

Appendix 9-A

Creating the Most Effective Fund Development Program for Your Organization

The most effective fund development is carefully integrated into the full system and operations of an organization. Whether you are conducting a capital campaign, annual giving, or some other fund development, the process is, essentially, the same.

Fund development is not a separate and independent activity that can be pulled out whenever there is need, focused on by only a few, and ignored the rest of the time. Instead, fund development is an ongoing, rewarding (but invasive) process that engages all staff and every board member in some way.

Fund development affects everything the organization does, from board and staff recruitment to patron service to communications. (However, this does *not* mean that the only qualification for board membership is the ability to raise money!)

Effective fund development produces more than money. Indeed, effective organizations understand that fund development goals include more than money. Goals include things like building stronger relationships, helping board members feel comfortable with fund development, understanding the interests of patrons so the organization can ask for a gift, and so forth. With this orientation in mind, many organizations find they need to go through a philosophical and practical change process to be able to understand and accommodate fund development. For instance, your organization may need to develop a culture of philanthropy and an understanding of fund development and best practices.

No matter what you want to raise money for, you must pay attention to process. By process, I mean addressing fund development and organizational development issues, one system. The process requires a commitment of time and energy on the part of the organization's staff and volunteers. Direct participation (asking questions, discussing, deciding) of key leadership is essential to build understanding and ownership.

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Key steps in fund development planning, implementation, and feasibility testing include:

1. Fostering a culture of philanthropy within the organization:
 - a) Assure that everyone in the organization values philanthropy and donors.
 - b) Use systems thinking.
 - c) Understand that most fund development problems are not fund development programs but actually are organizational development challenges.
2. Staying current in the body of knowledge, best practices, and research—and applying these:
 - a) Keep current in the body of knowledge/best practices through reading, training, conferences, and so on.
 - b) Monitor sector research.
 - c) Do research within your own organization.
 - d) Monitor the external environment beyond the nonprofit sector.
3. Creating a donor-centered organization:
 - a) Assure that the organization puts the donor in the center and understands his or her interests, emotions, and aspirations. (See #5, relationship building.)
 - b) Ensure that communications focus on the donor.
 - c) Use the Donor-Centric Pledge.¹
4. Identifying potential funding sources:
 - a) Examine the charitable contributions marketplace in order to address such issues as:
 - Level of congestion in fund development.
 - Issues and organizations receiving donor focus.
 - Strategies that have been effective reaching donors.
 - Opportunities for networking with other philanthropic organizations and donors.
 - b) Identify constituents (e.g., audience members, volunteers, etc.), and invite them to become donors.
 - c) Identify those who might be predisposed to your cause—and get to know them well enough to qualify them as prospects, or not.

¹See *Keep Your Donors: The Guide to Better Communications and Stronger Relationships*, by Simone Joyaux and Tom Ahern. See *Donor-Centered Fundraising*, by Penelope Burk, and *Building Donor Loyalty*, by Adrian Sargeant and Elaine Jay. See also *Fundraising Principles and Practice* by Sargeant, Shang, and Associates.

5. Developing the relationships with potential funders/donors:
 - a) Develop an ongoing process to get to know qualified prospects better.
 - b) Identify interests, disinterests, motivations, and aspirations of prospective donors and determine if there is a value match with your organization.
 - c) Develop donor-centered communications and cultivation strategies to build the relationship.
 - d) Build donor-centered relationships to foster loyalty and increase donor retention.
 - e) Provide adequate and appropriate acknowledgment and recognition for donors.
6. Positioning your organization within the philanthropic marketplace:
 - a) Regularly evaluate your image and reputation among your diverse constituents (e.g. audience, donors, volunteers, community leaders).
7. Organizing to do the fund development work:
 - a) Outline the values, ethics, and standards for fund development.
 - b) Define the fund development functions, competencies, and skills necessary to carry out fund development, and the appropriate structure for optimum performance.
 - c) Define fund development roles for staff, the board as a group and its individual members, and other possible volunteers.
 - d) Identify training needs for volunteers and staff and develop appropriate materials.
 - e) Develop the fund development plan.
8. Maximizing the return on investment through the best use of solicitation strategies:
 - a) Evaluate interest, readiness, and capacity of prospects and donors.
 - b) Determine the appropriate solicitation process, request, and solicitor for each prospect.
 - c) Estimate the dollars that might be generated, the cost to do so, and use this for planning.
 - d) Use the skills and contacts of board members and staff without trespassing on relationships.
9. Implementation:
 - a) Develop solicitation materials (e.g., case statement, gift transmittal mechanism).
 - b) Ask for the gift and secure the answer.
 - c) Monitor progress, identify challenges, and intervene.
 - d) Evaluate productivity and return on investment.

10. Assessment of process and results:

- a) Establish criteria to measure² return on investment and evaluate results.
- b) Compile participation rates (e.g., acquisition, attrition, retention; calculate gift upgrades and average gift size. Evaluate cost effectiveness and return on investment. Determine the cost to raise a dollar or a euro or ...
- c) Determine trends and analyze implications.

Fund development is a profession with a documented body of knowledge, best practices, ongoing research, ethical codes, and certification for its practitioners. The most effective fund development requires professional leadership—on staff or through consulting—supported by excellent administrative and clerical resources.

The most effective professionals use the body of knowledge and best practices, personalizing these to the organization. The most effective professionals are much more than great fundraising technicians.

The best development professionals are, first and foremost, organizational development specialists. These individuals know how to make an organization work and what causes dysfunction. In addition to fund development, these professionals are experts in strategic planning, governance and management, enabling of volunteers, and many other areas within the not-for-profit/nongovernmental sector.

²This is a weak area for the sector. Too many measures focus on financial results. Too many of the metrics are actually outputs rather than results. See *Keep Your Donors*, Chapters 23 and 24 for further exploration of this topic.