

Fundraising :

principles and planning

What is fundraising?

- Fundraising is NOT begging.
- Fundraising is people helping people.
- Fundraising is giving people the opportunity to give.
- Fundraising is ASKING.
- “Gift-making is based on voluntary exchange. Gifts secured through coercion, or any means other than persuasion, are gifts not freely given. They do not have the meaning of philanthropy. Rarely will gifts obtained under pressure or through any form of intimidation be repeated.” (Rosso 1991:5).
- “Philanthropy (love of mankind) has come to be known in the 20th century as voluntary action for public good, through voluntary action, voluntary association and voluntary giving.” (Payton: Centre on Philanthropy - Indiana).
- “Fundraising has been the servant of philanthropy across the ages. Through the procession of the centuries, the thesis that people want to give and they have a need to give has been established. People want to give to causes that serve the entire gamut of human and societal needs.” (Rosso 1991 : 7).
- “The most rewarding use of life is to spend it for something that will outlast it. Within this framework the spirit of giving takes on a timeless dimension. As long as humans exist we will want to express our ideals and values in a way that will make them immortal. Fundraisers have the privilege of being part of something that is one of the most personal, fulfilling and meaningful enterprises.” (Cuthbert 1992).

Basic principles for effective fundraising

It is important for you to grasp a number of basic principles that must be applied if you are to be successful in fundraising over the long-term. These are:

1. Successful fundraising is all about building relationships with donors - whether they be individuals or major corporates. It has nothing to do with begging for money. Friend-raising and fundraising go hand-in-hand.
2. 73% of all giving comes from individuals in South Africa, so we have to pay serious attention to develop funding from individuals.
3. Leadership in fundraising starts with your governing body. If the governing body does

not take an active interest in the planning and implementation of fundraising activities, it has lost control of the organisation and its resources.

4. Effective long-term fundraising has to be planning. Every non-profit organisation that is serious about its funding future has to have an organisation plan and a fundraising strategy. You cannot raise funds if you are not confident and enthusiastic about the organisation and its future.
5. Fundraising is an emerging profession. No longer can you afford to be casual about fundraising. Those organisations that apply a planned, businesslike approach to the task will succeed, and they will develop the capacity and skills of staff and volunteers to get the job done effectively and efficiently.
6. Fundraising is as important to the structure of a non-profit organisation as its service programme or its administration and finance. Up to now fundraising has been seen as either "someone else's responsibility"; or loaded onto an already overburdened chief executive officer or co-ordinator; or handed down to some junior clerical position.
7. Fundraising is the servant of philanthropy. Philanthropy is voluntary giving for community good - through voluntary action, voluntary association and voluntary giving.

Non-profit marketing

Non-profit organisations are recognising that they face marketing problems. Loss of clients - that is the people to whom their service is given, members, donors and funds remind them that they depend on the market-place for survival.

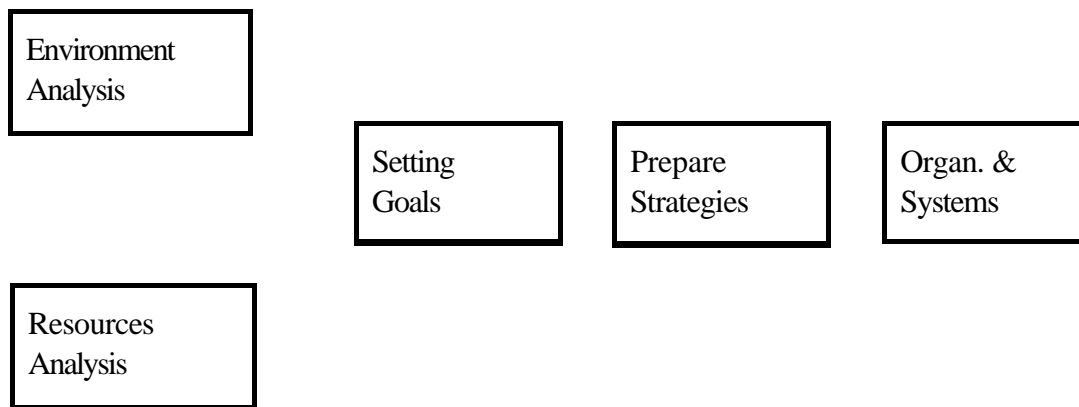
These organisations are confronting changing community attitudes and needs, increased public and private competition, and reducing financial resources. Tough questions are being asked about an organisation's mission, goals, opportunities and strategies. One result is that Boards and CEO's are being forced to take a hard look at marketing to see what it offers to keep their organisations viable and relevant.

