively understand that such an effort takes time. Why don't people see nonprofits the same way?

Part of the reason may be that nonprofits typically see themselves as fundamentally different from hockey teams. However, they may not be as different as they believe. "The old-school thinking is that there's the public sector, there's the private sector and then there's a third sector that is neither," says John W. Hicks, CFRE, president and CEO of J.C. Geever Inc. (**www.jcgeever.com**) in New York City. "But the fact is, nonprofits are businesses. They provide services, and they achieve results."

Whether a student with college aspirations receives assistance in the form of one-on-one mentoring from a nonprofit or a smartphone app from Apple Inc., Hicks argues, to the student the result is the same: Now he or she can go to college. What matters is the result, not the process.

When working with nonprofit executives and boards, she encourages them to develop a vision for the next three to five years in order to identify not only the goals they want to achieve but also the capacities that they will need to put in place to accomplish them, including staffing levels, board makeup, leadership and funding.

When Haas, Jr. Fund representatives begin working with new grantees to identify their capacity-building needs, almost all of them say that their most important need is for greater fundraising support. In practice, however, that rarely turns out to be the best place to start. "We've seen them jump too quickly to a fundraising solution," explains Paula Morris, program director for the Fund's Flexible Leadership Awards. "Our experience has been that, because the need for funding is so urgent, instead of taking a logical 'ready-set-go' approach to the problem, they end up trying 'go-ready-set' first."

In other words, rather than ensuring first that they are stable and have a clearly defined mission, a compelling case and the right staff and board in place (the "ready" phase) and then identifying the right mix of resources and funding to achieve their goals (the "set" phase) before actually implementing their fund-development strategy to reach those goals (the "go" phase), many organizations put strategy first. In fact, Morris says, organizations forget the middle step entirely and get stuck in a perpetual "go-ready-go-ready-go" loop.

Morris says that sometimes organizations lose sight of the fact that a strategy lays out a long-term goal, and the steps to accomplish it can change along the way. A good leader is prepared to spot and seize opportunities as they arise. "For capacity building to occur in a thoughtful way, it needs to focus on what the organization wants to achieve in the long term. " Morris says. "And that means that capacity-building funders shouldn't think of it as a short-term, one-time fix."

When it comes to building the capacity for fundraising , the most important role of the leader is to make sure that the organization is ready to follow the ready-set-go path. "If you can make that case, if you can paint that picture," Wood says, "then you're more likely to get support from a grant maker."

In the post-recession economy, nonprofits that focus on results instead of processes are more likely to attract capacity-building support because grant makers, too, are increasingly interested in outcomes. And that is where fundraisers can make a crucial difference, by steering the internal conversation away from revenue and toward the problems that the organization is trying to solve. Funders are unlikely to provide resources if they do not see the conditions in place for those resources to make a difference. In order to do that, Hicks says, nonprofits need to be able to answer the question, "Does this serve the end-user and produce a positive result?" If not, it is a waste of money. "A really good fundraiser is not going to raise funds unless the donor will perceive value and real impact," Hicks says. "Philanthropy is not a reward for a job well done. It's an investment in possibilities."

Too Weak to Fail?

While grant makers are willing to work with nonprofits to identify and cultivate those possibilities, they also want to see evidence that the organization is willing to commit sufficient time and money to the effort, and that requires the backing of the organization's leadership. "I've come to believe that if an executive whom a funder trusts says that an organization is ready to make a commitment to putting the building blocks in place, then a fundraising commitment is appropriate," says Jeanne Bell, CEO of CompassPoint Nonprofit Services (**www.compasspoint.org**) in Oakland, Calif. "However," Bell cautions, "the solution is not just one hire, not just one development person. It takes a system-wide commitment."

Bell readily acknowledges that there is a healthy skepticism among nonprofits about the effectiveness of capacity-building grants, especially because they require such a hefty commitment, but she points out that grant makers understand as a matter of principle that their job is not to tell nonprofits how to do theirs. Nor can a grant maker impose change on an organization that does not want it. Change, says Bell, has to come from within. The grant maker's job is to provide resources that help make it succeed. "The funder is there to have a nuanced conversation with the organization about what it needs

Let's Build the Capacity of the Nonprofit Sector, Not Just of Individual Organizations

This year, D.C. Central Kitchen (DCCK) in Washington, D.C. (**www.dccentralkitchen.org**), will be commemorating its 25th anniversary by graduating its 100th class of local men and women whose culinary training will help them overcome homelessness, addiction and poverty to become self-sufficient. Furthermore, most of them, on average, will find full-time jobs at above-poverty-line wages in three months. On top of that, every day, DCCK's 150 employees produce and deliver more than 10,000 nutritious meals to homeless shelters and low-income school students throughout the District of Columbia, in the process recovering and using thousands of pounds of food that otherwise would have gone to waste. Now able to generate nearly two-thirds of its $12 million annual revenue from its own enterprises, DCCK estimates that for every dollar invested in its culinary training program, it returns $3.50 to the District of Columbia in terms of new tax revenue and money saved through fewer people in jail and on welfare.

And yet, a quarter-century into what has turned out to be his most dramatically successful project so far, DCCK founder Robert Egger is asking, "Is this really the kind of capacity that we want to be building? Feeding working poor people leftover food can be efficient, but is it just?"

For decades, Egger, the author of *Begging for Change: The Dollars and Sense of Making Nonprofits Responsive, Efficient and Rewarding for All,* has been trying to persuade grant makers and nonprofit leaders alike that they need to focus on something more fundamental than providing charity. They need to use their collective leverage to change society's status quo. The nonprofit sector as a whole, Egger argues, has yet to find a way to come together

in order to win in its revenue streams," Bell explains.

The conundrum, however, is that many nonprofits are too under-resourced to be able to undertake such a comprehensive overhaul, even if the leadership, staff and board members are committed to trying. They require financial support in order to undertake sweeping organizational changes, but they need to be able to show that they have made changes before they merit a foundation's support. "We have a lot of nonprofits out there that are, in essence, too weak to fail," Bell says. "They just stagger along on less and less."

In such cases, she explains, the leadership has to make the tough decision to focus on just those programs for which the most compelling arguments can be made. "Just because something is needed doesn't mean you can do it," Bell says. It is a harsh logic, but for organizations that find themselves backed into a corner, it is also a necessary one. Having many programs that are only marginally effective simply drains precious resources that could otherwise be focused on making a few programs more effective.

Roger Doughty, executive director of San Francisco-based Horizons Foundation (**http://horizonsfoundation.org**), agrees. Having served as a nonprofit executive before becoming a grant maker, he has experienced the funding struggle from both sides of the table. "When I look at our focus communities, the great majority of them exist, at best, at a subsistence state and are often considerably more strapped than that," he says. "But there is a large number that, if they had more money, could move to another level. Even so, that's a major investment, even for a moderate-size organization."

That is why Horizons Foundation and many other grant makers, as noted in the GEO survey, offer general operating support. "If you ask 100 directors what type of funding they'd prefer, 99 will tell you they want a general operating grant. And the other one will be lying!" says Doughty with a laugh. General operating support can be used to hire specialist consultants who can identify needs and suggest appropriate solutions, to purchase vital infrastructure or to institute assessment processes that will provide the organization with hard data for tracking outcomes and marking progress toward milestones.

Doughty also encourages nonprofits to approach individual donors about designating their gifts for general operating support, an idea at which many nonprofits instinctively balk because they believe donors are not interested in supporting anything that is not program-oriented. Doughty thinks that this fear is often unwarranted. "I'd be happy to name my database after someone if it would get them to pay for it," he says.

to speak with a single voice on critical social issues such as poverty, health and nutrition, violence, the climate, etc.

The problem, says Egger, who in 2013 founded L.A. Kitchen (**www.lakitchen.org**) to replicate DCCK's successes among impoverished communities of Los Angeles, is that the funding for such collaborative activities simply isn't there. "I could get grants for feeding poor people all day long," he says. "But grants to support ways to encourage the sector to come together? There's no money for it."

Egger believes that this is the result of the unintended "divide-and-conquer" effect of nonprofits competing against each other for ever-dwindling pools of public and foundation money. Instead of being able to draw attention to big-picture issues as they would prefer to do, he says, nonprofits are being dissuaded by economic necessity to avoid rocking the boat, lest they lose what funding they have. "It's not a conspiracy, certainly, but it is having the effect of encouraging organizations to keep their heads down," he says.

Egger argues that in order for nonprofits to be able to lift up their heads again, they must achieve autonomy from the vicious funding cycle, either by working with foundations and other grant makers to revolutionize how nonprofits are funded, or by establishing a new source of funding that supports collaborative initiatives—or both. "I've tried my best with sweat and money to find a way for the sector to find common ground," he says. "And I'll never give up on that."

The lesson, Egger says, is a fairly simple one: "If you chase money, you run forever. If you chase results, money comes to you."

"There is enough evidence out there showing that the old model of **being able to focus on your own little corner of the world without understanding everything else that's going on just doesn't work anymore**."

Indeed, in this post-*Overhead Myth* era (see **http://overheadmyth.com**), it may be the right time to begin educating donors about the importance of general operating support.

The Big Picture

As reported in the 2014 GEO survey of nonprofits and foundations, over the past three years, most grant makers have increased the amount of funding earmarked for general operating support, have begun offering more multiyear support and have encouraged nonprofits to provide feedback to funders in order to fine-tune the process. What, then, should nonprofits be doing in turn? In other words, if grant makers want to see changes, what changes are they looking for? Jared Raynor, director of evaluation at TCC Group (**www.tccgrp.com**) in New York City, identifies four crucial things that nonprofits should be doing to demonstrate that they are prepared to build their capacity in partnership with a grant maker.

1. **See the big picture.** Do not promise to change the world. Demonstrate how your organization changes part of the world and how that change makes the world a better place. And be prepared to back up those claims with metrics.

2. **Get rid of silos.** Break down the communication and collaboration barriers among departments. This allows innovation and ideas to spread quickly, helps everyone in the organization understand how their roles mesh together to get the job done and empowers them to be able to better explain the mission and programs to donors, stakeholders and grant makers.

3. **Understand the academic literature.** There is an abundance of empirical research available on fundraising, capacity building and a wide range of program-specific topics. While ensuring that leaders, staff and volunteers are attuned to the latest developments and that they recognize the major individual and institutional players in their field is important, it is only one aspect. "Understanding the academic literature relates primarily to the mission-related work of an organization," Raynor says. "While understanding the research on operational elements such as fundraising or how to do effective capacity building is good, it is not critical preparatory work for doing capacity building in the same way that understanding how to deliver effective programs is."

4. **Partner with other stakeholders and nonprofits in the same mission space.** Grant makers are increasingly supportive of collaborative efforts among stakeholders—business, government, educational institutions, other nonprofits, etc.—that forge strategic relationships that lead to greater impact. "There is enough evidence out there showing that the old model of being able to focus on your own little corner of the world without understanding everything else that's going on just doesn't work anymore," he says.

All four of Raynor's imperatives are designed to break down barriers—internally, externally, culturally and philosophically. With those four elements firmly in place, your nonprofit will be on more solid ground without even receiving a capacity-building grant. "The most effective capacity building is institutionalized rather than segmented," Raynor explains.

Become a Charity of Choice

Institutionalized capacity building serves as the solid foundation on which a nonprofit can construct a successful fundraising campaign and grow its reputation in the community. For example, the groundwork laid by the Foundation of Children's Hospitals and Clinics of Minnesota (**www.childrensmn.org**) prior to its largest-ever capital campaign enabled it to not only ride out the seismic shocks of the 2008 recession but also exceed its fundraising targets by a comfortable margin while simultaneously strengthening its philanthropic role in the community.

Launched in the spring of 2007, the ambitious *Next Generation of Care* campaign sought to raise $100 million for facilities expansion and renovation on the organization's two campuses in Minneapolis and St. Paul, including new maternal/fetal care and integrated pediatric neuroscience centers and expansions to the hospitals' existing emergency care, cardiovascular care and technology support facilities. The campaign also represented a bold strategy to become a strategic instrument of growth for Children's.

"Our brand equity has always been strong, but we were a small foundation before 2007," explains Theresa Pesch, RN, the foundation's president. "We wanted to be able to attract the strongest board in the community and to become a charity of choice in healthcare."

To that end, along with focusing its marketing efforts on positioning strategic investments such as offering naming rights for lead givers and promoting their support in the community, the foundation also undertook a systematic effort to roll out a board recruitment, training and retention program that would generate significant peer-to-peer momentum.

The campaign was so successful that Children's extended it another year, to December 2013, and set a new target of $150 million, which it exceeded by 13 percent, ultimately raising just shy of $170 million. Furthermore, the board-recruitment effort proved to be a success, and the foundation is now a much more prominent player in the Minneapolis-St. Paul philanthropic community. As a result, Pesch says, 2014 ended up being the foundation's best fundraising year ever.

Pesch explains that the success of the campaign owes much to the foundation's culture of flexibility, transparency and responsiveness, traits that stand out in the often risk-averse world of healthcare philanthropy. "We attract people with an entrepreneurial mindset," Pesch says. She adds that the foundation board and staff place a high value on what she terms "relationship equity"—a focus on making meaningful connections. "You have to design your board so that it can have a substantive dialogue and understand the strategic objectives," Pesch says. "To create the conversation with a strategic donor, you need stronger-than-average communications and business-planning skills."

As the success of the Foundation of Children's Hospitals and Clinics of Minnesota illustrates, organizations that pay careful attention to their internal and external capacities tend to be more adaptive to change, responsive to opportunity and successful with their fundraising efforts. In a successful capacity-building effort, increased fundraising support is rarely the catalyst for improvement. Rather, it is the outcome. "Capacity is the ultimate measuring rod for asking, 'Does it help us get a better result for a beneficiary?'" Hicks says. "If you are able to answer 'yes' to that question, then your organization will be positioned to benefit from better and stronger philanthropic support, because people like to support winning causes."

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Resources

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Assess and **Evaluate**

How comprehensive assessments of fundraising capacity yield much more than improved fund-development efforts

By Mary Ellen Collins

"How are we doing?" How often have you heard this question—or asked it yourself—in myriad situations ranging from determining where the annual fund stands compared with last year to seeing whether online giving has increased since the website was overhauled? Informal self-assessment takes place all the time, but formal, comprehensive assessments of fundraising capacity have become increasingly common as organizations seek ways to maximize their potential and fix the problems that may be standing in their way.

"We've seen an uptick in the number of organizations asking for this service over the past couple of years," says Marianne Briscoe, ACFRE, president of Brakeley Briscoe Inc. (**www.brakeleybriscoe.com**) in San Mateo, Calif. "I think one factor is that philanthropy took a powerful hit from 2008 forward, and boards, in particular, are looking back over the last five years and saying, 'OK, we took a hit a while back, and even though the stock market is at a new high, we aren't seeing it in our fundraising.'"

An impending capital campaign or a change in leadership is another common catalyst for undergoing an assessment, according to Sanae Tokumura, ACFRE, president of Solid Concepts Inc. in Honolulu. "An organization may be embarking on a campaign and will want to make sure that the fundraising infrastructure that will support it is adequate and ready. Or there may be a new CEO or board chair or chair of the development committee who comes in asking, 'Where are we with fundraising? Are we spending enough—or too much—on our development program? Are there deficiencies in the fund-development effort? How are we doing compared with organizations that are similar to ours?'"

Although it is usually the board chair or CEO who requests an audit, Tokumura says she recently has seen cases of "the tail wagging the dog." "I had two calls recently from experienced development officers who are aware of deeper problems within their organizations that affect the development bottom line involving faulty strategic planning, board development or communication practices," she says, "and they had obtained permission to have an assessment done."

Regardless of the initiator and the reason for undertaking the assessment, the process generally consists of a series of interviews with staff, leadership and board members; a review of all policies and written materials related to fundraising and governance; an identification of weaknesses and stumbling blocks; and recommendations for change.

The Groundwork

Initial meetings between staff and a consultant serve the purpose of developing a common goal and getting everyone on the same page. Dee Vandeventer, CFRE, M.A., chief development officer at UnityPoint Health–Allen Foundation (**www.unitypoint.org**) in Waterloo, Iowa, and formerly a consultant with Amperage Fundraising Advisers (**www.amperagefundraising.com**), recommends beginning an assessment by having a clear focus on the desired outcome. "We liked to start with the end in mind by saying, 'How are you going to use this audit? If it's just going to sit on a shelf, don't do it. It's expensive if you're not going to use it.'" She adds that even if you do not learn anything new, the assessment may validate what you are already thinking.

Nonprofit leaders often have the misperception that any weaknesses discovered would be in the development office, which is why it is critical that the assessment closely examine executive-level and board leadership. "We do want to evaluate how well the development program itself is doing, but we also want to look at how the development program fits into the culture and management of the organization," Briscoe says. "We

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look at the interface and synergy among the CEO, the chief advancement officer and the chair of the board. The good audits are not a witch hunt. We're looking for solutions that will make the development program perform better. But I would say that no matter how clear we are, the expectation is that the recommendations are going to be all about the advancement program, not about the board or the CEO."

The Interviews

Interviewees for a development assessment typically include development staff members, the CEO and other executive leaders, board members, donors and volunteers, with consultants using a mix of one-on-one and group meetings. "In contrast to a feasibility study, with a development assessment you're not pushing out very far from your inner circle," Briscoe explains. "You're talking to people who have informed ideas about how to help you."

She begins assessments by assembling a small group of staff and sometimes several volunteers to serve as an assessment team that provides logistical and strategic assistance. "They identify the people for us to interview, and it gives them ownership in the methodology and the outcomes," she says, emphasizing that the assessment is done well within the culture of the organization, not just from the outside.

Measurable Benefits From Investing in Fundraising

The Association for Healthcare Philanthropy (AHP, **www.ahp.org**) in Falls Church, Va., has spent the last 30 years gathering data on industry performance benchmarks and trends and publishing the results in their annual *Report on Giving.* The analysis has revealed a fact that may surprise organizational leaders who consistently ask fundraisers to cut budgets and reduce the amount they spend to raise a dollar: Organizations that invest *more* in fundraising actually achieve greater success.

