Chapter 1

What Every Board Member Needs to Know to Start Fundraising

SINCE YOU ARE READING this book, we can assume at the very least that you appreciate the importance of board members' involvement in your organization's development efforts. Although not the board's only responsibility, fundraising is often what causes the most trepidation on the part of both new and seasoned members. A few of you may be wildly enthusiastic about the prospect of talking to potential donors and convincing them to invest in your organization; most of you probably find the prospect daunting. To place fundraising in proper perspective, let's take a look at your overall responsibilities as a board member.

The Five Responsibilities of a Nonprofit Board

Nonprofit board members have five major responsibilities:

1. To ensure sound planning and policies (write the mission and vision statements; make sure that programs accord with the mission)
2. To ensure good management (evaluate, hire, and if necessary fire the executive director; review personnel policies)
3. To ensure sound resources and financial dealings (assist with fundraising and public relations; guarantee financial accountability)
4. To ensure compliance with legal requirements (file required papers and act as a trustee/fiduciary; comply with bylaws)
5. To ensure good governance (conduct a periodic board self-evaluation; keep minutes; recruit new members; update bylaws as appropriate)

Being an effective board member means more than just showing up at meetings; it requires staying informed and asking difficult questions, participating in planning and policy making, ensuring a sound financial footing, and monitoring and evaluating the management and governance of the organization.

Specific Board Fundraising Responsibilities

A critically important part of good board management is ensuring the availability of adequate funds. What specifically should nonprofit board members do in this regard? As a nonprofit board member, you have four fundraising responsibilities:

1. To make a financial contribution to the extent of your capacity. Some board members can make only a token gift annually; others can give $5 million. Each of you should make a "stretch" gift every year, regardless of the specific amount. Other funders—particularly foundations and major donors—will consider making contributions only if everyone on the board has made a capacity gift. It is much easier to ask for money if you have put your money where your mouth is!

2. To solicit contributions from your friends, relatives, and colleagues. The most important reason that a person makes his or her first contribution to a nonprofit organization is that the right person asks. You should be prepared to approach the individuals on your Christmas, Chanukah, Kwanzaa, Ramadan, or Solstice card list on behalf of your organization. These approaches may be for a direct mail contribution, a seat at a special event, a major gift, or a planned gift.

3. To assist with recruiting new members to your board of directors who have the clout and connections to ensure the success of the fundraising effort. To achieve critical mass when it comes to fundraising, your board must contain at least a few people of means who have the ability to make sizeable contributions and the desire to "put the arm" on friends and colleagues. Peer-to-peer fundraising is the name of the game.

4. To oversee your organization's fundraising efforts. As a board member, it is not your responsibility to write grant proposals or enter donor information in the database (unless there is no staff). You are responsible, however, for making sure that your organization is pursuing funds by every appropriate means. The board mandates preparation of a written fundraising plan and reviews fundraising activities periodically to ensure timely and comprehensive implementation of the plan.

As fundraising consultants, we have worked with thousands of board members at hundreds of nonprofit organizations, and it is rare indeed for anyone to say, "Naturally those are our responsibilities! Lead on!" We face instead a variety of concerns about each responsibility.

Making a Financial Contribution to the Extent of Your Capacity

First, with reference to making their own financial contributions, typical objections and complaints voiced by board members include:

"I give my time, and that's more valuable than money!"

"What difference can my small gift make to a huge nonprofit like this?"

"I serve on three nonprofit boards. How can I contribute to each one?"

We certainly appreciate the time that board members donate, but this doesn't replace money. If you are a consultant in the field of public health who bills at $350 an hour and you spend five hours per month on nonprofit board work, this does not equate to $1,750, because $1,750 does not appear magically in the organization's bank account. Of course volunteer hours matter—but so does money.

