

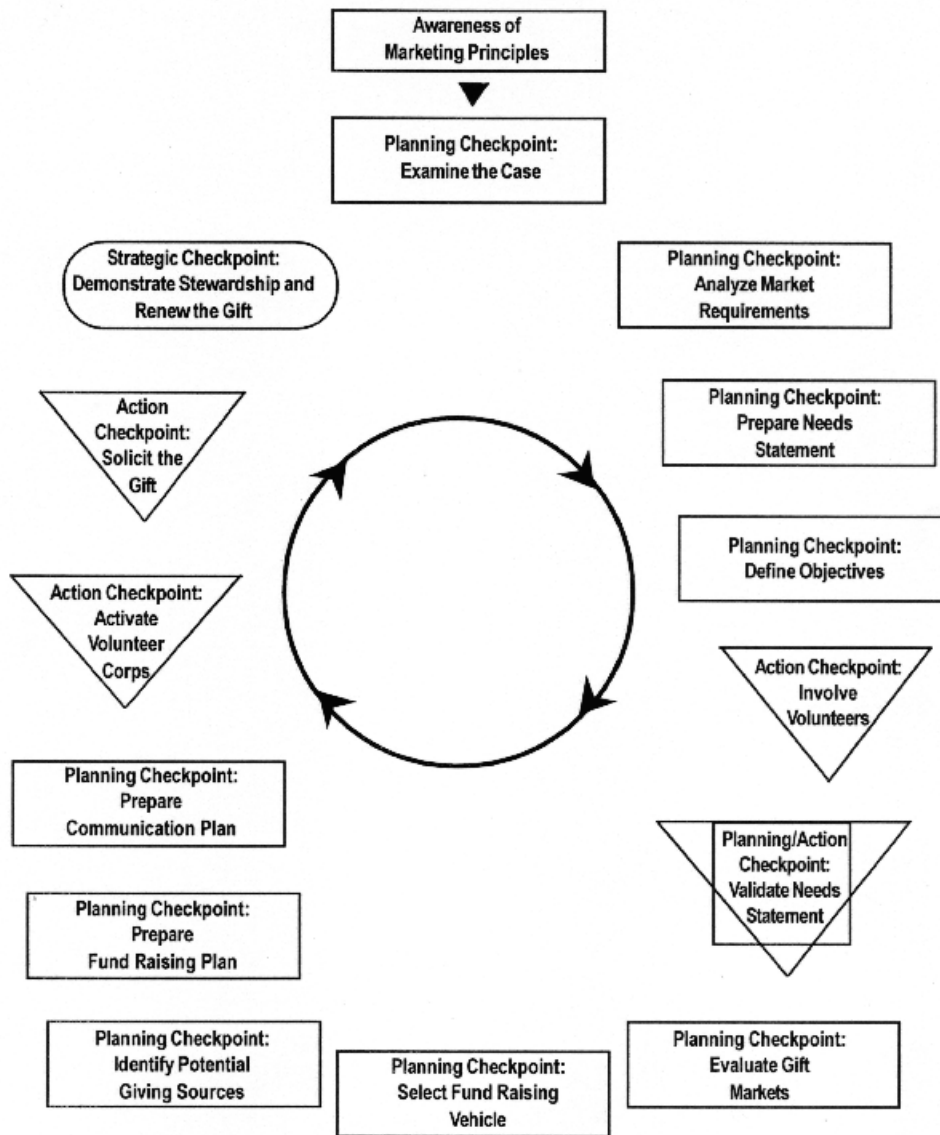
# Roadmap to Fundraising Success

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In the first edition of *Achieving Excellence in Fund Raising*, Hank Rosso wrote the chapter titled “Understanding the Fund Raising Cycle.” This revised and retitled chapter retains the concepts and principles of the planning model known as the fund raising cycle. The chapter emphasizes different points than Hank emphasized, but it retains the fundamental belief that the cycle is an effective planning tool to help fund raisers, both paid and volunteer, understand the manageable process that fund raising is. Each step of the process is explained in detail in the various chapters that follow.

