

# POSITION YOUR AGENCY FOR FUNDRAISING SUCCESS

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# OUTLINE

- Organizational Evolution
  - Entrepreneurial
  - Typical
  - Transformational
- Real Example: Initial Track Record of Fundraising at my Not-for-Profit
- A New Approach to Fundraising
- The CEO's role in Fundraising

# INTRODUCTIONS

- How Many Are Directors/CEO's?
- Board Members?
- Fund Development Staff?
- Others?
- How Many Have Development Departments?
- With More Than Two Employees?
- How Many Would Say That the Director/CEO Is Intimately Involved in the Development Program, Spending 1/3 of His/Her Time?

# ABOUT ME

- 34 Years at the Family and Children's Center
- 19 Years as President/CEO
- Currently Manager of Strategic Initiatives at Arizona State University
- No Development Experience prior to my leadership role
- Limited PowerPoint Experience

# ABOUT FAMILY & CHILDREN'S CENTER

- \$13 Million Agency; ~280 Staff
- Broad Array of Residential and Outpatient Services
- Serving Western Wisconsin, Southeastern Minnesota
- Board of 15 to 21; term limits
- Philanthropic Support (<5%)

# WHAT YOU WILL LEARN

- Organizational Evolution
- Fundraising: What Not to Do
- The Elements of a Successful Fundraising Program
- The Director/CEO Must Be Actively Engaged
  - It Takes a Major Commitment by the Director/CEO's Time to Do It Right
  - You Can't Run an Effective Program Without This Commitment
  - There Is No In-between

# ORGANIZATIONAL EVOLUTION

## STAGE 1: ENTREPRENEURIAL

- CEO is entrepreneur/founder, driven by passion and commitment
- CEO *is* the management team, doing all: HR/CFO/Marketing/Program Supervision
- IT is anecdotes, counting units, donated PC's
- Development is events drive (golf, car wash, socials)
- Board qualifies by passion for mission, friends, assists in operations

# ORGANIZATIONAL CHARACTERISTICS

## STAGE 1: ENTREPRENEURIAL

- Emphasis on Survival of the Mission
- Short Term Goals
- Accelerated Growth
- Adaptability
- High Motivation and Energy
- Willingness to Take Risks
- Leadership with Passion/Commitment



# ORGANIZATIONAL EVOLUTION

## STAGE 2: TYPICAL

- CEO is internal, a manager
- Management Team is differentiated by skill (HR/CFO/CDO/Program Supervisors)
- IT is analysis of data on program participants/services provided/outcomes
- Development is mailing lists, databases, and events
- Board qualifies by technical skills (legal, accounting, community representation)
- Policy development

# ORGANIZATIONAL CHARACTERISTICS

## STAGE 2: TYPICAL

- Emphasis is on effective management, systems, rules and procedures
- Systemic Balanced Growth. Mission follows the Money
- Market & Financial Success
- Clear Image & Identification
- Broader array of programs, services, or products
- Shift from entrepreneurial direction to management control

# ORGANIZATIONAL EVOLUTION

## STAGE 3: TRANSFORMATIONAL

- CEO is external, leader, communicator, relationships, *return to the mission*
- Management Team engages with communities, proactive, *rekindles entrepreneurship*
- IT is information informing decisions
- Development is relationship based (*partnering with the mission*), major gifts
- Board brings relationships, community leadership, and philanthropic support, *new passion for mission*

# ORGANIZATIONAL CHARACTERISTICS

## STAGE 3: TRANSFORMATIONAL

- Emphasis is on *reconnecting to the mission* and changing to meet emerging needs. Revitalization
- Change Oriented
- Self-Critical
- Quality Orientation
- Openness and Flexibility
- Closeness to Customers/Markets
- Reinvention/Reconnection to Mission. Money follows mission
- Rekindling of entrepreneurship

# ORGANIZATION EVOLUTION

- Okay, my organization is ready for a transformational board,
- I want to raise money,
- How do I get there from here?

# OUR STORY:

## HOW NOT TO DO DEVELOPMENT

- Began *Healthy Families* in 1992
- Hired a Development Director
- Activities Began
  - Two Annual Mail Appeals
  - High Quality Quarterly Newsletter
  - Community Board
  - First Class Friend-Raising Event
  - Basic Database

# WHAT IS JOHN THINKING?

- Development Is Launched: Give It Time, the Money Will Roll in.
- A Development Director Knows the Best Way to Raise Funds, Trust Her Judgment and the Money Will Roll in.
- The Tenure of the Average Development Director Is 18 Months...stay the Course, Give Her Time...the Money Will Roll in.
- Short Term Pain Will Lead to Long Term Gain. Be Patient, the Money Will Roll in.

# WHAT IS CFO THINKING?

- Show me the Money!
- What Do Logos and Letterhead Have to Do With It?
- Show me the Money!
- Doesn't She Need to Leave Her Office?
- Show me the Money!
- Don't You Have to Ask People for Money?
- Show me the Money!



