Wolf, Keens & Co

Working Papers

We Invite You to the Second in a Series of Roundtable Discussions

The following comments are intended to spark discussion and debate on an issue currently being faced by Wolf, Keens & Co. consultants and our clients. We have set out the issue briefly and then asked a few key individuals to begin the discussion.

If you would like to share your opinion or an experience related to this issue, we urge you to do so through our World Wide Web site (http://www.wolfkeens.com) Roundtable section. Instructions on how to navigate the site and post messages can be found there.

Resource Development: Taking An Integrated Approach

"How can we raise more money?" It's the perennial question of the nonprofit trustee and staff member. Too often, it is asked as a financial question, assessed by looking at financial statements or prospect lists. The organization may be looking to balance the budget, to build the endowment or eliminate an accumulated deficit, or to establish a new program with adequate resources.

Questions about the potential of raising money are only financial questions in the most technical sense. If board and staff leadership cannot see the larger context within which their fund raising must be accomplished, there's trouble coming if they don't have it already.

A Discussion Paper by

Laura Lewis Mandeles
Senior Consultant, Wolf, Keens & Company

Additional Comments by

Yvonne C. Presha
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Board Member, Asian Pacific Americans in Philanthropy

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The Integrated Approach

Resource Developement: A Fundamental Strategic Activity

Laura Lewis Mandeles

Senior Consultant, Wolf, Keens & Company

At Wolf, Keens & Company, we have learned the importance of an "integrated approach" to fund raising that views resource development as a fundamental strategic activity of the organization. That is, for any nonprofit to survive and prosper, it must analyze its fund-raising potential based on larger questions about its strategic direction. Uncovering an expanding pool of individual and institutional donors will be linked to their identification with the organization's purpose, programs, and activities, and the organization's passion and effectiveness. It must define, articulate, and sell its case to a range of constituents, including clients, audiences, neighbors, politicians, volunteers, members – and donors.

But what does an "integrated approach" mean in practical terms? Four suggestions follow. We welcome your elaborations or additions of other factors that have been critical to successful, integrated fund raising in your organization.

1 First, examine the extent to which fund raising is integrated into planning and management in your organization. Have you engaged your development department as a major player in strategic planning processes? Do development plans grow out of strategic planning? Are development staff "at the table" with program staff in senior staff and project planning meetings? Do development and program staff have collegial working relationships, allowing for joint efforts to create development materials, and development and program strategy?

2 Second, analyze your constituents, and how the organization relates to them on a variety of fronts – through programs, promotion and marketing, advocacy, volunteerism– and how fund raising can be built into those relationships. Nonprofits assume too often that non-donor constituents will be offended by a funding request, when really the people involved with or benefiting from your organization are the best prospects and avenues to new funding sources. An integrated approach should be reflected in an integrated database, allowing you to manage multiple relationships with individual constituents.

3 Third, examine every program to ensure that the development perspective is present early. Does a particular program have contributed income potential from existing or new sources? How could the effort be adjusted or expanded to maximize its potential? Is there enough planning time to make the most of fund-raising opportunities?

4 Finally, don't plan budgets on the backs of the fund raisers. Too often, program budgets develop independently of development staff's assessment of the real potential for funding. Budget planning, like strategic planning, should be integrated with development planning, so that development is not put in the position of filling the income gap, no matter what it is. In that direction lie deficits and crisis.

Comments:

Yvonne C. Presha

Carroll Presha Enterprises

Of course integrating fund raising into all aspects of an organization's operation is a good idea. Creating a comprehensive, ongoing program of resource development will create a broad base of support and that's what is needed in the long run.

However, Laura's description omits the critical role of the board in the process and assumes that organizations already have the capacity and resources–staff, board, volunteers, and dollars–to support a multi-faceted development program. In reality, many organizations consist of an Executive Director, an administrative assistant, a program or development officer or two, and a board that is usually struggling with its role and responsibilities as fund raisers. A more practical "how to" approach might better suit these organizations' needs– how to encourage development staff and program staff to work together and support each other's goals; how to upgrade the capacity of its management and operations systems so that successful fund raising can begin; and more importantly, how to approach funding prospects and present the case for support positively and within the context of the organization's overall program, especially if it is in a crisis situation.

