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Fundraising

FOR

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3RD EDITION

**by John Mutz
and Katherine Murray**



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About the Authors

For more than two decades, **Katherine Murray** has specialized in writing how-to books for general audiences on a variety of topics, ranging from business to technology to parenting. A number of years ago, Katherine's writing led her into the nonprofit world, when she volunteered her research and writing skills to help selected nonprofit organizations with missions close to her heart. Since that time, Katherine has completed a certification in Fundraising Management from the IU Center on Philanthropy and become a kind of "fundraising coach" for small and struggling nonprofits. Katherine's recent books include *Green Home Computing For Dummies* with coauthor Woody Leonhard (Wiley) and *First Look Microsoft Office 2010* (Microsoft Press). As a member of the Society for Environmental Journalists, she writes articles and blogs about earth-care issues. You can follow Katherine's Twitter feed at <http://twitter.com/kmurray230>.

John Mutz is a fundraising expert and speaker who has an extensive array of fundraising credits. He was named 1997 Volunteer Fundraiser of the Year by the Indiana Chapter of National Association of Fundraising Professionals. In 1999, John served as Chairman of the United Way of Central Indiana, which raised more than \$36.5 million. From 1996 to 1998, John served as Chairman of the Indianapolis Zoo, where he chaired a \$14.5 million fundraising campaign for White River State Park Gardens. From 1989 through 1994, John was the president of the Lilly Endowment, one of the nation's five largest private foundations, which supports the causes of religion, education, and community development. The Endowment included in its grant-making activity special grants intended to improve the financial viability of nonprofit organizations. During his time there, the Lilly Endowment made the grant that brought the Fundraising School to the Center on Philanthropy at Indiana University Purdue University Indianapolis (IUPUI). In addition, the Endowment initiated the GIFT program, which utilized matching and challenge grants to create a network of community foundations that now covers all 92 of Indiana's counties.

In 1988, John was the Republican Candidate for Governor of Indiana, during which time he raised \$4 million for the campaign. He is also co-founder of the Indiana Donor's Alliance, a statewide organization of community foundations. In addition to his board positions, John serves as a regular speaker for the Executive Leadership Institute (National Association of Fundraising Professionals), the National Council of Foundations, and the Center on Philanthropy. He has also been a speaker for the Rocky Mountain Council of Foundations and Hillsdale College and has given dozens of speeches to community foundations. John served as Indiana's Lieutenant Governor from 1980 to 1988 and in 1999 retired as president of the state's largest electric utility. He currently serves as Board Chairman of Lumina Foundation for Education, a billion-dollar private foundation which supports access and success in post-high school education.

Dedication

To the tens of thousands of caring volunteers, staff, and development professionals who do all they can to give of their time, effort, and wealth in supporting the causes close to their hearts. Because of you, the world keeps turning.

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Some of the people who helped bring this book to market include the following:

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Project Editor: Victoria M. Adang
(*Previous edition: Jennifer Connolly, Kristin DeMint*)

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Cover Photo: iStock

Cartoons: Rich Tennant
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Composition Services

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Layout and Graphics: Ashley Chamberlain,
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Introduction

Chances are you were initially drawn to nonprofit work because of a cause you cared about — whether that cause was homeless families, environmental concerns, cutbacks in the arts, or public policy issues. You heard or saw something that touched your heart, and your mind opened up to the possibilities of doing something to help. Maybe your checkbook opened up, too.

Whether you wound up helping as a volunteer, joining a staff, or serving on a board, you most likely connected with the agency because, first and foremost, you believed in the work it was doing. At some point, you realized that the role of the fundraiser is right at the heart of the organization. After all, without funding, the agency wouldn't be able to do any of the good work that got you hooked in the first place.

As you certainly know, fundraising in any economic climate is a challenge, but raising funds in a time of financial upheaval is a challenge of new proportion. Not only is your organization vying with other groups for donors' attention, compassion, and financial gifts, but now you must swim against the tide of economic uncertainty, reduced assets, and general insecurity in the market. How do you encourage donors to give when they're fearful about their finances? How can you demonstrate the good stewardship of your group and share your success stories — all while reducing costs and furthering your reach? Is it possible to connect with your donors in new ways during economic hardship, honoring their contributions and inviting their engagement no matter how big the check they write today is?

