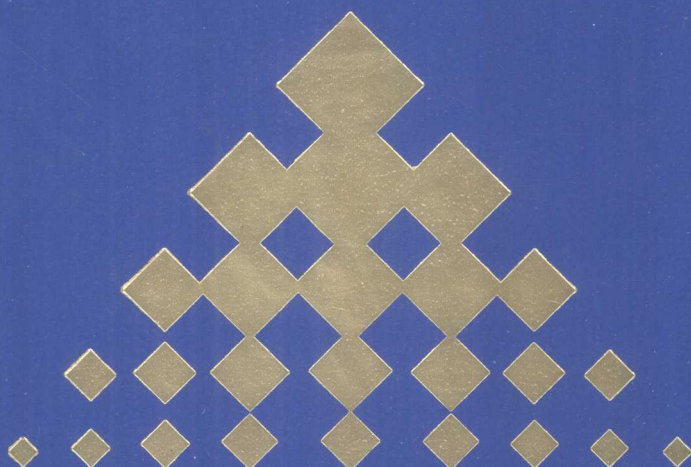


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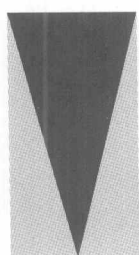
THE NONPROFIT HANDBOOK

Second Edition

FUND RAISING



James M. Greenfield



The Nonprofit Handbook: Fund Raising

Second Edition

**Edited by
James M. Greenfield, ACFRE, FAHP**



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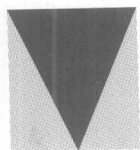
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The NSFRE/Wiley Fund Development Series

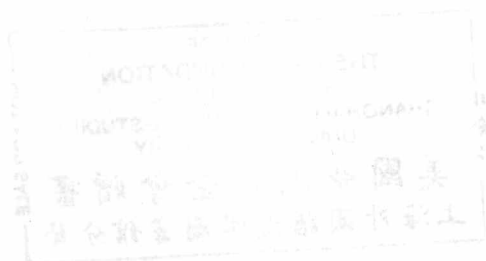
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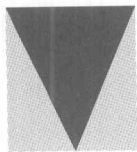
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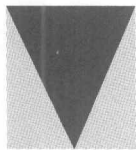
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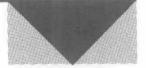
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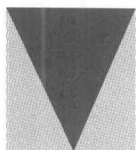
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Preface

Fund-raising practice has emerged from its guild status into a recognized and respected profession—and just in time, as many not-for-profit organizations are in dire need of its services. The multiple forms of solicitation in active use today have been tested hundreds of thousands of times and stand ready as proven methods and reliable techniques to produce the friends and funds needed. The immediate challenges to both are a plateful of issues and, whether these challenges forecast a grimmer future or not, they are likely to decide the fate of many organizations and their patrons, as well as those whom they are dedicated to serve.

Fund-raising professionals, never possessed of magic, or of white horses and masks, work best only when their organizations can state with clarity their mission and vision and visibly demonstrate the value of their programs and services with resulting good works and positive outcomes. Any public, when asked to join an enterprise, will more likely respond if its members can believe what they are told and agree that the stated purposes and intended outcomes are well matched to resolve agreed-upon problems.

In their best moments, fund-raising professionals only translate these noble beliefs and worthy purposes into giving opportunities. Fund raising is the means to these ends, never the ends themselves. This means that measurement is needed to determine how funds are used to benefit others, as well as how much money is raised; if gifts are well used, more will follow. Such combinations of fact and motivation constitute the prescription for the “planned promotion of understanding, participation, and support” that Harold J. Seymour defined as fund development 30 years ago.¹

There is a high demand for greater knowledge and skill in managing the fund-raising process. This world’s society has an abundance of valid and worthwhile needs and wants, causes and concerns, issues and problems, all promising to become ever more complex to resolve. Fund-raising practice itself remains reasonably simple, aiming to stimulate gifts that will fund well-defined solutions to recognized problems. It works best when the purposes are clear and worthy of the public’s purse. However, to enable not-for-profit organizations to do more good works takes as much or more money with each passing year, and therein lies the basic fund-raising challenge—to maintain and expand the commitment and support of those already involved while inviting others to join in. With everyone working together toward common community benefit, progress can be made, problems can be solved, needs can be met. There is no better cause than people helping people.

Yet there is more to fund raising than raising money. Not-for-profit organizations depend on philanthropy, defined by Robert Payton as “voluntary action for the common good.”² Philanthropy requires proper legal form, duly elected and active boards of directors, managers and staff with professional training and certified competence, astute fis-

¹ Harold J. Seymour, *Designs for Fund Raising: Principles, Patterns, Techniques* (New York: McGraw-Hill, 1966) p. 115. (A second edition of this exemplary text was reissued in 1988 in paperback by The Fund Raising Institute, Ambler, Pa.)

² Robert Payton, *Philanthropy: Voluntary Action for the Common Good* (New York: Macmillan, 1988).



cal management, dedicated employees who deliver programs and services, and more, all dedicated to provide assistance to those in need at the highest level of quality possible. The performance standard called for in these daily operations is not “good enough,” or “the best we can,” but a commitment to excellence. To be a part of a not-for-profit organization is to be asked to give your best effort to achieve excellence in serving others. This goal attracts men and women willing to work for (not off) charitable enterprises. Those who come forward to volunteer their time, talent, energy, and money respond to that higher purpose of giving of themselves for others.

