AFP Association of Fundraising Professionals

Advancing PHILANTHROPY

FALL 2015

Foundations effecting solutions

THE DOMINO EFFECT

2015 WEBINARS

January 28, 2015, Wednesday
Integrating Planned Giving Into Your Campaign/Major-Gifts Program
Brian Sagrestano, J.D., CFRE

February 18, 2015, Wednesday
Making Each Rung Count: How to Build a Donor Ladder That Goes From Annual Gift to Ultimate Gift
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

April 14, 2015, Tuesday
Fundraising on a Shoestring (Fundraising for Those With No Time to Fundraise)
Alice Ferris, MBA, CFRE, ACFRE, and James Anderson, CFRE

April 29, 2015, Wednesday
Find High-Capacity Prospects Hiding in Plain Sight
Rachel Muir, CFRE

May 7, 2015, Thursday
Seven Secrets of Successful Solicitations
Anne Melvin, J.D.

May 20, 2015, Wednesday
Engaging Your Board in Fundraising for the Small Shop
Sandy Rees, CFRE

June 3, 2015, Wednesday
Making Friends With Financial Statements: Accounting and Budgeting Concepts for Fundraisers
Stephanie Cory, CAP, CFRE

June 18, 2015, Thursday
Why and How to Use Social Media to Show Gratitude to Donors
Steven Shattuck

July 15, 2015, Wednesday
Win Win Win: Build Deeper Relationships With Your Corporate Partners Through Cause Marketing
Tania Little, CFRE

August 12, 2015, Wednesday
What You Need to Know About Planned Giving When Planned Giving Is Not All That You Do
Timothy D. Logan, FAHP, ACFRE

August 25, 2015, Tuesday
The Campaign Prequel: Success Begins Before the Campaign Plan
Matthew Cottle, CFRE

September 16, 2015, Wednesday
In It for the Long Haul: How Donor Retention and Major Gifts Can Transform Your Nonprofit
John Greenhoe, CFRE

September 29, 2015, Tuesday
Creative and Compelling Fundraising Messages for Digital Solicitations
Derrick Feldmann

October 14, 2015, Wednesday
Social Media and Ethics in Fundraising
David Tinker, CFRE, and Lisa Chmiola, CFRE

October 28, 2015, Wednesday
How to Raise Major Gifts the Right Way
Amy Eisenstein, ACFRE, and Adrian Sargeant, Ph.D.

November 18, 2015, Wednesday
Ten Ideas to Elevate Your Small Shop Fundraising Program
Ligia Peña, CFRE

December 10, 2015, Thursday
The Whats, Hows and Whys of Major-Gift Solicitation
Jill Pranger, ACFRE

Each webinar session offers CFRE points!

Webinars will be held at:

1:00 p.m. – 2:30 p.m.	Eastern
12:00 p.m. – 1:30 p.m.	Central
11:00 a.m. – 12:30 p.m.	Mountain
10:00 a.m. – 11:30 a.m.	Pacific
9:00 a.m. – 10:30 a.m.	Alaska

Fees: US$159 per member session; US$295 per nonmember session. Special AFP member bundle: US$99 per session when registering for 10 or more programs at one time!

Association of Fundraising Professionals

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Advancing
PHILANTHROPY

FALL 2015

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Be Heard!

By Andrew Watt, FInstF

Charities and fundraisers have always eyed elections warily, and with good reason, since regulatory bodies such as the Internal Revenue Service and Canada Revenue Agency typically come down very hard on nonprofits that cross the line from advocacy to electioneering. But that doesn't mean that the nonprofit sector should simply ignore the election process entirely. There are completely legal—and beneficial—ways of providing advocacy during an election, and there's a growing realization in the sector that we need to get more involved in the election process.

That's right, more involved. Our voices need to be heard at a critical moment when citizens are determining the direction of their country for the next several years.

In Canada, where the next federal election will be held in October, the charitable sector represents more than 160,000 organizations and employs 2 million Canadians, contributing 10.5 percent of the labor force and 8.1 percent of gross domestic product (GDP). In the United States, the figures are similar. The American nonprofit sector is the third-largest sector in the country, employing 11 million people, comprising 10 percent of the private sector workforce and contributing more than 5 percent to the GDP.

From where I sit, it makes no sense that a sector that affects millions of people and billions of dollars is afraid to get involved in important elections. In fact, our regulatory agencies have spoken directly on this issue: Charities do have wide latitude in advocacy and education about policies and sector needs. We can certainly educate candidates about policies that are important to us. We simply cannot endorse or financially support candidates or otherwise participate in a candidate's political campaign.

In Canada, AFP was proud to work with a coalition of groups in developing the first federal platform for the charitable sector. The document calls for, among other items, designating a federal department to have responsibility for economic policy regarding charities and launching a review of regulations and amending or eliminating policies that do not effectively advance the public interest.

In the United States, the Charitable Giving Coalition, which AFP co-founded and helps to lead, has already sent a letter to all of the candidates for president discussing the importance of the charitable deduction and offering to serve as a resource on philanthropic issues. It's the first step toward developing a platform in the U.S., similar to Canada's, laying out the priorities of our sector and how government can help.

If we aren't discussing what we need and how government should help, especially at election time, then we're relegated to accepting the status quo or, worse, losing ground in our efforts to advance philanthropy in Canada and the United States.

We must be engaged. We must make clear to all parties and candidates the importance of philanthropy and what our organizations represent: the best of our citizens coming together to create change in the world. It's more than an opportunity. It's our right and our duty to the people and communities we serve.

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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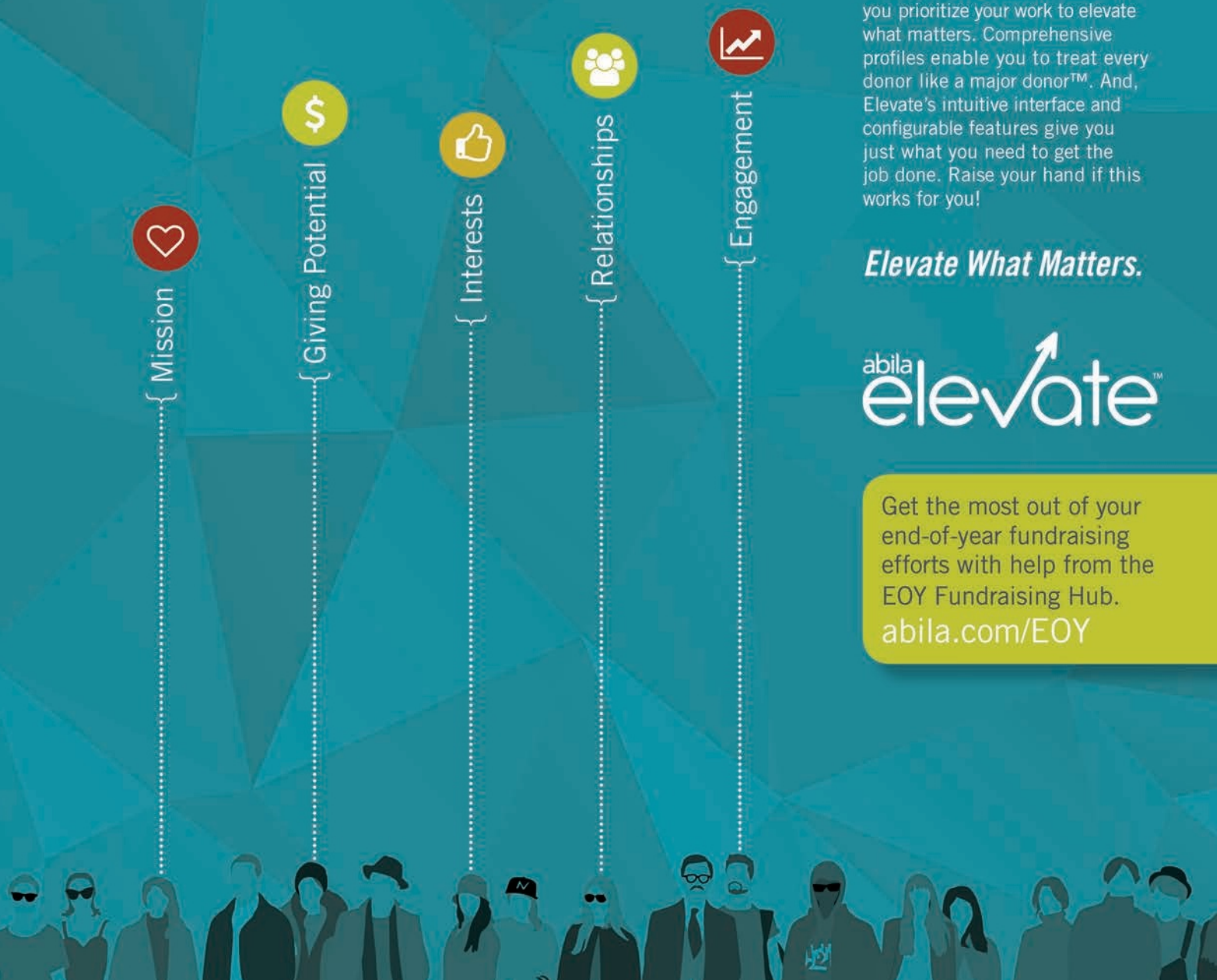

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Philanthropy Is Alive and Well

Americans gave an estimated $358.38 billion to charity in 2014, surpassing the peak last seen before the recession, according to *Giving USA 2015: The Annual Report on Philanthropy*. That total slightly exceeded the benchmark year of 2007, when giving hit an estimated inflation-adjusted total of $355.17 billion.

The 2014 total jumped 7.1 percent in current dollars (5.4 percent when adjusted for inflation) over the revised estimate of $339.94 billion that Americans donated in 2013, according to *Giving USA 2015*. In addition, 2014 marked the fifth year in a row during which giving went up. The average annual increase was 5.5 percent in current dollars and 3.4 percent when adjusted for inflation.

All four sources that comprise total giving—individuals (72 percent of the total), foundations (15 percent), bequests (8 percent) and corporations (5 percent)—increased their 2014 donations to America's more than 1.2 million charities, according to the report.

- Individual giving ($258.51 billion) increased 5.7 percent in current dollars (4 percent when adjusted for inflation) over 2013.
- Foundation giving ($53.97 billion) was 8.2 percent higher than in 2013 (the increase was 6.5 percent when adjusted for inflation).
- Bequest giving ($28.13 billion) increased 15.5 percent (13.6 percent when adjusted for inflation) over 2013.
- Corporate giving ($17.77 billion) increased 13.7 percent (11.9 percent when adjusted for inflation) over 2013 giving.

Other highlights include the following:

Large gifts—$200 million or more—made a large impact. "We saw several very large gifts greater than $200 million—a few were greater than $500 million and one was nearly $2 billion—in 2014," said Patrick Rooney, Ph.D., associate dean for academic affairs and research at the Indiana University Lilly Family School of Philanthropy. "The majority of these mega gifts were given by relatively young tech entrepreneurs. These gifts are high-impact and are addressing many critical issues of our time, particularly medical research."

The jump in individual giving—5.7 percent—was significant. The 5.7 percent more that individuals donated in 2014 over 2013 accounted for 58 percent of total growth in giving in 2014.

Foundation giving overall is on the rise, and all three types of foundations increased gifts in 2014. Not only did total giving by foundations grow 8.2 percent in 2014, but gifts from all three types—community, independent and operating—also went up. The annual changes in this category are influenced most by grants from independent foundations. Their 2014 gifts were 7.8 percent higher than in 2013 and accounted for 74 percent of the category's total.

And who received these gifts? According to the report, here is what 2014 looked like.

- **Religion** ($114.90 billion): 2014 giving increased 2.5 percent in current dollars and a modest 0.9 percent when adjusted for inflation.

A YEAR OF

STRONG GROWTH

WHO GAVE?

*change from 2013	IN 2014	
5.7%	72%	$258.51B from INDIVIDUALS
8.2%	15%	$53.97B from FOUNDATIONS
13.7%	5%	$17.77B from CORPORATIONS
15.5%	8%	$28.13B from BEQUESTS

INCREASED GIVING FROM **EVERY** SOURCE

total 2014 contributions

$358.38 billion

87% of all charitable giving in 2014 was from individuals, bequests, and family foundations.

WHO RECEIVED?

IN 2014		*change from 2013
32%	$114.90B to Religion	+2.5%
15%	$54.62B to Education	+4.9%
12%	$42.10B to Human Services	+3.6%
12%	$41.62B to Foundations	+1.8%
8%	$30.37B to Health	+5.5%
7%	$26.29B to Public-Society Benefit	+5.1%
5%	$17.23B to Arts and Culture	+9.2%
4%	$15.10B to International Affairs	-2.0%
3%	$10.5B to Environment/Animals	+7.0%
2%	$7.19B unallocated/to individuals	

GIVING TO **8 OF 9** SECTORS INCREASED

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BENE GRAPHICS
A RESOURCE FOR THE COMMON GOOD

- **Education** ($54.62 billion): Giving increased 4.9 percent in current dollars over the 2013 total. The inflation-adjusted increase was 3.2 percent.
- **Human Services** ($42.10 billion): The giving total was 3.6 percent higher in current dollars than in 2013, while the inflation-adjusted increase was 1.9 percent.
- **Health** ($30.37 billion): The 2014 estimate was 5.5 percent higher in current dollars than the 2013 estimate. When adjusted for inflation, the increase was 3.8 percent.
- **Arts/Culture/Humanities** ($17.23 billion): The estimated increase was 9.2 percent in current dollars in 2014. When adjusted for inflation, the increase was 7.4 percent.
- **Environment/Animals** ($10.50 billion): The estimate for 2014 was up 7 percent in current dollars and 5.3 percent when adjusted for inflation over 2013 giving.
- **Public Society Benefit** ($26.29 billion): The estimate for 2014 increased 5.1 percent in current dollars over 2013. When adjusted for inflation, the increase was 3.4 percent.
- **Foundations** ($41.62 billion): In 2014, giving grew 1.8 percent in current dollars and 0.1 percent when adjusted for inflation.
- **International Affairs** ($15.10 billion): The estimate for 2014 decreased 2 percent in current dollars from 2013, while the drop was 3.6 percent when adjusted for inflation.

In addition to the above, 2 percent of 2014's total—$6.42 billion—went to individuals, largely through in-kind donations of medicine via patient-assistance programs.

Giving USA 2015: The Annual Report on Philanthropy for the Year 2014, a publication of the Giving USA Foundation, 2015, was researched and written by the Indiana University Lilly Family School of Philanthropy and is available at **www.givingusa.org**.

Millennial Employees and Their Giving

Eighty-four percent of Millennial employees made a charitable donation in 2014, and of those givers, only 22 percent said their donation was solicited through their company. Seventy-eight percent made donations on their own. These are some of the findings from the *2015 Millennial Impact Report*. Other highlights include the following:

- Thirty-seven percent of Millennial employees volunteered up to 10 hours, and 45 percent said that some of the time they spent volunteering was either offered or promoted by their company.
- Forty-three percent of Millennial employees would be more likely to give if competition was involved.
- Sixty-nine percent of Millennial employees would be more likely to give if their company offered to match part of their donation.
- Seventy-nine percent of Millennial employees who did not participate in a company-wide giving campaign still donated to a cause outside of work.
- Forty-six percent of Millennial employees said they were more likely to make a donation if a co-worker asked them to on a person-to-person level. However, only 21 percent said they would be more likely to give if the CEO or other high-level executive asked them to.

The report, which surveyed more than 2,500 Millennial employees and managers in small and large firms, is available at **www.themillennialimpact.com/research**.

The Voice of the American Donor

A $47 billion opportunity exists to increase and shift charitable giving. How? By better understanding and addressing donor preferences. The *Money for Good ($FG) 2015* report lays the foundation for this change by "revealing the voice of the American donor."

Why giving is stuck at 2 percent of GDP. Mistrust of nonprofits, feeling overwhelmed by the giving process, lack of benchmarking and high levels of personal satisfaction mean most donors default to comfortable, known giving patterns. Unfortunately, these patterns include high levels of loyalty, low levels of research and a preference for large and/or well-known nonprofits. To break donors out of this cycle, the social sector needs to better understand and address donor behaviors, motivations and preferences. With government spending on social issues slowing and corporate philanthropy down nearly 50 percent since the 1980s as a percent of profits, increased, shifted and improved individual giving is needed now more than ever.

A $47 billion opportunity. Fortunately, most American donors also feel very strongly about giving and giving back. They are highly engaged with giving through volunteering and other activities, they feel a responsibility to give and they believe that their giving makes a difference. There is some evidence that giving loyalty is lessening in younger givers (i.e., Millennials), meaning Americans may become increasingly open to changing where and how they give. Americans have proven themselves committed and generous, and if donor preferences can be revealed as they are, not as fundraisers may wish they were, they can mobilize up to $22 billion in new philanthropic giving and $25 billion in shifted philanthropic giving annually.

Recommendations from *$FG 2015*. *$FG 2015* also recommends three levers to help realize this $47 billion increase and shift in giving. The most important is a new tool kit for behavioral donor segmentation. The *$FG 2015* segmentation tool kit reveals five key types of donors—Contented Benefactors, Busy Idealists, Cautious Strivers, Unaware Potentials and Unengaged Critics—and teaches users how to identify, message and engage each segment. By utilizing this new segmentation, investing in a reframe of the giving conversation and leveraging key giving channels, the sector may be able to mobilize billions of dollars more for America and the world's toughest challenges.

$FG 2015 is the third report in a series of donor behavior research started in 2010. *$FG 2015* was funded by the Bill & Melinda Gates Foundation, the John D. and Catherine T. MacArthur Foundation, The William and Flora Hewlett Foundation and the F.B. Heron Foundation.

To learn more about *$FG* or to download the full report, visit **www.CamberCollective.com/MoneyForGood**.

Lilya Wagner and Edith Falk to Receive Lifetime Achievement Award in Fundraising

Two veteran fundraisers who have significantly advanced the fundraising profession nationwide will be honored with the Henry A. Rosso Medal for Lifetime Achievement in Ethical Fund Raising by the Indiana University Lilly Family School of Philanthropy.

Lilya Wagner, CFRE, Ed.D., director of Philanthropic Service for Institutions (**www.philanthropicservice.com**) in Silver Spring, Md., and Edith Falk, former chair and co-founder of consulting firm Campbell & Company (**www.campbellcompany.com**) in Chicago, are being recognized for lifelong dedication to emphasizing philanthropy's ethics and values, acting as a mentor to perpetuate and invigorate philanthropic traditions and noted leadership in a long, productive career of distinction.

Wagner previously was vice president for philanthropy at Counterpart International in Washington, D.C., an international development organization. Before that, she was associate director for public service and director of the Women's Philanthropy Institute at the Center on Philanthropy at Indiana University, where she also managed curriculum, taught courses and made presentations nationally and internationally for The Fund Raising School. She continues to serve as a member of The Fund Raising School's faculty and the Philanthropic Studies faculty of the Lilly Family School of Philanthropy. She also teaches in the graduate program at St. Mary's University in Minnesota.

Wagner's extensive career also includes having served as vice president for development at the National Association for Community Leadership and as vice president for institutional advancement at Union College in Lincoln, Neb.

Among Wagner's published writings are articles and chapters on philanthropy, fundraising and the nonprofit sector. Her book *Careers in Fundraising* earned AFP's Skystone Ryan Research Prize, and she has received various other awards for her publications as well as fundraising and marketing programs. Wagner holds a doctorate in education from the University of Florida in Gainesville and earned master's degrees in journalism and music.

Currently, Falk is vice chair of the American Councils for International Education, which promotes education and research through international exchange. A frequent presenter on trends in philanthropy and fundraising practices, she continues to provide capacity-building consulting services to nonprofit organizations in the Chicago area and beyond.

Falk's career in institutional advancement spans nearly 40 years. At Campbell & Company, the consulting firm she co-founded in 1976, she led the firm's efforts in new business and staff development and was actively engaged in designing and providing strategic fundraising and marketing counsel to a broad spectrum of organizations in the arts, education, healthcare and conservation across the country.

A former member of the Association of Fundraising Professionals (AFP) board, Falk also served as dean of the association's Executive Leadership Institute and as president of the board of AFP's Chicago chapter. She received the chapter's President's Award for outstanding leadership and service to the chapter and its Benjamin Franklin Award for career achievements.

Falk is past chair of the Giving USA Foundation, which publishes the annual Giving USA report on philanthropy, and is a former board member of Donors Forum, a Chicago-based organization dedicated to strengthening philanthropy and the nonprofit community in Illinois. She is a member of The Chicago Network, an organization of women in the Chicago region who have achieved distinction in business, the arts, the professions, government and academia, and of the International Women's Forum. Falk earned her bachelor's degree at Oberlin College in Ohio and her MBA at Northwestern University's Kellogg School of Management, both with honors.

The Rosso Medal was created to honor Henry A. "Hank" Rosso (1917–1999), a founder of the school's predecessor, the Center on Philanthropy at Indiana University, and founding director of The Fund Raising School.

The honor will be presented in Indianapolis on Oct. 29, prior to the school's 2015 symposium, "Philanthropy and Fundraising: What We Know and What We Need to Know," which will be held the following day.

For more information, visit **philanthropy.iupui.edu**.

The Growing Impact of #GivingTuesday in the United States

According to the *#GivingTuesday Trends* report from Blackbaud, most of the online giving on #GivingTuesday in 2012 was concentrated among nonprofits in the medical research, human services and international affairs sectors. By 2014, however, giving had shifted toward faith-based, higher education and healthcare organizations.

Key findings from the *#GivingTuesday Trends* report include the following:

- #GivingTuesday has had double-digit, year-over-year growth in online donations since 2012.
- Large nonprofits received the most donations on #GivingTuesday, but this trend is shifting.
- Faith-based nonprofits now receive the largest percentage of #GivingTuesday online donations.
- Online average gift amounts exceed $100 for most nonprofits on #GivingTuesday.
- About 17 percent of online donation form views on #GivingTuesday 2014 were on a mobile device.

The findings in the report are based on giving data from 4,396 nonprofit organizations representing $55.6 million in online fundraising that took place on #GivingTuesday during 2012, 2013 and 2014.

#GivingTuesday was founded in 2012 by New York's 92nd Street Y in partnership with the United Nations Foundation. The global day of giving has followed Black Friday and Cyber Monday for the past three years on the Tuesday after Thanksgiving in the United States, and this movement has now engaged more than 10,000 organizations worldwide.

To download the report, visit **www.blackbaud.com/givingtuesday**.

Growing Demand ≠ Ability to Meet Demand

Demand for critical services continues to climb despite indicators of economic recovery, according to the Nonprofit Finance Fund's *2015 State of the Nonprofit Sector Survey.* Furthermore, more than half of nonprofits reported that they could not meet demand.

Demand for the services nonprofits provide, such as health and human services, workforce development and childhood education, continues to grow. Seventy-six percent of nonprofits reported an increase in demand for services—the seventh consecutive

year that a majority have reported increases. However, 52 percent could not meet demand—the third year in a row that more than half of nonprofits could not meet demand. Of those that reported that they could not meet demand, 71 percent said that client needs go unmet when they cannot provide services.

Nonprofits identified critical needs in their communities, including

- affordable housing (35 percent)
- youth development, such as after-school and mentoring programs (26 percent)
- job availability (23 percent)
- access to healthcare (21 percent)
- access to strong, well-performing schools (19 percent)
- job training (16 percent)

There were some signs of improved organizational strength. Seventy-six percent of organizations reported ending 2014 at break-even or with a surplus, the highest in the survey's history. However, even those reporting some financial cushion—crucial for weathering economic blows and making strategic investments in an organization's future ability to meet its mission—cited significant financial challenges.

Many nonprofits are chronically under-resourced. When asked to identify up to three top challenges,

- 32 percent of nonprofits said achieving long-term sustainability,
- 25 percent said the ability to offer competitive pay and/or retain staff and
- 19 percent cited raising funding that covers full costs.

Funders routinely cover only a portion of the full costs of the programs they intend to support. Of organizations receiving each type of funding,

- 70 percent reported that the federal government never or rarely pays for the full costs of delivering services,
- 68 percent said that state government never or rarely pays for the full costs of delivering services and
- 47 percent reported that foundations never or rarely cover these costs.

While 89 percent of nonprofits were asked to collect data to capture the effectiveness of programming, 68 percent of funders rarely or never cover the costs associated with measuring program outputs or outcomes.

The survey also showed that nonprofits are navigating a time of immense need and change while pursuing ways to build long-term sustainability and viability.

- Seventy-four percent are collecting data that measures how services improve the lives of clients or audience members. This is important as the outcomes-based funding movement gains traction.
- Fifty-one percent collaborated with another organization to improve or increase services offered.
- Forty-four percent hired staff for new positions.
- Thirty-three percent upgraded hardware or software to improve service or program delivery.
- Twenty-nine percent conducted long-term strategic or financial planning.

In this seventh annual survey, more than 5,400 respondents from nonprofits nationwide shared details of the financial challenges and opportunities that underpin their ability to create positive social change. The survey was supported by longtime partner the Bank of America Charitable Foundation.

Full survey results, along with an interactive survey analyzer and a look at trends over the past seven years, are available at **http://nonprofitfinancefund.org/state-of-the-sector-surveys**.

First Federal Platform Proposal for Charities in Canada Includes New Minister, Federal Department

A coalition of charities and nonprofit associations, including AFP, has developed the first-ever federal platform proposal for Canada's charitable and nonprofit sector.

The platform encompasses a number of public policy changes and recommendations designed to create a vibrant environment for Canadian charities and nonprofits to increase their capacity so they have the resources needed to address and solve the issues facing the country. A key part of the platform includes stronger partnerships with government and calls on political parties to

- name a minister responsible for the charitable and nonprofit sector;
- designate a federal department to have economic policy responsibility for charities and nonprofits;
- launch an immediate review of red tape and regulations affecting charities and nonprofits, amending or eliminating those policies that do not effectively advance the public interest;
- ensure that future policy proposals consider the impact on charities and nonprofits, similar to the lens already used to identify impact on small businesses;

- institute methods to collect and disseminate up-to-date, comprehensive data about the sector so that public policy decisions about the sector are evidence-based;
- facilitate all charities' and nonprofits' efforts to share their knowledge and experience to inform the federal public policy process; and
- launch consultations with the sector about the implications, positive and negative, of replacing the current definition of charity and regulatory regime with a modern statutory definition (as has been achieved in the U.K. and Australia).

