



The
**FORGOTTEN
FOUNDATIONS**
of
FUNDRAISING

Practical Advice and Contrarian Wisdom
for Nonprofit Leaders

JEREMY BEER | JEFFREY CAIN

WILEY

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*To all our colleagues and clients, past and present,
for helping strengthen the little platoons.*

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The
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Chapter 1

**Civil Society, Yes;
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No—or, the Cons of Being Pro**

This is a book for people who hate these kinds of books. This book is also an act of reclamation. We aim to take back fundraising from the professionals and the degreed class, with their impenetrable jargon and their fetishized algorithms and their extortionate fees, and return it to its proper owners: Catholic-school moms, CEOs of smaller nonprofits, symphony orchestra development officers, idealistic think-tankers . . . the people who are the heart and soul of American civil society. Because civil society is not an exclusive club; it's a participatory democracy. It is citizenship in glorious action.

We don't like to bask in self-adulation, at least no more than any relatively normal person does. We don't like to toot our own horns, write our own press releases, or pen advertisements for ourselves. We don't want to come off as what sixth-grade girls used to call "conceited."

But, oh heck, let's.

Nah, we won't, but we do need to give you a brief and unadorned corporate resume in anticipatory response to a reader's inevitable question: "Just who are these guys, and why should I listen to them?"

We are Jeremy Beer and Jeff Cain. In 2009, we founded American Philanthropic, a consultancy that shuns secret formulas and magic bullets. Instead, AmPhil provides empirically based strategic guidance, essential tools, and practical training. Though the authors hold doctorates in Psychology and English Literature, respectively, please don't hold that against us: This book is academese-free, and not once will we use the words *instantiate* or *semiotics*.

Though our two names are blazoned on the cover, this really is a collaborative effort by all 30 or so of us at American Philanthropic, where Jeremy is now Principal Partner while Jeff toils as the CEO of CrossFit. Also pitching in for this effort was our friend Bill Kauffman, who is neither cross nor fit.

We and our colleagues have worked with hundreds of nonprofits over the last decade and helped them raise more

than oodles but fewer than gazillions of dollars—we won't insult your intelligence by hanging a precise number on it, the way many consultants do. We learned much of what follows from our clients. And we learned by trial and error, by instinct and empiricism, by following promising leads down dead-end roads and stumbling into unexpected revelations. Our intention is to jump the reader 10 years ahead of where we were when we launched American Philanthropic.

Simplify, simplify, simplify is a simplistic mantra, but if you do two things well, you will raise ample funds: (1) Find new donors, and (2) cultivate the donors you have, moving them up the giving ladder. That's it.

Well, it's a little more complicated than that. Likewise, you could say that offensive football consists of just two things—running and passing the ball—but success depends upon how well you execute a variety of plays, formations, and strategies. In the case of fundraising, your playbook primarily consists of direct mail, meetings, and foundation grants. Down, set, *but*. Perform these well and you'll raise more than enough money.

Fundraising isn't rocket science; in fact, the asocial father of rocket science, Robert Goddard, who was often distracted and unpleasant, would have been a lousy fundraiser, though the charismatic Werner von Braun might have done just fine if the space flight thing didn't work out for him.

What the world of fundraising *is*, though, is a banquet for those who feast on bad ideas.

In the early years of the company, we were continually surprised at our success. At first we thought that we were getting away with something, pulling the wool over our clients' eyes. After all, we had modest experience in fundraising and, at some level, felt that we were not qualified to teach others. We did in fact have a lot to learn. Over the years, though, and with the help of our wise clients and superb colleagues, we have found a way of doing things that works. We're still

learning on the fly; anyone who has stopped learning has started to atrophy, and the next stop is complacent mediocrity. But we now understand more completely where we stand in the bigger scheme of fundraising professionals and nonprofit consulting companies. To borrow a lyric from those puckish nonconformists of the first wave of British rock, the Kinks, we're not like everybody else.

Some of the conventional wisdom about fundraising is, we have found, self-serving nonsense spooned out by consultants who benefit from its tenets. When we launched American Philanthropic, we had no reason or incentive to dissent from this conventional wisdom. Its bland certitudes seemed unobjectionable, if uninspiring.

But the realities of guiding hundreds of small and medium nonprofits toward fiscal health jolted us into the realization that the bland certitudes of the conventional wisdom are based on gross misunderstandings of human nature and why people give money to nonprofits. In obsessing over numbers, outcomes, and its endlessly advertised "rationalism," the fundraising establishment has often excluded the human factor from its calculations.

To the extent American Philanthropic has been successful, it is in part because we operate under no grand theory, no peremptory ideology. We take a simple nuts-and-bolts approach that we call, jokingly, DIRT. (Every scam artist and grifter who carries a business card identifying himself as a consultant traffics in acronyms; we chose ours with tongue only partly in cheek, since dirt is, quite literally, down to earth, and that's where we operate.)

