

Community Foundation of Jackson Hole

Building Sustainability for Nonprofit Organizations

**A Strategic Approach to
Fund Development**



Take The Next Step

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Building Sustainability for Nonprofit Organizations
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Welcome

Are You Building An Organization That Will Last?

Increasingly, funders and supporters are requiring nonprofits to demonstrate the sustainability of their efforts. But what does that mean and how is it accomplished? Identifying the elements and processes that make an organization strong and charting a clear course for implementation are the first steps.

A strategic approach to funding is critical to sustainability. With a well-thought out plan and focused execution, board development, staff development, recruiting, and program execution are all easier and more effective. This workshop will allow Board members and staff of nonprofit agencies to explore the basic principles and practices of a strategic approach to fundraising.

This workshop is the third of a three-part series designed to explore aspects of sustainability with emphasis on the elements of fundraising, marketing, and leadership development.

A Strategic Approach to Fund Development

Community Foundation of Jackson Hole

March 14, 2012



Learning Objectives

- Acquire tools for building board support and participation in fundraising
- Discover how to dispel common fears about fundraising
- Practice effective fundraising techniques
- Learn how to create the elements of a strategic fundraising plan
- Understand the importance of building relationships with donors and supporters



Agenda

- Welcome, Introductions
- The Challenges of Fund Development Today
- A Strategic Approach to Fund Development
- 10 Important Things to Know about Fundraising
- Fundraising Theory: Fundamental Principles
- Putting Theory into Practice
- Developing Fundraising Strategies for your Organization
- Donor Relationship Management
- Wrap up and Evaluation



The Five Elements of Sustainability

“To make the greatest impact on society requires first and foremost a great organization, not just a great program.”

– Jim Collins, *Good to Great and the Social Sectors*

While there is no one formula for building a high-performance social sector organization, there are elements and processes that effective nonprofit organizations have in common. The following is a checklist of some of those fundamental components.

Clear and Compelling Vision

Brief, well-defined vision and/or mission statement

Statement of core values

Community assessment and feedback processes

Focused approach that is not redundant with other organizations' programs

Defined measures of success

Passionate and Engaged Board of Directors

Strategic approach to board recruitment and succession

Board members are articulate advocates for the organization

Clearly defined and consistently practiced roles and responsibilities

Clear expectations and accountability for board members

Written policies and procedures

Motivated, Professional Staff

Clearly defined roles and expectations

Skills and experience commensurate with needs

Appropriate compensation

Respectful, supportive work environment

Regular, constructive feedback

Adequate resources available

Effective Communications and Marketing

Strategic marketing plan

Clear, jargon-free messaging

Proactive communications to constituents and the community

Network of key influencers

Strong, content-rich website

Great stories to demonstrate mission success

Strategic Approach to Fund Development

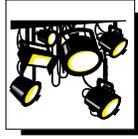
Strategic fundraising plan

Demonstrated support and participation by the board

Balanced portfolio of funding sources

Constituent relationship management program in place

Endowments and reserve funds



10 Important Things to Know about Fundraising

By Kim Klein

Many times at the end of a training or a speech about fundraising techniques and principles, I am asked, "What are the most important things to remember?" Usually the person asking is either a volunteer with little time to help with fundraising, a person new to fundraising and overwhelmed by the number of details she or he has to keep in mind, or a staff person who is not responsible for fundraising but wants to help.

Over the years, I have thought about what I consider the ten most important things to know about fundraising. The items are not presented in order of importance, although #1 is probably the most important; nor are they in order of difficulty. If there is any order, it is the order in which I understood these things and integrated them into my own fundraising work. Undoubtedly, other skilled fundraisers would have slightly different lists, but this list has served me well for many years. I hope you find it useful.

1. IF YOU WANT MONEY, YOU HAVE TO ASK FOR IT

While there are some people (may their kind increase) who will simply send an organization money or offer money without being asked, there are not enough of them to build a donor base around. Most people will not think to give you money unless you make your needs known. This is not because they are cheap or self-centered; it is because most people have no idea how much it costs to run a nonprofit, or how nonprofits get money. If you don't ask them, they will simply assume you are getting the money somewhere. They have no reason to think your group needs money unless you tell them, the same way they have no reason to know if you are hungry, or unhappy, or needing advice.

Millard Puller, founder of Habitat for Humanity, says, "I have tried raising money by asking for it, and by not asking for it. I always got more by asking for it."

2. THANK BEFORE YOU BANK

Once you receive money, you must thank the person who gave it to you. I have found that disciplining myself not to deposit checks until I have written the thank-you notes has forced me to make thank-you notes a priority. I am not rigid about this rule because if I get behind in my thank-you notes, and then don't deposit the checks for a while, the donors may wonder whether we really needed the money.

Thank-you notes do not need to be fancy and should not be long. If at all possible, they should include a personal note, even if it is from someone who doesn't know the donor. You can add something as simple as, "Hope to meet you sometime," or "Check out our website," or "Happy holidays," or even, "Thanks again — your gift really helps."

Many organizations have created note cards for staff and volunteers to use when writing thank yous. The front of the card has the logo of the group, on the top half

of the inside is a relevant meaningful quote from a famous person, and the bottom half of the inside is used for the thank-you message. It is a small space, so you really can't say much.

Many databases will print out a thank-you note after you enter the information about the donor — saving valuable time. These are best if accompanied by a personal note at the bottom.

Late thank yous are better than no thank you at all, but photocopied form thank yous are almost the same as no thank you.

The long and the short of thank yous is: if you don't have time to thank donors, you don't have time to have donors.

3. DONORS ARE NOT ATMS

A survey of donors who gave away more than \$5,000 a year asked, "What is your relationship with your favorite group?" Several gave similar answers, even though they did not know each other and did not give to the same group. All the answers were on this theme: "I would love to be considered a friend, but I am more of an ATM. They come to me when they need money, they tell me how much, I give it to them, and the next time I hear from them is when they need more."

This is a terrible indictment of much of what passes as fundraising. When I have described this common situation in trainings, people have often asked, "How can we make sure our donors don't feel this way?" The answer is very simple, "Make sure you don't feel that way about your donors."

All groups have a few "high maintenance" donors, and may be forgiven for wishing them to go on a long trip to a place without phones or e-mail. But the majority of donors require practically no attention. They have the resilience of cacti — the slightest care makes them bloom. Thank-you notes, easy-to-understand newsletters, and occasional respectful requests for extra gifts will keep people giving year in and year out.

Think of your donors as ambassadors for your group. Design your materials so that donors will be proud to give your newsletter to a friend or recommend your group when their service club or professional association is looking for an interesting speaker, or forward your e-mails to several of their colleagues.

