

## Building a Fund Development Model in Your Nonprofit Organization

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With over 80,000 registered charities and another 80,000 nonprofit entities seeking donations each year, it is little wonder that Canadians complain about the number of solicitations they receive over the phone, in the mail and at the door. **So, how can a nonprofit organization raise philanthropic funds without becoming part of the problem?**

Nonprofit organizations seek funds to support their activities through a number of means: commercial activities such as thrift stores; earned revenue such as membership dues and fee for service; fund raising initiatives such as special events and selling chocolates; and, fund development.

According to Kay Sprinkel Grace (2005), fund development is “the process of uncovering shared values.” It is about cultivating meaningful relationships and then providing opportunities for people to invest in areas that are important to them. For some that will mean supporting children or seniors, for others it may mean the arts or education.

### Developing a fund development program

The first step to developing a comprehensive fund development program is preparing the board, followed by preparing the organization and then evaluating a variety of opportunities with a critical eye to building relationships and long-term funding stability.

#### Step 1: preparing the board

Preparing the board is critical to success as it means setting realistic expectations and laying out the roles and responsibilities of the board and its individual members. Because talking about fundraising often makes board members uncomfortable, this might be an excellent time to hire a development consultant to add credibility and ask the tough questions.

It is the responsibility of the board to define a nonprofit organization’s reason to exist—what cause or need in the community is being met and how—this becomes the case for support, the reason people support the organization.

Members of the board can be a nonprofit’s most passionate advocates. To help the board understand the role they play in successful fund development, refer to the article “Encouraging

board participation in fund development.” This article helps to define the difference between fund development and fund raising and board roles and responsibilities in fund development.

Develop board chair and member position descriptions that include fund development participation.

Successful fund development depends on relationships of trust. Boards must understand and adopt policies to ensure adherence to a code of ethical fundraising and professional practice such as that of Imagine Canada, Alberta Fundraising Professionals (AFP) or similar professional organizations. In addition, policies and procedures must be adopted to ensure accountability, transparency and compliance with municipal, provincial and federal laws and regulations. For example: gift acceptance, privacy and stewardship policies and gift processing procedures.

The board is responsible for establishing, and annually reviewing, realistic goals and measurable objectives for its fund development program.

Fund development takes human and financial resources. The board must believe in the fund development model and invest in the process at appropriate levels. Budgets should be developed and include:

- Development staff (including professional development)
- Support staff (data input, receipting, etc.)
- Information management system
- Marketing and promotion materials (need not be expensive)

## **Step 2: preparing the organization**

Preparing the organization is also important as everyone has a role to play. “Fundraising projects the values of the total organization into the community ... reflecting the organization’s dignity, its pride of accomplishment, and its commitment to service” (Ross, 1991).

With some modifications, an education process can begin with front line staff, similar to that of the board. Those who deliver the programs can be the most credible advocates any organization has; they reflect its culture and values; and they are out in the community every day.

Whether development is a role of the Executive Director, another member of the management team or someone hired specifically, a clearly defined staff development position description, including the relationship with the board, is important in setting realistic expectations.

A specialized information management system will help track basic contact information, patterns of giving and organizational relationships. It is also important to assign support staff to manage this function.

### **Step 3: create opportunities to invest**

The next step is to create opportunities to invest, which is, says Henry A. Ross (1991), “the process of giving people opportunities to act on their values.” However, each opportunity must be evaluated with an eye to furthering involvement of people in the nonprofit organization.

For most nonprofit organizations entering the fund development world, special events are necessary to build a base of supporters. However, given the resources involved, including staff and volunteer time, any event undertaken must have specific, measurable objectives other than creating awareness:

- Link a specific number of prospective donors with beneficiaries (have the teens from your program caddy for the golfers at your tournament or sit two members of your orchestra across from each other at each table at your gala dinner)
- Assign specific board members to share their passion with specific prospective donors (this is a working night for your board, so be specific about who you want them to talk to and about what)
- All guests should know which organization the event is supporting (signage, speeches, brochures, tent cards, something useful to take home with your name on it)
- Retention and other forms of support over time
- Dollars raised as percentage of real costs, including staff and volunteer time and lost opportunities

Initiatives such as direct mail and telephone solicitation are expensive, blanket certain segments of the population, traditionally provide low returns (1-2% response rate is considered successful) and, in today’s market, threaten to alienate rather than involve. “Donor attrition is the most serious problem in fundraising today” because of the high cost of acquiring new donors (Burk, 2003). We need to put as much thought into saying thank you as in the asking as, “a controlled test of personal thanks raised 39% more money” (Burk, 2003). Measure success by:

- Retention
- Follow-up thank you calls

- Positive feedback
- Dollars raised as percentage of cost

When seeking major gifts ensure that the ask is made by the right person, for the right amount, at the right time. Do your homework and make sure the prospect has an interest in your cause or organization (ability does not constitute interest). Measure by:

- Research
- Cultivation opportunities (in person, telephone, facility tours)
- Reporting back to donor (cultivation for next gift)
- Dollars raised

The education of two distinctive audiences will ensure success for your gift planning program: prospective donors and allied professionals who assist potential donors in their legacy planning. Gift planning is still relatively new in Canada, so education is key. Measure by:

- Participation in your local chapter of the Canadian Associations of Gift Planners
- board introduction of allied professionals to your organization
- Gift planning information in newsletters and annual reports
- Seed money invested into an endowment (and think about placing your endowment with your local community foundation)
- Conversations about legacy dreams
- board education around gift vehicles and understanding endowment
- Interactions with professional advisors (education opportunities, inquiries, referrals)
- Links on your website to relevant site: Canadian Association of Gift Planners, Community Foundations of Canada, Imagine Canada, your local community foundation
- Number of known deferred gifts

#### **Step 4: incorporating the fund development model into everyday activities**

Incorporating the fund development model into everyday activities will help nonprofit organizations understand that fund development is everyone's responsibility. Create a culture within your organization that promotes the belief that:

- Fund development creates opportunities for caring people to invest in their community.

- Everyone impacts development - program staff, office staff and managers. They need to understand the importance of relationships, the impact of the charity in the community and the impact donations make to the services the charity is able to provide.
- Everyone is a potential donor—always be good ambassadors.
- Everyone should have some knowledge of types of gifts your charity accepts.

Piggy back fund development/planned giving on everything else:

- AGM – testimonial from a beneficiary of your services
- Annual Report – not just the numbers – impact in the community
- Newsletters/Website – testimonial from a will intention, story on major gift received including “why” that person gave, story about how a gift was used
- Always send a personalized, meaningful letter to say thank you (do not ask for more money at this time)
- Have board members call to thank donors for their gift
- Your program staff are your best resources – let them know how valuable they are and coach them on how to share their good news stories
- Product sales – include information about how funds raised benefit the community – include something on the product that encourages legacy giving
- Advertising – include a short description about the benefits of your organization in any advertising you do – and encourage legacy giving
- Business cards – include your “tag line” of benefits to the community and possibly encourage legacy giving.

Expand your network of allied professionals:

- Start with the accountants and lawyers your organizations uses
- Expand your network through your board and personal contacts
- Join the Canadian Association of Gift Planners (CAGP) Edmonton Round Table – includes many allied professionals
- The Edmonton Community Foundation can be a valuable resource for more than just money

Join a professional association such as CAGP, the Alberta Association of Fund Raising Executives (AAFRP) or AFP:

- Expands your network of like-minded people
- Offers opportunities to share ideas and explore issues that are often broader than just your organization

Don't forget the power of "thank you":

- Say it appropriately
- From the right person(s)
- Say it often

## References

Burk, Penelope (2000). *Thanks!: A guide to donor-centred fundraising*. Hamilton, ON: Cygnus Applied Research, Inc.

*Developing job descriptions for board members of not-for-profit organizations* (1999). Rev. Ed. Edmonton, AB: Muttart Foundation.

Joyaux, Simone P. (2001). *Strategic fund development: Building profitable relationships that last*. Gaithersburg, MD: Aspen Publishers, Inc.

Rosso, Henry (1991). *Achieving excellence in fund raising*. San Francisco: Jossey-Bass Inc.

Sprinkel Grace, Kay (1997). *Beyond fund raising: New strategies for non-profit innovation and investment*. New York: John Wiley & Sons, Inc.

## Useful Websites

Ethical Fundraising

[http://www.imaginecanada.ca/files/www/en/ethicalcode/ec\\_handbook\\_2011\\_en.pdf](http://www.imaginecanada.ca/files/www/en/ethicalcode/ec_handbook_2011_en.pdf)

Association of Fundraising Professionals <http://www.afpnet.org/>

Alberta Association of Fundraising Executives <http://www.aafre.org/>

Canadian Association of Gift Planners <http://www.cagp-acpdp.org/en/default.aspx>

## **Acknowledgement**

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