Standardizing Performance Measures

About a decade ago, AHP leadership realized that members were not reporting things consistently, which resulted in unhelpful apples-to-oranges comparisons. "Before 2003, some people weren't reporting overhead as an expense because they said, 'The hospital pays for it,'" says Kathy Renzetti, chief strategic officer at the Association for Healthcare Philanthropy. "But any expense related to raising money is a fundraising expense."

A group of AHP staff and members embarked on a painstaking, two-year process of coming up with a slate of definitions that would enable hospitals to provide data in the same way, ensuring that they were comparing themselves on an apples-to-apples basis.

They have compiled this information in the *AHP Standards Manual for Reporting and Communicating Effectiveness in Health Care Philanthropy.*

Don't Focus on the Cost of Dollars Raised

With 30 years' worth of data and the results of benchmarking studies, AHP has looked at the top performers and observed a very clear correlation between investment in fundraising and fundraising success. This helps to correct a commonly held misperception that the less it costs an organization to raise a dollar, the better it is doing. "The world around fundraisers is changing," Renzetti says. "Focusing on keeping expenses down is detrimental. We want to use the data to show that investing in fundraising will generate more dollars."

AHP suggests that looking at the following three factors is a much more accurate way to determine an organization's fundraising performance than simply focusing on the cost of the dollar raised (see Figure 1):

1. Return on investment (ROI) = gross funds raised divided by total fundraising expenses
2. Cost to raise a dollar (CTRD) = fundraising expenses divided by gross funds raised
3. Net fundraising revenue = gross fundraising revenues (outright gifts and new gifts, excluding pledge payments from previous years) minus fundraising expenses

These conversations with key individuals reveal deficiencies in technical processes, as well as gaps in the organization's overall culture of philanthropy. "If your donor stewardship is weak, you'll find that out when you talk to a donor," Briscoe says. "If your receipting process is weak, that could be eroding trust among donors in how the organization's money is managed. And if a person doesn't have a clear understanding of where the organization is going, he may say, 'I'll keep up with my annual giving, but I'm not going to make a larger commitment.'"

Simone Joyaux, ACFRE, principal of Joyaux Associates (**www.simonejoyaux.com**) in Foster, R.I., also puts a high value on conversations and says her primary assessment tool is "creating an ambiance of trust in which people can tell the truth." She conducts what she calls work sessions with groups of staff, leadership and board members in which candid conversation is the rule. "Early on, I'll say, 'Let's share everything we hate about fundraising.' I say something, and the executive director and the chief development officer have to say something. It raises important issues, because at least 50 percent of the things that board members say they don't like, they *shouldn't* like, such as never hearing from people unless they want money or being asked to solicit their good friends, Bill and Melinda, even though they aren't the least bit interested in the organization."

Figure 1.

Total Fundraising Expenses*		Net FR Revenue	ROI	CTRD
$54k - $503k (n=13)	Median/Range	$350k $47k - $4.9M	$2.84 $1.19 - $6.60	$0.35 $0.15 - $0.43
$504k - $1M (n=14)	Median /Range	$1.1M $116k - $6.9M	$3.07 $1.24 - $10.51	$0.32 $0.09 - $0.80
$1.1M - $2.3M (n=14)	Median/Range	$4.8M $1.1M - $14.9M	$5.96 $2.16 - $16.08	$0.16 $0.06 - $0.46
$2.4M or more (n=14)	Median/Range	$8.7M $2.8M - $17.8M	$4.09 $2.38 - $7.21	$0.24 $0.13 - $0.41

Note: *Total Fundraising Expenses, Net Fundraising Revenue, ROI and CTRD, Fiscal Year 2011. Note: Outliers removed for analysis. Fundraising expenses include costs related to direct fundraising activity, including human resources and operations expenses.

Numerical evidence of the payoff that comes from a strong investment in fundraising.

Source: "Four Critical Success Factors," Healthcare Philanthropy, *Spring 2014, page 14.*

The charity "watchdog" organizations also have addressed what they call the *Overhead Myth* (see **http://overheadmyth.com**) and have stated that successful fundraising is a result of more factors than the costs to raise a dollar.

Characteristics of Top Performers

AHP has identified a number of factors shared by the institutions that have the highest rates of fundraising success. The 2014 data revealed the following to be true:

- High performers in the United States had median total fundraising expenses that were approximately four times higher than for all other organizations.
- U.S. high performers depended more on major gifts and less on annual giving.
- Nearly nine in 10 (86.4 percent) of U.S. high performers employed seven or more full-time direct fundraising staff.
- High performers in Canada had median total fundraising expenses that were approximately five times higher than for all other organizations.
- Canadian high performers depended more on corporate and foundation gifts and less on annual gifts as major fundraising sources.
- Approximately seven in 10 (72.7 percent) of Canadian high performers employed seven or more full-time direct fundraising staff.

"Organizations that invest in staff obviously have the highest expense budget because of salaries," Renzetti says. "When you look at quantitative data, the top-performing organizations have a staff person in every area of development. They invest in fundraisers who build relationships, which leads to major gifts."

Information has been excerpted from "Four Critical Success Factors" by Kathy Renzetti, CAE, with contributions from William C. McGinty, Ph.D., CAE, in *Healthcare Philanthropy,* Spring 2014.

Note: AHP is currently involved in conversations with AFP and CASE to determine potential avenues of collaboration in this area.

The Materials

Reviewing an extensive list of materials and measurements related to fundraising, public relations, finance and governance is also a critical aspect of a development assessment because it often highlights important issues. If a consultant asks for the donor retention rate and the organization does not have that number because

Continues on page 34

Materials Review

*This is a list of materials that Brakeley Briscoe (**www.brakeleybriscoe.com**) consultants ask to review as part of their fundraising capacity assessment.*

Organization

- ☐ Organizational chart of the client, including development
- ☐ Mission statement
- ☐ Most recent strategic plan
- ☐ Bylaws
- ☐ Biographical information/résumés for senior management
- ☐ Current communications (annual reports, newsletters, brochures, PR samples)
- ☐ Fiscal year budget (and actuals)—five years
- ☐ Audited financial statements—five years

Development

- ☐ Current development plan and five years' budgets
- ☐ Development staff job descriptions/roles
- ☐ Policies (endowment, gift acceptance, naming policies, donor recognition)
- ☐ Donor gift acknowledgment policies and procedures
- ☐ Levels of giving (major-gift levels, annual-fund levels, societies, clubs, etc.)
- ☐ Examples of correspondence with prospects and donors (print and email, including cultivation, solicitation and acknowledgment)
- ☐ Status of wealth screening: vendor, when conducted, how implemented into prospect research and campaigns
- ☐ Sample proposal to foundation, corporation (if different than foundation)
- ☐ Name of fundraising database
- ☐ Five-year history of fundraising results (number of dollars, number of donors, number of gifts) broken down by appropriate constituency (e.g., board, individuals, corporations, foundations, planned giving, etc.); lists of total dollars, total gifts and total number of donors
- ☐ Five-year history of fundraising results broken down by appropriate categories (annual, special events, planned, capital, etc.)
- ☐ Five-year history of fundraising results broken down by use (designation)
- ☐ List of the top 10–20 donors per year for the last five years, with gift amounts
- ☐ Giving background for board members for the past five years
- ☐ Geographic distribution—number of prospects and number of donors in each relevant community or zip code (whatever makes the most sense)
- ☐ Goals and actuals over five years (categories to be discussed)

Governance/Board and Other Volunteers

- ☐ List of board members and affiliations (on website)
- ☐ Board organizational chart
- ☐ Board job description
- ☐ Board committees
- ☐ Example of financial/fundraising status reports provided to the board
- ☐ Development committee members
- ☐ Examples of report(s) given to development committee
- ☐ Development committee minutes
- ☐ Board giving policy
- ☐ Role of volunteers in fundraising

Knowing the How and Why

By Simone Joyaux, ACFRE

Process is as important as outcome. "Why" you do things is just as important as "what" you plan to do and "how" you do the things. Without the background context of why something matters, it is difficult to figure out the "what and how"—and it is hard to modify or very much change the "what and how."

There is another "why." You need to know why an organization, group of people or individual does what they do. It is not sufficient to simply know how many did what.

The best fund-development audit is actually a comprehensive organizational audit that focuses most deeply on fund development. Everything in your organization—and just about everything in the external environment—will affect your organization, and all that will affect your fund development.

The process I have designed for institutional strategic planning includes a comprehensive external environmental analysis. The institutional strategic-planning analysis also includes an expanded fund development audit based on my learnings with the IADF (International Association of Local and Regional Development Funds in Emerging Markets, **www.developmentfunds.org**).

Component of the audit	Focus area(s) of the particular component
External environment	General trends analysis—PEST, PESTLE, SLEPT, STEER, whichever—for political, economic, socio-cultural, technological, legal, ecological and regulatory factors; NGO (nongovernmental organization) sector trends; organization-type trends, such as arts/culture, education, healthcare, youth development, environment, etc.
Internal organizational health (You can control this, albeit with difficulty sometimes.)	Your organization's relevance to the community, i.e., programs/services for targeted audiences (the focus of good institutional strategic planning); internal SWOT (strengths, weaknesses, opportunities and threats)
NGO marketplace (Comparables, competitors, collaborators and everything in between)	Comparables; fund-development industry leaders (local and broader NGO sector); mission-focus industry leaders (local and broader NGO sector); size-focus industry leaders (local and broader NGO sector); positions along the Continuum of Cooperative Ventures presented by the Amherst Wilder Foundation
Organizational infrastructure	Culture/behavior; body of knowledge, research, best practices; systems thinking and learning organization theories; governance; customer-oriented operation, which does not mean compromising your mission and values to meet the needs of your various customers, e.g., beneficiaries, donors, volunteers, etc.; in arts organizations, the artistic vision is not subsumed in what audiences want to see; adaptive capacity—change (see C. Sussman, "Making Change: How to Build Adaptive Capacity," *Nonprofit Quarterly*, December 2003)
Fund development	Donor-focused organization; ethics; staffing and structure; information management (fundraising database); fund-development planning and decision making; loyalty/retention; emotions; relationship building (also called cultivation and stewardship); donor-centered communications; extraordinary experiences; donor analysis (interests and disinterests, motivations and aspirations, behaviors); sources of gifts; solicitation strategies; measures

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Spending Enough on Fundraising?

By Linda Lysakowski, ACFRE, and Ellen Bristol

While most CFOs, executive directors, chief development officers and even board members often obsess about cutting back on expenses to show positive cash flow, is it logical to even think about spending more on fundraising?

Several years ago, the Foundation for California Community Colleges (**www.foundationccc.org**) studied the correlation between size of foundation staff and income per staff member. Of course, you say, if one development officer can raise $500,000, then two should raise $1 million between them, right? Surprisingly, the study showed exponential growth in dollars raised per staff member simply by adding staff. Small staffs—one or two people—barely raised enough to cover their salaries and expenses, while a staff of five or more could raise three to five times as much as its expenses and larger staffs, 10 times as much.

The one- or two-person shops typically raised less than $500,000 and contributed about $100,000 to their college annually, a cost/benefit ratio of only 20 percent. Considering salary, benefits and other overhead implications, some small shops may not break even. However, those in the study with five or more staff members raised $2 million and contributed more than $1.5 million to their colleges each year, a cost/benefit ratio of 75 percent.

While staff size needs to be considered, there are plenty of other factors that contribute to performance. The *Leaky Bucket Assessment for Effective Fundraising,* which evaluates such factors as the availability of useful technology, the strategic plan and other resources, has shown that only 62 percent of the 600-plus participants' organizations use any form of donor-management software, including a spreadsheet. Only 47 percent have a strategic plan, while a shocking 74 percent lack an up-to-date case for support. The costs of buying software and staff time used to develop a strategic plan, a development plan and a case for support will be well worth the money spent, even if you engage an outside consultant to help with the plan or the case.

Although investing in staff seems to be more than logical, many development shops have only one full-time fundraiser who does everything, including data entry, running special events, conducting research, practicing stewardship and raising major gifts. Other organizations may have only a part-time fundraiser, or else the executive director is responsible for raising funds, in addition to handling programs and administration.

What can be done? A change in thinking is needed, starting with the board.

Often, the board demands large fundraising results while squeezing the fundraising budget until it squeaks. When senior management or the governing board says, "Cut!" the most likely response is "How much?" rather than "Here's why such cuts are not in our best interests." However, your board members may not understand what it takes to raise enough money, and having "enough" has to mean the ability to

- cover adequate levels of salary, benefits, professional development and staff recruitment;
- obtain, maintain and get optimum usage from technology;
- produce marketing and outreach mechanisms that may not pay off for months;

- set up the plans, metrics, guidelines and reporting methods, such as the AFP Fundraising Fitness Test (see **http://afpfep.org** for more information on the Fundraising Effectiveness Project), that show how well fundraising really is—or is not—performing; and
- establish a cash reserve or "rainy day" fund.

Refusal to spend the money to improve productivity means your fundraising will suffer. Invest in the tools of productivity, and your fundraising results improve. In 2008, when the economy took a nosedive, many worthy nonprofits were hurt. Regrettably, a number of them decided that the way to cope with the challenge was to downsize or eliminate the development staff. Nevertheless, these same organizations still expected good or even better fundraising results. That is like saying, "Our pizza shop isn't getting enough customers, so we're not going to advertise anymore." Where does the pizza-buying public end up? At the pizza shop that continued to advertise.

Remember Albert Einstein's definition of insanity: "Doing the same things over and over and expecting different results."

Where do you start the process of enlightenment? Take the Fundraising Fitness Test or the Leaky Bucket assessment (**www.bristolstrategygroup.com/nonprofit-leakybucket**). The results will show where your organization needs improvement, which should start a fruitful conversation. Do some additional research as well. Talk to one-person shops and larger development office folks in your community. If they are doing well, find out why. If your organization is part of a national network, learn how other affiliates are doing. And ask what percentage of the chief fundraiser's time is spent on "busy work" and how much is spent identifying, cultivating, soliciting and stewarding major donors. Put together your own statistics and dashboards to make your case. They make an "invisible" problem visible and help counter the desire to "throw another event" when fundraising results are unsatisfactory. They make a powerful business case to convince your board and CEO about the true cost of fundraising and its true rate of return—showing what is actually happening compared with what you want.

What if they are still not convinced? Use your time where it counts.

Analyze your fundraising activities, and focus on the most productive ones. Personal solicitation is always the most effective. Typically, 60 percent of those you meet in person will give, and the cost of making such visits is a great investment. If your major donors are far away, "meet" them by phone or Skype. You cannot, of course, see all your donors in person, so look at the 95/5 rule: 95 percent of your money will come from 5 percent of your donors. See that 5 percent in person. Find lower-cost methods to persuade the other 95 percent to give at lower levels, such as using social media, online giving, email marketing and so on. Remember that minor donors grow up into major donors, if you treat them right.

Create a written plan and follow it, comparing actual to planned performance every month. Include documented targets for every goal and objective. Document the number of new donors you would like to acquire, as well as the amount of new money you seek. Do the same for donor retention. Even if you do not reach your targets, having them documented is motivating and aids accountability. Once you establish the annual target, break it down into goals for each appeal/event so you can track actual performance regularly.

Now that you have the statistics on your current level of productivity and a plan with documented performance targets, you are prepared. At this point, suppose a well-intentioned board member or senior executive wants to diverge from the plan, asking you to take on new or additional tactics. Or worse, they demand a level of results outside the capacity of your development shop. You now can show them the data that prove the next event, bake sale or cool new online giving idea is simply not cost-justified. Save the money you would otherwise waste on a poorly attended event, and invest it back into the development shop to recruit more staff, buy better technology, develop a stronger plan—or all of them.

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staff members didn't know they should be tracking it, it is something to address. "I sometimes get a very defensive development officer who will hurry to create something they don't have, but I always say, 'Don't do that,'" Tokumura says. "Not having a specific piece of information is information in itself."

Staff may wonder about the rationale behind some items on the materials request, but taken as a whole, they provide a comprehensive view of an organization's culture of philanthropy. Taken separately, each provides a valuable piece of the puzzle. For example, Briscoe explains that it is important to review minutes of the board's development committee meetings over several years. "We sometimes discover that the development committee may have devolved into a group that just hears a fundraising report from a staff member and an update on the upcoming gala and looks at lists," she says. Findings such as these highlight an area that needs to be addressed.

The Outcome

The fundraising assessment usually concludes with a report of the findings, along with recommendations and sometimes a specific action plan. "We first present the report in draft to our staff assessment committee and then to the steering committee, which is the kick-off for our conversation with the full board," Briscoe says. The steering committee review prior to presenting to the board is a crucial step, she adds. "Our desire is that the committee will say, 'We think this is something really important to work on.' Then the board is hearing from a client/consultant team, rather than just the consultant."

Tokumura first presents her report to the board chair, director of development and executive director to get their buy-in before moving it forward to the entire board. "When I write a report, I don't only describe what I find. I have to define what I'm talking about," she says. "I might note that there's an absence of a case for support, so I explain what that should be. And I include things I find missing. If they don't have *A Donor Bill of Rights*, I include the document in my report. If they don't have an investment policy, I will include an example or two."

One thing Joyaux does differently than most consultants is offer recommendations for change as she goes through the assessment, rather than writing a report at the end of the process. "I don't put a barrier between assessment and fixing," she explains. "As conversations continue, we create a two-track work plan and ask what kinds of improvements we can do *right now* and what the long-term change process is. For example, if the board bylaws have issues related to fundraising and that comes up in conversation, I'll ask when the next governance committee meeting is and suggest we need to talk about this. Can we do it at that meeting? I'm assessing via the conversation and fixing at the same time. It's just a different style. By the time my assessment is finished, the client has made changes, or they are making the changes. We then write a fundraising plan of the way things should be done."

If you are thinking of conducting a fundraising capacity assessment for your organization, it may help to ask yourself two questions: Why do you want to do it, and, perhaps even more important, are you willing to make potentially difficult decisions and change course based on the outcomes? If not, you may want to reconsider. In Tokumura's opinion, "An assessment conducted in a vacuum—no involvement of the CEO, the development committee or the board—and without the willingness to implement critical recommendations is a waste for everybody."