By treating your donors as whole people who have a number of gifts to offer your group, including their financial support, you will have more financial support from existing donors, more fun fundraising, more donors, and the peace of mind of knowing that you are not treating anyone as an object.

4. MOST MONEY COMES FROM PEOPLE, AND MOST OF THOSE PEOPLE ARE NOT RICH

There are three sources of funding for all the nonprofits in the United States: earned income (such as products and fees for service), government (public sector), and the private sector, which includes foundations, corporations and individuals. For the nearly 60 years that records about who gives money away have been kept, at least 80% of this money has been shown to be given by individuals.

In 2002, total giving by the private sector was almost \$241 billion, and 84.2 percent of that (\$202 billion) was given away by individuals! These people are *all* people – there is no significant difference in giving patterns by age, race, or gender. Income is not nearly the variable that one would think: middle-class, working-class, and poor people are generous givers and account for a high percentage of the money given away. In fact, a study by Arthur Blocks of the Maxwell School of Citizenship and Public Affairs at Syracuse University showed that 19% of families living on welfare give away an average of \$72 a year!

Too often, people think they can't raise money because they don't know any wealthy philanthropists. It is a great comfort to find that the people we know, whomever they are, are adequate to the task. Seven out of ten adults give away money; focus your work on these givers, and help teach young people to become givers.

5. PEOPLE HAVE THE RIGHT TO SAY NO

One of the biggest mistakes I made early on as a fundraising trainer was not balancing my emphasis on the need to ask for money with the reality that people are going to say no. No one is obligated to support your group — no matter what you have done for them, no matter how wealthy they are, no matter how much they give to other groups, how close a friend they are of the director, or any other circumstance that makes it seem they would be a likely giver.

While it is possible to guilt-trip, trick, or manipulate someone into giving once, that will not work as a repeat strategy. People avoid people who make them feel bad, and they are attracted to people who make them feel good. When you can make someone feel all right about saying no, you keep the door open to a future yes, or to that person referring someone else to your group.

People say no for all kinds of reasons: they don't have extra money right now; they just gave to another group; they don't give at the door, over the phone, by mail; a serious crisis in their family is consuming all their emotional energy; they are in a bad mood. Rarely does their refusal have anything to do with you or your group. Sometimes people say no because they have other priorities, or they don't understand what your group does. Sometimes we hear no when the person is just saying, "I need more time to decide," or "I need more information," or "I have misunderstood something you said."

So, first be clear that the person is saying no, and not something else like, "Not now," or "I don't like special events." Once you are certain that the person has said no, accept it. Go on to your next prospect. If appropriate, write the person a letter and thank them for the attention they gave to your request. Then let it go. If you don't hear 'no' several times a week, you are not asking enough people.

6. TO BE GOOD AT FUNDRAISING, CULTIVATE THREE TRAITS

A good fundraiser requires three character traits as much as any set of skills. These traits are: first, a belief in the cause for which you are raising money and the ability to maintain that belief during defeats, tedious tasks, and financial insecurity; second, the ability to have high hopes and low expectations, allowing you to be often pleased but rarely disappointed; and third, faith in the basic goodness of people.

While fundraising is certainly a profession, people who will raise money for any kind of group are rarely effective. Fundraising is a means to an end, a way to promote a cause, a very necessary skill in achieving goals and fulfilling missions.

7. FUNDRAISING SHOULD NOT BE CONFUSED WITH FUND CHASING, FUND SQUEEZING, OR FUND HOARDING

Too often, organizations get confused about what fundraising is and is not.

If you hear that a foundation is now funding XYZ idea, and your organization has never done work in that area nor have you ever wished to do work in that area, the fact that you are well-qualified to do such work is immaterial. To apply for a grant just because the money is available and not because the work will promote your mission is called fund chasing. Many groups chase money all over and, in doing so, move very far away from their mission.

Similarly, if your organization seems to be running into a deficit situation, cutting items out of the budget may be necessary but should not be confused with fundraising. When deficits loom, the fund-squeezing question is, "How can we cut back on spending?"; the fundraising question is "Where can we get even more money?"

Finally, putting money aside for a rainy day, or taking money people have given you for annual operating and program work and being able to put some of it into a savings account is a good idea. Where savings becomes hoarding, however, is when no occasion seems important enough to warrant using the savings.

I know a number of groups that have cut whole staff positions and program areas rather than let money sitting in their savings be used to keep them going until more money could be raised. I know groups that overstate what they pay people, what price they pay for equipment, what they spend on rent, all to get bigger grants from foundations or larger gifts from individuals, and then put that extra into savings — savings that they have no plan for.

A group that saves money needs to have a rationale: Why are you saving this money? Under what circumstances would you spend it? Without some plan in mind, the group simply hoards money.

Fund-chasing, fund-squeezing, and fund-hoarding need to be replaced with an ethic that directs the group to seek the money it needs, spend it wisely, and set some aside for cash-flow emergencies or future work.

8. FUNDRAISING IS AN EXCHANGE — PEOPLE PAY YOU TO DO WORK THEY CANNOT DO ALONE

Hank Rosso, founder of the Fund Raising School and my mentor for many years, spoke often about the need to eliminate the idea that fundraising was like begging.

Begging is when you ask for something you do not deserve. If you are doing good work, then you deserve to raise the money to do it. What you must do is figure out how to articulate what you are doing so that the person hearing it, if they share your values, will want to exchange their money for your work. They will pay you to do work they cannot do alone.

9. PEOPLE'S ANXIETIES ABOUT FUNDRAISING STEM FROM THEIR ANXIETIES ABOUT MONEY

Anxiety about money is learned, and it can be unlearned. If you are ever around children, you know that they have no trouble asking for anything, especially money. In fact, if you say no to a child's request for money, they will simply ask again, or rephrase their request ("I'll only spend it on books"), or offer an alternative ("How about if I do the dishes, then will you give me the money?")

Everything we think and feel about money we have been taught. None of it is natural; none of it is genetic. In fact, in many countries around the world, people talk easily about money. They discuss what they earn, how much they paid for things, and it is not considered rude to ask others about salaries and costs.

We have been taught not to talk about money or to ask for it, except under very limited circumstances. Many of us are taught that money is a private affair. Having too little or too much can be a source of shame and embarrassment, yet money is also a source of status and power. Most people would like to have more money, yet most will also admit that money doesn't buy happiness.

As adults, we have the right — in fact, the obligation — to examine the ideas we were taught as children to ensure that they are accurate and that they promote values we want to live by as adults. Most of us have changed our thinking about sex and sexuality, about race, about age, illness and disability, about religion, about marriage, about how children should be raised, what foods are healthy, and much more. We have done this as we have learned more, as we have experienced more, or, as we have thought about what we value and what we do not. We need to take the time to do the same work with our attitudes toward money. We can choose attitudes that make sense and that promote our health and well-being.

