

# Roadmaps

## A Guide for Intellectual Entrepreneurs



Fund Raising For The Free Society

John Blundell

Former President of Atlas Network

*with a preface by Atlas Network CEO, Brad Lips*



# Fund Raising for The Free Society

By John Blundell

## PREFACE

This issue of Roadmaps has its origins in a document that John Blundell presented at a workshop titled “Independent Institutes and their Consequences” hosted by Atlas Network (then, Atlas Economic Research Foundation) in Indianapolis, Indiana, on September 6, 1987. John edited the document further and then published it as a “Working Paper 87/12” of the Institute for Humane Studies.

It was on the strength of this paper that Atlas Network founder, Sir Antony Fisher, would recruit John to serve as his successor as President and CEO of Atlas Network. Antony saw that John was a “movement builder” – with the right mix of Big Vision and practical know-how – and that John would be able to provide important leadership to the then-young Atlas Network (building the next generation of classical liberal think tanks) at the same time as he lead the Institute for Humane Studies (building the next generation of classical liberal academics). Later, John would return to his native UK to run the Institute of Economic Affairs, the “original” Fisher think tank.

Following John’s death on July 22, 2014, I took the liberty of editing the text of this document, so that it might be shared anew with today’s Intellectual Entrepreneurs at the Atlas Network’s 2014 Liberty Forum. I have omitted or slightly edited sections that seemed dated, and removed some 1987 cultural references that might leave today’s readers scratching their heads in confusion. But the principle lessons are timely as ever, and they’re so well-conveyed (in John’s unmistakable voice) that I can guarantee a worthwhile read. There are quite a few references to John’s then-current role with the Institute for Humane Studies, but these don’t detract from the overall usefulness of this fund raising primer.

That this holds up so well 27 years after it was written is very much a tribute to John Blundell, and also those from whom he drew wisdom. The original acknowledgements to “Fund Raising for the Free Society” read:

I would like to thank the individuals who contributed to this effort. The first draft incorporated the thoughtful comments of Willa Johnson, Chairman, Capital Research Center; Richard Fink, President, Citizens for a Sound Economy; Antony Fisher, Chairman, Atlas Economic Research Foundation; Kim Ohnemus, John M. Olin Foundation; Sheldon Richman, Director of Public Affairs, Institute for Humane Studies; George H. Pearson, member of the Board of Directors of the Humane Studies Foundation; and Robert Poole, President, Reason Foundation.

Additional comments have been contributed by John Baden, Chairman, Foundation for Research on Economics and the Environment; Edward H. Crane, President, Cato Institute; and Edwin Feulner, Jr., President, and Victoria Hughes, Director of Development, Heritage Foundation.

To those listed above, and to John himself, we certainly owe a big debt of gratitude. I hope we repay it by using their advice as it was originally intended – for attracting more resources to the great challenge in front of us, and using those resources wisely to achieve real victories for liberty in the war of ideas.

Brad Lips, CEO of Atlas Network

Atlas Network, October 2014

## INTRODUCTION

Ethical and effective fund raising for nonprofit organizations is a mix of salesmanship, public relations, and sound management. Principles and techniques from all three are combined to identify and persuade the potential donor (PoDo) to become an active donor and later to renew and hopefully to increase his support.

### Salesmanship

You are selling a product. It is not a clearly tangible product such as a car or a vacuum cleaner. Rather it is an intangible or less tangible product such as education or influence on the course of society. You are promising to produce a future stream of goods and services, most, probably all, of which will not be directly consumed by the person paying for them, i.e. the donor. You are promising psychic income. Nevertheless, the fund raiser is in sales, competing in the market place for limited resources. If you don't get the PoDo's funds somebody else will, be it another nonprofit, a for-profit business, his heirs, or the taxman.

### Public Relations

If people feel goodwill toward you, your organization, and your product, they are more likely to donate funds. Much of a fund raiser's daily work involves adapting public relations tools to achieve this goodwill. And in larger charitable organizations the Director of Development (fund raiser) will work hand in glove with the Director of Public Affairs (PR hack).

### Sound Management

When you purchase a book you have zero interest in whether the publisher manages his company soundly. You couldn't care less. Your sole concern is with the tangible product and its contents. When you donate money to a nonprofit group the soundness of its management is very high on your list of concerns. It is probably second, right after 'do they do something I want to support?' And if the group fails to deliver on its promises you will not renew your support.

There's a natural tendency to do fund raising last - it's probably the least appealing task that has to be performed by your organization. However successful, nonprofit groups share an overriding commitment to fund raising - it is their number one priority. They have well organized schedules, good systems, and consistent follow through. They realize that it takes hard work on a continuing basis, but without the funds coming in you are unable to do what is really close to your heart, namely carry out your corporate mission.

## MISSION

You must have a simple clear mission or corporate goal which can be stated in less than a short paragraph and hopefully in only one or two sentences. Anything longer than that will tend to confuse and lose interest. It must also be precise and readily understood, not vague, woolly, and promising all things to all men.

It can be expanded upon later but in both written and oral presentations should be immediately followed by clear, short examples of the effectiveness and leverage of past donors' dollars.

