

Introduction to Fundraising

By

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If sound fundraising principles are followed, and practice is based on successful experience, much can be accomplished for nonprofit organizations (“nonprofits”).¹ Possibly the prevalent reason why fundraising isn’t something that everyone yearns to do is because most people don’t realize that it is a discipline, an organized practice, a logical process—one that takes time and careful thought to implement. Knowledge about successful fundraising is based on years of accumulated experience by seasoned professionals. While it isn’t necessarily an easy endeavor, it’s a worthwhile practice because of the valuable results for nonprofit nongovernmental organizations (NGOs) such as ADRA and the people/countries they serve.

Well-meaning individuals perceive a need and immediately seek to remedy it by seeking funds. This kind of practice frequently results in failure or a disagreeable experience. Those who engage in social activism or relief and development efforts forget or don’t realize that certain steps must be taken in order for resource development to be effective and productive. Following is a brief description of steps involved in a successful fundraising program.

1. *Know basic marketing principles.* A professional begins the fundraising process by realizing that it is a reciprocal relationship. Fees and other income rarely meet the budgetary demands of nonprofit services. Consequently a nonprofit cultivates and solicits its clients and friends, many of whom become donors. A nonprofit must remember that a donor has a right to expect something in return for a gift. As donors provide funds for programs and operating needs, they expect gratitude and recognition, as well as some intangible rewards, such as a sense of belonging and making a difference. If the exchange relationship is hurried and incomplete, there is the possibility that the organization will vanish, along with its donors and prospects.
2. *Consider the environment and climate for fundraising.* An organization’s environment has an impact on the feasibility of fundraising. If government regulations, current economic factors, changing demographics, and other factors aren’t considered, a nonprofit may find it difficult to meet its fundraising goals. The effects of environmental circumstances and what bearing they have on a nonprofit are vital to appraise when planning for a fundraising campaign. Internal circumstances also dictate success or failure, such as an organization’s readiness to raise funds. Are appropriate personnel in place? Is there an accounting and recording system? Has strategic planning been done? These and other questions must be answered before donors are approached.
3. *Create and examine case.* A case includes the reasons someone should give money to an organization. Making a case means sharing the mission, goals and objectives,

¹ Nongovernmental organization (NGO) is the international, generally accepted term for nonprofit or not-for-profit organizations. Another term that is sometimes used is civil society organization (CSO).

- and programs. It includes describing programs and evaluation procedures, and providing financial reports. It means there is an effective governing body committed to the mission of the organization to whom the organization is accountable. It means staff members are credible and competent. A case should be created and then re-examined regularly to ensure that it still presents the organization to its constituent groups in the best way possible. Case expressions must be appropriate for the markets with which the nonprofit seeks a relationship. A case includes a statement of needs. Have needs been tested to make sure there is congruency between providers' perceptions of what must be accomplished and recipients' actual needs? What kind of financial support is required to carry out the programs and plans of a nonprofit?
4. *Involve board and other volunteers.* Although board membership and practice varies greatly in parts of the world, the use of volunteers and board in securing and managing financial support is crucial. Therefore boards of nonprofits should be involved from the inception of planning for programs and fundraising. Board members, as well as other volunteers, are the most effective persons to ask for funds because they represent selfless commitment to a cause. Have the possible roles (and future actions) of board members been defined? Are volunteers trained to serve in appropriate roles, and have they internalized both the preparatory information and the roles?
 5. *Determine markets.* Potential funders include foundations, corporations, associations, government, churches, and, most importantly, individuals. What are the possibilities for acquiring funds from each market? Which are the best ones for the organization to develop? Have all feasible funding sources been considered, including international ones?
 6. *Select programs and strategies.* How will the prospects be solicited, and for what programs? Programs for resource development include capital, annual fund, special projects, endowment campaigns, and major gifts. Each of these should be evaluated as to its purpose, and the appropriate one(s) selected. Strategies for approaching donors include use of the Internet and other electronic means, mail, telephone, special events, and face-to-face solicitation. The more personal the approach, the more effective the solicitation.
 7. *Research prospects.* A nonprofit's constituent groups should be determined, as well as their interest and proximity to the organization. From these groups, prospects are then selected. Minimal research is required for those prospects who will make up the donor base; these include first-time givers and repeat donors whose gifts are small. Individuals who will be asked for larger gifts will be more carefully researched in order that they might be cultivated and solicited appropriately. Prospects' giving ability should be taken into consideration when setting goals for each fundraising vehicle selected by the nonprofit.
 8. *Create, use, and communicate a plan.* Planning is a means to determine what must be done, how it will be accomplished, and who will do it. By now prospects and donors

have been selected and matched with strategies for solicitation. The fundraising vehicle has been chosen, the case has been prepared (along with materials that will express the case), board members and other volunteers have been involved in all steps, and the organization's readiness to raise funds has been determined. Now it's time to create a plan that includes details on all fundraising program elements, and one that provides evidence of good stewardship on the part of the nonprofit. A plan should be a workable and dynamic part of a fundraising program. Monetary goals that have been determined to be feasible, based on factors listed above, should be included in the plan, as well as appreciation and recognition strategies. Constituent groups, which include prospects and donors, must be told about the organization and its needs as well as achievements and opportunities. Communication lays the groundwork for successful solicitation and can take many forms. Communication also includes feedback from constituents, which provides a basis for wise decision-making.

9. *Solicit the gift.* After all this preparation, the time has come to ask for the donation. Thorough preparation, which may vary in intensity, time and detail, ensures the likelihood of success. It also increases the pleasurable aspects of fundraising which, while not easy, yields great satisfaction. Appropriate and timely recognition paves the way for the next step.
10. *Renew the gift.* The best prospect for a charitable gift is the person who has already given. The opportunity to give and give again should be provided to all who are prospects and can be attracted to support an organization's cause.

As can be seen, fundraising is a highly integrated management process and takes time to implement. Time elements may vary, depending on the state of organizational readiness. Each step in a successful fundraising program may not require the same emphasis for each organization, but no steps can be missed without diminishing the likelihood of favorable results. However, rushing into a fundraising effort without adequate preparation often causes disappointment and lack of results. At times organizations feel that they can skip steps or can "just do it," but this is not advisable.

It is a privilege to raise funds for worthy causes. Those who are willing to be engaged in such activity and do it with some level of success deserve a special honor because they have helped bring about needed and valuable results.

This volume is designed to help nonprofits engage in fundraising at its best. Each chapter in the volume is designed to provide basic information on the topic and therefore provide applicable suggestions that fulfill the fundraising components described above.

Much further information is available and in many cases will be needed in order to continually improve the sustainability of any nonprofit. Additional resources can be found at the website of Philanthropic Service for Institutions, www.philanthropicservice.com, or by contacting PSI, which is a department of the North American Division.