The platform contains other specific legislative changes, including the implementation of the stretch tax credit for charitable giving, and is being shared with all members of Parliament (MPs) and senators.

The development of the platform comes after more than 35 representatives from the charitable sector held the first Hill Day in Ottawa on May 14. The focus of the day, which included meeting with many MPs and senators, was to educate Parliament about the importance of Canada's charitable sector and its impact upon society.

The coalition of charities involved in the development of the platform and Hill Day included AFP, Imagine Canada, CanadaHelps, the Canadian Association of Gift Planners, the Canadian Environmental Grantmakers' Network, Community Foundations of Canada, MaRS Discovery District, United Way–Centraide Canada and Volunteer Canada.

The full platform document can be read on the AFP website in both English (**www.afpnet.org/files/ContentDocuments/hilldaysectorplatformEnglish.pdf**) and French (**www.afpnet.org/files/ContentDocuments/hilldaysectorplatformFrench.pdf**).

Checkout Donation Fatigue?

If you have ever shopped at a grocery store, you undoubtedly have been asked at checkout if you would like to contribute to some charity.

Recently, there has been some speculation about the perceived

oversaturation and consumer fatigue with regard to charitable giving at the checkout line. Good Scout Group (**www.goodscoutgroup.com**) in New York City conducted an online survey of 3,030 Americans across all age, gender, ethnic and social backgrounds to explore this issue and found that quite the opposite is true: Most Americans enjoy donating to charitable causes at the register.

According to the *Change at the Checkout* report, 71 percent of survey respondents have donated to charity at the register. Also referred to as "donation at point-of-sale," this fundraising tactic has been highly lucrative for nonprofits for over a decade. According to the *America's Charity Checkout Champions* report from the Cause Marketing Forum (**www.causemarketingforum.com**), $358.4 million was raised for a variety of causes through charitable checkout campaigns in 2012.

In the *Change at the Checkout* report, consumer recall—whether shoppers are able to recall the specific charities to which they donated at the register—was also examined. According to the report, nearly half of Americans actually remember the last charity they supported at the checkout register, and 79 percent felt positive about their contribution.

To read the full report, visit **www.goodscoutgroup.com/checkout**.

What Makes a Life Well Lived?

The vast majority of the wealthy consider giving back to society an important component of a life well lived. Most participate in charitable giving (78 percent) and volunteer time (66 percent) as ways to give back.

These are some of the findings in the U.S. Trust 2015 *Insights on Wealth and Worth* report, which looked at how wealthy individuals define a life well lived and how well they are progressing toward achieving that objective.

These wealthy individuals represent four distinct generations:

- Millennials or Generation Y (age 18–34): 16 percent
- Generation X (age 35–50): 23 percent
- Baby boomers (age 51–69): 47 percent
- Mature (70+): 13 percent

Men represented 57 percent of survey respondents and women 43 percent. One hundred eighteen were business owners, and 99 were senior executives.

While respondents ranked health, family and financial security as the most essential factors, 86 percent said giving back to society is an important part of their lives, including more than one-half (54 percent) who consider it absolutely essential.

- Most participate in traditional philanthropic activities, such as charitable giving and volunteering time and leadership.
- A notable portion of the wealthy find ways of giving back through their work, investment decisions and leadership in the community.

The primary reason for wanting to give back to society is to support the interests and causes that matter most to the person due to motives shaped by his or her values, experiences and perceptions.

- Forty-three percent of wealthy parents feel that giving back is an important example to set for children.
- One-third of the wealthy want to change the world for the better, a desire expressed equally across all age groups and income levels.
- One in three give in gratitude for kindness they received.
- Only 15 percent give back primarily because it is a tax strategy.

At least half of wealthy parents believe strongly that they are positive role models to their children, and they hope their children will grow up to be charitable. Only one in five strongly agreed that their children will be well prepared to handle family wealth they are likely to inherit. While more than six in 10 wealthy people overall consider it important to leave a financial inheritance to the next generation, fewer than one in three said they have discussed details of an inheritance with their children.

U.S. Trust's 2015 *Insights on Wealth and Worth* is based on a nationwide survey of 640 high-net-worth and ultra-high-net-worth adults with at least $3 million in investable assets, not including the value of their primary residence. Among respondents, 55 percent have between $3 million and $5 million in investable assets, 32 percent have between $5 million and $10 million and 13 percent have $10 million or more. The survey was conducted online in January and February of 2015. Asset information was self-reported by the respondents.

For more information, visit **www.ustrust.com/UST/Pages/insights-on-wealth-and-worth-2015.aspx**.

Gifts to Education Still Strong

Fundraisers at schools, colleges and universities in the United States estimate that donations to their institutions grew 5.1 percent during the academic year that ended June 30,

2015, according to the CASE Fundraising Index (CFI) from the Council for Advancement and Support of Education (CASE).

Conducted twice a year, the CFI survey asks educational fundraising professionals to estimate the level of charitable giving to their institutions for the 12-month period just ended and to predict the level for the 12 months ahead. In addition to fundraising estimates for colleges and universities (public and private, two-year and four-year), the CFI includes estimates for pre-collegiate independent (private) schools.

The estimated 5.1 percent growth is somewhat lower than the 5.4 percent growth predicted by fundraisers at the beginning of the 2014–2015 academic year. The 20-year average for year-to-year growth in actual giving is 5.9 percent.

Among those surveyed, fundraisers at independent schools estimated the greatest growth in giving for the 2015 academic year at 5.9 percent. Fundraisers at public and private higher education institutions estimated 4.8 percent and 4.9 percent, respectively, while community colleges estimated giving at 1.5 percent.

Looking forward, fundraisers at schools, colleges and universities predicted an increase of 6.2 percent in giving in the 2016 academic year. Public higher education institutions and community colleges were the most optimistic, predicting 8.3 and 9.2 percent increases in giving.

The CFI is based on an online survey of senior-level fundraising professionals at more than 1,600 CASE-member institutions in the United States conducted between July 1 and July 29, 2015. The CFI survey had a response rate of 7.8 percent.

The 20-year average growth rate for giving to education is based on the Council for Aid to Education's annual *Voluntary Support of Education* survey.

Results of the CFI since its inception in July 2008 can be found at **www.case.org/Samples_Research_and_Tools/Benchmarking_and_Research/Surveys_and_Studies/CASE_Fundraising_Index.html**.

All Is Well and Good: A Case for the Ethics of Philanthropic Fundraising

By Paul C. Pribbenow, Ph.D., CFRE

The Premise

- Society's most deeply held values are expressed in the work of nonprofit organizations. Thus, philanthropic support for these organizations is critical to a vital nonprofit sector and healthy society.
- Those charged with raising this support, both fundraising professionals and other paid and volunteer organizational leaders, consequently have dual obligations: to effective fundraising to support mission-based organizations and to ethical practices consistent with mission-based values and the demands of serving the public trust.
- The Association of Fundraising Professionals (AFP) has long stated its commitment to ethical and effective fundraising.
- It now is vital that this dual claim—that we must simultaneously do well and be good—be proclaimed as central to the work of philanthropic fundraising on behalf of the public good we serve and support.

The Logic

- The AFP mission statement aspires to promote fundraising practice that is both ethical and effective in service to the public trust and a healthy democracy.
- The obstacles to the mission are many, from messy scandals that taint us all to public perceptions that fundraisers are used-car salespeople or pickpockets.
- Beyond scandals and misperceptions, there also is the reality that the work of philanthropic fundraisers often involves matters of personal relationships, intimate knowledge and financial resources—all sources of potential trespass—and that the work of fundraising also extends to other organizational leaders (both paid and volunteer) who may not be aware of the links between effective and ethical practices.
- The claim that we can do well and be good at the same time first requires a reframing of the work of philanthropic fundraising.
- Philanthropic fundraisers (and other nonprofit leaders) serve the public good. They are, in that way, public servants. The work they do serves causes that reflect society's most deeply held values: education, health, justice, environmental well-being, vital arts and culture and so on.
- The organizational missions fundraisers help promote and support are thus critical to our ability as a society to achieve our highest aspirations.
- *If our fundraising is not effective,* then our highest public values may languish.
- *If our fundraising is not ethical,* then our highest public values will be tainted by misbehavior, again threatening our ability to further those values.
- *And thus, we embrace the inextricable links between effective and ethical fundraising on behalf of the public trust.*

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The AFP Ethics Committee is the guardian of the *AFP Code of Ethical Standards* (**www.afpnet.org/ethics**). To ensure consistency and avoid conflicts, individual chapters play no substantial role in interpretation or enforcement of the code. The ethics committee investigates queries and complaints (or initiates proceedings, including complaints, on its own), provides counseling, holds hearings, makes rulings and imposes sanctions. The primary objective of the ethics committee is education and correction of prohibited behavior. The committee also is empowered to impose sanctions, including publication of the names of violators. The committee meets twice a year, in winter and late summer, and on an as-needed basis throughout the year. To avoid even the appearance of impropriety, the committee never convenes at board meetings. For confidential ethics advice about proposed transactions or other matters related to the AFP code, call AFP's CEO at 703-519-8451. (Please note that legal counseling cannot be provided.)

- For more than 50 years, the Association of Fundraising Professionals, formerly the National Society of Fund Raising Executives (NSFRE), has been vigilant and focused in its commitment to ensuring that its member fundraisers live up to the highest ethical standards. The self-regulation of the profession by its membership has aimed at securing the public trust.
- That self-regulation has evolved to a dual focus: ensuring that ethical principles and standards for practice set a high bar for professional behavior and, at the same time, offering a vision of individual and common professional character.
- We believe that our commitments to ethical and effective fundraising must be embraced by all who seek to serve the public trust through nonprofit, mission-based organizations.
- To that end, we invite all those engaged in philanthropic fundraising to embrace the commitments of AFP members who are guided in their ethical decision making by the *AFP Code of Ethical Standards,* which in turn is grounded in a set of values that fundraisers aspire to honor in their lives and work.
- We contend that those engaged in effective and ethical fundraising aspire to: *observe* and *adhere* to the AFP code and all relevant laws and regulations; build personal confidence and public support by being *trustworthy* in all circumstances; practice *honesty* in relationships; be *accountable* for professional, organizational and public behavior; be *transparent* and forthcoming in all dealings; and be *courageous* in serving the public trust.
- These values are at the heart of our public character (those engaged in philanthropic fundraising) and are essential to our doing both well and good. We are committed to supporting the continued growth of all our members and their organizations in ethical understanding and practice on behalf of the public trust we have the privilege to serve.

Paul C. Pribbenow, Ph.D., CFRE, is president of Augsburg College in Minneapolis (www.augsburg.edu) and a member of the AFP Ethics Committee.

Resources

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Ethics for Fundraisers (Philanthropic and Nonprofit Studies) by Albert B. Anderson (Indiana University Press, 1996), paperback, 168 pages

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The Nonprofit Challenge: Integrating Ethics Into the Purpose and Promise of Our Nation's Charities by Doug White (Palgrave Macmillan, 2010), hardcover, 256 pages

Nonprofit Fundraising Strategy: A Guide to Ethical Decision Making and Regulation for Nonprofit Organizations (AFP/Wiley Fund Development Series) by Janice Gow Pettey, editor (Wiley, 2013), hardcover, 480 pages

The Gay Transfer of Wealth

By Michael Slaymaker, MHR

On Jan. 6, 2015, the state of Florida became the 36th state in the United States to allow same-sex marriage. On that day, 1,233 couples obtained a marriage license. Why should you care?

Consider Edith "Edie" Windsor, who legally married Thea Clara Spyer in Canada, although both resided in New York. After Spyer's death in 2009, Windsor was required to pay $363,053 in federal estate taxes on her inheritance of her wife's estate. Had federal law recognized the validity of their marriage, Windsor would have qualified for an unlimited spousal deduction and paid no federal estate taxes. Windsor's lawsuit made it to the U.S. Supreme Court, and since the recent court ruling in June 2015, same-sex marriage is allowed in all 50 states.

I have known gay and lesbian couples who have been together for decades. More often than not, when one died, the biological family came in and took the house, the car and every other worldly possession. This sounds dramatic, but it is true. Talk to any gay couples you know. Now with legal same-sex marriage, this injustice ends. Same-sex marriage in the United States will create a fundamental shift in who keeps and holds the marital assets. Yes, marriage is about love, but it is also about money.

There are many benefits to marriage, especially in the eyes of the law. In fact, there are 1,138 federal benefits, rights and responsibilities associated with marriage. Spouses have or are entitled to

- federal employee benefits—pension and retirement funds, as well as family health insurance plans;
- some property and inheritance rights, even in the absence of a will;
- the right to create life insurance trusts;
- tax benefits, such as being able to give tax-free gifts to a spouse and file joint tax returns;
- the ability to receive Medicare, Social Security, disability and veteran's benefits for a spouse; and
- discounts or family rates for auto, health and homeowners' insurance.

Windsor's example involved a large sum of money. However, there are also a multitude of small marriage benefits that same-sex couples will gain. Couples asking for

KIKI TIKIRIKI/ILLUSTRATION SOURCE

an insurance "marriage discount" will see $400 in savings immediately, and filing a joint tax returns is now possible. That cash will add up in the hands of these potential donors. (And most do not have children.) Other benefits of property and inheritance rights, Social Security and veteran's benefits could amount to considerable sums of money.

To illustrate, the median estate size is tied to net worth. When a person dies, his or her net worth becomes the estate. In 2009, the Federal Reserve reported that household net worth—stocks, bonds, homes and other assets, minus mortgages and other debts—was about $182,000 a person. So, using those couples in Florida who got their marriage license on Jan. 6 as an example, 1,233 x 2 x $182,000 = $448,812,000.

What does this mean for philanthropy in the United States?

If your organization does not have a strategy for attracting and engaging this segment of your community, you are going to miss out on this transfer of wealth. If you think lesbians and gay men support only LGBT or HIV/AIDS causes, you are mistaken. LGBT people support all kinds of causes.

Many churches and other religious institutions refuse to perform same-sex marriages, and this decision is their right. However, they stand to lose the philanthropic largesse that could come from gay and lesbian couples. How do you think a same-sex couple will feel about a church or synagogue that allowed them to get married in their building/congregation/etc.? Forever grateful? You bet!

Creating an LGBT-friendly nonprofit should be in your strategic plan. Jennifer Berger at Legal Counsel for

the Elderly at AARP wrote a helpful brochure, *Enhance the LGBT Friendliness of Your Non-Profit,* in which she highlights four points:

1. Nondiscrimination policy/marketing materials (i.e., LGBT-friendly office policy);
2. Clients (i.e., materials and forms clients receive);
3. Staff (i.e., LGBT or LGBT-friendly staff, partner benefits); and
4. Training (i.e., level, depth).

In his blog "Diversity and Nonprofits: How to Add a Little More Color to Your Volunteer Set," Christopher Bautista of VolunteerMatch suggests:

- Make sure the photographs in your advertisements and recruiting materials contain the diversity you seek;
- Explicitly state in your campaign that your are seeking certain types of people (i.e., "People of color and LGBT individuals are strongly encouraged to volunteer"); and
- When recruiting, include a nondiscrimination statement and make it as visible as possible, both digitally and in print. Place it on the home page of your website and in a prominent position on all your recruitment materials.

The AFP Central Florida Chapter strives to have the Friend of Diversity designation and keep its Ten Star Chapter rating. Over the past few months, many colleagues have asked to meet with me personally to compose a strategy on how to engage and involve local LGBT community members in their charity. Here are the suggestions I give them:

- **Network at local LGBT equality organizations.** These organizations may be the Human Rights Campaign (**www.hrc.org**), Equality Florida (**www.eqfl.org**) Equality Pennsylvania (**www.equalitypa.org**), One Iowa (**www.oneiowa.org**), One Colorado (**www.one-colorado.org**)—or whatever state you live in—or Lambda Legal Defense Fund (**www.lambdalegal.org**). Each of these organizations has events and fundraisers that you can attend where you can network with LGBT people who donate to nonprofits.
- **Send press or media releases, or advertise in the local LGBT media.** This is especially helpful if you have or are starting a program or service that LGBT people would be interested in.
- **Join the local LGBT chamber of commerce and/or community center.** You will be listed in their directory, and people will see you and know that your nonprofit is gay-friendly.
- **Attend a meeting of Parents, Families and Friends of Lesbians and Gays** (**PFLAG**) (**www.pflag.org**). Do not forget that the LGBT community has very active allies who can connect you to potential contributors.

With the June 2015 U.S. Supreme Court ruling, same-sex marriage is the law of the land. It is not same-sex marriage anymore. It is simply *marriage*. There may be a few stalwarts who refuse to issue a marriage license, but there are other municipalities where people can go to achieve marriage equality. It is a headline media topic now, but it will fall from the news program directors' lists and will no longer be a newsworthy, hot topic. Same-sex marriages are going to continue to happen. Whether your nonprofit organization is in Massachusetts (the first state that offered same-sex marriage), Montana or Alabama, you need to add this topic to your strategic-planning discussion. Look to the future. What does it hold for your organization?

As you know, in philanthropy, people give to friends. Build a relationship with the LGBT community, and actively try to attract LGBT contributors. It will be well worth your while.

Michael Slaymaker, MHR, is vice president of development and planned giving at Easter Seals Florida (mslaymaker@fl.easterseals.com), chapter administrator for the AFP Central Florida Chapter (www.afpcentralflorida.org) and volunteer board president of the Orlando Youth Alliance (www.orlandoyouthalliance.org).

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The DOMINO EFFECT

How community foundations are teaming up with one another and with local nonprofits, businesses and government to innovate solutions in their communities

By Paul Lagasse

As state, provincial and local governments have slashed grant support for nonprofit programs, public grant makers are being asked to help fill the funding gap. Many foundations, however, are going further—engaging a wider range of stakeholders, diversifying their philanthropic investments and taking a leadership role in the revitalization of vital civic infrastructure. "Foundations recognize that the problems we face today are significantly more complex than those of the past," says Vikki Spruill, president and CEO of the Council on Foundations (**www.cof.org**) in Arlington, Va. "To achieve success, foundation leaders are increasingly focused on the cause versus the institution."

So, what are foundation leaders doing? They are working with local partners to find innovative solutions to pressing civic issues.

Community Foundation of Ottawa: Supporting Social Enterprises

Since 1987, the Community Foundation of Ottawa (CFO, **www.cfo-fco.ca**) has distributed nearly $85 million in grants to nonprofits that serve Canada's capital city and beyond. CFO also plays a key role in fostering a city-wide effort to fund organizations that seek to bring about social, environmental and economic change using proven business strategies. Called "social enterprises," they are springing up all over, and Ontario, where Ottawa is located, is currently home to some 10,000 such enterprises. Indeed, the social enterprise landscape is evolving quickly within the sector, and the AFP Foundation for Philanthropy–Canada recently commissioned a research paper on the subject, *The new regulatory regime for social enterprise in Canada: potential impacts on nonprofit growth and sustainability.*

CFO's director of development and donor services, Daniel P. Brunette, likens the foundation's role in supporting social enterprises to helping build and maintain a "community wave" through increased donor engagement and fostering collaborations. For example, CFO supported the Ottawa Community Loan Fund (**www.oclf.org**) in its application, as the lead entity for the region, to the government of Ontario's $4 million Social Enterprise Demonstration Fund (**www.ontario.ca/business-and-economy/social-enterprise-demonstration-fund**) to support social enterprise startups. CFO facilitated a gathering of the partners and is one of the fund's contributors.

In addition, this same provincial fund also has made a grant to Community Foundations of Canada (CFC, **www.cfc-fcc.ca**) to provide debt and equity financing, as well as grant capital, to early-stage social enterprises identified through the community foundation network. CFC's Youth Catalyst Fund links private, public and philanthropic funding to tackle youth employment as identified in its report, *#GenerationFlux: Understanding the seismic shifts that are shaking Canada's youth.*

"Community foundations have historically been more in the background," Brunette says. "Our goal is to grow and steward community assets and, in turn, be the most trusted partner to donors and charities when it comes to impact philanthropy and community knowledge expertise."

LIGHTHOUSE STUDIO/ILLUSTRATION SOURCE

For example, CFO is providing thought leadership to the city of Ottawa to include a social innovation component as part of its plans for a Bayview Yards Innovation Centre, which is opening in the second half of 2016, with a first-phase investment of $30 million. The renovated waterfront warehouse will provide creative entrepreneurs with a business incubator, a digital media production facility, a "maker" space and meeting rooms, along with a café and lounges.

"The Community Foundation of Ottawa has supported local social enterprise from the very start, and we are pleased to see it becoming such a stronghold in our community," says Marco Pagani, CFO's president and CEO. "We are actively encouraging and supporting a long-term social innovation strategy that will help us to tackle some of the city's most pressing issues while creating jobs and contributing to a healthy local economy."

Central Florida Foundation: Building a Nonprofit Investment Bank

Every year in central Florida, on average, 30,000 people experience chronic or episodic homelessness. It costs hospitals and law enforcement agencies an estimated $31,000 per person annually to care for chronically homeless people, who spend an average of seven years living on the street. It is a problem in need of innovative solutions.

In late 2014, the Central Florida Foundation (CFF, **www.cffound.org**) in Orlando teamed up with the Central Florida Commission on Homelessness and the Corporation for Supportive Housing to establish the

In Iowa, Community Foundations Manage Distribution

Community foundations in Iowa play a central role in administering the distribution of charitable funds raised through a pair of innovative, statewide tax-revenue initiatives, a partnership that could serve as a role model for community foundations in other states.

The Endow Iowa Tax Credit Program, passed in 2003, offers individual donors a 25 percent tax credit for donations made to permanently endowed funds at qualified community foundations (accredited by the Community Foundations National Standards Board) and affiliate organizations. Since the inception of Endow Iowa, Iowa community foundations have leveraged more than $167,585,784 in permanent endowment fund gifts. The contributions were made through more than 21,017 donations.

The County Endowment Fund program, passed the following year, allocates a percentage of the state's gaming tax revenues to qualified community foundations that serve the 85 counties that do not hold state-issued gaming licenses. One-quarter of the funds raised this way are kept in dedicated endowment funds, with the rest distributed as grants to eligible organizations for capital and program purposes. In 2014, the fund—the only one of its kind in the country—awarded more than 2,200 grants totaling $8.7 million. Many of the grants go to projects in rural areas that are challenging to fund

JAMES YANG/ILLUSTRATION SOURCE

otherwise, such as defibrillators for local hospitals and roadside beautification programs.

Both of the state tax-revenue initiatives, which have traditionally benefitted from strong bipartisan support in the state legislature, are managed by the Iowa Economic Development Authority (**www.iowaeconomicdevelopment.com**) in partnership with the Iowa Council of Foundations

Central Florida Focus: Homeless Impact Fund. The fund enables local citizens and governments, private foundations and businesses to invest in evidence-based, collective-impact strategies, such as rapid rehousing and affordable housing, proposed by local nonprofits and funded through grants and low-interest loans.

"Instead of asking, 'What can we do to solve homelessness?' we decided to ask, 'If we solved homelessness, what would that look like?'" says Mark Brewer, CFF's president and CEO. The fund supports programs that start by placing people in homes and providing services to help them continue living there successfully. Fund partners estimate that this model will cost one-third the amount of the current approach and lead to significant, long-term declines in the number of chronically homeless people.

Brewer explains that the program puts the community foundation in the position of driving investment toward specific objectives, termed "supply-side" investment. "The secret to this approach is to get people to agree not on how to solve the problem but on how to measure the problem," he says. "We're like a nonprofit investment bank. Our job is to bring capital to marketable solutions that bring results and to bring solutions to capital that is looking for them."

The Homeless Impact Fund is young, but if it proves successful, Brewer is optimistic that other programs that combine outcomes-based measurement with supply-side investment can be used to address other social problems. "If we can have a big impact on homelessness," he asks, "what about applying this approach to the arts? Or unemployment? Or hunger?"

Continued on page 25

of Charitable Tax Revenue

(**www.iowacounciloffoundations.org**), the state's Lead Philanthropic Entity through its Iowa Community Foundations Initiative (**www.iowacommunityfoundations.org**). Laura Sauser, the council's president at press time, says that the success of the Endow Iowa Tax Credit in particular has had a dramatic impact on communities and their foundations. "It has spurred tremendous growth in terms of endowed assets that will stay in those communities," she explains. "It has also spurred the growth of affiliate foundations across the state and built their assets tremendously."

As the number and roles of community foundations have grown, so has the desire of other organizations to join the conversation and partner with one another on new initiatives. For example, a coalition of Iowa nonprofits and foundations that support education recently joined forces with school districts to participate in the Campaign for Grade-Level Reading (**www.gradelevelreading.net**), a collaborative effort by foundations, nonprofit partners, business leaders, government agencies, states and communities across the nation to ensure that more children in low-income families succeed in school and graduate prepared for college, a career and active citizenship. The campaign focuses on an important predictor of school success and high school graduation: grade-level reading by the end of third grade. The campaign recently recognized the Des Moines Campaign for Grade-Level Reading as one of its 2014 Pacesetters for its successes in improving outcomes in child health and summer learning.

"The table has gotten bigger," Sauser says. "I'm not sure those connections and those relationships would have happened otherwise."

Sauser adds that community foundations in Iowa are actively thinking about ways they can leverage these newfound connections to generate more giving in their communities. "It certainly has inspired local communities to rally around the idea of what a community foundation can mean," she says. "I think everyone realizes that a healthy culture of philanthropy can benefit the state. Philanthropy is playing a different role than it did 10 years ago."

