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Strategic **FUND** Development

THIRD EDITION

**Building Profitable
Relationships That Last**

Simone P. Joyaux, ACFRE

Strategic Financial Development

***Building Profitable
Relationships That Last***

Third Edition

SIMONE P. JOYAUX, ACFRE



WILEY

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Praise for
Strategic Fund Development, Third Edition

"Few people understand the totality of fundraising strategy like Simone Joyaux. In the third edition of *Strategic Fund Development* Simone provides must-have insight into effective decision-making models that will lead you to well-managed and successful development efforts. Most important about this new edition is the insight you will gain to engage board members, staff, and volunteers in meeting organizational goals."

—Ted Hart, ACFRE

"Highly functioning nonprofit philanthropic organizations are the cornerstone of any democratic society. With her truly holistic approach toward fundraising and organizational development, Simone presents great insights in building those organizations. This makes her one of the most influential fundraising thinkers globally. This is not a book for North American fundraisers only. It is a must-read for anyone, active at any level, in any nonprofit organization anywhere in the world. By the way, for those who think fundraising is just learning some techniques to raise money, this book explains how wrong that is."

—Ilja De Coster, Senior Fundraising Consultant
and Managing Partner, EthiCom, Belgium

"An indispensable resource! This is the one reference book that I recommend to the students in my course on fundraising campaigns at the Université de Montréal. The book presents a great variety of key features while it interlaces methodology with practical approaches. As such, it is an outstanding resource for any philanthropic endeavor, and it will contribute to the successful planning of great fundraising campaigns."

—Dominique Richard, Executive Director,
Muscular Dystrophy Canada, Québec division

"Simone, thanks again for motivating me, reminding me of my responsibilities as a person and a professional. Thanks for the intellectual workout too often missing in the day-to-day grind."

—Wendy Zufelt-Baxter, MA, CFRE, Campaign Coaches, Canada

"When the Fundraising Management Certificate curriculum was recently revised, I immediately added your book as required reading for my course. The course focuses on the nuts and bolts of running a fund development office. Your book stresses the need for organizational infrastructure and strong fundamentals, just the message I wanted to deliver. And it reminds students that fundraising professionals must play a broad and strategic role in an organization. I wish it were required reading for CEOs!"

—Cathy Mann, CFRE, Academic Coordinator and
Instructor, Ryerson University, Chang School;
Fundraising Management Certificate Program
and Principal, Cathy Mann & Associates

Pour Georges qui aurait été si fier de me voir auteur comme lui.
C'est la troisième édition, mon Père!

For the six Joyaux siblings, the Big Kids and the Little Kids.
We were never in one book together. Separated by years
and two editions of Dad's blockbuster.

Foreword

Dear Reader,

This Foreword was written by Tim Burchill—professional colleague and personal friend—and originally appeared in the second edition of *Strategic Fund Development* (2001).

Tim died suddenly on February 20, 2007. Beyond our reach now. Always remembered with admiration, gratitude, and great affection.

It seems fitting to keep Tim's foreword for this third edition. First, because of what he said: He so well understood the intent of the book. Second, because his name represents so much of what is good and important about this sector.

As always, thank you, Tim.

In this second edition of her cogent and popular *Strategic Fund Development*, Simone P. Joyaux, ACFRE, writes that “visioning is a lively process of sharing what people most care about in a way that creates enthusiasm and shared commitment, a collective sense of what matters to the organization and its participants. . . . Your organization's vision is a snapshot of your desired future.”

Another contemporary observer of organizational planning and leadership, Joel Barker, author and futurist, offers a prescription for organizations of all kinds, from governments to multinationals, and from highly endowed universities to grassroots not-for-profit agencies:

- Organizations with vision are powerfully enabled.
- Organizations without vision are at risk.

Simone Joyaux provides those of us who labor in the vineyards of the philanthropic sector with invaluable tools and concepts for translating organizational vision into reality. As one who has enjoyed the privilege of being a colleague of Simone's in various venues, I view this volume as but one more component of the innumerable contributions she has made to not-for-profit organizations and their stakeholders over the past quarter century.

A foreword is probably not the place to summarize key points of a book. But three central messages in this volume are so critical to a proper perspective of the philanthropic sector that they warrant highlighting:

1. Success in securing philanthropic gifts is not the result of master techniques, deploying the latest technology, or enjoying the most hallowed tradition. Simply

stated, successful philanthropic fundraising is the product of the intentional, strategic, and consistent building and nurturing of relationships with an ever-expanding pool of stakeholders.

