



# Working Together for a Better World

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*Through Strategy, Teamwork, and Leadership*

*I'll take you on a journey to new places*

## Fundraising for New or Small Nonprofit Organizations

Ken Phillips, NGO Futures LLC, February 19, 2019

After planning, implementing, training, and consulting for fundraising and organization development with NGOs for more than 60 years in 70 countries, I can suggest a few steps for success.

First, please look at and remember these two fundamental concepts: the Role of NGOs and Essentials for Organizations. They should guide you in your work.

### **The Role of NGOs**

1. **Promote** a socially worthwhile cause
2. **Provide** services important to society
3. **Educate** the public about this cause
4. **Advocate** to all sectors of society
5. **Private voluntary** not for profit
6. **Independent** voice and status

### **Essentials for Organizations**

1. **Mission** ➡ **Value**
  - How important is it society?
2. **Effectiveness** ➡ **Results**
  - How much impact is there?
3. **Efficiency** ➡ **Cost**
  - What is the price for the results?
4. **Ethics** ➡ **Trustworthiness**
  - How well does it behave?
5. **Responsibility** ➡ **Accountability**
  - How informed are constituents?

**Fundraising from foundations and government agencies is generally done by proposals.**

1. Grants are generally made on a competitive basis so the proposal is the key document. Personal contacts and organizational reputation often help but will not overcome a poorly written, off-target or unconvincing proposal.
2. In these cases, the key is to know and follow the foundation or agency grant making priorities and guidelines. Study the guidelines carefully.
3. Proposals are generally prepared by management staff and/or by those responsible for the implementation of the project. The Executive Director gives guidance on the proposal and signs off on its final draft. The Finance Director approves the budget figures in the proposal.
4. For proposals like these, the best fundraisers are those responsible for the implementation of the project. They know best the project needs, the strategy for implementation, monitoring and evaluation plans, and reporting steps. They are most committed to the funding of their own

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projects. An outsider cannot draft as good a proposal as can someone closely connected to the program.

5. Drafting a proposal is not very difficult. Know the donor's interests, priorities and criteria; draft a proposal to meet or better to exceed the donor's expectations; describe who you are; report what the issues, problems and opportunities are; show how you solve those problems; and indicate how you will implement the project, secure matching funding, monitor progress, evaluate results, and report.
6. For corporate support, you need to show how the project, its impact and publicity will benefit the company. Your organizational image and reputation are very important. The company is interested to enhance its image, increase sales, open new markets, and attract employees.

### **Fundraising by mass media or social media is best done by experts in marketing, advertising and social media.**

1. Board members from ad agencies, public relations agencies and companies with expertise in mass media and social marketing provide valuable advice without any cost. Staff can then implement based on their advice.
2. Advertising agencies often work for an NGO on a *pro bono* basis charging only for placement costs and related direct costs without markup.
3. You can learn from others. Study and adapt other fundraising appeals that you see in print, broadcast and social media. Test your own work and constantly make improvements based on actual results.
4. Getting the message to the right prospective donors at the lowest cost is the challenge in media. Describe the problem or issue; demonstrate the solution; ask for support at the right level and in the right way; and provide an easy-to-use response method. Supplement these four components of an appeal with proof of your reputation, accomplishments, and trustworthiness. Appeals like this can be written by good creative writers with sales or marketing experience.
5. Use real creativity especially in new media which can go viral at little cost.

### **A fundraiser can lead fundraising efforts but needs help from others.**

1. Hiring a fundraiser to do the whole job of fundraising is heading toward failure.
2. I can tell you about many Executive Directors who told me, "We hired a fundraiser and after the first year she didn't even get her costs back. So we fired her." I always ask, "What did you do to support her work?"
3. A fundraiser working without the full commitment and involvement of the organization's leaders is probably not going to succeed. In my view, everyone in an organization is responsible to help in fundraising.
4. Organizations that succeed in fundraising always have a positive fundraising culture where fundraising is highly valued, where everyone is responsible for fundraising, and where donors receive first rate customer or donor service. As in a company, as much effort can go into marketing as into product.

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5. Major evaluation agencies and fundraising associations have long concluded that paying fundraisers by commission or percentage of funds raised is not acceptable and not in the donors' or organization's best interests. The potentials for abuse, conflict and dissatisfaction are just too large.