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Resources

AHP Standards Manual for Reporting and Communicating Effectiveness in Health Care Philanthropy
www.ahp.org/pubs

The Core Capacity Assessment Tool (CCAT)
www.tccccat.com

Empowerment Evaluation: Knowledge and Tools for Self-Assessment, Evaluation Capacity Building and Accountability, second edition, by David M. Fetterman (editor), Shakeh J. Kaftarian (editor) and Abraham H. (Harold) Wandersman (editor) (SAGE Publications, 2014), paperback, 392 pages

Fundraising Down the Drain: The Leaky Bucket Benchmarking Study of Effective Fundraising 2014
www.bristolstrategygroup.com/fundraising_benchmarking_study

Funder's Guide to Organizational Assessment: Tools, Processes and Their Use in Building Capacity, various contributors (Fieldstone Alliance, 2005), paperback, 216 pages

The Leaky Bucket: What's Wrong With Your Fundraising and How You Can Fix It by Ellen Bristol and Linda Lysakowski, ACFRE (CharityChannel Press, 2013), paperback, 268 pages

Nonprofit Essentials: The Development Plan by Linda Lysakowski, ACFRE (John Wiley & Sons, 2007), paperback, 222 pages

The Sustainability Formula: How Nonprofits Can Thrive in the Emerging Economy
http://tccgrp.com/pdfs/SustainabilityFormula.pdf

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Michael Delzotti, CFRE, and Christopher Kasavich, MBA, CFRE

March 4, 2015, Wednesday
Is Your Organization Sustainable?
Simone Joyaux, ACFRE

March 17, 2015, Tuesday
Donor Retention: Current Rates Are Plummeting! What Every Fundraiser Can Do to Reverse the Trend
Jay Love

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Alice Ferris, MBA, CFRE, ACFRE, and James Anderson, CFRE

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Rachel Muir, CFRE

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Anne Melvin, J.D.

May 20, 2015, Wednesday
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Sandy Rees, CFRE

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Stephanie Cory, CAP, CFRE

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Steven Shattuck

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Derrick Feldmann

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Ligia Peña, CFRE

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Study a Lot—and Raise More!

By Melissa S. Brown

The Windy City hosted an infrequent combo recently: academic researchers and fundraising professionals gathered to share what works in fundraising and why. The Science of Philanthropy Initiative (SPI) (**http://spihub.org**) at the University of Chicago organized the sessions, which gave fundraisers an opportunity to, shall we say, spy on what researchers do and think about fundraising and provided scholars an opportunity to learn from fundraisers what matters in their work.

John List, an SPI co-founder and economist at the University of Chicago, has studied giving for more than a decade. Through SPI, he and other researchers have uncovered evidence that may help your annual-fund campaign raise more. In summary, key points from the research are:

- People like the feeling they get when they give. Emphasize the "warm glow" of giving, especially when inviting new donors to join your cause.
- People hate feeling that they have been duped. For new donors, in particular, do not tell them that 100 percent of their contribution will fund program delivery when, in fact, it will be used for overhead. Instead, consider finding a major gift to cover overhead.
- People like others to know that they contributed, so recognize donors.
- People look at what others are doing, so share information that provides an "anchor," or reference point, about how much others have given, especially for new donors.
- More people will give a "round amount," such as $100 instead of $95, even though the latter is less.
- People like choice. If you can, give renewal donors a choice of at least two options.

1. People like the feeling they get when they give. The "warm glow" works. You have heard the phrase. It has been shown over and over, in various ways, that people give because giving makes them feel good. James Andreoni of the University of California, San Diego, extensively explored the "warm glow" of charitable giving in the 1980s and 1990s.

With SPI, Michael Price of Georgia State University took the notion and tested it in partnership with Pick.Click.Give in Alaska (also known as the Permanent Fund Dividend Charitable Giving Contributions Program). Each year, Alaskan residents apply for a Permanent Fund Dividend, which comes from mineral royalties. With their applications, Alaskans can choose to direct part of their dividend to charities (**www.pickclickgive.org**).

Price and his team sent postcards just before the application period opened. There were two cards, each with a different message. Compared with people who got a message to "Make Alaska Better," nearly a third (30 percent) more people gave when they received a card that said, "Warm Your ♥." Among the heart-warming donors, gift amounts were 55 percent higher than for the "Make Alaska Better" donors. The test was conducted with a sample of the population. Extrapolated statewide, making that one-line change could raise $1.5 million more for charities in the state.

Donors say they want to know about impact in surveys. Yet, in this very large test with choices between only an impact message or a warm-glow message, more people responded to the warm glow, and the gift amounts were higher on average as well.

Price specifically notes that there is no reason to assume that a campaign that works in one circumstance will work elsewhere. Still, he thinks using more warm-glow messaging may be a great idea to test.

MERIEL JANE WAISSMAN/GETTY IMAGES

Sharon Tiknis, senior vice president of business development at The Alford Group in Chicago, noted, "The Alaska study contacted tens of thousands of people. A nonprofit with a smaller mailing might not see a big effect, but it won't hurt—and might help—to add a 'warm-glow' message to the postscript in an annual letter. Some groups could test a 'warm-glow' message on the carrier envelope for a large mailing. If you do, be sure to let Michael Price know what you find."

2. People hate feeling that they have been duped. Ask potential donors to give for program delivery after securing overhead funding from someone else. People know that it takes money to run any organization, but Uri Gneezy, Elizabeth Keenan and Ayelet Gneezy, all of the University of California, San Diego, demonstrated that more donors will give if they know their own gift will not support operating costs.

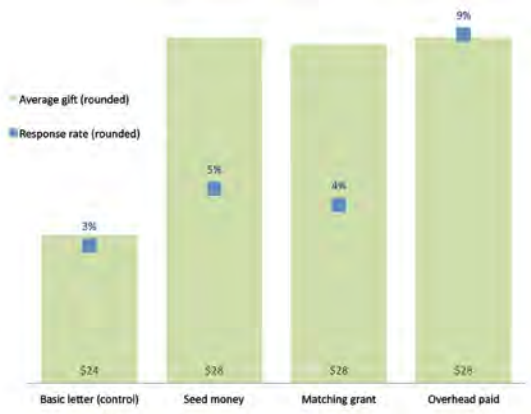
In this study, 40,000 people from a rented list of U.S. donors received appeals for gifts toward a $20,000 project helping school children. A quarter of the letters simply described the project. In another 10,000, the same project description appeared, and readers learned that a donor had already contributed $10,000 (seed money). The third group had the same letter, but a donor offered a 1:1 match up to $10,000. The final group said that a donor had given "a grant in the amount of $10,000 to cover all the overhead costs associated with raising the needed donations."

Even though a $10,000 gift for overhead is equivalent to $10,000 as seed money or a $10,000 match for a $20,000 project, significantly more people gave in response to the "overhead is paid" letter. (See Figure 1.)

The study focused on acquisition and did not evaluate any potential effects on other donors at the organization. The author (Melissa Brown) notes that it is likely that all donors like a "warm glow" from giving, so seeking operating expenses from major donors should be done cautiously. For some, leveraging their giving to raise more from others will be an appealing option.

Note that efforts have begun to help charitable organizations frame messages about why overhead is important. (For more information, visit **http://overheadmyth.com**.) When you implement fundraising methods that show overhead is paid by someone else, you need to consider how that message may affect public understanding of the importance of having leadership through boards, space, utilities, accounting and the like, all of which are overhead.

Figure 1.



The control is significantly lower than other conditions. Seed and match are lower than overhead for response rate but not for average gift.

Because so many more people contributed, the "overhead paid" letter raised $23,000 from 10,000 mailed. That is nearly three times more than the basic letter raised ($8,040) and nearly twice as much as the seed and match letters (around $12,000 each).

3. People want others to know they gave. Recognize your donors. Anya Samek, SPI co-founder, now at the University of Wisconsin-Madison, and Roman Sheremeta, of Case Western Reserve University in Cleveland and the Economic Science Institute at Chapman University, considered two reasons why people may want to be on a donor list: to "seek prestige" (being listed when they give a lot) or to "avoid shame" (making even a small gift in order to appear on the list). To explore this, Samek and Sheremeta ran a lab experiment for giving. In the many rounds of the experiment, they altered ways of listing people: top donors only, all donors, no donors and only the donors who gave the lowest amounts.

Listing the names of all donors, no matter what their contribution amount (but not listing amounts), raised the most overall. This setting focused on just a handful of participants at a time, so it may not be generalizable to a large donor list.

In a field test by Dean Karlan of Yale University, telethon volunteers told some alumni that their names (no gift amounts), would appear in a newsletter. The volunteers did not mention that to other alumni. More alumni gave (13.7 percent) and gave larger amounts (an average of $66) when the volunteer specifically mentioned

Behavioral Economics

The Science of Philanthropy Initiative (SPI) (**www.spihub.org**) at the University of Chicago uses behavioral economics to examine what underlies successful, or not so successful, tactics and strategies that you use every day. SPI disseminates findings prepared for use by fundraising professionals, including this article and others. Visit **www.spihub.org/research/working papers** to check the papers available. Also, see the website page focused on practice at **www.spihub.org/resources/practice**.

SPI is particularly interested in finding nonprofit, charitable partners worldwide for field tests. Explore the opportunities explained further at "Partner With Us" at **www.spihub.org/practice/partnerwithspi.**

the listing in the newsletter. Without that mention, 11 percent gave an average of $58. This field setting helps affirm Samek and Sheremeta's findings from the lab and with a larger donor list.

Another interesting study helps confirm the importance of recognizing donors and also introduces some potential hazards. A congregation in Croatia ran a six-year effort to raise funds for a new church. The priest used three different approaches to recognize recent contributions and kept meticulous records. He generously shared those with Jim Andreoni at the University of California, San Diego, and his colleagues for analysis.

The priest's reading donor names and specific gift amounts first led to a clustering of gifts around a "social norm." Some gave more, but some less, as a response to the announcements. After about two years, the priest stopped reading the list of the week's givers and instead simply posted it outside the chapel. This had the predictable effect of lowering the frequency of donations. However, individual gift amounts did not decline, although the total did with a lower frequency of giving.

In the last two years, the parish priest resumed reading names and amounts but added a twist. He also announced how much each of the week's donors had given in total across the whole campaign. This seemed to cause big givers—those with high cumulative totals—to give more frequently. And the small givers? They significantly decreased giving but increased their frequency of giving anonymously so that their total amounts would not be read aloud.

The result of the added social information about cumulative giving was to shift more of the burden—and credit—for giving from smaller-gift donors to larger-gift donors.

The results of the studies in these three different settings are clear: Listing names can help inspire more gifts. However, the effects on the community at large are complex, and sharing information about other givers' amounts may have many unintended consequences of discouraging some even while encouraging others.

Erik J. Daubert, MBA, ACFRE, chair of the Growth in Giving Initiative/Fundraising Effectiveness Project, notes, "Key elements of a good donor-stewardship program involve discerning donor preferences. This means listening to donors, using communication tools carefully and tracking changes in giving that might result. Good acknowledgement and stewardship strategies will encourage donors to make and even increase their gifts if utilized properly."

4. People look at what others are doing. Anchoring matters. In a possible urban legend, someone asked Bill Gates for a charitable gift. He asked what others were giving, and the person replied, "Well, most give about $100." Mr. Gates gave $100. The story imparts several lessons, but one is about anchoring. People make decisions based on what they know (or think) others are doing.

Griet Verhaert and Dirk Van den Poel in Belgium found that prospective, current and lapsed donors respond differently to anchor amounts. The scholars found that an anchor was effective for acquisition, but not effective for renewal or reactivation.

Their test letter included the sentences, "Another donor like you donated €x. You can also help us." Compared with a control letter that simply said, "Please give €x," the test letter lifted both response rates and average gift amounts, raising 43 percent more in total.

Current donors did not respond to the anchor information. They most often gave at their prior level. Among lapsed donors, high anchor amounts led to lower response rates. The highest response rate for lapsed donors occurred when the anchor amount was the last amount each donor had given.

5. People like suggested amounts with round numbers. David Reiley, a Pandora scientist formerly at the University of Arizona, and Anya Samek, at the University of Wisconsin-Madison, also tested different suggested gift amounts in an appeal sent to current and lapsed donors to public broadcasting in the Tucson area. "The most interesting finding to me is that asking for odd amounts like $95 causes donors to give less often than with round amounts like $100," Reiley says, "even though the round amounts may be larger."

6. People like choice. When you can, give donors at least two options. The Association of Former Students at Texas A&M University worked with faculty members Jonathan Meer and Catherine Eckel and their colleague David Herberich (now senior director of data science at BeyondCore in the Chicago area) to study renewal gifts. In an email campaign, alumni donors received one of two possible appeals, either 1) please give to the university's general fund (control) or 2) please give to either the university's general fund or a fund at the alum's specific school (choice).

Within two weeks, 8 percent of donors in each group made a gift. However, donors in the choice group gave a larger average gift, and that appeal raised $40,000 more than the control group. Most important for the institution, just 2 percent of choice donors directed their gift to the more restricted option at the school, with a mere $3,600 going to restricted use.

Amir Pasic, new dean of the Lilly Family School of Philanthropy at Indiana University, remarked that organizations that do not offer a choice are leaving money on the table. "This is certainly a strategy worth trying," Meer advises, "although each organization will have different results based on its own donor relations, giving histories and so forth."

Research Shows ...

Experienced fundraisers have observed several of these findings, yet having a solid research foundation can inform choices when colleagues or volunteers suggest alternative approaches. While no organization's fundraising program is exactly like another's, understanding the framework for making choices can help. Some of the current "rules" from these studies are the following.

1. Use specific suggested donation amounts in letters and on reply devices. All research shows they help, and chances are you will recoup the expense of a triple match (letter, response card and carrier envelope). Craft amounts carefully to reflect

- an average first gift amount (for similar acquisitions);
- a donor's recent gift amount (renewal); or
- a higher gift amount than the most recent gift (lapsed).

Include a gift array that increases using round numbers ($20, $50, $80, etc., and not $25, $45, $75, etc.).

2. Where possible, offer new donors a "deal." This may be a match offer or having overhead already funded for a project. However, frequent and widespread use of these approaches will likely result in changes in donor expectations, which could mean the "deal" approach could wear out in time.

3. Show donors that they are important. People give from "impure altruism," the so-called "warm glow" they get from doing something that helps others. It does not hurt to shine a little light on that glow from time to time—say thank you, of course, and also acknowledge donors in print when you can.

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Resources

Watch the SPI site for videos of presentations by Jim Andreoni, Uri Gneezy, Jonathan Meer, Michael Price, David Reiley, and Roman Sheremeta from the SPI "Power of Partnerships" conference held in November 2014. As of mid-February 2015, papers by Samek and Sheremeta, as well as Gneezy, are available at **www.spihub.org/research/workingpapers**. Others will be posted as they become available.

Two other papers consulted were not from the SPI conference:

- Karlan & McConnell. (2014). Hey look at me: The effect of giving circles on giving. *Journal of Economic Behavior & Organization, 106*, 402-412
- Verhaert & Van den Poel. (2011). Improving campaign success rate by tailoring donation requests along the donor lifecycle. *Journal of Interactive Marketing, 25*(1), 51-63. **doi:10.1016/j.intmar.2010.09.001**

  Working paper. Accessed Jan. 15, 2015 **http://wps-feb.ugent.be/Papers/wp_10_666.pdf**

Also, see "Clear Insights" by Adrian Sargeant, Ph.D., and Jen Shang, Ph.D., *Advancing Philanthropy,* May/June 2009, which describes philanthropic psychology and the role that providing "social information" may play in stimulating giving.

Personalized Philanthropy

By Steven L. Meyers, Ph.D.

If donors see the term "personalized philanthropy" for the first time, what would they think? After all, isn't all philanthropy personalized? That is what most people think, but it is not always the case.

The reality is that, for quite some time, most fundraising has followed conventional "best practices" that are counterproductive. The prime example is the common practice of channeling donors into separate silos for "annual," "major" and "planned gift" campaigns. Most fundraising professionals cultivate and solicit donors in each of these categories, but operating in these silos and channels, almost as if in a matrix, keeps a donor's lifetime value unexplored and therefore hidden. Furthermore, conventional fundraising performance is often judged more on the "metrics" than the merits, as if what matters most is how well fundraisers are *servicing* these separate campaigns rather than how they are *serving* donors and considering their true philanthropic potential.

The problem with conventional fundraising goes deeper than just how donors are categorized, however. The way gifts are "booked" would surprise many donors and their advisers. Accounting practices, which are quite appropriate as financial measures and show results as "present values," are quite different than fundraising achievements that expand philanthropy. Many of the largest and most significant gifts and commitments that donors may have executed with their advisers may never even show up on a charitable organization's radar until the donor has passed away, let alone begin to make a philanthropic impact during the donor's lifetime. The legacy societies established at many organizations often struggle to make their donor-recognition programs meaningful because deferred planned gifts are often marginalized. Indeed, planned-gift donors cannot always claim a seat around the major-gift table.

While there is no doubt that conventional fundraising through "institutional advancement" has produced some wonderful results, the honest truth is that donors' full lifetime capacity and interests often get lost in the mix. Both engaged donors and fundraisers know that a much more personalized approach, especially for organizations' most ardent supporters, is needed so they can plan together more holistically and in less of a merely transactional manner. So how do you crash the matrix?

One obvious place to start a more personalized approach is recognizing that not all donors are the same and that their individual motivations direct their giving.

The Four Donors

The story of the four children is part of the traditional celebration of the Jewish Passover service known as the Seder, which talks about four types of individuals—their personalities and their learning styles. Passover is the holiday that commemorates in story and song the exodus of the Jews from Egypt, and the term "Seder" literally refers to "the order of things" and shapes the annual retelling of the story. The story of the four children (see **http://ohr.edu/805**) is about how both individuals and peoples come by their identities and was a turning point in my thinking about personalized philanthropy.

