

Board Development

The Board's Role in Fund Development

How does your Board feel about fundraising? Is it a Board responsibility? Is it a staff responsibility? What if you don't have staff? The reality is that if your organization needs to raise private sector funds, either from philanthropic or sponsorship sources, and whether or not you have staff to do the job, successful fundraising is a team sport that involves both volunteer Board leadership and competent, professional staff working together.

Board Responsibilities

Non-profit boards have three main responsibilities:

1. Your first job is to keep your organization on the right side of all legal requirements and financially healthy. This includes the areas of financial reporting and accountability, legal and charitable registration requirements and fulfillment, risk management, and accountability to clients, funders, the community and to donors.
2. Your second job is to define your organization's future by ensuring that you have a strategic vision and plan that is relevant and responsive to your community's needs as well as being achievable.
3. Your third job is to be the link between your organization and the community. You represent the community on the Board and you represent the organization in the community. You also bring your connections, your expertise and your resources.

Ensuring that your organization is worthy of investing in for donors is critical. Ensuring that it has appropriate resources to do the job requires leadership at the most senior levels of the organization and the contribution of time and resources by all board members. Donors to your organization will want to see that the senior leadership is committed, engaged and contributing at all levels. After all – people who give are generally people who are involved. They are likely to serve on other boards where they are engaged in actively ensuring a robust financial situation for their own organization. They expect no less of board members of other organizations who are asking for their support.

*Board Development Program
Voluntary Sector Services Branch
Alberta Culture and
Community Spirit*

*Phone: 780-427-2001
Fax: 780-427-4155*

*E-mail: bdp@gov.ab.ca
www.albertabdp.ca*

Sponsored by

Alberta


Wild Rose
FOUNDATION

MACEWAN

*Photocopying and
distribution of this
publication is permitted.
Re-publishing of sections may
only be done with the
consent of the Board
Development Program.*

Board Development: The Board's Role in Fund Development

“When you ask people to invest... in a new future, you honour them by asking them to risk, to take a stand, to cause something unpredictable to happen.”

Lynne Twist

Philanthropic Culture

It is important for Boards to understand that fundraising and fund development are two different but symbiotic activities. Fund Development is the entire system that raises philanthropic and sponsorship support for your organization. It is a process that moves in an orderly and logical sequence and includes preparation, planning, execution, evaluation, measurement and then renewal. Fundraising is quite simply the act of identifying, qualifying, cultivating and soliciting potential donors for your organization. It is an outcome of fund development and the most important and crucial area dependant on board member involvement for success.

An organization with a strong philanthropic culture, i.e. where there is a respect for the philanthropic process, an awareness of fundraising requirements and activities, and an appreciation throughout the organization of its own (not the fundraiser's) need for support, all enable an environment where development is allowed to flourish because it is integrated into the organization's activities rather than operating in isolation.

Is philanthropy important?

Why should we care about philanthropy? Why shouldn't we just care about getting money in the door? Some really good reasons:

- When you focus on 'fundraising' when it is not in the bigger context of philanthropy the tendency is to focus on the problem rather than on the solution.
- Focusing on 'fundraising' is focusing on organizational needs, rather than community needs.
- 'Charity' is a limiting concept that tends to be crisis-oriented and indicative of weakness.
- Focusing on 'fundraising' and 'charity' leads to the 'tin cup' syndrome of fundraising – begging, impulsive, emotional and usual token in nature.
- Focusing on philanthropy is to focus on abundance; focusing on charity is to focus on scarcity – you choose.
- Focusing on philanthropy is to focus on solving a problem, to being successful, to nurturing and experiencing pride and accomplishment.

What is Fundraising Really all About?

Many board members tend to have reluctance, apprehension or even downright fear of fundraising. And this is understandable. We don't like to talk about money, particularly when it is with an individual who is a friend or colleague.

There are three important things to remember about fundraising:

- First, *it is not about money!*
- Second, *it is not about your organization!*
- And third, *it is not about you!*

So what is fundraising about? It is about families, it is about community, it is about the donor and what they are looking for, and it is about opportunity. It is about connecting your donors to your mission – to the impact your organization makes in the community, the change you enable, the difference you make in creating a better community. If you are a passionate and committed board member then you can overcome your fear and discomfort of fundraising and talk to potential donors about your passion. Not about your fear and not about their money. Overall, the key thing to remember is that it is about *building relationships between the community and your organization's mission*. And that is directly a board responsibility.