This is critical not only for fund raising but also for other management purposes. You are (hopefully) building an institution of influence and lasting duration. A clearly stated, readily understood corporate goal that permeates your whole staff and everything you do will be enormously helpful.

**Successful groups share a commitment to fund raising.**

In one sense your mission is set in stone: if you can't raise money for pro-market reforms you don't change to being antimarket. However, the strategies and tactics you use to achieve your mission and many of the nuances or implications of the way you express your mission will change over time. At most - probably all - successful market-oriented institutes, senior staff (and maybe key board members) will either formally or informally regularly discuss the broad mission and the strategies and tactics being used to achieve it.

Out of such discussions will come new program ideas and new ways of articulating the group's mission which in turn will produce new ideas for funding methods and prospects.

Other matters such as strategy and philosophy (both political and corporate) should be expressed in equally lucid and concise terms.

Your donors will probably fall into two categories. There will be those who have a deep understanding of your mission and your strategy. However, there will also be some who support you simply because they have a strong gut feeling that you are engaged in a worthwhile endeavor. Members of this latter group probably cannot articulate what you do and, if they ever try, they will probably come up with something that's not quite on target. This used to frustrate and bother me enormously. I wanted every one of our donors to have a thorough, deep understanding of the IHS mission and strategy; somehow I even felt it was dishonest to accept money unless the donor had such an understanding. More recently I've concluded that it's the way of the world - we'll always have donors who give simply because 'you're good free-market guys.' There are even cases where trying to raise their level of understanding would be counterproductive, not because they would disagree with what we do but rather because they don't want to be bothered and trust us to get on with our work.

## PROSPECTS

For many fund raisers their initial constituency of prospects or PoDos is obvious. For the university development officer it includes alumni, local corporations, and corporations with an interest in a special subject taught there. For the local humane society it's pet owners, animal lovers, pet stores, corporations in relevant industries, and so on. Without sounding too obvious: your mission and the way it is articulated determines your prospects and everyone you meet should be treated as a prospect. The person who gives only \$10 or \$20 now could endow you in 25 year's time.

**Everyone you meet should be treated as a prospect.**

For a new market-oriented institute, the initial prospect list may not be so obvious or so long. However, you must presumably have some list - however short - to have started in the first place. As you kick around your mission, strategies, tactics, and program ideas new names will surface to add to your list. And as you get out on the road meeting with people, networking, and seeking referrals others will come to light.

Different approaches or ways of expressing your mission will have to be developed for different constituencies. A foundation with full time professional staff will probably require greater detail than say a medium-sized corporation where one senior officer spends perhaps a quarter of his time on such matters.

## RESEARCH

As new names come up, you need to determine whether or not to follow up on each individual. Consider the following criteria: ability to give, knowledge of the organization, interest, and factor 'X'. The 'X' factor refers to an intangible gut feeling that you get as you progress through your research. It may be the case that an individual has the ability, knowledge, and interest to give, but you just don't feel as if it is going to happen. In this event, you need to weigh the costs of pursuing or not pursuing the PoDo, given the 'X' factor.

The more you know about the PoDo the better, and by far and away the best intelligence is the PoDo's previous track record of giving - both to whom and at what level.

Research will determine the track you take. If the PoDo is keen on youth you stress how your programs are helping young people. If the donor thinks 'all academics are lazy layabouts' you downplay their role in your operation. And so on.

Also, it is important to continuously research current donors as well for upgrade potential. An individual who contributes \$100 every year may very well give more if approached in the right way.

If you don't check out the PoDo you'll end up with egg on your face. Your reputation will quickly nose dive if you ask a source for operating funds when his policy clearly states 'no grants for overhead.' Likewise if you ask a regional foundation for national funds, and so on.

If your knowledge is limited, briefly present a short shopping list, see which one attracts attention, and then develop it.

## NETWORKING, REFERRALS, AND REFERENCES

As you build a stable of Donors and PoDos, you should begin to network frequently with them. This is not just a fancy word for 'talking.' Rather it implies (a) keeping them up-to-date on what you are doing, (b) asking and learning more about their interests, and (c) being alert to new opportunities that will benefit not only you and the person you're talking with, but also third parties with shared interests.

The more you do this the more accepted you will become as part of a broader nonprofit family and soon you will start receiving calls asking for your input on donors' and PoDos' giving strategy.

As you work your network you will also be in a position to ask for referrals to new PoDos. You are hardly likely to get such introductions in the early stages of a relationship. However, as it develops you will feel comfortable asking 'do you know anybody interested in project X?' and the donor will also feel comfortable in saying 'well, you could use my name with Y.'

Such people are also potentially important as references or referees for your organization. Most major proposals to a new source should include a list of 4-12 people who can be asked for a reference on you and your organization. Normally, I balance my list 50:50 between the scholars and intellectuals with whom we work and the foundation and corporate officers who support that work. Clearly, one lists only those who will give an accurate assessment of your institution and only after you have obtained both their permission and their promise to respond promptly to such inquiries.

## YOUR BOARD - THE 3G RULE

The role of board members is varied: their names and titles lend legitimacy to your enterprise; they are a source of advice and counseling, and so on.

