

A Grantmaker's Reflections on Strengthening Nonprofit Fundraising

BY LINDA WOOD

It is undeniable that the changes underway in Washington and beyond will touch every sector of society, including nonprofit organizations.

For many of the social change organizations we support at the Evelyn & Walter Haas, Jr. Fund, the recent federal policy changes are already having a dramatic impact. At the same time demand for their work has escalated, the revenues and resources to support that work are rapidly shifting.

Some organizations will be directly or indirectly affected by changes in federal funding. Some are seeing an unprecedented surge in interest and donations from individuals and must evolve their development and communications capacity if they are to retain those new constituents over the long haul. Meanwhile, those with less name recognition could be left behind entirely, missing out on the opportunity to raise the resources they so urgently need.

It is, in short, a pivotal moment for many social change organizations, and one that presents high-stakes leadership opportunities and challenges for all nonprofit leaders, including development directors. But development directors have not always been viewed and supported as part of the senior leadership team.

What do organizations, their funders and the social sector have to do to ensure development directors can assume and carry out their roles as senior organization leaders? And what skills do development directors truly need? These questions have been one focus of a multiyear exploration by the Haas, Jr. Fund and a range of research partners.

A Journey of Learning and Discovery

At the Evelyn & Walter Haas, Jr. Fund, we have a core value: “We believe that the vision and skills of talented and committed leaders are the driving force behind the organizations and the movements we support.” We believe this so deeply that we created a separate program, the Haas Leadership Initiatives, through which we have invested in the leadership and capacity of scores of nonprofits that play a central role in the issues we care about.



In the course of this work, we have come to see that the fields of fund development and leadership development are like two ships passing in the night. All too often, leadership development focuses exclusively on executive directors and other senior leaders in organizations, but not development directors. In an effort to understand why this disconnect exists (and, more importantly, what can be done to address it), the Fund and some of our partners set out on a journey to learn more.

This journey started when we noticed we were getting repeated requests from nonprofit partners seeking a “great development director” to oversee their fundraising. When we would ask what happened to the previous development director, people often said, “It just didn’t work out.” Organizations regularly told us they struggled to find qualified people. And, if they did find someone who was qualified and that person was successful, she or he was often snatched up before long by another organization.

We wondered if this was a broader problem in the sector, so we partnered with CompassPoint on a report called *UnderDeveloped*.

Based on a survey of 2,700 executive directors and development directors, plus focus groups of nonprofit board members, the report affirmed that what we were hearing in our conversations with nonprofits was a sector-wide problem. Executive directors said the development director position was vacant for an average of six months—and longer for small nonprofits. Half of development directors said they expected to leave their

jobs in two years or less, and 40 percent said they were not committed to careers in development.

But it wasn't just a talent problem this study surfaced; it is also an organizational problem. *UnderDeveloped* found that development directors are not set up for success. Organizations often have inadequate budgets for fundraising, they don't have basic fundraising systems and they can't get the time and attention for fundraising from key board members and staff leaders. The report underscored the importance of building a "culture of philanthropy" in nonprofit organizations, where fundraising is supported and integrated as a critical function.

None of this was exactly news to a lot of people. But *UnderDeveloped* prompted a significant amount of conversation and soul-searching in the field. The report gave voice to a widespread frustration across the sector about how fundraising gets done—and why we can't do better.

Which led to the logical next question: OK, now what? In an effort to explore solutions to the problems documented in *UnderDeveloped*, we teamed up with a group of expert research partners to find answers to a couple of important questions. First, what does it really mean to build a "culture of philanthropy," and how can organizations know when they have one? And second, what can we learn from those nonprofits that appear to have achieved standout success in fundraising?

To try and answer the first question, researcher Cynthia Gibson talked to experts to define the concept of a "culture of philanthropy" and to identify some of the indicators suggesting what it looks like. For the second question, we teamed up with researchers Jeanne Bell and Kim Klein to take a closer look at a slice of small to midsize social change organizations that were especially successful in raising resources from individual donors. We called these organizations "fundraising bright spots."

Common Themes About Fundraising Success

Even though these were two very different kinds of investigations, there was a remarkable resonance in their findings. In particular, both studies underscored the link between strong leadership and successful fund development by lifting up two key themes.

First, fundraising succeeds when it is integrated and aligned with the mission of the organization. This means fundraising is valued as part of the organization's overall mission. In other words, it is not a "back-office" or siloed function—or a necessary evil or distraction—but

is instead viewed as an integral part of the work. Across both of our studies, we saw evidence that strategies for raising resources are most successful when they are steeped in an organization's philosophy and values and linked to strategy, finance and communications.

