

Nonprofit Fundraising Essentials

Module 1

An Entrepreneurial Mindset for Nonprofit Fundraising



In
partnership
with



INTRODUCTION TO THE COURSE

Welcome to the course! We're so glad you joined us for this hands-on, team-based course on nonprofit fundraising and funding models.

At Acumen Academy, we have worked with thousands of grassroots¹ and small nonprofits through our online courses, accelerators, and fellowship program. Over the years, we've learned that many nonprofits have faced one or more of these fundraising challenges:

- + They depend on a small number of donors or grants, which threatens their financial sustainability and independence
- + They struggle to share their story in a way that connects with audiences, whether in grant proposals, pitches, or online campaigns
- + They don't understand which types of donors and revenue streams are the right fit and when to say "no" to a funding opportunity

"We're now realizing that we want to reach a broader audience," said Kathy Bergs, Chief Development Officer at Peace Parks Foundation. "We've been getting better and better at sharpening our communication —

for example, we have a new website and a redesigned newsletter. However, we're still reaching the same audience and our donor base is aging."

"When people see our workshop videos, they say, 'That's really cool, but it doesn't fit the specifications of our grant,'" said Facundo Rinaudo, fundraising coordinator at Etnosfera, a network of NGOs dedicated to peacebuilding in Colombia. "It's been difficult."

Do any of these challenges sound familiar? If so, this course was designed to help you adopt an entrepreneurial mindset and build a fundraising plan for your nonprofit.

In this course, you will learn to:

- + Evaluate the different sources of nonprofit funding, including foundations, governments, businesses, wealthy donors, small donors, and earned revenue
- + Understand the process of developing a budget and recognizing your funding gaps
- + Identify potential donors who share your values and build lasting relationships, rather than transactions

¹- GuideStar defines grassroots nonprofits as having an annual budget of less than \$1 million, while small nonprofits have an annual budget of \$1 to \$5 million. The majority (66%) of nonprofits in the GuideStar database are grassroots.

- + Share your nonprofit's impact with storytelling strategies and win supporters for your social or environmental cause

In the final assignment, you will outline a fundraising plan to start implementing your new strategies in real life. This course was created for teams of colleagues and every assignment is meant to be flexible for your needs.

Along the way, you will read interviews and case studies from organizations across Africa, Europe, Latin America, South Asia, and the United States. These are just a few of the nonprofits and NGOs featured in the course:

- + **Turtle Foundation** holds raffles and adopt-a-turtle campaigns to fund the protection of sea turtles and their habitats in Cape Verde and Indonesia.
- + **Bhumi** partners with corporate social responsibility programs to provide supplementary education for thousands of children across India.
- + **Pro Natura Vaud** earns revenue from the rental of homes in scenic areas of Switzerland to fund its mission of environmental conservation.

In Module One, you'll learn about the importance of an entrepreneurial mindset for fundraising and why you shouldn't be afraid to ask for money. In the team workshop, you will discuss your mission, theory of change, and impact, which will lay the groundwork for your fundraising plan.

Are you ready to change the way you think about funding your nonprofit? Let's get started!

REFLECTION

Each reading in this course will feature reflection prompts. Take a few minutes to think independently about these questions:

- + How is your nonprofit funded today?
- + What are some of your greatest challenges related to fundraising?
- + If you were able to raise more money, what else might your organization be able to achieve?

AN ENTREPRENEURIAL MINDSET AND DIVERSIFIED FUNDING MODEL

In this course, you will be encouraged to adopt an **entrepreneurial mindset** for fundraising.

What do we mean by “entrepreneurial”?² It’s all about seeking out new partnerships, experimenting with new revenue streams, and making the most of your limited resources.

First, let’s illustrate what is *not* an entrepreneurial mindset: A nonprofit that depends on the same funders and campaigns for years because “it has always been done this way.”

Now, here are examples of an entrepreneurial mindset in action:

- + After the **Nature Conservancy** learned that new donors from its direct mail campaigns were nearly 70-years-old on average, the environmental organization started to experiment with digital fundraising to reach a younger generation.
- + To address the systemic problem of environmental conservation, **Peace Parks Foundation** finds opportunities for creative collaboration with many different partners. For example, Microsoft supports the nonprofit’s rhino

protection program by providing grants for wildlife tracking technology.