**Successful personal fundraising is done by the organization's leaders, members of the board, and volunteers. A smart fundraiser also does fundraising.**

1. Everyone including board, staff and volunteers need to understand their responsibility to support funding so donors can receive real value and satisfaction from their support.
2. Major individual donors want to speak with the individuals in an organization who has the top responsibility for direction, implementation and stewardship of their gift.
3. The bigger the gift, the more important it is for the Executive Director to be the one to ask for support. The fundraiser sets up the meeting, the Executive Director makes the 'ask'.
4. For many organizations, the fundraiser is an officer manager, keeping track of donors, identifying interests and concerns, planning the next meetings for the Executive Director, providing appropriate materials and letters, preparing acknowledgements for the Executive Director's signature, recording gifts, and making sure the database is accurate.
5. For larger NGOs, the fundraising staff has higher status. The fundraiser gets to know a number of major donors and can make the 'ask' for medium sized gifts. The large gifts are still the province of the Executive Director or Board Chairperson.

### How can a small organization raise funds if it can't hire a fundraiser?

Fundraising is one of the most important responsibilities of the founders, board members, and leaders in an organization. You start with what you are doing and who is already involved. You ask people you know.

#### Making Dreams Come True

First and foremost is to identify the dreams of the people inside the organization and then the dreams of potential donors who will support the work of the organization. The power of these dreams is what is captured in the organization's vision that inspires and motivates staff, volunteers, participants, and donors. In current business terminology, this is what the organization 'sells' and what volunteers and donors 'buy'.

Donors are giving their money and volunteers are giving their time to change the world by enabling dreams to come true. NGOs are powerful change agents working to make society just and equitable by getting people to donate money or time to that effort. In this way, fundraisers are ambassadors into the land of affluence to promote caring for the world as a way of living for everyone.

**Get support from everyone in the entire organization.**

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1. The organization must be ready to fundraise. Its strategic plan and directions are clear and agreed with an inspiring vision of what could be, an empowering mission of what you do to get there, and clear values of what you believe. The board of directors is working well and responsibly. Your reputation and branding are strong and clear. Staff leadership is willing to lead and participate in fundraising. Staff and volunteers are ready to support fundraising. Programs are underway and new ones are ready to start. Financial reports are published. Your code of ethics is stated. Your web site is engaging. Endorsements are prepared. Your back-office systems are in place and operating.
2. Having a good strategic plan in place, understanding the principles of fundraising and operating under a strong code of conduct are essential prerequisites to success.
3. Trust is the key issue. You are asking people to give you their money. Transparency is needed to assure trust. Financial reports, annual reports and other documents have to be readily available. Programs are described and evaluated. Board members, executives and other leaders are presented to enhance the organization's image.
4. The organization and especially its leaders create an organizational culture with commitment to the program and financial excellence and high priority for fundraising, where everyone is responsible for fundraising and donors receive first rate customer or donor service. Everyone understands that each donor is special and has her or his own interests, priorities, and expectations in making their donor decisions.
5. Every project or activity has a plan for the coming period, usually one year, including measurable objectives, funding and other resources needed, activities for implementation, dates for completion, responsibilities for all the activities, monitoring and evaluation, and reporting. These plans can be quite brief, are drafted by the actual group responsible for implementation, and reflect the overall vision, mission, values, branding, and strategies of the organization. Each plan shows how it supports fundraising in its implementation and reporting.
6. An operational fundraising plan is developed. It includes strategies such as diversification and opportunism, dispersed responsibilities, a list of targets, clarification of what potential donors want from the organization, and a 'gift acceptance' policy of unacceptable types, sources or conditions of gifts. Top management establishes the priorities for funding of different projects and activities.
7. Management or the board reviews and approves fundraising plans and priorities for each project or activity to assure compliance with organizational standards and priorities – and to ensure their personal involvement.
8. Experience shows that a fundraiser working alone without organizational readiness and leadership involvement will probably fail.

## Volunteers and Members Are Important.

1. Recruiting volunteers is a non-stop quest for new and small organizations. At every meeting and one-on-one occasion, you invite people to volunteer for an activity of interest to them. As a community organization, GreeningRozzie recruited more than 500 volunteers and interested members in its first year of activity. See their questionnaire attached which was their primary volunteer recruitment tool. The questionnaire is adapted to various topics and different interests.

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2. Managing and retaining volunteers receives priority attention. Organization leaders recognize that treating volunteers is different from managing paid staff. Volunteers are treated with respect and appreciation and are given large doses of 'psychic pay'! If there is a drop out problem with volunteers, special efforts are made for renewal of their interest. Surveys of "Why have you forsaken us" are conducted to learn what improvements in treating volunteers need to be made.
3. At every meeting and conference, a meaningful session on fundraising is conducted to review the current situation, assess opportunities, respond to challenges, reinforce strategies, and make plans for the coming period of time.
4. Different donors have different priorities. Donors give to what they want, not to what the organization wants. Therefore, management should avoid constricting fundraising activities by having rigid limitations and allow considerable leeway to fundraising initiatives within the framework of its strategic plans, values and code of behavior.