The separate world of management practice for not-for-profit organizations is well presented in the companion text to this handbook. Tracy Daniel Connors's *The Nonprofit Handbook: Management* addresses the “business” of planning, marketing, finance, operations, human resources, and more, that is required of today's not-for-profit organizations. Likewise, the “business” of fund-raising practice requires planning, marketing, finance, operations, human resources, and more, which is the purpose of this handbook of fund-raising practices. Together, these two volumes constitute a summary of current knowledge and state-of-the-art instruction for those who lead and serve not-for-profit organizations everywhere.

These two handbooks address the required actions to prepare for and succeed in a future full of challenges for every not-for-profit organization. The well-qualified authors invited to contribute were chosen for their proven fund-raising expertise in their assigned topics. But this handbook is more than a collection of practical information organized into six parts; it is an encyclopedia of knowledge and a ready desk reference on the entire scope of fund raising, including the supporting disciplines essential to successful solicitation practice. A full half of this text is devoted to the “how to” of actual solicitation activities, each provided with an eye to their interdependence on one another in raising maximum amounts of dollars year after year. The authors have not spared any necessary detail on what it takes to produce successful programs for solid results.

This text is not the first fund-raising handbook, nor will it be the final word. It is, however, unique in two ways. First, it is an early entrant in the new NSFRE/Wiley Fund Development Series designed to assist fund-raising professionals, along with their volunteers engaged in fund development. Second, it contains descriptions of the related knowledge areas essential to overall success in every fund development program. Although it is tolerably complete, plans are already in progress to add chapters to supplement this first edition with supplements.

This handbook begins with Part I: “Managing Fund Development,” the history of how fund raising got to where it is today. John Schwartz, who was instrumental in shaping many of the directions that resulted in our present-day levels of success, provides an insightful survey of the past 50 years of exciting and dramatic growth in American philanthropic practice. Next, Kimberly Hawkins and her colleagues at Raybin Associates, Inc., start us on the path to success with proper preparation, and strategic planning before any fund raising begins. To succeed we must know the answers to such questions as “What's the money for?” “Why are you asking me?” and “Why now?” We must first define a preferred future and offer a credible design for how to get there, so that we are ready with the answers to such questions and how the funds requested will make that future happen.

Barry McLeish introduces the arena of strategic marketing, still a relatively new management skill for not-for-profit organizations. Society is a rapidly-changing environment where people and organizations can still take responsibility for solving com-

mon problems for benefit of the community. We must understand this discipline and its concepts of target marketing, product-line promotion, and multimedia communication, all of which Barry discusses. James Connell next takes these thoughtful plans and communications strategies, marries them to proven solicitation methods, and creates a cost-effective, productivity-modeled budget for each fund-raising method to be used. Because fund raising is all about the numbers of donors, volunteers, budgets spent, and net proceeds, as well as money raised, performance analysis can and should be done to evaluate the results of each fund-raising activity. Managers can use productivity data to adjust current activities and forecast increased giving with reliability, as John Dreves's and my presentation on fund-raising assessment illustrates.

Part II addresses readiness and the "why" of charitable giving. To understand why, begin with "who," as Judith Nichols instructs in her delineation of demographic profiles on the people involved in philanthropy, then stay alert to constant changes in the world's society of peoples. Why do people give? This is an essential question begging for answers, and many are provided in Douglas White's chapter. Dozens of motivating factors may be involved in each gift decision. Ultimately, the spirit of altruism thrives; all we need to do is ask. Of course, everyone knows that, or should. "It is no easy task to find the middle, or to give or spend money; but to do this to the right person, to the right extent, at the right time, with the right motive, and in the right way, that is not for everyone, nor is it easy."³ But, whom to ask and when, for how much and for what purpose, are the basic questions. Many of the answers can be found in prospect research, and Bobbi Strand provides the exact information needed to build the relationships necessary to produce good gifts. There is more data readily available today than we need; the skill is to extract what is useful and to use it well.

With defined audiences selected and likely motives for giving understood, it is time to follow our leaders, a triumvirate that includes the board chair, the CEO, and the development officer. Gail Warden, president and chief executive officer, and Glen Smiley, corporate vice president for philanthropy of the Henry Ford Health System, tell how this terrific trio achieves success. What is the role each partner must play to make fund raising work flawlessly? What if the board is not ready, or lacks key people, or is not committed? Perhaps what is needed is a little "leadership reengineering." August Napoli outlines that workable prescription, an easy-to-swallow pill designed to match every not-for-profit organization's special nature to achieve a more effective board, ready to serve. To make sure the focus is where it should be, Fisher Howe delivers advice on a healthy board's role in fund raising: it is imperative to explain what the board needs to understand about fund raising and to define the responsible actions they are required to take.

Part III introduces that beautiful family, fund-raising's all-star cast of proven performers, annual giving solicitation activities. Each and every not-for-profit organization can adopt any or all the children that make up this family—direct mail, donor clubs, benefit events, telephone and volunteer-led solicitation. Knowing each of them is one thing; using them all together is to build and sustain the very foundation of the "pyramid of giving" for a long-term fund development program. Nan Doty and Barbara Cox provide an overview of annual giving, matching those essential ingredients described in

³ Aristotle, "*Ethica Nicomachea*," Book II, Chapter 8. From *Introduction to Aristotle*, Richard McKeon, ed.; R. W. Ross, trans. (New York: Random House, 1947) p. 346.