The four children in the story are analogous to the four donor personalities fundraisers so often encounter—with a few twists, of course. There are so many systems that fundraisers have for "donor profiling" that it is difficult to keep track of them all. However, what is so distinctive about the four children is that the story actually prescribes meeting each child where he is and suggests a specific place to start for engaging with each of the different children.

Think about the donors you know. Each started in a different place, and each may end up in a different place. All of them are philanthropists in their own way, with very distinct, yet also related, personalities. Have

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you ever considered some of the innate processes that characterize these donors? Perhaps you know how some of your donors may fit in one, or a combination of, the four donor categories. (See sidebar.)

Many donors self-identify as both "wise" and "wicked." They understand that their philanthropic motivation is complex. They want to make something good in the world, but not entirely at their own expense

The Four Philanthropic Donors—How Are They Characterized?

Wise donors (astute, aware, careful, clever, discerning, thoughtful). These are the wise and loyal annual donors who give without being asked, perhaps every year. They are eager and excited to hear about ways they can increase the impact of their annual gift, even without changing their regular habit of giving, at first. For instance, when they commit to a series of annual gifts, each gift in the series can have up to 20 times the impact of a solitary gift (based on a spending rate of 5 percent). When the time is right, they will want to hear about other annual donors, like them, who established bequests and achieved an impact from their gift far beyond what they may have imagined possible.

Wicked donors (reserved, mischievous, competent, expert, adept, able, questioning). Certainly not evil, these donors are usually more reserved and cautious. They give but also want there to be a "give and take." They may need something in return or perhaps feel slightly unsure and insecure financially. Among many possibilities, there could be a new way to give, through a charitable gift annuity or trust, so there will be assurance of receiving payments each year for their lifetime. As some grow more confident about their own financial condition, they may become interested in knowing that there are donors who establish an annuity every year (with some having a dozen or more). Enjoying this security, a surprising number of annuitants do become annual donors by contributing some of their yearly excess income that they do not need. Because they feel so intrigued and vested, they are also pleased to learn that many annuity donors have made bequests, which turn out to be much larger than any gifts they could make during their lifetime.

Simple donors (straightforward, uncomplicated, sincere, trusting, direct). By no means simple people, tradition usually rules these donors. A bequest is the gift they begin and sometimes end with and one that makes them most comfortable. They often choose the same form of giving as their parents and consider their gift as something greater than just themselves. They are aware that bequests often are the largest and most significant contributions organizations receive.

Donors who do not know how to ask (naïve, curious, inquisitive, questioning, searching). Of course, searching donors know how to ask, and they are not naïve overall. They simply may not know how to act on their charitable impulse. While usually very successful financially and worldly wise, they may not know what the stunning effect of a pledge can be. Perhaps they may have recently inherited great wealth and now feel overwhelmed at being the steward of a legacy. Even with the smartest and best-intentioned advisers, along with a great drive to give, they may have no idea about how or what or even where to direct their philanthropy.

When **donors focus on core needs and the heart of the mission**, what matters to most of them is finding a source of funds to enable the mission to be carried forward, today and into the future.

or that of their family and loved ones. Others may not worry about changing the world but do what they can by following a moral or spiritual teaching. For others, the only definition of wealth is money. Still others do not even have a way to form the question about what to do. All of these donors seem familiar, but what moves them to action is much more mysterious.

Donors' financial planning advisers may have helped them generate considerable "social capital" through their income tax saving and estate tax saving. By that time, they may have realized that their wealth is multidimensional. It is about more than just the money; it is about their personal values and also about reaching out even beyond their own family to their community and for the betterment of humanity. They need to think about exactly how they are going to connect that social capital they have created to real societal change.

This may not be as easy as it appears, either for donors or charitable organizations, since the typical fundraising mechanics for annual, capital or endowment gifts do not often specify what these needs are (except the need in itself for a gift). Sometimes, it is surprisingly hard to mesh the needs donors have with the needs of the charities they care about. Nevertheless, the process of working this out is ultimately very satisfying for all involved. The core needs are often described as "evergreen," in the sense that they define the heart of the organization's mission, both for today and tomorrow. They are forever valid.

Donors need more than the general case statement. Essentially, there has to be a case statement for donors and the use of their funds. This meshing of donors' compelling interests and an organization's compelling needs creates their vision. Once donors have a sense of what matters, the various strategies can come into play and be useful in crafting the right gift for the right purpose at the right time.

Radically Rethinking Endowment—and Annual, Major and Planned Giving

Endowments, very broadly speaking, are gifts, such as investment funds, where the principal is expected to remain intact while investment income is used for charitable efforts. Donors also can express specific preferences for the use of funds, leaving ultimate discretion with the charitable organization. Charities usually designate a "spending rate" as a certain percentage of the assets to be used each year, which also may include interest and principal as necessary to fulfill that purpose.

When donors focus on core needs and the heart of the mission, what matters to most of them is finding a source of funds to enable the mission to be carried forward, today and into the future. Of course, donors can support the mission by making current contributions that are to be expended immediately. They also can make a major gift during a campaign or make a planned gift through their estate plans.

The idea of donors' creating a link between a charitable organization's current and future needs seems compelling, natural and organic. However, in conventional fundraising and the development office, that link is broken because donors are divided into separate departments—annual, major and planned gifts. The connection between current dollars and future dollars is often severed or never even established.

Personalized philanthropy allows devising new kinds of gifts that can actually bridge the gap between current and future dollars and enables fundraisers to design gifts that can meet an organization's most enduring and important needs.

The Three Game-Changing, Personalized-Philanthropy Strategies

Before going to specific cases, there are tools that can help donors make a difference: three "classic," game-changing, personalized-gift strategies that donors themselves may deploy. Sometimes called "killer apps" (applications), these implementation strategies may change the way donors think about philanthropy.

1. **Virtual endowment.** A donor combines and, in effect, chains together a series of current gifts of a "spending rate" amount that will maintain a program with a future gift (a bequest or other "balloon payment") to endow the program.

2. **Philanthropic mortgage.** A donor's annual gift commitment covers an amount greater than that needed for maintenance of a program. The "surplus" amount is used to gradually build "equity" in an endowment or a legacy fund until it is fully established and able to sustain a program for the future.
3. **Step-up gifts.** A donor establishes a gift at a starting level with an outright gift or, alternatively, current "spending rate" annual gifts and then steps it up, such as by growing his or her support from a master's scholarship to a doctoral scholarship to a professorial chair, as an example.

Each one of these strategies in one way or another leverages the power of what institutions call "spending rate," the percentage of the corpus of a donor's gift that can be expended annually to support a program.

As noted earlier, the entire point of endowment and other approaches for building legacies is to create a stream of annual revenues to sustain an organization's program. While it may not be possible to obtain the corpus initially, it may be much easier to provide that stream of annual gifts to maintain a program. In fact, a donor may *already* be giving the funds, though in a less decisive or intentional way.

With this simple approach—focusing on the stream of annual gifts first—many programs can be established that otherwise would never see the light of day. For example, a traditional endowment of $100,000 produces $5,000 of spending, with a 5 percent spending rate. Many donors can give $5,000 per year more easily than they can give $100,000 as a lump sum. Thus, even modest annual gifts (in the context of lifetime and estate giving) can have all the impact and power of major gifts. Spending rate is magic.

Personalized Philanthropy and the Grail of Fundraising

A gift design that is personalized for a particular donor can both shape and empower major gifts that otherwise never would happen. After all, such a gift could have been deferred or even denied.

The grail of fundraising is exactly this chaining together of donors' current and future gifts and capacities for giving in such a way that their overall philanthropic program not only supports charitable organizations' current needs but also secures the future needs of the organizations they care most about.

As donors' comfort level increases with the three innovative, personalized gift designs, they can add greater power to their charitable giving. Working with their financial resources and charitable intent, along with the tools of personalized philanthropy, donors, their advisers and gift officers can work in a true alliance together. This donor-driven process enables donors to achieve important goals on their own terms, where the impact and recognition of their charitable support begins now and grows in the years to come.

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Integrate Your Philanthropic Communications

By Shaun G. Lynch, CFRE

Can you think of someone who is "famous" in your family? Maybe it is someone whose behavior at family gatherings is so idiosyncratic, consistent and noticeable, whether for positive or negative reasons, that everyone in the family knows the person for it. It may be someone who can be described by one family member to another with a single phrase or even a gesture.

Of course you can think of someone like that. Every family has at least one character who meets those criteria.

Seth Godin, in a 2011 blog post, introduced the concept of "famous to the family," noting that everyone is "famous" within a circle of about 1,500 people (**http://sethgodin.typepad.com/seths_blog/2011/03/famous-to-the-family.html**).

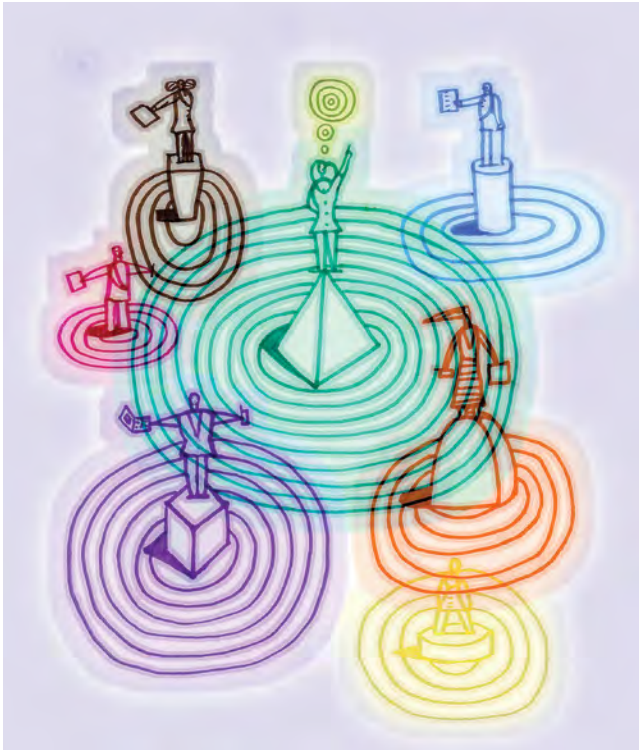
Here's the thing: Almost no one outside the family (or "tribe," another of Godin's concepts) will know that individual the way the family does. However, that's OK. What makes someone "famous to the family" or "famous to the tribe" is only meaningful to other family or tribe members. No one else needs to know about that person, nor would they likely be interested if they did.

And that's the key to successful philanthropic communications. You only have to be "famous" within the "family" that is your constituency. Whether that constituency is large and widespread, such as the alumni network of a major university, or very small and local, perhaps the congregation of a neighborhood church, it will always be limited. And those are the only people among whom you need to be "famous."

Modern integrated marketing communications are designed to take full advantage of this phenomenon. With the advent of new technologies, mass markets have become increasingly fragmented. As marketers (and fundraisers are all marketers), you need to move away from mass communication and embrace the ability to communicate more meaningfully with small—sometimes even tiny—carefully targeted segments.

The Need for Integrated Philanthropic Communications™

In order to take full advantage of this evolution in communication, it is essential to wed traditional promotional approaches with the interactivity and service capabilities of online channels.



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Integrated Philanthropic Communications™ (IPC) is the way to do that. It can be defined as follows: Integrated philanthropic communications is the concept under which a charitable organization carefully integrates and coordinates its many communication channels in order to deliver a clear, consistent and compelling message about the organization, its services and its products.

The key to success with IPC is to apply each of the following six promotional tools (the "promotional mix") so that each serves to augment the effectiveness of each of the other five.

1. **Advertising and publicity:** These involve the use of any paid form of presentation and promotion of ideas, goods or services by your organization to a general audience. This includes such elements as paid advertisements in the media and the printing of brochures and pamphlets. The key element that characterizes this approach is that you do not know

in advance precisely who will receive or respond to your message.

2. **Personal contact:** As the name implies, this is person-to-person interaction by representatives of your organization with your constituents in order to cultivate, solicit donations or maintain good relations. This is still the single most effective way to promote your cause and the objective toward which you will want all of the other efforts to lead.
3. **Direct communication (aka direct marketing):** This is the sending of targeted and personalized messages to specific individuals or organizations in order to obtain an immediate and measurable response. Traditional vehicles are direct mail, telemarketing and email communication.
4. **Inbound marketing:** The new kid on the marketing communications block, it consists of a suite of communication strategies designed to encourage constituents to identify themselves to your organization. This is accomplished primarily through the strategic use of social networking resources such as Facebook, Twitter and YouTube. The key to success is the regular transmission of content that viewers will want to share with their friends and acquaintances.
5. **Public relations:** This is the promotion of your organization's brand image through events and media relations. In order to establish your credibility with your constituency, it is beneficial to not only announce your activities and accomplishments but also comment upon and raise awareness of issues important to your cause.
6. **Promotional incentives:** These are actions or activities designed to encourage donations or other desired results. You could, for example, publish lists of your donors or offer special gifts or services in return for gifts or favors received.

Exercise: Create Your Own IPC Plan!

Now it is time to get brutally practical. The key to integrated philanthropic communications is found in that first word, "integrated." The following steps go through the IPC tool box in reverse order, from the desired end result back to the first action you will want to take in order to arrive at that objective. You will want to go through the following exercise for each marketing communications effort you undertake in order to ensure that, no matter with whom you are communicating or for what reason, you are deriving the full magnifying effect of the six tools of the promotional mix when they are used in unison.

Step No. 1: Know your audience. An important basic concept concerns the importance of focusing on who and why before moving on to what and how. As counterintuitive as it may seem at first glance, you do not communicate for your own benefit, for your organization's benefit or even for the benefit of your beneficiaries. Communication that works is always conceived for the benefit of those who will receive the message. The reason for this is simple: If they do not notice the message, understand it and respond appropriately, then everything you will have done will be for naught.

So, think carefully about the constituency you want to approach. Develop consumer profiles, which are statements that take a general constituency and describe it as though it were a single, representative individual. All messages and approaches are then conceived in order to communicate effectively with that one person. This lends a degree of intimacy to the communication that can be difficult to achieve if you are thinking in terms of an undifferentiated mass of people.

To develop a consumer profile, describe a typical message recipient in terms of such parameters as

- basic demographic factors (age, gender, ethnicity, religion, etc.);

So, think carefully about the constituency you want to approach. Develop consumer profiles, which are statements that take a general constituency and describe it as though it were a single, representative individual. All messages and approaches are then conceived in order to communicate effectively with that one person.

- annual income;
- education level;
- occupation;
- nature of residence;
- vehicle;
- favorite newspapers/magazines; and
- favorite television shows and movies.

Go online and find a stock photo of someone who looks like the individual you have just described. Give this person a name. From this point forward, you will be developing your strategy to communicate with this one person. (Note: Create as many different consumer personas as you have distinct sub-constituencies. However, remember that you will have to develop a separate communications strategy for each different consumer persona!)

Step No. 2: Determine your objective. You have seen this advice before, but it is here for a reason. If you do not know where you are going, how will you know when you have arrived? Thus, be specific about what you want to accomplish:

- Obtaining first-time donations
- Obtaining upgraded donations
- Obtaining monthly donations
- Recruiting volunteers
- Encouraging attendance at an event

Step No. 3: Craft your basic message. In 10 words or less, what do you want your constituents to know about your organization? Make sure it is something that will surprise them or grab their attention. To arm yourself with good ideas on how to accomplish this, you may want to read *Made to Stick* by Chip Heath and Dan Heath (Random House, 2007).

Step No. 4: Personal contact strategy. Think about how you will meet face-to-face with the constituent you identified in Step No. 2. Do not limit yourself to traditional, formal, sitting-around-a-table meetings. This encounter can be any opportunity to converse in person, whether in an intimate, personal context or in the context of an event that includes hundreds of people. What you want to think about is the circumstance in which both you and the constituent will physically be in the same place, at the same time and able to converse.

Consider the following:

- What will be the objective of the meeting?
- What will be the context of the meeting (e.g., location, timing)?
- Who will participate in the meeting—just the one constituency member or many at once? Just you or other organizational representatives?
- Who will organize the meeting?
- How will you know that the meeting was successful?

Step No. 5: The promotional offer. Now comes your first point of promotional integration. You are going to add a promotional incentive that will serve to bring your constituent to the face-to-face encounter you envisioned in the previous step.

What could you offer that would increase your chances of getting the individual to join you at the encounter and arriving at a successful conclusion? Options may include naming opportunities, opportunities to meet interesting or famous people, gifts and opportunities to participate in project development or governance.

Be creative! Make an effort to think up at least two dozen possibilities before you start narrowing down your choices. Even stupid options are good at the initial stage. "Meeting George Clooney" may be absurd and outlandish, but it could lead you to start thinking about people you may know (and who know someone else) who may be an effective draw for your particular constituency.

Step No. 6: Direct marketing. Now that you have integrated personal contact and a promotional incentive, it is time to add a third tool to the mix. Think about the face-to-face meeting from Step No. 1 and the promotional offer designed to make it successful. What would be the most effective way to communicate individually to each of the people in the constituency you are trying to reach in order to guide them toward the intended personal contact:

- Traditional postal mail?
- Email?
- Telephone, either by volunteers or paid callers?

What message and call to action do you need to convey?

Step No. 7: Public relations support. If you are still thinking about the face-to-face meeting, the promotional offer and now the selected direct-marketing mechanism, consider the following:

- What news story or event associated with your cause would get the attention of your constituent and make that person more receptive to meeting you?
- What media to which you can gain access would your constituent most likely follow?
- Whom would you need to contact and impress at each of these media outlets?
- How would you need to frame your story in order to get these journalists to cover it?

Keep in mind that the key word here is "story." Mere information without a narrative context will not attract media or constituent attention. For example, the fact that your organization is hosting a gala is not news. Journalists will not care enough about that to want to explore the subject further. On the other hand, hosting a gala at which you will replicate Pamplona, Spain's running of the bulls, with actual bulls running through the banquet hall? Yeah, *that's* news!

Step No. 8: Advertising and publicity. In light of the desired face-to-face contact, the associated promotional offer, the direct-marketing approach and the supporting public relations, what printed or filmed media could you produce to promote the desired outcome? Leaflets? Brochures? Videos? Newspaper, radio or television advertising? What form should your message take in the selected media in order to attract the attention of your constituency?