2. "No organization can survive on mission and vision alone."
3. Even as the practice of fundraising is emerging as a true and recognized profession, volunteers remain critical to the fundraising process and to the validation of the legitimacy of not-for-profit organizations.

Too much of the literature available in the field today gives scant attention to these three essential paradigms. Yet they constitute the very heart and soul of Simone Joyaux's writing.

It has been my privilege to work closely with Simone Joyaux in recent years: as fellow members of two boards of directors—the Association of Fundraising Professionals (AFP) and CFRE International—and as fellow faculty members in the Saint Mary's University of Minnesota MA in Philanthropy and Development program. In every venue—as well as in this book—she gives evidence of her limitless commitment to advancing the field of philanthropy. She is a true steward of philanthropy.

Tim J. Burchill, CFRE

President, The Metanoia Group
Executive Director, Hendrickson Institute for Ethical Leadership
Founder and Senior Faculty, Saint Mary's University of
Minnesota MA in Philanthropy and Development
Winona, Minnesota

Preface

Do You Need This Book?

This book is *not* just about fundraising.

Yes, fund development is the frame for this book; it's right there in the title. But the foundation of the book is building effective and sustainable organizations. In fact, parts of this book are pretty much stand-alone publications on specific topics. For example:

- Chapter 3 focuses on your *internal operations*. Use this chapter to learn about organizational culture and good decision-making. Learn what it means to define your organization's values and why those matter. Use conversation as a core business practice and use questions to stimulate conversation. Do all this well and you'll be stronger.
- Chapter 6 focuses on *institutional strategic planning*. This chapter tells you just about everything you need to know to do effective strategic planning in any organization. Forget fund development. Use this chapter—and its many examples—to carry out strategic planning at your organization. Strategic planning answers questions like: Why do you matter? Where are you going? How will you get to where you're going? And this chapter shows you how to decide all this and how to develop your plan.
- Chapter 8 explains *how to work with volunteers*. Apply these enabling functions well, and you and your volunteers will be far more successful. Use these strategies to get the best governance and fundraising performance from your board members.

Should you buy this third edition if you already own the second edition? You'll find lots of new stuff:

- More about leadership—in a separate chapter in this new edition.
- More about the fundraising professional—in a separate chapter in this new edition.
- More about fund development planning—including measures and tips to involve your board members in the process and implementation.
- Lots of new examples—keep the second edition for its examples, and check out the new examples in this third edition, posted on the book's companion website: strategic plans, fund development plans, surveys, and more.
- New introductory chapter—highlighting key elements of fund development.

- Lots more cage-rattling questions—to stimulate you, your colleagues and board members, and the profession and sector. (Let's agitate and make change!)
- And a website for the book with even more examples.

It's interesting, writing a third edition of this book. Certainly it's easier. I'm not starting from the beginning. I'm not creating something totally new. Instead, I'm editing and adjusting and adding. People call this book a "classic" and a "standard" in the profession. Professionals tell me they still use the book regularly, dog-eared copies resting near at hand. For sure, I don't want to change so much that readers lose what they value.

For me, much of the second edition includes some favorite, always-useful learnings and insights. You'll find resources, citations, and quotations that are a decade or more old. But old sure doesn't mean out-of-date. My sources—for inspiration and quotations and information and learning—span many years. I continue using them because they're good, regardless of the publication date. I continue quoting Shakespeare and Confucius, too, despite their age.

So I'm not starting from the beginning, writing this third edition. But I've changed in the intervening years. I've learned more and questioned more—and I keep learning and questioning.

I've connected with more professionals and volunteers around the world—speaking at conferences, developing curricula, serving clients. I read more research because there's more to read now. I still consume books and publications—and not just in philanthropy.

All this challenges and stimulates me. I know that philanthropy is my life's work. I know who I am and accept myself with better understanding and greater grace. I know why I do what I do and with whom I want to do it, whether colleagues, friends, or clients.

All this is reflected in this third edition of *Strategic Fund Development*. You'll find more examples and new tools. You'll find different ways to approach the same old things we always have to do. You'll find affirmation for some of what you do. But you'll find challenges—even harsh challenges—to other things you do (or don't do).

Strategic Fund Development: Building Profitable Relationships That Last is really a book of many parts, a resource beyond fund development, as well as a resource for fund development. *Strategic Fund Development* is the precursor to *Keep Your Donors*—it's the prequel, if you will. The two books belong together.

Back in 2000, when writing the second edition of this book, I said I was worried and frustrated. I still am. Even more so now. What frustrates and worries me?

