The Fundamentals of Fundraising

O'Kennedy Consulting
Supporting Philanthropic Impact

the arts council
an chomhairle ealaíon
An Invitation to RAISE your fundraising game

Contents

Introduction 3
Cultivating a Culture of Philanthropy in your Organisation 4
Your Organisation's Vision and Mission Statements 5
Making you 'Fit for Funding' 6
Your Organisation's Board 6
The Donor Pyramid 7
Major Donors 8
Corporate Support 10
Trusts and Foundations 13
Legacies 14
Regular Giving 15
Community and Event Fundraising 17
Volunteer Coordination 19

Introduction

In developing a fundraising plan/strategy there are 3 key internal questions to answer:

1. Where are we now in terms of fundraising and donor engagement?
2. What does success look like in terms of fund development?
3. How do we get there?

- Your Fundraising Strategy must be closely tied to and work in accordance with the larger organisational strategy – they must be aligned for success

- Friend-raising comes before Fundraising, so it is essential that your marketing/comms strategy aligns with your Fundraising Strategy

- The Importance of the Case for Support. At the heart of all good fundraising is a powerful and engaging argument as to why a donor should support your work

- Understanding the Donor Value Pyramid and the supporter journey

- The 6 key steps in the Fundraising Cycle: From donor identification and acquisition to stewardship

- Your prospect lists (Using the D.I.A.L model)

Cultivating a Culture of Philanthropy in your Organisation

- Any disconnect between culture and strategy puts success at risk!
- There is a direct correlation between healthy productive organisational culture and successful fundraising
- Your Fundraising Strategy should be reviewed over 1 to 3-year timeline and your organisational culture needs to be reviewed at same time!
- The entire staff body must be supportive of directly or indirectly enabling fund development – it must be woven into the fabric of the organisation
- Full senior management buy-in and engagement in fundraising is vital to success!

Your Organisation's Vision and Mission Statements

- Fundraising is becoming more competitive and strategic.

- Donors are more and more knowledgeable. Therefore, fundraisers must proactively nurture, promote and explain the relationship between fundraising and philanthropy both within and beyond our organisations.

- You must work to help your boards, staff, volunteers and donors to understand the impact of the philanthropic relationship on fulfilling your mission and vision. It's up to you to help them connect the dots and to cultivate a widespread culture of philanthropy within your organisations.

- Re-stating the vision and mission of the organisation at the start of the fundraising planning process can focus attention on what income is likely to be required and what it will be needed for.

- Understanding why income is needed is the starting point in fundraising planning.

- Vision and Mission statements do not outline the specific details of what the organisation plans to achieve within each planning period – these details are contained in the organisation's objectives.

- Instead, the Vision and Mission statements should be short, inspiring, durable (designed to last five or more years) and distinctive.

Making you 'Fit for Funding'

- Is your organisation compliant with Charities Regulator Authority?
- Does your organisation have a clear organisational structure?
- Does your organisation exercise annual reporting and have this information publicly and clearly available online?
- Is your organisation Triple Locked? Are you signed up to the Fundraising Codes of Practice, Governance Code and complies with SORP regulations? Note: Please see Handbook on **Sector Regulation & Best Practice**