Step No. 9: Inbound marketing. Having addressed all five of the traditional elements of the IPC mix, you are now prepared to look at the most recent set of communications tools.

What social media outlets is your constituency most likely to use, and on what days and at what times of day are they most likely to consult them? Prepare a list of potential topics for posting on social media sites (e.g., Facebook, Google+, LinkedIn, Pinterest, Twitter, etc.).

Key points to keep in mind:

- You will need to be prepared to post at least one new message each day.
- Images and stories are far more likely to attract attention than general announcements.
- Think about how your sample constituent is likely to respond to messages that he or she sees; prepare content that will be entertaining or otherwise valuable to that person.
- Design content that your constituents will want to share with their networks. (Hint: kittens!)

Remember, social media posts have a very short "shelf life." Facebook posts reach about 50 percent of their eventual total audience within about 30 minutes, and tweets on Twitter do so even more quickly. It is essential to use a variety of social media and to experiment with timing to ensure maximum exposure to a chosen constituency.

A way around this is to develop your own blog. Unlike traditional newsletters (print or electronic), blog posts are relatively short, are published more frequently (usually weekly) and are specifically designed to attract comments and to be shared. By providing readers with the opportunity to subscribe, whether through your organizational website or a third-party, blog-hosting utility such as WordPress, you make it possible for constituents to self-identify to receive your communications.

And do not forget video! Effective video posts do not have to appear slick and professionally produced. Many cameras and cellphones today have the potential to be used for making very effective short clips to illustrate your message in a manner impossible with ordinary print and electronic tools. The ideal length for a video that is likely to be viewed and shared? Thirty seconds.

The Bottom Line: Be "Famous" in Your "Family"

Remember, you cannot be famous to the whole world, and you don't need to be. By developing a customized integrated marketing communications plan for each significant interaction with your constituency, you will multiply the probability of your constituents' noticing your messages, paying attention to them and responding to your calls to action.

Shaun G. Lynch, CFRE, is president of Adventum Philanthropic Marketing (www.adventumphilanthropy.com) in Saint-Lazare, Québec, and an instructor in the department of marketing at the John Molson School of Business at Concordia University and in the public relations program at McGill University's School of Continuing Studies in Montréal.

A Different Career Trajectory

By Stephanie Cory, CAP, CFRE

"Where do you see yourself in five years?" It is a common interview question you most likely have been asked at some point in your career. For many fundraisers, the real answer is often moving up the ladder toward the positions of chief development officer (CDO) or chief executive officer (CEO). However, for other fundraisers, that is not the ultimate goal. The goal is finding their niche in a different role.

Sometimes, if you are one of the fundraisers who aspires to find the right fit for yourself versus climbing to the top, it can be lonely. You wonder if you are the only one out there. It is not a topic discussed at AFP networking events and other gatherings of fundraisers, despite the fact that every nonprofit can have only one chief executive and one chief development officer.

More than 30 percent of AFP members who have been professional fundraisers 10 years or longer are not chief development officers, executive directors or consultants. They are assistant directors, managers, directors of specific fundraising areas (e.g., planned giving or annual fund), major gift officers and grant writers. According to CFRE International's 2013 annual report, more than one-quarter of Certified Fund Raising Executives (CFREs) in 2013 were in middle management or a functional program area. While some of these individuals may aspire to run their own shops or organizations, others are happy just where they are.

Donna Cleary is one such fundraiser. She started her fundraising career in 1994, and as the annual giving manager for ALS Association Greater Philadelphia Chapter (**www.alsphiladelphia.org**), she is just where she wants to be right now. Cleary has been a development shop of one and an annual giving officer, and she now relishes her professional role that offers the variety she seeks, from grant writing to workplace giving. "I have wondered what's wrong with me," Cleary admits in reference to not seeking out a higher-level development role. This was especially true when she recently debated whether to apply for an open chief development officer role at her organization.

Ultimately, Clearly decided a successful career is about the best fit for an individual. She appreciates the independence she has as an annual giving manager. In addition, she is grateful for the ability to work on different projects and meet one-on-one with donors—all without having to manage staff. Cleary has managed others in her first career in the insurance industry and in prior development roles, but she has learned that it is not a role she enjoys.

TODD DAVIDSON/ILLUSTRATION SOURCE

What does Cleary seek in her career? "Eventually, I might want to focus on major gifts or be a development director in a small shop again," she says, thinking about the role from which she could see herself retiring. For the foreseeable future, though, more challenges in her current organization will satisfy Cleary.

Another fundraiser who has found a satisfying career path that does not include advancing to a chief development officer or chief executive officer role is Anthea Piscarik. A former newspaper reporter, she began her fundraising career in 1999 as a grant writer for Ministry of Caring (**www.ministryofcaring.org**), a community-based nonprofit in Wilmington, Del., that provides social, health and support services for those living in poverty. Piscarik is now the grant development supervisor and leads a team of three grant writers.

Continued on page 50

The Evolution of the ACFRE Credentialing Process

By Alice L. Ferris, MBA, CFRE, ACFRE

You may not wish to occupy the corner office, but there is no reason why you cannot aspire to be one of the most accomplished professionals in the fundraising field.

In January 2015, the ACFRE Credentialing Board implemented changes to the credentialing process, designed to improve the rigor of the review and to better evaluate someone's knowledge and skills in advanced leadership, management, fundraising ethics, planning and problem solving. The changes themselves were announced in 2014, and the specifics are available on the AFP website (**www.afpnet.org**), but here are some of the thoughts behind the modifications and what it means to an ACFRE candidate.

1. The Application

While there were minor changes in the application itself, the importance of this stage cannot be emphasized enough. Applicants must demonstrate basic eligibility to begin the process, but the overall application communicates much more than eligibility. A significant portion of the application covers continuing education in advanced leadership, management and ethics. This is the applicants' opportunity to highlight their depth and breadth of knowledge and general curiosity about the sector.

Another part of the application asks applicants to list their volunteer service to the sector, such as board service to a charitable organization, and volunteer service to the profession, such as mentoring and AFP chapter or international leadership. The reviewers want to know that applicants are committed to the philanthropic sector and are demonstrating an interest in service that will be expected of a successful ACFRE.

There is also a question regarding candidates' experience with ethical decision making. As one would expect, ethics is a critical component of all the ACFRE review stages. As candidates advance through the process, they are challenged with increasingly complex issues around ethics. The application is the candidates' chance to show that they are ready to move down that path.

2. The Portfolio

The portfolio is now the second stage of the review process, and it is the candidates' chance to show off their past work. This can be considered a historical perspective of their career over the last five years. Samples can be very simple or very elaborate, and it is important for candidates to demonstrate their personal contributions to each piece. When they are done with the portfolio, regardless of the outcome, it will become a resource guide for all candidates, and to those they mentor, for years to come.

3. The Written Exam

The most dramatic changes to the credentialing process are in the written exam stage. Formerly a 100-question, multiple-choice exam, the written portion is now a five-question essay exam. Why such a dramatic change?

The fundamental question for the credentialing board is, "What information are we trying to receive from a candidate to evaluate advanced leadership, management, fundraising ethics, planning and problem solving?" While the multiple-choice exam helped measure baseline knowledge, it did not give a candidate an opportunity to shine in problem-solving skills and writing abilities. The essay format will allow candidates to demonstrate their talents in developing an argument and effectively communicating their thoughts in written form, in addition to showing their understanding of fundamental fundraising principles and best practices.

4. The Oral Review

The oral review remains mostly the same, with the addition of a capstone question that reinforces a candidate's abilities. In conjunction with the new written exam, the reviewers will have a better perspective of a candidate's overall communication skills, advanced problem-solving abilities and personal leadership ethic.

5. The End Result

"The credentialing process changes the candidate," said C. Vernon Snyder, ACFRE, vice president for institutional advancement at the University of Toledo in Ohio, during the January ACFRE board meeting. The process can help candidates have a better understanding of their strengths and weaknesses as fundraisers, give them the opportunity to invest in their professional development and allow them to take personal responsibility for their career progression.

Regardless of the outcome of your ACFRE journey, you will have moments of introspection, frustration, great disappointment and great joy. At the end, the board hopes that your commitment to your career, to the philanthropic sector and to supporting your colleagues through lifelong learning, mentoring and volunteer leadership will be stronger than ever.

If you are ready for the journey, visit **www.afpnet.org** for more information, or contact Cathlene Williams, Ph.D., program coordinator, at 703-794-2178 or **cathlene williams@cox.net**.

Alice L. Ferris, MBA, CFRE, ACFRE, is the current chair of the Advanced Certified Fundraising Executive (ACFRE) Credentialing Board. She received her ACFRE in 2010 and also maintains her Certified Fund Raising Executive (CFRE) credential. She is founding partner of GoalBusters, based in Flagstaff, Ariz.

Piscarik was asked to take over as director of development but turned down the position to focus on what she loves: writing. While her role involves significant time researching and writing, there is more to her job. "I like the human aspect of my work because I still have contact with people. There is still that relationship piece," she says.

Piscarik feels challenged by her work, particularly now that the Ministry of Caring is conducting a capital campaign. If she were not writing grants, Piscarik could picture herself doing major gifts because she enjoys working with people. Her role also allows her time to pursue other interests. She has written a book that will be published later this year, and she owns a production company that produces documentary films.

Is there any shame to admitting that one does not aspire to executive leadership? Cleary and Piscarik are not embarrassed, but they have been questioned by fundraising colleagues. "I've had people say, 'You must want a challenge,' and try to recruit me away from the Ministry of Caring," Piscarik says, "but I am so committed to the mission, and it appeals to me on so many levels."

Piscarik also has frequently been asked if she is tired of writing grants. Her answer is a resounding no. "There is always something new. I'm not doing the same thing every day," she says. "What more can I ask for than a job I love where I feel valued?"

Ten-year veteran Anne M. Cannon, who serves as the special events manager at the Norton Healthcare Foundation and Children's Hospital Foundation (**www.nortonhealthcare.com/nortonhealthcarefoundation**) in Louisville, Ky., is also content with her role. She was drawn to work in development, specifically special events fundraising in healthcare, after an internship in public relations for a community hospital. "My ultimate goal in my career is to make sure I always feel passionate about my work," she says. "Every day, I think of the patients and families that I have had the privilege to be able to serve."

As Cannon continues in her career, she says she will always have an interest in special events, as well as in the stewardship of donors and volunteers. She can see herself as a director in a midsize nonprofit. Cannon cannot cite an "ah-ha" moment when she realized being a chief development officer or chief executive officer was not for her. "I have always enjoyed leading and helping others succeed," she says. "However, I feel that there are other career opportunities and roles I can take in which I will have more time and more of a 'hands-on' approach in helping others. I want to be able to play a very supportive role, without having all of the pressure I have seen CDOs and CEOs face."

Contrary to those fundraisers whose career paths have been questioned when they do not aspire to rise to the top, Cannon has experienced nothing but support. "I am very lucky in that my leadership is very supportive of whatever career path I decide to take," Cannon says. "Quite the opposite of questioning, they provide encouragement, mentorship and opportunities for my career path. They encourage me to explore opportunities within our foundation, as well as opportunities within the healthcare industry."

What would Cleary, Piscarik and Cannon advise other fundraisers who are happy where they are or who aspire to something other than being the top dog? "Continue to be a leader in your realm and what you're doing in fundraising," Cleary says. "Look for challenges and the best way you can assist your organization."

Piscarik offers similar advice. "Find what keeps you excited every day and make the most of it," she says. "Make it the best possible job you can."

"I would tell them to follow their heart," Cannon adds. "I would say that it takes many different players on a team to help a nonprofit be successful. What matters most is being able to lead your area, having passion for your work and giving your best and then some each day."

Stephanie Cory, CAP, CFRE, is a former executive director who has found her niche splitting her days between a part-time director of philanthropy position and consulting for select nonprofits (www.stephaniecory.com).

"I would say that **it takes many different players on a team to help a nonprofit be successful**. What matters most is being able to lead your area, having passion for your work and giving your best and then some each day."

Direct-Mail Solutions for Small Shops Doing It All

By Donald K. Rhoten, CFRE

Direct mail is the cornerstone operation for most fundraising departments. Successful fundraisers use it to inform and engage donors, secure a high volume of donations and help transition annual donors into major donors. There are, of course, outlying organizations that find great success through online giving and other creative platforms, but that is not the case with all organizations. Not most of them, at least. I work at a small shop. We use direct mail, and we use it really well!

Unfortunately, there is no secret to operating a direct-mail program. Managing a large population of people over an extended period of time requires thoughtful attention. Learn the fundamentals, and do them well.

Be Prepared: Know the Plan for the Entire Year

Begin working on an annual plan approximately three months before your first mailing. If you are operating on a fiscal year and you introduce the annual campaign in July, then you should have a plan in place no later than May. This provides ample time for your first mailing. Your plan should focus on six critical areas.

1. Timeline. A timeline should identify the precise dates when a donor should open the mail, not the date when the packages should be placed in the mail. Be cognizant of delays through the holidays. Once the dates are set, work backwards to determine when it should be mailed, when it should go to press and when the package needs to be completed. For organizations operating on a fiscal year, it is generally good to mail in July, November and December. If you can incorporate a fourth, then do so. Whatever you do, do not mail the week of Christmas. Aim for a week or two prior to that. In the second half of the year, send a follow-up in January/February thanking donors and recognizing the overall impact so far, another in April and then a final in May or June to conclude the year. A good rule of thumb is to try to send seven mailings. However, not all should be hard asks.

ANDY BAKER/GETTY IMAGES

2. Responsibilities. With a timeline in place, it is important to clearly delineate responsibilities among staff. Most small shops do not have the luxury of a person exclusively responsible for the direct-mail campaign. Understand personnel strengths, and set accountability standards among all staff. Regardless of whether mailings are outsourced or processed internally, personnel are assigned to each component of the timeline. This includes thank-you letters. Examine each task on the timeline, and make specific people responsible for achieving milestones.

3. Theme and message. The majority of donors will ignore the mail they receive, making it increasingly important that they become comfortable with what is sent to them. The theme and message for the year should be consistent and obvious throughout each mailing. Paper products should match, images should correspond, a color pallet should be in place and the content should be consistent. This includes everything from the exterior of the mailing envelope all the way to the remittance envelope and donation card, if they are separate. First impressions are important. Consider every donor's experience along with his or her perception and reaction. Liken this process to walking down a hallway in a hotel. You immediately have a reaction to the hotel based on the smell, cleanliness, age, etc. From that reaction, your feelings toward the hotel are established. Make sure your donors have a positive reaction. Be thoughtful and thorough during this process.

4. Supplies. For those of you who are burning through toner and ink cartridges printing your own mailings, determine in advance what supplies you will need. This may seem like an obvious step, but projects have been placed on hold countless times because of inadequate letterhead or envelopes. Be sure that does not happen. The goal is to get a perfect package in the hands of donors on time.

5. Copywriting. This is one of the most important steps in the process. The length of the letter, location of the ask, inclusion of images, writing style and much more should be considered. Consider your donors, and consider yourself. What is visually appealing to you, and what would you like to read about? Then think about what information donors need in order to make a donation. Ideally, the letter should be two to four pages, with a clear call to action early on. Make it very personal, and use language such as "you" and "we." Involve the readers in the process, and let them know you are thinking about them. Apply urgency by setting a timeframe.

There are two things to do that others may not be doing: (1) Mention something about donors' giving history, the amount of their last donation, their total number of donations, the sum of all donations, etc., and (2) talk about the impact that gift(s) have made. The most important aspect of every letter? It must be genuine. Do not mislead or be disingenuous. A $100 donation is not going to save the world, and donors know that. A nice trick is to create variable fields within the letter, and, based on the range the donation falls within—$1–$100, $101–$250 and so on—apply certain text. For example, a $100 donation may stipulate that the letter reads, "helped 10 children," while a $1,000 donation stipulates that the letter says, "helped 100 children." This can be done by mail merging a Word document with an Excel spreadsheet containing an "If-Then" function.

6. Care. After these important steps, many shops think they are done, and this is where they fail. A package can be compelling, eloquently written and beautiful to the eye, but if it is not personal and tailored to a donor's interest, it is likely to fail. Each donor and letter recipient is unique and special. Consider some of these areas when writing a letter: the donors' constituency, area of interest, when they made their last gift and the amount. All donors should have the same feeling when they open a package and read a letter. Surely, a board member with a long giving history should not receive the same letter as a first-time donor who is relatively unfamiliar with the organization. Letters should target specific audiences. Write many versions of the same letter for different audiences, and when a person makes a gift, do not continue to make hard asks for the remainder of the year, unless it is done in a very tasteful way. Continue to communicate with them via direct mail, but transition them to "soft ask" letters or even generally informative letters.

Be realistic. Know your limitations as well as your audience. If seven *quality* mailings per year are not realistic, then send fewer of them.

Be Realistic: Know Your Limitations

In my second year of fundraising, we would stock up on ink and paper products and then proceed to ruin our printers with the sheer volume of runs. We would fill the coffee makers for a week because this required time. We printed! We stuffed! We folded! We stuffed again! We sealed! We mailed! And we waited … It was a challenge to maintain focus and pride in what we were doing. Processing large mailings to thousands of donors is an extremely time-consuming process. As I was writing and designing a letter, a couple years later, I found myself thinking, "Keep it short," even though longer letters are more effective. Nevertheless, we tested the water, wrote a few shorter letters (two pages instead of four) and saw no significant decline in giving patterns. Later, I would realize that the long letter failed because it was poorly written. Instead of writing a concise and compelling letter, I wasted the donors' time and essentially lost their interest shortly after they began to read. We found our limitations and successfully made adjustments. Just because someone tells you "it is better" does not mean it must apply to everyone. Be realistic. Know your limitations as well as your audience. If seven *quality* mailings per year are not realistic, then send fewer of them.

