

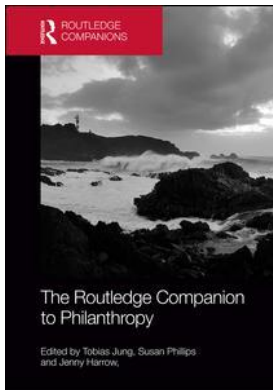
This article was downloaded by: 10.2.97.136

On: 01 Apr 2023

Access details: *subscription number*

Publisher: *Routledge*

Informa Ltd Registered in England and Wales Registered Number: 1072954 Registered office: 5 Howick Place, London SW1P 1WG, UK



The Routledge Companion to Philanthropy

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The current landscape of fundraising practice

Publication details

<https://test.routledgehandbooks.com/doi/10.4324/9781315740324.ch27>

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Published online on: 17 May 2016

How to cite :- Richard D. Waters. 17 May 2016, *The current landscape of fundraising practice from: The Routledge Companion to Philanthropy* Routledge

Accessed on: 01 Apr 2023

<https://test.routledgehandbooks.com/doi/10.4324/9781315740324.ch27>

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The current landscape of fundraising practice

Richard D. Waters

The practice of fundraising – contrary to the popular perception that it is focused on solicitations – is actually centred on the creation and cultivation of relationships. The professional practice literature on fundraising has frequent references to ‘relationship building’ (Nudd, 1991: 175), ‘friend raising’ (Mann, 2007: 43), and ‘philanthropic partnerships’ (Sagawa, 2001: 201) rather than centred strictly on asking for donations. Indeed, Greenfield (1991) calls fundraising a unique form of communication that is based on social scientific principles that produce healthy relationships between a nonprofit and its donors. Kelly (1998) echoes this by defining fundraising as ‘the management function of relationships between a charitable organization and its donor publics’ (1998: 8). This definition sets the tone for this chapter, where it is argued that fundraising is not a marketing function; it is a carefully developed communication process that aims to create mutually beneficial relationships. Unlike marketing, there is no *quid pro quo* relationship where an exchange results in both parties receiving a tangible asset. In fundraising, rarely does an interaction result in a donor receiving a product in exchange for a donation. Hibbert (Chapter 6), developing this communication theme and overarching purpose, with its implications for philanthropy across its range of forms, emphasizes the prime need to generate a sound and contemporary evidence-base on the features of such communications that both attract donors and help charities respond to dynamic environments. This chapter delves further into those aspects of fundraising communications which are especially salient for fundraising knowledge and practice: the continuing requirement to communicate the specific and overall societal value of people giving up their private resources for the public good (Pharoah, Chapter 4).

Theories of fundraising

The fundraising process has been explained from different social scientific perspectives. Social exchange theory, which is rooted in social psychology, focuses on the actual transfer of money from a donor to a nonprofit. It argues that their relationship is ultimately the result of a dual cost-benefit analysis and comparison of the alternatives if the transaction were not completed (Weerts and Ronca, 2007; Drezner, 2009). For example, an individual may consider the consequences (e.g. closing the organization or clients not receiving services) of not contributing to a nonprofit making a request, and decide that she can spare a monthly donation to avoid these

outcomes. Resource dependency theory, which stems from the field of organizational management, argues that organizations are dependent on resources from the external environment. They must become dependent on assistance from various other entities in this environment to sustain themselves, while competing with similar organizations for the public's attention (Alexander, 2000). Nonprofits frequently face competition from other nonprofits working toward similar missions, thereby competing for the same donors, be they individuals, foundations, or corporations (Brown, 2005). The position is variable for foundations, some progressing from their original endowment to their own fundraising or combine both, while others raise no further funds, beyond their endowment.

While these theoretical perspectives help explain the fundraising function, they do not adequately consider the core concepts of relationships and communications. The relationship management paradigm from the field of public relations offers predictable and testable hypotheses that are better suited to the conceptual grounding of fundraising. As shown in Figure 27.1, some event establishes the relationship between a nonprofit and donors. This antecedent brings the two parties together for back-and-forth interactions which give the nonprofit the opportunity to demonstrate its professionalism and trustworthiness (Hon and Grunig, 1999). As a result of the interactions and associated relationship cultivation, relational outcomes are generated for the donors that include: trust in the nonprofit's staff and their ability to achieve the mission; satisfaction with the interactions with the staff and the accomplishments of the organization; commitment to the nonprofit's mission; and a feeling of balanced power between the donor and the nonprofit. In a study of nonprofit hospitals, for instance, Waters (2011) finds that how donors evaluate their relationship with them predicts both annual giving and major gifts. Similarly, with social service organizations, O'Neil (2007) found that the relationship management process predicts which donors are most involved with them.