To find out more, visit

Endow Iowa Tax Credits
www.iowacommunityfoundations.org/endow-iowa-tax-credits.aspx

County Endowment Fund
www.iowacommunityfoundations.org/county-endowment-fund-1.aspx

To Rally Community Support for Civic Assets, Look to an American Tradition

Faced with shrinking budgets, many local and state governments have been forced to reduce or eliminate grant support for programs in the arts, recreation and education. How are communities responding? They are bringing together citizens, civic organizations, nonprofits, foundations, businesses and unions to make up for the funding shortfalls. To be successful in the long run, says Dr. Gareth Potts, who studies urban and regional policy in the United Kingdom and the United States, these coalitions need to build community awareness of the benefits of these civic resources, establish stable funding sources for programs and overhead and rally a corps of dedicated volunteers.

Potts has found a model for such civic coalitions in the all-American tradition of barn raising, in which neighbors living in frontier communities gathered together to help farmers build new barns. Barn raisings were—and in Amish and Mennonite communities, still are—as much social affairs as they were construction projects. And because the buildings themselves often served communal functions, it was in everyone's best interest to help build them.

"Like the communal barns of the frontier United States, our libraries, parks, recreation centers and art museums serve as key anchors to communal, social and cultural life," Potts writes in *The New Barn-Raising: A Toolkit for Citizens, Politicians, and Businesses Looking to Sustain Community and Civic Assets.* "In the new economic frontier of public spending cuts, government has a much less dominant role in overseeing the funding, managing and delivery of community and civic assets. Instead, citizens, foundations, nonprofits and businesses are asked to pull together to do more."

Potts, the former director of research and policy at the British Urban Regeneration Association, traveled across the United States in the summer and fall of 2012 as an Urban and Regional Policy Fellow of the German Marshall Fund of the United States (**www.gmfus.org**) in Washington, D.C. He interviewed people from local nonprofits and foundations, government agencies and academic institutions in Minneapolis-St. Paul, Detroit and Baltimore in an effort to find out what made those cities' innovative projects and policies for sustaining civic assets successful.

Potts identifies three strategies for sustaining community assets:

1. **Raising awareness** by making convincing cases to stakeholders and forming alliances
2. **Raising money** by identifying and cultivating local and regional funding sources
3. **Raising help** by growing a base of volunteers who can bring their unique knowledge and resources to bear

"There's no magic bullet," Potts explains by telephone from Washington, D.C., where he now lives with his wife. "It's really about people pulling together and recognizing the parts that each partner can play."

Potts has designed *The New Barn-Raising* to be a comprehensive tool kit, with detailed case studies and examples as well as abundant anecdotal and statistical evidence, all of which local alliances can apply to achieve successes such as those in the three cities profiled in the book. Potts supplements this resource by hosting webinars, free article downloads and other resources on the book's website. It is all part of his effort to build an international grassroots community of practice around the barn-raising philosophy.

Potts says that the response to *The New Barn-Raising* has been positive and is growing slowly but steadily as word spreads: "I'll keep doing this as long as there are good ideas to talk about," he explains.

WILLIAM ALBERT ALLARD/GETTY IMAGES

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Berks County Community Foundation: Bringing People to the Table

With an entire floor devoted to conference and meeting rooms available free to local nonprofits and another floor serving as a business incubator, the new headquarters building of the Berks County Community Foundation (BCCF, **www.bccf.org**) in southeast Pennsylvania embodies the foundation's vision of bringing local nonprofits, businesses and government agencies together to address pressing social issues in the greater Reading area under the foundation's strategic guidance and leadership.

For example, three years ago, BCCF brought together the community's two nonprofit hospitals, along with several local nonprofits, to develop a joint community health-needs assessment to comply with federal Affordable Care Act (ACA) requirements, reducing duplication of effort. Each of the partnering organizations developed action plans for the assessment that reflected their specialties. For example, one nonprofit developed a large collective-impact project for lowering teen pregnancies. "It really gave the report a lot of credibility in the community," says Heidi Williamson, vice president for programs and initiatives at BCCF.

The collaborative effort on the needs assessment also sparked several spinoff initiatives. When the assessment revealed a community-wide need for improved pediatric and adult oral health and dental care, a volunteer convened a task force of dentists, doctors and pediatricians to develop a preventive and remedial oral-care plan. BCCF also has recently received a grant from the DentaQuest Foundation (**www.dentaquestfoundation.org**) to work with local Boys & Girls Clubs and the local library system to reach patrons in need of oral care.

"A community foundation is perhaps the one organization that has the luxury of being able to take the long-term view on big projects," Williamson says. "Often, the grant is the least-important part of the equation. It's the relationships, the planning and the programming. The grant money comes later to support what needs funding. You end up having a domino effect."

The experiences of the Berks County Community Foundation, the Central Florida Foundation and the Community Foundation of Ottawa all share an eagerness to develop strong, collaborative relationships to solve seemingly intractable social problems. It is a lesson that grant makers should take to heart, Spruill advises. "The value of networks and placing cause before institution is more important and necessary than ever before if foundations and nonprofits alike hope to solve today's and tomorrow's challenges," she says. "The focus, in the end, is on the most effective way to address challenges. The focus is on impact."

Paul Lagasse is a freelance writer in Annapolis, Md. (www.avwrites.com).

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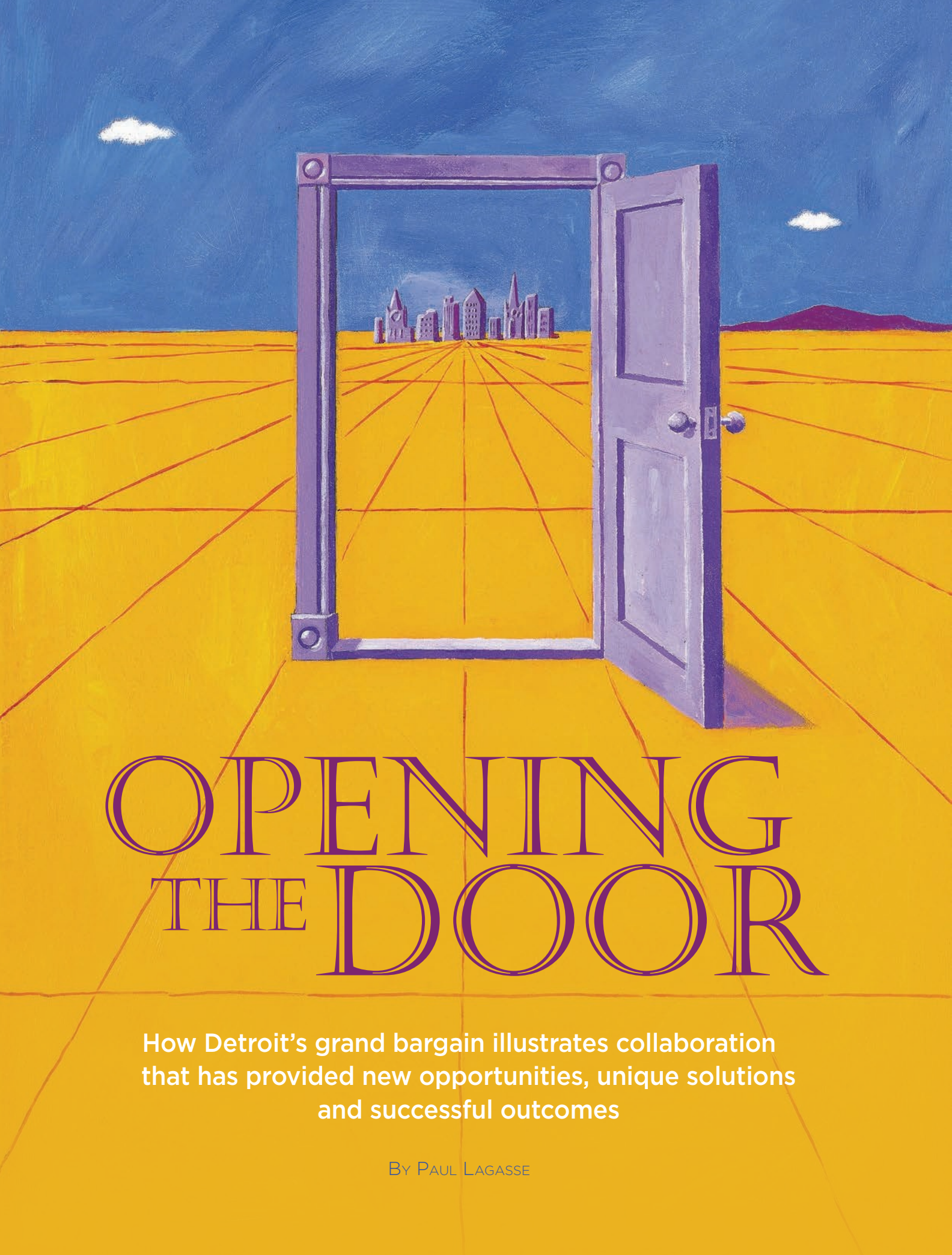


OPENING THE DOOR

How Detroit's grand bargain illustrates collaboration that has provided new opportunities, unique solutions and successful outcomes

By Paul Lagasse

The tale of Detroit, America's "Motor City," seemed to have reached an unhappy conclusion. The city rose from scrappy boomtown in the late 19th century to economic dominance by the middle of the 20th century. Despite signs of progress in the early decades of the 21st century, however, in 2013 the Detroit municipal government faced a humiliating bankruptcy. Luckily, a handful of visionary foundation leaders had other ideas about how the story should end.

The drama of a dozen charitable foundations' forming an alliance with government, businesses, unions and citizens to save a prized cultural resource while enabling the city to meet its pension obligations and emerge from bankruptcy is a case study of how philanthropy can catalyze urban renewal.

This Is What We Do

In July 2013, Detroit filed for bankruptcy—at $18.5 billion, the largest municipal bankruptcy in the nation's history. (By way of comparison, the previous record holder, Jefferson County, Ala., was for $4.2 billion.) To enable the city to meet its pension obligations, on which it was already in arrears, Detroit was forced to consider breaking up and selling off one of its cultural crown jewels, the splendid art collection of the Detroit Institute of Arts (DIA, **www.dia.org**). Unusual for a major art institution, the city owned the entire art collection and the landmark Beaux-Arts building that housed the collection. A small part of the DIA collection—almost 2,800 works—had been purchased with taxpayer dollars during the boom years of Detroit. Appraisers believed a sale of these works could realize anywhere from $867 million to more than $2 billion on the auction block.

As the case ground its way through bankruptcy court, a chance meeting took place between U.S. District Judge Gerald Rosen, the federally appointed mediator, and Mariam C. Noland, president of the Community Foundation for Southeast Michigan (**www.cfsem.org**) in Detroit. Noland asked Rosen how she could be of help. Rosen replied by inviting her to drop by his chambers to discuss an idea: Would Noland be willing to enlist not only her own foundation's board of trustees but also the leaders of other foundations to form a coalition that would hammer out a way to save both the city's art and its pensions by the end of 2014, by then just 15 months away?

The scale and scope of Judge Rosen's request was, quite literally, unprecedented. Yet Noland did not flinch. "This is what we do," she recalls with conviction. "Our board not only had to step up with the largest commitment of money we've ever made but to also play this key organizational role. But [Judge Rosen's proposal] made sense. That's the business we're in."

The Power of Collective Logistical Prowess

Noland immediately began cold-calling foundation presidents, board chairs and trustees in Michigan and around the country to line up support. A dozen foundation leaders and officials from the Jewish Federation of Metropolitan Detroit came to meet with Rosen and his mediation team, finance and tax consultant and others. Among those attending were Darren Walker, president of the Ford Foundation (**www.fordfoundation.org**) in New York City; Bill White, chairman and CEO of the Flint, Mich.-based Charles Stewart Mott Foundation (**www.mott.org**); and Alberto Ibargüen, president and CEO of the John S. and James L. Knight Foundation (**http://knightfoundation.org**) in Miami. Rip Rapson, president and CEO of The Kresge Foundation (**www.kresge.org**) in Troy, Mich., who was unable to attend, met privately with Rosen for a four-hour dinner prior to the group meeting to help work out details of the presentation to the group.

What followed were weeks of intense, behind-the-scenes work, and, in the end, the Ford Foundation pledged $125 million. The other foundations also stepped up and made commitments for a total of $366 million over 20 years. "The case that we made was not so much about saving the art, which was important, but about saving Detroit," Noland says. "That's where we could connect with foundations, regardless of their programmatic mission."

In order to manage the undertaking over the years, the Foundation for Detroit's Future (**https://cfsem.org/foundation/foundation-for-detroits-future**) was established as a supporting organization of the Community Foundation for Southeast Michigan. Its role is to coordinate the foundation funding to the city and to monitor the city's ongoing compliance with grant conditions. The foundation money will be used to help provide the city a total of $816 million to fund the city pension plans. In addition to the foundation funding, commitments were secured from the state of Michigan ($350 million) and by the Detroit Institute of Arts and its many donors ($100 million). (In January, the DIA announced that, thanks to the generosity of corporations, foundations and individuals, it had raised enough money to satisfy its $100 million commitment to the grand bargain that was part of Detroit's bankruptcy settlement.)

As part of the arrangement, the city transferred ownership of the entire DIA collection and facilities to the nonprofit bearing the same name as the museum, the Detroit Institute of Arts Inc., which had managed the museum and collection on behalf of the city prior to the bankruptcy.

This plan, dubbed the "grand bargain," allowed Detroit to emerge from bankruptcy ahead of the court's Dec. 31,

GARY BATES/GETTY IMAGES

2014, deadline. In so doing, the city of Detroit has the opportunity to regain its fiscal stability and a bright future.

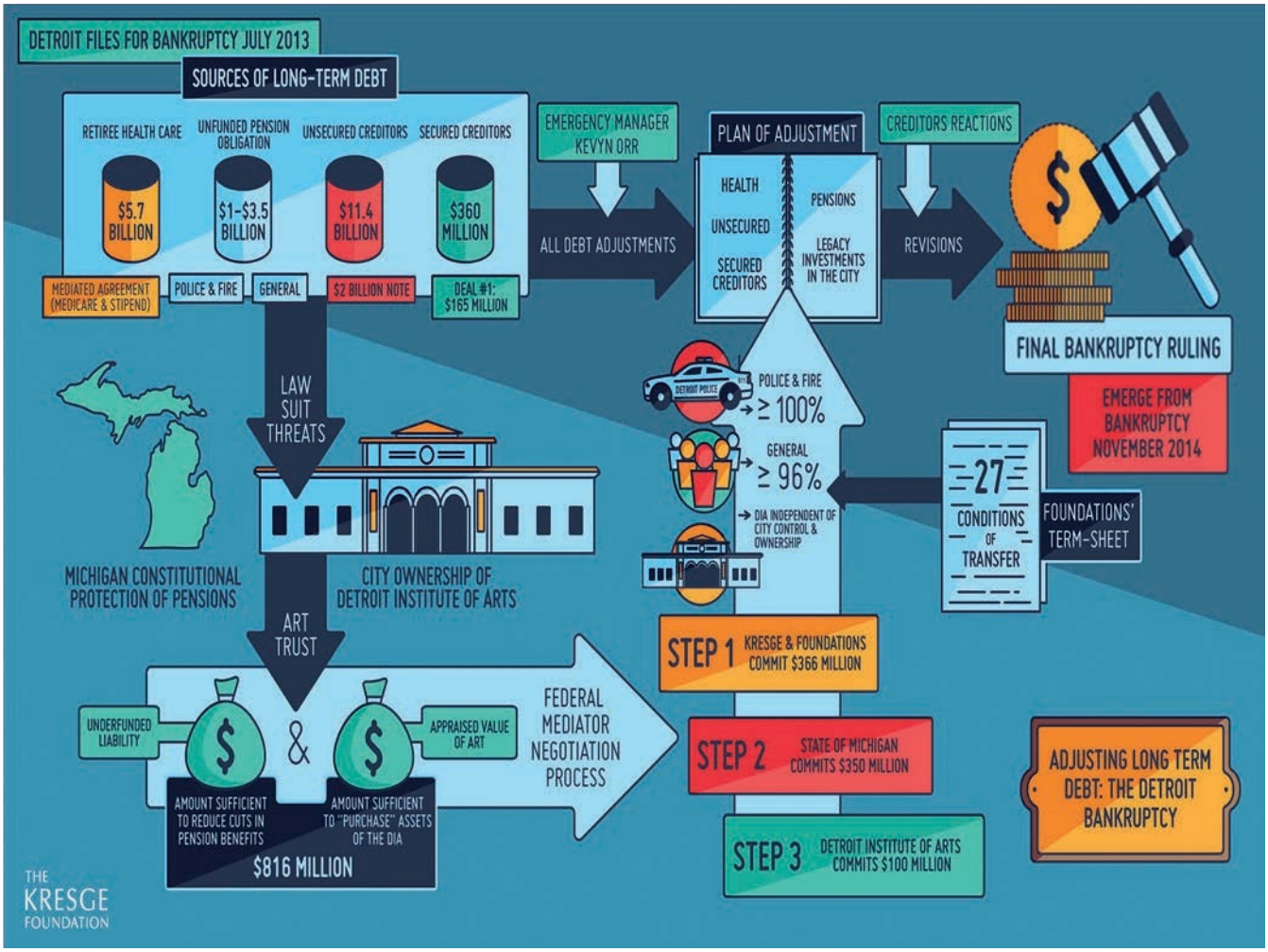
While the results are a testament to the ability of foundations to build broad coalitions to solve challenging civic problems, it was the collective logistical prowess of the foundation partners working feverishly behind the scenes that made it possible to reach that goal in record time. To take just one example, the foundations shared staff on various committees to divide the administrative duties among themselves while making sure that all the foundations were kept informed of one another's activities. This allowed everyone to get messages out quickly and with a single, consistent message. "The amount of trust that everybody exhibited in order to make this work was critical," says Robin D. Ferriby, vice president for philanthropic services at the Community Foundation for Southeast Michigan and chair of the legal committee for the foundations. "If any one party had gone off in a different direction, everything could have started to unravel," he says. "We were literally making up documents that had never been drafted before."

Ferriby adds that, circumstances and scale notwithstanding, the grand bargain is a casebook example of what foundations can accomplish in their communities. "We should remember that we can create this sort of collaboration without the necessity of a court proceeding," he points out.

Noland agrees. "The precedent of this transaction is the collaboration among all the participants and the power of mediation," she says. "We don't need a court order. We just need trust in one another."

An Innovative Moment

To be sure, Detroit is not out of the financial woods, but the grand bargain has certainly marked a psychological turning point for the city. Here, too, public and private partnerships are making a difference. "This is one of the most innovative moments in philanthropic history,"



Source: The Kresge Foundation. Reprinted with permission.

says Ryan Friedrichs, the city's recently appointed chief development officer. "Philanthropy is willing to experiment, to be catalytic, to innovate and collaborate to build momentum. This is the moment for public-private partnerships."

A key focus for Friedrichs is to help neighborhoods rebuild by cleaning up blight, improving civic services and public safety, projects that public-private partnerships (PPPs) are working on right now. These efforts are both stabilizing neighborhoods for existing Detroiters as well as beginning to entice young professionals and families to move into the city, which will bring new businesses and commercial development.

Friedrichs believes that a resurgent Detroit will be well-positioned to take advantage of the growing trend among Millennials to seek out vibrant urban cultures in which to live. "There's definitely a sense of cooperation and innovation in both the business and philanthropic sectors that's pretty special," says Friedrichs of the PPPs that have blossomed from the seeds of the grand bargain. "People are seizing this moment of opportunity."

Laura Trudeau, managing director of Detroit and community development programs for The Kresge Foundation, agrees that Detroit is poised for a comeback fueled by increased community engagement. "I see a whole level of innovation and creativity around the problems of Detroit that I haven't seen before," she says. "People have come through the fire and are ready to move on with new, innovative solutions. We have a collective focus now, a focus on inclusive recovery."

Trudeau points out that The Kresge Foundation already had a long history of investment in Detroit's communities prior to the creation of the Foundation for Detroit's Future. (Kresge's contribution, $100 million, was the second-largest from a single foundation, after the Ford Foundation. Together, the Ford and Kresge contributions amounted to slightly more than 60 percent of the $366 million from foundations.) The Kresge Foundation's Detroit Program is its flagship community development effort, "aspir[ing] to change the city of Detroit's trajectory to one of long-term economic opportunity that advances social equity, promotes cultural expression and re-establishes our hometown as the center of a vibrant region," according to the Kresge website. One of the program's recent initiatives, Kresge Innovative Projects: Detroit, is providing $5 million in planning and implementation grants over three years to support neighborhood revitalization initiatives throughout the city.

A Well-Suited Role

Thanks to the efforts of foundations, Detroit is now healthier than it has been in decades, but Trudeau says that the next frontier for foundations like hers is to help cities better address future planning and investment. "The social and physical fabric of cities has been damaged over the past 60 years," she explains. "We need to help cities develop a resilience and elasticity, to not be so fixed that we have to rebuild to such a great extent every time there's an economic shock."

Foundations can bring both high-level vision and ground-level experience to help cities develop those capabilities, and it is a role for which they are well-suited, Trudeau believes. "I see an increasing trend of foundations' being willing to put their point of view on the table, to focus on coming together and looking at the problems, the resources and how to assemble and deploy them," she says.

Detroit's restructuring plan is a role model for what foundations can accomplish in the urban communities they serve. "The lesson of the grand bargain is not simply one of foundations intervening in a municipal crisis," Trudeau says. "It's about foundations coming together with all the other sectors that serve the community to solve an intractable problem. Foundations want to be more involved as problem solvers. It's an exciting time."

Paul Lagasse is a freelance writer in Annapolis, Md. (www.avwrites.com).

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How one insider experienced a foundation's grant-making process—and the lessons he learned

NEVER BOARD

By Eugene A. Scanlan, Ph.D.

Once upon a time, a program officer and fiscal manager worked for a large community foundation. His work was anything but boring. In fact, it was eye-opening.

As is typical of many community foundations, this one had four types of funds for grant making:

- Designated funds (the donor had specified the organization or organizations to receive the grants and possibly the amounts or percentages of available funds)
- Restricted funds (the donor had specified types of organizations to receive grants, such as arts organizations or child welfare organizations)
- Unrestricted funds (funds to be used for the general purposes of the foundation)
- Donor-advised funds (funds where the donor or a group specified by the donor could advise the foundation on the uses for grants from these funds)

During the program officer's time on the staff, the foundation was fortunate to have a substantial portion of its funds in the restricted and unrestricted categories.

The program officer's position included responsibility for overseeing the fiscal operations and reporting by the seven banks that held the foundation's funds, as well as functioning as a program officer. Fortunately, he worked with an accountant and an administrative assistant who handled the day-to-day fiscal operations. In his role as program officer, the man was one of seven program officers who were responsible for reviewing proposals and preparing recommendations for the decision-making body: the executive committee. The proposal review process involved the following:

- having each proposal assigned to a program officer by the executive director (some program staff had specialty areas, such as requests for funding for aging programs or for children's services, but all were given a variety of proposals from different types of organizations as well);
- carefully reviewing each proposal;
- meeting with representative(s) from each organization, often at their site;
- contacting references and other organizations, including other funders;
- preparing a summary of the proposal and the grant recommendations (whether or not a grant was to be made and, if so, total amount, payment period and amounts and conditions such as a challenge grant); and
- including submitted materials, such as budgets, audits, etc.

MICHAEL SHEEHY/ILLUSTRATION SOURCE

All of the program officers attended each quarterly executive committee meeting. The protocols included:

- Except for the executive director, staff was not to sit at the conference room table. (A new staff member once made this mistake, which resulted in much harrumphing from the executive committee.) Instead, staff was to sit in chairs around the perimeter of the room.
- Staff was to respond to committee members' questions about a proposal when the executive director deferred to the program staff member who had reviewed it and prepared the recommendations.
- The committee could accept the recommendations as presented (yes or no); modify them (amount, time period for payment, etc.); set additional conditions; or defer action until the next quarterly meeting, including possibly requiring additional program staff research or action.

When he arrived at the foundation, the program officer immediately recognized that some of the city's most well-known, powerful and respected people made up the nine-member executive committee. Feeling somewhat intimidated, he recalled a few of the opening lines of Orson Welles' *War of the Worlds* 1938 radio broadcast: " … across an immense ethereal gulf, minds that to our minds as ours are to the beasts in the jungle, intellects vast, cool and unsympathetic, regarded this earth with envious eyes and slowly and surely drew their plans against us … "

Surely, the executive committee members would be like those Martians: "intellects vast, cool and unsympathetic." Well, surely they would not be drawing their plans against others! Nevertheless, those committee members were intimidating. They had a deep knowledge of the city, often had very deep roots in the community and were active leaders in many organizations. They were certainly the corporate leaders and power brokers in a town where survival of the fittest had real meaning. Surely their decisions on grants would be based on their knowledge, their experience and the highest level of rationality and integrity. Personal opinions and feelings must be out of bounds. Or were they?

Soon after the program officer arrived at the foundation, the executive director took him to see the chairman of the executive committee again. The chairman came from an old-line family who owned one of the largest manufacturing companies in the area. (His personal net worth at the time was about $200 million.) His office door was open, and, as the program officer waited to meet him, he could easily overhear the phone conversation going on inside the office. The chairman's voice rose to an angry pitch: "Just because I retired as chairman of our company board does not mean I'm personally going to pay $20 per year for a professional magazine. No! I won't accept that! The company will pay for my subscription!" Click.

Well, that was interesting, the program officer thought. And yet the chairman had been very cordial to him when they had first met. Maybe it was just a bad moment.

The program officer's first meeting with the executive committee arrived. Being new, he had a very minor role. The meeting books (roughly 300 pages of grant proposal write-ups and materials, as well as meeting minutes and financial reports) had been delivered to each committee member on Friday for the scheduled Monday meeting. The meeting was called to order, and immediately one committee member started slamming his book on the table, almost yelling, "If we don't get these meeting books at least a week in advance, there will be no meeting, and you staff members can explain to everyone what happened!"

So much for vast and cool, rational minds. After some promises from the executive director, the meeting proceeded.

