FUNDRAISING FOR NONPROFIT GROUPS

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CHAPTER 1

THE FUNDRAISER

Good fundraisers are hard to find and harder to keep. Often they are given too many conflicting responsibilities. A relationship between the fundraiser and group that works well is outlined in this chapter.

1. The Fundraiser's Role

The fundraiser should have an integral part in management and decision making and should not be just a "money magnet" stuck in a corner and told to bring in the bucks. His or her advice on the "fund-ability" of a proposed project or the feasibility of a fundraising technique should carry substantial weight in decision making. A fundraiser should rarely, if ever, be told to raise money for something he or she considers "unfundable."

Management theory clearly supports the fundraiser's involvement in decision making. Your fundraiser has to sell to the prospective donor your organization's vision, mandate, program, budget, and ability to carry out the program or project efficiently and effectively.

That's not possible if he or she isn't included in thinking these things through. We can take a lesson from the private sector here. "Inadequate product knowledge" is cited as one of the most frequent reasons for failure in sales. To sell the organization, your fundraiser has to believe in it and understand its capabilities.

He or she has to be a part of the team, has to be brought in on the mission, the direction, the program design. Does business exclude its marketing people from the design of new products? Hardly! Important management decisions have fundraising implications, and vice versa. Don't make them in isolation!

While it is important that your fundraiser be determined to bring in the money, he or she must also have integrity, an appreciation of your group's values, a commitment to your cause, and an understanding of the limits of what is acceptable. Raising money is necessary, but not at any cost. If the fundraiser has to compromise your group's principles or misrepresent your group to funders in order to get money, it's money you don't want. There are degrees of compromise, of

course, but you can't let obtaining funding compromise your ability to carry out your mandate. Raising money is the means that makes possible the end; it is not an end in itself.

How much money a full-time fundraiser can be expected to raise depends on many factors, including the following:

- Whether your group or its cause is controversial
- Whether you have a track record in fundraising and in successfully completing projects or carrying out programs
- How much money your organization can spend to raise money and what other resources you can invest
- Whether you can demonstrate the effectiveness of your activities
- Whether the money is for short-term financial relief or you are aiming for long-term financial security
- Whether the money is needed for ongoing program support or to fund individual projects
- Whether you have volunteers who are willing to participate in fundraising activities who have the necessary skills, availability, credibility, and connections to donors
- What kinds of fundraising activities are suitable for your kind of program and what funding sources are available

How much your fundraiser can achieve depends not only on his or her skills, but also on the market and the product. The market is your potential donors (how many are they, and how much money do they have to give?), and the product is your organization, its program, and its projects. Too many fundraisers take the blame for a limited market or a poor product.

The reality is that there is a better market for some kinds of products than others. For example, in 1997, in Canada, 51 percent of money donated to nonprofit organizations (excluding government funds) went to religion, 17 percent to health, 11 percent to social services, 4 percent to education and research, 6 percent to philanthropy and volunteerism, 3 percent to culture and arts, 3 percent to international, 2 percent to environment, and 3 percent to various other causes.

In the United States, household giving also favored religious groups, with 60 percent of the donations (excluding government funds) going to places of worship; 9 percent toward human services; 6.5 percent to health; 6.4 percent to education; 4.9 percent to youth development; 3.3 percent to arts, culture, and humanities; 3.2 percent to environment; 2 percent to public or societal benefit; 1.7 percent to private or community foundations; 1.7 percent to international causes; 0.9 percent to adult recreation; and the rest to a variety of causes. (These figures are for 1998 from Independent Sector <www.independentsector .org /GandV/s_hous2.htm>.)

This kind of information can help you to make a realistic assessment of what is feasible for your group. It also helps to know the types of people and organizations that donate to your kind of cause, as well as whether you are in a part of the country where donations are typically larger or smaller.

With this kind of information, you can understand that raising $2 million for a hospital may take the same amount of work as raising $100,000 to operate a food bank or $10,000 for an anti-racism lobby. There are simply too many variables to give a general guideline as to how much money you may expect to raise for your program, but one of the simplest ways to get a realistic picture is to contact another group similar to yours and find out what its experience has been.

