1

Asking for Money

Overwhelmingly, when one is asked to join the board of a social enterprise, the reaction is one of pleasure and personal pride even if one's other commitments do not allow one to accept. The opportunity to contribute time, energy, and money to an important community or civic enterprise is seen as exciting. Your sense of self-worth is validated by the invitation. Very often, however, one's second comment to the invitation runs along the lines of "I don't have to ask people for money, do I?" Asking for money somehow seems demeaning and distasteful to many individuals. Also the idea of being rejected by a prospective donor is often very personally threatening to one's self-esteem. Even high-powered, otherwise highly self-confident people can turn to jelly when having to ask people for money. A global banker who has put together deals all around the world, described to the author visibly breaking into a cold sweat when forced to solicit other CEOs for seven-figure gifts for charities of mutual interest. He was not used to being a supplicant and did not like it. In his new autobiography *What It Takes*,[1] Steve Schwarzman, chairman of Blackstone and a billionaire, describes how hard it was for him to first raise funds for Blackstone, and then for the Schwarzman

[1]Stephen A. Schwarzman, *What It Takes: Lessons in the Pursuit of Excellence* (Simon & Schuster, 2019).

Scholars Program at Tsinghua University in China as he faced rejection after rejection on cold-call solicitations. From top to bottom, there is a common drumbeat of distaste for personal fundraising, which is one of many reasons why professional fundraisers are so well compensated. Yet, without it, otherwise successful organizations can wither and die. In other cases, it is vital to the organization's growth and impact.

Three Propositions

This book is based on three propositions. The first is that most people do not like asking other people for money. (There are fortunately exceptions that are real treasures.) They feel solicitation somehow transforms them into beggars, which they find demeaning. They also worry about being seen as abusing relationships as well as being subjected to requests from the prospective donors for future requests to support their charities. The second proposition is that the most effective advocates for an institution are its supporters. Accordingly, every trustee must give according to their means and in so doing be motivated to fully internalize the mission of the organization and become passionate about it. An inner passion and commitment to its mission, appropriately harnessed, transforms them into very powerful sales agents. They have already voted with their time and treasure, giving instant credibility to the listener to their pitch. Often, the most powerful part of a donor ask presentation is the moment when the solicitor describes how and why they have personally supported the organization. Third, there are things that can be done to relatively easily transform someone from being reluctant to making the ask into someone who, as a sales advocate, can effectively and enthusiastically make an ask. Over time, they can move from easy things, like hosting events to making annual fund asks, capital campaign asks, or even becoming a campaign chair. We simply have to change their mindset for this task.

Different Organizations and Their Needs

Solicitation is of enormous importance to most social enterprises regardless of size and type. The parish church or temple, for example, lives almost completely on members' donations. It is not unusual for 90% of all funds for the year to come from an annual stewardship campaign. Additionally, the funds for special projects for the church, like an elevator acquisition or rebuilding of a bell tower, come from capital campaigns rooted in members' philanthropy. Members must ask other members to make this happen.

In a different vein are schools and universities that have operational cash flow streams such as student tuition, sports contest admission fees, art museum and theatre admission fees, and so forth. These streams are normally inadequate to cover all operating expenses. Large schools and universities (like Exeter and Harvard, for example), therefore, often have large endowments (the result of philanthropy of previous generations) plus large development departments to raise current funds. Endowment income plus annual gifts are how these institutional budgets are balanced. Additionally, these institutions have very active planned-giving programs, which extend the reach of the institution plus periodic multibillion-dollar capital campaigns. Survival of the institution often depends on growing these sources of funds. Alumni and trustees, of course, are critical to the effective making of asks bolstered by both the institution leadership and their development professionals. The lay solicitors who believe deeply in the organization's mission, however, add a special credibility to the fundraising effort.

Similarly, institutions like Boston's Museum of Fine Arts have both annual fund campaigns and capital campaigns. In addition, however, they also have potential donors of individual pieces or collections of art who must be courted. Someone who has given objects to a museum has a credibility that few administrators can have. A final example, nonprofit hospitals depend on capital campaigns for new facilities and research funds. Grateful patients make very useful trustees and are invaluable for making the ask.

