

## Chapter 1

# Identifying the Fruits of Your Fundraising Passion

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### *In This Chapter*

- ▶ Finding the spark that brought you to nonprofit work
  - ▶ Delving into nonprofit organizations
  - ▶ Uncovering money sources
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**F**undraising folks have an old saying: “People don’t give to causes. People give to people with causes.” This saying means that, in essence, you’re the important part. Your inspiration, your perspiration, your passion. So that brings us to the Big Question. . . .

What are you passionate about?

Chances are, passion for some cause led you to fundraising in the first place. Oh, sure, you find professional fundraisers out in the field who are interested first and foremost in turning a fast buck. But those people are few and far between in our experience. People are drawn to organizations because they see a need — perhaps up close and personal — and they feel compelled to do what they can to make a difference.

That spark of passion makes you want to help. Your passion is one of the best tools to use as you fan the embers of possibility into a full fundraising flame.

In this chapter, you take a look at having and staying in touch with that initial spark — the spark that brought about the birth of your organization, the spark that keeps it going, and the spark you caught and are helping to flame. We also show you how to fan the flame to ignite others for your cause, give you the rundown on some basic fundraising lingo, and attach fundraising at large to a dollar figure (so you know just how vast the industry is). And for newbies just breaking into the nonprofit world, we highlight the various types of these organizations, give you some advice on maintaining the buzz, and share a few tips for the road on marketing your new venture.

## *Sparking Fundraising Action*

As anyone who's ever had any experience with trying to raise money can attest, *fundraising* isn't a pretty word. In fact, it's a tough term to confront, a kind of "oh-no-here-comes-the-pitch" sounding word. Some people say that fundraising is really "friend-raising," but that's like putting a bit of polish on an otherwise slippery word.

Nonetheless, fundraising is a necessary part of a nonprofit organization — the part that puts the hinges on the doors so it can open and the part that keeps the blankets on the beds and the food in the pantry. It pays the salary for the midwife and provides the day-camp scholarships for inner-city kids.

But fundraising isn't the main objective of a nonprofit organization, although you may sometimes feel that it gets the bulk of the focus. Fundraising is the means to the end, the way of fulfilling your mission, whether that mission is reaching homeless people in need, healing the sick, or promoting the art or music you're passionate about.

Chapter 2 deals with the important issue of ethics in fundraising — how you think about what you do. In that chapter, you consider the biases, apologies, and reactions that you battle against — within yourself and from the general population — when you set out to raise funds.

### *Remembering why you signed on*

You may be involved with fundraising today, or you may be considering a request for involvement, but the initial spark is what we're talking about here. Like the Olympic flame, your spark gets carried from person to person and warms the very lifeblood of your organization, whether you're a volunteer, staff member, or board member.

Knowing your spark story is important for several reasons:

- ✓ When you share it, it inspires others.
- ✓ When you remember it, it inspires you.
- ✓ When you recognize its importance, it helps you remember your priorities.
- ✓ When you keep it in mind, it provides a common ground where you can meet — and enlist help from — others you bring into your organization's cause.

## You've lost that loving feeling

If you feel that you've lost your initial spark or haven't really analyzed what brings you to the cause you're helping to promote, ask yourself the following questions and then see if that spark doesn't reignite (and if it doesn't, you probably need to find a different cause to get involved with):

- ✓ When did I first become involved with this organization?
- ✓ What brought me here?
- ✓ What did I think was important about this cause?
- ✓ Why did I decide to help?
- ✓ What was going on in my life at the time that this appealed to me?
- ✓ How can I help others see what I see?



Some people work with many different organizations at the same time. If you're charged with fundraising for your nonprofit group — whether your role is a volunteer, paid staff member, or board member — chances are that you work with a select few, just given the amount of time and effort that solid fundraising requires. Even if you work with several nonprofit organizations, take time to remember why you selected them over others. Knowing why you care about these causes is important to keeping you motivated — even if you're overextended, time- and responsibility-wise.

