

Fundraising 101: Structuring and Developing an Effective Fund Raising Operation

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In July 2003, Atlas co-sponsored an event with Fundacion DL in Bogota, Colombia entitled "Management Workshop: Leadership and Governance in Civil Society Institutions," July 24-25, 2003. Below is a paper, based on the question and answer session of Lawrence Reed's fundraising presentation.

- What is the best way to start a fundraising visit?

The most successful fundraising visit begins not at the visit itself, but with the preparation period in advance of the meeting. There is simply no good substitute for careful planning and good research. You need to know as much as possible about the person you hope to convince to become a donor. When you know you will soon be meeting with such a potential funder, ask these questions of yourself and others on your staff who assist in fundraising as part of your preparation process:

1. How did we come up with this prospect's name? Who referred us to him and why?
2. Do we know anybody who knows this prospect, whom we should ask to put in a favorable word for us in advance?
3. What publications from our organization have we sent (or should we send) to the person in advance of our meeting? How long have they been receiving our mailings?
4. What do we know about this prospect's business? What does he (or she) manufacture, or what service does his business provide? What are his personal interests? What are his issue-related interests (such as education or economic development or labor reform)? What is his personal charitable giving history or that of his company or foundation?
5. Who will start the conversation at the meeting (assuming you will be accompanied by a colleague)? What role will each of us from our organization play in the conversation? Who will be the last to speak? How much time will we have?
6. What do we think the prospect has in mind, or expects, from us at the meeting? Does he understand that we are coming to make a case for him to contribute financially?

7. What's the best thing to ask him to fund? General operations? A policy initiative on some issue such as education or economic development? A particular program such as a seminar? A study or publication? Or something else?

8. What points/facts/arguments, etc. should we be sure to bring up at the meeting? Are there any we should avoid?

9. Have we checked any references on the person? (For example, have we asked our board of directors members what each of them might know about this person?)

10. How much should we ask for? A specific amount, or some range?

11. Is there any reason at our meeting with the prospect to NOT ask him, in addition to a contribution, a) for names of others we should be calling on; b) to consider his contribution to be an annual and renewable one? Unless there is a reason not to ask these things, then we certainly should.

12. What do we need to take with us to give or show him? Possibilities include samples of our best publications; testimonial letters from prominent people; a list of supporters; a list of members of an advisory board; a list of members of the board of directors; a list of members of a board of scholars, etc.

Sometimes a potential contributor will want to know who supports you, or who is in some way involved with you, so that they will feel "safe" and impressed enough to become a supporter themselves; be sure you have the consent of such supporters before you reveal their names.

Of course, it is not always possible to know good answers to all these questions, but the more of them that you can answer before your meeting, the better informed and prepared you will be. Going through the exercise of considering these questions will put you in a position to exhibit interest in the person you are visiting through knowledge of him, his business, and his concerns. That helps in establishing a personal relationship that makes a person feel comfortable in giving you money.

You must be respectful of a person's time and busy schedule, but that doesn't mean you plunge right into serious business from the moment you walk in the door. Be prepared to initiate a short, informal and casual conversation about some other topic, such as a major current news event or something about the office that caught your attention as you entered. Try to get the person to talk a little about themselves.

Then when you are ready to get down to business, start by asking the person what they know about your organization. Tell them you would like to know what their impression is of your group. Show genuine interest in their opinion. Then move into a presentation of what you want them to know. Be concise and direct; don't waste a lot of time with vague or nebulous statements.

As you make your case, remember that a good business executive or foundation official will be less impressed with what you do than they will be with what its impact is or has been. Don't say, "We produce many studies and commentaries on important issues" and expect them to be impressed. Be prepared to explain why your work is important, why it is listened to, why it is needed, and how it has already made a difference. If you are with a new organization with not much track record yet to show, then be sure to explain how ideas really matter and that based on the track record of similar, older organizations elsewhere, yours will make a difference too. Don't sound like a typical academic professor who thinks that pushing paper out the door, whether or not anybody ever reads it, is good enough reason for someone to make a contribution!

At all times, be friendly, upbeat and optimistic. Smile. Look the person in the eye when you speak. Listen and don't interrupt when they speak. Be sure to have a note pad with you to take notes when they offer ideas, or names of other interested parties, or a word of advice. If they tell you things they think are important and you never write anything down, they will get the impression that you really are not interested in what they have to say.

- What is the best approach for fundraising: the emotional or the rational approach?

This question is partially answered by the response to the first question, above. The best approach is really a balance of the two—emotional *and* rational.

I am not certain what the person who asked this question might have meant, but as for me, by "emotional," I mean *passionate*. Show by your message and your delivery that you truly believe what you are saying and that you are convinced of its critical importance. Be careful not to employ excessive emotion, however. You could come across as desperate or unrealistic or unprofessional. But you do need some passion in your presentation or you may put your prospective donor to sleep.

Be "rational" in that you show objective, tangible evidence that you know what you are talking about. That comes from the kind of advance preparation that I spoke of in my answer to the first question above. Don't promise more than sounds reasonable or more than you are likely to be able to deliver. Be specific in explaining what you want a contribution for and why it is important. Refer to success stories to from your own organization's past or that of similar groups.

- Who must be in charge of fundraising: the president, the board of directors, or the entire think tank staff?

