

The Five Strategies for Fundraising Success

A Mission-Based Guide to Achieving Your Goals

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Introduction

How the Way You Raise Money Can Help You Achieve Your Mission

Here's the central message of *The Five Strategies for Fundraising Success*:

Fundraising can do far more than provide the money to achieve your organization's mission. The ways in which you raise that money can themselves directly help you fulfill your mission.

I've written the next 280 pages or so to explain exactly what I mean by that--and more importantly, to outline how you can put this insight to work for the benefit of your organization. This book will acquaint you with the GIVES System, a comprehensive and easy-to-remember method for analyzing, planning, and evaluating your organization's fundraising strategy.

Who Should Read This Book

If you are involved in the leadership of a nonprofit cause or institution--as an executive, a trustee, or a donor--or if you're engaged in the day-to-day work of resource development in a nonprofit, this book is for you. It is my attempt to make sense of all I have learned about fundraising in two decades as a full-time practitioner in the field. I stubbornly believe that you will benefit from reading this book regardless of the breadth or depth of your fundraising experience.

If you're a novice, this book will supply a comprehensible and easily remembered framework for all the detailed lessons you've learned from other books, in courses, workshops, or on the job. It will illuminate the range of options open to you. As you will see--if you don't already--the craft of fundraising is surprisingly diverse. There is an almost endless variety of methods, techniques, and specialties in resource development. Through this book I will help you put them into perspective.

If you're an old hand at fundraising, this book will show you a new way to interpret the dynamics of development. If you're one of many who have labored in this field far longer than I have, you may know a lot more about fundraising than I do. But I'm sure that the lessons we've learned about fundraising are, inevitably, different. In all humility, then, I'm hoping that this book will be of use to you, too. The enthusiastic reception these ideas have gotten from beginners and pros alike in workshops and seminars all over the continent for the past five years persuades me that you will find this book helpful. It may be of special value as a new template for evaluating your fundraising operations--a fresh perspective, if you will, or a second opinion.

Above all, in writing this book I have aspired to be of help to the tens of thousands of people who work, often deep in the shadows of the nonprofit world, to make the world a

better place for our children. I want to share with you some of what I have learned about fundraising over the years, in hopes of helping you raise more money for your organization.

Trade-Offs and Opportunity Costs

One way to view fundraising's "Big Picture" is in terms of trade-offs and opportunity costs. After spending very little time working in the field, fundraisers learn that it's important to integrate an institution's fundraising efforts. Each thing we do to raise money must be viewed in terms of its effect on the organization as a whole and on our other fundraising programs. A development department that is organized (or rather, disorganized) into autonomous little fundraising fiefdoms pursuing their own independent goals will eventually encounter trouble--maybe big trouble.

What's lost if you don't integrate your fundraising operations? Opportunity costs--the gains you would have made if only you'd done things right. For example, cause-related marketing is popular these days in nonprofit circles, and that's no wonder. The lure of unearned income or free advertising is powerful indeed. For some organizations, such benefits may be very good--but maybe they aren't good for others. Perhaps cause-related marketing efforts undermine other, more important elements in the fundraising program. For instance, when we offer credit cards or long-distance telephone service, are we letting donors off the hook too easily? Do these choices provide great benefit to the for-profit partner at the expense of philanthropic contributions and potential upgrades? And what about comarketing programs with corporate partners?

By entering into these agreements, are we selling our credibility too cheaply?

Success with fundraising in most organizations is tied to short-term, fiscal-year goals. These goals often require fundraisers to "get the money in the door now" rather than permitting them the time required to cultivate donors for the maximum gifts. In the long run, that can be a very expensive proposition. It's another example of opportunity costs at work--in this case, the difference between what you get and what you might have gotten.

Research and development (R&D) is a hard sell in nonprofit organizations. The most successful businesspeople are constantly telling us how important it is to invest in developing new products or programs and in building the infrastructure to support growing programs--upgrades to the database management system, for example, or research into new fundraising methods. Yet in nonprofits, all too often investment in R&D gives way to the need to increase revenue from year to year. Here come those opportunity costs again: the money an organization won't be raising tomorrow because it isn't acting wisely today.

