

Fundamentals of Fundraising

An overview for a new fundraiser, board member or CEO

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Overview of Nonprofit Fundraising

1. The significant role of philanthropy in our economy
2. Primary sources of contributions
3. The “donor cycle”
4. What motivates people to give (and give again)
5. Essential components of a successful fundraising program
6. Activities that support and complement fundraising
7. Necessary fundraising tools
8. The board’s role in fundraising

Nonprofit Organizations & the Economy

- Nonprofit organizations have a significant impact on our economy
 - Nonprofit sector constitutes 7% of our national GDP and is growing twice as fast as the total GDP (8.1% vs 4.1%)*
 - Total giving was 2.1% of GDP in 2016
- 81% of all nonprofits have annual revenue under \$100,000**
- Giving USA – reliable source of data on charitable giving

*John Hopkins University study www.jhu.edu/ccss

**Stanford University Center for Social Innovation

Where do the funds come from?

- Individuals provided 72% of total 2016 contributions*
- Foundations provided 15%
 - But many Foundations are family foundations
- Bequests accounted for 8%
- Corporate and business giving only 5% of 2016 contributions

*Source: Giving USA

www.Fundraisingreportcard.com/giving-usa-2017

Diversity of Funding Sources

Individual Support (Donor Funnel)

- Annual Giving
- Major Giving
- Planned Giving/Legacy Giving

Grant Income

- Government
- Foundations

Corporate/Business donations and sponsorships

- Event sponsors
- Naming opportunities

The Donor Cycle

- Awareness
- Interest
- Motivation
- Action
- Stewardship

WHY Do People Give?

- Giving almost always implies some sort of connection to the organization.
- Fundraisers must seek to discover what is important to a potential donor.
- People give to solve problems – not because you have needs.

Our Challenge - 70% of first time donors NEVER GIVE AGAIN

- Penelope Burk – Cygnus Applied Research
 - AFP North Alabama 2015 “Philanthropy Day” speaker
- Much easier and less costly to keep a current donor than it is to find a new donor
- Good stewardship of donors is VERY important

Cygnus Research Findings

“Once you have made a first gift to any not-for-profit, what would cause you to remain indefinitely loyal to that organization while giving at an increasingly generous level over time?”

- Prompt and meaningful acknowledgement of gift
- Having their gift assigned to a specific end purpose that is narrower in scope than the mission of the entire organization
- Receiving a report, in measurable terms, on what was accomplished with the gift before being asked for another gift

Elements of Successful Fundraising Program

- Strong mission and vision
- Strong case for support (why now, why this org.)
- Effective communication
- Qualified and dedicated staff
- Trained and committed volunteers/board
- Adequate resources
- Diversified income sources
- Accountability
- Strong donor relationships

Activities That SUPPORT Fundraising

Research

- Identify potential donors
- Identify grant resources

Marketing

- Tell the organization's story to build awareness and encourage participation
- Promote the organization's mission and case for support

Relationships

- Building and maintaining relationships is at the core of successful fundraising
- Listen 80% of the time, and talk only 20% of the time

Ethics and accountability

- Ensure the reputation of the organization and its personnel
- Maintain donor privacy
- Use funds as promised

TOOLS of Fundraising

A comprehensive **donor database system** is not optional!

- You **MUST** have a robust system for tracking results and pulling reports

Schedule time for **donor research**

- Identify prospective donors who have the capacity and inclination to donate to your organization

The **Development Plan**

- A subset of your organization's Strategic Plan
- Includes clear fundraising goals, objectives, strategies and mechanisms for measuring them

The BOARD'S ROLE in Fundraising

- Set major goals and determine the major strategies that will be used to reach those goals.
- Advocate on behalf of the organization.
- The board has a fiduciary responsibility to the organization, which includes supporting the fundraising effort.
- Every member of an organization's board **MUST** be prepared to personally support the organization in a manner that is personally generous.

Fundraising is a PROFESSION

- Defined body of knowledge
- Formal academic preparation, degrees and certification
 - Certified Fund Raising Executive (CFRE) or Advanced CFRE (ACFRE)
 - Masters Degree Programs
- Professional associations
 - Association of Fundraising Professionals, North Alabama Chapter
 - Council for Advancement and Support of Education (CASE) and Association for Healthcare Philanthropy (AHP)
- Guided by laws and regulations
 - State laws and IRS regulations

Consider Joining the AFP North AL Chapter!

- Annual fee is only \$150 for small orgs with under \$1M in revenue
- Educational programs focused on fundraising
- Opportunities to connect with peers
- National AFP website is a great resource
- Reduced rate to attend **Philanthropy Day** in November with a nationally recognized speaker – this year **Joe Garecht**, founder of “**The Fundraising Authority**” at Baron Bluff on Nov. 14th

www.afpnorthal.afpnet.org to Register!

Thank You!

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