## *Helping your donor catch the spark*

We talk in this chapter about the importance of knowing what brought you to nonprofit work in the first place. That spark shows in your eyes and your smile. It carries in your voice and makes your story ring true. It shows in the manner in which you promote your organization and in the personal pride you take in your relationship to your work or your cause. This section presents a few key fundraising philosophies and tools that can help your donor catch the spark that you hold. For more specifics about working with donors, visit the chapters in Part II of this book.

The best thing you can do for your donor is believe in the mission you're representing. When you're gung-ho for your cause, others see it and are encouraged to join. They start to imagine themselves working for a solid cause, a good effort, a positive change.

Today's philanthropy realizes that you can't always see or touch the person who needs the help. Nonprofit organizations arose to help people help others

## How many people volunteer?

Do you think that volunteering is only for those few people who don't have any other commitments? Think again. The Independent Sector, a coalition of nonprofits, foundations, and corporations supporting philanthropy, cites the following statistics in its 2001 study, which surveyed more than 4,000 Americans:

- ✓ Forty-four percent of adults volunteer their time.
- ✓ Forty-two percent of adults both gave and volunteered.
- ✓ 15.5 billion hours were spent volunteering nationwide.
- ✓ Eighty-nine percent of households give money to charitable organizations.

whether they live down the block or on the other side of the world. These organized bodies provide the channels for your help to get to Rwandan refugees, Kosovan orphans, or the homeless families in your neighborhood, which enables you to do something concrete to help change the world for the better.

As a fundraiser, remember that you're the all-important link that helps a caring donor give to others. When you view what you do in this way, you recognize the importance of your role as a service provider. You also see how that spark can pass from one to another. And suddenly, the conversation is no longer about simply raising funds.

## *Making friends with fundraising*

Before going any further, we need to clearly define the terms we bat around in fundraising. We offer the following definitions, with our own commentary added. You see and hear these terms again and again as you proceed to raise money for the causes you believe in:

- ✓ **Philanthropy:** Actions and giving that attempt to improve the lot of people.

In the fundraising field, one standard definition of philanthropy is "voluntary action for the public good," meaning any action one takes — with or without a financial component — that is an act to make life better for someone else. When you tithe at church, it's philanthropy. When you drop coins in the container on the counter at the local convenience store, you're a philanthropist. When you include your local theater or your alma mater in your will, you're practicing philanthropy.

- ✔ **Gift:** Something you offer to somebody else with no thought of compensation.

A gift may appear in many facets of life. When Aunt Mildred gives you her parakeet, it's a gift. In fundraising, a gift may mean that any number of things that build on this basic definition.

- You may hear about a *lead gift*, which is the first, usually sizeable, gift of a capital campaign. Go to Chapter 20 for more about capital campaigns.
- A *major gift* is another type of large gift that a donor may give in order to support a particular program, launch a campaign, further a cause, or be applied in another specific area. Check out Chapter 21 for more on major gifts.
- A *general gift* is one a donor gives to an annual fund or contributes to operating expenses.

Still, a gift is a gift, freely given, with no theoretical arm-twisting and no product or service given in return.

- ✔ **Fundraising:** Collecting money for a cause.

Another definition may be as follows: Fundraising is the intentional and strategic activity of acquiring contributions for support and growth. Those contributions can include money, time, services, labor, donations of hard goods, or in-kind contributions.

- ✔ **Volunteer:** One who freely gives of his or her time to render a service.

In other words, at a basic level, a volunteer is someone who works for no monetary payment. As a volunteer, you get other benefits — the ability to help build something you believe in, acquire new skills, forge new relationships, and more. Head to Chapter 4 for more on finding and recruiting volunteers.

- ✔ **Annual Fund:** A yearly fundraising effort.

Most organizations run a yearly fundraising campaign, in addition to any program specific efforts. This annual fund is often earmarked for ongoing operational expenses. See Chapter 18 for more about annual funds.