- Treating philanthropy as a financial transaction and a means to achieve the organization's mission.
- Inadequate donor centrism and relationship building.
- Poor engagement of board members, too often stimulated by inadequate enabling by staff.
- Lousy governance, even from the supposedly sophisticated and experienced organizations and board members.
- Excessive focus on *how* rather than sufficient focus on *why*.
- Continuing sense of entitlement on the part of nonprofits/nongovernmental organizations (NGOs).

Actually, my frustrations and worries are a pretty long list! Just check out my pet peeves (and personal rants) on my home page at www.simonejoyaux.com. Check out my professional tips there, too.

Yes, I'm frustrated and worried. But I'm also optimistic. Keep your own faith; I do. Keep challenging yourself, others, and me, too! Keep learning. Use frustration and worry. Together, we can make changes. Together, we can strengthen fund development, organizations, and communities. Together, we do make a difference.

Why bother? Because the reward is organizational success, not just survival. And organizational success matters because strong philanthropic organizations make a bigger difference in their communities. That's what matters.

A Note on This Book's Companion Website

Throughout the book, I refer you to the companion website, which is new to this third edition (separate from my own website at www.simonejoyaux.com). The companion website includes all appendices for this book. For a list of appendices, by chapter, see the list at the end of this print edition.

Please visit www.wiley.com/go/strategic and enter "strategic123" to download an array of sample surveys, strategic plans and fund development plans, and other useful information.

Simone P. Joyaux, ACFRE

www.simonejoyaux.com

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Just like we say when recognizing donors, “This book was made possible by the generous contributions of many.”

First, I start with Tom Ahern. Not because he is my life partner but because of his profession: donor communications specialist. He’s taught me to write better, much better. He challenges me professionally. He reads and edits my stuff—including three editions of this book. Thank you, colleague Tom.

Thanks to Sarah C. Coviello, CFRE, excellent collegial resource. Always there to brainstorm and strategize with me; to explore angles and directions. And thanks to dearest friend, Sarah, always there to support me.

Thanks to my clients and my volunteer gigs that graciously gave me permission to use work we produced together: Audubon Society of Rhode Island, Steel Yard, United Way of Dutchess County, Wethersfield (CT) Library, Women’s Fund of Rhode Island, Women’s Foundation of Southern Arizona, and the YMCA of Greater Providence. Thanks, too, to the Jewish Community Foundation of Southern Arizona.

Thank you to the cohorts at Saint Mary’s University. You challenge and engage and inspire me. And you give me great ideas and quotes for my writings.

Thank you to the authors and scholars and practitioners in the philanthropic sector. Your research and experience informs my own work.

Most especially, thank you to all who give their time and money and passion in order to build strong, healthy, and vibrant communities.

And finally, thanks again to Tom, this time as my life partner. Best friend and playmate. Passionate philanthropist. Together, we yell our family battle cry and fight for change.

About the Author

Simone P. Joyaux, ACFRE, is recognized internationally as one of the most thoughtful, inspirational, and provocative leaders in the philanthropic sector. She's an expert in fund development, strategic planning, and board development. She teaches philanthropy at the university level, speaks at conferences worldwide, and regularly serves on boards.

Strategic Fund Development: Building Profitable Relationships That Last is considered a classic that deserves regular updating. Her book *Keep Your Donors: The Guide to Better Communications and Stronger Relationships*, received rave reviews. She has also written chapters in *Philanthropy in 7 Words* and *The Fundraising Feasibility Study* and is a Web columnist for *The Nonprofit Quarterly*.

As a volunteer, Joyaux founded the Women's Fund of Rhode Island, a social justice organization. She has been recognized as Rhode Island's Outstanding Philanthropic Citizen.

Simone's website is full of free downloadable resources. Her weekly blogs and free e-news provide professional tips, pet peeves, and personal rants.

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Let's Start Here

An Important Introduction

Philanthropy is the act of individual citizens and local institutions contributing money or goods, along with their time and skills, to promote the well-being of others and the betterment of the community in which they live and work. Philanthropy can be expressed in informal and spontaneous ways or it can also be expressed in formal, organized ways whereby citizens give contributions to local organizations, which in turn use the funds to support projects that improve the quality of life.

—European Foundation Centre, Brussels

Where to Start

Should all books begin at the beginning, especially professional books? My book *Keep Your Donors: The Guide to Better Communications and Stronger Relationships* (co-authored with Tom Ahern; John Wiley & Sons, 2008) began at the beginning, even using that title for the first chapter: beginning at the beginning.

So what's the beginning to this third edition of *Strategic Fund Development*? I'll start with a mini overview of definitions, resources, and happenings. Not all-inclusive nor even fairly comprehensive. Just some thoughts and perceptions that set the context for what comes next.

