CHAPTER 1

Why a Development Plan

"Wisdom consists not so much in knowing what to do in the ultimate as in knowing what to do next."
Herbert Hoover

After reading this chapter, you will be able to:

- List the reasons a development plan is critical to a successful development program.
- Name the components of a development plan.
- Develop a plan to utilize various methods of fundraising that will be included in the plan.

Many readers will recall from their childhood the story of Alice in Wonderland. After Alice fell down the rabbit hole, she met the Cheshire cat, sitting in a tree, whom she asked in which direction she should start walking.

The Cheshire cat, grinning, asked, "Well, Alice, where do you want to go?"

"I don't know," was Alice's reply.

"Well, then it really doesn't matter in which direction you walk."

Unfortunately, many development officers find themselves hurtling down that rabbit hole on a daily basis and, when lost in the woods, are not sure which way to go. Too bad they don't have that Cheshire cat offering his sage advice!

To exacerbate the problem, many development people, instead of having the time to carefully plan their development program, have been thrown into a situation where the organization has had no plan in the past from which to work and where the organization's leadership expects the development officer to work miracles. Why does this happen? Often, the development officer is the "new kid on the block," having been hired after the organization has already enmeshed itself in a lot of misguided information about the way fundraising should be done and may have had a number of false starts in the development arena. In the life cycle of a nonprofit organization, development often enters the scene at the maturity stage.

Carter McNamara, in his article "Basic Overview of Organizational Lifestyles," provides a chart developed by Richard L. Daft for his book *Organizational Theory and Design*, which lists the various components of a typical organization's life cycle.

	Birth	**Youth**	**Midlife**	**Maturity**
Size	Small	Medium	Large	Very large
Bureaucratic	Nonbureaucratic	Prebureaucratic	Bureaucratic	Very bureaucratic
Division of Labor	Overlapping tasks	Some departments	Many departments	Extensive, with small jobs and many job descriptions
Centralization	One-person rule	Two leaders rule	Two department heads	Top-heavy management
Formalization	No written rules	Few rules	Policy and procedure manuals	Extensive rules
Administrative Intensity	Secretary, no professional staff	Increasing clerical and maintenance	Increasing professional and staff support	Large—multiple departments

	Birth	Youth	Midlife	Maturity
Internal Systems	Nonexistent	Crude budget and information systems	Control systems in place—budget, performance, reports, etc.	Extensive—planning, financial, and personnel added
Lateral Teams, Task Forces for Coordination	None	Top leaders only	Some use of integrators and task forces	Frequent at lower levels to break down bureaucracy

McNamara cites another perspective on the life cycles of organizations from Judith Sharken Simon in *The Five Life Stages of Nonprofit Organizations*. While both of these approaches are helpful in understanding the life cycles of a nonprofit organization and how development fits into this life cycle, Simon's view may have more appeal to the typical nonprofit leader because it is less about structure and more about vision. She lists five stages:

- Stage One: Imagine and Inspire ("Can the dream be realized?")
- Stage Two: Found and Frame ("How are we going to pull this off?")
- Stage Three: Ground and Grow ("How can we build this to be viable?")
- Stage Four: Produce and Sustain ("How can the momentum be sustained?")
- Stage Five: Review and Renew ("What do we need to redesign?")

In looking at the typical life cycles of a nonprofit, they are similar to the life cycles of all living things. First, there is the embryonic stage, then infancy, followed by childhood, puberty, young adulthood, maturity, and finally old age. A nonprofit organization's life cycles are similar. The organization usually starts with a seed of an idea as some person or group of people come together with a vision to solve a perceived problem (Simon's Stage One). For example, a mother loses a child in a drunken driving accident, and MADD is born; a church group sees the need to feed the hungry and homeless, and a food kitchen is opened; a group of parents want better educational opportunities for their gifted children, and a private school is established; a community seeks to improve its cultural life, and a theater group evolves from this vision. As these organizations are birthed into infancy, their focus is on programs—who will provide the education, the food for the hungry, the advocacy, or the performances?

