

Henry R. Rosso

ROSSO
on
Fund
Raising

*Lessons from
a Master's
Lifetime
Experience*

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**Lessons from a Master's
Lifetime Experience**

Henry A. Rosso



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Preface

This book has been in my mind for many years. It is an effort to transfer to others thoughts I have accumulated and stored over nearly half a century in the service of fund raising. It also is intended to communicate the technical fundamentals and the theoretical basics that I have been teaching in the classroom for more than twenty years. However, although I do direct my attention to some basic principles and techniques, I am more concerned with the heritage of fund raising: the wisdom bequeathed by the giants of the past, the idea of stewardship, and the place of integrity in the structure and work of philanthropy and in the profession of fund raising. In this book, I have tried to address the traditions that provided the building blocks for the structure in which we work today and also to pass along telling professional memories and the important lessons I have learned.

Audience

The audience for this book includes students of fund raising; development officers and staff; and executives, trustees, and volunteers—that is, all those interested in studying philanthropic fund raising at its working, conceptual, and philosophical levels. For each reader, there will be lessons on every page, both directly stated and contained in examples and experiences.

Overview of the Contents

Rosso on Fund Raising is divided into two parts. The eight chapters in Part One address the fundamental elements of fund raising. Chapter One, “Setting Realistic Expectations,” is a case history, with

many lessons for the beginning practitioner and reminders for the experienced professional.

Chapter Two, “Growing a Successful Fund Raising Program,” examines the evolution of the fund raising program as it progresses from beginning efforts to maturity—or in the worst case, to the dismal failure and the deadly state of R.I.P. New and veteran development officers will benefit from the analysis of opportunities, stumbling blocks, and threats as well as of glorious advancement in the unfolding adventure of fund raising. This chapter’s rationale is that it is wise for fund raisers to study the process before experiencing it.

Chapter Three, “Developing Leadership for Fund Raising,” has grown out of my sense that there will be a growing need in the decades ahead for development officers, agency executives, and trustees to understand more fully the functional dynamics of the critical process of enlisting, orienting, involving, and expanding the cadre of leaders who are in service to fund raising and the volunteers to support them.

Chapter Four, “The Art of Asking with Composure,” examines the solicitation process by testing why people give, why they do not give, and why people do not like to ask for money. It then offers time-tested tips for asking for money with composure, with confidence that you will succeed.

Chapter Five, “It’s All About Being Friends: Cultivating Donors,” is especially important because it describes acquiring, renewing, upgrading, and retaining precious donors. Nine-year-old Sam Henderson offers cogent advice on this matter.

In Chapter Six, “Diversifying Funding Sources,” a veteran fund raiser joins us to examine the important differences that separate these two financial transactions: asking for a gift from an individual and asking for a grant from a foundation or a corporation. As in all human endeavors, there are both benefits and drawbacks, obstacles and opportunities for fund raisers working with each of these sources. Each has its unique culture and its own decision process. It is wise to learn as much as possible about that culture and decision process before making any solicitation.

Chapter Seven, “Classic Mistakes and Their Lessons,” urges practitioners to walk to “the end of the branch,” walk until you hear the wood beginning to crack. Dare to make mistakes because

they will teach you to do things differently, to experiment, to test new and unfamiliar theses. Examples are given of lessons learned through mistakes.

Chapter Eight, "Evaluating Fund Raising Programs and Capabilities," pursues a theme drawn from Peter Drucker's extensive writings about management, evaluation, and change. His thesis that we should at times "abandon all knowledge" means, simply, that we should open our minds to new thoughts and new concepts, we should be willing to accept change. "Challenge the process" is an imperative enjoining you to keep your work pertinent to the moment. Evaluate and renew your ideas. Abandon all knowledge, and be prepared to accept new thoughts engendered by change. Read this chapter and then take stock of your program.

Part Two of this book discusses the history and theory underlying the fund raising profession. Chapter Nine, "Our Heritage: Rich in Values and Virtues," looks back to medieval England and to our own colonial era, to the writings of Cotton Mather and Benjamin Franklin, to present the wisdom bequeathed by many others in our past to guide us in our work today.

