



Stepping Up to the Challenge— Philanthropic Program Effectiveness

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IMPORTANT TRENDS

If we are honest with ourselves, those of us for whom the nonprofit sector houses our work, harnesses our passion, or hopefully both, then we not only care about our activities but we may take long “walks” through the terrain of nonprofit life in an attempt to make sense of it all. Since you are reading this, I will assume you too take the long view of our sector and pay attention to the trends. Watching for trends can help us make sense of the flurry of daily activity. In the Preface I spoke briefly about some observations. Now I want to focus on some more recent trends. What are some of the trends that have captured our attention in recent times? There are four I wish to focus on.

An Increase in Requests for Charitable Contributions

There is both hard and anecdotal evidence that the number of nonprofit organizations has been increasing at a steady rate. I say hard and anecdotal because I am not convinced that all the activity is being captured on paper accurately. One cannot read the philanthropic trade publications, go to a conference, or speak to nonprofit trustees or staff without hearing about this trend. The size of the nonprofit sector is growing and growing.

The rationale for this increase is certainly worth pursuing at some length but would, I believe, take us too far a field of our subject. At the very least we can say that there are continuing pressures on our federal and state governments to shrink their budgets in order to lower the tax burden for the general public. Less federal and state funding leaves ever larger numbers of social programs turning to private funding for operational support. We have also seen the emergence and growth of fundraising activity from

entities that in the past were fully supported by tax dollars. The most frequently cited seems to be public education, especially primary and secondary public schools.

Despite what has been described as the bursting of the dot-com bubble, there has been a noticeable rise in the attention paid by high-profile and successful dot-com entrepreneurs to the nonprofit sector. Admittedly, much has been made of their arrival in the nonprofit arena, especially of those seeking more innovative ways to utilize their financial support. Nevertheless, I maintain that the size and frequency of their involvement also adds to the increased congestion.

Another factor contributing to this perception of the increasing volume of philanthropic support requests has been the rapid and widespread increase in the use of the Internet for fundraising activities.

Simone Joyaux, ACFRE, who contributed our Chapter 12, “Seeking Help—The Benefits and Burdens of Working with a Consultant,” likes to say that we don’t have increased competition, we have increased congestion. She brings us an important perspective.

Intensification of Public Scrutiny on the Nonprofit Sector

For most of our daily news coverage, bad news seems to get more airplay than good news, and the nonprofit sector seems to be no exception. The greed and excess of some nonprofit executives have played loudly in print and electronic news. Equally apparent as “signs of the times” have been a number of highly publicized lapses of appropriate nonprofit governance by some well-known, and not-so-well-known, boards of trustees. That so many of us can recall at least one incident is evidence of the intensification of this scrutiny.

Correspondingly, these lapses in individual and collective oversight have caused our elected representatives to consider and even to pass stronger legislative measures. The same is true of our public servants, the attorneys general of the various states. They have been quite active in considering, and implementing, stronger and more cooperative measures to bring uniform oversight to the nonprofit sector. All of this attention, much of it happening in the public eye, has been a source of considerable public discourse. Therefore, it is not surprising that one can say, without too much fear of strident argument, that our nonprofit sector has experienced a general decline in the level of public trust.

Greater Attention by Donors on Improving Fundraising Effectiveness

If you have taken time to listen to the donors to your organization or to discuss with your colleagues the state of philanthropic program effectiveness, a common theme is the widespread desire for us to do a better job with our fundraising. As prospective donors, we all comment on the deluge of solicitations we receive, many of which appear to be of poor quality or to lack any originality. I am still surprised at the frequency of telephone solicitations I receive from local police and fire fraternal organizations, which are

generally conducted by companies that give back only a fraction of the revenue to these organizations.

Fortunately, more and more nonprofit organizations are being more strategic with constituencies and targeting with greater focus their solicitation efforts. Those of us who are staff members know how hard we work to stretch the value of our paid and unpaid resources so that we can make every philanthropic program as effective as possible. However, I contend that a significant percentage of donors continue to believe that most organizations still have vast room for improvement. In many cases, I dare say they are right.

Increased Emphasis on Improving the Quality of Relationships with Donors

This is an area the philanthropic professionals, fundraisers employed by nonprofits and outside consultants, have been focusing on with considerable intensity in recent years. Even an informal review of regional and national fundraising conferences shows how much this direction is being stressed. It is now almost an industry “mantra” that relationship building is an essential element in making our programs more effective. Another way to view this is to point out that more and more of our nonprofit organizations, especially our smaller and midsize ones, are professionalizing their efforts in raising charitable revenue. With the professional approach comes a much greater emphasis on relationship building.

At the same time, I frequently hear a complaint from donors about the frequency of solicitations from organizations that they currently give to. The common complaint is that as soon as they make a gift, say by telephone or by mail, they get another solicitation. Those of us in the field know that other mantra, “the best donor prospect is a current donor.” Regardless of the knowledge that each gift should be followed by one or more interactions before we ask again, it appears that here, too, there is room for improvement in the sector overall.