As these organizations move into childhood and adolescence, they see the need to become more organized. At that point, an executive director is usually hired to manage the organization and perhaps a financial officer to help complete the necessary reports and handle payroll as the staff begins to grow (Daft's Youth Stage). Usually, in young adulthood the organization sees a need to expand and perhaps increase community awareness in order to secure more support for their programs. Usually, at this period more program staff persons are brought on board, and a public relations or marketing person is often hired.

As the organization grows into maturity, it may find that the current mode of operation is not enough to sustain the organization or to allow it to grow. Government or foundation funding may have decreased or been cut altogether, special events may face increasing competition from other community events, and the founders have probably exhausted their initial funding. This is Simon's Stage Four—how can momentum be sustained?

In most cases, the development person is hired after the organization has already enmeshed itself in some basic fundraising programs; usually grant proposal writing and special events because these are development activities that most organizations can manage without designated development staff. Often, the executive director has come from a program background and is not strong in the areas of business or fund development, but as a program person has been involved in grant proposal writing. Likewise, many of the board members of a young organization have agreed to serve on the board because they have a passion for the work of the organization, but may not been carefully selected based on their various skills and talents, or connections that they have in the community. These board members have most likely been involved in special events at other organizations and have lots of ideas for fundraising events at this organization.

As the organization matures, it realizes that it needs some expertise in the areas of fundraising; however, its view of fund development may focus strictly on things that are familiar to it. Many program people have been involved with writing grant proposals for their individual programs, so executive directors who are program people will probably have the expertise to continue writing the proposals once they are in the executive director position. And almost all board members have been involved in one way or another with special events, so this area is within their comfort zone and they will focus all their energies on these fundraising events until they either get burned out or realize that development has a far-reaching scope beyond events.

What happens next is often that a development officer is hired and expected to work miracles. "How soon will the development officer be able to raise his or her salary and show a profit?" is a question often asked by boards and chief executive officers (CEOs). The answer is, "It depends." The difference between an organization that can quickly show results and one that will take more patience depends on the organization's understanding and availability of the prerequisites to a successful development program. What are some of the things can determine the success of a development program and how does the development plan assure success?

At the end of this chapter, there is a Philanthropic Profile Assessment Tool (Exhibit 1.1) to help assess the organization's level of commitment to fundraising and philanthropy. This is a helpful tool to use with board and executive management to help them understand the importance of their commitment to development if the development office is to succeed.

Where in these life cycles does the development plan fit? If an organization's leader is insightful, she or he will have at least a simple development plan from the very beginning. Often, the development plan comes into play during midlife or whenever the development officer is hired, but for many well-established organizations, the development plan is way of looking at a mature program (Stage Five for Simon, Maturity for Daft) and asking, "What do we need to redesign in our development operations?"

TIPS & TECHNIQUES

Some key elements of a successful development program are:

- The level of commitment of the board to assist with fundraising.
- The level of technology that is in place and/or the budget amount designated for technology needs of the development office.
- The organization's commitment to the professional development of its fundraising staff.
- The ability of the organization to create community awareness and build relationships.
- The diversity of funding streams and the variety of fundraising techniques used.

The development plan is an important tool to help development officers, whether they are new to the profession or senior-level professionals, implement and manage a well-integrated development program. Without a plan, like Alice, newer development officers will be lost in the woods. They will be pulled in many directions by the board, volunteers, and the executive director. They will spend most of their time trying to deal with the various events that the organization has been running, usually without any assessment of the viability of these events or the lost opportunity costs resulting from the excessive amount of time spent on event planning and implementation. They will take the shotgun approach to grant proposal writing, sending out proposals to as many potential funders as they can find, without taking the time to plan their approach to carefully researched funders, matching the funder's interest to the needs of the organization. Major donor identification, research, and solicitation will be done sporadically, if at all.