What's Happening Out in the World

Does that sound too big? Well, it isn't. This is the place to start: the environment in which you and your organization operate.

Think about world events like the great recession (its name in the United States) or the global economic crisis (with its own acronym, GEC). The economy affects your community and your organization.

Think about demographics and lifestyles. What do you know about Baby Boomers, Millennials, and gender differences? What are the implications for serving your clients and hiring employees? What trends affect your fund development program and marketing/communications? Think about politics and public policy.

How will legislation and regulation affect your clients and donors, your programs and advocacy?

How about technology? Think about the Internet, Google and googling, YouTube, and social media. What's the effect on your programming and administration, your relationship building, and your marketing/communications? And there's more, of course: Think about war, safety, security, science, and religion. Think about all the elements in your environment that you cannot control but do have to manage. See Exhibit 1.1, a tiny snapshot just for fun. How out of date is this snapshot as you read it right now or again in six months or later?

Exhibit 1.1 Tiny Snapshot of What's Happening in the World

Ten Trends You Have to Watch

1. Globalization under fire.
2. Resources feeling the strain.
3. Trust in business running out.
4. A bigger role for government.
5. Shifting consumption patterns.
6. Management as a science.
7. Asia rising.
8. Industries taking new shape.
9. Price stability in question.
10. Innovation marching on.

Curious about what this means? Read "The 10 Trends You Have to Watch," by Erick Beinhocker, Ian Davis, and Lenny Mendonca, *Harvard Business Review* (July–August 2009). "After a full year in heads-down crisis mode," many business executives think the result is a "restructuring of the economic order." What do you think? How do these affect your nongovernmental enterprise (NGO) and its environment? Read the article. Check with McKinsey & Company as it tracks these forces.

Five Trends That Will Reshape the Nonprofit/NGO Sector

1. Demographic shifts redefine participation.
2. Technological advances abound.
3. Networks enable work to be organized in new ways.
4. Interest in civic engagement and volunteerism is rising.
5. Sector boundaries are blurring.

Curious about these? Read "Convergence: How Five Trends Will Reshape the Social Sector," by Heather Gowdy, Alex Hildebrand, David La Piana, and Melissa Mendes Campos of LaPiana Consulting (November 2009). What do you think?

Where do you get your information about what's happening in the world? What research sources help you the most? How do you nurture strategic conversations to talk about issues, trends, and their implications for your community and your organization?

By the time you read this book, resources I suggest may no longer exist or may not be so great. But you'll find more. That's part of your job. For now, here are just two examples:

1. Pew Research Center (www.pewresearch.org): Nonpartisan fact tank that provides information through public opinion polling on the issues, attitudes, and trends shaping the United States and the world.
2. Center on Philanthropy, Indiana University (www.philanthropy@iupui.edu): Resource center for increasing the understanding of philanthropy and improving its practice through research and education.

Visit the various associations and resource centers around the world that focus on the nonprofit/NGO sector. Look at their research and publications. Then go beyond the nonprofit/NGO sector. Stay on top of business theory and happenings in the for-profit sector. Check out my home page blogs and "newsyletter" for recommended research, resources, and readings. See the booklists and links on my website at www.simonejoyaux.com.

Defining Philanthropy and Fund Development

Years ago when speaking in Mexico City, I heard philanthropist Don Manuel Arango Arias talk about philanthropy as "freeing the talent of the citizenry." That goes well with my favorite definition of philanthropy, coined by Robert L. Payton, that philanthropy is "voluntary action for the common good."¹ Consider, too, what other leading sector experts say: John Gardner talks about "private initiatives for the public good," Lester Salamon refers to "the private giving of time or valuables ... for public purposes" and Robert Bremner notes that "the aim of philanthropy ... is improvement in the quality of human life."²

Philanthropy is not defined by wealth. Everyone can give. Many choose to give. And it is hoped that organizations value all donors and respect all gifts. As Alfie Woodard says in the preface to *Robin Hood Was Right*, one of the best books you'll ever read: "Giving isn't a posture reserved for the rich or powerful. It is the responsibility and privilege of every man, woman, and child to participate in the task of building more just and humane societies."³ The concept of justice—too often excluded from philanthropy—broadens our horizons.⁴ The common good demands our attention. And Woodard continues, "Charity is good, but supporting and creating social change are about power. Power can infuse lives with purpose and dignity. That opens up the possibility of joy. The life of the giver, as well as that of the receiver, is transformed."⁵

While the word *philanthropy* comes from the Greek, the philanthropic tradition is neither a Western invention nor Western-dominated. Think about Islam's Zakat. Think about Confucianism and Buddhism. Imagine the earliest societies working together to help each other.