# THE NEW REALITIES

- Center Makes Major Capital Commitments
- Decision for a Capital Campaign...We Are Now Going to Reap the Benefits of All This Friend Raising
- Hire Fundraising Counsel
  - Three Bids
    - Two Standard
    - One With New Approach

# TRIAL BY FIRE

- The Awful Truth
  - “I’ll Never Ask Anyone for Money”
- The Disaster
  - A New Major Gifts Officer Will Raise the Bucks
- The Panic
  - Economy & Development Plunge Agency Into Red Ink
- The Revelation
  - Can’t Afford a Development Director: I Gotta Do It

# FACTS ABOUT GIVING

- 85% of Giving Comes From Individual Donors
  - 10% Is From Foundations
  - 5% Is From Corporations
  - Where are you Spending Your Time?
- 85% of Giving Comes From Individual Donors
  - Most Likely Source of a Major Gift Is From a Current Donor
  - Where are You Spending Your Time?

# FACTS ABOUT GIVING

- 80% of Your Annual Fund Gifts Will Come From Just 20% of Your Donors
  - Where Are You Spending Your Time?
- 95% of Your Total Donated Dollars Will Come From Just 5% of Your Donors
  - Where Are You Spending Your Time?

# WHAT DONORS SUPPORT

- Faith Institutions 35%
- Educational Institutions 13%
- Human Service Organizations 8%
- Healthcare Organizations 8%
- Arts, Culture, Humanities 5%

# WHAT DONORS WANT

- This is not "*begging for money*"
- Donors can and want to support your work
- They want to "*Save and Transform Lives*"
- But you have to ask.

# A RE-FOCUSED EFFORT

- Major Gifts...
  - A Gift of Assets Not Income (Planning)
  - Case for Support (Dreams, Not Needs)
  - Fulfills a Lifelong Dream of Donor
  - Are Replacing Recurrent Campaigns
  - Based on Institutional Initiative
  - With Deliberate Strategy to Encourage Interaction
  - Individualized

# FIRST STEPS

- Three Keys
  1. Stack the Board
    - Board Members Need to Be Givers
  2. Stack the Board
    - Major Donors Attract Major Donors
  3. Stack the Board
    - Board Members Define the Ask
    - Board Members Need to Open Doors



# ROLE FOR THE BOARD

- The Three “G’s”
  - Give, Get, or Get-off
- Board Orientation
- Board Job Description
- Advancement Checklist
- Every board member must be a donor
- Each board member must bring relationships

# NEXT STEPS AT FCC

- Engage the Board – lunch between board meetings
- Board/staff Team Must Together Focus on Major Gifts
  - Teas and Tours
  - Board Member Links
- Direct CEO involvement [Schmooze or “Networking Opportunities”]
- Move Management: Major Gifts Are Nurtured, Not Forced
  - Deliberate Strategy for Each Donor
  - Timelines
  - Amount of Ask

# SUPPORTING ACTIVITIES

- “Update Letter” (Not Newsletter) Four Times a Year
- Community Speaking (Rotary, Lions, Optimist Club, Lions, Kiwanis Club, Lions, University Women, Lions, Auxiliaries, Lions)
- Video
  - Major Door Opener
  - Adoption by Auxiliaries
  - Adoption by Business
- Cultivation Event: the Guardian Party
  - Cultivates the Coordinators
- Purchase Names

# THE ASK

- Your Best Chance of a Major Gift Is From a Current Donor
- Get the Right Person to Do the Ask
- Listen to Your Prospect
- “Ask for Money and You Will Get Advice. Ask for Advice and You Will Get Money”
- Clearly State Your Case: Its Not About Needing Money, Its About Your Vision
- Ask for Right Amount at the Right Visit
- Be Quiet

# FOLLOW-THROUGH

- Don't Be Discouraged – Major Gifts Take Time and Many Moves
- Follow Through With Thank-You's
  - Summarize Meeting
  - Follow Through on Any Concerns/Request
  - Set Stage for Next Meeting
- Enjoy Building the Relationship

# THE LEAD STAFF

- Relationship Skills
  - With Volunteers
  - Community Involvements
  - Major Contact for Board
- Coordinates With CEO
- Coordinates With Marketing
- Most Important Function
  - Keeps Process Moving Forward
  - Worst Enemy is His/Her Desk
- Follow-through and Recognition
- Documentation In...

# A STATE OF THE ART DATABASE

- The Usual Database...
  - Names, Address for Annual Appeal
  - Track Gifts
  - Track Pledges
- The New Requirements
  - Track Moves
  - Track Strategies
  - Track Relationships

# THE RESULTS

- Major Change in Board Giving (\$25 to \$1,000,000)
- Major Change in Community Giving (\$0 to \$500,000)
- Major Change in Donor Perception of the Agency (Pledged gifts of \$7,000,000)
- Annual Appeal (up Sharply)
- Guardian Party (Doubles in Size, Triples in Income)
- Other Groups (Tri-Quest, Hospitals, Businesses)
- Database Quadruples



# THE CHALLENGE

- There Is a Science to Fundraising...and It Ain't Automatic
- Fundraising Takes Focus and Planning
- CEO Must Move From Passive Management to Active Involvement
- Major Gifts Must Be at the Center
- Donors Want to Hear From the CEO, There Is No Substitute for Your Vision
- Schmooze Skills Can Be Learned...and Enjoyed
- "The Future Is Now" – George Allen

# QUESTIONS?