Even seasoned professionals can get caught up in the whims of board members and volunteers or the demands of their CEO if they don't have a carefully thought out development plan. Without a plan that contains measurable goals,

In the Real World

One development director reports that she is the third development person her organization has had in place during the past three years and that one of the projects that had always gone by the wayside was the planning process. She reports that it took her a good three months just to "learn the ropes" in a new organization. In addition to this hurdle, the organization had always hired inexperienced development people because they could not afford the salary that a more experienced development person would require. These "newbies" to fundraising generally did not have the expertise to develop a plan and spent most of their brief tenure at the organization trying to learn the profession of fundraising. At the same time, the board set unrealistic expectations for the development office, so the development staff found themselves scrambling to bring in the quick donations and had neither the time nor the expertise to develop lasting relationships with donors. This development officer wisely chose to work with the board on developing a realistic plan with reasonable goals.

In contrast, another development officer, well seasoned in the profession and working for larger institution with a strong fundraising history, has been successful in developing a detailed departmental operational plan that feeds into the institution's broader 10-year business plan. This plan includes specific tasks, deadlines, persons responsible, and priority status of each task. A detailed calendar is part of this organization's development plan. Because this institution has a larger development staff of experienced professionals, there was little board involvement in the plan itself, other than to approve it and understand their role in the implementation of the plan. This organization was also able to develop its plan without the use of outside consultants to guide the process.

it is hard to assess success, and harder still to justify the development budget, including staff salaries or increased staff positions. Often, especially in smaller organizations with newer development programs, board members and even staff can get caught up in "special event fever." Many times, a well-meaning volunteer or board member will come into a meeting saying, "Let's run a golf tournament; the XYZ organization just ran one and made $100,000." But has this enthusiastic volunteer taken into account that perhaps *this* organization has never run a golf tournament, knows nothing about golf, its board members do not play golf nor can they line up hole sponsors, and so on?

Another drawback of not having an integrated plan is that the organization may be losing money because it is not approaching its donors in the best way possible. For major donors, it will be necessary to make personal individual calls, and if the development officer is busy putting out fires and managing ongoing events and grants, he or she will not have time to plan a logical moves management system for major donors. *Moves management* is a process by which the organization identifies, cultivates, and solicits major donors according to a well-laid-out plan that is individualized for each prospective donor. This process is guided by the LAI principle, a theory based on the three elements of a successful major gift—linkage, ability, and interest. In order to receive a major gift from any donor, there must first be a careful analysis of the prospect's ability to give. Research must, therefore, be part of the development plan. Finding the right linkage—who is the best person to make the ask—is a key element of the major-gift process, and the development plan should lay out a process to identify this linkage through board members, staff, or other volunteers. Interest is the final element of the three requisites of a major gift (and all three must be present in order to receive a major gift), so the plan should include methods to identify and cultivate the prospective donor's interest in the programs of the organization. Even midrange donors have specific ways they want to be approached. For example, some will respond better to direct mail, others to telephone fundraising. Without a plan that includes a variety of approaches, a lot of money is often left on the table.

One of the most important reasons to have a development plan is so that the organization can assess its performance and make adjustments to fundraising programs where necessary. The plan must have a system to benchmark success and make adjustments to the strategies developed in the plan. The plan should be evaluated on a regular basis and progress reported to the board and management staff. This topic will be covered in more depth in Chapter 7.

TIPS & TECHNIQUES

Some of the principal successes organizations have reported as a result of having a development plan include:

- Increases marketing and visibility of the organization.
- Help the organization make business contacts.
- Makes it possible to track success of capital campaign.
- Points out areas on which the organization needs to focus.
- Helps keep the staff focused.
- Assists with writing the case for support and grant proposals.
- Assists the organization in gathering and sharing information with board and volunteers.