Another public relations approach – the situational theory of publics – further helps fundraisers segment their audiences based on their level of engagement with the nonprofit (McKeever, 2013). The situational theory of publics uses three variables—problem recognition, constraint recognition, and involvement—to categorize donors into four groups, as indicated in Table 27.1. The first group is the 'nonpublic'. They will never contribute to a nonprofit organization because they do not consider the mission or issue to be important. Simply put, nonpublics have other

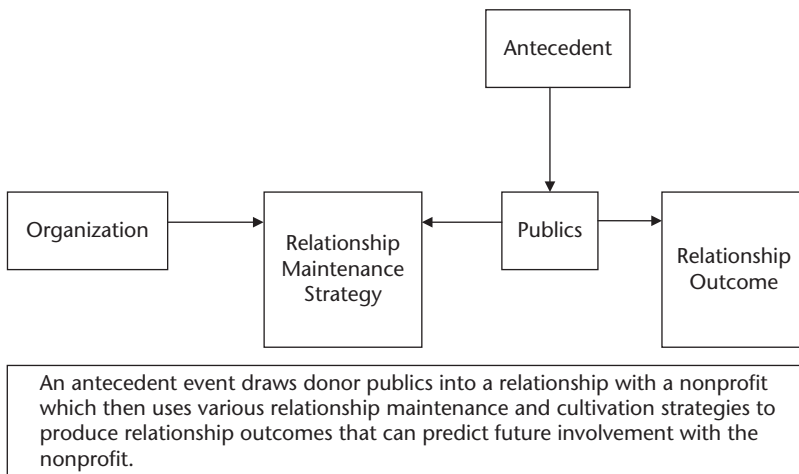


Figure 27.1 The relationship management paradigm

Table 27.1 The situational theory of publics

Situation variable	Type of public			
	Non	Latent	Aware	Active
Problem recognition	Issue not important/ other priorities	Does not see personal impact of the issue	Recognize issue importance	Recognize issue importance
Constraint recognition	Not relevant	Not relevant	Strong	Constraints managed
Involvement	None	Potential	Potential – constraints impede	Motivated and involved
Communication strategy	None: will not engage on the issue	Education about the personal impact of the issue	Assist in removing constraints; change attitudes about constraints	Focus on benefiting donor and nonprofit

donating priorities. This is often difficult for fundraisers to accept because of their own connection to the organization's issue, and they waste too much effort trying to convert nonpublic donors. A second category is the 'latent public' that may not formally recognize that an issue is important because they do not appreciate how they are impacted by it. For example, people's health may be affected by environmental pollution, but they are not aware of how this impacts them personally. The challenge for fundraisers is to identify latent publics, and appropriately to educate them about the issue, before trying to change their behaviour. 'Aware publics' recognize that an issue is important, but typically have some type of constraint which prevents them from being more involved than they might be if the obstacles were removed. For instance, an individual who recently lost his job may recognize that an issue is worthy of philanthropic support, but lack of disposable income makes it difficult to contribute. The final group, the 'active public', is highly connected to the nonprofit's issue and easy to motivate into action because they have few obstacles in their way.

The style of communication required to reach these different types of audiences differs significantly. For latent publics, fundraisers should focus on the educational dimension of fundraising communication to show how they are impacted by the issue so they are motivated to become active. For aware publics, the strategy centres on attitude change: fundraisers need to illustrate how these individuals can remove the obstacles preventing higher levels of involvement. The active publics are easy to move to action, so messages to this group should demonstrate how best to benefit the organization. With this segmentation in mind, we consider how the fundraising process unfolds for the different donor publics.

The fundraising process

Fundraising centres on the creation and maintenance of positive relationships between a nonprofit and its donor publics. Although solicitation represents only a small percentage of the fundraisers' tasks, the focus on increasing gift revenue is vital to nonprofits which need to diversify and grow their donor bases. Thus, fundraisers should be advised against taking a pure marketing perspective with fundraising, and recognize the subtle differences between marketing and communication. With a marketing transaction, the customer ultimately receives a product in exchange for the money being given to the firm or nonprofit. For a donation, however, there is no tangible product normally being given in exchange, although it is important to acknowledge

that there are times when a free coffee mug or other small scale premium is provided during annual giving campaigns.