If your organization has an annual budget of $10 million, why should anyone care about your contribution of $250? Two reasons: first, the huge majority of that $10 million may be restricted to particular projects, and your $250 unrestricted contribution is therefore extremely helpful in meeting such mundane expenses as utility bills and purchasing copy paper. Second, your modest contribution is vitally important philanthropic advertising. Prospective major individual donors are likely to ask solicitors from the board if they have made contributions themselves. The right answer? "Yes, and my gift was the largest I've ever made to a nonprofit organization," or "Yes, and it was a real stretch, but that's how much this organization means to me." Some nonprofit board members serve on more than one board, and their largesse is therefore spread thin. We appreciate this problem and ask only that board members do the best they can to bolster each organization's revenues.

Soliciting Contributions from Your Friends, Relatives, and Colleagues

The very idea of asking friends for contributions fills many board members with fear and loathing. When we conduct board fundraising trainings, we always ask this question: "How many of you would rather ask a stranger for a large gift than a friend?" Inevitably, the majority of the folks in the room raise their hands. Our response? "Ladies and gentlemen, you're going to have to get over it."

Why? Because the most important tactical issue in fundraising is access. How do you gain access to folks with money and the desire to help a worthy organization? You clearly do not have access to strangers; sending a letter to Mr. and Ms. Dinero on Plush Drive requesting a contribution is pointless unless someone in your organization knows Mr. and Ms. Dinero personally. We understand that not every board member has well-heeled friends and colleagues, but everyone knows folks who could make modest contributions. The folks whom you know will at the very least grant you an audience or be willing to read a request letter to which you have appended a personal note. As we discuss later in this book, you must learn to overcome the fears that keep you from asking your intimates for contributions.

Recruiting New Members with Clout and Connections to Your Board of Directors

Board members at small- and medium-sized organizations are often reluctant to invite folks with money and connections onto their board. This reluctance is equal parts fear of being intimidated and what we term "reverse chic." Current board members worry that someone with money and clout will so intimidate them that they will never say another word at a board meeting. Conversely, they honestly believe that a person of means could not possibly relate to the work of their organization!

For example, one client, a small modern dance company in a large city on the West Coast, called us for a board consultation. The dance company was five years old at the time of our meeting; its initial funding included grants from foundations and government agencies, as well as modest contributions from local businesses. The board was made up of dancers, choreographers, and friends of the artistic director. The grants and contributions were drying up, and they needed advice on what to do next.

We suggested that they needed to raise funds from individuals; to do so, it was vitally important to expand their board. "How about asking the manager of the bank branch at which you do business to join your board?" we suggested. Their reaction spoke volumes about intimidation and reverse chic: "What?" said one of the current board members. "What could a bank manager possibly know about modern dance?"

There are two issues here. First, the bank manager is not being asked to choreograph a production; what matters is that he or she cares a great deal about dance. More important, to dismiss the idea of a banker serving on the dance company's board is to deny the board a powerful fundraising ally.

Overseeing Your Organization's Fundraising Efforts

Finally, board members are often uncomfortable in the role of overseer of the development effort. They would rather cede this responsibility to staff. "Thank heavens we've hired our first development director," board members often say. "No more fundraising for us!" In fact, a good development director makes your board work hard and consistently at fundraising. In addition, the development director and executive director look to the board for guidance in planning and implementing all facets of your fundraising effort.

As discussed in Chapter Five, the board should commission a written fundraising plan, to be prepared either by the development director or a consultant. The plan gives your organization its fundraising marching orders for three years. As a board member, it is your responsibility to review the plan periodically and interview staff to determine whether all necessary steps have been taken to implement it.

A Healthy Board

Healthy organizations raise more money than their ailing counterparts. At Zimmerman Lehman, we believe board health depends upon an effective chairperson, functioning committees, and stable operations. The chairperson is an informed and enthusiastic leader. He or she chairs board meetings, meets regularly with the executive director to review operations, and stays in touch with committee chairs to make sure that committees are operating smoothly (more on this later). The board chair is also responsible for soliciting financial contributions from all board members.