Be Flexible: Evolve and Change as Your Office Changes

In 2012, our office internally handled every aspect of our mailings, from content and design all the way through preparing for the post office after the letters were ready. In 2014, we started using a mail house that now handles everything. I review the initial draft of a letter, make revisions and see a final copy with design before it goes to press. Other than that, our coordinator sends the mailing list to the printer, and all else is handled externally. It may seem like an obvious transition for large fundraising shops, but the ingrained mindset among small shop fundraisers is one where we must process it ourselves because it's what we do. Oh, and it's cheaper: "We don't have the budget for it." I always thought it was cheaper, until I decided to make the shift. Our office got to the point where we could not afford to spare a week's worth of time for three employees in the middle of November. That alone was cost-ineffective. (See Figure 1.)

Figure 1.

	2013	2014
Design and layout	$ 750	$ 550
Letterhead	$ 225	$ 741
Donation cards	$ 280	$ 150
Donation envelopes	$ 370	$ 250
Postage	$ 250	$ 630
Setup services		**$ 860**
Processing services		**$ 919**
TOTAL	$ 1,875	$ 4,100

At first glance, our overall cost appears to have gone up. However, in 2014, we mailed to 4,500 donors compared with 2013, when we mailed to 600 donors. Both mailings included the exact same pieces. The average unit cost in 2013 was $3.13, which was dramatically reduced to $0.91 in 2014. This was a substantial savings, especially since there was very limited labor cost in 2014. If we add our time and effort into the overall cost for 2013, we would well exceed that of 2014. Clearly, on the expense side, we found a winner. Our goal is to eventually decrease unit cost to $0.75.

On the revenue side, the increased yield was significant. Comparing December 2014 with December 2013, we realized a 30 percent increase in donations and a 40 percent increase in net revenue. Our return on investment was significant. Through the first two quarters of the year, we saw a 10 percent increase in donations and a 25 percent increase in net revenue. We became so efficient that we were able to mail to more people and add a fourth mailing into the first two quarters of the fiscal year.

Had we not been flexible and decided to make a change, we never would have seen this significant growth. Adding the increased expenses was a little discomforting, but after a year-to-year net increase of 25 percent, the additional expenses justify themselves.

As direct-mail programs continue to evolve, some things remain consistent: Understand the fundamentals, and do them exceptionally well. Most importantly, understand donors, and treat them very, very well.

Donald K. Rhoten, CFRE, is president of the Meadville Medical Center Foundation (http://foundation.mmchs.org) in Meadville, Pa.

Restructuring for the Future

By Robin L. Cabral, CFRE

Decisions, decisions, decisions. Nonprofits must constantly evaluate and plan their future direction, especially as circumstances and needs change. While some nonprofits choose to pare down services and eliminate nonessential programming, others may decide to continue with business as usual. A few may explore additional or alternate and diversified revenue sources. And then there are those organizations that will consider combining resources and expertise with other organizations to become more efficient and effective. For those just starting fundraising efforts for an organization, a critical fund development office assessment and thoughtful design is a good first step in assembling a strong and competitive direction.

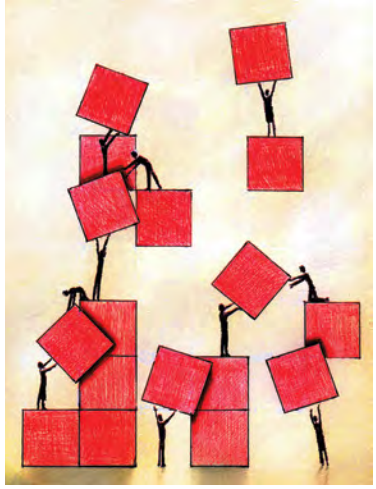
Whichever direction an organization takes, an internal restructure of fund development efforts may become critically necessary. If the organizational direction is to scale down, then curtailing particular fundraising strategies may be called for. If the direction is to explore additional or alternate revenue streams, such as combining resources with another organization, then a move toward a more diversified and sustainable integrated fund development program becomes paramount. If an organization is just beginning its fundraising efforts or it has reached a plateau, then an internal assessment is necessary and should not be skipped. In any case, a critical path toward restructure can provide the needed direction.

Organizations must ensure that effective and strategic fund development functions will continue to grow and thrive. Whatever the reason may be to undertake a restructure of the fund development function, and despite the challenges involved, the results will have a great impact, not only on the bottom line but also on the enhancement of donor relationships for the organization.

When should an organization consider a fund development office restructure?

If an organization has recently merged with another or if it is facing a cutback in funding, restructuring the fund development office is a critical step toward eliminating duplication of systems and efforts, allowing an organization's fundraising to become more efficient and effective.

In addition, after strategic planning, an organization may decide to alter its funding model. For example, an organization may want to transition its fund development efforts from a focus on special events to a focus on developing sustainable donor relationships for major gifts. In many cases, a restructure plays a critical part in realigning fund development staffing efforts to meet the needs of the new model.



GARY WATERS/GETTY IMAGES

As an organization matures and hires its first director of development, it is advisable for that organization to conduct an internal audit and assessment. In most cases, this audit will make recommendations concerning fund development direction, revenue streams and staffing patterns that require a department restructure in order to meet these proposed recommendations. It is prudent at this point to consult with the organization's human resources department to determine innovative workforce solutions for employment-related functions and liabilities.

What are the common steps toward a fund development office restructure?

1. **Analyze the organization's current fund development operations by conducting a full-scale, objective development audit and assessment.**
   - What are the sources of contributed income streams?
   - How is the department staffed? In what strategies is the organization investing its fund development resources?
   - What shifts can be made in income and expenses to better align with the sources of income for the organization?
   - What benchmarks and metrics does the department use to determine effectiveness in comparison with other fund development departments of similar organizations?

2. **Develop a thoughtful plan for restructure.** Consult with mentors, experts and industry leaders in the field to determine the best strategy for reorganization that is most effective and efficient for the particular development office.
3. **Consider outsourcing some of the department functions to outside vendors and consultants.** Types of functions that can be commonly outsourced include database entry and processing, grant writing, direct mail copywriting and other specific projects.
4. **Evaluate current staff strengths and weaknesses, and determine if and how they fit into the new structure.** It is important to staff the department based upon strengths in order to have a highly motivated and engaged staff team. Determine who will fit into the new structure and who will not.
5. **Keep staff abreast and informed of restructure developments.** This can be done through informational sessions, in one-on-one meetings and through departmental mail and emails. Do not let current staff be caught off-guard. Explain the rationale for a staff restructure, the process and the timeline.
6. **Create job descriptions for the new, restructured department, outlining responsibilities, roles and reporting structures.** Work with your human resources department to ensure that the job descriptions are not created in a vacuum, and ensure that all roles are clearly outlined.

There is no one, right way to restructure. However, in his book *Responsible Restructuring: Creative and Profitable Alternatives to Layoffs*, author Wayne Cascio offers guidelines that have yielded good results in organizations that have undergone the process. The guidelines point to the following:

- Have a strong and clear vision of what you want to achieve.
- Establish an organizational culture that values the individual.
- Provide clarity around short- and long-term objectives.
- Engage those employees who must live with the process change.
- Communicate and share as much information as possible with those affected.
- Maintain the dignity and respect of individuals throughout the process.
- Consider retraining and redeploying current employees.
- View restructuring as part of a process of continual renewal and improvement, rather than a one-time, cost-cutting measure.

While often considered only in times of dire crisis, organizational restructures must become more common as situations in the philanthropic world continue to change. While strategic planning has been the norm for years within the for-profit and nonprofit sectors, strategic thinking and planning within fund development now must become a greater priority. Organizations increasingly require new and fresh models of fund development.

Restructures in fund development operations allow an organization to increase its effectiveness and efficiency while remaining strong competitively. New operating structures should become the norm, as donors demand increased accountability and transparency. Organizations must seek to dismantle all silos within and between departments, including all aspects of the advancement function, such as marketing, to ensure a continuity of donor care and stewardship.

Rethink development functions, roles and positions across the board. Streamlining must take best practices into consideration in terms of strategy, cost-effectiveness and the resulting benefit not only to the organization but also to your donors. Strategies such as individual cultivation and solicitation will hold more importance over government funding and grants, corporate giving and special events to more accurately align with current *Giving USA* yearly findings. In addition, development offices may actually expand in the process, as greater investments in the development function are considered an essential part of restructure and cost-investment for any charitable organization seeking to better fulfill its mission.

Robin L. Cabral, CFRE, is principal at Development Consulting Solutions (www.developmentconsultingsolutions.com) in New Bedford, Mass.

Resources

Responsible Restructuring: Creative and Profitable Alternatives to Layoffs by Wayne F. Cascio (Berrett-Koehler Publishers, 2002), hardcover, 160 pages

Strategic Restructuring for Nonprofit Organizations by Amelia Kohm and David LaPiana (Praeger, 2003), paperback, 168 pages

Overcoming Database Demons

By Robert Weiner

Whether you have recently survived the selection and implementation of a new donor database or have been using your database for years, you need to confront hidden demons. The demons, which lurk in every organization and in every database, want to turn your data into a pile of unusable garbage. To fight the demons, you need to plan for the ongoing health of your data through oversight, policies, procedures, training and vigilance.

Where do you start?

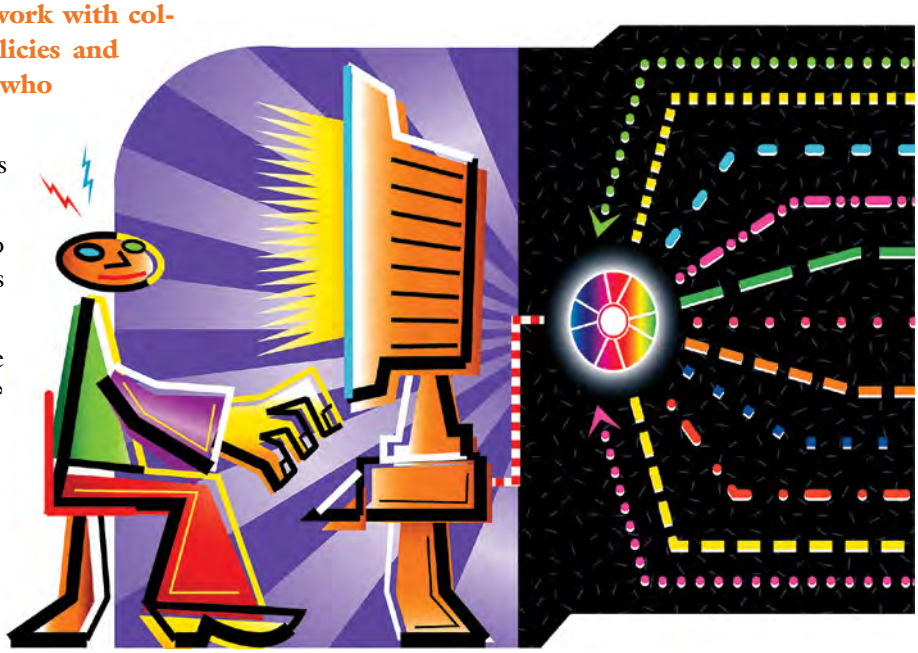
1. Someone needs to be in charge of the database. That could be a database manager, CRM administrator, gift processing director, development associate or office manager. The title does not matter; the role does. Think of this person as the database's owner. (This term will be used throughout the article). This does not necessarily need to be a technical role, such as a database administrator or IT director. The focus should be on training, user support, data management and data quality. At a small organization, this may be a small part of someone's job. At a large organization, this person may manage a big department. The bottom line? If no one is in charge of your data, the demons have already won.

2. The database owner needs to work with colleagues to develop data entry policies and procedures and train everyone who enters data. For example:

- Which titles and abbreviations are acceptable?
- Who should have the ability to see, enter and delete which types of data?
- Where and how will you store data that do not fit naturally? For instance, depending upon your database, this could include photos, URLs, Twitter handles, seasonal addresses or links to proposals and gift agreements. If you do not have rules about these things, the data will be stored in multiple formats and places, and over time, they will become impossible to retrieve consistently.
- Assuming your database provides multiple ways of entering data, how will you handle couples? Will they be tracked in a single household record or in separate, linked records?
  - What if they are involved with or donate to your organization separately (e.g., one is a board member and one is a volunteer)?
  - If you use separate records, how will you track their combined giving?

3. Make sure that everyone who can update your data has been trained on your policies and procedures. In addition, staff and volunteers who cannot update data should know where to send updates.

4. Run your database on a need-to-know basis. Give staff and volunteers access to only the data they need to see or change to do their jobs, but make sure that they do have access to the data they need.



CAMPBELL LAIRD/ILLUSTRATION SOURCE

5. Ensure your database has enough security options—and use them.

- You should be able to provide read-only access.
- You may want to have the ability to provide read-only access to just a portion of your data, such as names and addresses but not gifts.
- You should be able to allow staff to update only certain portions of your data, such as updating addresses but not entering gifts.
- You should be able to restrict access to such functions as committing a gift batch, modifying posted donations or importing donations.
- You should absolutely be able to restrict the ability to globally update data or delete records.

6. The database owner must monitor data integrity. He or she should routinely run reports to look for common errors:

- In most cases, names and addresses should not be lowercase (although some lowercase names are valid).
- Names and addresses should not be all uppercase.
- People with blank or invalid addresses should not be mailable.
- Dead people should not be mailable.
- Gifts and payments (as opposed to pledges or expected payments) should not have dates in the future.
- Dead people should not have open pledges (unless the pledges are attached to estate records).
- In most cases, dead people should not be assigned to a solicitor.
- The pledge status on fully paid pledges should not show as "active."
- At least in the United States, a record should have only one spouse relationship.
- If the relationship field on a linked record shows "married," the spouse's record also should show "married."
- If you use a separate email system, the database owner will need to develop a method for keeping updates, bad emails and unsubscribe requests in sync.
- The database owner should routinely run a report to identify duplicate records, which then should be merged.

7. The database owner should identify staff members who repeatedly make errors and provide additional training. If the errors continue, the organization must be willing to take away that person's data entry permissions.

8. The database owner should send your data out for updates on a regular schedule. At a minimum, if you send postal mail in the United States, you are required to run your data through the National Change of Address (NCOA) system quarterly. You also may want to purchase additional address updates, as well as updates for phone numbers, email addresses, deceased people, employment and ages.

9. If you use a mailing house, they may be running NCOA updates on your behalf. Unfortunately, they may not be sending you those updates, or you may not be importing them into your database. If so, you could be paying for updates on the same people at every mailing. Finally, if the change of address data gets too old and is removed from the NCOA database, people will become unmailable.

- When you import NCOA updates, do not overwrite the current address. NCOA is not always right, and you risk losing good addresses. Some databases can archive the old address for you automatically.

10. If you work for a large organization, think through the pros and cons of decentralizing data entry. It is much easier to train a single person or department and monitor their work. However, centralizing data entry can create a bottleneck and discourage broad ownership of the data. Decentralizing data entry can give departments more control and get data into the database faster, but it requires ongoing training and monitoring of data quality.

11. Make sure you run backups religiously and test them periodically to make sure you can recover data. Follow the "3-2-1" rule for backing up any critical data: Keep three copies of important files, use two different types of media to back up the files and store one copy of the files off-site.

12. Do all you can to prevent staff from downloading sensitive data—Social Security numbers, credit card data, etc.—to laptops or memory sticks. Use encryption on your laptops and memory sticks. Tools such as Identity Finder, SENF, OpenDLP and Spider can scan your computers for sensitive data.

13. Require strong passwords. Do not share passwords. Do not allow staff or volunteers to share accounts. Change passwords regularly. When staff or volunteers leave your organization, be sure to disable their ability to login to your network and database.

14. Finally, remember that while Excel is great for adding up numbers, it is not a substitute for a donor database. In fact, Excel may be one of the leading causes of bad donor data. It is difficult to enforce data entry standards in Excel (such as allowing only legal U.S. state codes), and anyone who can update your spreadsheet can see and delete anything.

Robert Weiner (www.rlweiner.com) is an independent consultant specializing in helping fundraisers make informed, strategic decisions about information technology. He can be reached at robert@rlweiner.com.

Resources

The Association of Advancement Services Professionals (AASP)
www.advserv.org

AASP's Listserve, FundSvcs
http://fundsvcs.org

Online queries such as those listed below will yield sample manuals and policies. Narrow the results by including the name of your database in the search.

- data entry manual site:.org
- data entry manual site:.edu
- gift entry manual site:.edu
- gift entry manual site:.org

Identity Finder
www.identityfinder.com

SENF
http://utiso.github.io/senf

OpenDLP
https://code.google.com/p/opendlp

Prospect Research: Building a Strategic Focus

By Troy Smith

JOHN BERRY/ILLUSTRATION SOURCE

The Internet has become a wasteland of unfiltered data. You don't know what to ignore and what's worth reading. Logged onto the World Wide Web, I hunt for the date of the Battle of Trafalgar. Hundreds of files show up, and it takes 15 minutes to unravel them—one's a biography written by an eighth grader, the second is a computer game that doesn't work and the third is an image of a London monument. None answers my question …

—Clifford Stoll, "The Internet? Bah! Hype Alert: Why Cyberspace Isn't, and Will Never Be, Nirvana." *Newsweek*, February 26, 1995

With the benefit of hindsight, it is easy to make fun of the skeptics, such as Dr. Stoll, a very intelligent and thoughtful scientist, who thought the Internet was all hype. Yet, anyone who remembers the information superhighway in its infancy can relate to his sentiment. Consider how things have changed in 20 years: Not only can you now find the answer to his question, but you also don't even have to know how to spell "Trafalgar" to find out.

All this is to say that, in this day and age, finding accurate information is not the biggest problem you and prospect researchers face. Knowing how to use the information to raise money has become the central issue. With all these data available at the fingertips of even the most technophobic individuals, how can anyone be sure that prospect research adds value to the fundraising process?

In being strategic, prospect research should align with the development cycle. An organization's goal with constituents differs at different stages of the development cycle, and, likewise, the research needs for a prospect just identified will differ from what information is needed before a major-gift solicitation.