Another time, another meeting: The American Civil Liberties Union (ACLU) had worked with three other organizations with similar interests, and the foundation had received a joint proposal for a cooperative program. The ACLU was to serve as grantee and fiscal agent. The committee members began their discussion of the proposed grant recommendation. The program officer sat next to the program staff member who had worked on the proposal. One committee member was notably silent, but the

program officer could see the veins on the man's forehead growing bigger and his face getting redder. He started speaking in a tense and angry voice: "In 1937, the ACLU organized a strike at our company, and two people were killed. As long as I'm sitting on this committee, the ACLU will never get any grant from us!"

The program officer handling the grant whispered, "I wasn't even born in 1937." The ACLU never did receive the grant, but at another committee meeting, one of the other four organizations submitted the same program and received the grant. It went through without a question.

Sometimes, little things seemed to upset a committee member. As a proposal was being discussed at one meeting, a member looked skeptical and finally said, "Two plus two does not equal five." The chair asked, "What do you mean?" The member pointed out a line in the proposal budget where two plus two was indeed totaled as five. He commented, "If they can't add, they shouldn't get a grant." Forever after, each program officer checked budget figures very carefully.

Another meeting saw the committee reviewing a proposal from a new art center. Things seemed to be going well until one of the members said, "I just want to make one comment. I went to this center, and what I saw was not art. It's junk." After further discussion, action was deferred. The program officer collected several positive reviews of the center's art from well-known local art critics, including some respected by the committee member. At the next meeting, the committee member was still a little reluctant but voted to approve the grant because of that respect for the art critics.

Because all of the members of the executive committee were very active with other local organizations, the foundation had a strong conflict of interest statement. If a proposal was being reviewed from an organization where a committee member was on the board, heading a campaign or playing another key role, the member was obligated to declare his or her involvement and could not vote on the grant request. He or she could answer questions about the organization or the program or even speak about the organization. At one meeting, a major proposal from an arts organization was discussed. A member noted a line item in the budget for several yards of fabric for the organization's executive director's opening night gown. Another committee member, who was also on the organization's board of directors, first declared he could not vote on the proposal and then explained that a large amount of fabric would be needed because the executive director was "a very large woman." "Do you know how much fabric it will take to cover her?" he commented.

The program officer knows many other stories such as these—some funny, some surprising and some even a little sad. Overall, he learned several things about the grant decision-making process, including the following:

- Grant decision makers are not always driven by the cold logic of your proposal and the staff's write-up. Decision makers can draw on their own experiences, emotions and other involvements.
- Even the foundation staff may not know enough about these other factors to predict an outcome.
- Members of the executive committee, like many grant decision makers, did their homework. After the meetings, most members left their meeting books behind, and staff was surprised to see the amount of notes and comments the committee members made for each proposal.
- Decisions about grants can be organization-based, proposed program-based, cause or need-based or even person-based (e.g., "I know the director there, and she's doing a great job. I trust her.").
- Proposals that use excessive jargon, make claims (e.g., "one of the most innovative organizations in the city") or do not seem to have wide support from those already served by the organization or others in the community will be difficult to get approved.
- Before a proposal is submitted, especially for a new program or service, be sure to check what other organizations are doing similar things, especially in your area. Many potential funders are very concerned about duplication of efforts.
- Understaffed foundations (most of them) may have designated one person on the board to do the initial review of proposals, so you may be dealing directly with one of the decision makers.
- Grant decision makers are people. They have their emotions, histories and beliefs. It is likely you will never be able to see much beyond the surface.
- If your proposal is turned down, always try to find out as much as you can regarding why. As a staff member, some of the program officer's most productive time was spent helping organizations that were turned down to regroup.

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ALL FOR ONE AND

How community foundations are using giving days—and competition—to inspire philanthropy and build a sense of community

By Mary Ellen Collins

ONE FOR ALL

Nonprofit organizations have long been accustomed to mailing specifically timed solicitations requesting a gift before the end of December or before the close of the fiscal year. However, asking donors to give online during a particular 24-hour period, or "giving day," is still a new concept for many.

A giving day is a community-wide online fundraising event hosted by a community foundation. The event rallies donors to support their favorite charities, and sometimes there is a competition to help those organizations win prizes based on accomplishments, such as the number of new donors who participate or the number of gifts raised during a certain hour. The foundation publicizes the initiative, trains the nonprofits in the use of social media and online giving, processes the gifts and issues the checks. This type of involvement also raises the foundation's profile among people who may have no idea about its core mission.

"A giving day is the perfect thing for a community foundation to do," says Molly Kunkel, executive director of the Centre Foundation in State College, Pa. (**www.centre-foundation.org**). "It definitely builds a sense of community. It's a valuable tool and an incentive for nonprofits to come to training and build an online presence. And it has ended up being a great marketing tool for the foundation."

The foundation's *Centre Gives* campaign has experienced a steady increase in dollars and participation during the four years it has taken place, with $415,000 raised by 75 organizations in year one to $765,000 raised by 112 organizations in year four. "The first year, none of the local organizations knew what it was," Kunkel recalls. "Once they did, people got so excited. Next year, we're going to do a big marketing push to get more donors involved."

CHAD J. SHAFFER/ILLUSTRATION SOURCE

By infusing a spirited sense of competition into philanthropy, a giving day brings together a wide range of nonprofits in a single effort that benefits them all. "We call our giving day the *Community Give*," says Lisa Biever, director of donor services at The Community Foundation of the Rappahannock River Region (**www.cfrrr.org**) in Fredericksburg, Va. "Our internal tagline was 'Collaboration is the new competitive edge.' Our event is all about what we can do collectively, and it's a joy to be able to rally around something positive." The *Community Give* raised $544,481 in 2014, the first year it was held, and $822,266 in 2015.

Sponsoring a giving day is not difficult, but it does require a commitment of time and energy, prompting some foundations to work with a partner. "When we heard that the United Way of Palm Beach County was going to do a giving day two months earlier than we were, we decided to do it together," says Brad Hurlburt, president and CEO of the Community Foundation for Palm Beach and Martin Counties (**www.yourcommunityfoundation.org**) in West Palm Beach, Fla. "We had a joint website and a very symbiotic relationship. And we raised over $2.2 million for 330 nonprofits last year and over $3 million for 437 nonprofits this year. I'm a big believer in partnering with other organizations, and I would encourage others to do that."

Although online fundraising will likely never replace other traditional forms of solicitation, it has become an effective addition to nonprofits' fundraising tool kits. Furthermore, through their sponsorship of this effort, community foundations play a unique role in promoting the use of social media to engage new donors while cementing their own identity as valuable community partners.

Getting the Word Out

A successful giving day starts with getting nonprofits to jump on the bandwagon, which does not happen without a focused effort, especially when the concept is new. "We serve Fredericksburg and four surrounding counties," Biever explains. "We are lucky to have pretty close relationships with a lot of the nonprofits in those communities, and we had good lines of communication already open. The first year, we were working with a family-owned newspaper and radio station, so our main channels for reaching out to the nonprofits were print, radio and emails. We also presented to organizations such as Rotary. What helped us garner attention in the media was that we had a really substantial $100,000 prize pool."

According to the John S. and James L. Knight Foundation (**http://knightfoundation.org**) in Miami, emails and newsletters from the community foundations and the nonprofits have proven to be the most effective modes of marketing a giving-day event. Also, including a message about the mission of the foundation on *every* communication helps to promote its brand and raise awareness.

Biever adds that getting prospective donors to pay attention to outreach from the foundation and the participating nonprofits was challenging the first year. "When you've never done something before, there's a real learning curve," she says. "Even though we had good, clear, concise messaging, when the day came, there were still some people who asked, '*Where* is it?'"

Some organizations add their own engagement methods to traditional outreach. For example, Ronald McDonald House Charities® of Central Georgia (**www.rmhccga.org**) in Macon, Ga., uses another of its fundraising events to encourage participation on Georgia Gives Day. "We have a team of 200 runners who participate in a run at Disney World in February," says Julie Young Wilkerson, CFRE, director of development. "Georgia Gives Day, which is run by the Community Foundation of Central Georgia in Macon and the Georgia Center for Nonprofits [in Atlanta], is in November. So, when our runners are raising money for the race, it's very easy for

them to give people the link to the giving-day platform and ask them to make their gift on that day. Logistically, it's very easy. All donors have to do is click and pledge."

Wilkerson also uses the Knight Foundation incentive of $500 given to the organization that gets a donation from the farthest distance away. "If that donation was from one of our team donors," she says, "we credit the $500 we won toward that person's fundraising goal."

Training Day

Foundations and nonprofits can access a number of resources, such as the Knight Foundation's *Giving Day Playbook,* which offer tips for messaging and marketing along with nuts-and-bolts instruction on setting up and running the event. Some foundations have created their own tool kits that they are also willing to share, eliminating the need for giving-day novices to reinvent the wheel.

Training the nonprofits typically takes place in the weeks leading up to the giving day and can be done in-house or outsourced. It is a critical component of giving-day preparation and shows nonprofit professionals how to use everything from their website to Twitter to bolster their fundraising efforts for the giving day and throughout the year.

Taking on the role of trainer is an effective way for a community foundation to strengthen the fundraising capacity of its community's nonprofits, according to Kunkel. "As leaders and stewards of philanthropy, we are in a good position to help organizations, especially the smaller ones," she says. "Many of our local organizations are not online and don't even have a Facebook page. We really want them to see the power and reach of social media. And they all love our training!"

The indisputable growth of online giving illustrates the need for organizations to provide this option to their constituents. The *2015 M+R Benchmarks Study* showed that overall online giving increased 13 percent in 2014 from the previous year, and website visitors per month increased 11 percent from the year before. In addition, Network for Good's *2015 Online Fundraising Report* revealed that branded giving pages account for 51 percent of online giving, compared with 4 percent for generic giving pages, and branded giving pages raise seven times more in contributions than generic giving pages.

Biever did "homemade training" last year, relying on people she knew who had expertise in a particular area. "This year, we outsourced training to the Center for Nonprofit Excellence [**www.thecne.org**], which was great. We had to explain to the nonprofits that this was a great way for them to grow. If we don't get up to speed

with online giving, we're going to be left behind. We also had a very strong focus on visual storytelling this year. Our organizations could create a visual storytelling campaign and compete for prizes in advance of our giving day."

Social media provides the perfect platform for compelling storytelling that keeps your current supporters engaged while engendering new interest. Geoff Livingston, president and founder of Tenacity5 Media (**www.tenacity5.com**) in Alexandria, Va., says, "When we look at content, people are getting way too many solicitations, and not just from nonprofits. No matter how good your story is, you better do something to make it more interesting. Marketing is the point of everything. It's just the way it is."

Everybody Wins

Giving days can use matching funds or gamification to encourage giving, but the "game" aspect of contests and winners really brings out the competitive spirit that drives up the numbers of donors *and* dollars.

"I've lived here for 25 years, and competition is something people really like," Kunkel says. "By their giving, they're 'voting' for their organization. We do a lot of prizes, and they are all based on the number of donors [not the size of the gift]. People really like that because it levels the playing field. A small organization can have a huge following."

The Great Give in Palm Beach and Martin Counties had a $450,000 bonus pool made up of contributions from the Knight Foundation, the John D. and Catherine

Continued on page 39

The Really Big Prize

"A prize is an old idea that is surprisingly powerful in our modern society. We believe that every leading philanthropist should consider the opportunity to use prizes to help achieve their mission, and to accept the challenge of fully exploiting this powerful tool."

—From the McKinsey & Company report *And the Winner Is ...*

While giving days often involve competition, there are foundations that award truly substantial and prestigious prizes. Why offer contests? Well, who doesn't like to win a prize? Many people start vying for ribbons, medals, certificates and trophies at an early age, striving for recognition of their achievements. You are accustomed to seeing prizes awarded for accomplishments in business, culture, sports and science. And the contest/prize dynamic has become increasingly popular in philanthropy. "It's part of a larger tendency to use more and more prizes as a way to motivate and part of a longer-term shift to the prize as a default device for organizing or structuring cultural activity," says James F. English, Ph.D., John Welsh Centennial Professor of English at the University of Pennsylvania in Philadelphia and author of *The Economy of Prestige: Prizes, Awards, and the Circulation of Cultural Value.*

In the world of philanthropy, good ideas and good works compete for foundation prizes and awards, with the winners' meriting monetary support and recognition. For example, the Arts, News and Cities Challenges given by the John S. and James L. Knight Foundation (**http://knightfoundation.org**) in Miami provide a platform for individuals as well as organizations to compete for grant support for their ideas. "I think contests give people an opportunity to beta test and try new ideas," says Bahia Ramos, arts program director at the Knight Foundation. "And it's a way for the foundation to use a simple vehicle to engage grantees in a different way.

"One of the benefits [for winners] is that you get third-party validation through the support from the foundation, and you're networked into a group of like-minded people. Once you win, it's part of a longstanding relationship with the foundation. We convene the grantees regularly, so there's a lot of collaboration and conversation among them."

Judy Miller, vice president and director of the Hilton Humanitarian Prize at the Conrad N. Hilton Foundation (**www.hiltonfoundation.org**) in Agoura Hills, Calif., also emphasizes the importance of the partnerships that have grown out of the Hilton Prize Laureates Coalition (**http://prizelaureates.charity.org**), an independent alliance of Hilton Prize recipients. "Altogether, they work in 150 countries, and although they had heard of each other, they had never had an opportunity to meet. It's amazing what they are doing together."

She adds that the global recognition of the $1.5 million prize also helps organizations by opening the doors to government agencies. "By the time Tostan [**www.tostan.org**] won in 2007, they'd been around for a number of years," Miller says. "They got so much notoriety from the prize that the Senegalese government investigated and endorsed their work, and now Senegal is expected to be the first country to eradicate female genital cutting and child marriages."

Both Miller and Ramos report that even those individuals who applied for one of their prizes and *did not* win maintain that the process was helpful. It forces people to take the time to really focus on their mission or idea in order to present themselves in the best possible light. Geoff Livingston, president and founder of Tenacity5 Media (**www.tenacity5.com**) in Alexandria, Va., agrees that the motivation process has multiple benefits. "Contests provide a financial reason to act. There are so many nonprofits that need money, and this may be a means to fund their efforts and at the same time encourage them to build capacity in their communications and fundraising departments. Keep in mind that communication is a core skill, not only to get donors but also to convey successful achievement of mission goals and improvements for beneficiaries."

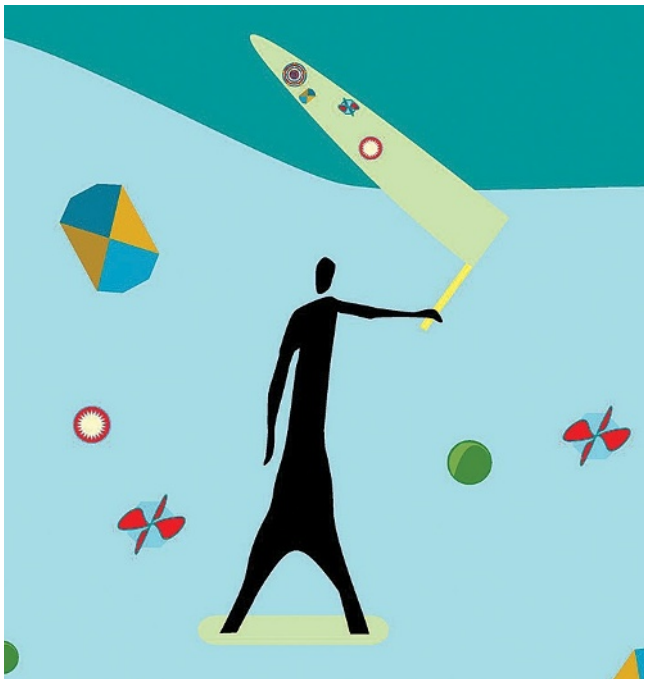
Several people who are considering creating new prizes have approached Miller for advice, and she does not see a downside to expanding the list of opportunities for nonprofits to compete for funding. "The more, the merrier," she says. "Variations in prizes are an advantage to the field. How can we not be happy that there are so many others who are willing to give money to nonprofits to help them do such good work?"

Continued from page 37

T. MacArthur Fund of the Community Foundation for Palm Beach and Martin Counties and others. "Each organization got a percentage of that pool, depending on the amount of money they raised," Hurlburt says.

Biever and her colleagues learned the importance of prizes last year. "When it comes to prizes, more is more," she says. "Last year, we gave away $1,000 per hour to an organization we picked at random. This year, we gave away two $500 prizes per hour, which gave more organizations an opportunity to win a prize."

Last year, The Community Foundation of the Rappahannock River Region gave $2,500, $5,000 and $10,000 prizes to the top three money-raisers, but this year, it made a significant change and offered three grand prizes. It gave $10,000 to the organization that raised the most money and $10,000 to the one that brought in the most gifts. "The third grand prize was a $10,000 permanently endowed, designated fund at the foundation," Biever adds. "To qualify, you had to get at least 100 gifts. Twenty-five nonprofits reached that mark, and then we chose one at random. We invented that prize because our goal was to be better known in the community and guide people to our core services. We had a number of conversations about why a fund is as valuable as cash, and we had a number of nonprofits that aggressively tried to get that prize. Our nonprofits look at us differently now. I think giving day validated our role as a community leader."



Nonprofits must decide whether or not they have the time and labor necessary to participate, and the foundation representatives agree that organizations get what they put into their efforts. However, from their perspective, a giving day is a winning proposition for all parties.

"One of the great benefits for us is that 36 percent of gifts were from first-time donors. What an opportunity to build the donor base!" Hurlburt says. "We have 3,600 501(c)(3)s in Palm Beach County, and our foundation can make only so many grants. But this was a way to serve the whole community. We made our tagline, '24 hours CAN change a community,' ring true."

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Resources and Additional Reading

Knight Foundation *Giving Day Playbook*
http://givingdayplaybook.org

www.knightfoundation.org/media/uploads/publication_pdfs/GivingDayPlaybook.pdf

2015 M+R Benchmarks Study
www.mrbenchmarks.com

Network for Good *2015 Online Fundraising Report*
http://learn.networkforgood.org/2015-online-fundraising-report.html

And the Winner Is ...
http://mckinseyonsociety.com/capturing-the-promise-of-philanthropic-prizes

The Economy of Prestige: Prizes, Awards, and the Circulation of Cultural Value by James F. English (Harvard University Press, 2009), paperback, 432 pages

How Giving Contests Strengthen Nonprofits and Communities
http://casefoundation.org/wp-content/uploads/2014/11/HowGivingContestsStrengthenNonprofits.pdf

Why Contests Improve Philanthropy
http://www.knightfoundation.org/opencontests

The Craft of Incentive Prize Design
http://casefoundation.org/resource/craft-incentive-prize-design

"Dump the Prizes" by Kevin Starr
http://www.ssireview.org/blog/entry/dump_the_prizes

"Dump the Stupid Prizes, Multiply the Rest" by Andrew Youn
http://www.ssireview.org/blog/entry/dump_the_emstupid_prizes_em_multiply_the_rest

Eye on the Prize—and the Rules

How private foundations need to structure their prize programs in accordance with IRS rules

By Susan L. Abbott and Alyssa C. Fitzgerald

The awarding of prizes by charitable organizations has increased in popularity in recent years.[1] Research has shown that this is the result of a new appreciation for the ways in which a charitable organization can produce change and an increased focus on encouraging innovation and mobilizing new talent or capital. Recent trends have shown a shift from prizes for recognition for past achievements to incentive prizes, with a focus on science and engineering rather than art and literary prizes.[2] However, recognition prizes still play a vital role in establishing the importance and legitimacy of a field and setting a consistent, widely recognized standard of excellence.

Recent trends have shown a shift from prizes for recognition for past achievements to incentive prizes, with a focus on science and engineering rather than art and literary prizes.

A number of the charities handing out these prestigious awards are private foundations organized in the United States and exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1986 (the "Code"), as amended. As such, these foundations are subject to two sets of rules that are of particular importance when establishing and implementing a prize program: those governing gifts to individuals and those governing acts of self-dealing. This article will describe how a private foundation should structure its prize program in accordance with these rules to avoid potential prohibitive excise taxes.

JOSÉ ORTEGA/ILLUSTRATION SOURCE

Essentially, if the private foundation seeks to control the recipient's behavior or future use of the funds, then the prize would not recognize past achievement and would not fall into the exception for taxable expenditures.

Grants to Individuals by a Private Foundation and the Taxable Expenditure Rules

Section 4945 of the Internal Revenue Code imposes harsh excise taxes on any "taxable expenditures" made by private foundations. As a threshold matter, a prize may be classified as a taxable expenditure if it is not for a charitable purpose as specified in Section 170(c)(2)(B) of the Code. Thus, the prize must be in furtherance of the foundation's charitable, scientific or educational purposes in order to avoid being classified as a taxable expenditure.

Additionally, grants paid by a private foundation to an individual for travel, study or similar purposes are taxable expenditures unless the foundation has obtained advance approval of its grant-making procedures from the IRS.[3] However, a grant to an individual for purposes other than travel, study or similar purposes is not a taxable expenditure, even if advance approval of grant-making procedures is not obtained from the IRS. Thus, prizes awarded by a private foundation as part of a contest or in recognition of past achievements would not constitute taxable expenditures under Section 4945, provided that the prizes are not tied to future travel or study. Such a prize should recognize past achievements, meaning that the foundation may not impose restrictions on how the award is to be used, may not finance future activities of the recipient and may not require any future commitment from the recipient.

Essentially, if the private foundation seeks to control the recipient's behavior or future use of the funds, then the prize would not recognize past achievement and would not fall into the exception for taxable expenditures.[4] IRS rulings suggest that contests geared toward specific educational, charitable or scientific matters can usually be framed in such a way so as to avoid taxation. Even if the foundation has a hope that the prize funds will be used for a specific research purpose, or if the contest sets forth a discrete problem for solution, the private foundation often may construct its contest in a manner that does not place conditions on the recipient's behavior or spending of the award.

If a prize program cannot be structured in such a manner and will involve awards to individuals for travel, study or similar purposes, then the foundation will need to obtain IRS approval of its procedures for awarding prizes prior to implementing the program. To secure such approval, a foundation must demonstrate to the IRS that its grant-making procedure includes an objective and nondiscriminatory selection process; that its grant-making procedure is reasonably calculated to result in the performance by the grantees of the activities that the grants are intended to finance; and that the foundation plans to obtain reports from grantees to determine whether they have, in fact, performed such activities. Treas. Reg. § 53.4945-4(c)(1).

For a new foundation, such approval can be requested in the foundation's Form 1023 (Application for Recognition of Exemption), and the foundation must submit Schedule H with its Form 1023. An existing foundation must separately request approval from the IRS. The submission must include a statement describing the selection process; a description of the terms and conditions under which the foundation will make grants, in sufficient detail for the IRS to determine whether the grants are made on an objective and nondiscriminatory basis; a detailed description of

the foundation's procedure for exercising supervision over grants; and a description of the foundation's procedures for reviewing grantee reports, investigating possible diversion of grant funds and recovering diverted grant funds. Treas. Reg. § 53.4945-4(d)(1).

If the IRS does not reply to the request for approval within 45 days of its submission, the foundation may consider its procedures approved, and grants made will not be subject to the taxable expenditure penalty. However, if the IRS later notifies the foundation that its procedures are not acceptable, any grants made after the notification will be taxable expenditures. Treas. Reg. § 53.4945-4(d)(3).

Alternatively, foundations may avoid the taxable expenditure penalties by awarding prizes to organizations if they are 501(c)(3) public charities or if the prizes are for charitable purposes and the foundation exercises "expenditure responsibility" as defined in I.R.C. § 4945(h). In such a case, however, the foundation should be sure that the prizes are not earmarked for payment to a particular individual or individuals.

If a foundation awards a prize that is found to be a taxable expenditure, penalty taxes will be imposed on the foundation and potentially on foundation managers who approved the award. The tax on the foundation will be equal to 20 percent of the value of the prize.[5] A 5 percent penalty also may be imposed on foundation managers who agreed to payment of the award, knowing that it was a taxable expenditure.[6] If the taxable expenditure is not corrected—in this case, presumably by repayment of the prize—second-tier penalties may be imposed on the foundation in the amount of 100 percent of the taxable expenditure and on foundation managers who refuse to agree to the correction in the amount of 50 percent of the taxable expenditure.[7]

Prohibition on Self-Dealing

All private foundations are also subject to stringent self-dealing rules that impose harsh penalty taxes on most transactions entered into with disqualified persons. The Internal Revenue Code imposes severe excise taxes on any disqualified person who engages in an act of self-dealing with a private foundation, which would include receiving a prize from the foundation. Private foundations, therefore, should put procedures in place to ensure that they are not awarding prizes or awards to disqualified persons.

The definition of "disqualified persons" includes

(i) directors, officers, trustees and other foundation managers (i.e., persons having similar powers or responsibilities who, in the case of a prize foundation, might include the persons charged with selecting prize recipients[8]);

(ii) substantial contributors to the foundation;

(iii) persons who have more than a 20 percent interest in an entity that is a substantial contributor to the foundation;

(iv) persons who are related to any of the above;

(v) any entity in which a disqualified person has more than a 35 percent interest; and

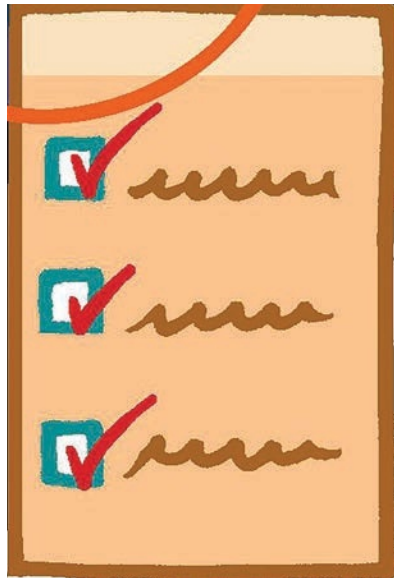
(vi) government officials.[9]

Private foundations should create a policy that prohibits the awarding of prizes to disqualified persons and should closely monitor their selection processes to ensure that no prizes are awarded to disqualified persons. Note that if an individual is a disqualified person by virtue of his or her ability to select prize recipients, he or she would not cease

All private foundations are also subject to stringent self-dealing rules that impose harsh penalty taxes on most transactions entered into with disqualified persons.

to be a disqualified person simply by recusing him- or herself from voting on a prize awarded to him- or herself or a related party.[10]

If there is an act of self-dealing, the IRS will impose harsh taxes on both the disqualified person (here, the prize recipient) and on any foundation manager who knowingly approved the act (here, any foundation manager who voted to award the prize to the disqualified person, knowing that it was an act of self-dealing). A tax equal to 10 percent of the value of the prize will be imposed on the disqualified person, and a tax equal to 5 percent of the value of the prize will be imposed on the foundation manager.[11] In addition, if the disqualified person does not correct the act by repaying the amount of the prize, then he or she will be subject to a second tax equal to 200 percent of the amount involved, and a foundation manager could be subject to a tax of 50 percent of the amount involved if he or she refuses to agree to part or all of the correction.[12] A foundation cannot reimburse the individuals for these penalties, as that would be a further act of self-dealing.