Ultimately, the president must be the primary leader when it comes to fundraising. This is for several reasons: He (or she) is the chief executive officer of the organization, and it cannot function without sufficient funds. He is employed full-time to run the organization, whereas in most cases board members have their primary employment

elsewhere. He is the person to whom others on staff, including fundraising staff, report. Finally, the president is the person that most contributors want to meet or know before they give a contribution and no fundraising strategy can succeed if the president himself is not supportive of it and very much a part of it.

Does that mean fundraising is not important to the board of directors or to others on the think tank staff? Not at all! In fact, board of director's members should think of fundraising as their *primary* responsibility (along with overall supervisory duties). That's even more true, of course, for someone on your staff who is specifically assigned fundraising duties, such as a director of development. But it is the president who is ultimately *in charge* of fundraising, and who works with both fundraising staff and board members to raise funds—directing them, pushing them to open doors for you and arrange meetings with potential contributors, and in other ways coordinating their fundraising efforts and getting them to do what they promise to do, or what the president hired them to do.

As for the rest of the think tank staff, each and every employee should think of himself as a fundraising official. That does not come naturally, so the president must constantly remind his staff that each person can be very helpful in a fundraising capacity by speaking well of the organization to friends; being alert to names of potential supporters; seizing every opportunity in conversation with others to encourage them to join or make a contribution. One way to accomplish this is to have some sort of reward for members of the staff each time a new contributor joins because of their efforts.

- What is the best way to determine the amount to be requested of each prospect?

Don't be afraid to think BIG! Don't ask for unrealistically large amounts, but be aware that most people usually ask for too little. Most donors, even if they can't give as much as you are asking for, will be impressed that you thought they were capable of a larger amount than they are actually prepared to give. Be prepared to explain exactly what their contribution will help you accomplish.

As explained in my answer to the first question above, it is important to do as much research as possible before you meet with a prospect. Resources to do that vary from country to country. Foundations in the United States publish annual reports that usually list the grants they have made. Often, companies do the same. Check with people you know who run charities and find out from them if they use any such lists or other sources of financial information. If no such published lists are available that would tell you something about the prospect you are about to visit, then perhaps the best source of advice might be the person or persons who first referred you to the prospect; ask them what they think would be appropriate. You might also be able to arrive at a reasonable estimate if you know what others in the prospect's business or profession are giving.

If no research sources are available at all and you really have no idea how much to ask for, then you have several options:

1. Simply tell the prospect what is needed, and ask them if they would be in a position to fund all or part of it, and let them choose the amount.

2. Give a wide range and ask the prospect if there is a figure within that range they would be comfortable giving. For example, you could say, “Companies of approximately the size of yours are giving to us in amounts from \$5,000 to \$20,000. Would you be able to give something within that range?”

3. Admit frankly that you do not know what their giving habits or current situation might be, and that you would be pleased at whatever they decide they could provide. This is the least desirable alternative simply because mentioning no number at all leaves the matter too indefinite, thereby giving the prospect an easy way to give you very little. But in any event, once a new contributor has made his first contribution, you then have a base from which to work him to higher levels in the future, provided your performance, impact, and follow-through are thorough and convincing.

- What is the best way to close a fundraising visit?

Don't leave the meeting without either securing a contribution, or a definite pledge to contribute, or at least an agreement that you can follow up after a reasonable period of time to see what the person has decided to do for you.

Don't expect someone to give to you if your message is pessimistic or if you sound like you are begging or about to go out of business. People want to support winners, not losers. Always thank them for their time, whether they decide to support you or not. Tell them that if they choose to support you, your door will always be open for them to offer advice, ideas, and criticism. Make sure they understand that you want them to think of themselves as part of your organization's "family" of workers and supporters, and that you really do care that they approve of what you do. Let them know that you will not always be able to utilize their every idea or suggestion, but that you will always be eager for them and will give every one your serious attention.

Tell them you are eager to prove that you are a person of your word, and that your organization is everything you told them it was. As I am leaving a meeting, I like to tell a new supporter, “When I see you again in six months or a year, I want you to be able to say, ‘Well done! You did everything you promised you would do. And I feel like I'm genuinely a part of your organization.’”

Don't forget that another way to give, besides cash, is “in-kind” or in the form of appreciated shares of stock. In the case of “in-kind” gifts, that can be office furniture, or accounting services, or rent, or any number of items the donor may himself produce or possess in large quantity.

Finally, if I know the donor well, I also look for an opportunity to gently suggest that he or she think of my organization in estate planning. They can perpetuate their support through leaving something behind for you in their will and if you never tell them that this is an option, or that others have already done so, they may not think of you in this way.

- What are the best techniques to organize fundraising meetings?

For sure, it is *never* smart to mislead or surprise a prospect. Don't tell them, for instance, that you're only coming to tell them about your activities but not to ask for support. No one likes to feel as though they've been trapped or deceived.

The meetings with the best chances for success are those that involve someone who knows the prospect well and is willing to arrange the meeting for you, attend it with you, or at least put in a good word for you in advance. Once you are in the door, and if you've done your preparation homework as explained above, then you can succeed if your presentation is concise, exciting, and sensible. Also, if you have just made an impressive presentation before a group of people (such as a Rotary Club, for example), then a quick follow-up by calling some of those who were in attendance is a good way to set up successful meetings.