Fundraising For Dummies, 3rd Edition, answers these questions and many more, offering practical, tried-and-true ways to raise the funds you need in any financial landscape. Whether you run a one-person development office or chair a 20-member board of directors, this book walks you through the process of assessing your fundraising climate, getting ready to raise funds, preparing a far-reaching fundraising plan, gathering your resources, and putting your plan in place. Additionally, this book shows you how to find and work with donors, set up a variety of fundraising campaigns, and explore effective, low-cost ways — such as reducing your four-color print budget and beginning to use social marketing techniques — to get the word out about the good your organization is doing in your community and around the world.

About This Book

No matter where you are on your fundraising journey, this book is here to help you find just what you need. You don't have to read it cover to cover to find value, but we do suggest that you start by taking a look at Chapter 1, which gives you a sense of the factors that influence raising funds in a shifting economic landscape. Then feel free to wander where your interests and most urgent needs lead you. When we cover a particular topic in more detail elsewhere in the book, we include a cross-reference so you can easily jump from chapter to chapter to read up on the areas that interest you most.

Throughout the book, we strive to make ideas and phrases easy to understand, putting things in simple terms with advice straight from the school of practical experience. The idea is to give you effective fundraising techniques fast — ideas you can put in place right away — without requiring you to spend a lot of time with complicated concepts that will rarely, if ever, affect what you do in real-world fundraising for your organization.

Conventions Used in This Book

We use the following conventions consistently throughout the book:

- ✓ New terms appear in *italics* and are closely followed by an easy-to-understand definition.
- ✓ **Boldface** text either indicates keywords in bulleted lists or highlights action parts of numbered steps.
- ✓ All Web and e-mail addresses appear in `monofont`.

When this book was printed, some Web addresses may have needed to break across two lines of text. If you come across a two-line Web address, rest assured that we haven't put in any extra characters (such as hyphens) to indicate the break. So when you're using one of these Web addresses, just type in exactly what you see in this book, pretending that the line break doesn't exist.

What You're Not to Read

Sidebars — the gray boxes set apart from the regular text — are side topics that may be interesting but aren't exactly essential to the fundraising topics at hand. Sidebars may point out the background of a term or practice, for example, or give you additional details on a topic mentioned in the text. If you want to speed through the book and skip the sidebars, go ahead; no need to feel guilty.

Foolish Assumptions

We made some assumptions about you as we wrote this book. Basically, we think the following:

- ✔ You're a current or aspiring fundraiser.
- ✔ You're feeling the impact of the shifting economy and want practical ideas for effective fundraising.
- ✔ Whether you have 20 years of experience or are just starting out, you'd like some fresh ideas and advice that will help you use the best approaches and technologies available today.
- ✔ You may be anyone from a full-time staff member to a volunteer charged with fundraising tasks.
- ✔ You don't have a huge staff or open-ended budget.
- ✔ You care about the mission you're raising funds to support and want to make a positive difference.
- ✔ You don't have time to waste; you need to get to work right away with ideas and tools that can help you succeed.

How This Book Is Organized

Fundraising For Dummies, 3rd Edition, is organized into five different parts, with chapters arranged to walk you (more or less) through the process of preparing for, creating, implementing, and evaluating a cohesive fundraising system.

Part I: Putting Your Fundraising Ducks in a Row

Part I is all about your readiness — as an agency — to set up a fundraising system. Long before you start taking those checks to the bank, you need to make sure your organization is ready to raise funds. Getting ready involves gaining a sense of the climate in which you're planning to raise funds and identifying the factors that may impact your efforts. It also means getting a clear sense of the organization. What's your organization's mission? Why do you do what you do? Whom does your agency help? What does your board do? This part of the book helps you evaluate and answer these questions — and many more — to make sure that you are, in fact, ready to roll out your own fundraising plan.

Part II: Finding — and Winning Over — Donors

Part II introduces the all-important donor and helps you understand what role he or she plays in the effectiveness of your overall fundraising plan. Who are your donors and where can you find them? What motivates a donor to give? How can you lessen your chances of hearing “No!” on your donor calls? How equitable is the agency-donor relationship? How can you write a winning grant proposal that speaks directly to the grantor about the good your organization does (and how a grant would help you do even more)? This part introduces you to these donor-related aspects of any fundraising system and helps you prepare for your eventual dialog with your donors.