The Basic Elements of a Development Plan

The development plan should include goals and objectives for each of its components, as well as strategies and actions steps to achieve objectives. These should include a timeline, budget, and area of responsibility. One of the biggest mistakes many organizations make is to not carry the planning process far enough. Often, organizations spend a great deal of time, money, and energy developing goals, objectives, and strategies, but do not ask themselves three important questions about the action steps needed to support these goals, objectives, and strategies:

1. When is it going to be done?
2. Who is going to do it?
3. How much is it going to cost?

TIPS & TECHNIQUES

A good development plan will focus on all areas relating to the organization's fundraising program. These areas should include:

- Communication strategies and techniques.
- Donor relations, including stewardship and cultivation.
- Research strategies and techniques.
- Fundraising programs such as events, grants, direct mail, telephone fundraising, and personal solicitation.
- All constituencies, including individuals, corporations and businesses, foundations, and organizations.
- Technology and infrastructure.
- Human resources, including staff, board, and volunteers.

Andy Stanley tells us that visions often die because of inactivity. "It is discouraging to continue dreaming about something that appears to have no potential of ever happening. Besides, there is so much in life that must be done, why waste time dreaming about the impossible," Stanley says. This happens in many nonprofit organizations. The vision is there, but the resources and energy to make it happen may not be. The lack of a vision is usually not the problem for nonprofits—after all, wasn't the organization birthed from the vision of an individual or a group of people? Very seldom does one see a nonprofit organization that has no vision. Just talk with the staff and boards of any nonprofit, and only rarely will one come across an organization that is muddling along just because they have "always" existed and think they must continue to exist. Occasionally, one will find an organization like this, but in most cases, the organization's leaders can and do speak passionately about their vision to anyone who will listen.

More common, however, is the organization that has the vision but is just not sure how to make it happen. The organization itself must have a sound strategic plan, outlining the direction for its programs, its facilities, and its financial resources. The development plan is a crucial part of this strategic plan since it will enable the organization to fulfill its vision.

In his book, *Fund Raising*, James Greenfield says that strategic planning is important for the nonprofit organizations not just to measure its outcomes, but to study the results of its efforts and be able to deal with contingencies that may arise. He cites Lowell, Pearson, and Raybin's *Strategic Planning for Fundraising*, listing the reasons organizations undertake strategic planning for fundraising as:

- The strategic plan requires that the resources to fund the plan must be available.
- The organization may have a need for increased funding because of new or expanded programs.
- The organization has lost a major source of funding and needs to develop new strategies.
- The organization recognizes the need to not be dependent on a limited amount of funding sources.
- A new CEO or chief development officer (CDO) is on board.
- Enlarged board membership with more interest in fundraising activities.
- Demographic or economic shifts in the community.
- It has been more than four years since the organization evaluated its fundraising program.

The development plan must be a part of an organization's overall strategic or long-range plan if the organization is to be successful in reaching its goals. Financial resources must be found to fund any organization's growth, or even to maintain its status quo. The development plan will outline the methods to be used, the timelines in which to accomplish financial goals, and the budget for both human and financial resources needed by the development department. Sometimes, there is a crisis in funding streams—a government grant or contract is no longer available, a major event has failed, a major donor has pulled their funding. In cases like this, an integrated development plan becomes vital to the organization's future success, and sometimes to its very existence. A sound development plan covering a variety of funding streams will prevent this catastrophe from happening in the first place. But, if there was no plan in place, the development plan devised under a crisis situation will most likely be done quickly and with emphasis on immediate needs. This type of plan should be reevaluated under more stable circumstances, perhaps at the end of a year or six months when the crisis has been averted, to assure that it focuses on long-term stability.

Any change in the organization's human resources—a new CEO or development officer, a shift in attitudes about fundraising brought on by new board members—may lead to the need for a new or revised development plan, taking into account the additional resources available for development efforts. An organization seeking to expand its development program will often seek new board members who are skilled in major-gift fundraising and more willing to assume a fundraising role. This new resource for the development office should be taken into account when the plan is developed or revised. A new CEO who asks to see the development plan shows an interest in development and will most likely request a development plan quickly if there is not a plan in place already. Or they may want to place their own stamp of approval and/or insert their own personal interests and skills into the plan. New board or staff people who show an interest in development should be invited to help the CDO with the development plan. If an organization has not looked at its planning process for several years, it will require a fresh look at the community and the organization itself. Many factors may have changed within the community and the organization itself, opening up a whole new set of opportunities and threats to the development plan, for example, changing demographics in the community, economic conditions, new sources of funding, or the departure of current funding sources—all of which can have a drastic effect on the development plan. In addition, there may be new circumstances within the organization itself—new programs, a need for new facilities, additional staffing or loss of staff, many things that can affect the development plan. For this reason, it is important that a plan be revisited each year.