- + When Dr. Prahalathan KK co-founded **Bhumi**, a volunteer network focused on childhood education, he needed to create a fundraising strategy from the ground up. He realized Bhumi’s community of volunteers could open the door to meaningful partnerships with corporate social responsibility programs, and peer-to-peer fundraising campaigns to diversify the nonprofit’s income.

In each of these examples, the nonprofit actively seeks out new donors, partners, and revenue streams, while staying true to its mission.

As the nonprofit funding landscape evolves, all nonprofits could benefit from a more entrepreneurial mindset. Over the past decade, publications like *The Chronicle of Philanthropy* and *Stanford Social Innovation Review* have written about these trends:

- + Foundations are increasingly interested in measuring outcomes, experimenting with innovative approaches, and supporting the most impactful nonprofits³

2- Craig Shelley, [Entrepreneurial Fundraising: Is It for Your Nonprofit?](#)

3- Harvard Business Review, [The Emerging Capital Market for Nonprofits](#)

- + Unexpected partnerships are emerging, particularly between nonprofits and the private sector
- + The individual donor base is growing older and shrinking, and a new generation of donors may not respond to the same fundraising strategies⁴

As part of your entrepreneurial mindset, this course will encourage you to seek out new funders and revenue streams.

“It’s highly risky to depend on one donor,” said Lynda Mansson, Director General of the MAVA Foundation. “If anything happens to that funding source, your organization will be at risk. It’s a prudent strategy to diversify your sources of revenue.”

An **entrepreneurial mindset** and **diversified funding model** can help your nonprofit adapt to unexpected changes, such as global crises, the loss of a funder, new government policies and administrations, or generational differences in giving. It can also help your nonprofit balance its “unrestricted funding” — that is, donations that can be used for any purpose — with larger grants that have restrictions and must be carefully reported on.

Keep in mind that a diversified funding model does *not* mean pursuing every opportunity that crosses your path — or even seeking funding from every type of source. Instead, you should focus on finding partners and revenue streams that are the right fit for your nonprofit, while reducing the risks of depending on a single donor or grant.

“What separates the best organizations is a culture of testing a variety of funding streams to figure out what works,” wrote Kathleen Kelly Janus, a lecturer at the Stanford Program on Social Entrepreneurship. “By purposefully experimenting with revenue, they discover a funding model both authentic to their mission and effective at raising money.”⁵

In Module Two, you will read more about the different sources of nonprofit funding, and then evaluate the options in your team workshop.

4- Philanthropy News, [Nonprofits Under Pressure to Shore Up Eroding Donor Base](#)

5- Kathleen Kelly Janus, [Social Startup Success: How the Best Nonprofits Launch, Scale Up and Make a Difference](#)

EVERYONE HAS A ROLE IN FUNDRAISING

You might think that fundraising is only your responsibility if your job title is “fundraising coordinator” or “business development manager.”

However, everyone in your nonprofit can play a role in fundraising. In fact, they already do!

First, your nonprofit’s activities and impact will lay the groundwork for your fundraising. They demonstrate that you can use a donor’s resources effectively to create an impact.

To fundraise successfully, you also need strong communication. Your proposals, pitches, website, and social media are an opportunity to capture the attention of potential donors and inspire them to join your journey.

Moreover, every time you interact with a potential donor or partner, you are representing your nonprofit. You can support your nonprofit’s fundraising by:

- + Providing access to your personal and professional networks
- + Sharing stories about your life experiences and belief in the mission

“Every single staff member, every single board member, even your beneficiaries have the potential to be brand ambassadors for your cause,” said Kathleen Kelly Janus.⁶

For these reasons, all of these individuals and teams have a role to play in your nonprofit’s fundraising:

- + Founders and CEOs
- + Program managers
- + Business development
- + Marketing and communications
- + Monitoring and evaluation
- + Board members
- + Volunteers

What if fundraising is your job description? Throughout this course, you will gain advice from experts like Kathy Bergs, Chief Development Officer at Peace Parks Foundation.