- **Identification/qualification:** Is this person a prospect for your organization? (capacity, inclination, contact information, short bio)
- **Cultivation:** What information will help bring this prospect closer to your organization? (defining interests and building relationships)
- **Solicitation:** How much are you asking for and for what? (detailed financial and biographical information)
- **Stewardship:** How is the prospect kept in the loop? (life events)

After a prospect is first identified by research, you then need to qualify the prospect to confirm the potential prospect's ability and likelihood to make a major gift. At this stage, the research provided should be very simple:

- Name, contact information, employment
- Ratings (quick capacity; inclination if available)
- Giving history to your organization
- If easy to find, a short bio

More extensive research at this stage is not only unnecessary but it is actually an unproductive use of time if the individual turns out not to be a prospect for your organization. Besides, you are going to learn more about a prospect in a 30-minute discovery meeting than hours of researching can offer.

Once an individual is qualified as a bona fide prospect, then the information needs change. Cultivating a

prospect in the early stages is about uncovering interests and deepening linkages to your organization. Research at this stage should address those needs, such as uncovering information about a prospect's personal, professional and nonprofit affiliations, that will help you develop your cultivation strategies. As prospects progress through the pipeline toward solicitation, research can help determine the appropriate ask amount. Research also may uncover natural partners or those individuals who may prove influential in helping the prospect fund your organization.

> "Data is not information, information is not knowledge, knowledge is not understanding, understanding is not wisdom."
>
> —*Clifford Stoll*

It is important that the research meets your needs in cultivating a prospect. Whether your organization has only a part-time researcher or a full research department, it is important for researchers to understand just what you need. Developing a rapport with researchers is vital in ensuring that nuances are perceived and that your needs are met.

Many prospect research offices like to use research request forms, which works fine for many shops. Other organizations prefer to keep the request process more informal. Either way, it is incumbent upon the researcher to understand the context of the request. A fundraiser making a research request is the beginning of a conversation. The researcher needs to have several questions answered:

- **Who?** (What is the prospect's name, spouse/partner's name, address, employment, etc?)
- **What?** (What type of information is needed?)
- **Why?** (First contact? Solicitation? Curiosity?)
- **When?** (When will this information be used?)
- **How?** (How will this information be used? Will it be shared with volunteers or senior staff?)

If you work with a researcher or research office, do not ask to have "everything" by the end of the week for a meeting with a prospect. Suggest what specific pieces of information will make the meeting a success. Sometimes, you may make a request that a researcher finds objectionable because you are unaware that your request is unreasonable. It is up to a researcher to help fundraisers understand what is within his or her means and then deliver on those expectations as promised.

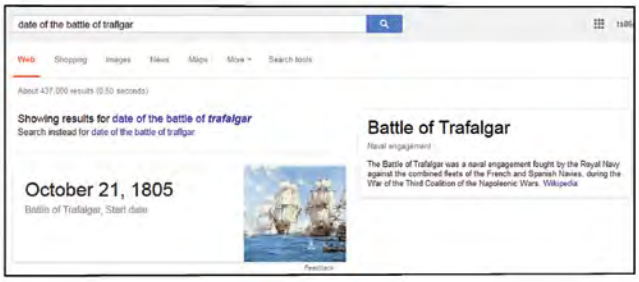
Because it is now so much easier to find information, it is possible to get "information overload" with every bit of information available, whether it is relevant or not. Have you ever been on your way to meet a prospect and, as you park the car, you pick up the research profile—a meticulously researched work of art in the researcher's eyes—and quickly skim the information (the first chance you have had to look at it) before greeting the prospective donor? In that quick glance, will you be able to easily find the most important information you need to make the visit a success?

Remember, when it comes to presenting research, looks matter. Standardize the product as much as possible. Ensure that the written work is well organized, clean-looking and free of typos. If you do the research, try to always have someone edit your work before you send it to others, such as a board member or executive director who may be joining you when meeting a prospect. Research that has obvious errors or that looks sloppy will lose credibility in their eyes, no matter how meticulous the research actually is.

As Stoll has said, do not simply present the information; *analyze* it. Do not be afraid to draw conclusions from research. Sometimes, the conclusions are not a stretch: If there is a newspaper profile on your prospect where she states that she believes in giving back to the community, make sure that gets into your research. If a prospect gives millions of dollars to an animal welfare organization, it is not unreasonable to say that your prospect is passionate about animal welfare. If your prospect is a serial tech entrepreneur who has successfully started and sold numerous companies, you may think that he could be a prospect for a cutting-edge program at your organization. If your prospect has just started a new company, now may be a bad time for a solicitation. In other words, use the information to make informed judgments.

If you work with a researcher or a research department, establishing regular lines of communication achieves a number of things. For one, it will help the researcher understand your needs and priorities. Second, researchers can stay abreast of upcoming meetings and solicitations. And finally, it can help build a professional rapport, which can only further enhance the first two points.

Among prospect researchers, there is much talk about being proactive, but it is usually discussed in the context of prospect identification. While proactively identifying new prospects is an important part of a researcher's job, a researcher also should be proactive with fundraisers.



Researchers can use prospect-management reports to also keep abreast of fundraising activity. Knowing when visits and solicitations are coming up can help a researcher anticipate upcoming requests. For instance, if you have a seven-figure solicitation scheduled in six weeks, make sure the research is up-to-date on the prospect in plenty of time. If a researcher sees there is a visit scheduled with an important prospect, he or she can take the initiative to ask you whether any research will be needed. A researcher's anticipating what fundraisers need before they know they need it is a win-win situation for all concerned.

Can fundraisers raise money without good prospect research? Of course. However, researchers can make fundraisers' jobs easier by providing them with information above and beyond what they can find from a common Web search. In 1995, a good researcher would have been able to give Clifford Stoll the date of the Battle of Trafalgar. In 2015, a good researcher can tell him why the battle was significant.

Note: This article was inspired by the presentation "Building a Strategic Focus," given by Troy Smith at the International Conference of the Association of Professional Researchers for Advancement (APRA), **www.aprahome.org**, July 30–Aug. 2, 2014, in Las Vegas.

Troy Smith is senior director of prospect development at New York University (www.nyu.edu) in New York City.

Happy Campers?

By Lynda McDaniel

Keeping employee morale high can be challenging in an economic climate of tight budgets, capacity workloads and doing more with less. Booming businesses such as Google and Facebook can pile on the perks—well-stocked kitchens, concierge services, nap pods—but how many organizations can afford such luxuries?

Fortunately, with a little creativity, affordable perks and rewards for your employees are more accessible than you may think. In his book *1501 Ways to Reward Employees* (Workman Publishing Company, reprint edition, 2012), Bob Nelson, Ph.D., has catalogued hundreds of ways to deliver economical benefits and recognition that boost morale—as well as productivity, staff retention and other tangible improvements. A San Diego-based consultant, Nelson has conducted extensive research that shows, for instance, that 84 percent of managers surveyed stated that nonmonetary recognition increases employees' performance, and 78 percent of employees who reported to managers in the survey said it was "very or extremely important to be recognized by their manager when they do good work." That means day-to-day recognition and appreciation go a long way. In addition, the book includes dozens of examples from organizations that have enjoyed improved results with free or low-cost benefits such as spontaneous "Take the rest of the day off" rewards, in-house mentoring and increased autonomy and authority on the job.

So, how can you bring these ideas into play for your organization? Start simple with those everyday situations you know drive your staff crazy, such as scheduling back-to-back meetings without a break or making last-minute cancelations that throw off employees' schedules and productivity. Encourage supportive behavior, such as taking lunch hours and breaks to avoid the unhealthy habit of sitting at desks for hours at a time. And get everyone to take responsibility for the break room. Signs like "We're not your mother. Clean up after yourself!" or "Don't even *think* of leaving your dishes here!" in company kitchens remind employees to treat each other with respect.

In other words, "Start with baby steps," advises Julie Ann Sullivan, The Attitude Enhancer, based in Pittsburgh (**www.julieannsullivan.com**) who works with "organizations that want to create a workplace environment where people are productive, engaged and appreciated." One of her favorite tools is the *Happiness at Work Survey.* "Research shows that happy people work together better," Sullivan explains. "Benefits of happy employees include increased leadership skills, enhanced problem-solving and reduced healthcare costs, to name just a few."

Employees want to be consulted about—or at least informed of—major changes, especially those that involve them directly. Consider the missteps of a Washington D.C.-based organization that converted the company cafeteria over the weekend from a family-run operation to a fast-food restaurant. "One day we had homemade entrees, the next we had cold corporate sandwiches," one employee shared. "If management had surveyed us, we would have felt part of the change. Together, we could have found a better solution. As it is, we're reminded of this heavy-handed decision every day at lunch."

Surveys such as the *Happiness at Work Survey* are part of a trend called "pulse surveys" designed to stop burnout and increase engagement. Instead of long, annual surveys that lack timeliness and can overwhelm (and are therefore ignored), a variety of companies have designed shorter, more frequent surveys to help organizations get fresher feedback. TinyPulse, for example, features weekly polls that keep little things from getting big.

However, Sullivan warns, employees can start to feel "poll fatigue" if surveyed too often. Rather, she suggests, establish your baseline, then close the poll and address issues that the survey reveals. "A few months later, take it again," she adds. "Surveys are a very useful tool to help you see how people are moving along."

TONY ANTONY/ILLUSTRATION SOURCE

It is important to remember that surveys and feedback are only as powerful as the action that follows them. Employees feel worse when leadership asks for opinions, but then nothing changes. "It feels like a slap in the face," says a sales rep at an organization based in Seattle. "We shared our thoughts—both positive and negative—and management even nodded in agreement. But that was as far as things went. Why bother? We ended up feeling frustrated and angry."

What can you do to ensure you see improvement after you survey? At the very least, acknowledge issues, and, if necessary, explain why some changes may not or cannot

Pulse Surveys: Create Your Own

Surveys may sound like a great idea, but how do you get started? A host of companies have developed a variety of surveys—Happiness Works, TinyPulse, knowyourcompany.com, 15Five, BlackbookHR and Niko Niko—and established companies such as Gallup offer sample surveys and free trials.

However, if budgets are tight, consider creating your own. Here's how:

1. Determine what you hope to accomplish with the survey. Are you willing to hear the bad with the good—and act on it? Unaddressed feedback is worse than no feedback at all.
2. Keep surveys simple and timely. A few questions every three or four months can yield an impressive amount of information. Or try tiny surveys weekly. The key is to keep surveys short. At the same time, avoid creating "poll fatigue" by offering them too often.
3. Open your survey for a couple of weeks and then close it while you act on the feedback. "Four months later, re-open the survey," says Julie Ann Sullivan, The Attitude Enhancer, based in Pittsburgh. "Then shut it down and do more work. Take your pulse again and again, and make comparisons."
4. Get help from representatives of each generation as you develop your surveys. One size does not fit all. Keep these differing viewpoints in mind as you review feedback and develop solutions.
5. Choose your type of questions carefully. Easy-to-answer, multiple-choice questions yield more responses, although these surveys take more time to create. Some organizations have had success with multiple-choice questions, plus one or two essay questions, but keep in mind that essay questions take longer to read and evaluate. You may want to start with just multiple-choice questions and see whether you are getting enough information or need more in-depth answers.
6. Ask questions that address key issues such as engagement; motivation; teamwork; potential for advancement; and levels of creativity, frustration, boredom and stress. Ask employees if they feel their work is worthwhile and if the organization is well managed and beneficial to the community and the world.
7. Encourage employees to offer constructive feedback, not just complaints. And tap into their creativity. How would they fix the situation?
8. Decide whether to allow anonymous answers or to have signed surveys. Not surprisingly, you will get more answers with anonymous online surveys. However, face-to-face feedback can deliver stronger opinions and more creative ideas.
9. Invite and remind. Publicize your surveys to get better results. Announce upcoming surveys at staff meetings, send email reminders and establish whether participation is mandatory.
10. Acknowledge and take action. This one is worth repeating: Communicate, and make changes. Let employees know their opinions count.

be made. Whenever possible, deliver training programs, make policy changes and encourage self-care practices.

Self-care is one of the most important ways to improve the workplace, according to Marissa Tirona, director of Blue Shield Against Violence at the Blue Shield of California Foundation (**www.blueshieldcafoundation.org/programs/program-area/blue-shield-against-violence**) in San Francisco. "Self-care addresses situations in which we do things without thinking," she explains. "You want to move away from unconscious habit and toward intentional practice. To do so, you first need awareness of what habits might be getting in the way of your self-care. If you feel you don't know what these habits are, reach out to trusted colleagues, partners and friends, and ask for feedback."

Self-care runs deeper than taking a day off or getting massages. It is an everyday, every moment frame of mind. Some of the self-care practices Tirona suggests include practicing 10 minutes of meditation daily; spending 15 minutes outside of the office every day during the workday; eating lunch with other colleagues, ideally in a communal break room; and pausing at the end of the workday to reflect on your accomplishments and what you might want to focus on tomorrow.

To create a self-care environment in your organization, talk openly about what needs to change, what your organization and employees should be doing more or less of and how you can make requests differently to get better results. "I encourage people to ask at the beginning of any staff meeting, for example, what it would look like to practice self-care of this organization," Tirona says. "Imagine, in the most creative way possible, what that would be. Start there. Then encourage people in leadership positions to incorporate questions around self-care as it relates to supervision. They also can include self-care goals in their professional development planning for the coming year."

For fundraisers specifically, Tirona recommends pivoting away from every potential fundraising opportunity that comes your way. Instead, stop, reflect and create more strategic fundraising opportunities. "That makes you more sustainable over time. Instead of being reactive, you're setting boundaries and getting really clear on what you're saying yes to," she explains.

Sullivan suggests remembering the big picture—that your work is helping the greater good. "Instead of thinking only of the money, think how you are serving the donor and the community," she explains. "Philanthropy is similar to sales, and statistics show that people with good attitudes sell over 30 percent more than those with bad attitudes. Having a bad day? Stay off the telephone. Shifts in behavior don't have to be complicated."

Again, surveys and self-care practices are effective only if leadership is willing to listen and change. According to Sullivan, some organizations grasp this concept right away. Others want to make changes but do not understand the time and effort that takes, while some simply want to throw money at the problem.

"An organization will tell me they want a motivational speaker, and I'll ask them why," Sullivan says. "They'll tell me they want to change the culture of their business. But that can't happen with just a speaker. If they want to change the fabric of their business, they have to do something consistently. The ones who do—using surveys, gratitude walls, teamwork, competitions for who's doing the most volunteer work—get it right. Over the past decades, we've gone from simpler times to a time when everything seems increasingly difficult. But we can take baby steps in life that have huge consequences. Every organization can always be better. It's a journey with no stopping point."

Lynda McDaniel is a freelance writer in Sebastopol, Calif. (www.lyndamcdaniel.com).

Surveys and self-care practices are effective
only if leadership is willing to listen and change.

Want to Meet With Members of Congress?

When it comes to planning, conducting and following up after meetings with members of Congress and their staff, what works and what doesn't? A new study, *Face-to-Face With Congress: Before, During and After Meetings with Lawmakers,* is based on the Congressional Management Foundation's (**www.congressfoundation.org**) work with members of Congress and includes the results of new surveys of House staff about how best to interact with lawmakers.

Key findings include:

- Ninety-three percent of House schedulers surveyed indicated requests for meetings with lawmakers should be made two to four weeks in advance.
- Seventy-one percent of participating House chiefs of staff expressed "no preference" for the meeting location (Washington, D.C., or the congressional member's home district).
- Ninety-four percent of the House chiefs of staff felt a "one- to two-page issue summary" left behind after a meeting is somewhat or very helpful, while only 18 percent said the same of a "five-page or greater length" document.

The report also included staff comments about constituent meetings. "Our No. 1 factor in scheduling a meeting is if a constituent is in the group," said one House scheduler. "Constituents from our district take top priority over any other type of request."

In fact, if there is one thing that House schedulers find really irritating, it is the constituent "bait and switch," when a constituent is promised but then is not present at the meeting. As the study points out, many groups' reputations with members of Congress have been ruined through this sort of duplicity. If a meeting is scheduled with a constituent, then someone who lives in the senator's state or the representative's district should by all means attend.

Who should request a meeting? According to the report, about two-thirds (64 percent) of the House chiefs of staff surveyed said a constituent should request a meeting with the legislator. And what about lobbyists or coordinators? Only 7 percent of those surveyed said the request should come from a Washington representative of a group.

When you request a meeting, more than half (55 percent) of House schedulers surveyed prefer to have three to four weeks' advance notice to schedule a meeting, while more than one-third (38 percent) said they prefer to receive the request at least two weeks before the desired meeting date. Also, provide all information a scheduler will need, such as the reason for the meeting, the primary contact's name and email/phone number, the name and brief description of your organization and the desired meeting date. Before contacting a scheduler, remember to check the legislator's website, which may have scheduling requirements posted.

You and others with you at the meeting may not agree with a legislator on some or all of the issues that matter to you. Nevertheless, it is important to set aside your own political opinions if you want the meeting to be as successful as possible. Be respectful. As mentioned in the report, in order to get a legislator to see and appreciate the points you are making about your organization or the issues affecting nonprofits and the people they serve in your community—the legislator's constituents!—you must use effective communication, engaging dialogue and persuasive arguments.

Your actions after the meeting are just as important. If you follow up and keep in touch after you see a senator, representative or staff member, you can become a more trusted resource for the legislator and staff. And that, the report points out, will make them more effective advocates for your issues.

KARA FELLOWS/ILLUSTRATION SOURCE

The report is part of the Congressional Management Foundation's Partnership for a More Perfect Union, a program to help citizens have better communications with, understanding of and relationships with members of Congress. The report was sponsored by Blue Cross Blue Shield Association, RAP Index and the Professional Women in Advocacy Conference.

To read the full text of the report, visit **www.CongressFoundation.org/FacetoFace**.