Part III: Telling Your Story and Building Your Brand

Much of your work as a fundraiser involves telling the story of your organization in a compelling and engaging way. Whether you’re sending mail pieces, working with the media, writing grant proposals, using social media and e-mail approaches, or updating your Web site, understanding what your donors see, hear, and think about your organization is key to ensuring that you’re building the brand value you hope to create. When your name and work are synonymous with compassion, quality, service, and good work, your donors will be glad to be part of your organization and will undoubtedly want to get closer. This part helps you use all these means — and more — to engage your donors in a way that enables them to give gladly.

Part IV: Engaging Your Givers with the Right Campaigns

As a fundraiser, you find out quickly that different campaigns enable you to connect with different types of donors in different ways. You fund your year-in, year-out operations with your annual fund. You purchase new playground equipment with the help of a special event. You build the new library building thanks to the dollars raised for the capital campaign. You can go after major gifts from corporations and foundations, or you can decide to build an

endowment for longer-term financial security. This part explores these different campaigns and provides advice about when you should use each campaign, what to expect from them, and how to evaluate the campaigns so you can do more of what works next time.

Part V: The Part of Tens

In typical *For Dummies* fashion, this part of the book lists a few collections of ten items, grouped around a particular subject. Chapter 24 offers ten interesting ideas about changes on the fundraising horizon that may impact your work in the years to come. Chapter 25 offers great opening lines that you can use to engage your donors right off the bat. You never know when one may come in handy.

Icons Used in This Book

If you've ever used a *For Dummies* book before, you know that each book has a lot of little pictures on the pages, showing you what's special and important about a particular paragraph. Here are the icons we use throughout this book:



Anything having to do with money, people, and time lends itself to analysis. This icon draws attention to quantifiable ways that the fundraising landscape has changed over time.



This icon highlights useful concepts and practical information.



Basic “how-to-do-it-better” ideas appear with this icon so you can do things correctly from the start.



Pay close attention to the information listed with this icon, or your fundraising campaign could be a bomb.

Where to Go from Here

Well, you could take the afternoon off and go watch the Cubs play . . . but more than likely you're now fired up and ready to tackle some of the fundraising issues you face. Before you begin, however, review the following fundraising truths:

- ✓ Fundraising starts with passion.
- ✓ People want to give — even in tough economic times.
- ✓ You help donors achieve their goals. (Giving truly is good for both the donor and the organization.)
- ✓ Fundraising is a noble endeavor.

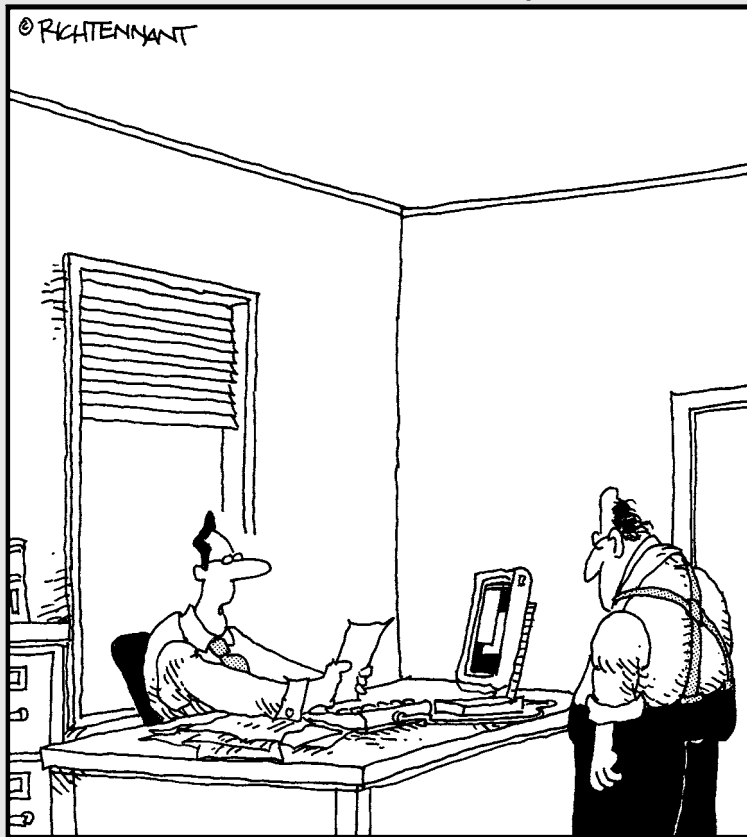
Don't believe these truths? By the time you're done reading this book, you will. In the meantime, sit back, feel confident that you're not alone out there in the big world of fundraising, and enjoy your trip through *Fundraising For Dummies*, 3rd Edition. Feel free to start at the beginning, or move to the topics that interest you most. Go wherever your fundraising heart takes you!