However, as far as the fund raising side of your operation is concerned, they should either 'give, get, or git.' That is the 3G Rule. In less colloquial terms it means they should either be major donors or be people who bring in major donations from others. If they are neither, they should 'git' or resign. (Obviously there are exceptions, but they should be real exceptions.)

**"Give, get, or git."**

One reaction from Board members you may encounter is: 'but if I ask Mr. Z for \$5,000 for you now, he'll only be back to me asking for \$5,000 for his favorite cause in 3 month's time.' This is a perfectly legitimate objection from Board members who are supporting you financially. However, you can still work with them in other ways such as sitting them at critical tables at your functions and having them come to other events where their personal testimony as to why they support you sounds much better from them than from you.

Many institutes also have an Academic Advisory Board which they list conspicuously. Two recent comments made to me by very prominent members of such Boards are worth noting. One commented: 'I don't know why X institute has such a Board - except for PR purposes. They never ask for advice or input.' The other said: 'I'm on so many, I've lost track of them all!' These remarks confirmed my own suspicion that such listings are mostly window dressing and rather transparent. IHS has an Academic Review Committee but its members are expected to give a certain amount of time now and then to reviewing files - and if they feel they can no longer do so, they stand down and are replaced.

By all means have such a board but have an active one whose members bring you extra expertise and, properly enthused, unthinkingly become ambassadors-at-large for you.

## COMPETITION? NO, COOPERATION

In the for-profit world one seeks a competitive edge and that often involves keeping certain matters secret.

In the nonprofit world it's a little different - for those that are (potentially) successful.

My colleagues fall into two categories: the small minded, who are running small organizations and have limited prospects, and the broader minded individuals who are building.

Two experiences come to mind. One was the head (now ex-head) of a free-market group who confided: 'You're crazy to publish an annual report listing all your institutional donors. I never do it. I keep all mine secret and go after yours.' The second was the other CEO who was showing me around his office. Noticing a glossy newsletter I innocently picked it up asking, 'What's this?' Snatch. It was gone. Apparently it contained a list of current donors, which he was not about to share with me.

First, such subterfuge can be overcome in half an hour. In the first case, I ran a check through all the foundation and corporate indexes. In the second, I had a friend donate a small sum, but enough to put him on the relevant newsletter mailing list.

Second, there is not a fixed pot or pie of money for free-market institutions. Let's put it another way: the more people who knock on the same door the merrier - with a slight caveat.

**There is not a fixed pot for free-market institutes.**

If I am the only free-market person visiting corporation X, I'll stand out like a sore thumb. If several free-market people are dropping by, I'm mainstream. And, given that my product is better...

The only caveat is the case of the new PoDo you're just about to convert into a live Donor to market-oriented work for the first time. Here there might be a critical moment when you do not want others in the picture. But if you're the person who shares information, then this is the time you collect: 'Lay off him for a couple of months.' And everyone will play ball.

## THE PRE-INTERVIEW

Once you have done the preliminary research and identified a PoDo, it is useful to prepare for an interview. Walking in cold for an interview can be both unnerving and unrewarding. You could send a letter of introduction weeks before you plan to visit a PoDo, asking if you might drop in if you are 'ever in the area'. If you get a positive response, it is that much easier to structure your approach. If you don't get a response, it gives you time to try some other introduction. Other ideas are to send an interest survey, examples of your publications and reports, and so on.

## THE INTERVIEW

You've managed to arrange an appointment with a wealthy PoDo. First, review your files on him and his existing track record of donations and interests. Second, schedule to get there in good time. There's nothing worse than being in a strange city on a too tight schedule tearing from appointment to appointment.

You often don't know how long an appointment may last or whether it might, for example, lead to lunch. Consequently, I tend to be liberal in the gaps I leave between appointments and to take lots of work with me with which I can fill in the time.

Also, that extra half hour or more between appointments is good for taking immediate notes on the previous appointment both on what was said, and for follow-up action, as well as for getting your thoughts in order for

the next one. Such notes should be filed on your return so that they are there when you need to refresh your memory or in case you meet with a fatal accident.

Regarding the interview itself, the best advice comes from TV training manuals. Inter alia they stress:

- alertness, e.g., sitting on the front edge of the chair - not lolling back;
- no jargon - clarity of expression;
- not being side-tracked;
- being positive; and
- coming to a clear conclusion.

Other points of overlap with such TV guides as Michael Bland's 'You're on Next' (US title: Presenting Yourself On Television and Radio), include dress and not smoking although the late Bev Thompson, a great supporter of free enterprise groups, did have a sign on his desk reading 'THANK YOU FOR SMOKING!'

Listen as well as talk. You'll get a much, much better feel for the PoDos' real interests this way than any other. And do not have the attitude that you are asking for a hand-out. There's a 'problem' that concerns both of you 'deeply.' Your group of 'professionals' has a 'proven highly-leveraged strategy' and 'expertise' in carrying it out. With his 'investment' in your 'program' you are confident he will see a 'good return.'

Going on the road to raise funds can incur substantial expenses. One way to avoid this is to accept speaking invitations in targeted cities and then arrange appointments on either side of the engagement.

This achieves three things:

- (a) it raises your credibility with the PoDo if you are this month's speaker at say the local downtown business club;
- (b) it makes the whole meeting a lot more comfortable because you're not in town just to raise money; and
- (c) someone else is paying your way.