Our attitudes toward fundraising are a subset of our larger attitudes toward money. The most important change we can make in our attitudes toward fundraising is to remember that success in fundraising is defined by how many people you ask rather than how much money you raise. This is because some people are going to say no, which has got to be all right with you. The more people you ask, the more yes answers you will eventually get.

Finally, if you are anxious about asking for money or would rather not ask, this is normal. But ask yourself if what you believe in is bigger than what you are anxious about. Keep focused on your commitment to the cause and that will propel you past your doubts, fears, and anxieties.

10. THERE ARE FOUR STEPS TO FUNDRAISING — PLAN, PLAN, PLAN, AND WORK YOUR PLAN

Though humorous, this formula that I learned from a community organizer underscores the fact that fundraising is three parts planning for one part doing. I learned this later in my career, after having gone off half-cocked into many fundraising campaigns and programs. I meant to plan, I planned to make a plan, I just never got around to planning.

I have learned (usually the hard way) that an hour of planning can save five hours of work, leaving much more time both to plan and to work. Planning also avoids that awful feeling of "How can I ever get everything done," and that sense of impending doom. It moves us out of crisis mentality and means that we are going to be a lot easier for our co-workers to get along with.

There are a lot of articles and books on planning — I recommend reading some of them. However, the easiest way I have found to plan something is to start by defining the end result you want and when you want it to happen, then work backwards from that point to the present. For example, if you want your organization to have 100 new members by the end of next year and you are going to use house parties as your primary acquisition strategy, you will need to schedule five to seven house parties that will recruit 10 to 15 members per party.

To set up one house party will require asking three people to host it (only one will accept), which will require identifying 15 or 20 possible hosts to carry out the number of house parties you want to have. The hosts will want to see materials and know what help they will have from you.

The materials will have to be ready before the first phone call is made to the first potential host, and the first phone call needs to occur at least two months before the first party. So, the materials need to be produced in the next two weeks, hosts identified in a similar timeframe, calls made over a period of two or three months, and so on.

When you are tempted to skip planning, or to postpone planning until you "have some time," or to fly by the seat of your pants, just remember the Buddhist saying, "We have so little time, we must proceed very slowly."



Tool: Six Fundamentals of Effective Fundraising Letters

The reason many donors cite for giving money? They were asked!

One of the most common methods that nonprofits use to raise funds is the appeal letter. Not only can an appeal letter bring in much needed funds, it can strengthen the connection with current supporters, reactivate lapsed donors, encourage more donors to become major donors, and increase the size of major donor gifts.

How effective was your last appeal letter to existing donors? If you didn't receive at least a 6% response from your mailing list, try using these six fundamentals for your next campaign.

1. Develop a unifying concept or theme

Your theme could be centered on a recent event (for example, last year we tied one client's fundraising letter to the national hurricane disasters); a major success; a compelling beneficiary story; or, a new program or population served.

2. Acknowledge your donor

We all want to be appreciated and feel that we are making an impact. Be sure to thank your donor within the first paragraph of your letter and let them know how their donations have made a difference to the clients your organization serves.

3. Make it easy to read

Studies have shown that the typical appeal letter has about 20 seconds to grab the reader before it ends up in the trash. Furthermore, 90% of donors start by reading your P.S. The key is to write a strong P.S. and compose the letter with subheads and brief paragraphs.

4. Tell an emotional story

Put a face on your organization with an upbeat story about how your organization helped a client. If confidentiality isn't an issue, use photographs and names of clients.

5. Personalize it

If at all possible, your envelope should be hand-addressed and hand-stamped, and the letter should be addressed to each donor by name. Personalizing your appeal has been shown to increase your response rate by almost 30%!

6. Create a stand-out reply card

Let's say your mailing has managed to stay out of the trash, piqued your donor's interest, but has been relegated to the dreaded bill pile where it may sit for weeks. Make it stand-out with a larger format, interesting graphics, and a summary of your appeal.



Point to Remember:

Communicate with your donors at least *four times a year*, including two appeal letters. The other two pieces can include a simple newsletter, or an update about your organization's successes. By reaching out to your donors on a regular basis, you will be building relationships that will help sustain your organization in the future.



Prospect Research

by James Toscano

As part of a group organizing a development office for The Saint Paul Chamber Orchestra years ago, I ran a number of mailing lists by the committee. Certainly all agreed that season ticket holders were clearly a prime constituency. When we got to the single ticket buyer list, derisive comments emanated from staff about a “dog list.”

“If they can’t even afford season tickets, they’re nowhere near giving us money” went up the dismissive cry.

“Wait a minute.” chimed in the volunteer fundraising consultant, “Who’s to say that not buying a season ticket disqualifies them? Maybe they’re very busy people, or highly sophisticated about the music they want to hear, or just don’t like most of your subscription concerts!”

After the artistic temperaments settled down, I offered to do a pilot campaign through direct mail and telefunding. The results were so spectacular that we expanded the effort to the entire list, netting a 25 percent return and about eighty thousand “dog” dollars, as I called them. These donors were sitting right in front of them all the time!

The Lesson

The lesson is obvious. Don’t let your perceptions and stereotypes get in the way of developing your organization’s constituency. Get to know your constituency and do it strategically and systematically.

Donation dollars follow values; donors share explicit and implicit values with the nonprofit organizations they support. Donor values, interests, relationships and involvement are paramount. Now, how do we find these donors?

The lesson learned in the anecdote above is that many are already in our “seats.” Institutional memory being what it is, we often forget founders, former board members, former foundation, government and organization funders, former individual donors, former participants or clients, and former volunteers. That’s one place to start.

Dumping Former Donors

For example, I’m constantly amazed at how rapidly we dump names of donors who don’t give for a few years without even asking them why they’re not giving.

When you think that the average person initially makes a donation after about seven to eight requests, it seems plainly inefficient to let them slide away after two or three consecutive years of non-giving. Perhaps they’ve been away, or have kids in college, or have been ill, or moved, or a thousand other things that led to a non-response.

Or, and this is the case with many, we are just not familiar enough with them to have our request at the top of their consciousness. With institutional donors, it may be an implicit rotation, or change in guidelines or interests, which do sometimes bounce back.

While we would like to think that we are the most important thing in people's lives, for example, we are not, and sometimes we are marginal to the point that they forget to send money, not because they don't want to but because other events in busy lives have precluded us.

Volunteers as Donors

Another example is that we often separate out volunteers, citing the cliché about their giving "time not money." However, study after study, census after census demonstrate that households in which there is not significant volunteering contribute almost half as much as those with volunteers. Our volunteers are our prospects and donors!