Part I

Putting Your Fundraising Ducks in a Row

The 5th Wave

By Rich Tennant



“If we eliminate the tchotchkes, suck up to the media, and time travel to the 13th century, we should be able to last another year.”

In this part . . .

Before you can start bringing in the big bucks to fund your organization, you need to begin at the beginning — by figuring out the lay of the land and getting a sense of what's possible in your fundraising environment. Anytime you start something new, you have to take some time to get your feet under you and become familiar with the basics of your task. And in times of economic upheaval, being able to assess your starting point — and envision your end goal — is more important than ever.

This part of the book introduces you to the foundation of your fundraising efforts: your passion, your mission, your board, and your message. Use this part to put the cornerstones in place as you begin building your fundraising approach.

Chapter 1

Fundraising in a Changing Economy

In This Chapter

- ▶ Keeping your thumb on the pulse of the economy
 - ▶ Discovering your opportunity during an economic downturn
 - ▶ Finding success by building relationships
 - ▶ Taking advantage of an upcoming economic recovery
-

Chances are you love a challenge. You probably also enjoy people, have a passion for your cause, have skills that help you communicate easily, are personable, and know how to focus on details while keeping in mind the big picture. In your heart of hearts, you also may have a never-say-die belief that good causes need good people to raise the funds that keep them going.

Congratulations! You're in the right line of work.

Fundraising may not be the easiest job you ever do in your life, but, as you gain understanding and experience, you discover that it offers great intrinsic and lasting rewards: relationships with passionate and dedicated people; the achievement of goals for a cause you believe in; the excitement of knowing your efforts are contributing to the common good — by way of putting food on the table for those who are hungry, opening doors for those who need them, or cleaning up the environment for the next generation. All along the way, you have the chance to be a matchmaker of good works and good people — bringing together people who have a desire to help with an organization that needs them.

Even with all these inherent benefits, however, now isn't an easy time to be a fundraiser. If you've been in the role for any length of time, you've probably spent a lot of time watching with a wary eye as the economy pitches and sways. You wonder whether donors will have anything left to give; you watch

your endowment drop; you cringe at the economic forecasts. After all, in almost every industry today — education, healthcare, social services, environmental protection, public service, and so on — you find giving numbers down, corporations tightening their purse strings, foundations offering fewer grants, and government dollars slowing to a trickle.

Although it's important to have your eyes open, to know what's happening in the world, and to discern how the current economic situation is impacting your organization, not everything is doom and gloom. As you see in the world around you, times of disequilibrium find their way back to balance. As the economy shifts and topples, you get the opportunity to look more closely at your foundation, your approach, your programs, your messaging, and your people. You now have the time to give a closer look to the areas you took for granted when times were good. How has your organization changed? What are your opportunities today? How can you work together with your staff and board more effectively — while improving your efficiency and cutting costs at the same time — so that when the numbers begin to rise again (and they will), you're ready to move even more effectively into a time of abundance?

This chapter offers practical in-the-trenches ideas for navigating through tough times, capitalizing on your successes, and planting seeds now for some major blossoming in the months and years ahead.

Looking at the Stark Realities

Just how bad is it? According to the Center on Philanthropy at Indiana University, the Philanthropic Giving Index (PGI), which evaluates confidence in charitable giving, reached an all-time low in 2009, dropping almost 49 percent since December 2007. When the PGI was calculated in the depths of the U.S. recession, more than 93 percent of fundraisers said the economy had a negative or very negative effect on their ability to raise funds.

Even though the numbers show that donors who traditionally have given less than \$1,000 are giving roughly the same amount they gave in previous years, donors who traditionally have given more than \$1,000 are being impacted in a big way, and the size and number of gifts they are giving have been significantly reduced. Uncertainty is in the air, and even your more affluent donors may be experiencing difficult personal economic circumstances.



Giving USA 2009, a report showing the results of philanthropic giving in 2008, illustrates just how bleak the numbers really are. Compared to the philanthropic giving total for 2007 (just over \$314 billion), total giving in 2008 was