

Appendix 1-A

Basic Principles of Fund Development

Philanthropy means voluntary action for the common good.¹ Fund development is the essential partner of philanthropy. Fund development makes philanthropy possible by bringing together a particular cause and the prospects and donors who are willing to invest in the cause. The goal is to acquire donors of time and money who stay with the charity. This is done through the process of relationship building. With the donor at the center, fund development nurtures loyalty and lifetime value, thus facilitating philanthropy. You know if your relationship building works because your retention rates rise and the lifetime value of your donors and volunteers increases. (From *Keep Your Donors: The Guide to Better Communications and Stronger Relationships*.)

So what does this mean in practical terms? Here are some basics:

1. First, understand some **basic distinctions**:
 - a. **Predisposed**: An individual, business, or some other entity whose interests and actions suggest a possible inclination or susceptibility toward your organization's cause/mission. ("Suspect" is more common terminology. But who wants to hear anyone referred to in such a pejorative manner?)
 - b. **Prospect**: An individual, business, or some other entity that has demonstrated an interest in your cause/organization. The individual has raised his or her hand by buying your services or asking to join the mailing list or ... In some manner, in some way, the individual, business, or entity has raised its hand, signaling interest in your cause and your organization.
 - c. **Donor**: An individual, business, or some other entity that has given a gift of time or money or service to your organization.
2. Nurture a **culture of philanthropy** in your organization. It's the right attitude that matters as much as anything. Culture refers to the personality and attitude of your organization. A culture of philanthropy means that everyone accepts and celebrates the beauty of philanthropy and donors, no matter the type or size of gift.
3. Build a **donor-centered**² organization. Focus on the donor or prospective donor. "It's not what your organization is selling; it's what I'm buying that counts. I'm interested in my interests, my motivations and my aspirations. Match those and then I'll give to you. Otherwise, leave me alone!"
 - Don't universalize your own passion. Not everyone is interested in your cause, no matter how convincing you are. Do not try to convince them! That's offensive. Instead, find those who share your passion.

¹Inspired by Robert L. Payton's definition of voluntary action for the public good. Payton was the first professor of philanthropics in the United States and former head of the Center on Philanthropy at Indiana University/Purdue University in Indianapolis.

²See the Donor-Centric Pledge in *Keep Your Donors* and at www.simonejoyaux.com. Click on Resources / Free Library / Fund Development / Relationship Building.

4. Giving is an **emotional act**, not a financial transaction. Your organization is the means by which donors live out their own interests and aspirations.
 - a. Neuroscience and psychological research document that all human decisions are triggered emotions.³ Then rationale steps in. “Emotion is multi-dimensional: it focuses on a person’s core goals, directs attention and interest, arouses the body for action, and integrates social group and cultural factors. It is thus a central component of meaning making.” (Carol Saunders, PhD, Brookfield Zoo)
 - b. Research from the direct mail industry says that people give in response to one or more of seven emotions: greed, guilt, anger, fear, flattery, exclusivity, and salvation. People move from one emotion (e.g., anger) to hope, by using your agency as the means to make change. Tom Ahern⁴ refers to this partnering of emotions as “twin sets.”
5. Engage **volunteers**, including board members and others. Make sure your staff effectively enables volunteers to participate in this meaningful work of identifying, cultivating, and soliciting.
6. **Don’t trespass** on personal and professional relationships. Instead, use connections to identify those who might be predisposed to your cause. If you cannot qualify them as prospects (and it’s their choice!), then leave them alone. Nurture relationships between prospects and your organization, getting them ready to be asked and asked again.
7. Effective fund development is like **permission marketing**,⁵ people opt in or opt out. “Permission marketing is the privilege (not the right) of delivering anticipated, personal and relevant messages to people who actually want to get them ... treating people with respect is the best way to earn their attention. Permission doesn’t have to be formal but it has to be obvious.” (From Seth Godin’s book and blog)
8. More **visibility** does not produce more contributions. Everyone focuses on his or her own interests. Your agency can be more and more visible—but if I’m not interested, I’m not paying attention. And I sure won’t send money. See Simone’s sports stories, Exhibit 1.2 in *Strategic Fund Development*, 3rd edition, and also in *Keep Your Donors*.
 - a. It’s okay if someone doesn’t know who your agency is or what it does. Tell them, if they’re interested. That’s identifying the predisposed.
 - b. Do *not* solicit someone unless you know for sure that the person knows about your agency.
 - c. Where do you need to be visible? Among your current donors, because you want to build their loyalty. Absence does *not* make the heart grow fonder—it’s out of sight and out of mind! Nurture these donor relationships.
9. *You have to give first.* (*You* means each board member, the CEO and development officers, and fundraising volunteers.) Why? Because you cannot represent an agency or cause without demonstrating your own financial and volunteer investment.
10. **Why do most people give?** Because they are asked. It’s really that simple. But ask only those who are interested. Ask the right prospect for the right amount at the right time for the right project in the right way with the right solicitor.

³See the research of Dr. Antoine Bechara and Dr. Antonio Damasio, described in Tom Ahern’s books on donor communications (www.aherncomm.com). By the way, psychologist W. Gerrod Parrott identifies many more than seven emotions. Read all about emotions in *Keep Your Donors: The Guide to Better Communications and Stronger Relationships*, by Joyaux and Ahern.

⁴Tom Ahern is one of North America’s leading experts in donor-centered communications (www.aherncomm.com).

⁵Term introduced by Seth Godin in his 1999 book, *Permission Marketing*. Godin contrasts permission marketing to interruption marketing, the traditional advertising/marketing approach. You know, the billboards and glitzy ads—and sending me a newsletter that I didn’t ask for.

So you identify the predisposed—those you suspect might have interests similar to your cause or organization—and introduce yourself (personally is usually best, e.g., through a cultivation gathering or one-on-one). Then, if the person (or corporation or foundation) expresses interest, that gives you permission.

Godin observes: “Rather than simply interrupting a television show with a commercial or barging into the consumer’s life with an unaccounted phone call or letter [or in fundraising, the newsletter or a solicitation], tomorrow’s marketer [and top-notch fundraiser] will first try to gain the consumer’s consent to participate in the selling process.” [Bracketed comments from Joyaux, not implied by Godin.]

11. Build an **individual giving program**. Each year, individuals give the largest portion of philanthropic gifts in North America. What about elsewhere? And individuals are more loyal donors than foundations or corporations.
12. Fund development is a **process and a profession**. The profession is founded on ethical principles and standards,⁶ based on a well-researched body of knowledge,⁷ and protects the public through voluntary certification of professionals. Personal opinion—without the body of knowledge—doesn't and shouldn't count for much.
13. Most **fund development problems** are actually *not* fund development problems. Most problems relate to other areas of operation. Fix the real problem.
14. A **balanced funding mix** of solicitation strategies and donor sources ensures stability and credibility. Whenever possible, the best way to solicit a gift is through face-to-face solicitation.

⁶See the *Donor Bill of Rights* and the *AFP Code of Ethical Principles and Standards of Professional Practice* at www.afpnet.org. Or visit www.simonejoyaux.com, click on Resources, then visit the Education / Certification link.

⁷Visit CFRE International (www.cfre.org), the baseline certification for fundraisers worldwide. Click on the Test Content Outline, which describes the required knowledge for a fundraiser with five years of experience.