Chapter Ten, "A Blend of Art and Science: The Five Essential Steps in Disciplined Fund Raising," ventures to enter the popular debate whether fund raising is an art or a science. The reader, I hope, will be induced to join in this debate.

Chapter Eleven, "Language and the Gentle Art of Persuasion," reaches back to medieval Europe to track the genesis of the language of fund raising. The color that our choice of language gives to our solicitations is intriguing to some fund raisers, bothersome to others. Knowing the genesis and the evolution of fund raising language can help fund raisers be more precise when discussing their programs and purposes with our stakeholders.

Chapter Twelve, "My Start in Fund Raising," addresses this history from a personal angle. I am often asked how I began in this profession, and this chapter records my introduction to broad-scale, serious fund raising and to directing a major campaign, the Mothers' March on polio in 1951 in Syracuse, New York.

Chapter Thirteen, "Stewardship in Giving and Receiving," examines the thesis of stewardship, its meaning and its application to philanthropy and fund raising and to the development staff, executive team, trustees, and contributors.

Chapter Fourteen, "Recollections by One Who Was There," reaches back 168 years. For both veterans and younger fund raisers, there will be a touch of nostalgia in the story reprinted in this chapter, written in 1828 when college fund raisers and others were called "beggars."

Chapter Fifteen, "A Call to Service," was added to provoke discussion. I hope that it succeeds. For all of us, is fund raising a call to serve the public good, or is it just a job?

Acknowledgments

It would be unusual for an author to complete a book drawing upon years of experience without harboring a sincere feeling of obligation to a number of people, individuals who willingly lent their talent in offering content suggestions. I am grateful to consultant Arthur Frantzreb in McLean, Virginia, for his bestowed wisdom; retired Lilly Endowment executive Charles Johnson; Bill Somerville, president of the Philanthropic Ventures Foundation, Berkeley, California; Dean Schooler, president of the Schooler Family Foundation in Boulder, Colorado; consultant Karla A. Williams in St. Paul, Minnesota; Martha Taylor, vice president of the University of Wisconsin Foundation; consultant Gary Wolff, Mill Valley, California, who patiently read my copy to polish the language and correct the typos; Susan Munro, who coaxed the computer to accept the text; and Michael Schuetz, who tamed the computer.

I also offer my thanks to many other fund raising colleagues who encouraged me to try my hand at expressing my private thoughts about this remarkable phenomenon called fund raising.

Most of all, I must express my deepest gratitude to the one person who tolerated me when the computer and its unwilling companion, the printer, decided that they had had enough of each other and of my words and just simply quit working. Dottie, my patient, competent wife, quietly took over, solved the problem, and prodded me on to finish the manuscript—so that she could complete the task of proofreading. Without her, there would have been no book.

*San Rafael, California
July 1996*

Henry A. Rosso

The Author

Henry A. Rosso was the founding director of The Fund Raising School, now a program of the Center on Philanthropy at Indiana University, Indianapolis. He has been a fund raising practitioner for forty-seven years, having started his career in 1949 as vice president of Doug Johnson Associates, a public relations company in Syracuse, New York. He received his B.A. degree magna cum laude (1949) in English and journalism from Syracuse University, where he was made a member of Phi Beta Kappa and of the Delta Sigma Chi journalism honor fraternity.

From 1959 to 1972, Rosso was West Coast vice president and a member of the board of directors of the G. A. Brakeley Company, a national fund raising company. He resigned to set up his own consulting office in San Francisco and to start The Fund Raising School. In 1985, the National Society of Fund Raising Executives (NSFRE) presented Rosso with its Outstanding Fund Raising Executive Award. He has received honorary doctorates from both Pacific Union College and Indiana University. In 1990, Indiana University recognized his contributions to the advancement of philanthropy by creating the Henry A. Rosso Medal, awarded annually to a fund raising professional for lifetime achievement in ethical fund raising. Rosso was the first recipient of this award. He is also lead author of the textbook *Achieving Excellence in Fund Raising: A Comprehensive Guide to Principles, Strategies, and Methods*, published in 1991 by Jossey-Bass and winner of the NSFRE's 1992 Staley/Robeson/Ryan/St. Lawrence Prize for Research on Fund Raising and Philanthropy.

