



A HOLISTIC

BY PAUL LAGASSE

Ask development professionals whether they focus more on the mechanics of fundraising or on the art of stewardship, and almost all will, of course, say they do both. Yet is it that simple?

“Philanthropy is about communicating with and listening to donors,” explains Andrea McManus, CFRE, president of The Development Group (www.thedevelopmentgroup.ca) in Calgary and chair of the AFP board of directors. “If we think about what we do solely as fundraising, then it’s purely transactional and not about the relationship.”

“We always say that there’s an art and a science to fundraising. The tactics and techniques of fundraising are the

science, and the relationship-building of philanthropy is the art. You can teach the science, but it’s much, much harder to teach the art.”

Today, however, the distinction between the art of philanthropy and the science of fundraising is increasingly blurred.

Managing Relationships

“Fundraisers may end up knowing everything about a person’s donations but not about his or her relationship with your mission. But today’s donors expect you to know both,” says David M. Lawson, a partner at the prospect-screening service TrueGivers LLC (www.truegivers.com) in Oak Park,

Sally Williams Photography/Getty Images

How fundraising skills
and **the right touch** in
building relationships create
the perfect balance



APPROACH

Ill., and co-author (with his wife, Lori Hood Lawson) of the blog Working Philanthropy (www.workingphilanthropy.com).

Lawson, who in 1997 founded the Prospect Information Network (PIN), says that one way fundraisers can know both is by adopting successful techniques from the private sector, particularly constituent relationship management (CRM), which involves the use of software tools to streamline both prospect research and donor stewardship. However, Lawson is not advocating the automation of relationships. “Fundraising is a business, but your mission is not,” he says. “I believe that our sector needs greater efficiency around fund-

raising precisely because our end product—the mission—is measured in terms of effectiveness. Donors should expect and demand efficiency in our fundraising, but they can’t and shouldn’t expect efficiency in our mission.”

Effective CRM requires a strong back office, just as in the days when a “database” was a filing cabinet full of 3” x 5” cards. “We still have to make sure there’s good data coming in and that it’s getting to the right people,” Lawson says. “None of that has changed.”

Real-time data analysis can inform a nonprofit’s philanthropic focus in the near and long term. An example of this kind of strategic data resource is the *Atlas of Giving* (www.

atlasofgiving.com), a new tool that combines a forecast and measurement of charitable giving by sectors, sources and states, along with practical suggestions on how to use the information to raise more money and create greater efficiency. Its measurement benchmark includes a look back at the last 12 months of giving activity and its forecast looks ahead at what giving will be in the next 12 months. Updated monthly, the *Atlas* is based upon the proven fact that charitable giving is tied to specific economic and demographic factors. More than 70 factors are monitored, including economic data (consumer price indices, unemployment figures, leading and lagging economic indicators, real estate prices, rates of interest and inflation, etc.); intangibles, including CEO and consumer confidence; and even current events, such as disasters and political campaigns.

“Most organizations are happy to focus on doing better this year than they did last year, but it’s very tough to get them to focus on the longer term, say five years out,” says Rob Mitchell, CEO and co-founder of the *Atlas of Giving*. “That’s because it might involve reallocating budget, staff and resources from established programs, and that risks changing a scheduling formula that has become a long-standing tradition.”

Economic changes and demographic shifts can grow, shrink or even completely change an organization’s prospect

base over time, requiring development professionals to reach out to donors in new ways. A decline in religious giving, for example, may spur charities with religious missions to seek and steward donors from previously untapped demographics and to reach out to current donors with new messages. Likewise, high unemployment disproportionately affects organizations whose fundraising portfolios depend heavily on small gifts from many donors.

Lawson, who also serves as the chair of the *Atlas of Giving*’s board of advisers, agrees with Mitchell’s view of the applications of fundraising data. “Technology is a way to scale stewardship,” he says. “That doesn’t mean you use technology at the expense of relationships. It’s *all* about relationships! I’m not suggesting that when you’re in a meeting with a donor, you should be staring at the data on your tablet’s screen. But by taking a few minutes to look at your screen before the meeting, the meeting might go even better.”