- ✔ **Endowment:** A substantial fund that generates ongoing income from its investment.

An endowment is usually a large sum of money that can be invested, and the profits from those investments, or even the interest the money generates, help to support an organization. See Chapter 23 to discover more about how endowments work.

## Philanthropy as a right

Although philanthropy isn't a new concept, U.S. residents get an additional perk when they give that residents of other countries don't: The United States is the first country in the world to include a fundamental philosophy that encourages charitable giving. When you give, you get

a tax break. That's not some loophole that someone figured out how to wriggle through — it's intentional. Lawmakers highly regarded the practice of philanthropy. It's part of your heritage. It's part of your right — and, some would say, part of your obligation.

## *Fundraising today — and in the future*

Fundraising is Big Business. In 2004, the American Association of Fundraising Counsel ([www.aafrc.org](http://www.aafrc.org)) released fundraising figures for 2003 in the latest edition of *Giving USA*, the annual report on philanthropy in the United States. Total contributions to nonprofit organizations weighed in at \$241 billion, a 2.8 percent increase over amounts in the year 2000. You may think that's one heck of a lot of hot meals. Or free condoms. Or community leadership seminars. Or tithes.

When you look at the societal statistics about who fundraisers are, where fundraising is going, and where you spend both your energies and your dollars, you may be surprised to find that Americans are living in a philanthropic age. Americans volunteer their time; they give blood; they write checks; they build houses. In this time of media hype, “negativism,” and preoccupation with social ills, just seeing the flip side of that negativity in increased involvement, higher levels of giving, and a greater number of human service organizations — of all different flavors, springing up to make life better for generations today and tomorrow — is reaffirming.

We are also at a time when fundraising is changing. For example, giving is becoming more global, with gifts given across borders at times of national strife such as disastrous weather or terrorist attacks. Estate planning will grow as baby boomers retire and determine where to leave their wealth. These and other trends make this an interesting time in the world of fundraising. (See Chapter 24 for more predictions about future trends in fundraising).

## *Building Nonprofit Organizations*

The nonprofit organizations (NPOs) you care about were born from passion — a response to an identified need in the local, national, or international community. The very frame of philanthropy rests on the idea that “when people work together, they are stronger” — that when you share your resources,

## What about political fundraising?

You may notice that in this chapter (and even book) we don't mention the fundraising your favorite political candidate does in order to secure your vote and fund his or her trip to office. Political fundraising is the unappreciated stepchild of the fundraising field. Because of widely publicized political fundraising abuses, people sometimes blame fundraising for corrupting or, at least, preoccupying the minds and intentions of candidates.

In fact, if political fundraising would more openly apply the good practices and ethics

used in charitable fundraising, the standards would improve, the money would be raised, and good people of varying income brackets could get into office. The areas aren't so different, after all: When you raise funds in the nonprofit world, you're working for a cause you care about. When you raise funds for a political candidate, you believe in the person or the platform. The skills you discover in nonprofit fundraising are directly transferable to the political arena — and may lead you to contribute to the public debate and thus to the political system.

whether those resources are your wealth, time, effort, or ideas, others can benefit. Basically when people provide help, comfort, education, and more to people in need, society as a whole benefits. But putting together solutions is hard work — and passion and hard work are essential ingredients to carry the idea from that initial spark of recognized need to the realization of a program that achieves its mission.