Some social enterprises are prosperous, like well-endowed schools, whereas others, like small house museums, already cash strapped, are currently seeing philanthropy dropping at a 7% rate per year because of the difficulty in developing a persuasive sales pitch in this new charitable unfriendly tax world. For some institutions, this funding shortfall is so severe that it means bankruptcy or forced merger. For example, all across New England, small colleges and museums have been closing or merging over the past decade, driven by cash flow shortfalls both in the face of new tax laws and being out of favor with the donors as a charity of choice.

The same consolidation has been going on in the nonprofit hospital sector for the past 30 years. Overlay a map of the hospitals in New England 30 years ago on a map of today's hospitals and one sees a war zone with massive casualties and few survivors. Philanthropic success can literally ensure survival in one's current form or be a key to major transformation or strategic alliance. The ask, in short, is a vital function, and people must be willing to be trained to do it. A social enterprise board needs many skills to exercise its responsibilities effectively. Fundraising skills of its members as givers, connectors, and askers, however, often are critical ones. Consequently, the timeworn phrase GGG (give, get, or get off) is still operative for the board members of many social enterprises. Both givers and connecters at the very top of an organization are essential to the health and survival of many social enterprises. The author was recently accused wryly of being a shameless proponent and advocate of stewardship at the top. It is a sin he will readily confess to.

How to Get Started

How to get started as a new trustee or solicitor in your philanthropic activities? The first thing a new social enterprise trustee or solicitor who is beginning on the path of philanthropic engagement must do is to take the time to truly internalize the mission of the organization in all its nuances. Until you can accurately and passionately describe its mission, you cannot sell it. In my previous book, *Joining a Nonprofit Board: What You Need to Know,*[2] the entire book was devoted to mission and the boards' role in developing and executing it. The second thing that the trustee and donor must do commensurate with one's personal resources is to aggressively support the organization (translation: write a personal check large enough that it hurts). Nothing gives you more credibility in selling an organization's mission and needs to future donors than the fact that you are personally supporting it in a meaningful way. When you are talking about your gift and how you thought about it, you add a priceless note of authenticity to your pitch. A neighbor of the author, when taking over her church's annual stewardship campaign, looked carefully at her previous years' donations and made a stretch gift from her perspective. In the ensuing months, the making of this gift gave an underlying passion to her presentations (both public and one-on-one) which rang with the authenticity of the true believer. This passion was critical to the campaign's ultimate success. Enthusiasm and passion are vital tools in the fundraising tool kit. A good fundraiser has many of the attributes of an evangelist.

A recent leader of a hospital's capital campaign shows the importance of donor longitudinal engagement. Twenty years ago, the individual had been chair of the hospital's board. After serving his term and making a significant seven-digit-figure gift to the hospital's first capital campaign, he had remained involved with the hospital as a corporator and then as its liaison to another medical organization. He also continued being a patient of the hospital, using many of its doctors over the years. As a fundraiser, the 20-plus years of experience and involvement with the hospital underscored

[2] F. Warren McFarlan and Marc J. Epstein, *Joining a Nonprofit Board: What You Need to Know* (John Wiley & Sons, 2011), p. 1, Preface.

his deep commitment, which came through in the various solicitation calls and visits he made for the current campaign (including his self-solicitation) to which, as a campaign co-chair, he had first pledged generously.

What the preceding example shows is that a trustee's fundraising skills can be valuable to an organization long after the trustee's term has expired. Former trustees properly engaged are real assets as solicitors in campaigns ranging from those of bricks and mortar to planned giving. Preparation for this role begins when one first becomes engaged as a solicitor and is then successively nurtured and deepened over the years of one's service in many ways. When you recruit trustees, you are engaging their services for the organization not just for their terms as a trustee but also for a very long period of time during which the individual will pass through many roles with the organization beyond that of trustee. Their historical memory of past donors and prior campaign issues, plus their deep commitment, provides invaluable context for today's and tomorrow's campaigns.