The Right Balance

Cutting-edge digital tools are becoming increasingly relevant not only for donor acquisition but also for stewardship. “While we may be seeing a shift toward a more holistic approach, there will never be a question of dropping the technical knowledge,” says Penelope Burk, president of Cygnus



The Long View

When boards concentrate too much on fundraising tactics and forget to balance them with philanthropic relationships, the result can be missed opportunities that hurt an organization in the long run. Lyman Gifford, M.S., CFRE, Scout executive and CEO of the Buffalo Trail Council of the Boy Scouts of America, in Midland, Texas (www.buffalotrailbsa.org), recently discovered this firsthand when a donor approached his organization with a major gift that would have more than doubled its \$2.5 million annual budget.

“It would have been a game-changer,” Gifford says of the gift, which was a mix of endowment funding, cash and property. “But the closer I looked at what the donor wanted and what the board wanted, the more I realized that the expectations weren’t in alignment with each other. We could have closed the gift, but down the road we could have had significant bad will.”

Gifford met with his board to explain his concerns, but their focus remained strictly on the bottom line. Unable to dissuade the board, Gifford made the difficult decision to bring his concerns to the donor, who agreed with Gifford’s assessment and withdrew the offer of the gift.

Applied Research in Hamilton, Ontario (www.cygresearch.com). “It’s a question of balance.”

One way to achieve that balance is to see all donors as potential planned givers, according to Burk, author of *Donor-Centered Fundraising* (Burk & Associates, 2003) and the forthcoming *Donor-Centered Leadership*, which focuses on effective stewardship. “Don’t focus on how to get the next \$25 donor,” she says. “Instead, look at how to steward donors and grow their gifts over time.”

Balance also means not attempting to use donor-acquisition tools for donor retention. “The information uncovered by quantitative research deserves credit from practitioners who are focused on qualitative results,” Burk says. “The question is, can both sides draw on the benefits of the other to make a better overall fundraising program?”

Burk’s research suggests that the profession is not sufficiently cross-training tomorrow’s fundraising leaders. Among donors without a planned gift in their will, her research has found that one in three will seriously consider making a bequest if asked. Yet only about 10 percent of donors are ever approached about making planned gifts. The reason for the mismatch, Burk has discovered, is that few fundraisers are making planned giving their specialty. Furthermore, if both sets of skills—acquisition and stewardship—are insuf-

ficiently connected, it can lead to premature turnover. “And if their work doesn’t afford them opportunities to establish relationships with donors, they’re not going to be qualified for higher positions,” she says.

One way to address this imbalance, Burk suggests, may be to reconfigure fundraising departments in ways that facilitate a holistic approach. “Surely there has to be some kind of solution in the middle,” she says.

Establishing an appropriate organizational culture is critical to finding that middle ground, says Elaine Fogel, president and CMO of Solutions Marketing and Consulting in Scottsdale, Ariz. (www.solutionsmc.net). “So many nonprofits operate in silos,” she says. “Their culture is internally focused. It’s myopic, and despite best intentions it lacks attitudes and protocols that focus on all nonprofit ‘customers’—constituents.”

Fogel agrees with Burk that well-balanced education is essential for ensuring that tomorrow’s fundraisers are prepared to integrate tactics and practice holistically. “The constituent-centric mindset does not happen in a vacuum, and few academic programs are preparing fundraisers for it,” says Fogel, a newly appointed faculty associate at the Arizona State University Lodestar Center for Philanthropy and Nonprofit Innovation. “They look at boards and ethics and other



“It’s a very painful loss, but I’m the one who has to look in the mirror,” Gifford says. “I know the donor well, and I would have to look him in the eye, too.” Gifford is keenly aware of how much his decision angered his board, and he’s making a point of meeting with each board member individually to try and persuade him or her to take the long view.