In order for your fundraiser to understand the market for your "product" and how your organization can adapt its product to the market, he or she must stay up-to-date on new developments in your issue area and be knowledgable regarding matters in the business, government, and

philanthropic communities that may affect the availability of funds. If the corporate sector provides a substantial part of your income, financial publications such as the *Globe and Mail* or the *Wall Street Journal* and the business section of a local daily newspaper are required reading.

If government is an important source of income, you must keep abreast of issues of public concern, what laws and policies the government is considering to address these concerns, and what funding the government may be willing to give to programs designed to address these concerns.

If your organization can afford both a fundraiser and an administrator, your fundraiser should not be distracted by administrative responsibilities, other than those relating to fundraising. But there is one exception. Even if you have an executive director or office manager who is involved in financial administration, your fundraiser should have some responsibility for planning your budget and supervising cash flow and expenditures. In particular, the fundraiser should be involved in planning cash flow. Maintaining cash flow is one of the best incentives to get the fundraiser working hard. It can also help your organization avoid crises caused by unexpected short-term cash shortages. In a small organization, it is a good practice to require the fundraiser's signature and one other signature on all checks. That way, the fundraiser can keep track of how money is being spent and how much needs to be raised. As the group grows, the fundraiser may not have quite such a hands-on role, but must still be kept fully informed.

2. Hiring a Fundraiser

When you look for a fundraiser, you are looking for a personality — a personality that can cope with pressure, demands, occasional ingratitude, and many disappointments. You need a self-motivated person who can work closely with your group.

Some universities and colleges now offer courses in fundraising that are very useful, but the most meaningful credential for many self-trained fundraisers is previous experience. Make sure that the candidate's experience is relevant to your needs and your sources of income. A person who can organize successful benefit concerts may not do well at government fundraising, and vice versa.

Fundraisers should be effective, agile communicators. In fundraising meetings, they need to impress and influence a wide range of people. The fundraiser must be able to conduct a discussion smoothly and lead it to a positive conclusion — money! But beware of people who only talk a good line. Too often they can't produce results. You want an honest and hard worker in this position particularly.

Good, straightforward writing skills are essential. Fundraisers write letters and proposals all the time. The writing must be interesting, clear, and concise, because boring proposals won't get read. Ask to see samples of the candidate's writing or make a writing assignment part of your hiring process.

Your fundraiser must look presentable in a business setting and should be as comfortable in a suit as in blue jeans.

The fundraiser's most important duty is to mobilize volunteers who will do the actual fundraising work. Fundraisers who do the work themselves are quickly overwhelmed and burned out. Even when they are successful, they are not strengthening the diversity of people and skills that are essential to a nonprofit's stability. No organization can survive if it depends on just one person's skills, knowledge, or contacts. One day the fundraiser will leave. The organization should be self-reliant and independent long before that day comes.

These days there are more jobs for fundraisers than there are experienced candidates. Publicize the opening well. Ads and free listings can be placed with local chapters of the Association of Fundraising Professionals (formerly called the National Society of Fund Raising Executives) or

other professional groups. New Internet sites for fundraising jobs are also being created, such as <www.charityvillage.com> in Canada and <charitychannel.com/careersearch> in the United States.

When you are interviewing people for the fundraising job, get a successful fundraiser from another group to sit in with you. The outside fundraiser can ask the tough questions and objectively assess candidates. If you are desperate to find a fundraiser, this outside perspective could spare you the cost of a poor decision made in haste.

3. Firing a Fundraising Staffer

This is an unpleasant topic, but a crucial one. In a small organization, the fundraiser's success is often critical to the group's survival. Therefore, a fundraiser must either raise a reasonable amount of money or leave — voluntarily or involuntarily. To maximize the likelihood of success of a new fundraiser, the organization must set clear and realistic goals and expectations, communicate them clearly to the fundraiser, provide him or her with as much orientation, training, and support as its (often extremely limited) resources allow, and give the fundraiser regular and positive — but honest — feedback on how he or she is doing.

However, at the end of a probation period, the group must be prepared to fire a fundraiser who is not up to the job.

When interviewing fundraising applicants, describe the probation period clearly. (All staff in nonprofit groups should have probation periods. You can't afford dreamers and shirkers; you need people who can produce. There should be no such thing as tenure in nonprofit groups.) For the fundraising position, a period of 6 to 12 months is reasonable. It takes up to six months to get decisions on funding requests. It's only fair to give fundraisers that much time to prove themselves.

