

Achieving Fundraising Success

By Ann C. Fitzgerald¹

Executive Summary

- Most nonprofits receive contributions from the following types of donors: individuals, private foundations, and corporations.
- For checklists of best practices for approaching each type of donor, see below.
- To get started with fundraising: determine your best opportunities, consider your competition, and make a case for support.
- Remember, in true philanthropy, both the donor and the nonprofit give and receive. The donor gives money and receives recognition, belonging, the sense of ownership, and the feeling of accomplishment for the common good; the nonprofit receives the donor's gifts and gives the donor an opportunity to partner in the group's mission.

Introduction

"No money, no mission. No mission, no need for money," said Sister Generose Gervais, a Franciscan Sister of the Congregation of Our Lady of Lourdes, Rochester, Minnesota who died in 2016.

It is a favorite quote of fundraisers because it encapsulates both fundraising's essential role in nonprofit success as well as its reciprocal relationship with a nonprofit's programs.

Fundraising is the lifeblood of nonprofit organizations. Voluntary contributions from individuals, private foundations and corporations allow a nonprofit to conduct programs, hire staff, and achieve its mission.

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Some nonprofit leaders consider fundraising to be “begging” and avoid it whenever possible or they relegate it to a siloed department within the organization.

In reality, fundraising is truly a joyful pursuit in which the nonprofit helps the donor achieve a larger goal that he could not reach on his own. For instance, one person alone will have little impact on promoting religious liberty. Yet, if he adds his money to that of others in support of a nonprofit that litigates or advocates for religious liberty, he will see significant impact.

“When a worthy organization helps a donor combine [wealth and convictions],” states the public intellectual Arthur Brooks, “something amazing happens. Through an alchemy of virtue, the dross of mere money is converted into gold—the hope for a better world. The individual donor and the particular organization benefit. But so does everyone who the organization touches. And so does our whole society, as civil society grows more dense and the marketplace of ideas becomes more fruitful.”

In nonprofit literature,² philanthropy is often described as a voluntary exchange whereby both the donor and the nonprofit give and receive. The donor gives money and receives recognition, belonging, the sense of ownership, and the feeling of accomplishment for the common good; the nonprofit receives the donor’s gifts and gives the donor information and engagement in the group’s mission.

There are many types of fundraising and many sources of revenue. However, most nonprofits receive contributions from:

- individuals
- private foundations
- corporations, and
- government grants.

In 2018, U.S. charitable giving from the first three sources above reached \$478 billion according to Giving USA.³ What unifies all forms of charitable giving are personal relationships. In each case, the nonprofit must take the time to develop and cultivate authentic, personal relationships with the donor to secure the gifts. Serious fundraising is not an anonymous activity conducted “in the cloud.” Donors seek interaction with the nonprofit’s staff and information about how their gifts improved or transformed lives in keeping with the nonprofit’s mission.

² Tempel, Eugene R., ed., Timothy L. Seiler, ed., Eva E. Aldrich, ed. (2010) *Achieving Excellence in Fundraising*. Hoboken, NJ: John Wiley & Sons.

³ Giving USA: The Annual Report on Philanthropy (givingusa.org)

How to Get Started

There are more than 1.5 million nonprofits in the United States raising money for charitable purposes. To be successful in this environment, a nonprofit needs clear business and strategic plans as well as an understanding of its unique positioning.

- **Determine your best opportunities.** Take into account the problem or opportunity your nonprofit addresses and the internal and external trends impacting your work. Perform a fundraising audit to assess these opportunities.⁴
- **Consider your competition.** Identify which nonprofits “compete” with your group for funding or programs, then evaluate their donors by reviewing websites or annual reports, for example. This may help you find foundations interested in your programs.
- **Develop a “case” for support.** Write a statement as to why a donor should support you, answering such questions as: Why is your nonprofit’s work urgent? Why is it important?

Individual Fundraising

Individual donors gave 68% of all charitable gifts in 2018. If bequests are included, that percentage jumps to 77%, so individuals are extremely important to nonprofit revenue.

While many individuals transform into major supporters, few start out by making very large gifts to nonprofits. Larger contributions come in time as the nonprofit continuously informs, engages and inspires the donor with its work.

Your Checklist for Approaching Individuals

- Tap into your own networks.** Use friends, family, board members, colleagues and your social network to make connections to potential donors and influencers.
- Friend-raise before you fundraise.** Introduce yourself and your nonprofit to a potential donor in order to build a relationship before asking for money.⁵
- Communicate regularly.** Create a calendar of communications so donors and prospects receive updates on your impact in print and electronic formats.
- Request referrals from current donors** whose friends and associates may be good prospects.