Donor motivations

Why do individuals voluntarily give away their money to an organization without any personal benefit? Pharoah's (Chapter 4) review of the differing disciplinary perspectives emphasizes their multidisciplinary both in relation to the impulse to give and giving behaviours. Kelly (1998), from a fundraising management perspective, discusses this phenomenon as the 'mixed-motive' giving model, recognizing that people have quite different reasons for giving. Boulding (1973: 4) argues that the donor may feel that the gift creates 'a sense of community, even if the community isn't as vague as the common humanity that unites the donor and the recipients'. This feeling of community development may cause the donor to feel good simply for having made the gift.

A positive 'warm glow', as described by Andreoni (1990), is not the only reason that people donate. Indeed, Mixer (1993) presents a comprehensive list of reasons for giving, grouped as being altruistic (internal) or egoistic (external), while Adloff (Chapter 3) provides an in-depth examination of what constitutes altruism and its converse, drawing on the growing range of literatures contributing to our understanding.

Whether a nonprofit receives a gift out of altruistic or egoistic motivations should not be of concern to a fundraiser as long as the gift does not violate ethical boundaries or create a conflict of interest for organizations and individuals concerned. Nevertheless, the nuances of how ethical boundaries are drawn, and conflict of interests are determined, may be complex and shift over time, requiring fundraiser sensitivity (Dunn, 2010; Harrow and Pharoah, 2010). Jeavons (1991: 55) reminds us: 'mixed motives are the rule, not the exception, of our experiences in philanthropy'.

There has been substantial empirical research carried out on donor motivations in various disciplines in the academy (Webber, 2004; Gladden *et al.*, 2005; Sargeant and Woodliffe, 2007). Of particular note is the comprehensive study on motivations for major gift donors conducted by Prince and File (1994) using qualitative and quantitative analyses for a cross section of nonprofits with a wide range of missions. Their analysis reveals seven distinct types of donors: communitarians; the devout; investors; socialites; altruists; repayers; and dynasts. The most common motivation for major gift donors is 'improvement of the community' (expressed by 26 percent of all donors) who Prince and File (1994) label 'communitarians': they give because doing so makes sense for the community, as well as for themselves. This group of donors is most often local business owners, so their involvement with nonprofits helps their businesses as well. They also tend to volunteer with nonprofits in addition to making financial contributions. Religious motivations (21 percent) are the second most common reason for major gifts. In essence, for the 'devout', giving is viewed as being God's will. These contributions tend to go to houses of worship rather than serving the broader nonprofit sector. The 'investor', in contrast, gives broadly to the sector. These donors, representing 15 percent of the sample, are motivated by personal gain, keeping one eye on the nonprofit cause and the other on personal benefit, whether that is through the effect on their taxes or receipt of some tangible benefit for their donation.

The final four categories of motivations each represent about ten percent of major gift donors. 'Socialites' give because the result of their gift – special events – allow them to expand their social networks; their gifts are directed primarily to arts and education, the two subsectors that most often throw galas and benefit dinners. The 'altruist' gives because it feels like it is the right thing to do: they make their donations selflessly and do not ask for much in return. 'Repayers'

give to nonprofits because either they or someone they know has personally benefited from a nonprofit's programs or services. In essence, they feel that their donations allow them to give back to organizations that have helped them: this sense of loyalty largely benefits hospitals and education nonprofits. The final motivation defines a type of donor that Prince and File (1994) call the 'dynast'. These individuals donate because it is an expected family tradition; they have largely inherited their wealth and grown up with a family commitment to philanthropy. Over time, the specific issues supported by dynasts tend to shift as the next generation focuses their philanthropy on different causes than their parents and grandparents supported.

It is important to keep in mind that Prince and File's (1994) research was carried out on major gift donors, with 'major gift' normally considered to be a contribution of \$10,000 or more (for a recent study, US Trust, 2014). Gifts of this size are of course important for nonprofits, although they are rare. Fundraisers acknowledge the Pareto principle, however: that 80 percent of donations come from 20 percent of donors (Tindall and Waters, 2010). It is increasingly argued that this proportion is shifting to a 90/10 split as an even larger percentage of dollars donated to charities are coming from the wealthy (Cowley *et al.*, 2011; Zinsmeister, 2013).

These proportions of giving are reflected in the donor pyramid presented as Figure 27.2. A solid foundation is provided by many donors making small gifts at the base of the pyramid, a smaller portion of moderate size gifts creating its middle section, and a very small number of large value gifts at the top of the pyramid (for recent debate on the donor pyramid, see Polivy, 2014).

Although donor motivation research has tended to focus on major gifts, it is important to understand why donors who provide gifts in smaller amounts contribute. Their main motivations seem to be altruistic rather than egoistic. Bekkers and Wiepking (2011) report that these donors are most often giving out of an awareness of need, organizational reputations, effectiveness of the organization, and simply because they were asked with a well-crafted solicitation. While these donors may carry out a personal cost-benefit analysis to determine how much they can contribute, their gift is largely a result of altruistic reasons rather than any particular psychological or personal benefit.