Effective fund raising depends on effective planning and rigorous execution—actually, more planning than execution. The better the planning, the better the fund raising results. The fund raising cycle illustrates the principle that it is possible to ask someone for a charitable gift too soon. A premature gift solicitation usually leads to one of two outcomes: the donor refuses to make a gift, or the donor gives a token gift that is neither appropriate for his or her capacity to give nor adequate for the nonprofit’s need. Neither outcome is what a fund raiser seeks or wants. Using the fund raising cycle avoids these outcomes and paves the way to the preferred response to a gift solicitation: “Yes, I’ll make the gift you ask for.” To paraphrase a winemaker’s advertising slogan of several years ago, “We will solicit no gift before its time.”

The first thing to note about the fund raising cycle is its name: the fund raising *cycle*. The fund raising process is continuous (see Figure 3.1). The ongoing nature is illustrated by the continuing arrows inside the steps of the model.



*The Fund Raising Cycle*

These arrows represent the loop formed by the interrelated steps of the fund raising process. The complexity of the fund raising process lies in part in the reality that various constituencies from whom gifts are sought will be at different stages in the process. The fund raising manager must coordinate the various activities necessary for moving the constituencies through the phases in the cycle.

The second thing to note about the fund raising cycle is the number of discrete steps constituting the whole. Starting with the step labeled “Planning Checkpoint: Examine the Case” and proceeding clockwise around the cycle, there are fourteen steps. Soliciting a gift comes at step thirteen. Planning to solicit a gift therefore involves twelve steps. Skipping or shortchanging any of the steps leading to the solicitation will end in less than desirable results. Soliciting the gift (step thirteen) does not stop the process; it begins it anew. Thus the fund raising cycle is a continuous process of planning for and asking for charitable gifts.

Prior to taking the first step in the fund raising cycle is the nonprofit’s need to understand marketing principles and how they apply to the fund raising process. Such awareness requires the nonprofit to develop feedback systems to measure and monitor the needs, perceptions, wants, and values of prospective donors. What do prospective donors seek for their own lives that they can find through involvement with the nonprofit? The better the nonprofit understands that exchange, the better it will manage its fund raising cycle.

The first step in the fund raising cycle, a planning checkpoint, is the examination of the nonprofit’s case for support. The case is the sum of all the reasons why anyone should give charitable gifts to the organization. Each nonprofit must develop its own compelling case based on how it meets clearly defined and understood community needs. The case illustrates how the nonprofit serves the community, providing benefits and adding value.

The case must provide persuasive responses to these questions:

1. Why does the organization exist? The answer lies in the human or social problem or need addressed by the nonprofit. This is the organization’s mission, its *raison d’être*.
2. What services or programs does the nonprofit provide to meet the need or solve the problem?
3. Why should prospective donors (individuals, corporations, foundations) provide gifts, and what benefits accrue to donors who make gifts?

The answers form the basis of the organization’s mission. (Case and mission are covered more fully in Chapter Six.)

The next step is to analyze market requirements. The nonprofit must test its mission as articulated through its case against the wants and needs of the market or gift sources from which it seeks charitable gifts. Only the marketplace is a true test of the validity of the nonprofit’s proposed

solution to the human or social problems it addresses. Such market validation is crucial to successful fund raising.

If the markets do not understand or accept the importance of the needs being addressed by the nonprofit, fund raising faces a serious obstacle. Worse, if the markets do not even know of the nonprofit or the needs it addresses, fund raising is not possible. Donors will give to organizations they care about that address needs they care about.

In meeting clearly identified community needs understood to be of value to the potential donors, the nonprofit can formulate compelling arguments for why its work merits philanthropic gifts.

Next comes the preparation of a needs statement. This is the organization's plan for carrying out its work toward mission fulfillment. Program plans are projected for annual needs and for longer-term needs. Financial planning follows program planning and defines the resources required for carrying out programs and delivering services. This includes descriptions of sources of revenue needed to support the program plan. This is the justification for fund raising.