By understanding the five strategies for successful fundraising, you'll gain a vantage point on your development program that will allow you to see the trade-offs more clearly and make choices that are just right for your organization. The book will help you gain perspective on the efforts you are pursuing to raise money for your organization, on how those efforts interact with one another, and on how they may affect your mission. In a thoughtful, systematic way, you'll take a step back from your day-to-day fundraising operations and reevaluate what you're doing--in the context of your organization's mission and the long-term considerations that guide its strategy.

The five strategies for successful fundraising do not provide a formula for success; they are merely procedures for guiding your thinking. The book contains a list of ingredients, not a recipe; it offers guidelines, not instructions. The not-too-subtle differences will

become increasingly apparent as you make your way through these pages. You will see that the GIVES System is a method to help you think clearly about the choices you face in launching and sustaining a fundraising program.

Contents of the Book

The book is organized into four parts. Part One (Chapters One through Six) explains the basic terms and arguments advanced in the book. Its objective is to help you answer the question, What's the right fundraising strategy for my organization? You will become acquainted with each of the five fundamental fundraising strategies--Growth, Involvement, Visibility, Efficiency, and Stability--and with how each can be viewed in terms of your organization's special needs. You will learn which of the five strategies guides your development program at this stage in its history. You will also learn whether your organization is ripe for a change in strategy.

Part Two (Chapters Seven through Nine) will help you develop your own unique fundraising strategy. You will explore a strategic planning process through which you can gain clarity about your organization's vision. Then you will translate that vision into overarching (strategic) goals and match them with an appropriate fundraising strategy. Finally, you'll set achievable objectives to bring your vision, goals, and strategy into the practical, workaday world. At each stage along the way you will be provided with a form you may use as a model to put this rigorous planning process to work for your organization.

Part Three (Chapters Ten through Fourteen) will help you choose from among the many versatile tools in the fundraiser's toolbox that you will use to put into practice the strategic and tactical choices you have made in the course of the strategic planning process. For example, should you launch a direct-mail program or a capital campaign? Do special events make sense for you? Part Three includes a number of self-assessments you can use to determine whether some of the most commonly used fundraising techniques would be useful for your organization at this point in its history.

Part Four (Chapters Fifteen through Seventeen) introduces my ten benchmarks for successful fundraising, a method of evaluation that will cast a bright light on the performance of your development program. Using this unique, systematic approach--developed in the course of a decade of hands-on workshops with nonprofit organizations of all types throughout North America--you will craft a simple set of evaluation criteria uniquely suited to your organization and its mission. With this dynamic, numbers-driven system in place, you will be able to track your progress toward the objectives and goals you have adopted, and make any necessary adjustments along the way.

A resource section follows Part Four. Resource A addresses the pesky question, How much should fundraising cost? which crops up at every turn in designing and evaluating fundraising programs. An understanding of the ins and outs of fundraising costs will be immensely helpful as you examine the fundraising methods your organization has chosen to employ. Resource B discusses the "cost" of fundraising ethics. Resource C is a list of recommended Web sites, e-mail discussion lists, libraries, periodicals, books, and consultants.

In short, *The Five Strategies for Fundraising Success* provides an analytical framework that will help you and your colleagues see your organization in a fresh, new light. It will help you reexamine the assumptions that underlie the development program you have put in place.

If you want to understand better why your organization raises money the way it does, if you want to take a fresh look at your assumptions and consider whether another approach using new techniques might be more advantageous, this book will help you.

Where This Book Comes From

The analysis in this book is the fruit of two decades' work as a fundraising consultant serving hundreds of nonprofit organizations throughout North America--organizations large and small; old and new; national, regional, and local; and in almost every conceivable field of nonprofit endeavor, from health care and education to the arts, the environment, and public policy. During most of these twenty years I have specialized in "direct response" fundraising, chiefly by direct mail, by telephone, and over the Internet. My nine previous books deal primarily with these specific topics. For two reasons, however, I feel confident tackling the broader, strategic issues I address in this book.