“First, you have to familiarize yourself with all the projects and programs in the field and understand the needs of your organization,” Kathy said. “Then, you have to scan the environment: In the universe of potential supporters, who will really connect with this program? Finally, you have to craft a pitch in their language.”

“You need to be able to synthesize large volumes of information and communicate it appropriately,” she added. “If you can really hone that skill, you can become a great fundraiser.”

REFLECTION

- + What are your feelings about asking for money?
- + Did you choose positive words? Negative? Neutral?
- + How do you hope to feel at the end of this course?

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BUILDING AUTHENTIC RELATIONSHIPS AND FUNDRAISING WITHOUT FEAR

Nonprofits employ people with ambitious visions, from providing education for children in conflict-affected areas to improving the financial management skills of rural women. They may sacrifice paychecks and spend sleepless nights in service of the mission.

Yet many social change-makers feel shame, embarrassment, or fear when they ask for money to support their valuable work.

“I come from a community where asking for money is a bad thing,” said Uthara Narayanan, co-founder of Buzz Women in India. “You wouldn’t believe how many years I would end a meeting without asking for money at all!”

If you relate to these feelings of shame or awkwardness, it can be helpful to focus on your nonprofit’s mission. In his popular essay, Sasha Dichter, former Chief Innovation Officer of Acumen, wrote:⁷

“Are you trying to make sure that women have a safe, affordable place to give birth? Creating a way for people to have clean drinking water so they and

their children don’t fall ill? Protecting refugees from genocide? Providing after school tutoring for at-risk kids?”

“You’re devoting your life, your spirit, your energy, your faith into making the vision you have of a better future into a reality,” he continued. “So why are you so scared to ask people for money?”

Your nonprofit exists because there is an urgent problem that needs more awareness and resources. Therefore, fundraising isn’t just a financial transaction. It’s an opportunity for two partners — the nonprofit and the funder — to work together toward a shared goal.⁸

“Fundraising is not about begging,” said Aaron Kirunda, co-founder of Enjuba in Uganda. “It is sharing an opportunity with people who want to help. There are many people out there who want to support something they believe in. They want to support something that will make them proud.”

Finally, what really happens when you are too afraid to ask for money? You might avoid the discomfort of hearing “no.” However, the people and

7- Sasha Dichter, *In Defense of Raising Money: a Manifesto for NonProfit CEOs*

8- Jennifer McCrea, Jeffrey C. Walker, Karl Weber, *The Generosity Network: New Transformational Tools for Successful Fund-Raising*

environments you are trying to serve will be hurt most of all — because without money, it will be impossible for your nonprofit to achieve its mission.

In Module Four, you'll explore strategies for understanding their values and motivations of potential donors, and building lasting relationships, rather than transactions.

REFLECTION

Great work! You've made it halfway through the module. Before you move on to the second half, take a break to reflect on these questions:

- + What role will you play in your nonprofit's fundraising?
- + Have your feelings about fundraising started to change? If so, how?

FUNDRAISING BEGINS WITH YOUR MISSION AND IMPACT

Now, let's turn the conversation back to your organization: What is the change you hope to create in the world? Why are you raising money to begin with?

By now, you know that fundraising isn't just about "selling" — it's about partners working together to achieve a shared mission.

However, before you can successfully build any partnership, you need to demonstrate that you have a clear roadmap to change and can use a donor's resources effectively.

In this final section, you will reflect on the role of your mission, theory of change, and impact in your fundraising strategy.

As the course progresses, these elements will help you identify the right donors, understand your funding needs, develop your value proposition, and share your story.



MISSION STATEMENT

Your **mission statement** explains your nonprofit's purpose and the outcomes you intend to achieve.

Here are a few examples:

- + “A world where all women and their families experience childbirth safely and with dignity” — Jacaranda Health
- + “Bringing clean, safe drinking water to people in developing countries” — charity: water
- + “Reconnecting Africa’s wild spaces to create a future for man in harmony with nature” — Peace Parks Foundation

Defining a mission will bring clarity to your work. It establishes shared objectives and measures of success, motivates staff and volunteers, and helps you understand when to say “no” to a funding opportunity.⁹

When it comes to fundraising, your mission statement expresses your nonprofit's goals to potential donors and wider audiences. It should be simple, memorable, and inspirational.