Clearly volunteering is a function of education and/or income; in this instance, however, the volunteer is on our scene and he or she knows us, shares our values, and is a wonderful prospect for a donation or an increase in an existing donation.

The Importance of Research

One of the most useful exercises with boards, development committees, volunteer solicitors and staff is to do as detailed a constituency circle (or pyramid) as possible, not just once, but continuously, posting the chart in a prominent place at all development committee and rating committee meetings.

Asking the committed to identify a development prospect is a double win: a new name and a potential peer solicitor of the prospect.

Hank Rosso separated the major headings in this exercise into "Suspect, Prospect, and Donor." However it is done, either in concentric circles or ascending levels in a pyramid denoting involvement and commitment, the task is the same: to fill in specific names and/or characteristics of persons, foundations, corporations, organizations and government agencies.

Research is the centerpiece of this work to identify constituency, and it comes in all shapes and sizes. All of those names elicited in the exercise above then become the subjects of further research.

The Best Source of Information on a Prospect

Obviously, the best source for information on an individual is the person himself or herself.

Published reports from or about other suspects and prospects are readily available and constitute a front line in the continuous quest for the support that is potentially there for us. Government publishes and posts more information than any other source; foundations and corporations are spottier, although more and more are turning out good information and guidelines in print and on the web.

Many research services are also purchasable, ranging from the Foundation Center, to newsletters, to individual prospect research firms.

Secondary sources are also most useful, from libraries, internet, proxy statements, newspaper morgues, court records sources, to asking involved people who they think might be likely prospects.

I have been known to check available probate court records and divorce settlements to find out "Who Got What?" Certainly we need to elevate the methodology in our research as high as we can, although all systematic work to get at data is important.

One of the better sources of suspect and prospect information is the annual reports of our "competitors," those engaged in various aspects of promoting the same values we uphold.

Although we often see ourselves as unique, if not God's gift to the nonprofit world, donors often lump us in categories. We are saved, however, by another fact — that many donors give to a number of like-minded charities, often averaging about seven or eight.

Research done by us or through others is a keystone in all of development work.

Periodic surveys asking donors and friends to give feedback to us are vital, as are focus groups probing the qualitative aspects of our appeals to various groups of potential donors. Continuous dialogue with our constituency provides the feedback that keeps our development program vital.

The Role of Opinion Leaders

Not all prospects are equal in financial potential; some prospects fill another role in society: opinion leader. It is the opinion leaders, those who through position, personality, communication skills or other leadership qualities sway the opinions of many others, who should be given priority in our cultivation and solicitation efforts.

The opinion leader not only gives, but also "gets." It is the opinion leader who emerges as the committee chair, the solicitor, the board member, the major donor. And it is always that very special opinion leader, that courageous opinion leader, to whom we look for the lead gift in our capital campaigns.

Opinion leaders still need to be motivated, to be cultivated. When they "get it," however, they really get it and move mountains to help us. I once staffed a Development Committee that was totally comprised of high-level opinion leaders; they also were presidents of the major banks in town, corporate presidents, heads of investment houses, and law partners, but they were all opinion leaders as well. It was a thrill to behold to see them whip through prospect lists, vying for who would get to call on the best of the lot!

This type of grouping is out of reach of most of us, yet that is why I call them opinion leaders rather than civic leaders or corporate leaders or the usual. In every social stratum, in every group, there are always opinion leaders, and that is still where you must start to optimize the development program.

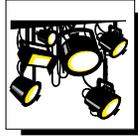
Prime Times

All donors are not equal in yet another dimension. In all of our donors' life cycles, there are prime times when they are capable of making a significantly larger gift. Promotions and other business successes are cases in point, as are marriages, anniversaries, birthdays, graduations, and births of children and grandchildren. Certainly anticipation of death, and death itself, have always been a major focus of development efforts.

In all of these life cycle events, there is occasion to celebrate and to mourn. Psychologists tell us that gift giving on these occasions heightens the experience of the event, makes it better. And memorialization of a loved one often assists in the grieving process, giving continuity to the values and aspirations of the deceased and comfort to those feeling the loss.

To think about our special organizational constituency in all of these contexts is to take the first active step in the building of an enhanced development program. Clearly the responsibility of the development function, in consultation with boards, development committees and the like, must be about research and it must be about people.

The ultimate aim with any constituency is to know, to understand, to evaluate, and, ultimately, to predict directions in which it wishes to go in supporting us, and to take leadership in educating that constituency so that we arrive at win-wins, with the donor satisfied and the non-profit successful.



The Fine Art of Asking for the Gift

Many people have discovered that doing face-to-face fundraising reminds them of the true depth of their commitment to the organization. They remember why they became involved in the first place and why they think the work is important. Occasionally, people discover that their commitment is not that strong and they would be happier in another organization.

First and foremost, it is imperative that the people soliciting major gifts believe thoroughly in the cause of the organization and have demonstrated that commitment with a financial contribution. The size of that contribution is not important, but it must be a contribution which for that individual is significant. The message to the prospect from the solicitor is, "Join me. Do what I have done. Give a large contribution to this organization because it is really important."

Types of Prospects

There are three types of prospects for face-to-face solicitations:

1. People who have given before, and are prospects for a repeat or upgraded gift;
2. People who have not given before, but are close to someone in the organization;
3. People who are interested in the cause but don't know anyone in the organization.

For the latter type, some kind of cultivation is necessary before actually soliciting the gift. Inviting the person to a special event, house meeting, or educational evening will be important, or asking to see the person in order to describe the program and inviting him or her to the office (if the office is an exciting place) should precede the meeting at which a gift is requested. In this article, we will assume that the prospect is ready to be asked for the gift.

Approaching the Prospect

There are three steps in approaching the prospect:

1. A letter describing the program and requesting a meeting to discuss it further.
2. A phone call to set up a meeting.
3. The meeting itself in which the gift is usually solicited.

Obviously, if you are approaching your spouse or your best friend, you can skip the letter, and perhaps even the phone call. In some cases the letter will be enough and there will be no need for a phone call and meeting; in others a phone call alone will suffice.

The Letter

The letter to prospects who have given before is the simplest. You thank them for their support in the past and ask them to give the same amount or more again. Describe some of your achievements in the past year and some of your future plans. Tell them you will phone them in a few days and, if they are in your area, offer to meet with them. Enclose a stamped, return envelope.

In a few days, phone them. Often you will discover that the check is in the mail. As you get to know major donors better, you will discover which ones prefer not to be phoned, but just wish to be reminded when it is time to renew their gift.

If you do meet with them, ask for a larger gift than they gave last year, or use the meeting as an opportunity to ask for the names of other people who might be interested in giving major gifts.