## *Recognizing the many nonprofits*

NPOs exist to battle every imaginable ill — from environmental to health to human service issues. And don't forget animals, arts, and political groups. Your organization undoubtedly falls into one of the following categories:

- ✓ Arts/cultural organizations
- ✓ Educational organizations
- ✓ Environmental organizations
- ✓ Health organizations
- ✓ International aid and relief organizations
- ✓ Public policy/social benefit organizations
- ✓ Religious organizations
- ✓ Social service organizations

## Three nonprofits built from passion

Looking at examples of how passion has been at the core of fundraising efforts can be enlightening and inspiring. Here are a few:

✓ **MADD (Mothers Against Drunk Driving)**

was created when mom Candy Lightner lost her 13-year-old daughter Cari in an accident caused by a repeat-offender drunken driver. Though it benefited from a few large corporate gifts at its inception, the organization continues to be largely a grass-roots organization calling for heightened awareness and tougher punishments for alcohol- or drug-impaired drivers. MADD has grown to more than three million members worldwide because of Candy's original passion, her perceived need for an organized effort to combat drunk driving, and the spark that spread to others. What's amazing about MADD is that it illustrates perfectly what passion applied to a cause can do: Beyond simply growing in numbers, MADD grew in voice, becoming instrumental in changing the values and very perspectives with which people view drinking and driving in today's culture. You can visit the MADD Web site at [www.madd.org](http://www.madd.org).

✓ **Habitat for Humanity** grew out of a passion sparked in the mid-1960s when founders Millard and Linda Fuller visited Koinonia Farm, a small, cooperative farming community in Georgia. There they began discussions with farmer and scholar Clarence Jordan about the possibility of partnership

housing, in which those in need of homes would work together with volunteers to build solid, affordable homes. Since Habitat's founding in 1976, more than 200,000 homes have been built in more than 100 countries. Check out the Habitat Web site at [www.habitat.org](http://www.habitat.org).

Some years ago, John (one of your humble authors) had the good fortune to meet Millard Fuller and spend some time with him. He shared his vision of how people become unified in a good cause. Whether the volunteers who range from doctors, construction workers, healthcare professionals, or stay-at-home parents pick up the tools and drive the first nail, they're joined together in work that helps build a life. His challenge, said Millard, was to get people to hammer that first nail.

✓ The spark that would flame into the **Children's Defense Fund** was ignited in Marian Wright Edelman during her work as a private civil rights lawyer in Mississippi in 1964. According to her book, *The Measure of Our Success* (HarperCollins), she began a fight for the hungry, homeless, illiterate, and economically disadvantaged children as her primary focus. Today the Children's Defense Fund has celebrated its 30th anniversary and is an active advocate for the child on the local and national level. You can find the Children's Defense Fund on the Web at [www.childrensdefense.org](http://www.childrensdefense.org).

All in all, more than 1.23 million charitable organizations are in the United States, (give or take a few hundred), according to the Independent Sector's survey, "Giving and Volunteering in the United States." Luckily, there are also millions of people wanting to help, most of whom are also willing to give.



## *Competing for dollars*

So if tons of people are giving, then doesn't it follow that many people are also receiving? How many people are doing what fundraisers do — raising funds for your various NPOs? How many of these organizations exist today, and how does that compare to a decade ago? In other words, what does your competition for fundraising dollars look like?

The IRS reports that the number of charities that filed tax returns with the government rose from 180,931 in 1995 to 240,559 in 2001. That's a pretty hefty growth in only six years! By comparison, between 1999 and 2000 the number of private foundations filing during that period grew 7 percent, for a total of 66,738.

So what form do all these nonprofit organizations take? Typically, your competition will be one of two kinds:

- ✓ **501(c)(3)** is one section of the IRS code that defines and qualifies nonprofit organizations for special treatment under today's tax laws. Having 501(c)(3) status allows nonprofits to be tax-exempt and to accept donations for which donors receive tax deductions. A nonprofit with 501(c)(4) status is a nonprofit in the social welfare arena.
- ✓ **Independent sector**, or **third sector**, is a phrase used to describe the group of charitable organizations that include both 501(c)(3)s and 501(c)(4)s.

## **A mixed bag of contributions**

Many nonprofits receive funds from a variety of contributors. An arts organization, for example, raises a percentage of its funds by selling tickets for its exhibits, applies for grant monies from selected foundations, solicits both charitable contributions and in-kind gifts from corporations, and develops a planned giving program to help long-time donors work out bequests that continue to fund the organization after the death of the donor. (See Chapter 21 for more on planned giving.)