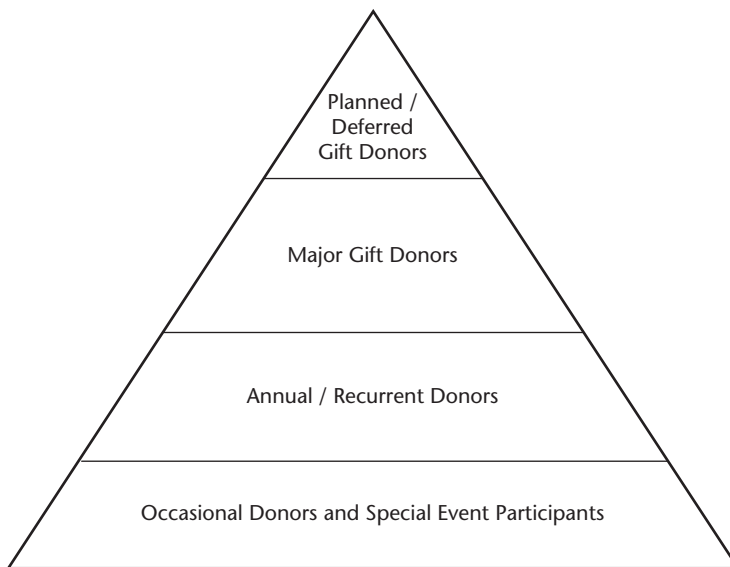


Figure 27.2 The donor pyramid

Motivations for donations by individuals are not the only ones that fundraisers must take time to research and understand. As shown in the Giving USA Foundation's report, corporations and foundations represented five percent and 15 percent, respectively, of gifts to the nonprofit sector in 2013 (Kalugyer, 2014). Foundations and corporations are not small players in the fundraising realm, and nonprofits must approach these organizations strategically, appreciating their funding rationales and priorities. For corporations, contributions to the nonprofit sector are often tied to how to improve their strategic position in the communities in which they work. Whilst some companies may not seek strong nonprofit connections to trigger gifts, Weeden (2011) notes that other corporations are more strategic in their giving and focus their contributions in ways that provide direct positive benefit for the company, for example through scholarship support. For fundraisers, the extent to which corporate philanthropy presents a complex and 'contested terrain' needs to be borne in mind (Moran and Branigan, Chapter 24), as well as the disbursement policies of foundations, both in jurisdictions with philanthropic foundations legally required to disburse particular percentages of assets annually, e.g. the US and Canada, and those without, broadly, the European experience. As part of that, strategies towards those foundations conversely running down and 'spending out' assets (Ostrower, 2009) need to be developed, and understanding of foundations' decisions on the time attached to the pursuance of certain philanthropic goals needs to be sought (Brest and Harvey, 2008).

Respecting donor rights

Whether the donation comes from an individual, corporation, or a foundation, the nonprofit sector has come to recognize that the donor has certain rights must be respected. In the US, a Donor Bill of Rights (see Table 27.2) was created by the Association of Fundraising Professionals (AFP), the Association for Healthcare Philanthropy, the Council for Advancement and Support of Education, and the Giving Institute in response to the growing level of concern about the management of the nonprofit sector, which was brought to the public's attention with the 1992 management scandal of the United Way. Created in 1993, the Donor Bill of Rights seeks to ensure that donors have confidence in the nonprofits they support and that fundraisers respect the philanthropic wishes of the general public. The code has earned the support of many nonprofits across the US and the three leading fundraising associations encourage their members to weave its principles into the culture of the organizations.

The Donor Bill of Rights appears to have had a positive effect on the public's confidence in the sector seems to be positive. O'Neill (2009) has noted that the adoption of these principles helped slow what appeared to be a decline in confidence, but much work remains for the sector to counter scandals and any mismanagement of the past. As technology's impact on fundraising continues to grow, AFP recognized that an E-Donor Bill of Rights was also needed to address online giving, which was not adequately covered in the original. Intended as complementary rather than as a replacement for the original, the E-Donor Bill of Rights provides more detailed guidance for how nonprofits engage in fundraising online.

Other countries have also recognized the need for ethical conduct and respect of donors, but have chosen different instruments (Breen, Chapter 14). Canada's peak association, for example, has initiated a rigorous system of voluntary, peer-reviewed accreditation of charities and nonprofits whose standards include good fundraising practices (Phillips, 2012). Following complaints of undue persistence by some fundraisers in England (Birkwood, 2015), the Institute of Fundraising (2015) recently moved from voluntary adherence to mandatory compliance with its code of conducts for member organizations raising funds.