As you get to know the donors, you can see if they would make good board members, or if they would be willing to solicit some large gifts for your organization. Meeting with current donors tells people that they are valued and helps build their loyalty to the organization.

Letters to prospects you know rest heavily on the amount of respect and affection the prospect has for you. When writing to someone you know, use the same tone and format you would use in writing to him or her about anything else. If you normally call the person by his or her first name, do that in your letter. Mention to your friend that you are a donor yourself. You don't have to say how much you give—just the fact that you give will tell your friend that you are asking him/her to do only what you are already doing.

If the person who knows the prospect is unable or unwilling to write the letter, then the person actually soliciting the gift may be a stranger to the prospect. In that case, begin the letter with "Jane gave me your name. She said you will be interested in our work because..." Go on to describe the work of the organization and ask to meet with the person.

Indicate in the letter that you will be asking for money. The letter can describe how much the organization needs and what kind of gift you hope the prospect will make.

In writing the letter, remember that people have a short attention span. Make your sentences interesting, evocative, and short. Avoid using jargon or complicated explanations. Statistics are fine, if used sparingly. The idea of the letter is to spark the prospect's interest so that he or she will want to meet with you. The letter does not have to convince fully, and in fact, should just raise the person's interest. The face-to-face meeting is the time to convince the prospect to give.

The Phone Call

If you say you are going to call, call. Rehearse the phone call beforehand to anticipate possible hard questions or objections the prospect might have. The following are three different problems that arise during phone calls and examples of how they could be handled.

Scenario One: The Easy Prospect

You: Hello, this is Worthy Cause. Is this Mary Prospect? **Ms. Prospect:** Yes, it is. **You:** I recently wrote to you about....Did you get my letter? **Ms. Prospect:** Yes, I think I did. **You:** Do you have a minute now? (Or, Is this a good time to talk?) **Ms. Prospect:** I have just about one minute. Now remind me of what your organization does. I get so many letters. **You:** Our organization...(two sentences at most). What I would really like to do is get together with you for about half an hour to explain our project in more depth. I know you are busy, so is there any time next week that I could come see you? **Ms. Prospect:** I think I could fit you in next Wednesday at 10. **You:** Great. I'll be there. Thanks so much.

Scenario Two: Time and Logistics Problems

Ms. Prospect: This is really a bad time of year for me. I'm doing an inventory and then I have to fly to Washington, D.C. and I just can't fit in another thing. **You:** I can certainly understand that. Why don't I call you next month and see if things have settled down, and you might have some time then? **Ms. Prospect:** That would be fine. *Or:* **Ms. Prospect:** This is just too busy a time for me. I'll call you when I can work you into my schedule. **You:** I know you have a lot on your mind. I'll call you in a month or so to see if things have settled down. *Or:* **Ms. Prospect:** I never make decisions to give away such large gifts without talking it over with my husband. We do all our giving jointly. **You:** That seems extremely reasonable. May I come and talk to you both?

Scenario Three: Disagreements with the Organization

Ms. Prospect: I got your letter, but I have to tell you honestly that I think the government should be taking care of this, and you all should be lobbying for restored government funding in this area. **You:** We agree that the government should be taking care of this problem, and we're working with a coalition of groups to pressure for restored funding. But in the meantime, these people are without services, and we have to turn to people like you who understand the need so clearly. I'd like to talk with you about our government strategy, since I know that it is an area of interest to you, in addition to discussing our program. Could we meet next week? *Or:* **Ms. Prospect:** Aren't you the group that had to fire your Executive Director for incompetence a little while ago? **You:** Yes, our Executive Director was released when the board discovered...I know you'll be pleased to learn that Much Better Person has taken her place and things are now completely back to normal. I really want to talk about our programs in more detail. Is it possible to set up a meeting in the next few weeks? *Or:* **Ms. Prospect:** I have other priorities at this time and I'm not sure your organization falls within my present commitments. **You:** I know that you have other priorities. I would really appreciate it if we could discuss our organization's program because I think it falls within your concerns. Jane indicated that you are strongly committed to...and we do work in that area now. **Ms. Prospect:** I'm afraid you'll be wasting your time. **You:** I'm not worried about that. I don't want to waste your time,

but I do think a brief meeting would help us both to see if we have any goals in common.

The Importance of Being Assertive

Most of the time when people put us off we assume that they are trying to say no, but are just too polite to come right out with it. This is a false assumption. Prospects are looking for signs that you are really serious about your organization. They appreciate persistence, assertiveness, and an attitude that what you have to offer is critically important and worth taking some time to discuss. If you are easily put off and take the first "no" as the final answer, it says to the prospect that you are not terribly concerned about the organization, or that you don't really care whether or not the prospect gives. Clearly, you don't want to be rude, but be willing to push the prospect a little, and don't take the first resistance as the final word.

The Face-to-Face Meeting

Once you have an appointment you are ready to prepare for the face-to-face solicitation. This is not as frightening as it seems. First of all, the prospect knows from your letter or your phone call that you will be talking about making a contribution. Since he or she has agreed to see you, the answer to your request is not an outright "No." The prospect is considering saying "Yes." Your job is to move him or her from "I'm considering giving" to "I'd be delighted to give."

The purpose of the meeting is to get a commitment to give. Everything else revolves around this purpose. It is fine for the conversation to go off on a tangent, but you must keep bringing the conversation back to the financial needs of the organization and the possible role of the prospect in meeting those needs.

As the solicitor, you must appear poised, enthusiastic, and confident. If you are well prepared for the interview, this will not be too difficult. Many times, board members and volunteers are afraid they will not appear knowledgeable about the organization. It is perfectly fine to bring along a staff member or someone who has been with the organization a long time to answer difficult questions. Sometimes going with a partner also helps you feel more relaxed. It is also fine to answer a question with, "I don't know, but I'll be glad to get you that information."

Help the prospect to see that giving to your organization is a logical and natural extension of his or her interests and concerns. Ask the prospect questions, and carry on a conversation with him or her. "Do you agree with our approach?" "Did you see the article about us in last week's paper?" "Has Jane talked with you much about our organization?"

When you finally ask for the gift, look the prospect right in the eye and in a clear, bold voice, say, "Can you help us with a \$300 contribution?" or, "We are hoping you can give \$500-\$1000." Keep looking at the prospect, and don't say anything after you have asked for the gift. It is the prospect's turn to speak. Although it may seem like a long time between your request and his or her response, it is only a matter of a few seconds.

Sometimes the prospect will say, "I'd like to help, but that figure is way out of my range." Your response can be, "What would you feel comfortable giving?"

After you ask for the gift and get an affirmative answer, discuss how the prospect wants to make the gift. Perhaps they will give you a check right there, or mail it in the return envelope you brought. For larger gifts, prospects (now donors) may want to transfer stock, or make other arrangements that will cause the gift to arrive in a week or two. Once these arrangements are made, thank the donor and leave.