Ultimately, successful fund raising is a coordinated team effort in which the Executive Director, development staff, and board members are clear about their integral and critical role in the development process. What I am describing, essentially, is an approach that would reflect "integrated development" in a way that addresses the realities of these organizations.

Jessica Chao

Board Member, Asian Pacific Americans in Philanthropy

The 1990s have brought new challenges to nonprofits—government has retreated from former responsibilities, but investment income and new industries have grown, and there is a major intergenerational transfer of wealth. Entrepreneurs who created businesses in the post-war years are now passing on their legacies to their baby-boomer offspring who are mid-career professionals. In addition, many individuals defined as middle class by income have amassed assets that exceed their occupational expectations. And the donor set is becoming increasingly diverse as people of color enter and climb the economic mainstream. Further, a wealthy, transnational set is choosing to make homes in the U.S.

All of these factors provide an unprecedented opportunity for nonprofits to tap into and develop new sources of sustained support. However, it takes a development officer with imagination, and an organization committed to investing in that imagination, to seize the opportunity. To imagine what might inspire and motivate these newer donor groups, one needs to have wrestled with the variety of ways a mission can be defined and stretched, while considering the realities of budget and audience.

Creative fund raising requires an investment of time to investigate and cultivate relationships. Several studies based on interviews with donors suggest that newer donors, unlike their counterparts of a previous generation, were not brought up with a family tradition of giving to institutional nonprofits. Thus they require a different type of relationship building. The successful nonprofit will create programs that reach, attract, and invite new donors. The future nonprofit must understand and respect informal giving and sharing, as well as respond to specific "enlightened self-interests" of businesses. After all, these networks of people and businesses developed in direct response to the changing demands of the 1990s. We are obligated to understand their interests. ⧄

Jane A. Couch

National Alliance for Business

Laura makes a good point about seeing fund raising within a larger context. When I teach on this subject, I immediately pose the question: "Who is responsible for the money?" We go through an exercise ascribing roles to students. One is a board member; another, the executive director; a third, the program/artistic director; others, comptroller and the development officer.

We tease out responsibilities each has with respect to money, whether accessing it, securing it, managing it, justifying it, or counting it. By the end of the class, it is pretty obvious that money is a collective responsibility and too important to marginalize.

This idea may seem simple, but I have worked with many threatened organizations that are in denial about resource gathering. Sometimes it is because staff is too busy implementing programs to take time. Sometimes it is symptomatic of top leadership's fear. Personal concerns can translate into organizational decisions to subsume development.

Ironically, technology, which has so enhanced our capacity to touch donors, can also constrain and isolate. How so? Direct mail methodology increasingly emphasizes the "science of tactics." Some organizations have mistakenly deemed these programs automatic, rote money machines, often operating outside of the organizational sphere and with no relationship to organizational messages or priorities. This is a risky and wasteful way to proceed.

Fund gathering at its best integrates history, track record, mission, vision, and strategic, operating, program, and financial plans. Resource gathering is an opportunity for creative action, but it rests on the collaborative efforts of many.

Jeanne M. Brodeur

Senior Consultant, Wolf, Keens & Company

Laura's right—all too often the phone at Wolf, Keens & Company rings with a caller explaining that they have a "fund-raising problem." As the conversation continues, it often reveals that the inability to secure necessary funds is as likely a program problem as a fund-raising one.

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Fund raising is often kept at arm's length from program planning in an institution because of fears that donors will impose unwanted limitations or requirements on programs. However, organizations with "integrated" planning processes have recognized the wisdom of testing program ideas among potential funders well before committing to their implementation. These institutions see the integral involvement of the development office and potential funders as a way to evaluate and validate their program ideas with the outside world. Attention to potential funder comments and suggestions can have the effect of:

1. Refining program ideas to better serve the community rather than just the organization
2. Creating a sense of partnership between funders and organizations in program planning and implementation
3. Positioning new and existing programs to better promote aspects of the programs that speak to changing community needs
4. Recognizing the reality of the competitive funding environment rather than the often mistaken internal assumption that all programs are "good" programs that will automatically attract the necessary support.

By integrating development into planning and management, your institution can become more "marketing driven" which will insure stronger institutional awareness of trends and the changing dynamics of your marketplace.

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