HOW NONPROFIT ORGANIZATIONS ARE RESPONDING TO THESE TRENDS

Increasing Philanthropic Program Budgets

One of the ways that experienced philanthropic professionals have been successful in improving philanthropic programs has been in demonstrating the leverage effect of a properly funded budget. As a result, we are seeing more instances of adequate staffing and sufficient resources to do the job. We have applied some of the approaches our counterparts in the commercial sector use to justify increasing operating budgets. Attaining an increase in revenue often requires an increase in investment. Budgets in our nonprofit organizations appear to have become more realistic. While few philanthropic

professionals are telling their families and friends about their “commercial-sized” salaries and benefit packages, finance committees are more likely than in past years to understand the leverage power of an investment in the philanthropy department budget.

Renewed Emphasis on Ethics and Ethical Behavior

A good starting place for this point is the Association of Fundraising Professionals Code of Ethical Principles and Standards of Professional Practice. (See a copy in Appendix N.) Developed and revised over a period of years, this document represents a long-term effort to focus the attention of philanthropic professionals on what is and is not acceptable behavior.

The proliferation in the number of programs on philanthropy and nonprofit management, both degree and nondegree bearing, is testament to the growing awareness of the value of professionalism in our nonprofit sector. Many of these programs have a course on ethics.

Greater Focus on Strategic Thinking in Philanthropic Programs

Increasing attention is being paid by philanthropic professionals to the understanding and effective use of the “life cycle” of donors. We are working smarter by linking up our donors with programs designed to meet their personal needs and interests at each stage of their involvement with our organization. More and more nonprofits are engaging in relationship-based major gift programs such as “moves management.”

Recent data and studies have allowed us, as philanthropic professionals, and as clear-thinking volunteer leaders, to intensify our efforts by examining the assumptions we make on how donors make decisions. The work of professionals like Judith Nichols and her book, *Pinpointing Affluence in the 21st Century* (Chicago: Bonus Books, 2001), has allowed us to understand more about the motivations of different generations of donors.

Increasing Sophistication of Trustees and Staff

Traveling around the country teaching and advising, I have noticed over the last decade that trustees have become more sophisticated and more interested in increasing their grasp of the concepts of nonprofit governance. I find this reflected in the increase in the number of books now available on nonprofit governance. Trustees know that things are not as simple as they once were, and, as a result, they know they have to be more knowledgeable so that they can be more effective.

The activity of fundraising, conducted as it is by tens of thousands of full- and part-time staff and consultants, is being viewed more and more by those inside and outside the nonprofit sector as professional work. The certification of fundraisers, once done

by AFP, is now conducted by a separate certification organization, CFRE International, and as of this writing has brought to 4,184 the number of certified fundraisers in the United States, Canada, Australia, New Zealand, and the United Kingdom.

AFP introduced an even higher level of certification, Advanced Certified Fund Raising Professional, ACFRE, and there are now 75 of them as of August 2006. Both of these groups continue to grow.

IS THIS ENOUGH?

The responses enumerated above are positive and encouraging. But are they enough? We know that the congestion referred to above is not just for dollars. Nonprofits are also competing for volunteers, and especially for volunteer leaders. It is clear that all forms of philanthropic participation (charitable dollars, volunteer time, and volunteer leadership) flow to those organizations that create and maintain philanthropic programs that are:

- Highly intentional
- Keenly strategic
- Well timed
- Very distinctive
- Donor centered
- Volunteer driven

What else do we need to be doing to ensure that our nonprofit organizations are attracting the necessary funding, volunteers and volunteer leaders?

PAYING ATTENTION TO RISK

Of all the types of philanthropic programs in which a nonprofit organization can engage, the capital campaign often carries the greatest risk for the organization. It usually has the highest community visibility of all the philanthropic programs for a nonprofit. It can also be that the very urgency that is needed as a necessary ingredient in the case for giving can also cause a nonprofit organization to hurry through the vital precampaign planning.

This highlights how important it is for an organization considering a capital campaign to:

- Plan carefully
- Move deliberately
- Act in consensus

MINIMIZING RISK AND MAXIMIZING EFFECTIVENESS

For all the reasons given above, nonprofit leaders, both paid and unpaid, must make sure that the philanthropic programs of their organization are well designed and effectively carried out. Because a capital campaign requires even greater involvement from internal and external constituencies, the cost of failure runs high.

Like any enterprise, the leaders must arrange their activities so as to minimize the risks. Because excess timidity in the conduct of a capital campaign can actually be counter-productive, the board and the top staff must make sure that the plans for the campaign are well considered and soundly tested. For these reasons we offer this book, and in it we take great care to fully explain the importance and value of the fundraising feasibility study and the process to conduct it.

In the remaining 12 chapters the assembled authors explore with us everything you have ever wanted to know about this greatly appreciated, but sometimes misunderstood diagnostic tool—the fundraising feasibility study. Our contributing writers lay out in great detail how to understand, why to utilize, and when to employ a fundraising feasibility study to ensure successful capital campaign planning.

To assist in your use of this book we have assembled a collection of sample documents (Appendices A–M). We have also compiled a rather extensive bibliography for future study and, if you are so inclined, additional research.

As the lead author and editor, I welcome your comments and questions. I also accept responsibility for any errors or omissions. Should you wish to communicate or correspond with me, I will do my best to respond to your comment or query in a timely fashion.