An effective nonprofit board relies on standing committees to do the lion's share of the work. Every member of your board should be responsible for serving on at least one committee:

- *Executive:* sets the board agenda and makes emergency decisions between board meetings on behalf of the entire board
- *Finance:* oversees fiscal operations
- *Nominating:* reviews current board composition, makes recommendations concerning the background of new members, and interviews prospective members
- *Personnel:* prepares personnel policies and evaluates the executive director
- *Program:* monitors program operations and makes recommendations to the executive director
- *Public relations:* gives the organization a higher profile in the community by speaking at appropriate public gatherings and serving as contact people with print and electronic media
- *Membership:* those organizations whose members directly elect the board of directors—a small but hardy minority—should also have a board membership committee to determine such things as categories of membership and requisite dues

- And of course, *fundraising:* in one form or another, every board member contributes to your organization's financial well-being, though certain members have a greater flair for, or interest in, the art and science of solicitation; these individuals belong on your board's fundraising committee

The job of the fundraising committee is to provide expert advice and assistance to both staff and board. For example, if your organization plans to conduct a direct mail campaign, fundraising committee members should meet with executive staff to discuss the overall concept for the campaign and brainstorm with staff about appropriate mailing lists. Committee members should not draft direct mail copy—that is the responsibility of the staff or a consultant—but should offer oversight and support to ensure a successful campaign.

It is important to note, however, that the entire fundraising committee is not responsible for every fundraising activity. A labor-intensive project such as a special event requires an ad hoc committee made up of some members of the fundraising committee and other volunteers who are particularly interested in the glitz and glamour of an event (and who bring important skills to the table). The fundraising committee is responsible for spearheading your organization's annual evaluation of the fundraising effort. Committee members must therefore be sufficiently aware of all facets of your fundraising operation to be able to prepare a useful and comprehensive evaluation.

Finally, an effective board must operate soundly and consistently. The board must meet often enough to tackle important issues; annual board meetings simply do not afford this opportunity. A sufficient number of members must show up at every meeting to constitute a quorum, and minutes and other materials must be distributed to members at least a week before the meeting. The executive committee—which, as indicated, draws up the agenda—should indicate a time limit for each agenda item. If the board goes beyond the allotted time, a motion must be made and passed to extend the time for that item. We highly recommend the use of Robert's Rules of Order to ensure that meetings proceed expeditiously. Though it might appear that we have strayed from the topic of fundraising, we have discovered in our work with nonprofits that happy board members raise money. A board that operates with intelligence and dispatch keeps its members happy.

Advisory Boards

Some organizations have done well with a fundraising entity separate from the board of directors (variously termed an "advisory council," "advisory board," or "friends of the organization"). A group of this sort usually comprises individuals who are not interested in board membership but are excited about adopting the organization as their "pet charity," or lending their name to the development effort. For example, a disabled advocacy program in southern California convened an advisory council made up of Hollywood personalities who were not interested in membership on the board of directors but who believed in the importance of the organization's work. The advisory council has raised many millions of dollars on behalf of this nonprofit through such special events as dinners and auctions.

Three words of warning, however, about convening a separate advisory council. First, the council requires staff time to keep members apprised of meetings and current issues, and staff time may already be in very short supply. Second, a person may be recruited to the council who would really rather get his or her hands dirty by serving on the board of directors. Don't assume that a famous and wealthy person wouldn't be interested in membership on your board of directors! Third—and most important—the existence of something like a fundraising advisory council or friends committee does not absolve the board of directors of its fundraising responsibilities. A separate fundraising group is an appealing add-on, but the board of directors remains vital to the development effort.

Campaigns

It is important to understand that fundraising should be done within the context of a campaign. Why is this important? Because episodic fundraising (what we call "let's put on a play" fundraising) doesn't work. A direct mail campaign here, a special event there simply won't be effective. The best fundraising is done under the umbrella of a campaign.

Each campaign has a beginning and ending date, a dollar goal, and a schedule of activities. Also, every board member, staff member, and other volunteer in the campaign has marching orders describing exactly what he or she is responsible for, plus the anticipated date of completion. As a board member, you must be clear about what each campaign entails before you can do effective fundraising. We highlight a few of the most common kinds of campaign here, but any fundraising campaign should follow these guidelines.