First, throughout my career I have sought to gain my footing by understanding the reasons behind the use of any fundraising technique. I've never seen direct mail--or any other fundraising subspecialty--as necessary or justifiable for its own sake. The methods fundraisers use are means to an end. Those ends vary from organization to organization and from time to time. So must our fundraising techniques.

My twenty years as a fundraising consultant are part of a much longer career of involvement in organizational development, chiefly in the nonprofit sector. I have been working with private, voluntary organizations since 1961. I have held executive positions, served on countless boards of directors, and founded and nurtured my share--maybe more than my share--of not-for-profit enterprises. During these nearly four decades in the nonprofit sector I have been intimately involved in every stage of the fundraising process, using almost every commonly employed fundraising technique, from special events to direct solicitation to capital campaigns to planned giving to--you name it. This book represents a distillation of all that practical experience.

The Language of Fundraising

Fundraising is a practical craft, grounded in common sense. In recent decades, however, much of that common sense has been obscured by an ever thicker layer of jargon. We have almost reached a point at which a well-educated, level-headed person understands progressively less about fundraising with every passing year. The accumulation of fundraising jargon is largely the outcome of several trends fostered by intelligent, well-meaning people:

- Professionalization. Through the efforts of the National Society of Fund Raising Executives (NSFRE), the Association for Healthcare Philanthropy, and like-minded organizations, fundraising practitioners are becoming increasingly adept at our craft. Training sessions at steadily better-attended conferences and popular certification programs are helping us to codify and standardize the techniques we use--in short, to develop our own formal language.
- Academic research. The Center for Philanthropy at Indiana University, the Bernard Baruch School for Nonprofit Management at the City University of New York, The Drucker Foundation for Nonprofit Management, and an increasing number of other institutions around the country are introducing academic rigor and precision into nonprofits' pursuit of resource development. (I favor the practitioners' perspective, but there's no denying the growing influence of the academics.)
- Specialization. The growth of the fundraising field and the increasing

competition for financial resources among the nation's more than one million tax-exempt, nonprofit organizations have spurred the creation of ever more arcane fundraising subspecialties. (For example, who ever dreamed twenty years ago that hundreds of people would find challenging, remunerative, full-time work as specialists in planned giving for health care institutions?) Once upon a time, a fundraiser was a fundraiser. No more.

These powerful trends hint at but do not fully explain, much less justify, the way in which the field of fundraising has become encrusted by jargon. There is one other widespread and very disturbing reason: the all-too-natural tendency for some practitioners--and authors of books and articles--to hide their imperfect understanding of the craft under a veneer of important-sounding (but highly imprecise) language. The result is that the work we do increasingly takes on a mystical, almost priestly character, ever more distant from the real world.

Jargon obscures muddled thinking in almost every profession. I understand just enough of medical and legal jargon to know that when I hear two doctors or two lawyers speaking together in their private argot, I know I might as well be listening to a conversation in Hindi or Aramaic. However, when my family doctor talks to me about medical questions, he speaks English, clearly. That's one of the reasons he's my doctor.

Over the two decades in which I have worked as a development consultant, I have come to appreciate that one of the greatest services I can provide my clients is to translate fundraising jargon into plain, understandable English. In this book I have striven to explain every point in clear, simple language and to illustrate every argument with abundant examples, most of them drawn from personal experience.

These examples, by the way, will all appear to be hypothetical. Many are. Many others, however, represent real-world nonprofits whose identities I have obscured to protect both the innocent and the guilty (as well as myself). I hope the specificity of the examples will convince you that they're real, regardless of the disguises in which I have clothed them.

I'm profoundly committed to philanthropy. I conduct my life and manage my business accordingly. This book is just one more exertion in an ongoing effort to share the knowledge and insights I have gained over the years, in hopes of advancing the cause of philanthropy.

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