Second, fundraising succeeds when responsibility for raising dollars and other resources is shared broadly. Both studies suggested convincingly that fundraising cannot and should not be just one person's job or the job of one department. Rather, it is a shared responsibility. This doesn't mean that everyone is a fundraiser. But everyone—staff, executive directors, constituents, board members and volunteers—has a role to play in the process of raising resources. Among our fundraising bright spots, for example, the researchers found that the expectation that everyone shares responsibility for fund development is integrated into job descriptions of program staff and is communicated as a priority in the hiring process. We also found that development directors in these bright spot organizations often were part of the leadership team and that decisions about programs, strategy, finances and planning weren't made without the lead development person at the table.

One of our bright spot organizations offers an example of what shared responsibility for fundraising can look like when pursued to the fullest. This activist organization working for peace and human rights has 57 portfolio managers from across the staff, board and volunteers who together manage 600 donor relationships. According to the organization's development director, his primary role has shifted from fundraiser to motivator and coordinator.

Few nonprofits have adopted a fundraising model as widely distributed as this organization's, but its work shows what can happen when fundraisers shift their primary focus to leading, inspiring and supporting the whole organization to play a role in raising resources.

Essential Skills for Fundraisers

Of course, "leadership" can mean many different things to many different people. But one of the simplest definitions of leadership—and the one most germane to the work of strengthening fundraising in the social sector—emphasizes the role of leaders in mobilizing others to take action. Effective leaders communicate their personal purpose and vision in a compelling way. Both in a culture of philanthropy and among the bright spot organizations we studied, mobilizing others is at the core of what development directors are expected to

do. They must tap into and communicate their passion for the mission of the organization and the importance of fundraising to its success.

As we reflected on our findings with our research team, we developed an inventory of additional leadership skills that can enable development directors to have a lasting impact on their organizations' fundraising success. They include:

A strong grasp of financial management and strategy. Development directors need to understand finance and strategy so they can play an active role in an organization's overall planning and budgeting. Fundraising can only become embedded in the organization's work to the extent that the development director is at the table and driving the integration of fundraising into strategy, finance and communications.

Deep relationship-building abilities. To be effective, development directors need to build strong relationships with a wide variety of people, from the executive director and senior staff to board members, donors, volunteers and colleagues. Relationship-building is a skill that starts with effective communication through internal and external channels to diverse audiences. Development directors need to be strong at listening and empathy, and they need to be able to network creatively so they are developing and strengthening a wide range of internal and external relationships at once.

Change management and influence skills. Most organizations do not currently have a deep culture of philanthropy, so development directors need to help shape and build a culture that embraces fundraising as core to the organization's work. This requires them to develop and hone change management and influence skills—for example, so they can bring along colleagues who don't see fundraising as "real" work or as a responsibility to be shared.

Our research also surfaced other core leadership capabilities that may contribute to effectiveness for development directors. These include collaborative skills, a focus on results, and an understanding of one's strengths and weaknesses and how to build teams with complementary skills.


Assessing the Training Landscape

If these are some of the leadership skills that are essential to help build a culture of philanthropy, then how do development staff acquire them? Researcher Christine

Sherry did a quick scan of the training landscape for fundraising professionals, and what she found was concerning, although not entirely surprising. For many development staff, professional and leadership development is left to chance. Fundraisers often talk about how they "fell into the role" and acquired their skills through an ad hoc process of trainings, one-off workshops and, in the best cases, a strong mentor within their organization.

Sherry found that there are countless formal, structured trainings for development professionals, including webinars, workshops and seminars. Her research affirmed that there is no shortage of offerings covering a wide variety of fundraising topics. But she also identified serious gaps in the content and focus of available trainings. Most importantly, there are few trainings that go beyond the tactics and technical skills of Fundraising 101 to teach the adaptive and leadership skills that seem to be essential for development directors. There also is a dearth of trainings that offer opportunities for the application of what participants learn or that provide follow-up coaching to support them when they start to apply their new ideas inside their organizations.

Our research suggests it is time for a reset when it comes to how the sector views development directors and the support they need to be effective and to be champions of fundraising in their organizations. It's time for more "201"-type trainings that integrate both the best content and the latest technical skills and knowledge about effective fundraising with adaptive and leadership skills. And it's time for development staff to have access to some of the same kinds of leadership support that are more commonly offered to executive directors and other C-suite executives, from executive coaching to fellowships.

In other words, it is time once and for all to connect the fields of leadership development and fund development. At this moment when nonprofits across the country are wrestling with how to succeed and thrive in a new and often challenging environment, let's work together—philanthropy, nonprofits, fundraising professionals, consultants and capacity-builders, and others—to help nonprofit organizations finally crack the code of long-term fundraising success. 



Linda Wood is senior director of the Haas Leadership Initiatives with the Evelyn & Walter Haas, Jr. Fund. These initiatives help social-sector leaders develop skills and grow their networks so they can be more successful.