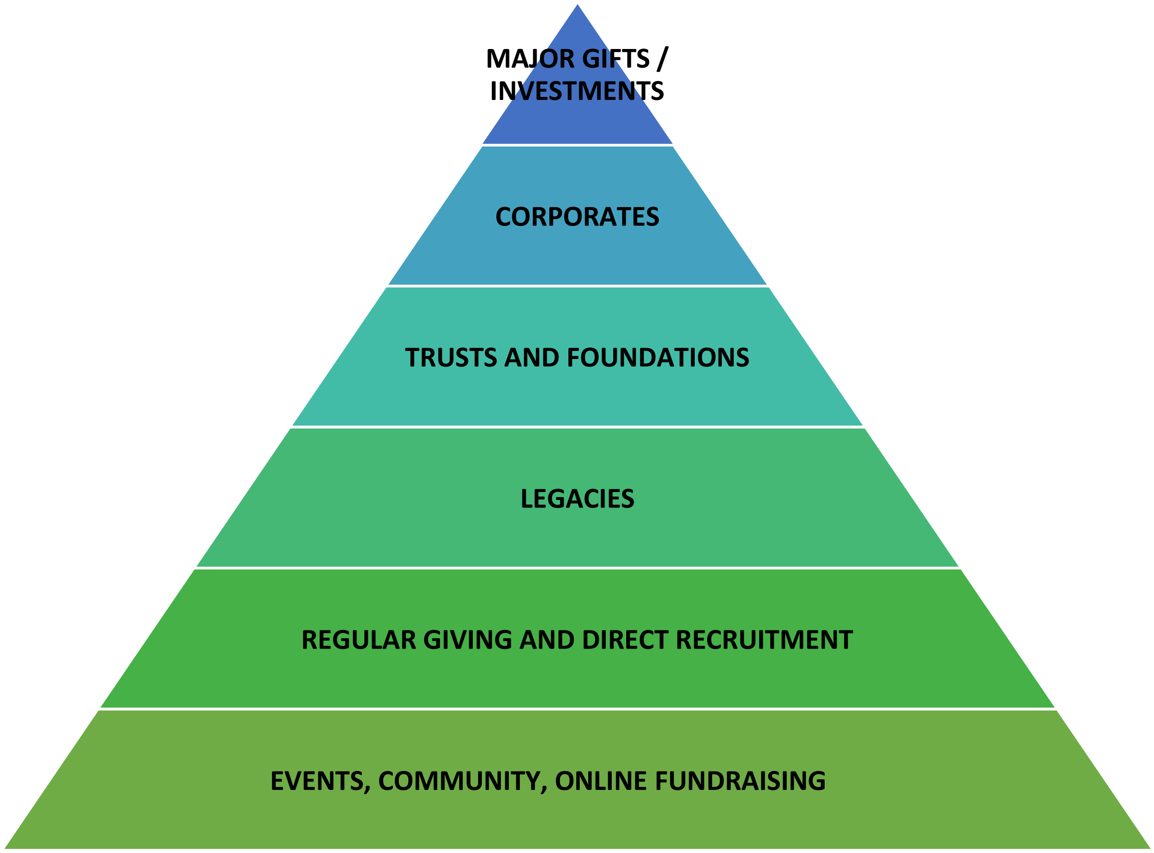
Your Organisation's Board

- Boards should be structured so that they provide a balance, not only in terms of skills and experience but also with respect to age, gender, ethnicity, background and physical abilities.
- Identify any weaknesses on your board, for instance, a skills gap or lack of expertise with regard to corporate governance. Such weaknesses, once identified, can be easily addressed.

The many roles of the Board Members – use motivational titles!

Identifiers	**Attendees**
Qualifiers	**Stewards**
Cultivators	**Advocates/Champions**
Door Openers	**Conduits**
Askers	**Advisors**
Donors	**Ambassadors**

The Donor Pyramid



The Donor Pyramid is a traditional starting point for defining the donor acquisition process. There are multiple versions of this pyramid but the main thinking behind it is to move your donors up the pyramid.

This pyramid demonstrates the “bottom up” fundraising approach: Events, Community & New Media to draw in a wide audience followed by Regular Giving and Direct Recruitment to focus the need, Legacies are a longer play but need planning and communications, and Trusts & Foundations, Corporates & Major Gifts/Investments supporters will make up the highest % of your income. The Pareto principle, states that 80 percent of your gifts will come from 20 percent of your donors. This is where the most focus should be given to leverage highest philanthropic support.

<u>Note:</u> There are separate **Handbooks** on a number of key fundraising avenues but the detail below will give you a synopsis of the key points!