Immediately after the interview, send the donor a thank you note. Another thank you from the organization should be sent when the money arrives.

Summary

Although it can be anxiety producing to ask for money the first few times you do it, it is thrilling to get an affirmative commitment from a major donor. It is also a good feeling to know that you were able to set aside your own discomfort about asking for money for the greater purpose of meeting the needs of your organization. Knowing that you can talk comfortably about the financial goals of your organization is empowering. Boards of Directors find that they are immeasurably strengthened when each of their members feels able to ask for money.

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Asking for Money: The Close

By Kim Klein

With a gift-range chart, prospects and a team of willing (or as willing as anyone ever is to ask for money) volunteers, the organization sets about soliciting major gifts.

This effort could be a time-limited major gifts campaign, or an ongoing part of its fundraising effort. The volunteers write or call the prospects to set up meetings with them, remembering that the most common word they will hear during this endeavor is “no.” Upwards of half of the prospects will not agree to meet; many will not even return phone calls. Other prospects will make a gift at the time of the phone call and a meeting will not be necessary. For those meetings that do occur, conversation falls roughly into three content areas, with more or less interest by the prospect in any one area. These areas are the history of the organization, the philosophy of the organization’s work style, and the benefits to the prospect from giving.

History of the organization. This is important to a number of different kinds of prospects: those who think chronologically, who have had a long relationship with the organization or someone in it, who themselves have a history with the issue your organization is working on, or who have given before and want to hear what’s been happening since they made their gift.

Philosophy.

This topic will come up with those wondering or wanting to know more about why your organization chooses the methods it does to work on its issues. These prospects may question why you aren’t using other methods, or they may have questions about the people you serve and how you choose them. Or they may want to discuss any number of issues that involve values, commitments, beliefs, strategies, goals or objectives.

Benefits.

Most prospects will want to know exactly how their money will be used, how many people you serve, what evidence exists that your organization has made any difference at all, what they will get by donating, how you plan to raise the rest of the money you need, etc.

Once you have covered these topics and answered the questions and objections of your prospect, as well as added what you think is exciting about the organization’s work, you are at the close—that is, you are ready to ask the prospect what financial commitment they are willing to make.

The Close

The close is just that—it's when you finish talking and close your mouth. It is the natural extension of the conversation you have been having with your prospect. Obviously, you are there to ask him or her for money. This is the time you do it. Your attitude must be as respectful at this moment as it has been throughout the conversation. You are asking a prospect for a donation, you are not "hitting them up," "twisting the knife," or hoping they will "cough up."

At the close, you look the prospect straight in the eye and you say as confidently as possible,

"Will you help with \$500?" or, "Can I count on you for \$1,000?" or, "We need ten gifts at \$250. I think if you were the first, a lot of people would follow your example." or, "Can you go as high as \$1,000?"

There are no particular words that work better than other words. You need to find words that work for you—that you can imagine coming out of your mouth and that suit your personality. The only rule is that as part of the close you need to indicate a specific amount or range of money you want, whether or not you have talked about dollar amounts earlier.

Further, at some point in the meeting, and the close is a good place, you need to indicate that you have made your own gift. You can do this by saying, "I am hoping you will join me in giving..." or, "I decided to give when I learned that..." or, "I am giving because...and I hope you will give also. Could you consider \$...?" If you do not want to say specifically what you have given, or even say directly that you have given, you can say, "The entire board has given a total of \$____," or even, "The entire board has given and now we are looking for support in the community." If you are not on the board, you can say, "Board and close volunteers have already given \$____, and now we must raise the rest from the community." If you are a staff person asking for the gift, it may seem odd to speak from your role as a donor, but it is compelling to a prospect to know that you have made a gift in addition to working for a (probably) fairly low salary.

The Response

After you close, do not talk until after the prospect says something. No matter how long it seems, just sit still. It is not your turn to talk, and it is annoying to the prospect if you keep talking after you have closed. The time may seem longer than it really is because you are nervous. One friend says she breathes in and out slowly. With each breath in she says to herself, "He/she hasn't said no," and with each breath out, "I'm still alive."

Listen Carefully

There are a standard variety of responses you can expect a prospect to make. Almost always the prospect will say some version of yes, some version of maybe or some version of no. Many people imagine scenarios worthy of a James Bond movie at the close, but what is the likelihood of a poisoned drink, mustard gas, the floor opening up and dropping you into a shark-infested pool, assassination or public humiliation at this point? After all, this person agreed to see you, conversed with you about your program for the last 30 minutes or so, knew why you were coming, and cares about your cause. Chances are you know this person or you know someone

who knows them, so a slash-and-burn ending is quite unlikely. Here, instead, are the more usual outcomes after the close, including the probable meaning of each response and some possible rejoinders.

Prospect:

"Yes, I can do that." *Meaning:* Yes, I can do that.

You:

"That's fantastic. Thank you. How would you like to pay that amount?" (Be happy and excited, but don't be overjoyed and overwhelmed or you will give the prospect the impression that you have never handled gifts of this size before, or that you expected the prospect to be tighter with their money; you may wind up accidentally insulting the person.)

Prospect:

"That's a lot of money." *Meaning:* The prospect wants to make sure you think it is a lot of money. He or she is not saying no or "I don't have that much," just, "Reassure me that this is as big a gift for the organization to receive as it is for me to give."

You:

"It is." Or, "It is. That's why I wanted to see you in person."

Prospect:

"I don't think I can go that high," or, "That's out of my ballpark." *Meaning:* You are on your way to a yes of some kind.

You:

"We don't need it all at once. Would you like to pledge and pay it over time?" Or, "What do you feel comfortable giving?" Or, "What would you like to give?"

Prospect:

"I need to think about it." *Meaning:* The traditional wisdom is that when a prospect says,

"I need to think about it," you have asked for exactly the right amount of money. It was not so little that he or she could give it at the moment or so much that it was out of the question. Your job is to set a date by which their thinking will be completed.

You:

"That's fine. Is there anything else I can tell you today that will help you with your decision?" If the prospect says no, then add, "We want to finish up this part of the campaign in the next two weeks. Can I call you in that time to see if you have had time to make a decision?" If the prospect says, "I'll call you when I have decided," say, "That's great. Here's how to reach me. Sometimes it's hard to reach me, so if I don't hear from you in ten days, I'll call just to make sure we haven't missed each other."

Prospect:

"I don't think I can help right now." *Meaning:* Unclear—perhaps the prospect has heard something he or she doesn't like, or perhaps this is a bad time for them to give. But why would they have agreed to meet? Don't agonize over all the possibilities. Simply ask the prospect what to do.