Table 27.2 The US donor bill of rights

<i>Donor Bill of Rights Principles</i>	<i>E-Donor Bill of Rights</i>
Donors have the right to be informed of the organization's mission, the way the donations will be used and the organization's ability to use the donations effectively.	Donors should be clearly and immediately informed of the organization's name, nonprofit status, mission and purpose upon accessing the website.
Donors should be made aware of who is serving on the organization's governing board and should expect those individuals to exercise judgment in this leadership role.	Donors should have easy and clear access to contact information other than through the website.
Donors should have access to the nonprofit's most recent financial statements.	Donors should be assured that all third-party logos, sponsorships, and trustmarks are accurate, up-to-date and explained.
Donors should be assured that their contributions were used for the purposes for which they were given.	Donors should be informed whether a contribution entitles the donor to a tax deduction.
Donors should receive appropriate recognition and acknowledgement for their gifts.	Donors should be assured that all online contributions occur through a safe, secure system that protects their personal and financial information.
Donors should be assured that information about their donation is handled with respect and confidentiality to the extent provided by the law.	Donors should be clearly informed if the donation goes directly to the charity or is transferred through a third party.
Donors should expect all relationships with those representing the nonprofit organization will be professional in nature.	Donors should have easy access to the organization's privacy policy and be informed about what type of information is being collected about the donor and how that information will be used.
Donors should be informed whether those soliciting on behalf of the nonprofit are employees, volunteers or paid solicitors.	Donors should be provided with opportunities to opt out of lists that are sold, shared, rented or transferred to other organizations.
Donors should be allowed to remove their names and contact information from mailing lists the nonprofit may use or share with others.	Donors should not receive unsolicited communications unless they have decided to opt in to receive them.
Donors should be able to ask questions about the organization and receive timely, truthful answers to those questions.	

The ROPES process

As discussed, fundraisers must work in an environment that promotes ethical adherence to various codes while working with individuals, corporations, and foundations. A range of frameworks for encapsulating and guiding this work have been developed by scholars and practitioners. The 'ROPES' process provides a five stage framework for carrying out fundraising with these different donor publics (Kelly, 2001): Research; Objectives; Programming; Evaluation; and Stewardship. A development office of a larger nonprofit may be involved in any of these stages at any given time. Lindahl (2010) notes that the process is not linear due to the complexities of the fundraising function, although Kelly (1998) observes that the general nature of the ROPES process leads to a structured movement from one stage to the next during capital and annual giving campaigns.

In a study of AFP members, Kelly (1998) finds that fundraisers spend 30 percent of their time on programming, 20 percent on each of the research and stewardship stages, and 15 percent on each of the objectives, planning development, and evaluation stages. Although these numbers differ slightly from Wood's (1989) assessment of the fundraising process, certain themes are common in both studies. First, research is viewed as the most important part of the fundraising process even though it may not be the most time consuming task. Second, actual solicitation is a very small part of the fundraising program: less than five percent of a fundraiser's time is spent actually asking for donations (Woods, 1989). Both studies stress that the only way to be fully effective in the fundraising cycle is to have a strong stewardship component that demonstrates true gratitude to the donors.

Research

The research stage of fundraising sets the tone for a campaign, and often directly contributes to its success or failure. Research involves three key areas: the organization; the situation; and the donors. In terms of the organization, fundraisers need a solid understanding of its critical needs and funding priorities that have been established by the executive director and governing board. Waters and colleagues (2012) found that a large number of fundraisers operate independently of the rest of their organizations when developing a fundraising plan, and this introduces an environment where funds might be raised for programs and services that may not be priorities for the organization. Rather than working semi-autonomously, the fundraiser needs to be active throughout the organization to stay abreast of its current needs. Once needs are identified, the fundraising team must take time to understand their specific details by having conversations with program and service coordinators, volunteers, and clients. By listening to all of these voices, the fundraiser is in a better position to understand the situation and develop key messages around different elements of it. Fundraisers cannot simply receive general guidance from those connected to the programs; they must be proactive in researching the situation given that the interests of donors are varied, and using a one-size-fits-all approach for soliciting contributions will not be effective.