Other Legal Issues

Structuring a prize competition can involve a number of other legal issues. A foundation entering into this area should be careful to structure its competition in a manner that will avoid the competition's being classified as a lottery or raffle, which is either prohibited altogether or in some cases permissible but tightly regulated for nonprofit organizations. Contests requiring submissions or solutions to a problem will raise questions about the ownership of intellectual property. The foundation will need to consider tax-withholding obligations with respect to the payment of cash prizes. Each prize competition will need to be analyzed with respect to its own unique set of circumstances.

Conclusion

There are, of course, numerous nonlegal issues involved in structuring a prize program: establishing rules and selection procedures, communicating the program to the appropriate communities, celebrating the prize winners and ensuring the fair administration of the program. However, prize programs also involve a number of legal issues, particularly when administered by a U.S. private foundation. Foundations must structure their prize programs carefully to avoid harsh penalty taxes on taxable expenditures and self-dealing.

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1 According to a 2009 study by McKinsey & Company, the total funds available from large prizes has more than tripled over the last decade to surpass $375 million (*And the Winner Is* … , page 16).

2 ibid., page 17.

3 I.R.C. §§ 4945(d)(3) and 4945(g).

4 See Rev. Rul. 76-460 and Rev. Rul. 76-461.

5 I.R.C. § 4945(a)(1).

6 I.R.C. § 4945 (a)(2).

7 I.R.C. §§ 4945 (b)(1) and (b)(2).

8 See Rev. Rul. 74-287. (Employees of a bank served as trustees of a foundation that awarded scholarships. The employees were responsible for determining the recipients of the scholarship and were therefore considered foundation managers.)

9 I.R.C. § 4946(a)(1). Note that a payment of prize funds to a government official would not be considered an act of self-dealing if (i) the prize recipient is selected from the general public; (ii) the prize is made in recognition of religious, charitable, scientific, educational, artistic, literary or civic achievement; (iii) the recipient was selected without any action on his or her part to enter the contest or proceeding; and (iv) the recipient is not required to render substantial future services as a condition of receiving the prize. (I.R.C. § 4941(d)(2)(g) and I.R.C. § 74(b)).

10 There are several IRS rulings, however, which hold that a transaction will not be self-dealing if the disqualified person resigns prior to the transaction (PLR 201130008, PLR 199943047).

11 I.R.C. § 4941(a).

12 I.R.C. § 4941(b).

Taking Flight

By Tycely Williams, CFRE

Do not decorate your office. If you do, hold on to the packing boxes. Chances are that, before you settle in, you or one of the charitable fundraisers on your team will execute an exit strategy. Resignations are on the rise among charitable fundraisers. Sixteen months is the average time a fundraiser stays in his or her position, according to research released in 2013 by Penelope Burk.

While studying leadership at Georgetown University's McDonough School of Business in Washington, D.C, I investigated the causes and consequences of voluntary resignations among charitable fundraisers. As someone leading fundraising teams, I wanted to find out why so many of my colleagues were penning resignation letters. Through focus groups, 16 charitable fundraisers (with experience ranging from five years to more than 30 years) shared their observations and insights. What they shared will be valuable to any manager.

The Causes

In order to understand the prevalent problem of voluntary resignation among fundraisers, each person was asked to recount his or her direct observations of human behavior during the most recently witnessed resignation. Fundraisers were asked to recount and report on one "positive" incident of voluntary resignation and one "negative" incident of voluntary resignation. Of the 16 fundraisers, 14 were able to reveal the cause and consequences of one "negative" incident of voluntary resignation, and two fundraisers were able to identify one "positive" incident of voluntary resignation (without the identification of a negative incident).

What was the most commonly described cause for voluntary resignation among fundraisers? Lack of leadership. Other important causes were shortcomings in shared values, style, structure, systems, staffing and strategy.

Furthermore, fundraisers reported feeling unhappy, nervous and worried about their jobs when they witnessed voluntary resignations. "I resigned six months after watching my colleague resign," one respondent shared. "The perceived poor handling of the resignation created a toxic working environment that led to an 80 percent staff turnover within 10 months. None of us felt that we could properly perform our job functions in the existing environment."

The Implications

Fundraisers want better leaders. The most commonly described reason for resignation was challenges with the supervisor. While some feedback centered on the work environment, the majority of comments highlighted the need for better leadership.

"It wasn't salary or benefits of any kind that led to the resignation. It was just wanting a 'good' environment—a positive and supportive environment; a sane environment; a professional environment where the expectations focused on reasonable metrics, a plan for how to meet the goal and a clear delineation of responsibility—and not this sort of amorphous 'whatever' the executive director asked you to do, which could change on any given day," another respondent said.

Fundraisers are witnessing resignations. The highest frequency of "positive" and "negative" incidents occurred within 12 months of the focus group's assembly. Fundraisers more often witnessed incidents they classified as "negative" (64 percent of the resignations were seen and classified as "negative"). Consequently, a fundraiser who witnessed a "negative" resignation began to mistrust the organization and eventually resigned. Sixty-four percent of the fundraisers reported a decrease in organizational loyalty, and 29 percent resigned after witnessing the resignation.

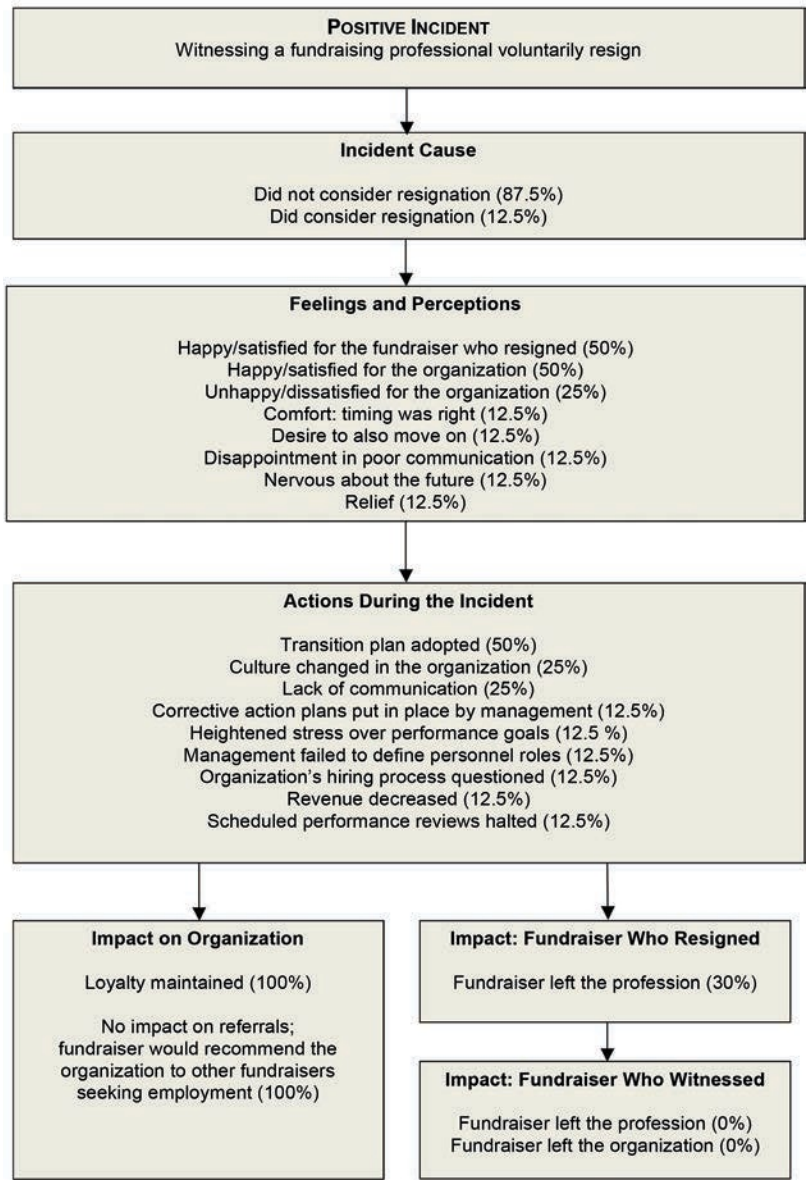
Fundraisers also resigned because of challenges stemming from structure (identified in the study as "fundraising

JENS MAGNUSSON/GETTY IMAGES

process," "unclear roles" and "unrealistic workload"); systems (identified in the study as "institutional support" and "infrastructure"); and staffing (identified in the study as "poor team dynamic").

Fundraiser turnover also threatens a charity's competitive advantage. Of the fundraisers who resigned, 70 percent accepted a fundraising position with a competitor, and 30 percent entered a new industry. (See Figures 1 and 2.)

Figure 1. Impact of "positive" incidents on a fundraiser's behavior



Corrective Action Steps: How to Effectively Lead Fundraising Teams

Leaders are largely responsible for the beliefs and behaviors within an organization. Effective leadership can mitigate shortcomings in shared values, style, structure, systems, staffing and strategy, possibly reducing the incidents of voluntary resignations among charitable fundraisers.

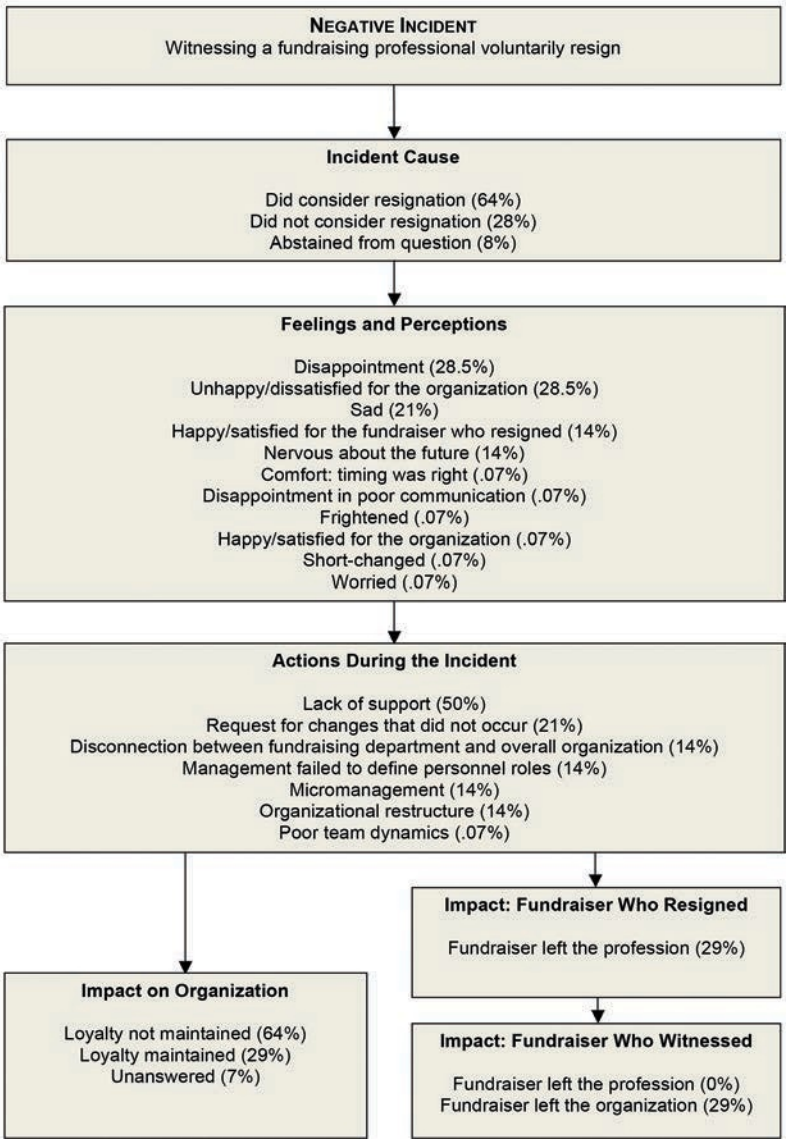
The McKinsey 7–S Model (see Figure 3), a widely accepted tool for analysis and action, originates from research that seeks to identify the best way to manage and organize organizations. The McKinsey 7–S Model depicts how shared values can link and sustain style, structure, systems, staffing, strategy and skills within an organization.

This model influences seven corrective action steps for nonprofit leaders managing the daily activities of charitable fundraisers.

Step One: Adopt shared values. Ask those you lead *what* they value. Mission is what you do. Vision is *why* you do it. Shared values are *how* you do it. You cannot effectively lead without an understanding of how. In well-aligned organizations, shared values undergird and fuel the successful execution of purpose and promise. Work with your team to collaboratively define the values that will govern beliefs and behavior. Appreciation and respect are widely held values among fundraisers.

Step Two: Assume a value-driven leadership style. Seek to influence, not to control. You will garner deeper adherence and allegiance with a value-driven leadership style. Fundraisers want to see the manifestation of shared values. Remind all leaders in your organization to pay attention to patterns and behavior. Leaders are signal senders. Fundraisers value open communication. Do not allow positional power to forge barriers that threaten channels of expression.

Figure 2. Impact of "negative" incidents on a fundraiser's behavior



Clear communication is one action to help prevent resignation.

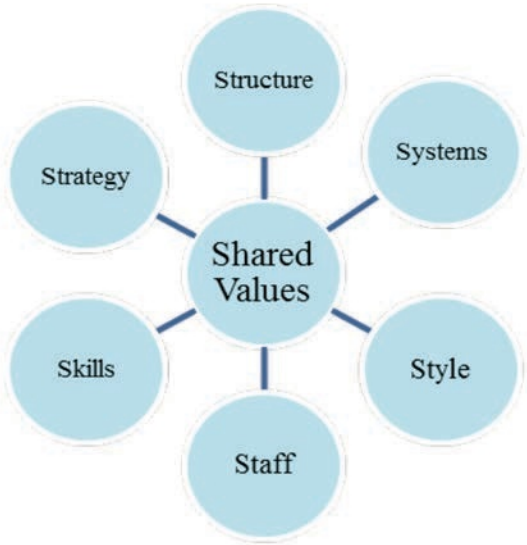
Step Three: Assess and adjust organizational structure. Fundraisers desire better ways to do their work. It may be time to evaluate how the organization achieves its mission. Fundraisers frequently conveyed a feeling of departmental detachment. They believe leaders can more effectively link the functions of development to the overall functions of the organization. Continue to clearly define operational boundaries. Simply heighten the opportunity for cross-departmental collaboration and communication.

Step Four: Agree to realistic fundraising goals and strategies. Fundraisers desire realistic goals. Remember, you cannot obtain the goal without viable strategies. Solicit the opinions of and perspective on a strategy prior to adoption of the goal. Encourage dissenting opinions and alternative viewpoints, which can highlight threats and vulnerabilities, allowing for an even stronger execution. Fundraisers report high levels of frustration when organizations seek funds without proven strategies. They are most satisfied when strategy development is collaborative, so involve your development office in strategy.

Step Five: Attain sufficient systems. Reward systems and resource allocation are important to fundraisers. Consider such perks as a flexible work schedule and the ability to work remotely. Whether working on- or off-site, fundraisers need resources in order to garner resources. A lack of systems was also identified as a cause for resignation. Most commonly, fundraisers reported frustration with poor IT systems, particularly tools for donor management. Meet with your fundraising team to identify systems that should be resourced. An investment in systems was considered just as important to a fundraiser as competitive compensation.

Step Six: Acquire and assign qualified people. Fundraisers rely heavily on others. Competent and emotionally mature team members can increase the satisfaction of those in the development office. Recruit seasoned fundraisers based upon demonstrated success. Once you define the organizational structure, give careful consideration to staffing, particularly management. Do not assume a suc-

Figure 3. McKinsey 7-S Model



cessful fundraiser wants to manage others or the department. Recruit to augment the skills of existing fundraisers and to support future organizational goals.

Step Seven: Agree to professional development. Fundraisers want to sharpen their skills. Since they craft strategies around proven techniques, they value exposure to verified best practices as well as innovative techniques and technology. Encourage, promote and resource professional development for fundraising professionals at all levels.

Fundraisers are in search of leaders who create collaborative opportunities for success. Construct a values-driven culture and a leadership style that signals you lead by listening. Give thoughtful consideration and build an organizational structure that will enable your team to meet desired outcomes. Maintain purposeful systems. Carefully hire, position and promote staff. And, on the subject of promotion, remember that not every frontline fundraiser aspires to lead fundraising teams. Solicit feedback and input from internal stakeholders prior to the adoption of strategy. Also, regardless of their years of experience, fundraisers often yearn to hone their skills through professional development and continuing education.

With these tips top of mind, the offices occupied by fundraisers in your organization can be empty for the right reason. With wider smiles and fewer challenges stemming from lack of leadership, your fundraisers will have a renewed commitment to get out and ignite within your prospective, current and past donors a deeper desire to give.

With wider smiles and fewer challenges stemming from lack of leadership, your fundraisers will have a renewed commitment to get out and ignite within your prospective, current and past donors a deeper desire to give.

Tycely Williams, CFRE, is a regional chief development officer for the American Red Cross in Washington, D.C., and immediate past president of the AFP Washington Metro Chapter. She can be reached at tycely@tycelywilliams.com or via twitter @tycely.

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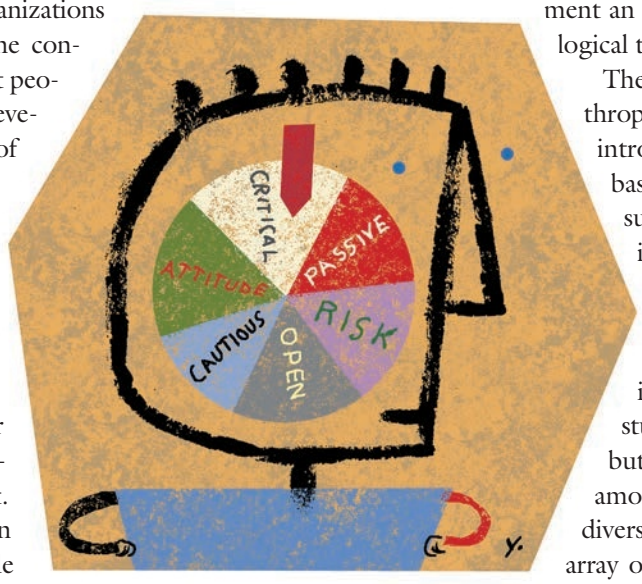
Just Your Type—or Not!

By Robert E. Fogal, Ph.D., ACFRE

Leaders of successful organizations commonly observe how the contributions of many different people result in organizational achievements. For such leaders, clarity of organizational mission shares first place with investing in the people who make that mission happen. However, there is no one way to invest in people.

AFP's international conference and the thousands of presentations offered at AFP chapter meetings provide countless possibilities for people investment. Most of these programs focus on fundraising practices and provide baseline learning for many fundraisers in the field.



Another kind of people investment emphasizes how interpersonal relations enhance performance. Labels for this purpose include team building, organizational development, conflict management and several others. Regardless of the label, relationship building requires effective interpersonal communication. Strengthening communication skills often begins with a personality assessment that highlights our own communication styles. Such self-awareness enables you to identify differences between your style and others' styles. Once you understand the differences, you can develop new skills more efficiently. The outcome will be enhanced relationships with donors, volunteers and colleagues.

Psychological type, originated by Carl Gustav Jung a century ago, is one of the most common tools for developing skills in interpersonal communication. His work, published in English in 1921, was adopted by Isabel Briggs Myers and Katharine Cook Briggs in their own studies of personality. Working with Educational Testing Service (of SAT fame), Myers developed the Myers-Briggs Type Indicator®, or MBTI®, for psychographic assessment.

Others also have developed effective instruments for exploring type. Among these is TypeCoach (**https://typecoach.com**) in Sarasota, Fla., which was used to implement an introductory study of psychological type among AFP members.

The AFP Foundation for Philanthropy/TypeCoach study is an introductory study because it is based on a participation-only survey. That is, a "y'all come" invitation was broadcast through AFP's weekly *eWire* to take TypeCoach and the accompanying demographic survey. The purpose of the study is to explore the distribution of psychological types among AFP members who fulfill diverse responsibilities in a wide array of not-for-profit organizations. The study identifies notable correlations among fundraising and organizational factors and the predominance of type preferences among those factors. It also examines how psychological type may affect interpersonal communication with colleagues, donors and volunteer leaders.

Because the study is a participation study, it has no predictive value—the results of the study cannot be used to predict any patterns between personality type and various organizational or fundraising factors. A predictive study requires a randomized sample, which was not implemented at the time.

However, comparing the type-study participants' profiles with the randomized survey sample for AFP's most recent salary survey yielded an interesting fact: The statistician reported that the respondents' variables in the two studies are "amazingly close." The noticeable representativeness of the type-study sample thus adds weight to any patterns in participants' responses. More about the implications of this "validity" will be explored throughout the series of articles on the study.

Organizational Diversity in the Study

The 331 AFP members who participated in the study are a diverse group. Respondents have responsibilities that cover virtually the entire field of fundraising (see Table

JAMES YANG/ILLUSTRATION SOURCE

Table 1. Primary Area of Respondents' Responsibilities

	Percent Responding
Overall Management	44
Annual Giving	11
Capital Campaigns	2
Communications/Marketing	3
Alumni/Constituent Relations	1
Corporate/Foundation Relations	5
Individual/Major Gifts	13
Fundraising Ops./Dev. Services	8
Planned Giving	2
Prospect Research	1
Proposal Writing	2
Special Events	4
N/A	5

Table 2. Organizational Focus

	Percent Responding
Arts/Cultural	8
Higher Education	17
Primary/Secondary Education	10
Religious or Religion-related	4
Civic and Public Affairs	1
National or Regional Health Agency	2
Health Services	13
Social Service	18
Environmental (Conservation, Wildlife)	3
Public Broadcasting	2
Scientific, Research or Other Educational	1
Association Foundation	1
Federated Appeals	1
Government	1
Consulting Firm	3
International/Emergency Relief	5
Comm. Development/ Economic Dev.	3
Other	6
None (unemployed)	2
N/A	2

1) and the subsectors of the not-for-profit universe (see Table 2). Funds raised range from less than $100,000 to more than $100 million (see Table 3). Similarly, employers' budgets run from less than $250,000 to more than $75 million (see Table 4). As a matter of interest, the top four responses in each figure are highlighted. (Please note: Due to rounding, percentages in all tables may not add up exactly to 100 percent.)

Psychological Type

Study participants also show considerable diversity in the distribution of psychological types. Before exploring those data, however, consider some information about psychological type. (The terms "psychological type," "personality type," "personality style" and "communication style" are used interchangeably in this article.)

As mentioned above, Jung developed "psychological type" as a way to understand the development of human personality. Jung theorized that there are four main functions of consciousness, which are now commonly referred to as mental functions. Two are "perceiving" functions that denote how you take in information: sensation and intuition. People who prefer *sensing* (S) typically focus on specific facts and details before seeing underlying patterns or whole concepts. They express themselves in a straightforward fashion and appreciate receiving information that is organized and orderly. Those who prefer *intuition* (N) concentrate on what facts mean and how they fit together. They commonly converse in roundabout ways and value hearing about the big picture before getting into details.

Jung used the term "judging" to denote the functions for decision-making preferences: thinking and feeling. Individuals who prefer *thinking* (T) evaluate situations with logic and analysis, relying on data and applying impersonal pro/con perspectives to their decision making. Those who prefer *feeling* (F) make decisions based on how they see the needs, emotions and feelings of the individuals involved. They value personal connections with colleagues as well as with donors and volunteers.

Table 3. Funds Raised by Organization

	Percent Responding
Less than $100,000	8
$100,000–$249,000	6
$250,000–$499,000	8
$500,000–$749,000	9
$750,000–$1,499,999	15
$1,500,00–$2,999,999	13
$3,000,000–$9,999,999	15
$10,000,000–$99,999,999	18
More than $100 million	4
N/A	4

Table 4. Size of Organizational Budget

	Percent Responding
Less than $250,000	8
$250,000–$499,999	4
$500,000–$999,999	8
$1,000,000–$2,999,999	20
$3,000,000–$4,999,999	11
$5,000,000–$9,999,999	9
$10,000,000–$49,999,999	21
$50,000,000–$74,999,999	5
More than $75 million	7
N/A	7

Jung also observed that individuals always attach an "attitude" to their preferred mental functions. These attitudes, which he labeled extraversion or introversion, indicate how they obtain and renew their mental energy. When you use *extraversion* (E), you learn and work best when you share, discuss and process information with others. You usually dislike working on one thing for a long period, especially if you have to do that by yourself. When you use *introversion* (I), you learn and work best when you have time to process and understand information on your own. You prefer to work in quiet places, as you focus your energy internally.

To illustrate, consider the sensing (S) function. When you use the sensing preference with extraversion (SE), you focus your attention on facts and details that you receive by talking and listening to others and observing your environment or other connections with the world around you. When you use sensing with introversion (SI), you still focus on facts and details but in a reflective, inward-oriented manner that often draws on your memories. (Future articles will more deeply explore the connections between functions and attitudes.)

