

The New Fundraising

What it takes to succeed in the era of the social entrepreneur

Philanthropy today is a business. You want to be recognized as a social entrepreneur in your industry, and become known as an organization that can flaunt its accomplishments and promote its accountability.

You must combine the passion for your cause with the courage to act quickly and effectively using new business skills and discipline. You must be proactive instead of reactive. Rewards from a vast new funding pool await those who embrace this change.

How do you get there? Savvy and inspiring leadership, a clear direction, a commitment to ongoing learning and the ability to tell a compelling story. It takes improved performance and an inspired, motivated team. Change your mindset and your toolset, and you'll be surprised at what you can do.

Leadership

Think differently, act passionately, live your vision



It's your job as a leader – whether you are the executive director or a board member – to make the leap from begging for money to running your organization like a business, to move from being a charity to being a social entrepreneurship.

“Philanthropy is a different world today,” says Dr. James Milojkovic, CEO of Knowledge Passion, a leadership development and consulting organization based in San Francisco.

“Leaders need to paint a vision that is going to inspire their stakeholders, and go about the organization’s vision with new verve. They can’t be restrained by old habits if they want the business to move forward.”

And a business, it is. Organizations surveyed for the 2004 USA Giving report, indicated 50 per cent of revenue is from earned income. This stands in stark contrast to the 1970s when 60 per cent of revenue came from government grants.

Another growing trend is the desire to fund collaborative partnership programs. Typically something found only in the corporate world, collaborative partnerships are now a necessary part of philanthropy. Government organizations and foundations want to see nonprofits collaborate with other organizations that provide complementary services to the same clients. It makes a stronger, more appealing program, with less duplication of effort and grant money is used more effectively.

You need to build relationships with organizations you once saw as competitors. But no one will partner with an organization that is solely focused on tactical issues, like paying the bills. They want vision. You need to speak passionately about your work and how you can work collaboratively, making potential partners excited about your organization, the results you've achieved, and what your vision is for the future.

A great leader has the responsibility to recognize when a change of direction is required, and must have the ability to steer the organization through change. They must be able to develop a long term plan and ongoing relationships. They must learn to walk the fine line between listening to a grant maker or donor, understanding what is important to them, and aligning the needs of the donor with the organization's vision. Building relationships with external stakeholders drastically increases your fundraising odds. Now, it's just part of the job and it's ongoing.

Internally, it's up to the leadership team to translate vision or a change of direction into an operational plan for each department, then energize and motivate staff members into action. You are making a powerful promise to make something happen they don't know how to do. . It's your responsibility to lead your team through change. You are altering your people's perceptions of what's possible and they will look to you for guidance and inspiration.

A leader's communication skills and ability to build trust internally and externally are critical to success.

Too little feedback and coaching are among the top reasons good people leave organizations, according to a study by Saratoga Institute and PricewaterhouseCoopers HR Services. Invest in your leaders. As they develop their own potential, acquiring new skills and knowledge, they are less likely to burn out and leave. They have renewed energy, enthusiasm, and desire to succeed.

Strategic Planning

Clarify your vision and commit to it

Strategic planning is critical to the success of all organizations, regardless of size. Changes in the philanthropic environment, such as a decrease in funding and new financial oversight, will affect all organizations. Whether you are a large organization looking to solicit a large gift or small organization looking for grant funding, you have to clearly articulate a compelling vision that draws in donors and makes them want to be involved. Your plan needs to reflect the changes in the external world. Internally, you have to believe your vision and know how you are going to get there.

The old way of doing business meant most decisions were tactical: Which programs most urgently need money? Or, it's time to renew our application to the XX Foundation who funded this program last year. This is a strategy designed to fail. It will not create a sustainable business. Your donors and supporters want to see quantifiable results. They want to see effectively run organizations. Thanks to web sites like Guidestar, they can find out more about you than ever before quickly and easily.

"A Pulitzer Prize-winning work of grant-writing prose can't hide organizational or program flaws," says Cheryl Clarke, author of *Story Telling for Grant Seekers*, "A program officer will find the holes in your program and sense the disconnect between your stated goal and your results. Not only is the grant success rate one in 10, you may waste your opportunity with the grant maker by applying for the wrong program."

So how do you decide which programs should be funded?