Gifford’s emphasis on relationships over fundraising already has shown signs of paying off in the long run. Shortly after the donor withdrew his gift, Gifford ran into him at an event. “He took me aside and said to me, ‘I came to you with this gift because I knew that I could trust you. And you proved me right,’”

Gifford recalls. He is confident that the donor will eventually offer another gift to the Buffalo Trail Council that is much better suited to both the donor’s and the organization’s expectations.

By focusing on cultivating a long-term donor relationship based on trust rather than on simply closing the deal, Gifford is likely to see greater dividends for his nonprofit down the road. But Gifford knows fundraising is important, too. “There are things we do because we have to raise money, but if you don’t also learn what it means to be a practitioner, then it’s just a job,” he says. “You won’t know what’s necessary for developing a long-term relationship.”

Closing the Sale or Opening the Door?

BY PATRICIA G. EGAN, MBA, CFRE

It has become more common for nonprofit organizations to hire sales professionals, banking-relationship managers or other sales/marketing professionals because of the transfer skills they represent in the fundraising dynamic. In theory, it works, depending on the background of the sales professionals or the philosophy of the sales force.

However, investigating the AIDA sales model—attention, interest, desire, action—it is apparent that no stewardship is represented. The sale is at the core of the AIDA model. Stewardship, relationship-building, donor intent and motivation, and donor satisfaction are at the core of fundraising. Sales professionals work for the “sale,” the commission it represents and the bottom line it reflects for the “for profit” organization. Fundraising professionals view it as the beginning.

Therein lies the difference.

The “Four P’s”—product, place, promotion, price—define marketing (getting the right product in the right hands at the right time for the right price). Fundraising is the right person asking the right donor at the right time for the right initiative. Sales is getting goods or services into the hands of a consumer. Fundraising is a person approaching another person for an investment in an organization and its mission. These are two very different initiatives, yet two activities that employ many of the same strategies.

“Selling” a strategic charitable initiative is different from selling a car or a television. Typically, people seek out an item or service they need (or think they need) by doing some research, locating a point of purchase and then deciding whether to buy or not. This process is inverted in fundraising. Fundraising professionals “match” the need for the institution with potential donors and then seek out the donors, making the case for investment. Sometimes potential donors identify themselves with a certain project or initiative, but have you ever seen donors waiting in line all night for a chance to invest in an organization’s programs the way people do to buy the latest iPad?

While both professions seek to “close the sale,” fundraisers seek to steward the donor. Sales professionals ensure future sales by communication, introducing improved versions of products their clients use and following up by analyzing the future and/or current needs of their clients. So do fundraisers, but in a much different way.

Consider the largest purchase most people will make in a lifetime: their home. They seek out a Realtor, who assesses a buyer’s needs, budget, ability to borrow and continued employment (or income). The Realtor offers a number of “matches,” and a decision is made. After the sale, the buyer rarely hears from the agent again—until it is time to sell or buy again.

Now, consider a major-gift donor. A hospital wants to purchase a major piece of equipment and is seeking a donor to help fund the purchase. The database is scoured for potential donors. Grateful patients are reviewed, past donors are identified and new donors are sought. The fundraising professional identifies several potential gifts and begins to look for the “right” person or persons to make the ask. A donor is successfully solicited for a gift of \$100,000.

The stewardship begins. The donor is invited to view the equipment and enjoys recognition from his or her gift in the form of a plaque, a room dedicated in his or her honor, a listing in the annual report, a newsletter article explaining the gift and all the good it will do, invitations to VIP receptions and a variety of other “touches.” A major donor, unlike a homebuyer, continues to receive the attention and gratitude of the organizations.