The final area of research focuses on the donors and potential prospects for the nonprofit. While donor research is most common in the health care and education subsectors, the Association of Professional Researchers for Advancement (APRA) offers insights into donor research for all nonprofits. Fundraisers are encouraged to use public information sources and the internet to gather information about potential donors, whether individuals, corporations, or foundations, for purposes of cultivation and stewardship. Donor 'research' is also carried out through the daily conversations that fundraisers have with existing and potential donors, including information about their motivations, and personal and professional lives that make it easier to identify areas of mutual concern for future solicitations.

Objectives

Successful fundraising involves a great deal of planning. Without a clear understanding of the organization's strategic plan, it is difficult for the fundraising team to develop a sound plan to secure external funding. Lindahl (2010) argues that a nonprofit which excludes the top development officer from involvement in its strategic planning is destined to fail because the organization has not recognized the need for a strategic approach to its fundraising efforts.

Once the overall direction and goals of the nonprofit are established, fundraisers must develop specific objectives to help advance the fundraising program. Recognizing that fundraising is a

communication process and not simply a marketing exchange relationship, these objectives must align with communication processes which involve three stages: knowledge; attitude change; and behavioural change. Fundraisers cannot start the process by asking for a donation without having built a foundation for the solicitation appeal. Individuals, particularly those who are part of the latent or aware publics, must be educated about a particular need before their attitudes can be changed to perceive the need in the way the nonprofit wants them to see it. By jumping to the donation process prematurely, fundraisers will have skipped two important stages of communication.

Objectives must be created for each coordinated campaign, focusing on education and awareness, attitude change, and ultimately behaviours such as making a donation. These objectives must be specific, measurable, focused on a particular audience, actionable, and timely. For example, an awareness objective might be: ‘increase awareness about the planned giving program among current donors aged 40–65 by 75 percent by January 30 of next year’. By constructing objectives in this manner, the fundraising team will be able to demonstrate through its evaluative research whether they were actually successful.

Programming

Fundraising programming largely consists of cultivation and solicitation. Regardless of the type of donor public, these two actions – particularly, cultivation – constitute the bulk of the fundraiser’s time. Cultivation is closely linked to the notion of identification theory (Schervish, 1997), which for fundraising argues that the end goal is to bring the donor’s identity and goals as close as possible to the organization’s priorities. The communication literature outlines many different strategies for cultivating relationships with donors (Ki and Hon, 2008; Williams and Brunner, 2010; Gardner *et al.*, 2015). These include: openness which focuses on the transparency of a nonprofit; networking which examines how well a nonprofit is connected in terms of cross-sector collaborations and working with other nonprofits; access, which looks at the extent to which donors have the ability to easily contact nonprofit staff; sharing of tasks, which assumes that nonprofit organizations work with volunteers and donors to deliver quality programming; assurance, which stresses that donor questions and concerns are legitimate and should be looked into by nonprofits; and positivity, which centres on the pleasantness and politeness of interactions with nonprofit representatives (Gardner *et al.*, 2015). Cultivation is carried out on a daily basis through various means such as special events, social media conversations, meetings with clients and donors, phone calls, and direct mailings of the annual report and newsletter. In general, the more channels of communication that are used with donors, the greater the likelihood of having an engaged audience that will be responsive during solicitations.

Fundraising is most often equated with ‘making the ask’. However, research has repeatedly shown that the actual ask constitutes the smallest percentage of a fundraiser’s time (Woods, 1989; Kelly, 1998; Tindall and Waters, 2010). Yet, a fundraiser’s ultimate measure of success is whether they were able to secure donations to the organization. The approach to solicitation varies considerably depending on the donor’s history with the organization, research about the donor and his or her potential to give to the organization, and the donor’s connection to individuals working for and with the nonprofit. The larger the gift that is being sought, the more personalized the solicitation will normally be. Revisiting the donor pyramid in Table 27.2, the large number of donors creating the base of the pyramid are most likely to receive direct mailings and other communications that have minimal level of personalization, although even within this group donors that have a long history of support for the organization and are giving somewhat larger gifts may receive phone calls from volunteers or fundraising staff encouraging

an annual gift. In the middle of the pyramid, donors of moderate sized gifts are likely to have received personalized attention throughout the process; they may have been invited to special events or have received multiple phone calls during the year to keep them abreast of events at the nonprofit. Those few donors at the top of the pyramid usually receive high levels of personalized attention by being invited to luncheons and dinners to discuss their relationship with the organization and being asked for their opinion on what the nonprofit could be doing better.

For many fundraisers, this approach to personalized communication is incongruent with strategies for e-philanthropy that are touted by many consultants and marketing firms. Online fundraising has grown enormously over the past decade (Daniels and Narayanswamy, 2014), and certainly has its place within the programming stage of the ROPES process. But, fundraisers must think about the overall picture before deciding to spend significant amounts of time with their websites or social media platforms as online fundraising still reflects just 7.5 percent of overall giving (Grofum and Flandez, 2013). Based on numbers presented in the 2014 Giving USA Foundation report, that percentage translates into \$US 20 billion, a mere fraction of the overall \$US 269 billion donated by individuals.