Your strategic plan should tell you. Forming a strategic plan enables an organization to clarify its vision and recommit to it, and sets its long-term path. It could include strategies you never thought to consider, like mergers. If it's the most sensible way to address the challenges in your environment, it's something you should consider. Recently in San Francisco the three main public broadcasting stations decided to merge. Instead of competing for dwindling funds, they believe they can provide expanded programming for their customers – many of whom are shared -- through a merger. As these stations found, your long-term outlook should dictate everything you do. The planning process forces you to step back and answer these questions:

How can we make our programs more effective?
Do our programs and our vision mesh?
Do we need to grow awareness of the organization?
Do we need to partner with another organization to better serve our constituents?
How can we diversify our funding to include earned income?
How can we manage our organization more effectively?
What administrative changes do we need?
What is proven and demonstrable success?

Answered, these questions guide your daily moves. Unanswered, they set you up for failure.

“Today’s nonprofits need an impeccable strategic plan or it won’t work,” says Daniel Fortuno, executive director of Options Foundation, a nonprofit in San Francisco, which provides benefits training on income and health coverage for the disabled community. “It’s the lifeblood of the organization. It should be so engrained in your daily work that when you seek funding or a grant, you know exactly who to turn to and how to win them over.”

Organizations who address strategic planning will reap the reward – more funding, more often. And they will discover opportunities to build other revenue sources.

Marketing

A necessary tool in fundraising

According to a 2004 report by the Giving USA Foundation, individuals, foundations, and corporations donated \$248 billion. Most of that money went to large organizations, leaving those with less than \$1 million in revenue in the lurch. Why? Large organizations typically spend more time on strategic planning and thinking. More time building relationships. More time promoting their organizations and their successes. They know how to tell their stories. And to whom.

Marketing was once a much-maligned term in the nonprofit world. Who has the money to spare on such frivolities, right? Yet everything you do is marketing, from the logo on your t-shirt to the way you present yourself verbally or in print. Maybe that used to be enough. Not today. You can have the best program in your community, or the nation, but if your potential clients don’t know of it, it’s of no use. Likewise, if the community and your potential grant makers don’t know about you, it’s highly unlikely you’ll get their money. You want your grant makers and donors to know about the great work you do before you ask for money.

Marketing is a necessary tool in the new world of social entrepreneurship. It’s your link between your programs and fundraising. Marketing and fundraising are tightly integrated. It’s hard to tell where one ends and one begins. Take an organization’s letter of introduction. Is it marketing or fundraising? It’s both. It’s a simple way to get your name in front of those who matter.

Sponsorship deals between charities and businesses are another important trend in the philanthropy world. In 2006, according to an IEG Sponsorship Report, American companies are expected to spend \$1.346 billion on these arrangements this year. A 14.5 percent increase over 2005. It’s also another good example of where marketing and fundraising coexist. Partnering with a corporate entity with similar values provides a great opportunity for a nonprofit organization, regardless of size, to raise their awareness and even create another fundraising vehicle

A good marketing program identifies what story you need to tell, and to whom.

Take the current situation of Options Foundation. Most of its work involves training the health providers that counsel its disabled clients. The problem is, most grant makers prefer to fund direct services. But the counselors have had no formal training. They have not been taught about available programs, which change every year and are different in every state, even though they

are asked to counsel on them. So the organization focuses much of its marketing efforts on educating potential grant makers about the lack of training in the field, positioning itself as the authority. Building awareness and educating people about the issue is imperative to its fundraising success. Options won its first ever grant application and will receive \$450,000 over the next three years for its nationwide programs.

And no, marketing doesn't have to be expensive. With a little creativity, strategic partnerships, and in-kind donations, you'll be able to tell the right story to the right people.. In the end, your donors and grant makers will know who you are and want to support your work.

Work Smarter, Not Harder

Philanthropy is rewarding work and is needed more than ever to address cutbacks in government funding and the fallout from national and international disasters. Successful nonprofit organizations will be those that have the capacity to think differently and adapt to the changing economic, social, and political environment. Take a long, hard look at your organization – your leadership, strategic plan, marketing, and fundraising efforts. Where do you need to work smarter, not harder? What changes do you need to make? If you don't acknowledge your shortcomings, you can't address them. Maybe you need to train your board, add some new talent, or coach your executive director. Perhaps it's time to update your strategic plan, or develop a marketing plan. Make a commitment and use the right combination of these tools to help you move forward. Success in the new world is waiting for those with commitment, exceptional people, and superior performance.

The bottom line? A well-run, passionate organization poised for success in the future is a successful fundraiser.