Many sales professionals can transition into a nonprofit organization. Some continue to stress “closing the sale,” deeming stewardship unproductive. After all, \$100 donors are not stewarded the same way \$100,000 donors are. So the debate will go on. How do you know when you hire a sales professional whether that person will adapt to a nonprofit environment? Ask a simple question: Are you closing the sale or opening the door?

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The First to Give

BY ANNIE FRITSCHNER, ACFRE

Volunteering saved my life—or at least my soul. I was a miserable student all through grade school and high school, and the harder I worked and the more I studied, the worse my grades were. Then one day a teacher asked me if I would lead the school in Eco-day (shows my age) by organizing students to clean up our school grounds and the neighborhood. It was concrete, tangible and achievable, and I experienced a sense of self-worth I had not felt in my studies or at home. I was a new person who had value and skills and who could accomplish something. I felt valuable. I learned the absolute joy that comes from giving.

When I graduated from college, it was expected that I would move home, get married, have two or three attractive children and join the Junior League. I made it home to tell my family I wasn't returning, didn't get married for years and never had children. But I did join the Junior League. And I went to work as a fundraiser, first in politics, then higher education, then healthcare, then the arts and then grassroots organizations, all the while taking as many classes and seminars as were offered to me. I learned so much from the CASE Institute at Dartmouth College, and then I joined NSFRE. I have been a member of AFP since 1986 because it is the best organization for fundraisers who care about their ethics and want to practice their craft with honor.

Today there are numerous colleges and universities offering classes, conferences, advanced degrees and special areas of study. Hundreds of books are being published. However, fundraisers need something beyond knowledge and skills and degrees and certification. As anyone who serves on a non-



profit's board knows all too well, fundraisers must put their money where their hearts are before asking others to do the same thing.

We are servant leaders. We are changing the status quo and helping other donors achieve their personal, moral and philosophical goals by helping them find joy as supporters of causes that are meaningful to them.

Are fundraisers practitioners or tacticians? We are both, and more. Are we learning skills without really understanding the profession? I pray not. The more we give, the more often we give, the better we can understand our profession. Because the better we are as donors the better we will be as equal partners in making the world a better place. When we are donors, we are fundraisers with credibility, commitment and authority. That makes us servant leaders in a noble profession.

Annie Fritschner, ACFRE, is director of development at Mainstay in Hendersonville, N.C. (www.mainstayhelp.org).

important things, but they're missing the organizational culture aspect. If I could change one thing, it would be to provide training at all levels on how a constituent focus is critical for ensuring the success of the nonprofit and its mission.

"The underlying theme is professionalism and a market orientation," Fogel adds. "Whether you call yourself a practitioner or a tactician, the question to ask, prior to every decision, has to be, 'How will this affect our constituents?'"

In her introduction to Darian Rodriguez Heyman's *Non-profit Management 101: A Complete and Practical Guide for Leaders and Professionals* (Jossey-Bass, 2011), McManus addresses the issue of professionalism by offering a set of do's and don'ts on the relationship between fundraising and philanthropy, which includes these two points:

- "DO understand and promote the relationship between fundraising and philanthropy: *philanthropists need you*. This may well be the most important factor in your success."
- "DO find out why people give and what will interest a particular donor or donor group in your mission or what will motivate them to make a gift."

"Fundraising is an enabler of philanthropy," McManus writes. "Fundraising is important and meaningful work ... and it is work to be proud of, because it helps to change the world by making it a better place. But simply 'getting' this isn't enough. It's about working smarter, not harder."

Reflecting on what "smarter, not harder" will mean as the profession grows, McManus notes that it is a repetitious process. "In presentations, I talk a lot about the need for us to change our conversation," she says. "We can get so bogged down in talking about solicitations, annual appeals and donor acquisition. But we should be focusing on the philanthropic outcomes. We should be asking, 'What's our plan for growing philanthropy?' not 'What's our fundraising plan?' I think we need to continue to build our craft and hone our skills, but we also need to take a leadership role in connecting to the outcomes—because no one else is going to do it." 🗨️

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