Translating Jung's theories into a psychographic instrument, Myers created continuous scales of opposites for each pair of preferences. Thus, she represented Jung's theories with the preference pairs of E-I, S-N, and T-F. She also added the preference pair of judging and perceiving. Those who prefer *judging* (J) make decisions as soon as possible so they can complete tasks and work toward goals. They typically make plans, appreciate closure and value structure. People who prefer *perceiving* (P) like to keep options open and continue gathering information. They often excel in starting projects while also finishing tasks at the last minute. Spontaneity dominates their styles.

Figure 1 shows these four scales that together generate one's psychological type.

Figure 1. Four Scales of Psychological Type

It is important to remember that *personality type is not intended to categorize individuals.* Any suggestion of categorization is an unethical use of psychological type. Rather, individuals define their own types by how they respond to choices offered in assessments designed for that purpose. Referring to Figure 1, the further people's responses tend toward one end or the other of each scale indicates how clearly they see that preference in themselves. For example, if your "score" is located near the left point of the yellow scale, you have a clear preference for thinking. If your responses place you toward the left but closer to the center of the scale, you still have a preference for thinking, but it may not be as clear to you that this is the case.

Table 5. Preference Representation in the AFP Foundation/TypeCoach Survey Compared with the U.S. National Sample

PREFERENCE	AFP SAMPLE		NATIONAL SAMPLE	PREFERENCE	AFP SAMPLE		NATIONAL SAMPLE
	NO.	%			NO.	%	
E	178	54%	49%	I	153	46%	51%
S	117	35%	73%	N	214	65%	27%
T	119	36%	40%	F	212	64%	60%
J	224	68%	54%	P	107	32%	46%

Table 5 shows the distribution of preferences in the AFP Foundation for Philanthropy/TypeCoach study according to the four scales. The third column to the far right of each preference provides the percentage of the U.S. population who report that preference. (Unfortunately, similar statistics from other national samples are not available at this time.)

Finally, the preferences combine—one from each pair—to become a psychological type. Thus, ENFJ is a psychological type whose preferences interact to function as one's style. The four pairs generate a total of 16 types, as shown in Table 6. The percentage distribution of each type in the study is compared with that type's distribution in the U.S. national sample.

With this overview of the AFP Foundation for Philanthropy/TypeCoach study, the groundwork has been laid for exploring in future articles the relationships among psychological types, the distribution of preferences among the diverse characteristics of the study participants and how your type may affect your performance as a fundraising professional.

Bob Fogal, Ph.D., ACFRE, coaches nonprofit executives to maximize their performance and enhance their career advancement. He has held chief development officer positions in higher education, healthcare, senior services, human services and religious organizations.

Table 6. Type Distribution of Study Participants

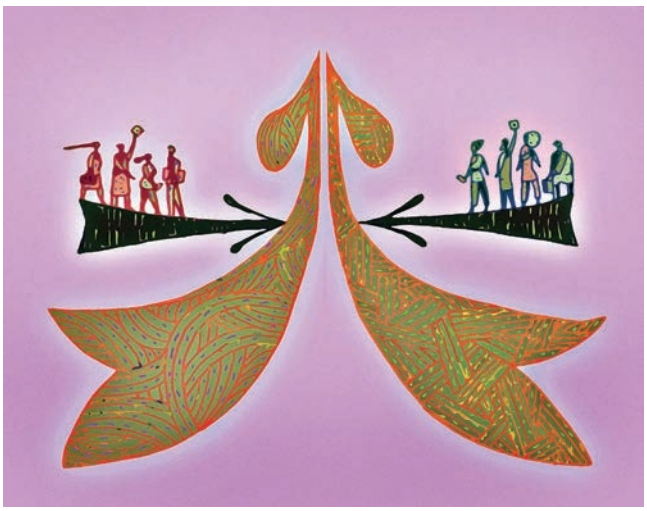
The top percentage in each cell reports the distribution of that type in the our study. The bottom percentage reports that type's distribution in the U.S. national sample. (Due to rounding, percentages may not add up to 100%.)

ISTJ	ISFJ	INFJ	INTJ
6.3%	8.8%	12.7%	5.7%
11.6%	13.8%	1.5%	2.1%
ISTP	**ISFP**	**INFP**	**INTP**
0.9%	1.5%	8.5%	1.8%
5.4%	8.8%	4.4%	3.3%
ESTP	**ESFP**	**ENFP**	**ENTP**
1.8%	1.5%	11.5%	4.8%
4.3%	8.5%	8.1%	3.2%
ESTJ	**ESFJ**	**ENFJ**	**ENTJ**
4.8%	9.7%	10.0%	9.7%
8.7%	12.3%	2.5%	1.8%

TypeCoach (**https://type-coach.com**) is an online assessment for individuals to learn their psychological type and explore how to apply their knowledge to practical business and organizational tasks. Rob Toomey, the creator and president of TypeCoach, contributed TypeCoach to the AFP Foundation for Philanthropy to implement the 2015 study of AFP members. We would like to thank AFP members whose gifts for research to the foundation's 2015 *BE the CAUSE* campaign paid for some analysis of the survey data.

"Plannual Giving": A New Framework for Marketing Planned Gifts

By Patience Boudreaux, CSPG, and Ray Watts, CFRE, CSPG



TODD DAVIDSON/ILLUSTRATION SOURCE

The future of planned-giving marketing is integration, not separation. By combining both annual support and legacy gifts in the same communication vehicles, organizations are able to reach more effectively—and efficiently—the most likely planned-giving donor: the loyal annual donor.

"Plannual giving" is a philosophy that combines the marketing mix of the annual fund and planned-giving efforts so that there is a blend of messages. By using the plannual-giving model, development leaders can look at their constituents through a wider prism and optimize existing resources to serve both purposes.

Making the Plannual-Giving Model Work

The plannual-giving model for marketing makes sense for organizations of all sizes, but a more specific recommendation is made for small- to medium-size organizations (those with annual philanthropic gift revenue of less than $25 million). In these situations, consideration can be given to eliminating the "office of planned giving" entirely. What? Actually, this allows for several important opportunities throughout the fundraising operation that maximize the integration of the message across the philanthropy team. The key element to success using the plannual-giving model is the consolidation and amplification of two very different types of communication: broad-based communication (wide audience) and specific communication (direct to one household).

A current planned-giving officer can become a major- and planned-giving officer (or another similar title). Since the majority of all planned gifts comes from simple wills and living trusts, the need for a team of "planned-giving tacticians/experts" at most organizations has diminished. Appropriate legal counsel on retainer or on contract can assist with more complex gift instruments. In fact, the entire major-gift team could hold titles that include planned giving or something to that effect, eliminating the current organizational silos between planned and major giving many organizations now face. The major- and planned-gift officers should be motivated via metrics to ask for blended gifts. Specific communication is what the major- and planned-giving team does on a daily basis, looking to find the critical intersect between donor interest and institutional priority. The work of managing a portfolio of major- and planned-gift prospects is successfully achieved only on a one-by-one basis.

With the plannual-giving model, the broad marketing efforts that previously fell within the planned-giving operation now move to the annual giving team—the broad communications experts in the philanthropy operation—and the effort can begin to integrate the messages of annual and planned giving. Broad-based communication has been the focus for annual-giving efforts for generations and can be described as widely framed efforts to reach the largest number of constituents possible. While modern technology has allowed for increases in personalization (e.g., variable printing, personal URLs, etc.), this effort still can be characterized as "mass marketing." Its purpose is to reach a large set of households, and success is usually measured in percentages of return, with a 1–2 percent return/capture rate often considered a success.

The strategic goal of all broad-based marketing in the plannual-giving model is the development of sustainable

lead generation and message penetration to the greatest possible number of constituents, particularly those who sometimes are missed by the usual major-gift qualification factors.

An important element of the transition to a plannual-giving model is that training—both specific and broad—must take place across all fundraising staff so that everyone is able to comfortably and accurately discuss planned-giving opportunities within their outreach. To add the requirement to solicit planned gifts without providing context and training inevitably will lead to both poorly structured planned gifts and a hesitancy to solicit the gifts.

For its transition to planned giving, the University of Redlands (**www.redlands.edu**) in Redlands, Calif., began offering planned-giving webinars to all development staff and supported individual training efforts to gain better mastery of planned-giving tools via the Certified Specialist in Planned Giving course at California State University, Long Beach. In addition, there was more open discussion about the planned gifts that were made, including what indicators made the prospect a good candidate, the flow of the discussion for the gift and the process of actually documenting or securing the gift.

You can take this integration one step further by systematically using the annual/special/ultimate gift solicitation model described in *The Artful Journey* by William Sturtevant (Institutions Press, second edition, 2004). Following this model (see Figure 1), all silos of traditional development offices are rejected and replaced by a single philanthropic relationship manager who works with the donor/prospect on his or her annual support (X), a potential major gift (10 to 20 times X) and his or her eventual ultimate gift (100 or more times X). When this model is fully functional, any trained member of the development team is able to work with a donor through his or her entire lifetime of support, dramatically broadening the potential support of the individual donor and simultaneously increasing the depth of the development/philanthropy team for long-term success.

Figure 1. University of Redlands Comprehensive Sustainable Fundraising Framework

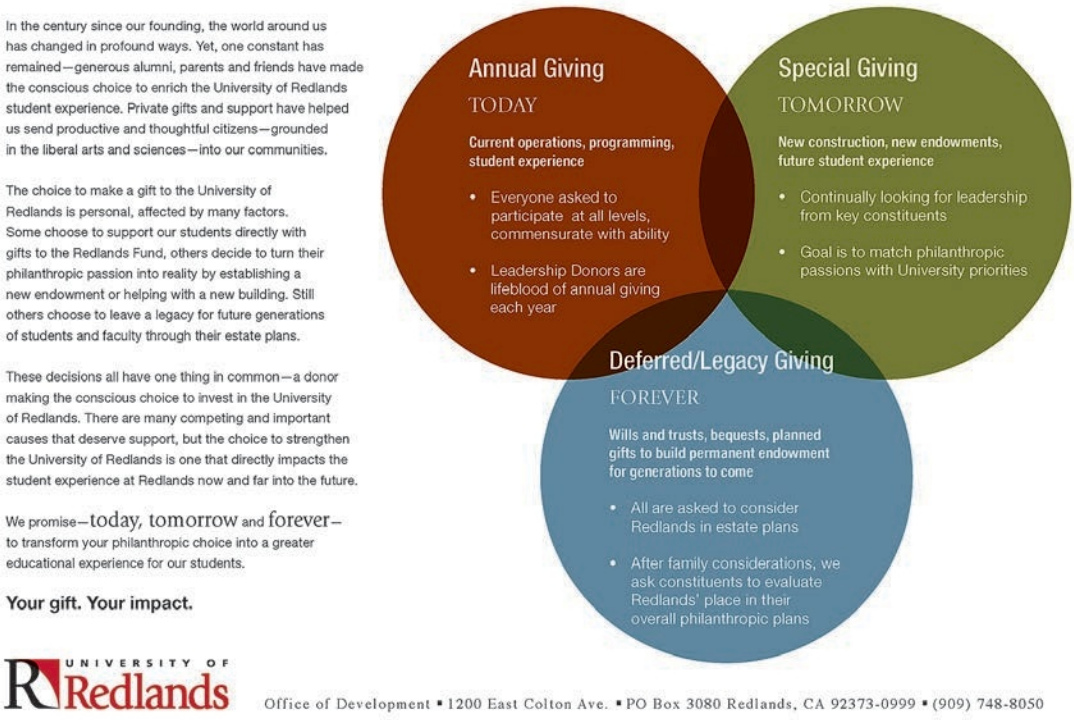
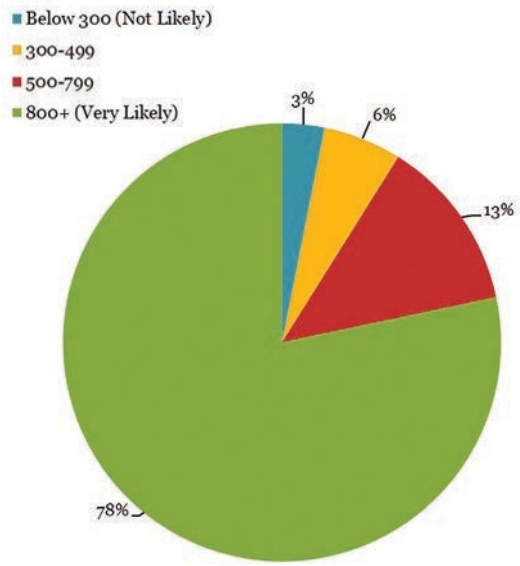


Figure 2. Overlap of Annual-Fund Donors and Most Likely Bequest Donors



The Link Between Best Practices in Annual-Giving and Planned-Giving Success

Annual-giving offices are essentially marketing departments focused on acquiring, retaining and upgrading prospects. Given the call for annual-giving teams to solicit unrestricted current funds on an ongoing and increasing basis, best practices have been identified that help offices prioritize activities when resources—time, budget, staff—may be limited. Many of these best practices have distinct ways to tie to planned-giving success, given a clear understanding of the relationship.

Consecutive-year donor societies. A common annual-giving best practice to increase donor retention is to create a consecutive-year donor society. These societies recognize individuals who renew their support of an organization for multiple years (usually between three and five years). This recognition may be employed through notation in honor rolls or name badges, targeted solicitation communications and specific stewardship activities.

At the University of Redlands (U of R), a prospecting process revealed that the most likely annual-fund donors (those who are the most consistent annual-fund donors) had a 78 percent overlap with the most likely bequest donors and a 61 percent overlap with the most likely annuity donors. (See Figure 2.) This apparent link between consecutive years of gifts and eventual planned gifts is a key area of synergy within the plannual-giving model. As targeted solicitations are sent to these donors, planned-giving opportunities also can be highlighted.

At the University of Redlands, donor testimonials have traditionally been used to encourage repeat and increased giving, and steps now have been taken to ensure that those testimonials include language about planned-giving opportunities as well. This helps introduce and normalize planned-giving language with donors so that, when gift officers begin personal conversations, these topics are not foreign to potential donors. To illustrate, here is an example of a testimonial used in a recent solicitation segment for consistent donors that helps encourage both consecutive giving and planned giving: "In 2000, I made a great decision. I set up a charitable remainder trust that provides lifetime income for me and my wife. It also supports Redlands. Since then, I've continued to support U of R as a President's Circle donor and volunteer because Redlands provides many personal and intellectual growth opportunities for students."

This required no extra budget to incorporate the language and took no additional staff time, but it did require a mindset within the annual-giving team to ask questions when soliciting the testimonial about the donor's entire giving philosophy and history.

Reunion giving. For colleges and universities, a reunion giving program is a key tactic in all areas of philanthropy. By approaching reunion giving with a plannual-giving mindset, the emphasis moves to capturing the imagination of the donors with a focus on the types of transformational gifts only asset-based gifts can allow. In the traditional model, older alumni who are celebrating a reunion most likely would have received planned-giving pieces in addition to reunion solicitation, with little mention of how these gifts could help support their class reunion gift. Within the plannual-giving framework, reunion gift letters now discuss how making a blended gift that includes an annual component and an estate component can help the class reach new records and celebrate their support. This also allows a natural avenue for training reunion volunteers (who are often recruited as a cultivation strategy by gift officers) to understand how planned gifts can meet their classmates' needs and desires related to philanthropy. By broadly marketing all reunion-giving opportunities using this model, the reunion class gift

checks are larger, and, more importantly, the donors are receiving the message of philanthropy through the filter of the largest and most meaningful gifts possible.

Storytelling. Current annual-giving best practices prescribe the use of storytelling about the impact donors can have on an organization as the primary way to convert nondonors into donors. While planned giving also utilizes storytelling, it has been used to tell the stories about how it can meet a donor's needs, with impact as an afterthought. This type of storytelling can actually distance potential donors by making the language technical and failing to really connect with why those particular people would give to a particular organization.

At Redlands, using the plannual-giving mindset in partnership with a consulting firm, a newsletter was developed that paired planned-giving-specific stories ("Which gift is right for you?" and "Remember Redlands in Your Will or Trust") with the storytelling of annual giving (reunion giving—both to the annual fund and through planned vehicles—and a profile of a graduating student who had benefited from the generosity of those who had come before). This newsletter was paired with a "2-minute questionnaire" reply device that blended a survey about planned-giving topics with an annual-giving call to action and envelope to return the survey and potentially a gift. This proved to be the most successful planned-giving-themed appeal yet, with five times the normal response received from a piece focusing solely on planned giving. It produced truly actionable leads that otherwise would have been unlikely to materialize. In fact, nine of the respondents who shared that they had already included the university in their gift plans had not previously been assigned to a gift officer, and they most likely would have gone unnoticed. Furthermore, it was the first time that a planned-giving-themed piece also resulted in gifts to the annual fund. The same vendor and populations were in place for this mailing and the previous mailings. The change was in the plannual-giving approach to combining the storytelling about impact with the storytelling about vehicles.

Conclusions

No matter the size of your organization or the structural changes you may consider, the integration of annual-giving marketing tactics with the specifics of planned-giving lead generation is a value-adding proposition for an organization. More importantly, this plannual-giving approach will lead to more opportunities for constituents

to make meaningful gifts to further the mission of your institution. By removing, or at least minimizing, functional silos, major- and planned-gift officers will have more leads to follow and, subsequently, more gifts to construct for the mutual good of the donor and the organization.

Note: This article was inspired by the presentation "'Plannual Giving': A New Framework for Marketing Planned Gifts" given by Patience Boudreaux and Ray Watts, CFRE, at the National Conference on Philanthropic Planning of the Partnership for Philanthropic Planning (**www.pppnet.org**), Oct. 14–16, 2014, in Anaheim, Calif.

Patience Boudreaux, CSPG, is director of major gifts and Ray Watts, CFRE, CSPG, is associate vice president for development at the University of Redlands (www.redlands.edu) in Redlands, Calif.

A Good Connection

By Amy Towery, MNA, CFRE

How would you describe your communications efforts? Occasional, tried-and-true or somewhere in between? Many organizations, both large and small, treat message development and communications as a buckshot endeavor, peppering pellets of organizational information in hopes that they hit something (the news, social media, newspaper, etc.) or someone (donor, volunteer, staff member) in the right way at the right time, all in order to raise more resources to advance the mission. Sound familiar? There is a better way.

If you have so much support for your organization that you do not need another donor or another dollar to advance your mission, then please skip ahead to page 62. If, on the other hand, you see the need to strategically define your message, your desired outcomes and your audiences in order to build consensus, effectively train and lead your volunteers and staff, identify resources and evaluate your impact, then keep reading!

MARAVILLAS DELGADO/ILLUSTRATION SOURCE

Define the Nuts and Bolts

Simply put, strategic message development is the process of planning how and to whom you will tell the story of your organization. At its core, a strategic message is both calculated and comprehensive. The plan examines your organizational messages, the audience(s) you intend to influence, the method of delivery and your strategy to put it into action. The value of strategic messaging and communications for your organization

- **sets apart** your organization from what others are doing,
- **tells your story** and tells it well,
- enables consistent messaging across all communication channels,
- **builds** support for your organization, allowing achievement of goals, and
- **reinforces** awareness of your organization and fortifies your brand.

In a world where you are bombarded with images, sounds and words filling literally every second of your waking day, setting the message of your organization apart from the rest can appear to be a daunting challenge. However, you cannot afford not to. The ultimate goal of developing your strategic message is to outline how you, your staff and your volunteers will intentionally build connections and relationships that will drive your mission and growth.

Understand the Importance of Investing the Time in Planning

You cannot underestimate the importance of a strategic message that will allow you to connect with and engage key supporters while simultaneously building a foundation for delivering your organization's in-depth information. In your shop, undoubtedly there is more work to do in a day than humanly possible, not enough hands on deck to make it happen and insufficient money in the bank from enough dedicated donors to achieve the things you know your organization is capable of achieving. So, why should you take the time to slow down and plan? Because you cannot build the kennel when you are always chasing the dogs. In other words, if you never stop and take the time to plan—to really evaluate where your organization is and the assets available (both people and resources) and plot the course for the future—you will likely never be satisfied with the results you achieve.

Without a doubt, it is much easier to keep plugging along with hodgepodge communications than it is to sit down and define your message, your audiences and a comprehensive strategy for communicating. Creating a strategic messaging and communications plan and following through on it involves considerable work. The process takes dedication, energy and a great deal of enthusiasm to achieve great results.

After all, there is a lot at stake. Think about the people who depend on the services your organization provides: the homeless people who need meals, the children who need safe shelter, the students who need scholarships and the animals that need to be rescued. They are the reason you should implement a successful communications plan that will drive alignment and move your organization forward.

Obtain Buy-In From Leadership

The process of planning and defining is nothing more than just a process if you do not have the leadership at your organization to put the plan into action. Buy-in from the top rung of the ladder is necessary for success. If you do not have that support yet, rally it. And keep rallying it until you get it, even though it is difficult to wait and exhausting to keep pushing. One of the most discouraging things you can do to yourself and volunteers you involve in the process is invest time and energy into this without buy-in from the top. Creating a wonderfully thought-out plan to draw in supporters and tell your organizational story is nothing but words on paper if you do not have the leadership to help execute. Get the buy-in first.

If you are a board member or community volunteer and you invest your time, talent and treasure with an organization that has not yet invested time in creating a strategic messaging and communications plan, rally it to do so. Let the idea start with you, and advocate for this necessary process to further your mission and reach.

If you are an executive director, president or CEO, it is critical that you understand and appreciate the value in this process and the final product. It will take significant time and energy, but it will be completely worthwhile. As a leader, you are not in the shadows. Your staff members, volunteers, supporters and prospective supporters are all looking to you to manage, motivate and move your organization forward. Do not let them down.

Put Pen to Paper

By now, you are convinced of *why* this planning process is important. However, do not stop now. Grab a pen and paper (or type on a computer), and put some thought into this.

Consider the following:

- What is my organization trying to accomplish right now? Why?
- What is the most important issue for my organization now? Why?
- What is my organization working toward in the next 30, 60, 90 or 120 days?

Next, gather together organizational leadership, staff members, key volunteers and stakeholders, and share what you have written. You have just identified your goals and why they are important to your organization. Now ask people close to your mission to do the same. Look for the common threads, appoint someone to take notes, combine your responses and search for consensus.

Allow plenty of time for this process. This is not something that should be done over lunch one day or as the last agenda item at a meeting that is already running long. Set aside time specifically for this discussion. Get the right people in the room and at the table—whatever the "right" group looks like at your organization. That may mean the executive director, six staff members and 10 board members, or it may mean you and a volunteer. Whatever it may be at your organization, make it happen. Writing down your goals and discussing them accomplishes two things: It begins the dialogue, and it becomes a commitment.

You can think things and say the things you wish your organization had or could do, but something clicks in everyone when those ideas and goals are actually written down. This step is critical and will provide the foundation for the rest of the process. Give this step and the dialogue surrounding it the time they deserve.

Next, determine where you are on the continuum or your starting point. First, however, it is extremely important to measure what you have accomplished so far. Just like any other part of the process, this will look extremely different from organization to organization and person to person. Every organization, whether it started 150 years ago or last week, is working to accomplish something, or it would not be in business. Review your responses, and then go one step further by answering this question: How effective have you been thus far at accomplishing these goals? Why?

You cannot start the process until you give some thought to where you want to end up. Stephen R. Covey, a noted American businessman, educator and successful au-

thor, defined this idea of "beginning with the end in mind" in his book *The 7 Habits of Highly Effective People*. Covey's principle of beginning by envisioning where we ultimately want to end is exactly where we must start. Do not underestimate the importance of this step.

Set Achievable Goals

It is important to consider what tangible outcomes you would like to achieve through your marketing and communications strategies to show progress toward your goal. For example,

- What are you hoping this communications strategy will achieve toward this goal? Specifically, what change will you be able to see?
- In what ways will you measure these outcomes to ensure progress toward this goal?

In 1981, George T. Doran coined the mnemonic guide "S.M.A.R.T." to help individuals write effective goals. His guide is as good now as it was then. As you define your strategic messaging and communications plan for your organization, it is important to make sure your goals are specific, measurable, attainable, relevant and timely. Complete these phrases:

1. **Specific.** Our intended outcome is …
2. **Measurable.** To reach our intended outcome, we need
   - to raise (think money and other resources)
   - to help (think number of clients, community condition, etc.)
   - by (what date, timeline)
3. **Attainable.** We will accomplish this goal by implementing ...
4. **Relevant.** What we are trying to do is relevant
   - to our clients because …
   - to our volunteers because …
   - to our donors because …
   - to our prospective donors because …
   - to our community because …

   and we are the right organization to be tackling this issue at this time because …
5. **Timely.** We can achieve this goal by (timeline) …
   - In 30 days, we will have accomplished …
   - In 60 days, we will have accomplished …
   - In 90 days, we will have accomplished …
   - In 120 days, we will have accomplished …

Identify Your Audience and Craft Your Message

How will you identify your audiences, and how will you craft your messages? This step is often overlooked when it comes to planning. Too often, marketers take a one-size-fits-all approach and throw their message out in the same format to every audience. Taking the time to define *whom* you are trying to reach and *how* you are trying to reach them is just as important as defining *why* you are reaching out in the first place. Each audience will relate to different marketing approaches in a different manner. For example, asking donors who are 75 and older to engage with your organization by scanning a QR code is likely not the way to go. Similarly, asking 18–22-year-olds to respond to a direct-mail piece is probably not the best way to draw them in. Recently, there was an article in a magazine that stated that a 20-year-old tweeted that she wanted to receive direct mail because it was "fun to get mail." Whether or not she was moved to respond is a different matter altogether. The point is this: Whom you are talking to is just as important as how (i.e., in what ways) you talk to them. So, ask yourself these questions:

1. Who are the key stakeholders in the goal(s) I have outlined? (Try to make this an exhaustive list.)
2. Who will benefit most?
3. Who has a vested interest in my organization achieving this goal?
4. Who makes decisions about this issue?