Evaluation

Though ‘evaluation’ makes it sound as if the fundraiser waits until the end to assess the success of the campaign, evaluation should be occurring throughout the process. During the early stages of the campaign, fundraisers need to monitor response rates to direct mail pieces and follow up with donors who have failed to respond. If the message failed to resonate with potential donors, there may be time to change the solicitation before it is sent to others. Likewise, if an approach used in securing foundation grants or corporate sponsorships is turning these institutions away from the organization, the fundraiser needs to ask what could have made the request more attractive before going to other foundations and corporations. These evaluative techniques during the campaign can steer the campaign into more positive directions. Evaluation must also include an analysis of the overall efforts at the end of the campaign. Without looking at the entirety of the campaign, the fundraising staff cannot work on continuous improvements for future fundraising cycles. Post campaign evaluation should include both an assessment of giving at different levels of the donor pyramid and the cultivation strategies used with the different donor groups. Evaluation that connects back to the overall goals and objectives of the efforts also can be used as evidence that new hires are needed to grow the fundraising team.

Evaluation is one of the most neglected parts of the fundraising process (Lindahl, 2010), however, too many fundraisers think it is more efficient to simply focus on the stewardship stage. That said, fundraisers need to be good stewards of the donations that the nonprofit receives.

Stewardship

In a narrow sense, stewardship means that donations are used for the programs and services they were solicited. Kelly (1998) argues for a broader concept, outlining four proactive actions that help keep a donor connected to an organization and aware of what is happening with their donations. The first is ‘reciprocity’ which Gouldner (1960) views as a universal component of all moral codes. Donors have a choice of organizations when they wish to make a gift, and fundraisers should demonstrate appreciation that the donors chose their organization and that the gift is not taken for granted. This ‘thank you’ can take many forms ranging from a letter, acknowledgement email, telephone call, or special recognition event in the case of large gifts.

When fundraisers are soliciting funds, they frequently describe various programs and services. During the ask, if a donor signifies that he or she wants a donation to go to a specific program, the fundraiser has the obligation to ensure that the gift is used for that purpose. This stewardship strategy of keeping promises made is referred to as ‘responsibility’ by Kelly (1998). By keeping their word, nonprofits demonstrate through their actions that they are worthy of continued support. The third component highlights that it is not enough for nonprofits to be responsible, but they must also report back to the donors that they were true to their promises. Light (2008) notes that this ‘reporting’ strategy is a critical tool in meeting the increased calls for social and fiscal accountability. Whether nonprofits report back about their fundraising efforts and programs through newsletters and annual reports or over Facebook and Twitter, they must relay information about their internal operations so that they can build feelings of trust, satisfaction, and commitment among their supportive publics. The final stewardship dimension, ‘relationship nurturing’, creates an environment in which donors are told on a regular basis that they are cared about, their support is respected and appreciated, and that the organization wants them involved in more than just a donation capacity (Grace, 1991). Metrick (2005) argues that with proper care of the relationship, a donor may become a long-term, indeed, lifelong supporter of a nonprofit. This planned evolution of donors through a long-term fundraising program is examined in the next section.

Donor evolution

Fundraisers generally seek not only to retain donors, but over time transition them to higher levels of giving, as shown in Figure 27.3. Early gifts to a nonprofit often come from special events, such as walk-a-thons and fun runs, and occasional gifts that are made either in response to peer-to-peer requests through social media sites or casual giving made through mass marketed campaigns, such as public service announcements and billboard advertizing.

Annual giving donations are gifts made to organizations, generally in response to coordinated campaigns. In the US these are usually held in late spring, just after the personal income tax deadline, but before money is spent on May graduations and summer weddings, or in early