The preparation of the needs statement involves the volunteer leadership of the nonprofit, especially board members, selected major donors, and other volunteers who can affect the organization and its fund raising. The needs statement shapes future fund raising goals and objectives and must include not only annual operating needs but also longer-term fund raising plans for capital and endowment needs.

The next planning checkpoint is the definition of objectives. The programs for fulfilling the mission must be translated into specific, measurable action plans for providing solutions to problems the organization addresses. If the mission statement explains *why*, goal statements tell *what* and objectives state *how*.

To be credible to the market sources, objectives must be realistic and achievable within the resources available to the organization. The acronym SMART helps clarify what objectives are:

- Specific
- Measurable
- Achievable
- Results-oriented
- Time-determined

Specific illustrations of how the organization intends to do its work provide a visible link to program budgeting and to a rationale for fund raising.

Next comes the first action step in the fund raising cycle: involvement of volunteers. While earlier steps involved board members and selected other volunteers in planning, this step calls for action in developing and carrying out effective fund raising strategies. Because an effective gift solicitor is one who believes in and is committed to the cause, the earlier involvement steps prepare the volunteers to be effective solicitors of their peers. Historically, and still today, the most effective gift solicitation is that of a peer volunteer asking for gifts in a face-to-face solicitation.

One of the most effective ways to involve volunteers is in the validation of the organization's needs statement. Philanthropic support requires constant validation by the board and other volunteers. For volunteers to give and get philanthropic gifts, they must reaffirm the needs statement through continued involvement in analyzing the nonprofit's plans. Such involvement is critical before launching the fund raising program or campaign.

The next step in the cycle is an evaluation of gift markets to determine their ability and perceived willingness to fund the nonprofit's programs through charitable gifts. This step includes making informed judgments about which markets to approach and the gift amounts to be sought.

The most likely sources of gifts are individuals, corporations, foundations, associations, and government agencies. As explained in Chapter One, the most generous source has been individuals, providing approximately 83 percent of total philanthropy in recent years. Much individual wealth has gone into family foundations and community foundations in recent years, and thus foundations have been the fastest-growing source of gift funds.

Many nonprofits will not experience such a high percentage of gift support from individuals or even from individuals combined with foundations. The focus of market evaluation should be on building and sustaining as diverse a funding base as possible. The more diverse the funding base, the more likely the nonprofit can sustain itself in a volatile fund raising environment and can be more responsive to the needs of its market constituencies.

Planning continues with careful selection of fund raising vehicles (strategies). With the gift market evaluation completed, the fund raising staff and volunteers must now determine which fund raising techniques will be most effective in each market. Fund raising strategies or methods include direct mail, phonathons, special events or benefits (often called fund raisers), grant seeking, personal solicitations, recognition groups, and e-mail and Internet sites. Just as market evaluation calls for diversity of

funding, so selection of fund raising methods should explore every opportunity for raising gift funds to carry out the organization's mission.

Fund raising programs include the annual fund, special or major gifts, capital campaigns, and endowment programs. The latter two often rely heavily on planned giving as a way for donors to make larger gifts than they typically make through annual funds or special gifts programs.

The successful fund raising program will analyze all the methods, test various ones, and evaluate their effectiveness through cost-benefit ratios and other measures of success. Long-term sustained fund raising effectiveness will match the various methods to the different gift sources to identify what works best in which markets.

Identifying potential gift sources is the next planning step in the cycle. This step distills and refines the gift market evaluation into lists of specific prospective donors. The prospective donors will be present in each market: individuals, corporations, and foundations. Each prospective donor is identified and qualified by three criteria: *linkage* to the organization, *ability* to give gifts at the level being sought, and *interest* in the organization's work.

Although many exercises in finding prospective donors begin with identifying individuals (and corporations and foundations) with the most money (ability), such exercises are futile. A funder who lacks interest in the work or a linkage to the nonprofit (such as a committed, involved volunteer) will not give just because of ability.