### Consider different funding categories (in approximate priority).

1. Proposals to partners;
2. Support by celebrities;
3. Contributions from friends and potential members;
4. Proposals to foundations and government agencies;
5. Corporate sponsorships of conferences;
6. Corporate sponsorships of projects;
7. Support from major individual donors by personal appeal;
8. Support from individual donors through social media;
9. Free mass media to enroll donors;
10. Benefits, walks and events to enroll donors;
11. Paid mass media and direct mail to enroll donors.

### Get a Smart Staff Fundraiser!

1. The attitude of the organization's leadership must be "We hired a fundraiser to assist us do our job in fundraising." The attitude cannot be, "We hired a fundraiser to do the job." Experience shows that a fundraiser working alone without organizational readiness and leadership involvement will probably fail.
2. The organization must be ready to fundraise – strategic plan and directions clear and agreed, governance working well and responsibly, reputation and branding strong and clear, leadership willing to participate in fundraising, staff and volunteers ready to support fundraising, programs underway or ready to start, endorsements prepared, back office systems in place and operating, etc.
3. The first choice to jumpstart the fundraising is an all-volunteer effort. This is the most common practice for new and small organizations. You can start small at first and gain experience and capacity. Focus on 'low hanging' fruit from the best and closest prospects.

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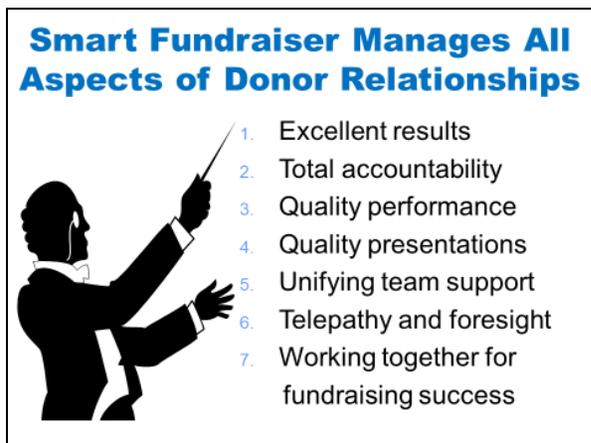
4. The second choice is paying a fundraiser on a part-time, start-up basis. This is not a top executive position and therefore compensation is on the lower side. Sometimes, a part time or mostly volunteer position is feasible. A contract for part-time work could start the process. This can be successful if all the steps indicated above for the organization are clearly in place, the strategic planning is done, and the leaders will be actively engaged.
5. The tasks for the initial fundraiser are to:
  - a. Review research, reports and other information useful for fundraising
  - b. Draft or confirm the fundraising plan of action
  - c. Pull together needed materials about the organization for fundraising
  - d. Understand when it is best to request support by mail, email, phone, or meeting and when to bring the organization's leaders into action
  - e. Identify potential foundation and corporate donors/sponsors, learn their criteria and priorities, arrange a meeting if possible, prepare or get someone else to prepare a proposal tailored to the specific donor's interests, and submit and follow up the proposal, all on a timely basis
  - f. Get expert input for fundraising direct response and mass appeals, free mass media, crowd funding, Giving Tuesday, and other social media appeals
  - g. Find and follow up on leads from the organization's leaders and members to other possible funders with a key message to lead and join this innovative venture
  - h. Prepare and send appeals to friends and members including requests for more information about their interests and, when appropriate, for leads to other possible donors, always considering various levels of actual contributions tailored to the specific donor or group of donors
  - i. Develop categories of funding opportunities like Patron, Sponsor, Membership, Ambassador, and others with different funding levels and benefits to the donors, and also various response and payment methods
  - j. When possible, get a very prominent person to make the request for support, in person at a meeting or reception or by signature or video appeal ("I am helping. I ask you to join with me...")
  - k. Respond to all appropriate funding opportunities
  - l. Maintain the contact data base.
6. The tasks for the organization's leaders are to
  - a. Keep fundraising high on the agenda at all meetings and in all plans;
  - b. Be available for virtual and in-person meetings with potential major donors;
  - c. Create a fundraising culture in the organization;
  - d. Be available to make the 'ask' for donations;
  - e. Approve and sign communications to donors;
  - f. Recruit other volunteers to support fundraising effort.

