Senior Leadership and Fundraising

MORGEN THOMAS LTD

FUNDRAISING CONSULTANCY & PROJECT MANAGEMENT

BRIEFING NOTES

SENIOR LEADERSHIP AND FUNDRAISING

Robin Thomas examines the role of the leadership team in enabling the organisation to access the increase in individual philanthropy.

Recently, the volume of major gifts to UK charities has increased substantially, driven by a growing number of rich individuals, especially those who want to make a difference through engaged and informed philanthropy. Donations by individuals such as the billionaire venture capitalist Sir Tom Hunter have raised awareness of the possibilities philanthropy can offer. Alastair McCall, writing in the Sunday Times Rich List, says: "The leading 30 philanthropists among Britain's richest 1,000 people have pledged or given away almost £2.38 billion, nearly double (previous figures) of £1.21 billion, and more than five times the amount in 2006."

Leadership Issues

But the benefits of this largesse is not shared by all charities. In some organisations we have seen major donor fundraisers, operating in a relative vacuum, unable to take full advantage of today's fundraising environment. The reasons for this lack of success often lie in the need for the charities' leadership to embrace their role within major donor fundraising.

These Organisations Need to Work Towards Three Things:

- A senior leadership culture which recognises and appreciates the value that major donors can bring to an organisation;
- A direct relationship between the major donor fundraising strategy and the organisation's business and strategic planning;
- Management processes which build in an awareness of major donor fundraising at every level in the organisation.

Recognising the Value of Major Donors:

Much has been written of the 80:20, some say 90:10, rule when calculating the actual value of major donors and this rule (with the inevitable exceptions) is borne out remarkably consistently. In its extreme, *"recent statistics indicate that a mere 5% of donors generate almost 95% of all gifts to higher education [in the United States.]" (Philanthropists in Higher Education,* Gregory L. Cascione, Routledge 2003 p15).

However, major donor fundraising at its most successful ensures that major donors are more than just generous donors – they are co-workers in the mission of the organisation.

There's no one size fits all strategy for managing how a major donor becomes involved with the organisation and starts to share its vision. Attendance at an ongoing series of social events or the receipt of newsletters is not enough, and the approach must include legitimate opportunities to take in the prospect's views, so that they feel they are making substantive contributions to the vision of the organisation. This is not possible without the involvement of the charity's leaders.

We have observed organisations do this successfully by asking major donors to join advisory boards, project planning committees, to become engaged in interface with government or the public or even to fundraise. This may include the appointment of appropriate major donors or prospects to the Board. In this way, a profound grasp of issues can be obtained, the relationship cemented, and development moved up the institutional priority list. It goes without saying that the skills the individual brings to board membership must be compatible with the needs of the organisation.

This is not cash for positions! Rather, I am suggesting that individuals who have extended financial support to a charity have demonstrated an appreciation and understanding of its work. They can reflect the views of others who are or could be in the same position and as such are legitimate stakeholders. Conversely, we have run into charities where this thinking has been opposed: almost invariably by board members who rankle at the thought that THEY should consider being donors to the organisations they lead.

Finally, it is vital that presentations of proposals for investment are made by the senior team. Not affording this level of respect risks sending the message that the donor is not particularly important to the organisation.

Linking Strategy and Fundraising

Potential donors need to be matched to particular projects or plans at a level which is more sophisticated than handing the current budget to the major donor fundraiser with instructions to raise as much as possible. For example, in one organisation which I headed up, we engaged in an iterative planning process to ensure that our business plan took account of our major donor fundraising. When the first draft was complete we compared this against the major gifts that we were hoping to secure in that financial year to guarantee an effective match between the two plans. This ensured that the most suitable projects were reserved for major donor prospects, and that if there were prospects whose needs were unmet we could consider whether we wanted to adjust the plan to ensure a better match.

This process may mean, for instance, that an organisation will undertake a project that is within the scope of its objects but is not an immediate priority because it is a priority for a major donor prospect. As the organisation works with the prospect to deliver this project, it will have the opportunity to engage with the donor on a more sophisticated level and show them the other priorities it has and why it considers them important.

Subsequently, the organisation will be in a much better position to approach the donor for a project that is a high priority for the organisation itself, having shown that it values the donor's opinion and input as well as their wallet.

Managing for Major Donors

The responsibility for a connected approach to sustaining major donor relationships lies jointly with the most senior management, the trustees and the fundraising professionals, so that every aspect of the operation is evaluated in the light of the consequences for major donors. For example: Are there service delivery, funding or policy developments about which the donor should be informed, as they are related to their area of interest? Will the chairman or chief executive make time to pick up the telephone or to meet to relay these?

This goes beyond, although of course it relies on, a well managed database. A receptionist, a member of your finance team or a facilities manager may not need ready access to your supporter database in the course of their work, but they should be made aware of your major donors and major donor prospects so that if they do have any dealings with them or their organisations they have been trained to respond appropriately.

For instance, a chairman of a major telecommunications company personally pledged a seven figure gift to help fund an organisation's building project. His company's contract with the charity was coming up for review, but was not extended. This was good and proper procurement practice. However, no-one senior in the organisation took the trouble to personally discuss the issue with the donor and explain the distinction between the donor and supplier relationships before the review and re-emphasise the same after the contract was lost. This lack of courtesy, not the loss of the contract - and possibly a perception of arrogance on the part of the charity – resulted in the pledge being cancelled. The reasons given had nothing to do with the contract, but everything to do with the lack of communication.

The Results

I know of organisations who have failed to realise gifts through no fault of their own. This is because the prospect has previously made gifts to other organisations, only to feel disappointed, even alarmed at, the subsequent levels of information sharing and accountability. Problems have occurred about which they were not informed and in some cases the projects they funded have not proceeded. As a consequence, some of them are making a practice of refusing even the most compelling proposals for funding.

More positively I have observed major givers completing their pledges, become deeply associated through that with the organisation and then present fresh, innovative ideas, in line with the institutional priorities, which they are prepared to fund. One NHS Trust successfully conducted a capital campaign. It remained engaged with its major donors, one of whom was appointed to a Chief Executive's Advisory Committee. He noted that the Trust had a problem with staff retention because of the cost of living in the area and he proposed to fund a housing co-operative specifically for them.

In effect, when the relationship has been managed properly, organisations like this have found themselves in the enviable position of the reverse ask: 'Here's a proposal I have to put to you. Will you consider implementing it and consider letting me fund it?'

For the sake of all those involved in fundraising it pays to ensure that an organisation's senior management recognises the value of major donors as investors in its mission, links its overall strategy (see Caritas, issue 6, May 2008) to major donor fundraising plans as well as ensuring that the organisations' operations are set up to make this happen.

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