Volunteer involvement through a prospective donor development committee builds a priority list of specific giving sources. Furthermore, this type of volunteer involvement builds ownership of the fund raising plan and process among the volunteers.

The tenth step in the cycle is the preparation of the fund raising plan. The previous nine steps focused on analysis, or fact gathering, and planning. Preparation of the fund raising plan is a call to action. Fund raising staff draft the plan and involve volunteer leaders in refining and validating the plan. The plan should account for proper execution by allocating the resources necessary for implementing the plan. The plan should also include the management steps of monitoring and evaluating to provide for modification if needed.

The fund raising plan needs to spell out how much money will be raised for what programs in what time frame using which methods. The plan should include roles for volunteers and staff.

Understanding the organization's mission and its fund raising plan by those prospective donors who will be asked to make gifts is essential to successful fund raising. People give money to causes they know about and care about. Thus the next planning step is the preparation of a communication plan. For effective fund raising, communication must go beyond the dissemination of information. Communication must stir the emotions and the intellects of those from whom gifts are sought. Effective fund raising communication touches the heart and the head.

The goal of fund raising communication is to lead prospective donors to an understanding and acceptance of the nonprofit and its purposes and create a desire to share in seeing that the mission is fulfilled. Effective fund raising communication is a two-way interaction providing a means for donors to express concerns. Effective communication creates an opportunity for the exchange of values, which is fundamental for successful fund raising.

Fund raising is about relationships built on mutual interests and concerns. One of the saws of fund raising is that people give to people with causes. The next action step in the cycle is to activate a volunteer corps of solicitors.

Fund raising in the United States has been largely a volunteer activity, action taken by people so committed to a cause that they make their own gifts and then eagerly invite others to join the cause. No solicitation is more compelling, even today, than one done by a volunteer advocate who personally solicits gifts to support a nonprofit to which he or she is passionately devoted.

Though volunteerism in fund raising remains strong today, the trend, especially among large organizations, is to rely more and more on highly trained fund raising staff to solicit gifts, especially major gifts. Among universities and colleges, and to some degree among hospitals and medical centers, major gift fund raising is becoming more the purview of paid staff than of volunteers.

The effective nonprofit must renew and expand its volunteer corps of fund raisers to expand the base of donors. It is a generally accepted norm that one volunteer is needed for every five personal solicitations.

With twelve steps now completed, it is time to solicit the gift. Some gifts, from the board, the staff, and certain volunteers, will probably already have been part of earlier stages in the process. This step represents the carrying out of the fund raising plan into the broader constituency and is the culmination of all that has been done so far.

The solicitation step calls for already committed donors to visit personally those from whom gifts will be sought. The current donor makes the case for the organization, explains his or her own level of commitment, and invites the prospective donor to join in the fulfillment of the mission by making a charitable gift. The solicitation step is a dignified process of asking with pride for a philanthropic gift to help carry out the important work of the nonprofit.

Soliciting and receiving the gift is not the end of the process. In fact, it is only the beginning of a deepening relationship between the donor and the nonprofit. Proper gratitude for and acknowledgment of the gift must be expressed by the nonprofit. The nonprofit must also disclose how the gift will be used and demonstrate the highest level of accountability and stewardship in the appropriate, wise use of the gift.

Properly thanking donors, reporting the use of gifts, and demonstrating wise stewardship of contributed funds makes renewal of the gift possible. The renewal process, step fourteen, restarts the cycle. The case must be renewed by testing it again among the constituency. Renewal requires ongoing analysis of how effectively the nonprofit meets the requirements and fulfills the needs of its gift markets. The needs statement must be checked and rechecked to demonstrate the continuing effectiveness and worthiness of the nonprofit.

Fund raising is a multidisciplinary process requiring extensive involvement of staff and volunteers in a series of interrelated steps described in the fund raising cycle. The main responsibility of the professional fund raising executive is to manage the process, serving as catalyst and coach for all involved in fund raising.