Top 10 Signs your Organization has a Philanthropic Culture

1. Donors are viewed and appreciated as stakeholders in your organization.
2. 100% of your Board makes annual philanthropic gifts to the organization.
3. 100% of your Board demonstrates its ownership of fundraising by full individual participation in fundraising, but not necessarily all in the same way.
4. Fundraising is considered to be everyone's job.
5. Development is a core function that is long term, strategic and responsive to community needs.
6. Your board and leadership understand the meaning of philanthropy and you have a statement of philanthropic values.
7. Organizational leadership understands and acknowledges the difference between philanthropy, development and fundraising.
8. The primary role of the chief development officer is to build the philanthropic culture in the organization so that philanthropic relationships can survive and thrive. It is not 'to bring in the bucks'.
9. Accountability is a word your organization lives by, not pays lip service to.
10. When someone calls to make a donation the receptionist knows who you are.

Board Development: The Board's Role in Fund Development

"I am usually moved by the passion of the solicitor."

Lewis Cullman, Philanthropist

“Abundance is, in large part, an attitude.”

Sue Patton Thoele

Why do People Give?

The reasons that people give are varied but important to understand. If we can appreciate giving motivations on a broad scale and understand what may possibly motivate any individual donor, then we are able to construct comfortable and coherent strategies for building those relationships. The most common motivators for donor giving include:

People give to improve or save lives – This is fundamental to everything and requires us to focus on the impact any particular gift will make. Donors want to have positive impact through their giving and to contribute to real change in people's lives.

People give to people – If fundraising is about relationships then it stands to reason that who asks makes a difference. Being asked to share in someone's passion, being given the opportunity to see first hand how change happens is a powerful motivator, particularly when that opportunity is presented by a peer in the community.

People give because they connect with the mission – If people believe in the mission of your organization they are more likely inclined to support that mission. This may be a natural affinity for the cause or through personal experience, either themselves, a family member, or close friend.

People give to invest in a better world – When people consider their gift an investment, their return on that investment is a change for the better. This is a truly altruistic motivator.

People give to experience a sense of joy – Think of the last time you made a gift to an organization you supported. That sense of joy you got in knowing you were helping others is experienced by many donors.

People give the most money when they are involved – People are generally inclined to support causes in which they have some sense of engagement or involvement. The more they are given an opportunity to hear about and see/experience your organization's impact the more they are likely to give.

People give because they want to – Yes, some people will give simply because you are their friend. But generally they want to write that cheque. No matter how influential you think you are – personal choice and belief motivate giving.

People give because they are asked – This may seem self-evident but too many organizations and too many boards spend lots of time talking about the need for funds and don't get out in the community and ask people for their support.

Specific Board Roles in Fundraising

There are many different roles that board members can play in fundraising, many of which do not include actually asking someone for a gift. For example, key steps in the fundraising process generally include:

- Identification and qualification of prospective donors;
- Development of a strategy for each individual donor;
- Cultivation of that donor including opening the door, making the introductions, introducing the donor to your mission and passion;
- Involving the donor in the good works of your organization, i.e. tours, meetings with program or senior staff leadership;
- Solicitation or ‘making the ask’;
- Donor recognition, i.e. calling to say thanks;
- Steward – ensuring that the donor’s gift is used where intended, being accountable, reporting back on the change that has occurred as a result of the gift;
- Renewing the gift.

Of all these steps only two, initial solicitation and renewal, involve actually asking for a financial contribution. But all are vitally important for success.

Here are some of the specific ways you can be involved in fundraising in your organization:

- Fund development planning, both strategic long-term and annual;
- Identifying potential donor prospects and helping to qualify them so that realistic and relevant cultivation strategies can be developed;
- Being an ambassador for your organization by making friends and helping to build relationships;
- Being an advocate for your organization by making your case in a passionate and personal way;
- Participate in cultivation activities that build the relationship between the organization, its impact and the donor;
- Engage in recognizing donors for their inspired giving by thanking them, writing notes, acknowledging their gift in public;
- Attend your organizations events and act as a board member ambassador while you are there;
- Asking people to financially support your organization; and
- Leading by example and making a gift yourself.

Board Development: The Board’s Role in Fund Development

Recruiting an AAA Board

A Board with an AAA rating is one where every board member is motivated to be an Ambassador, Advocate and/or Asker and is assigned according to his or her motivations.

AAA Board Roles

- *Ambassadors*
 - *Making friends*
 - *Building relationships*
- *Advocates*
 - *Making the case (formal and informal)*
 - *Key to solid board recruitment*
- *Askers*
 - *Making the ask*
 - *Front line fundraisers*

Kay Sprinkle Grace

Board Development: The Board's Role in Fund Development

The difference between 'suspects' and 'prospects'

A suspect is a potential donor who is not a qualified, viable prospect. Qualification of a legitimate prospect usually involves identification of two or more of the following criteria:

- *The ability or potential capacity to make a gift;*
- *A known interest either in the work your organization does or is done by similar organizations, i.e. youth at risk causes, cancer;*
- *A traceable linkage to your organization either through volunteer networks, current or past direct associations, i.e. board member, current/past donor, volunteer*

Pursuit of suspects is almost always a waste of time, effort and resources, both by board members and staff. Every community has what can be referred to as the 'usual suspects' – those community leaders and influencers who are at the top of every charity's prospect list. Unless you can involve and engage them in your organization gifts here are going to be nothing more than tokens.