Resources

Advancing Philanthropy, October 2007 (special public policy issue) **www.afpnet.org/Publications**

AFP: Public Policy
www.afpnet.org/PublicPolicy/?navItemNumber=4618

"Are Nonprofits Allowed to Advocate?" **www.ncoa.org/public-policy-action/policy-news/are-nonprofits-allowed-to.html**

Independent Sector: About Nonprofit Advocacy
www.independentsector.org/advocacy

Independent Sector: Policy & Advocacy
www.independentsector.org/policy_advocacy

The Lobbying and Advocacy Handbook for Nonprofit Organizations, Second Edition: Shaping Public Policy at the State and Local Level by Marcia Avner, Josh Wise, Jeff Narabrook and Jeannie Fox (Fieldstone Alliance, 2013), paperback, 260 pages

Nonprofits and Advocacy: Engaging Community and Government in an Era of Retrenchment by Robert J. Pekkanen (editor), Steven Rathgeb Smith (editor) and Yutaka Tsujinaka (editor) (Johns Hopkins University Press, 2014), paperback, 320 pages

Nonprofit Board Member's Guide to Lobbying and Advocacy (first edition), by Marcia Avner (Fieldstone Alliance, 2004), paperback, 128 pages

"Public Policy Advocacy: The Case for Nonprofit Engagement" **www.guidestar.org/rxa/news/articles/2008/public-policy-advocacy-the-case-for-nonprofit-engagement.aspx**

Capacity Building for Fundraising Organizations in Mainland China

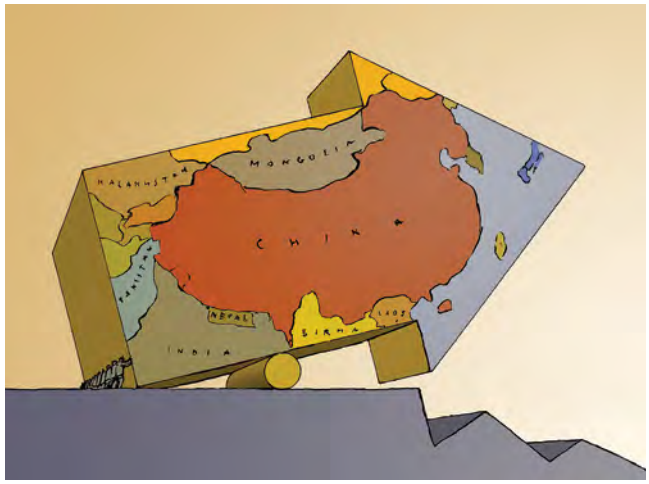
By Timothy KW Ma, JP

China has a population of more than 1.3 billion people and is the second-wealthiest country in the world (based on GDP, or gross domestic product, and PPP, or purchasing power parity) after the United States. According to *Forbes*, China's 20 richest people have a combined net worth of $145.1 billion, which is larger than Hungary's GDP ($124 billion). However, China also has the largest number of people living in poverty, and this great disparity in wealth among cities, regions and districts means that many people live in dire conditions.

The emerging economy and an increasing awareness of corporate social responsibility (CSR) among businesses and corporations have offered the greatest potential and opportunities for raising needed funds in China. However, because the national charity law has not yet been endorsed and enforced, fundraising in China involves many challenges and sensitivity to the culture.

For three consecutive years, I had the privilege of being invited to conduct three-day fundraising workshops to enhance the fundraising capacity of a national charitable organization in mainland China. The experience was very different from the workshops I have run in Hong Kong and elsewhere, and the following are worth sharing.

1. **Direction was strictly top-down.** As a national organization in China, the purpose, objectives and critical gist of the program contents were generated and decided only by headquarters. People from other offices were not expected to or even supposed to offer suggestions or express their views. This is also a political phenomenon in mainland China.
2. **Representatives from different parts of the country generated comparisons and competition.** Since the charitable organization has a large number of provincial, city and township-level offices, the participants in the workshop, who came from throughout China, created comparisons on various levels, from implicit competition to "one-upmanship," during the course of the workshop and training.



JANUSZ KAPUSTA/ILLUSTRATION SOURCE

3. **The choice of where to hold the capacity-building workshop had many implications.** Given the size of China (the fourth-largest country in the world, after Russia, Canada and the United States), deciding where to hold the first workshop presented logistical challenges. If the capacity-building program were held in one of the northern cities, participants in central or southern China would not be able to attend due to the great distances involved. Thus, it was decided to hold three workshops over a three-year period so that participants from all provinces, municipalities and autonomous regions could attend.
4. **Dealing with seniority in a new learning experience required careful consideration.** Unlike participants in Europe and the Americas, learners in China are not used to case studies and role-play. Thus, their concern with "failing" in front of others, openly sharing their views and voicing their opinions with senior management present hindered their participation. Only after arranging to have senior-management participants transferred to a different training venue did attendees find the confidence to actively participate in the discussions and freely comment with others.

5. **Senior-management participants brought their work with them.** On a positive note, participants in senior-management positions really wanted to take part in the program and learn along with staff. However, their participation was inconsistent because they frequently had to leave the room to answer calls on their cell phones and even disappear for an hour or so to attend an urgent meeting. Hence, as the trainer, I had to tell myself to not be as concerned with what senior management learned from the workshop but rather with the impact I could make on the core participants, the frontline fundraisers.
6. **Participants were eager to take back templates and examples—and especially solutions.** Participants were eager to ask questions, explore problems and search for solutions to the many issues they faced. During the final evaluation, some participants expressed their disappointment in not being able to find solutions to their challenges. They loved hearing other people's stories and learning from both their successes and failures. Participants were eager to get ideas and tips that they could share with their colleagues upon returning to their field offices.
7. **Work did not end with the workshop.** Post-course follow-up was an important part of the program. In order to fully realize what they had learned from the courses, participants received intensive follow-up, including sending trainees from the organization's Hong Kong office.
8. **It was important to be flexible and ready for last-minute changes.** Even though everything was carefully planned, with the dates set and the venue selected, last-minute changes were common because of sudden meetings with senior management at the national level in Beijing due to budgetary concerns about expenses. A trainer has to be prepared for unexplained, sudden changes.

Participants were **eager to ask questions, explore problems** and **search for solutions** to the many issues they faced.

To sum up, being a fundraising trainer in China is a truly valuable experience. The good relationships and friendships developed during the workshop continued long after the training. Participants sent emails that described their successes and solutions to solicitation issues and also shared more personal news, such as marriages. To be able to help create and nurture a more professional level of fundraising for colleagues in China is, for me, a rewarding achievement. The insights and education I gained at the AFP International Fundraising Conference certainly helped me a great deal to accomplish that.

Timothy KW Ma, JP, is a management and training consultant in Hong Kong and a past president of the AFP Hong Kong Chapter.

Resources

"How Philanthropy in China Is Changing" (*The Wall Street Journal* video, Oct. 13, 2014)
http://www.wsj.com/video/how-philanthropy-in-china-is-changing/9455E81B-944F-409C-BE6F-3DEFF7728F4C.html

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The Last Word

What does capacity building mean for you and your organization? Read "Capacity Building—What's Not to Like?" by Larry Hostetler in "The Last Word" to learn more. "The Last Word" is an addition to *Advancing Philanthropy* and is available only in the digital magazine. To access the digital *Advancing Philanthropy,* visit **www.afpnet.org** and select "Publications."

Genevieve Shaker Named Emerging Scholar of the Year

Genevieve Shaker, associate dean for development and external affairs in the Indiana University School of Liberal Arts at Indiana University–Purdue University Indianapolis (IUPUI), has received AFP's 2015 Emerging Scholar Award.

The Emerging Scholar Award, established by the AFP Research Council in 2013, honors an early-career scholar or scholar-practitioner whose research has and will continue to shape the discourse on philanthropy and fundraising.

"The Emerging Scholar jury recognized Dr. Shaker's extremely impressive training and experience," said Professor Russell James, chair of the AFP Emerging Scholar Award Committee. "Her research provides a greater understanding of academic workplace giving and motivation of faculty in seeking academic careers. Her work will further enhance fundraising strategy development for the field and will provide insights regarding donor motivations, interests and giving trends."

Emerging Scholar jurors rated nominated scholars on their record of scholarship, demonstrated evidence of a further promising career as an academic researcher or scholar-practitioner, demonstrated impact on the state of scholarship or advancement of knowledge and evidence of impact on fundraising practice.

Shaker is an adjunct professor in the School of Liberal Arts and assistant professor of philanthropic studies in the Indiana University Lilly Family School of Philanthropy at IUPUI. Her research, which focuses on workplace giving and higher education advancement, has been recognized by several other awards, including the Dissertation of the Year Award in 2009 from the Association for the Study of Higher Education and the 2009 Robert Menges Award for research in educational development.

Shaker completed her doctorate in higher education in 2008 at Indiana University–Bloomington and holds a master's in philanthropic studies from the Center on Philanthropy, the Lilly Family School's predecessor.

Established in 1991, the AFP Research Council leads the Association's efforts to identify research priorities for AFP, recognize and promote research that informs philanthropy and fundraising practice and translate and disseminate research-based knowledge to practitioners. Council initiatives include the annual *Compensation and Benefits* survey and report, the Growth in Giving/Fundraising Effectiveness Project, the Nonprofit Research Collaborative surveys and reports and the recent Special Events survey and report. The council also administers the annual AFP/Skystone Partners Research Prize for the best new research-based book related to fundraising and philanthropy.

Fundraising Research Prize Awarded to Penelope Cagney and Bernard Ross

The Association of Fundraising Professionals has awarded the AFP/Skystone Partners Prize for Research to Penelope Cagney, M.A., CFRE, CEO of The Cagney Company in Phoenix, Ariz., and Bernard Ross, director of The Management Centre in London, for their book, *Global Fundraising: How the World Is Changing the Rules of Philanthropy* (John Wiley & Sons, 2013).

According to the research prize jury, *Global Fundraising* is a practical and compelling collection of international fundraising information and experiences, with 25 contributors across the globe. The book first reviews data and practices from many countries, including chapters for Latin America, Africa, the Middle East and North Africa, Asia, India, Japan, China, Central and Eastern Europe, Western Europe, Australia and New Zealand and North America. It then covers important universal topics affecting fundraising. By sharing data, practices and results from around the world, the book is certain to deliver thought-provoking ideas to fundraisers regardless of where they may work. In keeping with AFP's research prize qualifications and criteria, *Global Fundraising* is an outstanding contribution to the field.

AFP Board Approves New Format for the Code of Ethics

At its fall 2014 meeting, the AFP board of directors approved a new format, including a graphic makeover, for the association's *Code of Ethical Standards,* which members are required to sign ever year as part of their membership.

Jay Love, co-founder and CEO of Bloomerang (**https://bloomerang.co**) in Indianapolis and chair of the AFP Ethics Committee, noted that many members had complained that with the addition of new standards over the years, the one-page code had become difficult to read. "Our goal was to make the ethical standards as easy as possible to read, understand and remember," he said, "and we still wanted to keep it to one printed page."

The updated format has larger type, clearer headings and, in some places, simpler language. While the *Ethical Principles* have been incorporated into the *AFP Guidelines to the Code of Ethical Principles and Standards,* the standards listed in the new one-page document still have the same numbers and the same meanings.

You will be able to view the new format when you receive your 2015 membership renewal notice, as well as at **www.afpnet.org/ethics**.

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Ex Officio With Vote

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Index to Advertisers

Joy C. McKee, CFRE, ACFRE

How many years have you been involved in the nonprofit sector? If you count an internship with the Organic Materials Review Institute while studying at the University of Oregon, I've been involved for more than 15 years.

When did you join AFP? I think my first official membership card arrived in 2005. It was love at first sight.

How did you get involved in the nonprofit sector and fundraising? Even though my entire career has been in fundraising, I think it's fair to say I "fell" into the profession. My original plan was to be a news anchor or possibly a bohemian international freelance journalist. After university, I determined that I wanted to give back for a year and take a little time to let the four years of study sink in. I accepted a position working with at-risk youth for a small nonprofit in Tennessee and fell in love with seeing the impact of my daily work.

You recently earned the ACFRE credential. Why did you feel it was important to do that? I have wanted my ACFRE since the moment I learned about the credential. Of course, at that time, it was a whimsical dream. Had I known the intensity of the process, I may have been deterred. However, I was so inspired by the thought leaders in the profession, the authors and practitioners. I honestly believe the ACFRE is an opportunity to cement your place and legacy, which gives additional meaning to our everyday work. The advancement of fundraising wasn't just because there were a bunch of people helping nonprofits secure funds. It was because of individuals like the ACFREs who intentionally shape and transform the relevancy of our profession.

What do you think are the greatest misconceptions about fundraising? Just the other day, I was speaking with one of our medical practitioners. He commented that I was in the business of getting people to "slide wallets out of their pockets." I smiled and said, "My work is to connect interested people to the mission of my organization." And if I had a dollar for every time I have heard board members and volunteers use the phrase "hit up" with regard to a donor, I'd need a gigantic piggy bank. We are in the business of invitations, investments and impact.

What is the best career advice you ever received? Build a team of varied, trusted, experienced and knowledgeable mentors.

Lifetime Highlights:

- Traveled to all seven continents
- Climbed 38 U.S. high points to date
- Scuba dove the Great Barrier Reef and the Red Sea
- Rode my Ducati 796 at the Dragon in North Carolina
- Provided free healthcare clinics in remote villages in Thailand
- Helped build the foundation for a medical center complex in Kumari, Nepal
- Hiked among the western foothills and peaks of the great Annapurna Himal
- Took a year away from work to be with my family as my mother underwent cancer treatment
- Directed the $1 million "Keys to Excellence" capital campaign that enabled Southern Adventist University to become the 100th All-Steinway School in the world
- Am the proud aunt of the most beautiful and intelligent twins in the world
- Was surprised with my ACFRE credential in front of my peers at the 2014 AFP Leadership Academy in Puerto Rico

If you could do anything differently with regard to your work so far, what would it be? I would have written more things down and documented my work. Just the other day, I was flying to Los Angeles and sat next to a professor from UCLA who has written many books. His advice: Just write. Don't edit. Just write. Get it down on paper.

What do you wish you could do better than you do now? I want to be a more confident, funny, charismatic speaker. I'd love to tell riveting stories that can make an impact on people's lives.

How would you describe your perfect day? Waking up in the great outdoors, possibly the Wind River Range, on a ledge of Mt. Shuksan or nestled on the floor of the Grand Canyon near a bustling creek and knowing that my whole day ahead is relaxing in the sun, drinking tea, reading a book and seeing what adventures might come my way.

Joy C. McKee, CFRE, ACFRE, is manager of annual and special giving at Englewood Hospital and Medical Center (EHMC) Foundation (www.englewoodhospitalfoundation.org) in Saddle River, N.J.

Capacity Building—What's Not to Like?

By Larry Hostetler

Here is a multiple-choice question that is *not* on the CFRE test (with apologies to *Sesame Street*):

Which one of these expressions simply does not belong here?

- His eyes are bigger than his stomach.
- The cart before the horse.
- Give a man a fish, and you'll feed him for a day; teach him to fish, and you feed him for a lifetime.
- Different strokes for different folks.

"Teach a man to fish and you eat fish every damn day."

DANA FRADON/*THE NEW YORKER* COLLECTION/THE CARTOON BANK

When I first heard about capacity building, I thought to myself, "Hey, that's something I can get behind." I have been accused of having eyes bigger than my stomach. Those who have seen both my eyes and my stomach know that such a pronouncement calls the vision of the pronouncer into question. If I were younger, I might consider trying out for the Major League Eating circuit. Yes, there is such a thing (check it out at **www.majorleagueeating.com**). In fact, Joey Chestnut is a star of the circuit, having set world records for the consumption of things such as more than two gallons of chili and 15 pints of ice cream in six minutes. (Not at the same time.) One was accomplished in February last year and the other in April.

However, that is not what capacity building is all about. When I first heard of capacity building, I saw it in the description of what a foundation funded. It wanted to invest in efforts that would produce the ability to raise more money, not just give money for programs. What a great idea!

Capacity building has many aspects to it. I just finished reading the book *RelationShift: Revolutionary Fundraising* by Michael Bassoff and Steve Chandler, and one of the concepts in the book is that we get the cart before the horse in thinking about capacity building in relation to staffing. The authors make the argument that, as fundraisers, we need to expand giving before expanding staff. (And by expanding staff, I don't mean overfeeding them until they are obese.)

In a recent discussion with a fundraiser, I was told of a colleague who had such a successful year that the organization was having trouble stewarding the donors it had. That is a problem we all wish we had. My friend and I had no sympathy. The colleague had the horse in front of the cart, and the organization was going somewhere. On the other hand, having the cart before the horse makes for slow progress.

Capacity building is not sexy, and it is harder to convince donors of the need to support it than to support a child or a student or an animal or the world. But when presented with the opportunity to give a man a fish or to teach him to fish, most people see the wisdom in teaching a man to fish. And some donors can see the wisdom of investing in the potential to turn their dollars

into hundreds or thousands of dollars. (Of course, there are some who may think that if you teach a man to fish, he'll just sit on a boat and drink beer all day.)

Capacity building also means different things to different people. To some, it means getting a larger room for their gala or moving to a golf tournament venue with 36 holes instead of just 18. For others, it means getting a bigger and better donor database with better analytics and data crunching. I remember when it meant getting one of those fancy new typewriters. (For young readers who may not know what a typewriter is, you can find pictures of them on Pinterest, if you're interested.) They allowed you to store the letter and only have to type in the name and address of the recipient of the mail appeal. (And anyone unfamiliar with mail appeals can learn more by reading the Hot Topic on direct response/marketing in the AFP online Resource Center, **www.afpnet.org/ResourceCenter**).

Capacity building depends on the type and status of the organization and the staffing. That is why it is a different definition to different people at different organizations (or different strokes for different folks).

However, I cannot leave the topic without positing that capacity building is best when tied to mission. "We can do more of what we do if we build capacity to do it" is much more compelling than raising more money. I worked for one organization that provided education for children with mental health issues. When the waiting list for our class for children with autism spectrum disorders grew too long and an opportunity to occupy an empty school presented itself, the capacity-building presentation wrote itself. And the school opened with six classrooms.

Capacity building has its place, but remember to get the horse before the cart, to teach a person to fish and that it is different strokes for different folks. For fundraisers, however, it has nothing to do with anyone's eyes or stomach.

Larry Hostetler is the AFP chapter services director for the western United States.

Capacity building is best when tied to mission.

"We can do more of what we do if we build capacity to do it" is much more compelling than raising more money.