Next, review the list you have combined above, and put a star next to any group or person on the list who needs to be won over in order for you to be successful in reaching your goal. Those groups with a star next to them become your primary audience for your marketing and communications initiatives. Those without a star are your secondary audience.

The successful engagement of the primary audience determines the level of success you will achieve toward your goal. It is important to not only think about the benefits of getting this key group on board but to also identify what possible barriers exist that will prevent you from reaching your goal.

Now that you know who your primary and secondary audiences are, ask yourself:

- What does this audience know about my organization? What are their attitudes/behaviors/expectations related to our goal?

- What are the benefits for and barriers to this group's fully embracing or participating in reaching our goal? (Make a list of benefits and barriers.)
- What are the general characteristics of my primary audience?
- Is there a general demographic consistent in this audience group (e.g., age, gender, income level, language, etc.)?
- What or who will make new information credible in the eyes of my primary audience? Who or what influences them?
- What will motivate this group to take action?

Now Use It!

What you have just taken the time to do can completely change your communications platform *if you use it*. How many organizations have spent unmentionable amounts of money on consultants to gain consensus and produce plans, only to file them neatly in a three-ring binder on a bookshelf in the CEO's office? Use what you have started, and incorporate it into your regular board and staff retreats. Refine it. Update it as the needs of your organization change, and never let it get dusty.

Amy Towery, MNA, CFRE, is director of advancement at The Out-of-Door Academy in Sarasota, Fla., and can be reached at atowery@oda.edu.

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The Kingston Trio: Three Strategies to Transform Your Benefit Auction

By Kathy Kingston, CAI, BAS

VANCE VASU/ILLUSTRATION SOURCE

"My past is *not* who I am," Madison began. Sixteen years old, she had never stood in front of such a large crowd, let alone given her own spoken-word performance. Her eyes flew from sequins to bow ties as she cleared her throat and continued. "My family and friends remind me of this. The family I have found at the Boys and Girls Club has given me a greater opportunity to show what I can do."

Speaking with confidence and impact, Madison was doing everything she had practiced during the speaker coaching session. This was her true story, and the audience was riveted. "What I was born to do, what I am doing—that is what defines me," she continued. "I define me."

By now, the auction guests were on their feet, applauding in a burst, then quieting to hear Madison's next words. "And no one, not my past, not my actions, nothing but myself, can show you the real me like *me*."

The air vibrated with emotion. Before that moment could fade, everyone in the audience was invited to generously support the Boys and Girls Club of Greater Lowell by raising their bidder card at a level meaningful to them. The strategy of beginning with a $10,000 leadership gift in hand inspired others as gifts at each giving level were invited. The applause built to a crescendo, and when the incentive matching gift for every $100 contribution was announced, instantly 75 bidder cards were waved in support!

That night, the auction raised more than $60,000 in 10 minutes.

The lesson? A first-person story will always trump a video or a boring talking head spewing statistics and program data. Why? Because when you communicate the impact of a donor's gift at the right moment, you show those in your audience the difference they can make, and you inspire real generosity. This is the power of the "Fund a Need" appeal, which is the very best way to make sure you do not leave money in the room.

A successful Fund a Need has three key elements:

- a true, compelling Fund a Need story;
- a lead gift, already secured; and
- an incentive match.

If you have all three, your Fund a Need can be the most important philanthropic moment of your event.

Instead of relying on a live or silent auction's competitive bidding, the Fund a Need is all about collaborative giving. To create that willingness to collaborate, it uses one of the most powerful forms of communication there is: the story.

When you empathize with someone in a story, your brain releases oxytocin, nicknamed "the tenderness molecule." A sad story triggers a release of cortisone, a stress hormone that deepens and sharpens your attention. When

a story makes you think about your own experience, you use the insula, the part of your brain that deals with morals and metaphors. At that point, you are wide open, engaged and ready to respond.

Neuroeconomist Paul J. Zak, a professor at Claremont Graduate University in Claremont, Calif., offered to pay students to participate in an experiment. After a story about a father battling brain cancer, their oxytocin levels shot up. So did their willingness to donate their payment to charity.

Author Jill McCorkle, one of the guest hosts for Mount Auburn Hospital's benefit auction, along with her bestselling colleagues Alice Hoffman, Amy Tan and Andre Dubus III, whispered nervously to me on stage, "I sure hope this brings at least a few hundred dollars." For her unique live auction item, McCorkle was offering to name a character in her next novel after the winning bidder.

"We are about to do something amazing," I told the crowd. "It's really not about what you get at this auction. It's about how much you can give to change a person's life. Your generous bidding will raise funds for the hospital's breast cancer center, where lives are saved every day."

The paddles went up fast, and after some high-spirited auction action, two final bidders emerged: a dashing, silver-haired gentleman standing in the back and a reserved but determined young woman at a front table. Both had caught the bidding fever, and the numbers soared past $1,000, "now $1,500, I hear $2,000, up to $2,500, flying to $3,000." McCorkle applauded each raise of the paddle along with the other guests, who were fascinated by the bidding volley. Suddenly, the gentleman strode up to the stage, pointed to the young woman bidder and promised McCorkle, "I'll give you $4,000 if I can have an affair with her in your next novel."

McCorkle hesitated. "For the hospital?" I asked, and she nodded yes. The crowd roared with delight as, with the author's dazed blessing, I sold not one but two character names, doubling profit for the breast cancer center.

Here are the lessons: Remember to double the auction item whenever you can. Keep the focus on why you are there. Don't just sell auction items. Sell the mission. Create momentum, letting the pace build to a dramatic moment. Keep both the donors and the rest of the audience engaged and excited until the end.

A benefit auction is a lot of work, so why do it at all? Because it is one of the most powerful catalysts for identifying new donors, engaging audiences, raising funds, having fun and increasing supporter participation across many levels and keeping it going year after year.

Even more important, a benefit auction is a golden opportunity to connect your supporters to what they love most. You can show your guests exactly how their gifts will help transform the cause about which they are so passionate. You can give them fresh reasons to care, deeply, about that cause. And you can make sure it stays meaningful for them.

Development professionals, volunteers, board members and auctioneers already hold this golden key in their hands. The trick is using a benefit auction or a Fund a Need in a way that is compelling enough to engage your donors and transform your fundraising.

The Sonoma Harvest Wine Auction (**http://sonomawinecountryweekend.com/events/sonoma harvest-wine-auction**) always sells out at 600 guests. Therefore, the challenge was how to increase income without adding guests. Besides throwing an amazing party, the event needed to focus on audience development by engaging the local vintners and growers to do what they do best: cultivate.

Granted, this called for growing donors, not grapes. However, with strategic planning, they invited the right new supporters and curated a high-profit, live-auction item hand-picked for the bidders at their tables.

The Sonoma team more than doubled the previous year's profits. And the following year, they shattered their record again, raising almost three times as much—more than $4 million. In two years, they had gone from $700,000 to $4 million.

At the heart of this phenomenal success was the "Vintner Champion" program, providing customized workshops to the vintners, board members and community leaders, teaching them about audience development and how to cultivate donors before, during and after the event.

In addition, a well-known vintner was seated at each table. Not only did the vintners showcase and pour their finest wines but they also personally selected and invited each person at their table. They spoke with each guest weeks before the auction, explaining why the proceeds mattered so much. Live bidding would benefit more than 80 Sonoma charities, and the *Fund the Future* would support children's literacy.

In 2015, *Wine Spectator* magazine ranked the Sonoma Harvest Wine Auction in the top three charity wine auctions in the United States.

How can you make this magic happen at your auction? It requires strategy, preparation and, most of all, a shift in thinking. You have to start thinking like a philanthropist—and that means thinking like your donors.

Remember, people do not give to needy organizations. They give to lofty causes that can make a difference. Strategically designed, benefit auctions are the perfect way to ignite that generosity.

In traditional fundraising, an auction is a one-time event, transactional, and it raises a set amount, and then you can breathe again until the following year. With the philanthropy model, your auction is not an ordeal to grind through, and it is not just an exercise in friend-raising, either. Your strategic benefit auction or special event is a gateway to year-round, long-term donor development. That is why it raises so much more money. It keeps your donors connected to you year-round, year after year, in ways that are deeply meaningful.

Many nonprofit organizations lose as many as 40 to 70 percent of their donors every year. If you were running a business and lost that many customers, you would be out of business. For a nonprofit, the cost is even higher: all the lives that could have been changed.

So, instead of simply "doing" an auction and crossing your fingers, shift your paradigm. Strategize in a new way about your goals and your methods, and create a more purposeful, donor-focused culture of giving. Auctions can be a springboard for greater fundraising opportunities and long-term donor engagement.

Sonoma's lesson illustrates the Philanthropy Model of Fundraising Auctions, and that is how the Sonoma team shattered its fundraising record by nearly 600 percent in just two years. Even more important, through the Sonoma Harvest Wine Auction, the community was invigorated to champion local charities and to fight for children's literacy.

By my conservative guess, there are more than 100,000 annual fundraiser galas and auctions in the United States alone, conducted by nonprofits, schools and charitable organizations. That means there are more than 1 million people every year investing an inordinate amount of time, effort and money in a gala or auction. Yet, most of them are terrified to ask for anyone else's time, effort and money. Or sponsorship. Or network of connections. Or ideas. As a result, many of these special events and auctions are not that successful. In some cases, they barely cover their expenses, and only a handful ever reach their true philanthropic potential.

Why? Many organizations continue to use outdated approaches. Fun-raising parties are out. Philanthropic giving is in. People *want* to give to causes they care about, and they want to see and feel the impact of their gift. This is the heart of fundraising in the new economy, and it is sustainable because it is donor-focused.

Remember these "five pillars of strategic benefit auctions":

1. Find out what matters most to your supporters.
2. Invite your supporters in.
3. Inspire your supporters to fall in love with you.
4. Give them reasons to stay in love with you.
5. Invest in what counts, and ignore the rest.

When you are using special events and benefit auctions to raise money, it is important to realize that you are not in the event business, you are not in the auction business and you are not in the party business. You are in the *relationship* business. This is the paradigm shift that moves you from a mentality of "People are just coming to our auction to buy some items" to "Our guests are really getting involved by coming to an amazing event where they become more deeply invested in our mission and determined to stay connected to us and help with the work that we're doing."

Remember, people do not give to needy organizations. They give to lofty causes that can make a difference. Strategically designed, benefit auctions are the perfect way to ignite that generosity.

Kathy Kingston, CAI, BAS, a professional auctioneer and consultant, founded Kingston Auction Company (www.kingstonauction.com) in Hampton, N.H., almost 30 years ago. She is the author of A Higher Bid: How to Transform Special Event Fundraising with Strategic Benefit Auctions *(AFP Fund Development Series) (Jossey-Bass, 2015). For a free excerpt from her book, email kathy@kingstonauction.com.*

Mission Accomplished

By Anne (Coyle) Melanson, BPR, CFRE

For any university, 40 years is a long time to wait for a new academic building. On Friday, May 29, 2015, Mount Saint Vincent University (**www.msvu.ca**) in Halifax, Nova Scotia, officially opened its new Margaret McCain Centre for Teaching, Learning and Research. It was a celebration worthy of the monumental accomplishment it represented.

For a small campus community where some departments had been housed in temporary facilities for more than 30 years, the addition of almost 50,000 square feet of new, state-of-the-art academic space spread over four floors represented a watershed moment in the advancement of the school. And for those closest to the university, the long-awaited day was made that much sweeter because of how the new building came about.

"The Mount," as the university is affectionately known, is a primarily undergraduate, liberal arts university. The Sisters of Charity (Roman Catholic) founded Mount Saint Vincent 140 years ago as a school for girls, at a time when educational opportunities for women and girls were hard to come by. It has grown to become a widely respected university that has retained a primary focus on the education and advancement of women.

It seems so simple, so obvious and so fitting now that the Mount's new Margaret McCain Centre for Teaching, Learning and Research would become the first on any university campus in Canada devoted entirely to recognizing women. However, in 2011, when the plans for a new academic building's design, and the corresponding requisite fundraising campaign, were once again on the table after a decade of false starts, the idea seemed, well, a little revolutionary.

The Hon. Margaret Norrie McCain (left) cuts the ribbon with Dr. Ramona Lumpkin, president and vice chancellor of Mount Saint Vincent University.

PHOTO CREDIT: DEAN CASAVECHIA (WWW.DEANCASAVECHIA.COM)

A New Direction

As 2010 came to a close, fundraising for the Mount's new academic building had been ongoing for almost a decade and had spanned two prior university presidential terms. Efforts to raise the $12 million in private-sector capital funds needed to build an $18 million facility had been part of the university's previous comprehensive campaign—one that realized its major successes in finding support for scholarships and an academic chair rather than for bricks and mortar.

Efforts to raise the $12 million in private-sector capital funds needed to build an $18 million facility had been part of the university's previous comprehensive campaign—one that **realized its major successes in finding support for scholarships and an academic chair rather than for bricks and mortar**.

ProjectTWENTY12 Campaign Challenges and Solutions

Challenges:

- Small advancement shop
- Unsuccessful prior efforts
- Modest major-gift history
- Volunteer fatigue

Solutions:

- Hands-on presidential and senior staff management
- Creative "tribute" donor recognition
- Visionary case that elevates beyond bricks and mortar
- Nontraditional use of volunteers
- Widely accessible gift levels

"There was some doubt this new building would ever come to fruition," observes Anne Thibodeau, manager of development at Mount Saint Vincent University. "There was volunteer fatigue from all the [previous campaign's] stops and starts."

The university faced the added challenge of raising large gifts without the benefit of a strong tradition of major-gift fundraising. The institution's niche strength—its women-focused research and teaching agendas and largely female donor base—had long been considered by many as vulnerabilities in major-gift fundraising, where normally well-heeled alumni and well-placed corporate friends are relied upon to "give and get" major, example-setting donations. While the Mount offers a broad array of programs in professional studies, traditional arts and sciences and applied research, its historic focus has been academic preparation designed to have social impact. "And Mount donors prefer donating to scholarships," adds Dr. Ramona Lumpkin, president and vice chancellor of Mount Saint Vincent University.

A New Campaign Strategy

At the outset of 2011, the university went back to the drawing board to conceive a fundraising plan and building design that, taken together, would reflect the school's commitment to the advancement of women. *ProjectTWENTY12* was launched in the spring as a single-purpose campaign to raise $12 million for an entirely re-imaged building in a publicly communicated, highly ambitious, 20-month timeframe.

Rather than recruiting a single campaign cabinet, the university enlisted and organized volunteers according to their respective areas of interest. More than 50 fundraising volunteers were mobilized and deployed in four fundraising task-force committees, one for each of the four major academic program areas to be housed in the new facility: business and tourism, communications and public relations, women's studies and a center on aging.

"We departed from the usual practice," Lumpkin says, noting that the university's approach was a more broad-based, grassroots, "bottom-up" volunteer engagement strategy than is typical of most capital campaigns.

Central to the strategy was the idea that the new facility would have a dual purpose: academic facilities that also could serve as a living monument to the accomplishments of women. Donors were asked to make tribute gifts to honor women from all walks of life and take advantage of an array of permanent recognition installations throughout the building (as well as online), even at relatively modest gift levels.

In designing an entire facility focused on celebrating women, the university made a conscious decision to honor, rather than turn away from, its tradition of women-focused education. This turned a perceived historic fundraising weakness into a decided strength. The new facility would not only provide critically needed teaching and research space but also immerse students, staff and visitors in an environment where, quietly, women's roles and accomplishments would surround them on a daily basis.

"It was an opportunity to connect the building to the Mount's mission of advancing women," Lumpkin says. "This opened new categories of donors for us, donors who were interested in this particular angle but who otherwise wouldn't have been interested in just another building on just another university campus."

Nevertheless, there were obvious, major questions: "Will people get it?" "Will they understand what we want to do and why it's important?" And, notably, "Will donors support it?"

Support it they did. Backed and aided by her impassioned team of fundraising volunteers, Lumpkin hit the road to share the plan with corporate Canada, alumnae and prospective donors.

Across the board, donors were asked to fund spaces paying tribute to women in a variety of ways.

Visitors enjoy the tributes on the exterior Women's Wall of Honor.

The opening of the Margaret McCain Centre for Teaching, Learning and Research.

The university encouraged corporate and individual donations to underwrite a unique installation honoring *Inspiring Women* in the building's main atrium. (This program had an initial target of 12 sponsored honorees, but it grew to 18 because of demand.) Furthermore, an exterior *Women's Wall of Honor* invited all members of the community to sponsor a woman's name on a permanent tile for a relatively modest donation.

In a relatively short time, Canadian philanthropist the Hon. Margaret Norrie McCain committed $2.5 million to the effort, the largest single gift in the university's history. She readily admits that the building's larger vision inspired her to step forward with the campaign's lead gift. "I am convinced that everyone in the university family, as well as the broader community, will be both educated and inspired by the new building and that a greater understanding will be nurtured on the role that women have played, and will continue to play, in the community, academia, the professions, the arts and public life," she said when her gift was announced in 2012.

The View From the Finish Line

The weeks of (relative) quiet following the building's ribbon-cutting gave the university's leadership team time to evaluate how, in the end, they achieved such incredible success: raising more than $12.5 million in 20 months. "We had a visionary, disciplined consulting firm, strong buy-in from volunteers and the campus community and a unique approach and position in the market," Lumpkin says.

As a development manager working in a small shop, Thibodeau credits her president for the success, who she says is a consummate relationship builder and fundraiser who provides strong, hands-on leadership when it counts.

On reflection, perhaps the Mount's success was inevitable. Brian Jessop, vice president (administration) at the university, suggests that perhaps they should have felt more confident from the start. "Designing the campaign plan was critical and crucial to our success," he says. "The identification and honoring of women was an excellent strategy for us. The alignment with our mission and vision really connected with people at all levels of giving. Perhaps doing that sooner with consultants' support could have assisted with earlier success. But, in the end, everything came together."

On May 29, 2015, and during the critical 20 months of the *ProjectTWENTY12* campaign, the Mount's donors and champions gathered around a project in which they fervently believed, one firmly rooted in the university's history and ethos and whose time had come. Their success showcases the true power of inspired ideas while highlighting women who inspire. Mission accomplished.

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Retention Research: The Art of Keeping What You Find

By Lori Hood Lawson and David M. Lawson

Instinctively, people love discovering new things. Whether it is a restaurant or a planet, there is something hard-wired in everyone to want to find the next thing. For nonprofits, this translates into wanting to acquire new donors, often at the expense of keeping the ones they already have.

An organization's focus on acquisition serves it well initially, as the primary need is building a donor pool. Unfortunately, over time, this acquisition-centered thinking creates a transactional culture that does not support long-term donor retention. One does not have to look far for evidence, as article after article and study after study have shown retention rates falling dramatically. The situation is so bad that news of a slight uptick in donor retention rates has been cause for celebration, when in fact it just means that the bleeding is a little slower.

IMAGEZOO/ILLUSTRATION SOURCE

For the fundraising information professional at a large organization or a development officer who also does prospect research, discovery brings a special joy. Sharing the next Bill Gates or Sarah Blakely with one's team is not unlike a gold prospector showing off the nugget found after years of digging. The smiles on everyone's faces reinforce the mistaken belief that as long as the mining continues, everything will be OK.

However, everything is not OK. The cost of acquisition has skyrocketed, while the results of such efforts have plummeted. Competition is fierce, with more and more organizations competing for the same philanthropic dollar. Just as in every other industry, loyalty is, if not dead, then on life support. Consumers are trading in one charity for another the same way they switch from one "new and improved" product to another "newer and even more improved" item.

There is no shortage of answers to the donor-retention problem. Sending a timely thank-you is a favorite, and it addresses what is often the No. 1 reason people cite for not giving again: Their gift was never acknowledged. The second-most-cited reason for donors' stopping their giving is that they do not know what was done with their donation. So, recent retention solutions emphasize sharing stories about impact.

Where does research fit into this mix? Usually, information professionals do not send the thank-you letter or write the impact stories. Unless they work in a smaller organization, they generally do not interact directly with donors. Consequently, they can feel powerless to affect the long-term relationship their prospect identification efforts helped to begin.

Actually, information professionals at organizations of any size have an equally important role to play in donor retention. To see it, you will need to turn off (or at least turn down) your zeal to find the next big prospect and instead turn your attention to rediscovering the donors who were once your organization's shiny new prospects.

Start with the basics. Poor data quality undermines donor retention in many ways: misspellings, wrong addresses, duplicates and incorrect giving totals are just a few of the reasons a promising new donor leaves an organization. The next time your organization undertakes a National Change of Address scrub, prepare a report of the value of the people whose addresses have changed. Do the same with a file analysis looking for stray characters, such as "#" and "%," and you will get a glimpse of what your donors see on their envelopes. Look at the retention rate for records with poor quality contact information versus the overall population. That will get leadership thinking.

As more organizations adopt a true multichannel fundraising model, they are exponentially increasing the number of touchpoints with donors. While this can initially lead to increased revenue, it is also fracturing relationships as an organization's donors receive more and more communications. All the direct mail, email, events, tweets and status updates and in-person messages are overwhelming, and when the messages are not well-coordinated, they confuse donors.

Pulling all of this together is critical. Successful organizations must be able to see not only how each channel is

performing but also how donors are behaving across channels. The ultimate goal is to know the value of every communication sent to every donor. This will bridge the gap between a donor's understanding of his or her relationship with your organization and the organization's perception of that relationship, which is too often limited to channel silos. The gap between a donor's understanding and an organization's perception is where you can find many of your former donors.

Imagine knowing as much about your organization's relationship with a donor as each donor knows about his or her relationship with your nonprofit. Do you (easily) know if someone is a volunteer, event attendee, online donor, direct-mail donor, a follower on Twitter and a frequent poster on your Facebook page? Your donors know this.

This is a good moment to say a few words about data quality. One hundred percent accuracy is not achievable. The Big Data era promises 100 percent of an organization's digital data is available to be analyzed, but 80 percent accuracy will still be the deliverable as it is today with the 10–20 percent of your data currently being analyzed. One can lament the 20 percent inaccuracy or enjoy the vastly increased field of insight.

One of the biggest returns on investment for pulling all of your organization's data together is the ability to create dynamic—and transparent—models and scores, no longer having to rely on static scores and mystery algorithms. Your organization will know exactly what goes into each score, and it will be updated every time your organization's data change.

When it comes to models and scores, the ability to look beyond traditional capacity, affinity and propensity to look at engagement, happiness and life cycle requires qualitative data points found in the other 90 percent of data not found in the mythical "database of record." Information that does not fit neatly into predefined fields is called *unstructured data*. This wealth of information includes contact reports, open-ended survey responses and social media.

To mine these data, you need to utilize text analytics, a technology that has come a long way in recent years. You now can glean sentiment, interests, passions and even personality. This has the potential to radically change how you survey donors, since you no longer need to ask so many multiple-choice and "on a scale of one to 10 … " questions, and you can increase the number of open-ended "how do you feel about … " ones that should more appropriately illicit the responses you need in order to understand the real reasons for a person's support or lack thereof.

Context is another tool in the information professional's toolbox. When looking at donor retention, take into account what was, and is, happening internally and externally. From an economic downturn to a change in leadership, you ignore reality at your own peril. With major gifts, you often do not have to look further than changes in relationship managers. Many donors, and prospective donors, are lost because the relationship was inadvertently dropped. It is critical to have reports and procedures at the ready to handle reassignment so no donor falls through the cracks during times of transition.

For direct mail, look at vendor changes and/or changes in strategy. The increase or decrease in retention may have more to do with the quality of the vendor than anything else. With all mass communication, but especially online, you need to incorporate behavioral studies because consumer brains are being reshaped in real time. One day, they are clicking on every link in an email, and the next they are not opening emails at all. Avoid falling into the trap of thinking that your organization is special, somehow immune to the forces of human nature.

With retention research, the goal is to gain a deeper understanding of a donor. The longer your relationship continues, the more important this becomes. Just as in all relationships, the longer you are involved with someone, the more you expect from him or her.

The element of time leads to the final point: life cycle. While the experts say much of our personalities have been formed by the time we enter first grade, an individual's giving behavior is often shaped by life events, including marriage, kids, becoming an empty nester, caring for an adult partner or parent and illness. The more you can understand where donors are in their life cycle, the better chance you have of connecting with them where they are instead of where your organization wishes they were.

While discovery will always be fun—and important—the truth is that there is far more of an upside to keeping the donors you have than finding new ones. And think of how much work it took to find those donors. Isn't it worth the same amount of effort to keep them?

Note: This article was inspired by the presentation "Finders Keepers: Increasing Donor Retention Through Research," given by Lori Hood Lawson and David M. Lawson at the International Conference of the Association of Professional Researchers for Advancement (APRA), **www.aprahome.org**, July 30–Aug. 2, 2014, in Las Vegas.

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FSU's Great Give
http://foundation.fsu.edu/greatgive/projects

"Managing donor defection: Why should donors stop giving?" by Adrian Sargeant (*New Directions for Philanthropic Fundraising,* No. 32, Summer 2001, Wiley Periodicals Inc.)
www.campbellrinker.com/Managing_donor_defection.pdf

Ethical Fundraising With Technology and Social Media

By Lisa M. Chmiola, CFRE, and David Tinker, CFRE

Thomas Jefferson once said, "The only thing man can take beyond this lifetime is his ethics." As members of AFP, you subscribe to the organization's *Code of Ethical Standards.* Without ethics, donors would not trust you. Without ethics, you could not be successful fundraisers and nonprofit leaders. You may have studied traditional ethical scenarios in fundraising, such as being compensated on a commission/percentage basis of funds raised or the need to disclose conflicts of interest. However, with the continued increasing presence of social media, you as fundraisers and nonprofit leaders are being faced with new ethical conundrums.

At no time in history have people been as open about the details of their lives as they are with social media. It is because of this openness that you must remember to be ethical in the information you search for and how you use the information you find or that is given to you. You no longer need a prospect researcher on staff to find basic demographic information on potential supporters. Much of it is right there waiting for you to discover.

As fundraisers working with individuals, organizations, companies, foundations and government funders, you spend a great deal of time talking about money. You learn about individuals' lives and their families. You learn about their finances. Sometimes, you learn much more about them than you care to learn. Having so much information available to you means you need guidance on how to utilize it ethically.