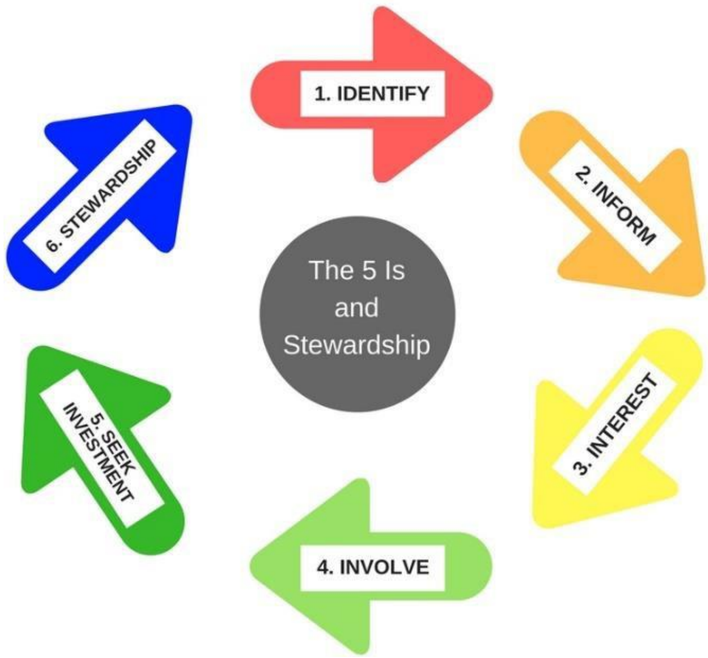
Major Donors

Major Donors make gifts after careful thought, and they often see their gifts less as a contribution and more as an investment in the ability of the organisation to serve their communities and sphere of the arts, or to support a cause which is of personal importance. In terms of the definition of a Major Gift it can be seen as an investment that will tend to have these characteristics:

- A commitment that takes Planning, Preparation, Hard Work and Patience.
- It is of a different magnitude from your organisation's or donors' usual range of gifts.
- It has the potential to have a significant impact on your organisation and its facilities.
- A gift that stretches and commits the donor.
- A gift that results from a strategic personal relationship and involves contact between people over an extended period.

Successful engagement at the implementation stage should **I**dentify, **I**nform, **I**nterest, **I**nvolve, seek **I**nvestment and finally stewarding the donor after the donation has been made - the **5 "Is" and Stewardship**.

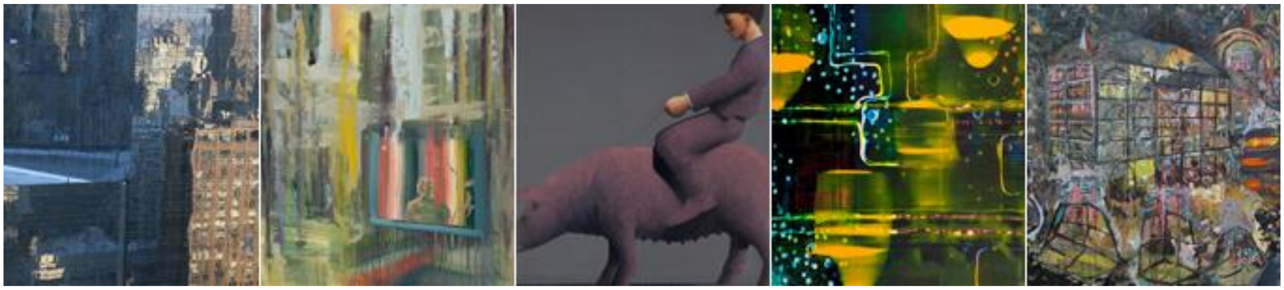
This process takes considerable time and requests will need to be specifically tailored to the potential donors' capacity and interests.



More detail on this process is found in the **Major Donor Engagement Handbook.**

"Major Gifts are larger not just because these donors have more to give, but because organisations take time to communicate their values and to share a vision of how they can serve their communities. Major gift fundraising is deliberate, thorough, and patient, ruled less by the budgetary needs of the fiscal year than by the thought and commitment that motivates the gift" ***Kay Sprinkle Grace, Principal of Transforming Philanthropy***

Corporate Support



Mason Hayes and Curran – Supporting the Arts

The process of engagement and cultivation is similar for corporates and major donors. Identifying and rating (through D.I.A.L model) is essential in prioritising your prospects. Research should first be carried out on companies with partnership programmes that share similar goals or have demonstrated existing interest in a similar area.

The Board and staff should be leveraged in order to ascertain any corporate prospects, which are already known to the organisation. You want to identify potential corporate partners, who will advocate on your behalf. Any communications between your organisation and potential partners should be logged carefully on your database – and where possible have one consistent point of contact.

Actively networking with the business community, including attendance at networking events held by the various Chambers of Commerce, seminars hosted by Professional Services Firms, engaging with Business to Arts and Business in the Community etc. are excellent ways to identify new prospects, but in addition can also get your organisation's name out there as a potential partner to a wider audience, all while building a richer database of connections.

Your Chairperson/Board members/CEO/Director should also ensure they attend key events such as the Dublin Chamber and American Chamber breakfasts and dinners and the annual CSR Awards. A partnership with The All Ireland Business Summit for example, could provide 700+ relevant corporate leads for your organisation.

Strategic Corporate Partnerships - Social Impact Investment

As corporate giving is growing, it is also evolving. CSR policies and charitable support programmes have been appearing in a wider range of businesses in recent years, however the trend of choosing a charity to receive a cheque and generate short term positive PR is waning.