We will dig into DIRT in the second chapter. For now, let's just point out that DIRT is what feeds the grassroots, and this humble agrarian metaphor fits the American Philanthropic philosophy. We stand, first and last, for civil society and for the idea that ordinary Americans—working in concert and motivated by love and fellowship and strong conviction

within the private associations, societies, and charitable organizations that give America its pith, its heart, its spirit—are more valuable than the entire run of top-down, heavily credentialed, remote-controlled nonprofit Godzillas.

Don't be cowed by the arcane—often inane—language of the professional fundraiser. You don't need a degree in fundraising or a certificate in philanthropy, although several of our best friends in the field are so credentialed. “Let every sheep keep its own skin,”¹ as Henry David Thoreau famously dismissed the acquisition of diplomas. Given that both of AmPhil's founders possess a PhD, we are not in full accord with the Thoreauvian sentiment, but we appreciate its implicit endorsement of native common sense and American autodidacticism over pedantic displays of formal learning.

If you are reasonably bright and interpersonally normal, you already have the necessary skills to raise money for your nonprofit. We'll give you the tools and tell you what you need to know. Follow our advice—get down in the DIRT—and you'll be successful. You'll also save yourself a lot of grief, not to mention money. (Doctorates in philanthropy don't come cheap!)

In the chapters that follow, we'll tell you how to find donors and how to keep them, how to plan for organizational success and how to achieve it, and how best to employ mailings, meetings, events, donor clubs, planned giving, foundation outreach, and more in furtherance of your nonprofit's goals.

We mentioned *civil society*, which has about it the whiff of a buzzword, an empty vocable of the sort used by hack political speechwriters.

It's not. Civil society is just a faintly pretentious name for America. For the essence of America is voluntary human collaboration and mutual aid. It is community, sodality, solidarity, pursued collectively but noncoercively.

Civil society is what makes America *America*. It is the Little League, the volunteer fire department, the quilting guild, the historical society, the Society of St. Vincent de Paul and the deacons of the Presbyterian Church and the African Methodist Episcopal Church choir and the Candy Strippers and the town's concert band and the reggae circle and the Gilbert & Sullivan amateur troupe and the Village Green Preservation Society. And sure, a rung or two up the ladder it also includes your city's aquarium, museums, liberal arts college, and other well-heeled institutions.

Though diminished, service clubs remain the civic backbone of many communities: Rotary, Lions, Kiwanis, Zonta, Elks. They are part of the American legacy of voluntary associations. They undergird our communities; without them, we may as well be free-floating atoms, unconnected and wanton.

Alexis de Tocqueville, the keen-eyed French observer of the American scene during the Jacksonian era, marveled at the profusion of voluntary associations within the new republic:

Americans of all ages, all conditions, and all dispositions constantly form associations. They have not only commercial and manufacturing companies, in which all take part, but associations of a thousand other kinds, religious, moral, serious, futile, general or restricted, enormous or diminutive. The Americans make associations to give entertainments, to found seminaries, to build inns, to construct churches, to diffuse books, to send missionaries to the antipodes; in this manner they found hospitals, prisons, and schools. If it is proposed to inculcate some truth or to foster some feeling by the encouragement of a great example, they form a society. Wherever at the head of some new undertaking you see the government in France, or a man of rank in England, in the United States you will be sure to find an association.²

In our work with American Philanthropic we seek to recover, to reignite, that tradition. For in recent decades, cultural, economic, and governmental trends have eroded civil society, as the work of political scientist Robert D. Putnam has demonstrated. Only by bolstering “social connectedness,” concluded Putnam, can Americans restore “civic engagement and civic trust.”³

Always, *always*, we are seeking to strengthen civil society.



Philanthropy—which finances civil society—has survived recession, depression, and war, but it could face an even graver threat today in the form of professionalization.

“Nonprofit studies,” says Seton Hall professor Naomi Wish, is “one of the fastest growing fields in academia.”⁴ At last count, according to another Seton Hall professor, Roseanne M. Mirabella, 292 colleges and universities offer courses in nonprofit management, 168 schools of higher education have graduate degree programs with a concentration in the subject, and at the apex of this sheepskin pyramid sits Jeremy’s alma mater, Indiana University, which in 2003 became the first university to offer a course of study leading to a PhD in Philanthropic Studies. (The first doctorate was granted in 2008.)⁵

Working backward from the PhD, in 2010 IU instituted a Bachelor’s of Philanthropic Studies, and two years later the Indiana University Lilly Family School of Philanthropic Studies invested its Founding Dean. The department is peopled with men and women of goodwill, some of whom produce scholarly work of merit, and it graduates an earnest cadre of ambitious proto-professionals. Many go on to do laudable work in the nonprofit sector, but inevitably some alumni use the argot and secret handshakes of the philanthropic priesthood learned in school to keep the un-degreed in their place.