You:

"Do you want to pledge an amount and pay it later?" Or, I know that feeling. How shall we leave it today—shall I get back to you? Do you want to make a pledge? "If you think something else is going on say, "I could be totally mis-reading this situation, but I had the feeling you didn't really agree with our program on X." Show the prospect that it is OK for them to disagree or to have questions.

Prospect:

"I need to talk it over with my wife-husband-partner." *Meaning:* This is called the shadow question. It usually means the prospect has something specific to say or ask but feels embarrassed to do so, so unconsciously puts it on another person.

You:

"I understand that. What do you think your wife/husband/partner will want to know?"

Prospect:

"Well, she will wonder why you are spending so much money on rent," or whatever. Answer the objection;

You:

"That's a good question. We feel it is important to be near public transportation so we pay more to be downtown," or whatever the answer is to the objection.

Prospect:

"What if you don't raise the rest of the money you need?" *Meaning:* I don't want to feel foolish if I am the only one that gives to this program.

You:

"We believe we can raise all the money we need because we have already raised X amount and we have a large team of people helping. The worst-case scenario is that we would have to delay starting the project by a couple of months if all the money isn't in, but I don't anticipate that happening."

Prospect:

"I'd like to help, but I want my money to be used only for X and not for Y." *Meaning:* I need control, or I don't trust the group entirely, or I am enjoying wielding my power right now. You will need to listen to the terms of the gift, and may have to get back to the person about whether you can accept the gift under these conditions.

You:

Repeat back the condition to make sure you heard it correctly." Let me just make sure I got this right. You are willing to make a gift of \$_____ to be used for X and not for Y." If the prospect confirms these terms, say, "That's very generous. I don't have the authority to agree to that condition, but I can get back to you about it this afternoon." Remember: you don't need any money badly enough to agree to terms that are not good for your group.

Prospect:

"No. I like a lot of what you do, but I don't agree with X," or, "I don't think your approach is well thought through," *Meaning:* the prospect is not convinced, or you have talked yourself into and out of the gift, or the prospect has discovered something about your group he or she doesn't like.

Page 3

You:

Make sure the prospect has understood you have said everything correctly. If so, you may have to be satisfied with "no." Or, you may be able to clear up a misunderstanding to turn the "no" into a "maybe" and get back with the person.

After the Meeting

Before ending the meeting, verify what you think your agreement is with the prospect: "Thanks so much for your

gift of \$2,500. I'll tell the director to expect it in a few days." Or, "I look forward to talking with you in the next two weeks about your decision, and if you have any questions or need more information, just let me know." Then go back to your office and write a thank-you note. If the meeting brought up difficult issues, acknowledge this: "Thanks for being so candid today. Even though our discussion was difficult, I really appreciated your honesty and look forward to staying in touch." Basically you reiterate what you verified in the meeting. Keep a copy of your letter in case follow-up is needed. Make some notes about what happened at the meeting. What did you learn about this prospect that will be helpful to another person who may be asking them in the future? What were their interests and concerns? What were their questions and what skills do they have that might be helpful to the organization? You might also include information about the prospect's age, family, job, and other interests you may have learned about. The close is not truly over until the thank-you note is written and sent and all necessary follow-up is completed. But the exciting, hair-raising, anxiety-producing part of the close is definitely over once you ask for the gift.

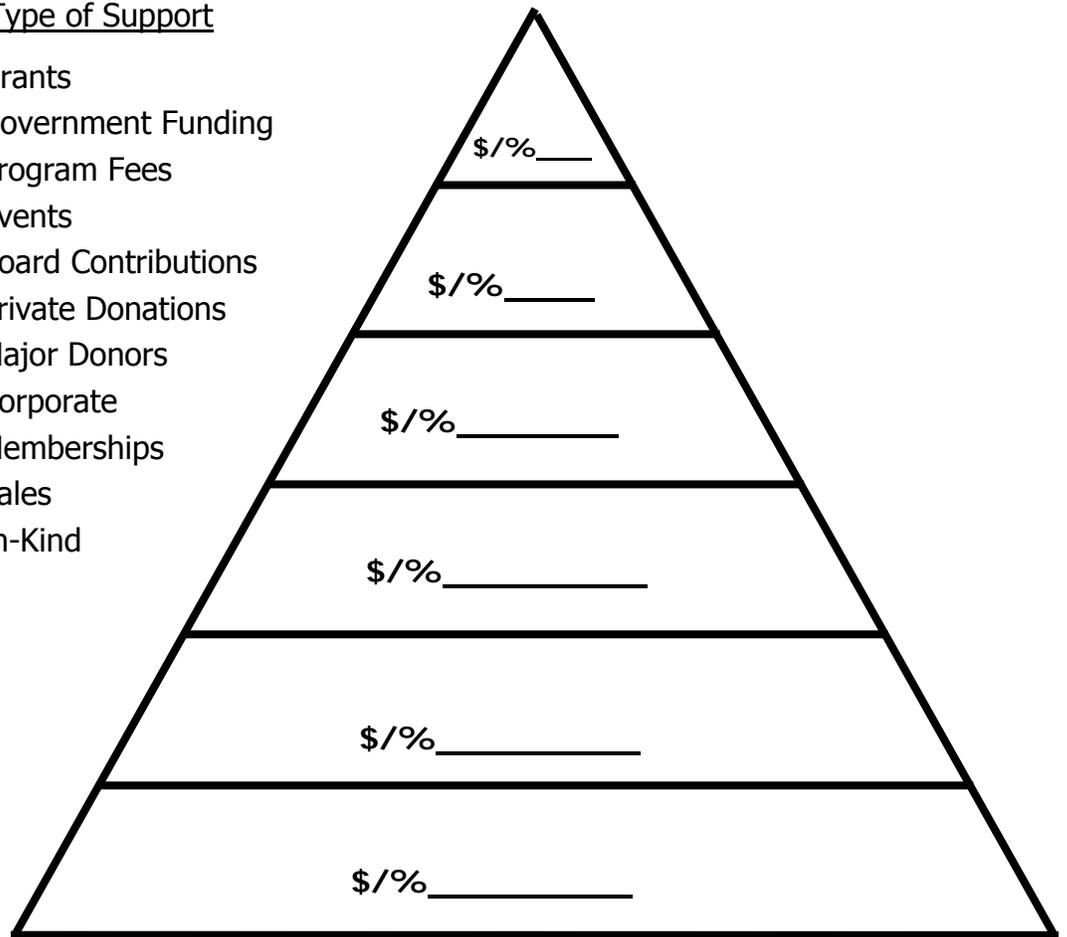


Tool: Budget Gap Analysis

Budget Gap Analysis

Type of Support

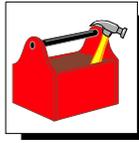
- Grants
- Government Funding
- Program Fees
- Events
- Board Contributions
- Private Donations
- Major Donors
- Corporate Memberships
- Sales
- In-Kind