Companies are now looking to tie their charitable partnerships directly to their business objectives, and are much more interested in pursuing multi-faceted, mutually beneficial partnerships with charitable organisations. Many companies are becoming more focused on proving the impact of their social investments to both shareholders and stakeholders, which means choosing a social impact partnership that is closely linked to their core values.

Strategic partnerships of this nature take longer to cultivate; however, they can yield significantly better results. Your organisation should look to partnerships with the opportunity to build a relevant, purposeful relationship that will endure over time.

Look for connectivity in all areas of the potential partner's competencies: resources and assets, local presence, marketing know-how, distribution networks etc. Building and cultivating these relationships is often a process of collaboration to understand each other's operations and objectives. In this regard, your organisation's priority should be to listen carefully to the prospects short and medium-term business and marketing objectives, and then develop a partnership proposal based around helping them achieve their goals.

Companies will need to understand how supporting your organisation will benefit their business and brand in terms of having a positive impact on society but even more particularly on their ethos, employees and their families.

Corporate partnerships are generally of two kinds:

1. Purely fundraising operations where the company raises money through staff led events and/or payroll giving.

CSR programmes long have been a function of many businesses. Traditionally, they have existed as a way for organisations to "give back" funds or in-kind support to a chosen charity, not-for-profit or NGO. However, the way in which companies are engaging in CSR these days is evolving towards a mutual, long-term benefit to both partners. Your organisation should position itself as part of this evolution. Smart, relevant and connected partnerships will leverage optimal results for your organisation and must be examined in terms of funding, resources, shared understanding and fit before engagement.

2. Corporate Shared Value Engagement: A tailored strategic partnership

Strategic partnerships are not about a one-off, one-way donation. They are an opportunity for business leaders and their companies to go one step further to innovate and also find a competitive advantage. Through linking your organisation strategically, there is a shared value created between the company and your organisation, which will lead to a deeper and more sustainable partnership and lead to long-lasting impacts for both partners.

For the company, benefits linked to successful strategic partnerships include employee attraction; staff retention and increased morale; customer loyalty; brand enhancement and differentiation; and new market opportunities.

This type of partnership encompasses events, speaker slots, fundraising activities, workshops and sponsorship over a 12 – 36-month lifecycle.

More detailed information is contained in the **Corporate Fundraising and Sponsorship Handbook.**

Trusts and Foundations

Sources of Information on Potential Donors

When it comes to Trust and Foundation engagement, again research is key, along with a proactive approach to generating information, preparing good quality applications, and strictly adhering to the detail and timescales as outlined by the funders.

In an Irish context, we are limited in terms of grant-making organisations but Philanthropy Ireland, The Ireland Funds, The Social Innovation Fund and the Community Foundation are all good places to start!

Please be aware that Trusts & Foundations 'giving' criteria varies and some are very specific about what areas they will support, so be careful not to waste time on a detailed application or proposal if your organisation's objectives do not fall clearly within their guidelines for that year. Furthermore, please note that many funders change their focus and criteria annually, so a regular review is important to avoid missing out on opportunities.

Writing a proposal can take considerable time and effort as information and funding requests must be tailored each time to best fit the Trust or Foundation's application procedure. A report by the Directory of Social Change entitled "Ineligible Applications" revealed that a lack of experience in approaching funders was one of the key factors for applicants being turned down – with 113 of the top grant-making trusts receiving over 90% ineligible applications.

With this in mind, your organisation will need to continually monitor the interests of the Foundations and Trusts being approached ensuring guidelines and criteria are matched. Where guidelines are not provided, tailoring the Case for Support and accompanying it with a cover letter - including any points of previous contact and how the project particularly fits within the donor's guidelines and current interests - is the best approach.

More detailed information on Trusts and Foundations can be found in the **Trusts and Foundations** Handbook.

Legacies

Legacies are usually gifted in one of three ways.

- Pecuniary (gifts of a specific sum)
- Residuary gifts (gifts of the balance of the estate after specific legacies and debts have been paid)
- Non-monetary e.g. property/jewellery (specific legacy)

An investment in legacies does not see linear returns or year-on-year growth as it is simply not a predictable form of income, however, it is an investment in a lucrative, long-term funding stream.