Kevin Starr, Director of the Mulago Foundation, introduced a concept called the “Eight Word Mission Statement.”¹⁰ It consists of three parts:

- + A verb
- + A target population
- + A measurable outcome

Kevin recommends that you avoid jargon in your mission statement, such as “capacity building” or “empowerment.” Instead, focus on clear actions with concrete results:

- + “Rehabilitating coral reefs in the Western Pacific”
- + “Preventing maternal-child transmission of HIV in South Africa”

As the Director of the Mulago Foundation, Kevin is responsible for taking pitches from nonprofits and social enterprises and determining whether they are deserving of funding.

“It is here that the eight-word mission statement becomes my lifeline,” he wrote. “It jump-starts a productive and respectful conversation that doesn’t waste anyone’s time.”

REFLECTION

- + What is your nonprofit's mission statement?
- + Does it accurately represent your activities and desired impact?

THEORY OF CHANGE

Are you seeking out new funders for an existing program? Are you launching a new program and looking for donors who are willing to support your idea?

In both of those cases, you should be prepared to explain your theory of change.

A **theory of change** describes the reasoning or assumptions for why your nonprofit's activities will lead to long-term impact. It can be helpful to start with an **impact hypothesis**: “If we do X, then Y will change, because...”

Imagine you work for a nonprofit that distributes solar lighting products to improve health and incomes for families without reliable and clean energy in Kenya. Your impact hypotheses might look like this:

- + “If we deliver solar lighting to low-income households, then families will be less likely to have respiratory infections and lung cancer, because our research shows that families with solar lighting reduce their use of kerosene lamps.”
- + “If we deliver solar lighting to low-income households, then families will spend more hours on schoolwork

and generating income, because our research shows that lack of lighting is a barrier to productivity.”

A **logical framework** is another way to illustrate your theory of change. It explains how your activities will lead to impact in the context of a specific project. A “logframe” consists of inputs, activities, outputs, outcomes, and impact.

Here’s an example: A nonprofit has a mission to improve the prosperity of women in rural and tribal areas of India. The organization describes its theory of change like this:

“If we provide financial skills training to rural women, then their household incomes will increase, because our research shows that financial literacy is associated with less debt and more profitable small businesses.”

The logical framework on the next page outlines how the nonprofit will carry out a specific project to deliver a workshop in a rural village of Bangalore, India.

Components	Example
<p>Inputs: The resources your nonprofit puts into a project, including staff time.¹¹</p>	<ul style="list-style-type: none"> + \$1,000 grant from a foundation + One educator to prepare a lesson plan on financial management and entrepreneurship skills + Two facilitators to deliver the lesson in person + Van to transport facilitators to the rural village
<p>Activities: The actions or intervention your nonprofit will carry out.</p>	<ul style="list-style-type: none"> + Deliver a workshop on financial management and entrepreneurship skills for women in a rural village of Bangalore, India
<p>Outputs: The immediate deliverables of the project. Outputs are easy to observe and measured in units. (Example: number of clients served, hours of training delivered.)</p>	<ul style="list-style-type: none"> + 25 women participated in the 4-hour workshop
<p>Outcomes: The change in people or the environment in the medium term as a result of the project. Outcomes must be measurable and include a beneficiary and timeframe.</p>	<ul style="list-style-type: none"> + 60% of the women reduced their debt to a moneylender within six months + 20% of the women founded a business within six months
<p>Impact: The long-term effects of the project if you achieve your mission. Impact is more difficult to measure and will require your nonprofit to select indicators of success.</p>	<ul style="list-style-type: none"> + The women reported a 25% increase in household savings on average after two years

Today, many institutional funders — such as foundations, development banks, and corporate social responsibility programs — request some form of a theory of change or logical framework in grant proposals and concept notes.

Even if a theory of change is not formally required, the process of defining your inputs, activities, outputs, outcomes, and impact — and importantly, your supporting evidence and assumptions — will help your team make a stronger case to potential donors.

You might be surprised to learn there is disagreement among your team, or weak evidence for your program's approach, even if your nonprofit has existed for decades.