Leading by Example – Board Giving

Giving by board members can be a controversial topic and one that should be addressed by boards through open, non-judgmental discussion. Potential board members should be aware of the expectations before they join the board, both as to their role in fundraising and the giving expectations, not after they join the board. There is no question there is a moral authority attached to a nonprofit that can proudly say 100% of its board contributes to the organization on an annual basis. And, a request for support by a board member or campaign volunteer that has given themselves clearly carries more weight than from one who has not contributed. There are several other compelling reasons supporting board engagement (both time and money):

- Board members are usually better positioned in the community to open doors and make contacts than just relying on the development professional or the Executive Director;
- Board members can extend the reach of the development activities into broader networks;
- Commitment by board members demonstrates a belief in the cause, i.e. walking the talk;
- It is usually very de-motivating for other fundraising volunteers if they are volunteering their own time and money and board members are not.

A common excuse that board members give for not contributing financially to their own organization is that they contribute their time. The reality is that almost everyone contributes their time to some cause in the community. If you are inclined to philanthropically support the good works being done in the community then you are likely to volunteer somewhere. So if you are trying to build a relationship with a potential donor you need to be able to demonstrate your own commitment of time and resources.

There are numerous ways to approach board giving and certainly no right or wrong way. One that is generally felt to be comfortable and reasonable is to have a stated expectation that board members will make the organization one of their top three philanthropic priorities, on an annual basis, while they are on the board. Again, the goal is to achieve 100% giving commensurate to means, not to have people feel compelled to give beyond their means.

Key Roles and Responsibilities in Fund Development

In a successful fundraising organization, there are a number of key roles that come together to reach philanthropic revenue goals. The following chart outlines how these roles work together in support of the fund development program:

<i>Development professional</i>	<ul style="list-style-type: none"> ▪ Sets strategic direction ▪ Responsible for planning and execution ▪ Lead, enables and supports volunteers ▪ Maintains infrastructure ▪ Conducts evaluation and reporting ▪ Identifies strategic issues for board discussion and action ▪ Proposes and tests goals and directions
<i>CEO</i>	<ul style="list-style-type: none"> ▪ Sets strategic direction ▪ Ensures resources are in place ▪ Champions program ▪ Participates in cultivations and solicitations ▪ Chief representative of the organization
<i>Board as a whole</i>	<ul style="list-style-type: none"> ▪ Ensures the nonprofit is worthy of investment by donors ▪ Endorses goals and direction ▪ Adopts plan as part of budget process ▪ Participates in strategic discussions regarding strength and weaknesses, progress, trends and implications
<i>Individual Board members</i>	<ul style="list-style-type: none"> ▪ Carry out specific activities such as identification of potential donors, cultivation and solicitation of donors ▪ Are accountable for fulfilling commitments made ▪ Make personal gifts

Board Development: The Board's Role in Fund Development

“Never doubt that a small group of committed individuals can change the world. Indeed it is the only thing that ever has.”

Margaret Mead

Board Development: The Board's Role in Fund Development

"A one-minute phone call to say thank you can represent the equivalent of a year's worth of solicitations. You never know why or what someone might give.

Penelope Burk



Board Development Program
907 Standard Life Centre
10405 Jasper Avenue
Edmonton, AB T5J 4R7

Fund Development Organizational Models

How the process of fund development and fundraising unfolds in your organization will, of course, depend on how your organization is structured.

Some nonprofit boards choose to have a standing development committee that is responsible for leading fundraising activities. This can work well as it provides focus and clear lines of responsibility for reaching the goals. However, it can also be detrimental to overall success if it means that fundraising is delegated to a small group that ends up working in isolation from the rest of the board. Development committees are also known to have become mired in minutiae rather than focusing on the identification, cultivation and solicitation of donors. Strong leadership and clear responsibilities, supported by firm staff direction (if applicable) are necessary to ensure a development committee lives up to its potential benefits.

An organization with no staff or some staff but no professional fund development staff will have to adapt the key responsibilities accordingly within the context of their available resources. Board recruitment will take on a somewhat different focus and fundraising programs will be suitable for a volunteer driven organization.

Commitment + Passion + Cause + Strategy = Success

You are on this board because you believe in what it does. Your commitment is based on your passion for a great cause. The combination of these three things with a thoughtful, strategic and well-planned approach to raising philanthropic support for your organization is a potent formula for success. Why would you do it any other way?



About the Author:

Andrea McManus, CFRE is President of *The Development Group*, a full service philanthropic consulting firm based in Calgary. She has over 25 years experience in fund development, marketing and communications and has worked with provincial and national organizations and their boards to build their internal capacity to raise more philanthropic and marketing revenues more effectively.