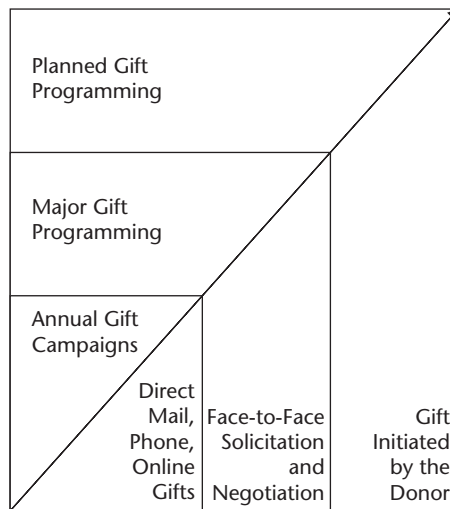


Figure 27.3 Donor progression

autumn when people begin annual reflections on the year, but before they spend money on winter holiday gifts. Elsewhere, campaigns may be more precisely coincidental with religious festivals of sacrifice or celebration. Annual gift solicitations are most often made through direct mail solicitations. In a content analysis of annual giving fundraising letters, Ritzenhein (1998) finds that the most common arguments are that: the nonprofit organization has quality programs; every individual's gift matters; and that the nonprofit organization addresses important community issues. Increasingly, nonprofits are phasing out the use of phone-a-thons, when volunteers telephone existing donors and make solicitation requests; radiothons, when nonprofits work with sponsoring radio stations to highlight their programs and services to raise funds from their listening audiences; and telethons, which are similar to radiothons, except appealing to television audiences. These forms of annual giving are being replaced by online giving techniques that are often managed through third party platforms that allow individuals to make one-time or recurring contributions automatically charged to credit cards. Mobile phone giving and text message-based giving is catching on in Western fundraising and mostly as a response to crisis situations and natural disasters (Kapucu, Chapter 11; however, it is a common form of fundraising in Japan, Korea and elsewhere (Smith, 2012; Bernholz, Chapter 28).

As a donor becomes a regular contributor to annual giving campaigns, fundraisers are likely to research their giving histories, personal finances, and professional lives even more closely to determine if they might be considered a major gift or planned gift prospect. Major gifts may be regular or one-time gifts of significant value that, in addition to cash contributions, are often made through the transfer of stock, securities, or assets. The major gift comes as a result of multiple visits or 'touchpoints' between a nonprofit and the potential donor, during which fundraisers learn about the donor's interests, and ultimately present a major gift proposal that outlines how a specified monetary contribution would be used to advance projects in line with the donor's interests. Given that the goal of the process is to reach the desired 'win-win zone' for both parties, fundraisers should not be afraid to negotiate with donors about the terms of major gifts (Swanger and Rodgers, 2013).

Planned gifts are the ultimate form of giving because they are not the result of a formal fundraising campaign. Instead, they are selfless gifts that come from supportive donors. Through complex estate planning with legal counsel, donors are able to set up a variety of giving mechanisms, including bequests, annuities, and trusts to benefit nonprofits after the donor's death. Even though planned giving costs very little for nonprofits to promote, Brown (2004) indicates that many did not have information readily available about planned giving options due to the complexity of the gift. Given the estimated value of the upcoming intergenerational transfer of \$41 trillion wealth, however, nonprofits must embrace planned giving if they hope to receive a portion of the estates and assets (Lerner, 2011). Nevertheless, legacy giving, as a distinctive form of gift, raises fundraising challenges, both where organizations do set out to organize 'legacy giving' campaigns (for example in higher education), and where the interplay of 'giving while living' and 'bequesting' occurs (Wiepking *et al.*, 2012). James and O'Boyle (2014: 355) propose that that bequest decision-making is analogous to visualizing the final chapter in one's autobiography, drawing attention to the fundraising challenge where 'due to inherent mortality salience, people may resist creating this final chapter'.

Conclusion

Fundraising focuses on the creation and maintenance of mutually beneficial relationships between a nonprofit and a variety of donor publics. Mutual benefit is key to this relationship as the nonprofit ultimately needs contributions to continue delivering its programs and services,

but the donor must also feel satisfied with the altruistic and egoistic benefits they receive from the interaction. Continued, cyclical communication is at the core of fundraising. Programs that approach donors only when they need contributions will not succeed over the long run. Donors must be engaged multiple times in between solicitations, and they must be responded to and heard when they have questions and concerns.

While the amount of personalized attention a donor receives is largely connected to their giving history and size of previous donations, fundraisers have a variety of communication channels to provide the donor of even the smallest annual giving contribution some level of individual attention. Ultimately, it is the fundraiser's ability to keep donors involved with an organization that determines the success of the fundraising function. The overall goal of fundraising is not simply to raise funds, but it is to keep the relationships established with donors active and healthy by transitioning them up the levels of the donor pyramid. Some donors will not be able to move past the base of relatively small annual gifts; however, some will. Through donor research and cultivation, fundraisers can determine which donors have potential to transition from annual gift contributors to major gift and planned giving donors. This growth fuels the sophistication of the fundraising function while the nonprofit continues to expand its donor base by recruiting new donors. Communication, not marketing, is at the heart of fundraising success.

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