If your group is new, or is new to fundraising, a six-month probation period for a fundraiser is too short. It will take time for your group to establish a reputation in the funding community. A fundraiser for a new group should be given at least a year and initially should be judged by the amount of work he or she is putting out, not results.

But if you aren't getting the dollar results within 6 to 12 months, you must act. Few concerns raise the collective blood pressure of a board of directors as high as the issue of firing someone. Firing, dismissal, termination, downsizing, right sizing — call it what you will — is fraught with a level of emotional upheaval comparable only to the stir that a lawsuit or near bankruptcy evokes.

Because it's such a difficult thing to handle well, firing is usually mismanaged in one of two ways:

a) The board puts its head in the sand, holds its breath, and prays that the whole nasty business will go away.

b) The board gathers the courage to fire the person and handles the firing badly.

Let's look at each scenario in turn.

3.1 The head in the sand

If the problem is serious enough to warrant high-level attention in the first place, odds are that it will escalate if left unattended. When you start getting complaints from staff or board members who do not normally call you directly, you know the problem has grown. If staff start to resign, you likely have a situation that needs fast, decisive action.

3.2 How not to fire someone

How the firing is handled has a tremendous impact on many facets of the organization. Whether the employee you fire bad-mouths the organization or brings a legal suit is not all there is to it. It affects morale and is the sort of thing over which board members resign. It affects your organization's reputation with clients, with funders, and

with regulatory agencies. It will also affect your ability to attract good candidates to fill the job.

Here are some examples of handling termination badly:

a) The whole board is involved in the decision to fire the employee. Can you imagine what that does for the employee's reputation? How would you like to be fired by 10 or 20 people?

b) The employee first learns about it from a subordinate, or a well-intentioned board member who leaks the information, or the morning paper.

c) From the employee's perspective, it happens out of the blue: no feedback, no warning, and no opportunity to improve performance.

d) The employee is not given the option of resigning and leaving with confidentiality and dignity.

3.3 Pointers for terminating employment

Following are some suggestions on how to tackle this unpleasant task so that everyone emerges with dignity:

a) Prevention: Boards and executive directors are often guilty of doing too little too late. Take action and give attention to the small problems as they arise, before they escalate. This involves the executive director bringing problems to the fundraiser's attention and providing support and assistance. The Executive Director (or ED) must also keep the board informed of the fundraiser's progress and let it know about any serious warning signs.

b) See that the procedure for dealing with termination is spelled out, either in your contract with your employee or your personnel policy. This includes establishing who has authority to fire — the ED or an officer or committee of the board — and setting out grounds for termination.

c) Keep the number of people who know about the situation and who are involved in making the firing decision as small as possible.

d) For the few people who are involved in the decision, allow the time that is needed to work through each person's thoughts and feelings on the matter. Give your group all the information it needs to make an informed decision. Fear and ignorance in this area are the main reasons for a head-in-the-sand response. It will go more smoothly if you can come to consensus and if each person truly believes it is the only solution, or the best solution.

e) Get legal advice from a lawyer who knows employment law. Termination is a complex matter and the legalities depend on the specifics of each case. Find out where you stand.

f) An employment reference for someone who has been fired can be difficult to handle. Try to be fair both to the employee and to the prospective employer, but also take care to avoid liability for comments you might make.

If possible, work out in advance an agreement with the employee specifying what you will and won't say. If this is impossible, give only an employment-related reference (i.e., confirm details such as the length of time the employee worked for you, the job title and responsibilities, and salary, if that is relevant). Decline to give any subjective evaluation. Particularly in the litigious climate of the US, many employers refuse to say anything.

Recommend to the employee that he or she get his or her own personal references. For example the employer or the

immediate supervisor may be unwilling to provide an evaluation, but the employee might have had better relations with other supervisors or coworkers and is free to ask one of them to provide a reference.

The best approach is to help the person you fire to find more suitable employment elsewhere, rather than to have him or her unemployed, if it is possible to assist without misleading the prospective employer. Just because the person did not work out in your organization's context does not mean they are not competent fundraisers. They may do brilliantly in a different type of group.

Few people will pat you on the back for doing a good job of firing somebody, but you aren't an ogre with an axe. You are a leader who isn't afraid to put the well-being of your organization ahead of your own popularity. You won't win an award for this one, but you will deserve one if you handle it well.