In some agencies, especially those involved in health and human services, government

funding is a part of the package. Other NPOs sell a product and thereby are responsible for some taxable income in addition to their charitable contributions.

Whatever the funding patterns for your organization may be, get to know your income sources. Evaluate them, assess them, and know where your strengths and challenges lie. Strengthening this part of your program can help you discover major funding possibilities that you may be missing now.

Although the increasing number of 501(c)(3)s is a good thing, which spotlights the growing awareness of and responsiveness to human need, a downside to all this growth exists: increased competition. Missions overlap. Different organizations seek to serve the same populations. Donors are pulled in different directions, recognizing that their dollars may be coveted by a number of similar organizations addressing similar needs.

The sad fact is that a nonprofit mortality rate does exist. Each year, nonprofits fold up their 501(c)(3) umbrellas and disappear. The level of competition for today's fundraising dollars means survival of the fittest. In order to survive, you need to stay on your toes, ready for anything. Sometimes you may even ask yourself, "Is this service worthwhile? Are there other organizations repeating our services?"

## *Keeping your organization going*

What does this competition mean to you? For starters, if you want to keep your agency active and growing:

- ✔ **Know your mission statement inside and out.** A crystal-clear "why are we here?" mission statement (also called a case statement) helps keep everyone focused on the organization's vision. If your statement's language is outdated, be willing to speak in terms that reach your constituents' hearts. See Chapter 3 for more on creating this case statement.
- ✔ **Be different.** Be sure that you stay plugged into your environment. Be active in local fundraising groups — know who else serves the population you serve. When possible, work with, as opposed to against, other agencies so that you both can complement and not duplicate each other. Then you need to differentiate your cause from other similar organizations: Many opportunities abound for giving, but not so many that duplicating services is okay — at least not for the long term.
- ✔ **Know what's out there.**
- ✔ **Be responsive to the people you serve.** The ever-changing world presents you with opportunities for refocusing and retooling at every turn. If the social ill you battle is no longer viable, step back and reconsider your clients' needs.
- ✔ **Ask the tough questions.** Does your organization meet today's needs? For instance, 50 years ago, an agency created to provide lodging to unmarried pregnant women was much needed. In today's climate, programs exist in many places to help young women, and single pregnancy no longer carries the same crippling social stigma it once did. An organization that asks itself the hard questions, such as whether what it's

doing is really necessary and then changes based on the answers, won't be left in the dust when the world around it continues to grow.

- ✓ **Be willing to change.** Yep. You read it right. After you answer those tough questions about your organization, you have to be willing to make the necessary changes. Especially for large, unwieldy organizations with a vested power structure and a bureaucratic bent, change is resisted at the board table. But populations, needs, and services change. Be willing to change with them. Doing so can help protect your agency's existence.
- ✓ **Put your best foot forward.** People generally dislike crisis appeals — if you're always crying "Wolf!" to bring in funding from various donors, sooner or later people are going to tire of the continual pleas. Instead, if you can show your donors that you're part of a winning organization, a force that works for good in the world, you may not only keep their interest but also inspire them to join you in your winning campaign. (See Chapter 7 for ways to show and tell your cause to donors.)

## *Getting Attention — and Money*

So just how do you get started raising funds? You can approach fundraising in several different ways, all of which we discuss in various chapters of this book. If you read Parts I and II and you perform the outlined groundwork to understand your own mission and goals and research potential donors, then you're ready to spread the word and ask for contributions.

To help with those contributions, review Part III for a discussion on using print materials and direct mail, writing grant proposals, working with the media, and fundraising over the phone. Part IV looks at ways you can leverage the online world to run e-mail campaigns, to keep people aware of your mission with an e-newsletter, or to offer information on your own Web site.