⁴ www.fundraisingaudits.com

⁵ Panas, Jerold (2013). *Asking: A 59-Minute Guide to Everything Board Members, Volunteers, and Staff Must Know to Secure the Gift*. Medfield, MA: Emerson & Church.

- Consider donor acquisition methods such as direct mail** if your nonprofit is more established and ready to commit to this investment.⁶
- Thank and recognize donors** so that they feel appreciated and connected.

Caveats

- There are no shortcuts to building relationships with individuals, but the work is very rewarding.
- Direct mail and other large-scale acquisition methods are a big investment. Begin by building your contacts organically through personal contacts, blog posts, and email until you are ready for more intensive outreach.

Foundation Fundraising

There are nearly 80,000 private foundations⁷ in America that give away \$44 billion annually. It is often a long and competitive process to secure funding from foundations, but since many foundations become multiyear funders, the effort is well worth the investment.

It's important to remember that foundations are also nonprofits, though organized differently under U.S. tax law. They carry out their stated missions through philanthropic gifts to nonprofits that match their interests. A nonprofit requesting support of a foundation needs to have programs that align with the foundation's mission.

The good news is that the up-front work of cultivating the right foundation relationships often leads to long-term and fruitful funding relationships.

Your Checklist for Approaching Foundations

- Develop a clear outline** of your programs and budgetary needs.
- Identify “competitor” organizations.** Research the groups that compete with your nonprofit in terms of programs or funding. Determine from annual reports which foundations give them grants.
- Review the foundation's website, if available, or its 990 tax return.**⁸ Determine if your work is a match for the foundation's philanthropic interests.

⁶ Warwick, Mal (2013). *How to Write Successful Fundraising Appeals*. San Francisco: Jossey-Bass.

⁷ Foundation Center: <http://data.foundationcenter.org>

⁸ Foundation tax returns are public documents and can be accessed at candid.org among other sites

- Review the foundation’s guidelines.** Be sure to follow instructions to the letter for interacting with the foundation. Some prefer online applications, while others want materials submitted via mail.⁹
- Write a compelling proposal** that addresses the foundation’s giving interests and makes a case for funding a specific project of your nonprofit.¹⁰
- Contact the foundation** directly to clarify any questions you have. At the same time, recognize that foundation staff are often very busy.

Caveats

- While foundations are required by law to give away money each year, they often receive more requests than they have funds. It takes time to secure foundation support.
- Don’t give up. Unless you have followed up with a program officer to learn why your proposal was declined, don’t assume that the foundation is uninterested. You may have been rejected due to a timing issue or other commitments that the foundation had.

Corporate Fundraising

Corporations donate 5% of charitable gifts through their foundations each year. Corporations give in a range of ways, including cash donations, event sponsorship, memberships, and gifts in kind.

Unlike individuals or foundations, corporations often have reasons for making gifts that may not be driven by pure philanthropic intent. For example, a corporation may donate to nonprofits in order to respond to its employees’ interests, build visibility and credibility within a community, extend its marketing efforts, or create goodwill among customers.

Your Checklist for Approaching Corporations

- Research corporate foundations in your area or state.** Many corporations are more interested in giving near their headquarters or key locations.¹¹
- Consider the corporation’s perspective.** Develop a corporate benefit summary that outlines what your nonprofit does and how the corporation benefits by supporting your work.

⁹ Fitzgerald, Ann. “Persuasive Proposal Writing: 100 Tools and Techniques” www.acfitzgerald.com/persuasive-proposal-writing

¹⁰ Clarke, Cheryl A. (2001). *Storytelling for Grantseekers: A Guide to Creative Nonprofit Fundraising*. San Francisco: Jossey-Bass.

¹¹ The Grantsmanship Center (www.tgci.com) maintains state-by-state resources on corporate foundations.

- Review the corporate foundation’s website for guidelines.**
- Get to know the corporate foundation’s staff** through meetings or phone calls to better understand their interests.
- Be specific about what you are asking of the corporation.** Determine if you want to request event sponsorship, gifts in kind, or cash donations.

Caveats

- Corporate foundations are funded out of corporate profits, so it’s important to ensure the company’s values align with those of your nonprofit before approaching it.

Final Advice

America is world-renowned for the generosity of its citizens. The size and vibrancy of the U.S. nonprofit sector is testimony to that. Americans give to a wide range of causes from religious organizations, to education, to health and the arts.

Despite these charitable impulses, donors still need to be engaged, cultivated and asked. That is why the role of fundraisers and fundraising is essential to nonprofit health. Embracing it as a joyful pursuit will transform lives and reap benefits for the donor as well as your nonprofit.

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