REFLECTION

Imagine you are speaking with a potential funder for the first time:

- + How would you explain how your activities lead to impact?
- + What is your supporting evidence or assumptions?
- + What makes your approach different from other nonprofits?

Your answers should illustrate that you can use a donor's resources thoughtfully and effectively to create an impact. Your theory of change also explains what is unique about your nonprofit and helps you stand out from similar organizations.

MEASURING RESULTS

Today, both institutions and individual donors are interested in supporting nonprofits that are focused on results and can clearly measure their outcomes.¹²

Imagine you work for the fictional nonprofit that delivers financial skills workshops to women in rural villages. This is an example of your “output”:

- + 25 women participated in the 4-hour workshop

In comparison, these are examples of your “outcomes” and “impact”:

- + Fewer women in debt to a moneylender
- + Increase in average household savings
- + Number of profitable businesses founded

Which of these metrics would you share to convince a donor that your nonprofit is achieving its mission?

Many nonprofits make the mistake of focusing on activities and outputs, instead of their longer-term outcomes and impact.

“In pitches, we often hear about the *process*: ‘We held four workshops and had 95 conversations and talked to

the government minister,’” said Lynda Mansson, Director General of the MAVA Foundation. “What happened next? What did those activities lead to? You need to focus on the *impact*, not the process.”

For organizations of all sizes, measuring results is always a work-in-progress. Start with a small number of metrics that track your most important outcomes. Even if you have limited resources, you can build evidence through interviews and short surveys.

In the workshop, you will discuss your impact to build your case for potential donors. To prepare for the workshop, take time to reflect on these questions and gather examples:

- + What metrics do you track to determine if you are achieving your mission?
- + What is the best evidence of results, both data and stories, that you can share with potential donors?

RESEARCHING THEORIES OF CHANGE AND IMPACT EVALUATION IN YOUR SECTOR

In this course, you will learn that grant proposals and individual gifts often begin with a conversation. If you can explain your mission, theory of change, and results, you will be ready to have meaningful conversations with potential donors.

However, keep in mind that some funders and sectors may have their own frameworks for grant proposals and measuring impact. For example:

- + Open Standards for the Practice of Conservation: These are open standards for project planning, implementation, and assessment shared by environmental conservation organizations.¹³

As you progress through this course, we recommend that you always research peer organizations and funders in your sector to learn more.

WHAT'S AHEAD IN THE COURSE?

Great work! You've made it to the end of Reading One. In this module, you learned that:

- + An entrepreneurial mindset will help your nonprofit experiment with new revenue streams and adapt to unexpected changes.
- + Everyone in your nonprofit has a role to play in fundraising.
- + Fundraising is about partners working together to achieve a shared vision. Many successful fundraisers have learned to overcome feelings of fear or shame.
- + Your mission, theory of change, and impact will lay the groundwork for your fundraising. In this course, they will help you identify the right partners, understand your funding needs, develop your value proposition, and share your story.

Here's what to expect in the weeks ahead:

Module Two: Fundings Models and Diversification

- + Understand the different sources of nonprofit funding
- + Research the funding models of peer organizations
- + Select a new funder or revenue stream to pursue

Module Three: Budgets and Fundraising Goals

- + Learn about organizational budgets and identify your funding gaps
- + Understand how to speak with donors about project budgets and overhead costs
- + Define your fundraising goals

Module Four: Building a Community of Donors and Partners

- + Define your nonprofit's value proposition
- + Identify potential donors and understand their values and motivations for giving
- + Make the ask for funding and steward the relationship over time

Module Five: Storytelling and Communications

- + Understand how to use storytelling to create connection and inspire action
- + Create effective messaging with research from behavioral science and environmental communication
- + Define your communication goals and evaluate your website

Module Six: Create Your Fundraising Plan

- + Create a fundraising plan that summarizes what you learned in the course and proposes concrete next steps.

Each module consists of an individual reading and a team workshop. There are also case studies and interviews, videos, and additional resources to explore.

The weekly assignments are designed to build as you progress through the course. By the end of the course, your team will have created a fundraising plan and a list of next steps to develop your fundraising capabilities.

Now, it's time to schedule a meeting with your teammates and get ready for Workshop One!