Finally, dinners, conferences, and such gatherings organized by other groups who have an overlap of interest with yours are good places to meet new PoDos.

### Solo or Duo?

A common theory of fund raising is that one should go out in pairs. This is utter nonsense, and even worse, counter productive. The theory is that you somehow outnumber the PoDo, that two are better than one, that you perform a duet, backing up each other at critical moments. It works for on site visits but for on-the-road it's hogwash.

First, if your organization does not possess at least one senior officer who can speak authoritatively for the whole group, then forget it.

Second, consider the reaction of the PoDo. Here's the view of J. Paul Getty from pages 244-245 of the 1986 U.S. paperback edition of his autobiography, *As I See It*:

I have a few additional comments to make on this subject of charities and eleemosynary organizations. The dogged persistence (and the peculiar mentality) found among some who seek funds for certain groups and institutions will sometimes defy comprehension.

For example, a few years ago I was prevailed upon to make a \$100,000 gift to an institution of higher learning (no, NOT one of the two universities in which I have said that I am interested). The institution is in the United States. Its heads and hard-driving fund-raisers had barely received my contribution before getting the idea that this was a marvelous opening wedge. I can imagine their ensuing conversation going something like this: 'We've got a hundred thousand from Getty - let's see if we can't parlay it.'

‘Absolutely! Only we really must think BIG this time! They did think ‘BIG’ alright. About three months later, was visited by an impressive four-man delegation. Each member was highly-placed in the institution and bore long strings of academic credential-letters after his name.

‘We’ve long had an ambitious building programme in mind,’ was the gist of their approach. ‘Our present estimates are that it will cost around \$10 million - we’ve brought the plans and reports to show you. Now, if you’ll just underwrite this...

I not only refused, but I deeply regretted having donated the original \$100,000. It could have gone elsewhere and done much more good. I needed only to make a mental calculation of what the first-class round trip airfares (fund-raisers do not usually travel tourist), hotel bills and incidental expenses of the delegation’s visit cost. The total could not have been less than \$25,000 when the expense of preparing the ‘presentation’ of the plans and reports was taken into consideration. In other words, at least 25 per cent of what I had given to aid the institution had been promptly spent on trying to get more money from me.

## PRESENTATION

Donors and PoDos can’t judge you in the same way they judge a good wine, a restaurant, a car, or other such tangibles. However, the way you do many of the same things that a for-profit group does will send signals.

Would you go to a restaurant that had a telephonist who left you on hold to the sound of tinny music, a rude receptionist, a scruffy maitre d’, a misspelled menu, and an oleaginous waiter? No, of course not. And you’d probably tell your friends to avoid it too.

Likewise in fund raising:

- phones are answered promptly and courteously;
- spelling and grammatical mistakes are simply not acceptable; and
- a smart, conservative presentation is a must.

**Show a “Commitment To Excellence.”**

In short, show a ‘Commitment To Excellence.’ If you do all these things well you will go a long way to creating your own luck. IHS recently received a nice bequest under the terms of the will of a gentleman who had never supported us financially during his lifetime. However, he had been on our mailing list and had occasionally dropped us a short note or letter. When I checked the file on him, I found that every single letter had been answered promptly and politely. Some might say his bequest was a ‘lucky windfall’; my reply would be ‘we created our own luck.’

## IF YOU DON'T ASK . . . YOU DON'T GET

Some people have tried to raise money by explaining what they do to PoDos and then sitting back and waiting for the checks to flow in. Such people are today unemployed.

The biggest psychological barrier to becoming an effective fund raiser is the will necessary to ask a potential donor in clear uncertain terms for funds. And you don’t look at the floor, you look at his eyes. To many people, with otherwise outstanding talents, this barrier is insurmountable. They feel it is tacky, not quite U, and possibly crass to ask for money. Clearly, they think, their projects are so outstanding that if well presented, they will sell themselves. This is not the case. The PoDo will think: ‘How nice of him to brief me. He’s obviously doing very well as he didn’t ask me for funds.’

Find a form of wording with which you are comfortable but which nevertheless puts across your need for support. Avoid the verb ‘able’ - it might imply the PoDo is strapped for cash! Here are a couple of lines I use:

- Is it appropriate for me to submit a formal request for funding for the project we’ve been discussing?
- May I submit a proposal to you and your colleagues for funding for the Institute?

Finally, avoid the conditional tense, 'If I were a foundation officer and received a letter that started 'I would like to request support of \$ x for \_\_\_\_,' I would wonder 'Well, what's stopping him?' Try to be as direct as possible: 'I request support of \$x for \_\_\_\_.'

## THE WHITE KNUCLE THEORY

Simply stated this theory claims that you have not asked for enough unless you see the knuckles of the PoDo turn white.

In practice, its main use is to serve as a reminder that one should not ask for too little. If a company typically gives \$5,000 you don't request \$2,000, unless, of course, that's the level at which it starts newcomers.

However, the one time I consciously, deliberately used the White Knuckle Theory it worked albeit indirectly. The donor blanched all over - and rapidly referred me to someone who did come through with the support requested.