Practice makes perfect. The more times someone asks for money, the better they get at it. Additionally, of course, asking a person for support with whom you have developed trust over time yields especially good results. Consequently, matching the right solicitor to the right potential donor is key. Finding matches where mutual respect, common interests, and common history already exist is a good way to get started. Of course, brainstorming with the organization's officers and staff combined with good research in advance of a visit helps in getting an initial dialogue started. A shared hobby, children's common college, a common sport interest, and so forth are all things used to get the conversational ball rolling. As rapport is established, the conversation then naturally moves to the issue at hand. Multiple visits over many years are sometimes required to secure a major pledge. In one case the author is familiar with, it required 50 visits over a decade to secure a $50 million gift. The CEO made so many calls to the donor and other donors in the city where the donor was located that the CEO finally got an apartment there to cut down on travel/living costs. In this context, it should be noted that continuity in connecting potential donors to their previous solicitors can really help. This is also why turnover in an organization's major gift officers can cause real problems as important history and relationships can be lost.

Making the Ask

One of the hardest questions to address is do you ask a prospective donor for a specific dollar number and if so, how high should that number be? (For the record, professional fundraisers say you should always do so.) Several things I have learned that may be helpful:

1. It is almost impossible to insult someone by asking too much. At the worst, they will be flattered to be thought of as being much wealthier than they are.
2. If you ask too low, you may leave a lot of money on the table. The donor may be delighted to get out with such a small commitment given their prior expectations.
3. Inexperienced solicitors tend to blink at the last moment and ask for dramatically less than they were instructed. Sending a team of two (expensive in terms of time) is one way to deal with this, since it is very unlikely the two will collude to lower the ask.
4. Even worse, people will say they asked for more than they did. (Surprise! They sometimes lie.)
5. Approaching someone with the right mindset is key. You are not begging but, rather, offering an unusual and attractive opportunity to the prospective donors to invest in their passion and to have their names associated with it long term. You are not asking for money per se. You are giving a unique opportunity for individuals to contribute to something of importance to them, an opportunity they would not otherwise have. They can make a difference.

6. Start your work as an asker with a known easy prospect on a straightforward project. It will be a confidence builder for you. Building on this success, you can then evolve to more complex donors and projects as you refine your pitch and develop more confidence.
7. For major solicitations, you should prepare a detailed call report shortly after the visit. Prospective donors have quirks and preferences that are really important for askers to understand for effective solicitations in the future. These preferences can in some cases last over decades. The report jogs your memory for your next visit or helps someone else pick up the solicitation thread. Two relationships for an educational institution that evolved over a 40-year period illustrate this point. In each case, what the donor had requested at the time of the initial gift in terms of the types of solicitation processes that the donor would be receptive to was adhered to for many years. However, time and circumstances ultimately changed the preferences of both the donors dramatically. Previously unthinkable projects became desirable alternatives in the fullness of time. "No" sometimes means just "no for now." Careful listening and sensitive longitudinal stewardship are key for successful long-term philanthropy.
8. Don't wait too long to start your visits. Psychological hurdles can build up in your mind, and they get ever larger the longer you worry about them. Get started and let your technique improve through practice. The longer you wait, the bigger the hurdles will seem in your mind until they become insurmountable and you never get started.
9. Develop a short customized pitch in advance of your first meeting with a donor. Donor attention span, particularly at the beginning of a meeting, can be limited. You need to build interest and get the hook in quickly. When you have their attention and rapport has been established, you can then get into the meat and the details.

For the most part, the primary readers of this book are what I call prospective community-level philanthropists. This covers everything from the neighborhood music school to the local community hospital. The recommendations become more complex with a trustee being more of a connector as one deals with mega institutions and mega donors. Harvard's and the Metropolitan Museum's seven-digit-or-more gifts, tend to be handled by the CEO and professional development staff. These organizations have large staffs of major gifts officers, sophisticated databases, and computer software. The role of a donor trustee is more complicated and nuanced in these situations, because the donor calls are often done by a combined trustee/donor and a professional working as a team.

The fundamentals of fundraising, however, are remarkably similar regardless of the size of the organization and the asks. The author recalls interviewing the CEO of an organization that had just completed a successful $1.4 billion capital campaign. The CEO confessed he had gotten his fundraising skills 25 years earlier as a trustee of a local day school where his children went. He found the $25,000 ask for that organization was identical in terms of planning and approach to what he was doing 25 years later as he approached $25 million gift asks.