Social media is the newest way people share, or in many cases overshare, personal information. Knowing what to do with that information can leave fundraisers and nonprofit staff in ethical dilemmas. Having a social media policy in place can help.

AFP created social media guidelines that all members can use as a base to create social media policies for their organizations. Developed in 2010, the AFP *Social Media Guidelines* identifies guidelines for an organization's staff and stakeholders as well as for nonmembers and nonstakeholders (i.e., public users who post on an organization's social media feeds). If your own organization does not have a social media policy in place, it is easy to create one.

Be sure your social media policy fits into existing policies your organization already may have in place. This can include various human resource policies, acceptable use of technology policies and other fundraising and communications policies. If you want to have a stand-alone social media policy, there are several online resources that may be helpful. You can use Policy Tool or simply use a search engine to find social media policies for other nonprofit and for-profit organizations that are posted online.

Unfortunately, unethical use of social media occurs in many forms. One example is manipulated social media feeds. To illustrate, Facebook tried a social experiment on users without informing them—a no-no in psychological experimentation. The site intentionally altered the social media feeds of 700,000 users to see how reducing the number of positive or negative posts a person would see would affect him or her. Keeping this in mind, are you seeing everything that your constituencies are posting? Is someone influencing the feed you see?

Unethical use also includes promoting tragedy for personal gain. When natural disasters or worldwide newsworthy stories occur, such as the Boston Marathon bombing, fake accounts can be set up to exploit people. From attempting to gather funds from donors purportedly intended to directly support victims, to spreading false rumors to advance a personal agenda, to trying to redirect people to a different webpage, using fake accounts and relying on tragedies can ruin an organization's reputation. Indeed, this happened immediately after the bombing at the Boston Marathon and unfortunately will continue to happen due to unscrupulous people. You should never be one of them.

Other ethical challenges occur when social media users point out bad business decisions and inundate an organization or company's feed with comments. For example,

MIRIAM SELMI REED/ILLUSTRATION SOURCE

when Wal-Mart sold Halloween costumes using the term "fat girl costumes" last year, people flooded social media pointing out the offensiveness. It is important not to get caught up in the fury on social media unless the issue directly relates to your organization's mission.

Another example of the unethical use of social media is posting from the wrong account. This is easy to do, particularly accidentally, when running multiple accounts from one computer or mobile phone. Usually, it leads to both personal and organizational embarrassment. An example of this happened when staff at a nonprofit posted to the official social media feed that they could not wait to have a beer after work. This post went to more than 100,000 people on the official account. Luckily, they were able to make lemonade out of that lemon of a tweet because the brewer mentioned in the tweet made a donation to the organization. However, what if you had posted personal information about your own whereabouts or contact information, or that of a donor or volunteer? What if it was something offensive or out of line with your organization's mission? It is always smart to check twice before hitting the post button.

Several standards of the AFP code of ethics, which was adopted in 1964 and amended in 2014, apply:

1. Members shall not engage in activities that harm the members' organizations, clients or profession or knowingly bring the profession into disrepute.

If a post will shine an unfavorable light on your organization, it should not be posted. This is especially important to keep in mind with personal posts, which may seem like venting to your friends but can reflect poorly on your organization.

4. Members shall not exploit any relationship with a donor, prospect, volunteer, client or employee for the benefit of the members or members' organizations.

Using information gained on a donor for personal gain? Think twice.

9. Members shall never knowingly infringe the intellectual property rights of others.

Are you resharing a photo or other content that someone else has posted first? Be sure to give credit where credit is due. Sharing others' content is often encouraged on social media, but it is only fair to credit the originator so it does not seem as though you are stealing his or her material.

10. Members shall protect the confidentiality of all privileged information relating to the provider/client relationships.

Not only should you not be sharing information learned about your donors' gifts without their permission, but you should also respect what you learn about donors with whom you are connected on social media. If you see them post a check-in at a hospice, for example, do not inquire about it unless they share it with you. (Chances are, if they are publicly checking in somewhere, their visit is not a secret, but you should maintain utmost sensitivity so donors and prospects do not feel as though you are constantly watching them.)

11. Members shall never disparage competitors untruthfully.

No mudslinging about that other charity across town that provides services similar to yours. Ever.

12. Members shall ensure that all solicitation and communication materials are accurate and correctly reflect their organization's mission and use of solicited funds.

This goes for social media posts as well, particularly now that the platforms are used as another communications channel for campaigns, particularly in the areas of annual giving and special events. Even a small error on how funds are used in your organization can be damaging.

17. Members shall not disclose privileged or confidential information to unauthorized parties.

Basically, this follows the same logic as numbers 4 and 10. Be sure to obtain donors' permission to be listed, and have a mechanism in place for them to opt out or be anonymous. And do not share private information gained while working with prospects and donors.

What steps can you take to ensure ethical social media actions in your organization?

- **Policies.** Work with your communications, human resources and information technology departments to review existing policies. Implement a social media policy if one does not exist and cross-reference it with existing policies (and vice versa). Consider what actions should be taken when policies are violated.
- **Practice.** Have a plan for who is allowed to represent the organization on social media platforms and include it in the social media policy. Conduct social media training for employees and volunteers to encourage ethical and responsible use of social media, both personally and professionally.

- **Crisis planning.** Review platforms regularly for unethical posts by outside users to your organization's account, and follow protocols for removal as needed. Develop a plan to respond to accidental or purposefully unethical posts within your organization.

Thinking ahead and anticipating and planning for challenges can go a long way toward ensuring ethical social media use.

Lisa M. Chmiola, CFRE, is director of major gifts and planned giving at St. Agnes Academy (www.st-agnes.org) in Houston. David Tinker, CFRE, is vice president of advancement at ACHIEVA (www.achieva.info) in Pittsburgh. Plan to hear their webinar on Oct. 14 to learn more about social media and ethics on fundraising. Visit afpnet.org/webinars.

Resources

AFP *Code of Ethical Standards*
www.afpnet.org/Ethics

AFP *Social Media Guidelines*
www.afpnet.org/files/ContentDocuments/SocialMediaGuidelines.pdf

APRA Social Media Ethics Statement
www.aprahome.org/p/cm/ld/fid=110#socialethics

Electronic Frontier Foundation
www.eff.org/search/site/ethics

Independent Sector *Principles for Good Governance and Ethical Practices*
www.principlesforgood.com

PPP Standards and Best Practices for the Charitable Gift Planner
www.pppnet.org/ethics/model_standards.html#!ethics-standards/c16z3

Policy Tool—**http://socialmedia.policytool.net**

Twitter Privacy Policy—**https://twitter.com/privacy**

Please Sir, I Want Some More

By Lynda McDaniel

CHRISTOPHER ZACHAROW/ILLUSTRATION SOURCE

"You're hired!" Welcome words anytime, especially after a long job search. As the economy rebounds, many nonprofit organizations plan to add jobs, according to the *2015 Nonprofit Employment Practices Survey*™ results produced by Nonprofit HR. And the news gets better: Salaries are on the rise, along with increased benefits for those jobs. Nonprofit organizations are even reporting growing competition for qualified candidates, according to Pamela Cook, ACFRE, founder of Pamela Cook Development Search (**www.pamelacook.com**), based in San Rafael, Calif. "Organizations often have to pay more to replace departing development staff because of strong competition for individuals with development expertise," she says.

Another trend, which started decades ago, sees women benefiting from stronger salary-negotiating skills, as some finally break through the glass ceiling and lift others with them. Even so, studies show that women, in general, are still more reluctant than men to talk about money.

"A recruiter's intuition can pick up on the candidate's subtle hesitation or the smile that doesn't reach the eyes," explains Karen Halseth, co-founder of What Truly Matters (**www.whattrulymatters.com**), a Santa Rosa, Calif.-based consulting firm that helps integrate spirit and business. "That's important information that can determine whether a candidate will be a satisfied employee—or not. Those clues help recruiters determine if this is someone who isn't asking for what she truly wants and is just making the situation work. If so, right from the first day on the job, there's an undercurrent of energy of 'I'm doing more than I thought I would at this salary' or 'I hadn't expected to work this many hours.' Very soon, this can affect job performance, and it becomes clear that she wasn't happy from the beginning."

For those seeking executive positions, the anguish of salary negotiations can be mitigated by executive search firms that handle all deliberations with prospective organizations. "A search firm sometimes acts as an intermediary for applicants as well as clients," says Margaret Holman, founder of Holman Consulting in New York City (**www.holmanconsulting.com**). "That way, a lot more women, in particular, are getting better salaries, and they are staying longer on the job because they got what they wanted in the first place."

However, what about the majority of applicants who have to steer solo through the maze of salary negotiations? Consider the following nine ways to ensure the paycheck and payback are as big as possible.

1. Ask for what you need. Who doesn't remember cowering over that little white box on the application demanding salary requirements? How much is "too much"? Will your answer risk elimination? Will your figure in the box end the possibility for negotiations later on? Holman allays these fears with a simple, honest approach: Offer a salary range. "This is the same advice I give to executive directors and others when they ask for a gift but don't know if $75,000 or $100,000 is the right amount. Just give a range," she says. "You can't leave it blank—your application will go straight to the round file. Just fill the darn thing out. Often, they value qualifications over salary, figuring they can negotiate with the candidate." (This advice also applies to employees who are remaining in their position but feel they deserve a higher salary.)

Others grapple with a problem unique to today's work environment: What they deserve, based on years past, may

no longer be realistic in the current job market. In other words, qualified individuals in the unemployed workforce who once earned a sizable salary may find their value does not match today's marketplace. Applicants need to look at the salary range in their area of the country—what others are pulling in with the same qualifications—so their salary requirements are not ridiculously high or low. Either extreme can backfire.

"Most people will put a lower amount on the application, thinking they won't be considered for the position otherwise. But that isn't true based on the way we interview and hire," Halseth explains. "Recently, we were off $35,000 in the salary range with a candidate I was excited about. She was firm, and I knew we were about at our max. I was able to go up $5,000, and we created a huge bonus program—which I believe she's going to achieve—to get her additional pay. I let her know we were perfect for her, and she was perfect for us. I also told her that I wasn't there to play games, to see if I could get more for less. Every person I've worked with through the interview process has told me, 'Thank you for your honesty and transparency.' That's what we mean by spirit in business."

2. Be clear on what you want. When candidates do not know or cannot express what they want, negotiations founder, and the mood grows increasingly uncomfortable. You need to know what you need and voice it with certainty and clarity, Halseth advises. "I had one candidate say, 'Oh, money. You like me. I like you. We'll be able to find a middle ground.' I told her I heard what she was saying, but that wasn't enough—I needed a range. She couldn't give me one. Instead, she could have said, 'I'm open to negotiations because of what I've learned about your company after meeting you and what others say about your business. I feel positive and want to work here.' She could have backed up her answer with passion, enthusiasm and facts."

3. Be honest. "If a potential employer asks you your current salary, do not shade the truth. Be honest," Cook says. "It's too easy for salaries to be verified. Being caught in a clear untruth is usually the kiss of death in the evaluation process. Do not offer your salary requirements until you are asked, but once you are, be honest."

For example, if your salary at a previous job was low, deal with that issue head on. Explain that it was during the recent recession or that you started at that job early in your career. "If the job you're coming from offered no raises for five years or salaries were below market," Holman advises, "tell the recruiter that you loved where you were working, that you did a great job, but that you're now worth a lot more."

4. Stay flexible. Get creative about ways to meet your salary requirements, such as performance bonuses or scheduled increases. "Think about all the options, and perhaps negotiate a salary bump in six months," Holman adds. "If you really want the job and you seem to fit well within the organization, be flexible."

5. Consider more than money. Salary is always an important consideration, but, according to Cook, it is rarely No. 1. She finds candidates are most concerned about their potential fit and need to explore such questions as:

- Am I excited about the mission?
- Can I work effectively with my future supervisor?
- Are the expectations for the job in line with reality?
- Is there a culture of philanthropy? How involved are board members, volunteers and other staff?
- Does the travel schedule fit my current lifestyle?
- Will I be spending my time doing the kind of fundraising in which I am most interested and skilled?

"If a candidate believes the job is potentially a good fit but the salary level is not possible," Cook explains, "some organizations may be willing to negotiate areas such as flexible hours and telecommuting."

And remember Halseth's candidate whose salary needs were off by $35,000? During their discussions, Halseth learned that the candidate had always wanted to attend an international convention. As it happened, the client Halseth was recruiting for founded that convention, so she was able to economically include five days at the convention in the salary package offered to the candidate. "Sometimes, an additional week of vacation or other perks appropriate to your industry can also make the difference," she adds.

"It's too easy for salaries to be verified. Being caught in a clear untruth is usually the kiss of death in the evaluation process. **Do not offer your salary requirements until you are asked, but once you are, be honest."**

However, if after considering all those options you still feel you cannot work within the proposed salary, Cook advises taking a pass on that job. "Building a stable job history in development is important," she says. "It's better to wait for a job that fits your needs than to take one that you believe you will leave when a more highly compensated position comes along."

"It's better to wait for a job that fits your needs than to take one that you believe you will leave when a more highly compensated position comes along."

6. Do your homework. Cook cautions applicants to do their research on the organization and its past salaries before they apply. "One common mistake is to ask for more than the organization's capacity," she says. "You can check its 990 to see if the salaries for the previous incumbent or other senior staff are listed. Some organizations, particularly in higher education, may list their salaries on their websites."

7. Practice. From candidates trying to break in with minimal experience to those who have had the same job for 10 years, the key to success is practicing for the interview and developing your salary-negotiation skills. "In fundraising, the questions today are different," Holman says. "Interviewees need to know all sorts of stories, facts and figures, such as how involved they've been in an ask or other on-the-job metrics. Applicants at all levels need to practice so they can deliver convincing answers."

8. Make a counteroffer. Do not be afraid to counteroffer. Studies show that half of all candidates accept the first offer they receive. Instead, be prepared with a counteroffer that includes realistic perks, benefits and dollar amounts. If you are negotiating with a reputable organization, this will not jeopardize your candidacy—and may get you the job and salary you want.

9. Get the offer in writing. Be sure to get the offer in writing before accepting it. Cook advises to carefully review benefits, salary, title, vacation, relocation, start date, retirement and any other possible terms of employment that you have discussed, and make sure that you and the employer are in agreement. "For most employers, it's acceptable to ask for a few days to consider the written offer before accepting it," she explains. "Provide a specific time when you will get back to the potential employer with your answer."

Once the salary is settled and employees arrive on their first day, the real work is just beginning. Many organizations have an introductory or probationary period, often 90 days, to see if candidates were the right choice. However, that is just half the equation, according to Halseth. "Those 90 days aren't just about whether the candidates work out for the company. They're also about whether the company works for the candidates," she explains. "The latter is often missing, with the prevailing attitude: 'Go do your job so I don't have to worry about that empty seat anymore.' But progressive organizations understand they need to invest in new hires so they stay on the job and bring all their talent with them. They know there's nothing more valuable than new eyes coming into an organization."

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

Resources

2015 Nonprofit Employment Practices Survey™
www.nonprofithr.com/wp-content/uploads/2015/02/2015-Nonprofit-Employment-Practices-Survey-Results-1.pdf

2015 AFP Compensation and Benefits Study
www.afpnet.org/2015SalarySurvey

2015 AFP Compensation and Benefits Study mini-reports by position
www.afpnet.org/2015SalarySurveyOrder

Five Minutes to a Higher Salary: Over 60 Brilliant Salary Negotiation Scripts for Getting More by Lewis C. Lin (2015), paperback and Kindle, 276 pages

Salary Negotiation: 30+ Helpful Tips On How To Handle Questions About Salary by Pamela Voss (2015), paperback and Kindle, 28 pages

AP Resources

YOUR FUNDRAISING RESOURCE MARKETPLACE

COMPUTER SOFTWARE/HARDWARE

EVENT MANAGEMENT/ PAYMENT PROCESSING

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linkedin.com/company/878282

The Last Word

Want to learn more about the fascinating world of foundations? Read "Where's My Invitation?" by Larry Hostetler, CFRE, in "The Last Word" to find out how to prepare. "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."

International Advanced Diploma in Fundraising

Through AFP's alliance with the Institute of Fundraising (IoF) and the European Fundraising Association (EFA), the new AFP/IoF International Advanced Diploma in Fundraising (IADF) course has a common curriculum that is taught in Europe and North America. Students are expected to complete the hours of study over a full academic year, including attending two three-day residential teaching blocks and completing seven assignments. Because of the innovative teaching methods being employed by the course faculty, headed by Professors Adrian Sargeant and Jen Shang, students are expected to engage with the course material and their fellow students throughout the year.

Robert Pierre Tomas, MInstF, CFRE, IADF, national director of philanthropy and communications at the National Youth Orchestra of Canada (**www.nyoc.com**) in Toronto, is one of the first Canadian graduates of the course. As he explains, "The future of fundraising is increasingly professional. When I first entered the nonprofit sector, there were very few university courses dedicated to fundraising, and virtually all of the education one could receive was through AFP or similar organizations. Now, with certification slowly becoming more popular and myriad college and university courses available online and on-site, choosing the right educational path is a bit more difficult.

"Another problem with fundraising knowledge is that, for the most part, it's purely experiential. While we know some tricks and tips work, we do not know why they work. This needs to change if fundraising training is to be more than a collection of anecdotes.

"In the past 10 years, there has been a tremendous growth of research into fundraising, and several centers of excellence have been established, including the Indiana University Lilly Family School of Philanthropy and the school at St. Mary's University of Minnesota. The newest program that reaches well beyond this scope is IADF, or the International Advanced Diploma in Fundraising.

"The international course, jointly designed by AFP and the Institute of Fundraising (U.K.), is delivered by well-known professors Adrian Sargeant and Jen Shang from the University of Plymouth. The 14-month program is a definite eye-opener. Much more than just a fundraising course, it includes crucial elements of the psychology of giving, change management and marketing—all based on research as recent as 2013.

"The first impression of the course was rather intimidating. After all, our class included Simone Joyaux, ACFRE, and Martha Schumacher, ACFRE, fundraising veterans known from their presentations at multiple conferences and their work on the AFP board of directors. Another intimidating factor was that the course was to be taught on the master's level (L7) with scoring and other requirements corresponding to that. Despite a 25-year break from a university environment (for me), it was not too long before our small cohort got into the 'groove.'

"The course involves a knowledge audit, two blocks of face-to-face learning and long-distance contact with the teachers, spread over seven very specific assignments and thousands of pages of required reading. What at first appeared to be an insurmountable mountain of 600–700 hours of reading, writing and instruction soon became a dwindling escape into the world of fascinating fundraising knowledge.

"Good fundraisers usually say that the profession is a combination of art and science—the art being the instinctive soft skills of relationship building and influencing people. Through the IADF, I came to understand why some of my own techniques work and how to enhance them. As fundraisers, we are frequently questioned by our CEOs or board members when using different methods. Through a process of iteration, we can arrive at 'question-proof' strategies and discover our own biases and blind spots.

"In the end, with our brains upturned, our senses honed and our expectations raised, we concluded the IADF with a sense that we wished it could continue for two more years, as the hunger for knowledge grew because of the learning. I have graduated with a sense of having made great progress in my fundraising ability and a renewed commitment to my profession."

The first class of graduates also included Caroline Basso; Holly A. Bellows, CFRE; Wendy Dueck, M.A., CFRE; Robert Nicholas Hilbert, CFRE; Simone P. Joyaux, ACFRE; Valerie Pletcher; and Martha H. Schumacher, ACFRE.

For more information about the International Advanced Diploma in Fundraising, visit **www.afpnet.org/professional** or contact Rhonda Starr at **rstarr@afpnet.org**.

Planning to Keep Your Donors? Host a Workshop!

If your chapter is looking for new and exciting content for your intermediate to advanced-level members, then consider hosting a four-hour Planning to Keep Your Donors workshop. Based on data collected from the annual Fundraising Effectiveness Program survey (**http://afpfep.org**), which shows that many nonprofits lose just as many donors and gifts as they gain, the workshop offers ways to examine and improve donor retention using real data. Participants will receive four points of CFRE credit. For more information on hosting the workshop, email **proadv@afpnet.org** or call 703-519-8494.

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Jacklyn P. Boice

Jacklyn P. Boice, Publisher and Editor in Chief, Sept. 1, 2015

Jane Birnbach, MAS, CFRE

How many years have you been involved in the nonprofit sector? Since 1989—26 years!

When did you join AFP? I joined when it was still NSFRE, in October 1991.

How did you get involved in the nonprofit sector? I "fell into it," like most people in the '90s. My background was in public relations, and I was hired by a nonprofit to improve their image after some negative press. They supported the children of fallen police officers and firefighters. Three months after I was hired, there was a fire in a high-rise office building, and three firefighters lost their lives. I went to every tenant in the building and raised hundreds of thousands of dollars. That's when I knew I could ask people for money. It was only later that I realized I was really in the business of building relationships!

What do you consider the greatest challenge(s) in your work? There are so many worthy organizations doing really important work. Finding folks who share your passion and your organization's mission is an ongoing challenge.

If money were no object, what resources would make your job easier and more effective? It would be nice to have more staff and about four more hours each day!

What would you say to encourage more young people to work in the nonprofit sector and in fundraising? At the end of the day, it is some of the most gratifying work you will ever do. The results of your efforts are tangible, life-altering and bigger than any one person.

Why do you feel obtaining the CFRE is important? It validates our work, gives credibility to the profession and requires us to stay committed to lifelong learning.

What is the best career advice you ever received? Don't take it personally.

What is your motto? You can do anything you put your mind to. It's all in the head talk.

Lifetime Highlights:

- Of course, my greatest achievement and lifetime highlight are my two daughters.
- I jumped out of an airplane at 11,000 feet on Mother's Day last year with my younger daughter.
- I have kissed the Blarney Stone; traveled all over Spain, Italy, Ireland, Israel and Turkey, taking a hot air balloon ride over the mountains of Cappadocia; and have been to England, France, Russia, Holland and most of the United States, including Hawaii and Alaska.
- I served as the executive director of the Philadelphia Ronald McDonald House for five and a half years, during which we hosted George and Barbara Bush during the Presidential Summit on Volunteerism, and oversaw the celebration of the world's first Ronald McDonald House quarter-century celebration.
- I won a van for Good Shepherd.
- I obtained my CFRE.
- Early in my career, I hosted the International Astronomical Union's 10-day conference at Johns Hopkins University—my entry into event planning on a huge scale!

What do you hope to do that you haven't done yet? Retire someday. And write a book.

How would you describe your perfect day? Any combination of family, friends and the beach!

Jane Birnbach, MAS, CFRE, is the senior development director at Good Shepherd Center (http://goodshepherdwilmington.org) in Wilmington, N.C., which focuses on feeding the hungry, providing shelter for the homeless and fostering transition to housing.

Where's My Invitation?

By Larry Hostetler

"Excuse me, may I see your invitation?"

I know that the fundraising profession is increasingly female and that it is not only females who wear makeup, but I am not sure what I think of devoting an issue to such an arcane topic as foundation. As a nonmakeup-wearing male, I am only aware that foundation is something put on in preparation for the final round of doing one's makeup, like gesso is to painting.

What? Not that kind of foundation? Oh, sorry. Although why a fundraising magazine would devote space to the basics of building construction or to the science fiction series by Isaac Asimov …

What is that you say? The foundation to which this issue is devoted has to do with the "establishment of an institution with an endowment to pay for it." According to **etymonline.com**, this description was first used in English in the late 1300s. Calling those endowed funds a foundation is from the early 1400s. (Foundation as the base of a building comes from the same time, so it is a long-standing source of confusion for those like me.)

I had no idea that the concept of foundations in the fundraising sense goes back as far as the 1300s. Unfortunately, I could find no definitive history of charitable foundations and trusts. (The words have different meanings in England, while they are almost identical in meaning in the United States.) But here is what I was able to find, in case someone is considering writing such a book.

According to that eminent source of absolutely accurate information, Wikipedia, "more than 250 charitable German foundations have existed for more than 500 years; the oldest dates back to 1509." Those are the oldest "foundations" I could find. In Germany, foundations are known as *gemeinwohlkonforme Allzweckstiftung*. Try saying that after a day at Oktoberfest, if you get invited. My invitation apparently was not forwarded.

The next oldest reference to foundations or trusts that I could find comes from England's 1601 Charitable Uses Act, where commissioners were to oversee, investigate and enforce charitable trusts in Britain. But a search of English charitable trusts produced very little other than references—for both of you who are interested, to Shelford's *Treatise on the Law of Mortmain, and Charitable Uses and Trusts* (London, 1836) and Tudor's *Law of Charities and Mortmain* (London, 1890). I cannot vouch for either tome's suitability as a cure for insomnia.

As for the United States, the oldest reference I could find to a foundation or trust was the establishment in 1661 of a trust in Ipswich by Massachusetts merchant William Payne. He set up a trust in his will for the "benifitt of the said scoole of Ipswitch, for euer … and therefore the sayd land not to be sould nor wasted."

Before you start thinking that a school would have helped his spelling, remember that in 1661 there were a lot of spellings different from today. If you disagree, try reading Shakespeare or even the United States Declaration of Independence, with the original fpelling.

One of the relatively recent changes in the foundation world is the development of the community foundation. The Cleveland Foundation claims to be the world's first community foundation, and it was formed on Jan. 2, 1914. I am unaware whether it had a centenary celebration or not. I do know I did not get an invitation if it did, and it would be "so last year" anyway.

Since their establishment, whenever that was, foundations have proliferated, particularly in the United States. According to the Foundation Center (**http://data.foundationcenter.org**), headquartered in New York City, there were 64,845 foundations in 2002, but they may have missed one or two. In spite of the economic throes of the ensuing years, the number of foundations has continued to grow, to 75,592 in 2008 and 86,192 in 2012 (the latest year for which they provide the data).

I missed the celebration for "America's 100,000th foundation!" I suppose the invitation got lost in the mail.

Larry Hostetler is the AFP chapter services director for the western United States and was not alive when the first foundation was established.

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