This raises two further points, namely don't be ridiculous or outrageous in your request or you will be dismissed out of hand and don't pad budgets. Proposal budgets that are clearly padded are insulting. They too can lead to outright rejection or, as the following quote from a foundation officer reveals, to diminished support:

They visited us and we told them to ask for \$20,000. The proposal came in with padding for \$30,000. We wanted to do something but not at the \$30,000 level so our Board said to give them half. Thus, they got \$15,000 when they could have had \$20,000.

## THE \$64,000 QUESTION

You've made your pitch. You've explained how you developed X which led to Y. You expect the PoDo to be impressed. Maybe he is, but he asks: 'If you had not done X would a large part of Y maybe happened anyway?' Such questions are sent to try one's ethical standards.

At IHS, we are in the business of discovering, developing, and supporting bright young people who are intent on a scholarly or intellectual career, and committed to the ideal of the free society.

Consequently, I might say to a PoDo: 'Twenty-five of our young people were recently hired for jobs that are important in the long run.' He might equally respond 'well, how many would have done so anyway without you?' Clear analogies abound in the policy world.

My reply is:

We don't know - the kind of work we're involved in is not easily quantifiable. Yes, some of them would have made it although maybe not quite so quickly or so well or in such good shape. In the case of X we made a huge difference by . . . And with Y we . . . I think if you were to visit our offices you would see how we daily . . .

## WHY DID HE CUT ME? WHY DID HE SUPPORT ME?

You have just received a rejection note - a PoDo has failed to come through or an existing donor has cut you. Sometimes, the letter tells you why but mostly it's fairly curt and you can only guess. And that is all you should do in most cases, guess. Going back and asking why exactly did you cut me or reject me is not only highly embarrassing for both sides but also unlikely to reveal useful information.

The time to ask for feedback is when somebody has just recently supported you or renewed previous support. At such times don't simply say 'thanks,' say 'thanks and may I ask what in particular led to your decision - it would be most useful for me in future fund raising to know exactly what it was about my presentation and proposal that you liked most.'

This achieves two things:

1. You will get good accurate feedback - the donor's high on you, has just given you a nice check, and is possibly flattered by your inquiry. He has no incentive to be other than helpful, thinking that a few good tips now might well leverage his donation into other support.
2. It brings you and the donor closer together. If you consult him at this stage and again every so often it will make him feel part of the institutional family or team. This will increase your chances of renewal, hopefully at a higher level, and decrease your chances of being cut.

## DON'T ACCEPT MONEY FOR THE SAKE OF IT

You have been courting a PoDo for six months. You get on well and clearly hold the same general values and interests. However, while he wants you to do project X you feel very strongly that it does not quite fit your goal and that project Y is clearly better in every respect. Finally, the PoDo puts his money on the table and tied to it is a very generous contribution to general overhead. Do you take the project money and overhead and try to do something that's not quite you or do you say thanks but no thanks? I would say thanks but no thanks.

A second aspect of this problem arises if there is a clear overlap of intent (i.e., you both want to do project Y) but you are currently very badly stretched on all fronts. Thus, if you take on Y now you might not do a very good job. The motto here is that it's better to take on 9 projects and do them all well than take on 10 and fall below standard on one or two.

A further aspect of this is to stay in balance on general versus restricted giving. Restricted giving is ten times easier to raise but if you can't meet overhead you're out of business.

**Stay in balance on general versus restricted giving.**

With restricted donors always ask for some overhead; if it's not offered you can still reject the restricted funds. And with general donors, point out how their support for overhead makes it possible for you to go out for the bigger restricted sums.

## DON'T TAKE FUNNY MONEY OR GOVERNMENT MONEY

From time to time, you may be propositioned: could your charitable status allow you to launder some money? For example, a PoDo with a college-aged son might seek to make his education expenses tax deductible by passing such funds through your accounts. Clearly, one wants nothing to do with such arrangements.

Equally, funds from government or quasi-government sources are to be refused. Such monies will (a) undermine your credibility as a champion of reducing the role of government and (b) deter private sector donors from supporting you. I would go further and also (a) refuse tax-funded research/consulting contracts and (b) write into your employee manual that staff who accept such funds in a private capacity (e.g., a lecture or writing fee) are instantly dismissed.

## DO YOU EVER REJECT A CHECK?

The only times I would turn down support are (a) if it comes from a government or quasi-government source; (b) if the donor is using you for other purposes (see the Funny Money section above); (c) if the donor has a dubious reputation and his association might well damage your long term interest; and (d) if the donor is asking you to do something that either does not fit or cannot be done to the highest possible standard.

Other than such cases, take every check offered, however small.

After all, you can manage your operations so the cost of carrying small dollar donors is insignificant, and these donors may graduate into more generous annual donors in the future. Also, they help U.S. organizations pass what the Internal Revenue Service calls "the public support test" necessary to maintain charitable status, and

of course, they all have wills. Keep in mind that the average American estate is substantial.

## MEASURING SUCCESS (AND FAILURE)

PoDos need to be convinced that their money will be spent wisely and effectively. Your reputation and track record will help but, as noted elsewhere, much of the work of an institute is not readily quantifiable. It is not like a home for battered wives which can report 'we provided a total of 5,432 nights of accommodation for 373 different clients during the past year.'