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Part One

The Essentials of Fund Raising

Chapter One

| **Setting Realistic Expectations**

Let me begin with a true story. Three forces met one day not too long ago to deliberate on an issue of strategic importance to the future stability of a relatively small human services center in a northern U.S. city with a population of 235,000.

The primary force was the center's chief executive. The secondary force was chair of the finance committee of the board of trustees. The third force, also important, was an eager applicant to fill the recently vacated position of director of development. This candidate was particularly interested in working with an agency serving young people.

The chief executive, a competent, responsible administrator, was troubled that the center had been unable to increase its annual income to meet all the needs of its continuing, imaginative programs. Additionally, certain trustees were making noises to the effect that they were not impressed with fund raising program progress in keeping abreast of the cash flow demands generated by an ambitious board-imposed growth pattern. "If you can't do it yourself," the finance committee chair had directed the executive, "hire a competent fund raiser and put that person to work immediately gathering gift funds."

Attempting to follow that directive, the center had hired three development officers over a period of four years. Each had lacked extensive experience in broad-based major gifts fund raising and in prospect research and in constituency development. Minimum funds were raised through the usual special events: galas, mailings to the community, and routine solicitation of the governing board members by letter and of the center's staff by casual request. The

final results of such annual fund raising did not merit any major communitywide celebration.

The executive felt a twinge of guilt, recalling the debacles of previous fund raising campaigns. The memory was a bitter one to the executive, who had no fund raising experience. She now realized that she had no measuring stick to determine whether or not a fund raising plan had any merit, was applicable to the needs of the organization, and was appropriate to its constituency. Nor did she know whether candidates for the development position had the knowledge or experience to put a plan in place to raise the funds required. Perhaps it was time, she had determined, to hire a self-starter, a go-getter, a person competent to increase foundation and corporate support and to promote major gifts. The chief executive knew that board members would not participate in any fund raising, particularly in the giving or getting part of it. If it is to be done, she had thought to herself, it will have to be done by the new fund raising hire. I hope that she or he has the gumption to take this on. I certainly do not have the time or the inclination to get involved myself. And she had told herself, as a sorrowful afterthought, There is no way that I can induce the board to get involved, unfortunately. Certainly, I do not want to repeat last year's painful encounter with the board.

Coming Face to Face with Reality

The fund raising candidate at the meeting was anxious to find a permanent position, one that would give her an opportunity to utilize her creative talents to the utmost, one that would exploit her ability to identify with people and to work in empathy with volunteers. She lacked hands-on experience, but she believed that she could learn the "tricks" of fund raising quite easily. After all, how complicated could it be, particularly for a person who had just completed advanced management studies?

The executive was by now convinced that the strategy had to be to pick the right person, primarily someone who needs the job. Put the person to work; don't interfere in any way. Let the person do what she or he is capable of doing.

The scene for disaster was set.

When the meeting got under way, the executive supposed that before her sat the savior capable of relieving her of the horrid

responsibility of fund raising. Both the executive and the candidate anticipated that this was a decisive moment. A new era of fund raising productivity for the human services center was at hand. Because the executive was anxious to hire, she did not ask many questions of the candidate. If she had, she would have learned that this person, though eager and well intended, had minimum hands-on fund raising experience in the critical area of major gifts solicitation. However, the executive was impressed that the candidate had completed advanced studies in nonprofit management and had attended several two-hour seminars on fund raising principles offered by a community college nearby. These courses, however, were conducted by the academic faculty, and the few practical exercises assigned were not adequate to build the confidence bank necessary for individuals who must effectively solicit major gifts.

Because the candidate was eager to settle into a wage earner's mode, she, too, had few questions. Primarily, she asked, "What will be the salary?" "What benefits do you offer?" "What is the vacation period?" "Can I expect to be considered for raises in the future if I do well?" And then, almost as an afterthought, "What will you expect of me?"