Total Annual Budget \$ _____

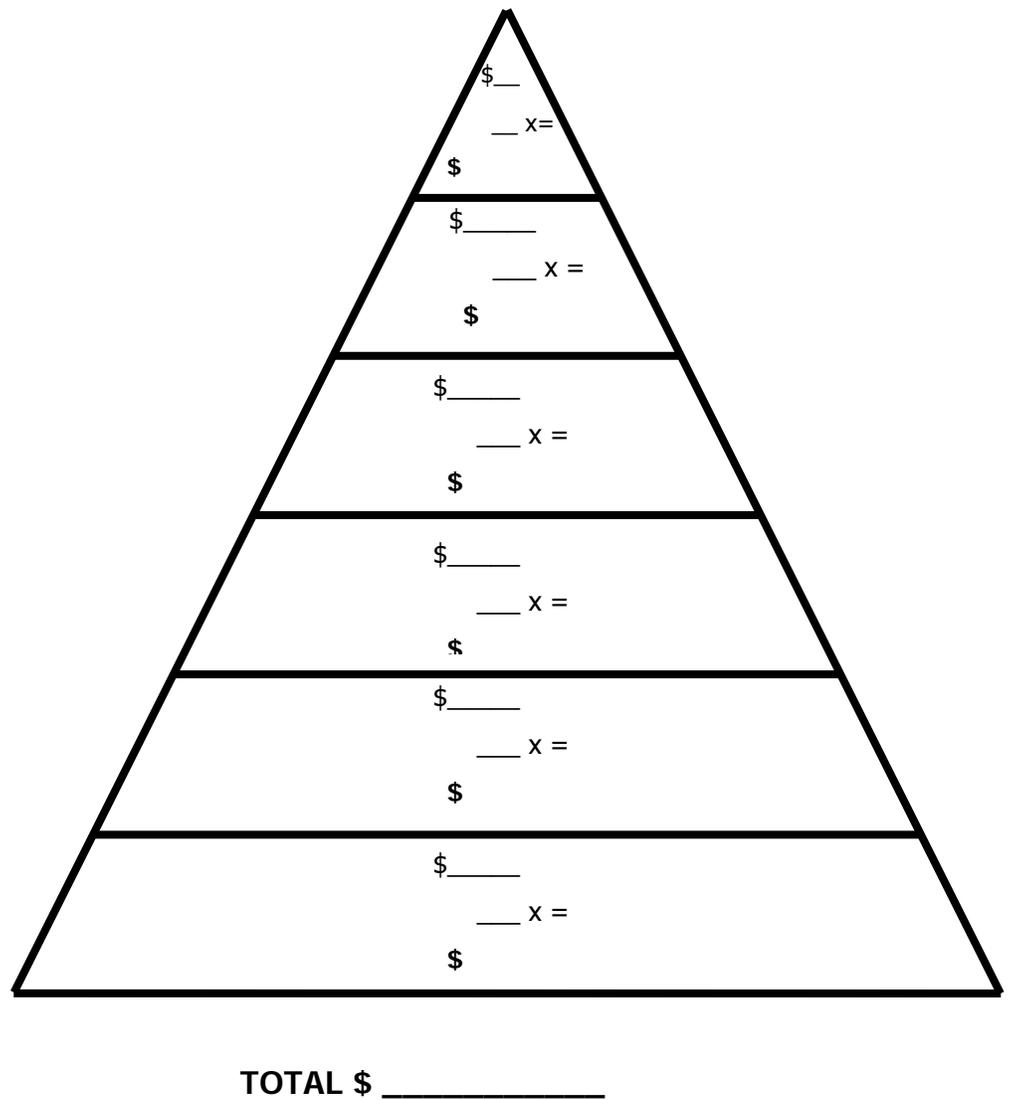
Base Funding Amt \$ _____

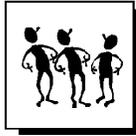
Gap: \$ _____



Tool: Strategic Fund Development

Major Donor/Corporate Campaign





Next Steps

What is the very first action step you will take based on your participation in this workshop:

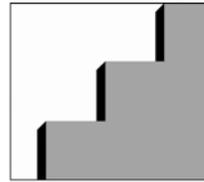
- As a Board member?

- As the Executive Director?



Recommended Reading List

- Begging for Change, by Robert Egger, HarperCollins (www.harpercollins.com)
- Boards That Make a Difference, by John Carver, Josey-Bass 2nd Ed.
- Self-Assessment Tool for Non-Profit Organizations, by Peter Drucker, The Peter Drucker Foundation for Non-Profit Management
- Welcome to the Board, by Fisher Howe, Josey-Bass
- The Nonprofit Answer Book: Practical Guide for Board Members and Chief Executives, by Andringa and Engstrom (available through Boardsource.org)
- The Nonprofit Answer Book II: Beyond the Basics, by R. Andringa, (available through Boardsource.org)
- Called to Serve: Creating and Nurturing the Effective Volunteer Board, by Max De Pree
- Governing Boards by Cyril O. Houle
- Beyond Profit by Fred Setterberg and Kary Schulman
- The Nonprofit Organization: An Operating Manual by Thomas Wolf
- The Knowing-Doing Gap by Jeffery Pfeffer and Robert Sutton
- Governance as Leadership by Richard Chiat, William Ryan, Barbara Taylor
- Fundraising for Non-Profits by P. Burke Keegan, Harper-Collins (www.harpercollins.com)



**NEWLEVEL
GROUP**

Take the Next Step

About NewLevel Group...

Who we are

NewLevel Group was formed almost three years ago with a vision to strengthen our community by helping nonprofits and businesses take the next step in their development -- whether the next step means launching a business, developing a board, or updating an existing brand. Our team is made up of seasoned professionals who look at challenges from various perspectives honed from decades of experience in the business and nonprofit sectors. We plan as well as implement, never losing sight of our goal to deliver your desired results.

What we do

First and foremost, we listen. We listen to you, your board, your clients, and your colleagues to fully understand the challenges you face. Then, we form a team that will partner with you to identify your goals, outline strategies to achieve them, and, if needed, work with you to implement the tactics.

How we do it

Our approach to helping organizations improve their results reflects our shared values of collaboration, commitment, and community. We are different from other consulting and management firms in several significant ways:

- We work collaboratively; not just treating symptoms, but finding solutions for the underlying causes.
- We implement; we don't just create pretty plans, but roll up our sleeves to get the job done.
- We're focused on results; a good process is important, but the outcome is what really matters.

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