At the same time, these non-profit leaders are approaching marketing with caution. Marketing has the image of being a function for profit making businesses. Non-profit leaders worry that marketing manipulates and is expensive.

Strategic planning

“The managerial process of developing and maintaining a strategic fit between the organisation’s goals and resources and its changing marketing opportunities.”

STRATEGIC MARKET PLANNING PROCESS



The fundraising cycle

Effective fundraising time is spent in 80% preparation, followed by 20% devoted to “asking”. The process follows a cycle starting with planning and ending with evaluation:

Examine the Case

Fundraising planning must start with the definition of the Non-profit organisation’s Case. Every organisation has come into being in response to a human or societal need. Its effectiveness in serving that cause becomes the organisation’s Case, or a presentation of all the arguments that would persuade anyone to respond with a donation. A clear and complete statement of the Case gives evidence of the organisation’s readiness to seek gift support from its target markets.

Define Mission, Goals and Objectives

Key to the Case is a statement of the organisation’s Mission. The Mission should describe the organisation’s unique reason for being, and becomes much clearer as the Case is developed. As the planning process continues it is necessary to determine the organisation’s goals and objectives. Goals are the long term expressions of what the mission will accomplish. The objectives are the specific explanations of how the goals

will be achieved. It is not possible to sustain funding for an organisation that is unsure of why it exists, and where it is going to.

For example, "elimination of world hunger" can be accepted as a grand goal. Tragically it is more of a dream than a reality. But providing one nutritional meal to one, ten or one hundred children every day for a week, a month or a year is a realistic objective. A donor would be hard pressed to evaluate an organisation's ability to eliminate world hunger, but can quite easily decide whether the organisation is able to feed a promised number of children within a specific period.

Prepare a list of Needs

The third of the internal information-gathering activities is preparing a list of needs. For a Non-profit organisation these will be made of the cost of running the organisation, plus the cost of projects (both ongoing and new projects) to be undertaken during the planning period. This list not only describes the work of the organisation for the immediate future, but includes its planned expenditure budget.

Analyse Market Requirements

An organisation must conduct periodic market assessments to determine the extent and continuing validity of its needs. Organisations that base their programmes on valid needs justify their existence and add weight to their case for support.

When the organisation has assessed human and societal requirements and after it has examined community attitudes towards these requirements it can offer positive responses to questions about the case, goals and needs. The various potential donor markets must also be examined to provide the essential information needed to plan fundraising strategy. Various methods of research can be used to obtain this information.

Strategy Planning

The mission, goals, objectives, and market requirements are all brought together in fundraising strategy planning. This process seeks to bring about a productive "fit" between the organisation's goals and abilities, and its changing marketing opportunities. At this point the leadership should be examining internal strength and weaknesses that will encourage or hinder its ability to achieve its mission. If this examination does not take place at least once a year then the organisation will probably find that it is not able to fulfil the promises it has been making to its supporters in achieving its community service.

At the same time the organisation examines the external environments that will either threaten the attainment of its goals and objectives, or provide opportunities for success. It is in the areas of opportunity that fundraising planning is built.

Preparing Plans-of-Action

Strategic planning will end in frustration if it does not result in plans of action. For the fundraiser this is the key to whether there is any reasonable hope for success or not. Plans of action have to do with assigning responsibility for enabling every aspect of the strategy to take place. Individuals or groups are committed to tasks and a timetable. At this point the fundraiser assesses the resources available to achieve fundraising targets. Has money been set aside to pay for the fundraising action? If you do not have the resources you will not be able to implement your plan. Are there enough able, willing and committed volunteers to help carry out the various fundraising activities? When are specific funds needed to meet the organisation's objectives?

With a plan of action we move away from an ad hoc approach to fundraising that has most organisations stumbling from one crisis to the next.

Prepare the Fundraising Strategy Plan

All the preceding steps are designed to provide the fundraiser with the facts that will enable an effective fundraising plan to be prepared. Hard facts come out of hard questioning, and only then can a realistic fundraising plan be developed. Selecting the appropriate fundraising methods will be built into the plan. These will include direct mail, special events, membership and pledge programmes, capital campaigns, project proposals, and deferred giving. Each has its own function and its own impact.

What follows

What follows now is a management process that implements the fundraising strategy, co-ordinating its many activities through the year, and measuring the results of each activity. As the cycle draws to its conclusion we should be measuring the activities and results in preparation for planning the next cycle. In this way we build upon the successes and eliminate ineffective activities.

Building Up the “Case for Support”

This is an internal document, or file of documents, that sets out all the important arguments the organisation will use to obtain donor support. It is the essential, basic ingredient of the planning process that starts the fundraising ball rolling. The Case Statement clarifies the organisation’s positioning and objectives, and is used to provide the hearts of verbal and written Fundraising and PR communications. Although the organisation’s board, management and fundraising committee members will contribute to its contents, it will eventually be written by one person in an easy-to-read style.