The executive responded to the latter question: "Our goal will have to be \$55,000 in annual fund support for the fiscal year ahead and then a steady increase in annual funds in each of the years after that. Do you feel competent to accomplish that?"

There was a tense moment of silence, and then the candidate announced, "I would like to apply for the job. I organized a campus program and raised funds working with volunteers to continue the program. I helped to raise funds for my church for three consecutive years. We made the goal. I studied fund raising principles as part of my advanced studies. I believe that I can do what you want me to do. And I can be available to start at your convenience. Can we talk for a few moments more about salary and benefits and opportunities for future advancements?"

Questions to Be Asked

This meeting was a travesty—innocent, yes, but still a travesty too often repeated: a not-for-profit organization is eager to hire an

experienced person to plan and to manage the fund raising program, thereby releasing the executive from what can be a heavy responsibility for a busy person. It often would be too heavy a burden for the chief executive to carry the weight of day-to-day management as well as the custody of fund raising, to plan and to direct what many consider a nuisance, an unpleasant job that has to be done. Thus, eagerness sometimes supersedes wisdom. Eager to hire, the executive does not study the candidate's experience, does not ask for evidence of that experience, does not ask probing questions about the candidate's thoughts regarding annual fund programs or about the candidate's record in planning and directing such programs.

A sincere, often young hopeful, eager for employment and willing to do what is required but lacking the basic experience to make things happen in a complex setting, does not ask the probing questions that will help her or him determine whether or not the goal is realistic and can be attained. Does the candidate have a right to ask such questions? The candidate not only has the right to ask, she or he has a responsibility, to herself or himself and to the organization, to request responses. What questions are appropriate? If the candidate applying to the human services center described here had asked the questions that follow and heard the answers shown, these answers should have prodded her concern.

Q: What was the annual fund goal last year?

A: \$40,000.

Q: How much was actually raised?

A: \$32,000.

Q: How can you justify a current year goal of \$55,000 when only \$32,000 was raised against a goal of \$40,000 last year? That is \$23,000, or more than a 50 percent increase over last year's accomplishment.

A: The hard fact is that we need that kind of money to fund the programs for the fiscal year ahead.

Q: What kind of support will I be able to expect from the board members in the matter of prospect identification and solicitation?

A: Judging from past experience, relatively little performance can be expected from the board members in the annual fund

effort. They believe that this is the responsibility of the staff fund raiser.

Q: Before I say whether I think I can attain your goal of \$55,000, will you permit me to study the final report of last year's annual fund program and the number of gifts produced in what amounts from what sources and equally to study the incidence of volunteer involvement in the annual fund program?

A: [*Possible answer 1.*] By all means. The information is available to you providing that you respect the confidentiality of the file information.

[*Possible answer 2, the probable answer.*] By no means. They are confidential records open only to executive staff and the board of trustees.

Q: [*Response to answer 2.*] If the files cannot be made available to me, can you give me a statistical record of total gifts received by sources, by amounts from the top-level gifts to the smallest ones? Will you permit me a day or so to study that report so that I can make an independent determination as to whether or not your goal can be reached?

These are important questions. Availability of this data would have enabled this candidate to determine the strategies that she would employ to attract the major gifts important to the success of the program. As a matter of fact, if a candidate does not ask questions about the previous annual fund, she or he simply cannot know whether sufficient valid prospects are available for major gifts solicitation.

However, this candidate applied for the job not knowing what questions to ask during the interview and what areas to examine to look for danger signs. She needed to inform herself about the extent of support that would be provided by the chief executive, the executive staff, and the board members and other volunteers. But she hesitated to test whether or not a goal of \$55,000 for the annual fund program was realistic. She hesitated to ask questions about the performance of the annual fund in the previous year: What was the goal and how much was actually raised? She hesitated to probe for fear that the executive might consider her concern a weakness. And yet, how else can a candidate for development officer determine whether or not the task required can be done?