There are a variety of reasons why individuals leave legacies to charitable causes. The following reasons are from a recent study on planned giving:

- 97% had a desire to support the not-for-profit
- 82% gave because of the ultimate impact the gift was going to have on the not-for-profit
- 33% wanted to create a lasting memorial for self or loved one
- 21% had a relationship with a representative of the not-for-profit

It's important to note that Legacies are not normally pledged to new organisations or those that do not have a long-standing reputation for delivering impact. In other words, if your organisation is less than 10 years old, it should not be a key focus area for you.

More detailed information on legacies, can be found in the **Legacy Giving** Handbook.

Regular Giving

What Is Regular Giving?

Regular giving is just what it says on the tin - the option to give a committed gift to an organisation on a recurring basis. That basis could be monthly, quarterly, yearly or some other pre-set interval. Most people seem to prefer the monthly option. These are often referred to as Friends & Patrons programmes in the arts sector.

Friends event at the National Gallery of Ireland

Why is regular giving so important?

- It provides a steady, predictable source of income.

- Retention is high among monthly givers. Very few cancel their donations (if you care for them!) and just signing up for monthly giving is a good sign that the donor is engaged and committed to your cause.

O'Kennedy Consulting
Supporting Philanthropic Impact

arts council
An Invitation to RAISE your fundraising game

- Unrestricted funding – usually regular donations go directly to the organisation without caveats so you are trusted to spend this donation where the need is greatest – be careful not to tie your donations to a specific campaign unless there is a long term need.

- Regular giving can go on indefinitely. Most regular giving programs do not have end dates so ongoing communication with donors is key!

- With regular giving, donor inertia works for your cause. It takes an effort to cancel, so most people just don't!

- Small donations over time can be increased to significant gifts if nurtured correctly.

- Most regular donors like this option because it allows a small donation to become a greater one over time, without straining the donor's budget.

- Most recurring givers also respond to other appeals over and above what they give monthly – they may for example donate to an online or crowdfunding appeal

- Recruiting regular donors for the arts is generally done through on-site events, by direct mail or via email appeals

'Friends' event at Dublin Theatre Festival

Community and Event Fundraising

Planning Events - A practical guide/ tips for the Fundraising Team:

There are lots of innovative ways of engaging your stakeholders and local communities in your fundraising efforts and the following outlines some of the key points that need to be kept in mind when planning events and when advising others who are fundraising on your behalf:

Planning well and using your imagination will pay you dividends when it comes to fundraising events.

Make sure you can answer some basic questions:

- How much money do we need to raise from this event? / What is our target?
- When do we need it?
- What do we need it for?
- Is this the best way to raise this amount in this time?
- What resources will we need - equipment, skills, volunteers?
- What are the legal requirements?
- How much will our fundraising cost us? Will there be enough profit?
- What are the risks - weather, etc, - and how can we manage them?
- What else is going on locally or among other similar organisations?
- Who can contact for help/advice?

Other things to note:

- An A-Z listing on your website of fundraising ideas, can encourage different events, give people ideas, and allow people to think outside the box!
- Be daring - but careful with your ideas
- Keep a good eye on the money (will your organisation actually make a significant profit? Keep a 2:1 return in mind)
- Get organised and keep written records of everything
- Produce good quality, targeted promotional material
- Look at all possible sponsorship opportunities, big and small

The experience that a supporter has at an event will often be the first direct link that they have with you, and one which will start their 'journey' along the fundraising path from supporter to donor, then on to committed giver, and ultimately to major or legacy donor. Your current volunteers, fundraising and communications staff are in place as a network to support community fundraising activities and events so having a clear plan for them is recommended!

There is a need for detailed budgets to be prepared and signed-off for events by both Director/Head of Fundraising/Fundraising Manager and the Financial Controller, ensuring that the cost/profit ratios are viable before activities commence, and also making sure that best practice is shared between the fundraisers.

We recommend that the events coordinator regularly reviews and measures the income being received from events to discontinue or change events that are not proving cost efficient. For instance, an event brings in a lot of money, but costs are very high - this should be reviewed. How much did it cost? How much time did it consume in comparison to other events? How many new donors did it bring in? How much awareness was received from this event?

Volunteer Coordination

If volunteers are a component of delivering your programmes, we recommend that an existing member of staff be appointed to oversee the co-ordination of volunteers. We also recommend that a volunteer engagement programme is developed to provide volunteers with an opportunity to access training and support along with staff members. Committed volunteers should also be kept informed of changes to your Case for Support and relevant fundraising appeals – it is very important that the volunteers are made to feel part of the team as they are committed friends who have the ability to act as ambassadors on your organisations behalf.