Annual Campaign

As its name implies, the annual campaign is carried out every year to raise funds for your organization's general operating expenses and for particular projects. We strongly recommend that all fundraising other than capital and endowment campaigns (discussed later) be placed under the aegis of the annual campaign. In fundraising, each activity should fit into an overall scheme: the direct mail campaign that you conduct in January has a direct impact on the special event that you do in June and the telephone solicitation that you run in October. All are part of the annual campaign.

What you as a board member are "selling" when raising funds for the annual campaign is your love for and excitement about your organization. Certainly you should be armed with relevant statistics and good stories, but what closes the sale is your personal commitment to your organization's goals and programs. As a board member, you are responsible for overseeing timely implementation of the annual campaign and for the particular activities described in Chapter Three.

Capital Campaign

A capital campaign raises funds for a building purchase, building renovation, land acquisition, or purchase of a large piece of equipment. In our experience, a capital campaign attracts money more easily than an annual campaign for two reasons: it is tangible ("My $20,000 helped pay for this classroom") and it offers donors the opportunity to have their name placed on a building, wall, or individual computer.

A successful capital campaign depends upon committed and enthusiastic board members. Management of the capital campaign is the responsibility of the capital campaign committee (see "Campaign Committees" later), which is composed of board members, staff members, and other volunteers who are passionately committed to the work of the organization. A capital campaign may last for as little as one year or as long as six years or more, and it depends on a combination of funding strategies.

Endowment Campaign

An endowment is a sum of money whose principal may not be touched by your nonprofit; only the interest generated from the principal is available to be spent. Donors who give to an endowment campaign are excited about building a corpus of funding that will generate income for your organization for many years to come.

If your organization is relatively new, we do not recommend establishing an endowment. You must demonstrate a significant record of achievement if you are to convince a prospective donor to make an endowment investment. Also, many donors want to see their money put into play immediately. An endowment is not attractive to these folks.

If on the other hand your organization boasts an impressive record of achievement, and if you can line up a donor who is prepared to make a very large gift, you should certainly try to get an endowment program off the ground. With appropriate nurturing, your endowment corpus will grow, and the resulting interest represents significant organizational income.

Campaign Committees

The overall responsibility for your campaign lies with the campaign committee, which is made up of board members, the executive director, the development director, and other volunteers (this latter category might include ex-staff, ex-board, donors, clients, or community volunteers).

The committee sets dollar goals and approves a campaign theme and timetable. Members are responsible for asking for gifts. The committee interviews consultants or employees who will staff the campaign. Staff responsibilities include preparing a calendar and written materials for the committee, scheduling meetings, conducting research, and reminding volunteers of their commitment to the campaign.

The campaign committee should include a variety of volunteers who will ensure the campaign's success. For example, the capital campaign committee responsible for building a health clinic should include (in addition to appropriate board members) doctors and other medical staff who can movingly describe the importance of the clinic. Among the details that the committee should address are these:

- Developing a campaign timetable and budget
- Developing a theme or "case" for the campaign; the committee must explain the particulars of the campaign and why it will improve your organization's services to clients
- Brainstorming to determine who the best prospects are and how much to request from each
- Determining the "naming opportunities"; if you are purchasing or constructing a building, how much will it cost a donor to have his or her name on a room? a wing? the entire building?
- Developing appropriate recognition opportunities for those donors whose gifts don't qualify them for naming status
- Making sure the staff prepares comprehensive materials for solicitors, including research reports on prospects and "crib sheets" that solicitors (askers) can turn to for vital campaign details
- Deciding whether and when to hold a campaign kickoff event
- Thanking donors promptly and imaginatively

We cannot emphasize too strongly the importance of each committee member asking for gifts. The success of your campaign rests on skilled and determined solicitors. The committee must therefore schedule training sessions that will, as we explain in Chapter Two, help members overcome their fear of asking and equip them with the skills to ask convincingly.