### Follow guidelines for engaging a professional fundraising consultant.

A third choice is a fundraising consultant with clear parameters that protect from the common abuses of commission-based fundraising.

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1. Get competitive bids based on clear specifications and timelines, which you prepare, from several recommended consultants.
2. Research who they are, what they do, and who are recent clients. Verify what professional associations they belong to and what codes they operate under.
3. Check references, not the ones they suggest, but the ones you select.
4. Make sure they commit to the following standards, based on a strong *Code of Ethics*:
  - a. Maintain good professional standards and financial integrity,
  - b. Protect and promote the reputation of the not-for-profit sector,
  - c. Protect and promote client interests,
  - d. Provide good service for fair compensation and
  - e. Implement and enforce your own *Code of Ethics*.
5. Fundraising consultants should at all times
  - a. Act in the best interests of their clients and their clients' stakeholders and donors;
  - b. Conduct their business with honesty, integrity, good faith and accountability;
  - c. Avoid conflicts of interest so financial relationships are transparent to those involved;
  - d. Agree not to seek or receive remuneration directly or indirectly from suppliers;
  - e. Abide by the laws in the jurisdictions in which they operate;
  - f. Operate within a written contract covering obligations of both parties, terms of compensation, reimbursement of expenses, cause for termination, and method of arbitration in case of disagreement.
  - g. Fees shall be determined based on the time to be provided (hourly, daily or monthly) or on the completion of specified activities, never on the basis of a percentage of funds raised.
  - h. Compensation may be reduced on a predetermined schedule if agreed targets are not met.



Ken Phillips, consultant, strategist and mentor, has dedicated his life to building NGOs and civil society. 30 years of practical experience as president of AIESEC-US, fundraiser for the Institute of International Education and Save the Children, executive director for Foster Parents Plan US, and head of OD for the International Federation of Red Cross and Red Crescent Societies. 25 years of consulting and mentoring in strategy, fundraising and organization development with hundreds of NGOs. Now writing books for his *Civil Society Series*.

A model recruitment form from a community organization



Welcome to GreeningRozzie!

1. Protecting our trees is a key topic this week. What about other ways to develop **more green spaces**?
  - a. Is your block or street shady and cool in the summer? Is there a good green canopy? Yes \_\_\_ No \_\_\_
  - b. Do you agree that having more street trees, community gardens, orchards, and private trees is important for Roslindale as a place to live? Yes \_\_\_ No \_\_\_
  - c. **Would you be responsible, on your block, to survey tree needs, reach out to neighbors, and petition for more trees as part of a community-wide effort to Green Roslindale? Yes \_\_\_**
  
2. GreeningRozzie will help fill **window space in the library** for the month of August with books related to library's summer reading theme of 'Go Green'.
  - a. What do you suggest to make this really interesting?
  - b. **Can you put in a few hours to help organize & refresh the exhibits during August? Yes \_\_\_**
  
3. "Fresh," a movie about **sustainable agriculture**, features "the farmers, thinkers and business people across America who are re-inventing our food system."
  - a. Would you like to attend a Roslindale house-screening of "Fresh?" Yes \_\_\_ No \_\_\_
  - b. What other screenings or discussion topics interest you?
  - c. **Would you like to be involved with working locally on change within the food system? Yes\_**
  
4. Roslindale has some showcase homes with **alternative energy** installations, such as solar panels.
  - a. Would you like to participate in a tour of alternative energy showcases? Yes \_\_\_ No \_\_\_
  - b. Are you interested in investing in alternative energy sources for your home? Yes \_\_\_ What types of improvements?
  - c. **Would you help a GreeningRozzie group on developing alternative energy sources? Yes \_\_\_**
  
5. Some businesses are starting to carry "**green**" products such as building materials and paints.
  - a. Would you like to learn more about rating these products and find out which local businesses carry them? Yes \_\_\_ No \_\_\_
  - b. What products are you most concerned about?
  - c. **Would you help implement a process to find out more about green practices of local restaurants, stores and businesses? Yes \_\_\_**
  
6. **Walking tours** of Roslindale can be a great way to get exercise, see old trees and learn about the community.
  - a. **Would you help us plan a tour? Yes \_\_\_**
  
7. **Water Conservation and Waste Reduction** are also important for GreeningRozzie.
  - a. What ideas do you have about these two issues?
  - b. **Would you help develop these ideas over the next few months? Yes \_\_\_**

PRINT Your Name / Address	Contact	Interests / Skills
	Phone (    ) Email _____	

Write any additional ideas on the back of this page and check here [\_\_].