In a recent proposal for funds for a training seminar for advanced graduate students, I tried to deal with this as follows:

### Monitoring the Results

To assess the effectiveness of the program three short run and one long run arrangements are proposed:

#### A. SHORT RUN

1. A representative of the foundation will attend and audit all sessions.
2. Each participant will be issued a questionnaire at the end of the seminar and asked to complete and return it. The results will be tabulated for the foundation.
3. The Institute will prepare a detailed report within a month of the completion of the seminar.

#### B. LONG RUN

1. One year to eighteen months later the Institute will report to the foundation on the then-current status of all attendees including any significant career developments

## ACCOMODATING REGIONAL INTERESTS

Many PoDos have strong regional interests and are reluctant to give to groups with a national or even international perspective. I try to accommodate this in three ways:

- (a) Explain that the world of ideas today is not regional, not national, but international. If the PoDo is concerned about say the Marxist Economics Department at his local college, he won't cure it by spending money at that level. What is needed is an overall change of outlook, which will permeate down as new professors are hired, etc.
- (b) If a foundation/corporation is limited by its charter to giving only in area X, then offer to establish a restricted account and ask for a float to be spent only on projects in that area as they come along.
- (c) Should I have a program such as a training seminar which can be held anywhere, I offer to put it on in the PoDo's region.

## ON-SITE VISITS

Assuming that you have something to show to donors and PoDos (i.e., you are not operating a fledgling institute from your kitchen table), on-site visits are infinitely preferable to your visiting the donor or PoDo's office. Why?

- You're on your home turf and will hopefully feel more confident.
- You are controlling the agenda of the visit, presenting your case in the best possible light.
- You will probably get more time and more importantly undivided attention.
- Seeing the building(s) and the people who work there makes your intangible product more tangible.

## PROPOSAL WRITING

Here is a check list to use in drafting major proposals:

On the Cover Page:

- A Proposal to Fund the X Program at the Y Institute
- Submitted to: PoDo's name, title, address, and phone number
- Submitted by: your name, title, address, and phone number
- Amount Requested: \$XXX,XXX
- Date: September X, XXXX

Page 1: Executive Summary short: 3 paragraphs

Page 2: Table of Contents (if needed)

Page 3: The Institution

your corporate goal, methods, programs, history, etc., to set the scene, to show how you fit in the big picture

Page 4: The Program

purpose of the proposed program; how it fills a void; why it's important; how it will work, and what it will lead to

Page 7: Timetable

schedule of proposed program

Page 8: Budget

detailed breakdown of proposed expenditures, including overhead

Page 9: Personnel

who will be carrying it out and what their credentials are

Page 10: Evaluation

how the results of the program will be checked and reported back, e.g., sales figures, reviews, etc.

Page 11: References

names and addresses of 4-12 people who can vouch for you, your group, and your effectiveness

Page 12: Conclusion

upbeat ending; leave the reader on a confident, high note

Page 13: Appendices

drop to the back material the PoDo should or might like to have but which clutters up the main body

Proposals should be as concise as possible. If there is a relationship between length of proposal and size of grant it's probably inverse; and if there's a relationship between length of proposal and chance of success it too is probably inverse. You might get a big kick out of sending off 6 copies of your 100 page proposal to Foundation X - 'boy, how can they turn me down when they see this?' - but the overworked officers and trustees at the other end will be thinking 'I wish they'd summarized this in 10 or 15 pages.'

## DIALOGUE OR KICKING THE PROPOSAL BACK AND FORTH

Writing a first-class funding proposal is often an expensive exercise both in time and overhead. If you have a

clear indication of what the PoDo wants, you might move straight to this stage.

However, if you both are still feeling your way with each other, take an alternative route. Say to the PoDo: "I think we are beginning to see an overlap of interest and a variety of ways in which we might work together. However, rather than going straight to a full proposal, could I outline my thoughts in a rough draft, which we can then kick around?"

This route has the advantage of involving the PoDo more in an exercise that will hopefully increase his understanding of what you do, how you do it, and why you do it in that particular way, as well as your understanding of his concerns.

And if it comes to nought, you have not wasted so much time and effort.

## DIRECT MAIL

One of the most useful books for me in learning about direct mail has been Bob Stone's *Successful Direct Marketing Methods* (Crain Books, 1979). A particularly well-thumbed part of my own copy is pages 210 and 211. Here the author sets out his famous Seven Step Method of writing a letter as follows:

1. Promise a benefit in your heading or first paragraph -- your most important benefit. You simply can't go wrong by leading off with the most important benefit to the reader. Some writers believe in the slow buildup. But, most experienced writers I know favor making the important point first.
2. Immediately enlarge on your most important benefit. This step is crucial. Many writers come up with a great lead, then fail to follow through. Or they catch attention with their heading, but then take two or three paragraphs to warm up to their subject. The reader's attention is gone! Try hard to elaborate on your most important benefit right away, and you'll build up interest fast
3. Tell the reader specifically what he or she is going to get. It's amazing how many letters lack details on such basic product features as size, color, weight, and sales terms. Perhaps the writer is so close to his proposition he assumes the reader knows all about it. A dangerous assumption! And when you tell the reader what he or she's going to get, don't overlook the intangibles that go along with your product or service. For example, he's getting smart appearance in addition to a pair of slacks, knowledge in addition to a 340-page book.
4. Back up your statements with proof and endorsements. Most prospects are somewhat skeptical about advertising. They know it sometimes gets a little over enthusiastic about a product. So they accept it only with a grain of salt. If you can back up your own statements with third-party testimonials or a list of satisfied users, everything you say becomes more believable.
5. Tell the reader what he might lose if he doesn't act. As noted, people respond affirmatively either to gain something they do not possess or to avoid losing something they already have. Here is a good spot in your letter to overcome human inertia -- imply what may be lost if action is postponed. People don't like to be left out. A skillful writer can use this human trait as a powerful influence in his or her message.
6. Re-phrase your prominent benefits in your closing offer. As a good salesperson does, sum up the benefits to the prospect in your closing offer. This is the proper prelude to asking for action. This is where you can intensify the prospect's desire to have the product. The stronger the benefits you can persuade the reader to recall, the easier it will be for him or her to justify an affirmative decision.
7. Incite action, NOW. This is the spot where you win or lose the battle with inertia. Experienced advertisers know once a letter is put aside or tossed into that file, you're out of luck. So wind up with a call for action and a logical reason for acting now. Too many letters close with a statement like "supplies are limited." That argument lacks credibility. Today's consumer knows you probably have a warehouse full of merchandise. So make your reason a believable one. For example, "It may be many months before we go back to press on this book." Or, "Orders are shipped on a first-come basis. The sooner yours is received, the sooner you can

be enjoying your new widget.”

## THANK YOU

Every donation must be acknowledged with a thank-you letter the day it arrives at your office. If you are away, arrange for someone else to write something like: In Mr. XX's absence, I acknowledge receipt of your very generous donation. Mr. XX is away until the 25th but will write personally the moment he returns.

I acknowledge small donations with a standard letter designed for tax records. However, anything from \$100 and up merits a personal letter as well, not necessarily from me -- possibly from someone else on the staff or board if he knows the donor better.

Some groups reward donors at different levels of giving in various ways -- these are called donor incentive programs. I would be cautious about using most of these because of the obvious criticism that some of the donated funds is clearly not going into mission-oriented activities. Of course donors above a certain level receive special treatment (an invitation to the annual dinner, for example), but special wall plaques, books, tapes, and so on are another matter.

Some organizations have found it beneficial to host special events that can:

- Increase donors' understanding of the organization;
- Offer an opportunity to get to know the donors;
- Create a sense of membership;
- Increase donor involvement;
- Give donors an opportunity to meet and reinforce one another's support; and
- Provide a tangible donor benefit.

## ENTERTAINING THE DONOR

Preferably the donor or PoDo will invite you out, choose the restaurant, and pick up the bill. If he doesn't, it's up to you. On the one hand, you don't want to look cheap; on the other, you don't want to spend too much and look as though you're throwing money around.

With onsite visits it's easy: serve something nice but reasonable and modest. On the road I always turn to my guest and in effect say, "It's your town -- where would you suggest?"

## BUILDING DONOR RELATIONS

It is important to maintain a healthy relationship with your donors. Be aware that you tread a fine line. You don't want to send out so much that the donor feels overwhelmed and/or that money is wasted, but you also don't want him to feel left out or in the dark.

One example of an effective communication program was pioneered by IHS in the mid-1980s. Every two-to-three weeks the top 200 donors and PoDos receive a one-page publication called People and Ideas highlighting the work of the Institute. An issue never exceeds one side of a page and can be read in about a minute. The master copy is produced on blank paper and photocopied onto specially designed, preprinted, two-color letterhead. It's inexpensive, but it brings our work to life with personal stories.

In addition to keeping donors informed, it is useful to keep your organization informed of the donors' interests. One way is to send an interest survey or include a response form in a mailing from time to time, as one major Washington, D.C. organization does. In this way you can establish a continuing relationship with your donors. As you get a better sense of their commitment to the organization, and as they begin to trust you to deliver

what you promise, your working relationships will strengthen. Once this occurs, you won't have to go through the fund-raising process from start to finish each time you have a new proposal. Often you can just call donors and get preliminary responses to an idea. Find out if there is any interest in the idea and, if so, what suggestions or additions would improve it. If the interest isn't there, you have saved yourself the hassle of preparing a formal proposal. You have also saved donors the hassle of looking over a proposal that is of little interest to them.

[BL notes: *I have omitted a section originally appearing here in the document. The author explained the importance of a computer database for organizing donors and prospects and customizing communications to them, and he then provided substantial detail about ways to organize such a database. Modern database solutions are so widely available and reasonably priced, there's not much value in including this section as originally written – only in emphasizing the importance of developing a thoughtful strategy for the use of such a database.*]

## HIRING A FUND-RAISER

If you're the head of a market-oriented institute and either don't like fund-raising or are struggling, don't think you can solve your problems simply by hiring a fund-raiser. It might work, but it probably won't.

However, if you do go that route, here's a simple checklist:

- Has the applicant ever asked anyone for money before?