Your Role as a Solicitor

In summary, the most important thing to understand is that as a fundraiser, your job is not that of a beggar, but rather that of an educator of donors and an expander of horizons about how they can personally impact organizations they care about through their philanthropy. You are providing a service to them—a very valuable one. You are opening up new doors and possibilities both for the donors and for the organization. For the donor, you are introducing them to new ways to contribute to society and enabling them to feel better about themselves. You are bringing enrichment and context into their lives. For the organization, you are providing access to new resources that will enable it to enhance its overall impact. Through all of this, you, as a fundraiser, are transforming the donor organizational relationship from a transactional one to a relational one, which hopefully will endure, reshaping itself appropriately over time. When that happens, scope grows, and hitherto unimaginable philanthropic possibilities become possible. Examples of this will be described throughout the book.

Book Organization

The rest of the book is organized as follows. Chapter 2 deals with governance. Everything related to successful philanthropy flows from governance. Good governance begins with acquiring a CEO with the right interest and skill set for the task ahead. It then involves recruiting the right kind of trustees and solicitors for both donation and connector purposes. This sets the framework for the development department including its staffing structure and size. Chapter 3 focuses on the roles, skills, and challenges of the key people associated with leading and shaping development activities. In short, it is the collective effort of the board chair, the CEO, the head of the development committee, and head of the governance committee and so forth, which spells success. The next three chapters deal with the major sources of philanthropic funds. Chapter 4 covers the annual fund and all the activities associated with the regular raising of funds throughout the year, year after year. Chapter 5 focuses on the special issues involved with capital campaigns. Done at irregular intervals, they often last years, because they secure resources for long-term institution building, including endowed positions, buildings, new educational initiatives, and so forth. Every process and approach is different for the annual fund than for the capital campaign except for the often large overlap in the donor space. Chapter 6 deals with planned gifts and the special estate planning tools to assist effective end-of-life giving. A volunteer often introduces the topic of planned giving to a donor in general terms. Specialists, however, usually make the close, because these gifts are complex with numerous technical issues that must be appropriately and individually resolved, depending on the situation. Chapter 6 also deals with the important role played by foundations in meeting development needs. Chapter 7 focuses on the many events run for development purposes and the things that must be done to make sure the climate is right for fundraising. Tastefully appropriate in tone and well-choreographed events are essential to creating the right climate for effective fundraising. Chapter 8 covers the information system's revolution and how every aspect of development except for the ask has been transformed by the combination of low-cost, large-bandwidth networks, handheld devices like the iPad and iPhone, social media platforms like Facebook, Twitter, and so on. Chapter 9 focuses on the special challenges that the micro social enterprise (revenues below $1 million and often no paid staff) faces. Hundreds of thousands of these base of the social enterprise organizations exist across the country. They are important and face unique challenges. Finally, Chapter 10 focuses on how an individual can improve their fundraising skills. It is the author's contention that with proper training, it is easy for you to become good in this arena and your newly acquired skills will give you great satisfaction.

Two roles will repeatedly surface in the book—namely, that of the solicitor and that of the connector. Exhibits 1.1 and 1.2 highlight some of the characteristics that the best of these individuals contain. A question for you as you read this book is which one best describes you and how can you improve your skills.

Exhibit 1.1: The Solicitor

1. Understands the organization's issues and needs
2. Has made the pledge
3. Has internalized a three-minute elevator pitch
4. Tries to understand prospective donor's mindset
5. Comes with an evangelist's mindset
6. Builds in listening time
7. Is often a builder of an enduring institutional relationship (each visit is one of a series of contacts)
8. Leaves a written record of call points to shape future calls

Exhibit 1.2: The Connector

- Understands the organization's issues and needs
- Has made the pledge (size irrelevant)
- Knows or has access to many potential donors (individuals and foundations)
- Is willing to share contacts
- Has done substantial solicitation in the past (probably for other organizations)
- Has experience in other development organizations
- Has no obvious current conflicts of interest