A way of approaching its contents, is to first answer these questions, the kind of questions most likely to be asked by donors:

- < What social/community needs or problems does your organisation need to address?
- < What factual evidence do you have of these needs or problems?
- < What are the organisation’s long-term plans to deal with these issues, including your Mission and Goals?
- < What clear programme objectives do you have, that provide solutions to these needs or problems during 1995/6/7? State these objectives in such a way that donors will be able to measure your achievements.
- < What strategies do you have to meet these objectives (programme and fundraising

objectives), over what time and at what cost?

- < What people do you have access to, that will enable you to accomplish your objectives satisfactorily? Board members, committee members, staff, volunteers, consultants and suppliers. (Include CV's of key leaders)..
- < Do you have an income and expenditure budget for 1995/6/7? Does it detail all the operating, capital and project needs, including administration and fundraising costs? Income should include all forms of funds - fees, membership, donations, sponsorship, etc.
- < What methods will you use to measure the effectiveness of your work - both programme and fundraising?

In addition to answering these questions, the Case Statement should also include the following:

- < An analysis of the geographical area of service. That is both service to your community clients and funding supporters.
- < An examination of any significant changes in these groups, and the effect these changes will have on the organisation.
- < A description of the donor markets: Current donors (active donors, when they last gave, how much and what for); prospective donors (list of likely, interested major donors).
- < History of the organisation, highlighting major accomplishments, and significant contributions to alleviating needs or overcoming problems. Include individual success stories to illustrate accomplishments.
- < A financial history of the past two years - annual statements of accounts.

Analysing the Donor Markets

Identify your potential donor markets (groups) in two ways. Firstly "plot" them in the Constituency Circles, with those markets who know the most about your organisation closest to the centre, and those who know the least in the outside ring. Then give priority to your donor markets by giving each group a rating according to their **Linkage, Interest** and **Ability**.

Identifying Donor Markets

You can divide your potential donors, or funding sources, into a number of groups. Most of these can be sub-divided, either by their nature, interest or other qualitative features. Here is an outline to a general list:

1. FOREIGN DONORS

OUTSIDE THE COUNTRY

- Governments
- Government funded agencies
- Foundations or Trusts
- International aid agencies

INSIDE THE COUNTRY

- Embassies or consulates
- Government funding agencies
- Foundations or Trusts
- Corporations

2. SOUTH AFRICAN CORPORATES

- National businesses
- Local businesses
- Publicly owned
- Privately owned

3. SOUTH AFRICAN FOUNDATIONS AND TRUSTS

- Funded by government
- Funded by corporates
- Privately funded

4. GOVERNMENT

5. INSTITUTIONS

- Churches
- Schools
- Service Clubs

6. INDIVIDUALS

Active donors
Prospect donors
Members or subscribers
Board members and staff
Volunteers
Parents
Past students/pupils
Clients/beneficiaries
General public

7. FEES FOR SERVICES

8. SALES OF GOODS OR SERVICES

Preparing A Typical Fundraising Strategy

In writing a Fundraising Strategy Plan, whether it be one page or 100 pages, you should be able to answer the following:

- # How much money do you need?
- # What will the money be used for?
- # Who are you going to ask for money?
- # What methods will you use on each donor market?
- # By when do you need the money?
- # How much will it cost to raise the money from each market?
- # Who has the responsibility for raising the money?
- # How will you measure the results of income and expenditure?

The written Fundraising Strategy should include:

- # **INTRODUCTION**
In which you express the needs for funds, and refer to challenges listed in the Case Statement.
- # **ENVIRONMENT**
Where you explain the internal and external issues that will influence you Strategy. You should be able to extract these from the Case Statement.

- # **LIST OF FUNDRAISING OBJECTIVES**
These come either from your strategy planning workshop, or from the Case Statement, or from a Fundraising Committee you have appointed, or from the organisation's management. They will include the amount of money to be raised over which specific period, for what specific purposes.
- # **TARGET MARKETS**
List the groups of people you will approach for funds - as much information as you can gather.
- # **INCOME TARGETS BY FUNDRAISING METHOD**
How much money you plan to raise by each fundraising method over the period.
- # **PLANS-OF-ACTION**
How you are going to implement each aspect of the Strategy. This will include timing of the campaign or event; the people you have to use to achieve the results; the methods you will use to raise the funds from the targeted audience; the cost of raising the funds by each method.
- # **INCOME AND EXPENDITURE BUDGET**
Summarise all the income forecasts, together with the costs of raising income.