Concomitant with the growth of academic philanthropic programs has been the spread of organizations that certify those who jump through the proffered hoops. Typical is the Association of Fundraising Professionals, a New York City-based organization that, for a fee, will vouchsafe that the petitioner has earned the credential of:

- ◆ Certified Fund Raising Executive (CFRE), which is “a recognizable demonstration of your personal and professional achievement and commitment”;
- ◆ Advanced Certified Fund Raising Executive, which “signifie[s] mastery of professional standards in leadership, management and ethics, at an advanced level of practice”; in other words, the ACFRE is for those who regard the mere CRFE holder as a rank amateur, barely more sophisticated than the legless blind man selling pencils on the streetcorner; or a
- ◆ Diploma in Fundraising, for those who “know the fundamentals—but you need to take that next step Don’t just settle for fundraising as your job, make it your CAREER.”⁶

It’s too easy to mock the ridiculous humbuggery of this salesmanship, which reminds one of the back covers of old comic books (“Get rich selling seeds!”). Good and decent people enroll in these online and face-to-face courses because they want to get better at their jobs and climb the next rung of the office ladder.

But these are, at their root, pernicious. To the extent that these credentials privilege their holders in the pursuit of jobs, they act as barriers to entry.

The ultimate granter of the CFRE (Certified Fund Raising Executive) credential is CFRE International, which aspires to “se[t] standards in philanthropy” by handing out sheepskins to those who complete a written application and a written

examination, and agree to abide by a code of ethics and standards, all for a fee of \$875. On the off-chance that you flunk the test, a retake is just \$375. To keep replenishing the coffers, the CFRE holder must recertify every three years.

CFRE International is based in Alexandria, Virginia, securely within the Beltway that strangulates Washington, DC, and the republic whose capital she is. But don't get the idea that this is some provincial American outfit. The CFRE disabuses Internet visitors with this answer to the question, "Why does your website use spellings like 'organisation' and 'programme'?" *Because the CFRE is a global credential, CFRE International uses British spelling, which is the international standard.*⁷

The flight from amateurism, from a philanthropy rooted in love and communal values, has been hastened by the federal government, in particular that bane of every American's April, the Internal Revenue Service. The instrument of harassment is the IRS's Form 990, which must be filed by all tax-exempt organizations exceeding a gross receipts minimum of \$50,000. (In 2015, the most recent year for which statistics were available, about 295,000 charitable organizations filed Form 990s.)⁸

The Internal Revenue Service's revamped Form 990 goes far beyond merely ensuring tax compliance by nonprofits. They are required to report on their mission, leadership, activities, and finances over 16 separate schedules. The questions—Do you have a process for setting salaries? A written whistleblower policy? How is your conflict-of-interest policy monitored?—range from the nitpicking to the intrusive, but what they have in common is a complete lack of congressional mandate. Many are in no way germane to the IRS task of tax compliance and collection.

Besides the garden-variety harassment that is the *raison d'être* of the IRS, these niggling and irksome rules seem

designed to discourage amateurism in nonprofits. The Latinate root of *amateur*, recall, means love, a quality never in abundant quantity at the IRS. In recent years the word has come to denote one who undertakes an activity for no remuneration but the coin of love. An amateur need not be slapdash or oafish; Dorothy Hamill, Carl Lewis, Michael Phelps, and the 1980 U.S. Olympic hockey team were all amateurs. To despise amateurism, as short-sighted partisans of professionalism would have us do, is to condemn love and its often magnificent fruits.

The consequence of the IRS making its Form 990s ever denser and more confusing is to drive out amateurs. By requiring a specialized and sophisticated understanding of this gobbledygook—an advanced degree in application-filling-out—the tax agency is forcing more nonprofits to hire lawyers, tax accountants, and administrators. It is encouraging—nay, mandating—the bureaucratization of philanthropy. It is in effect waging furtive war on Tocquevillian associations.

The drive to professionalize fundraising and nonprofit management, to make it yet another field in which artificial barriers keep out the unwashed and benighted, from whom nothing is expected but deference, is consistent with the debilitating notion that an “expert” is anyone carrying a briefcase who isn’t from here.

In fact, the professionals usually miss the heart of the matter. They tend to fall for whatever the latest fad happens to be. Today’s conventional wisdom says that donors give out of *enlightened self-interest*. That is, they are driven by a desire for a good return on their investments. They are said to *prioritize*—and the use of that jargonish offense to the English language is usually a tipoff to the bureaucracy-blinkered vision of its user—*effectiveness* and *impact*. They look at the data, pore over the spreadsheets, furrow their brows analytically, and then they write out a check to