If *no*, move to the next person.

If *yes*:

- Is he committed to the cause?
- Does he really understand your mission and modus operandi?
- Is he presentable, articulate, literate, and numerate?
- Will he be committed to you for a sufficiently long period to repay your investment in him? Or is it just another job?
- If the lead applicant has never raised a penny, devise a test to determine if he can on a first try at least blurt out the necessary punch line. Send him to visit a regular donor or board member and get a report back.

Most people, including me, don't like most full-time fund-raisers. Indeed many potential donors have a policy of never meeting such people. For good reasons, they would rather meet with someone who is involved directly in the program. On the other hand, there has to be some division of labor -- someone has to be the main fund-raiser.

Many nonprofit groups have used professional fund-raising consultants. In the Introduction I noted that "successful nonprofit groups . . . have well organized schedules, good systems, and consistent follow-through."

Although consultants will probably know a lot about direct mail and proposal writing, their main benefit is that they force people to make fund-raising their top priority and to set up the necessary internal structures and procedures.

## IT'S YOUR BUSINESS AND NOBODY ELSE'S

Many nonprofit circles believe there's a "right to know" everything that goes on at an institute. I think this is because: (a) the movement is broadly ideological and many people give their time and resources voluntarily and (b) institutes are "public" entities. As a result, the slightest piece of internal news can assume hideous proportions and spread like wildfire among certain people interested in your work.

This attitude is utter nonsense and can be highly damaging. It's your business, and just because it's not run for

profit does not make it any less of a private concern. Of course you'll want to publicize some developments, but you should have well-developed professional mechanisms for handling such matters – with appropriate safeguards. And of course some internal fund-raising and management matters have to be written up for the board and others, such as auditors. But these are your private concerns and of no legitimate interest outside the circle of those entitled to know.

Outsiders who persist in inquiring into your affairs for no legitimate reason should be reminded that “it’s a private corporation.” Staff members who gossip should be sacked.

## ETHICAL BEHAVIOR

Ethical behavior is closely related to sound management. However, it goes a little further. Take for example the basic standards laid down by the U.S. National Charities Information Bureau:

1. *Board.* An active and responsible governing body, holding regular meetings, whose members have no material conflict of interest and serve without compensation.
2. *Purpose.* A clear statement of purpose in the public interest.
3. *Program.* A program consistent with the organization’s stated purpose and its personnel and financial resources, and involving interagency cooperation to avoid duplication of work.
4. *Expenses.* Reasonable program, management, and fund-raising expenses.
5. *Promotion.* Ethical publicity and promotion excluding exaggerated and misleading claims.
6. *Fund raising.* Solicitation of contributions without payment of commissions or undue pressure, such as mailing unordered tickets of merchandise, general telephone solicitation, and use of identified government employees as solicitors.
7. *Accountability.* An annual report available on request that describes program activities and supporting services in relation to expenses, and includes detailed financial statements employing Uniform Accounting Standards, accompanied by a report of an independent public accountant.
8. *Budget.* Detailed annual budget approved by the governing body in a form consistent with annual financial statements.

If there is no such national standard in your country, nothing stops you from nevertheless implementing this one and highlighting it in your materials under the heading, for example, Management Standards.

Clearly it is useful to the fund-raiser to wear an endorsement on his shirt and to be able to say, “My organization is one of a tiny number to qualify for wholehearted endorsement by a national watchdog on nonprofits.”

The only item above that requires further comment is No. 6. One might wonder why an institute should not pay a commission, say, on a sliding scale? The reason is simple: it would encourage corrupt practices between professional fund-raisers and corporate/foundation-giving officers.

## CONCLUSION

People give to people, and the fund-raiser lives or dies by his reputation for ethical behavior and sound management. Funds donated to you are given in trust, in the highest possible expectation that they will be invested wisely, effectively, and for the purpose stated in the proposal.

The slightest hint that something is not quite right will spread quickly and cause major damage to your donor base, staff morale, and overall effectiveness in pursuing your goal. One only has to think of some of the scandals involving major charities that have hit the headlines in recent years to realize the importance of one’s reputation.

**People give to people.**

Finally here's a summary of my main points:

- Have a concise clearly articulated MISSION and STRATEGY;
- Make fund-raising your top priority;
- Don't accept money for the sake of it;
- Take on only projects that both fit and can be done well;
- It's your business and nobody else's;
- Set the highest possible standards in all aspects of your operations;
- If you don't ask . . . you don't get; and
- Cooperate and network.



*John Blundell passed away on July 22, 2014. John Blundell spent two decades as the General Director of the Institute of Economic Affairs in London, the “grand-daddy” think tank to the Atlas Network and (in the estimation of Andrew Marr of the BBC) “undoubtedly the most influential think tank in modern British history.” Prior to his service at the IEA, Blundell was President of the Charles G. Koch and Claude R. Lambe Charitable Foundations, aiding in their evolution into some of the most active philanthropies for the advancement of libertarian ideas. Earlier, Blundell led (simultaneously) the Institute for Humane Studies and the Atlas Network (then, Atlas Economic Research Foundation), organizations that served as catalysts to the creation of new generations of classical liberal academics and think tank entrepreneurs, respectively.*