Summary

Organizations go through various life cycles, and development planning is essential to each of these cycles; however, most organizations do not get serious about fund development until they are reaching maturity. Organizations in their infancy may have a simpler plan but should, nonetheless, plan their fundraising activities from the beginning of the organization's life cycle. Those who do will be more successful at avoiding some common traps in the fundraising area, including:

- Not involving the board in fundraising.
- Becoming too dependent on one source of funding.
- Not investing in development staff.

A more mature organization should have a more detailed and complex development plan and should evaluate the strengths and weaknesses of its past development performance before beginning to plan for the future.

Some key elements of a successful development plan include:

- Board and staff involvement in the planning process.
- Willingness to invest in the professional development of development staff.
- Investing time and money into creating awareness of the organization in the community.
- Understanding the value of having diverse funding streams.

Many organizations get trapped in "event fever" or in grant proposal writing because these are usually the areas with which the staff and board are more familiar. It is important to consider a full range of development activities when preparing the development plan. It is also critical to ensure that there are benchmarks for success.

The plan should include overarching goals, broad strategies on how to reach these goals, more specific objectives, and detailed action steps on how to achieve each objective. The action steps must include budgets, timelines, and areas of responsibility.

Further Reading

McNamara, Carter. "Basic Overview of Organizational Life Cycles," www.managementhelp.org/org_thry/org_cycl.htm.

Daft, Richard L. *Organizational Theory and Design,* 6th ed. (Cincinnati, Oh.: South-Western Educational Publishing, 1997).

Simon, Judith Sharken. *The Five Life Stages of Nonprofit Organizations: Where You Are, Where You're Going, and What to Expect When You Get There.* (St. Paul, Minn.: Amherst H. Wilder Foundation, 2001).

Stanley, Andy. *Visioneering: God's Blueprint for Developing and Maintaining Personal Vision.* (Sisters, Ore.: Multnomah Publishers, 2005).

Greenfield, James M. *Fund Raising*, 2nd ed. (New York: John Wiley & Sons, 1999).

Greenfield, James M. *Strategic Planning for Fundraising* (New York: John Wiley & Sons, 1999), p. 46.

EXHIBIT 1.1

Philanthropic Profile Assessment Tool

1. Does the organization have a development office?
2. Do experienced professionals staff the development office?
3. Does the development budget include money for professional development (membership in professional organizations, conferences and workshops, books and periodicals, etc.) for the development staff?
4. Has the organization allocated a budget for a donor software system to manage fundraising activities?
5. Do the organization's staff members understand the importance of the development function? Do staff members support the development office's efforts?
6. Does the organization seek to hire development professionals that are certified (CFRE or ACFRE, FAHP, etc.) or assist current staff in obtaining credentials?
7. Does the chief development officer attend board meetings?
8. Is the board committed to development (do they give and get money for the organization)?
9. Is there a development committee on the board?
10. Does a development officer staff this committee?
11. Is there clerical support for the chief development officer?
12. Does the development staff act and look professional?
13. Is the development office in a prominent location, and does it have a professional appearance?
14. Does the organization support the Donor Bill of Rights?
15. Is the organization aware of and supportive of the AFP Code of Ethical Standards?

continued on the next page

16. Does the organization understand the importance of donor-centered fundraising?
17. Does the organization understand that it takes time to establish a development program, and that building relationships with donors is the key role of the development office?
18. Is the organization committed to working with consultants when it is appropriate to do so, and not expecting staff to manage major efforts such as a capital campaign?
19. Is the CEO involved in fundraising?
20. Are there volunteers involved in fundraising?

Give your organization 5 points for each “Yes” answer!