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Chapter 2

THE NINE CARDINAL PRINCIPLES OF FUND RAISING

Throughout this book several basic fund-raising principles will appear again and again. They must be highlighted at the outset because they are fundamental to every kind of program, whether a one-time campaign for capital gifts or a drive for annual gifts that must be repeated every year. Because they are so important, I call them the "nine cardinal principles."

Cardinal Principle I: Institutional or organizational objectives must be established first.

Before any successful fund-raising program can take place, the institution or organization seeking funds must determine, define, and articulate its purpose and objectives. As basic as this principle may seem to many, others find it difficult to accept. An organization that hires people and expects them simply to "go out and raise money" cannot expect impressive results. The people may get "donations," but they will not be able to attract substantial funds.

Part of the difficulty lies in a confusion about *who* is to identify the institution's objectives and *why* the goals must be reviewed periodically. College presidents, for example, may dismiss the problem, saying that the goals "are in the catalogue," though those goals have not been reviewed in fifteen years. Perhaps the goals *are* still valid, but for success to be assured, periodic review is wise—and is absolutely essential before a fund-raising campaign is launched. The goals must be current, believable, and salable. In a serious fund-raising effort the solicitors, both staff members and volunteers, must be prepared to describe the institution's goals for the future and how it plans to reach them. Serious prospective donors will want to know.

Since goals reflect and are reflected in policy and direction, the staff in concert with selected organizational directors or trustees should make goal establishment or review a matter of early priority in planning a fund-raising effort—so early, in fact, that it should be considered preplanning. The fund-raising officer should participate, as should the institution's key leaders, including volunteers. If volunteers do not have a voice in determining the institution's direction, they will have little enthusiasm for selling someone else's program. We will talk about "taking ownership" as a key ingredient to success. This is a significant expression. The persons on whom an organization is depending for fund-raising success must feel that the program is *their* program. And they must develop this feeling early. So the preplanning time is the best time to involve the key leaders and prospects.

The planning should not be elaborate or time consuming. Since it has a specific purpose, it should have a specific deadline. It must be accomplished before one can move to the next phase of fund raising.

It should be remembered that institutional planning is a process that never stops. Fixed long-range planning—beyond five years, for example—doesn't work, because change is always with us, especially in dynamic organizations.

Cardinal Principle II: Development objectives must be established to meet institutional goals.

How I pity people hired to "raise money" without any idea how the money is going to be used in the life of the institution. They might just as well stand on busy corners with tin cups. Once institutional objectives have been established (or

rearticulated), it is time to set development objectives.

Donors give gifts to meet objectives, not simply to give money away. Good causes are abounding today, and most all need money. The act of giving away material possessions is not an instinctive one. Most people do so with some reluctance even when the funds are not their own but corporate money. Congruently, few people are born with a natural desire to ask others for money. Many people *do* like to support worthy causes or efforts, however, and when they are presented with a challenging idea or program that is consistent with their interests, they tend to respond favorably. Likewise, a solicitor has an easier time selling an idea than making a vague request for cash. The institution must know exactly what it plans to do with the gift and must be able to show how such a project or gift will fit in the institution's future. Key questions to consider in this planning stage are: What are we doing or about to do that makes a gift to us important? Why do we deserve support?

Few spokesmen for American institutions can answer in two minutes or less the question: "How would you spend one million dollars if it were given to you today?" Many must stab at an answer (usually naming a building project) or stall for time to hold a meeting. Few can say with authority or confidence how they would use such a windfall. Yet if they can't answer that question, how can they solicit donors for gifts?

Cardinal Principle III: The kinds of support needed determine the kinds of fund-raising programs.

Whether an institution should expend its staff and resources on an aggressive foundation solicitation program or an aggressive annual gifts program must be determined by the kind of gift support it needs. Again, this decision is based on the institution's goals.

This sounds simple enough, but it is a principle that is repeatedly ignored. For example, how can a church-supported junior college needing supplementary annual support defend a decision to have its chief development officer concentrate primarily on seeking gifts from foundations, despite the fact that most foundations do not make gifts to annual support programs? When a development program is being started, those persons responsible must determine the kinds of gifts needed to meet the institution's objectives and the kind of program that will best attract these kinds of gifts. The donors most likely to support these programs can then be identified, and the development program can be launched.

This principle should not be interpreted to mean that only one phase of a development activity can be conducted at a time. Most development staffs are limited in personnel and funds, however, and the institution deserves maximum return on its investment in development. Institutions should not spend hard-earned dollars on nonproductive programs. Therefore, an institution with a small endowment but a great need for additional operating support should place its prime emphasis on aggressive annual-gifts programs. It also should be active in corporate-support programs with a continuing interest in planned giving programs, but its primary staff and dollar concentration should be on securing operating funds, which come mostly from individuals and corporations. The institution should also be attracting endowment funds, but that should remain a secondary activity. On the other hand, using the same criteria, a research-oriented organization should focus its attention on fund raising from foundations.

I will also make reference to the fund-raising process of "sequencing." The term usually refers to the scheduling of gift solicitation; that is, large gifts should be secured before efforts are directed to smaller gifts. In the context of Principle III, sequencing has another importance: starting various phases of the fund-raising program and building on success. For example, when an organization starts a fund-raising program, I always recommend that it first build a good base of annual support. A hospital, for example, that needs to attract money for medical programs, equipment, and, perhaps, building expansion will do well to start with a high-level, sophisticated,

aggressive annual giving program. There are two reasons for this: (1) the volunteer board and close friends will have a chance to make a financial contribution, and the need for financial support can be carried to the broader community; and (2) people who are serious annual contributors are the best prospects for special or capital gifts. By soliciting well, the hospital begins to cultivate well. So, in determining which fund-raising programs to emphasize, the organization begins by building a productive annual giving program with the awareness that it will expand to special program or capital efforts. This is "sequencing" the fund-raising program to meet institutional objectives.

Cardinal Principle IV: The institution must start with natural prospects.

The "rock in the pond" principle is significant in serious fund raising. An institution cannot expect others to invest in it until those who are closest to the center do so. To illustrate: A distinguished private university did all its precampaign work before launching an ambitious program. On the day the campaign plan was presented to the board, the trustees listened attentively, voted unanimously to launch the effort, and then wished the president and his development staff well in their efforts. Most of the trustees agreed that it was just the kind of program many major corporations would like to support.

The staff soon discovered after it hit the road that most prospects did indeed say that they were interested and then asked, "How much has the board contributed?" When told that the trustees had not yet made gifts, the prospects told the solicitors to come back after those who had decided that this was an important program had also decided that it warranted their own support. The campaign bogged down for nearly eighteen months while the staff regrouped.

In establishing priority prospect assignments, it is always necessary to start at the center and work out. The farther from the center, the weaker the interest. This is true in annual as well as capital campaigns. It is also necessary for one's best prospects to be active in the fund-raising organization, where they receive maximum information and cultivation. Such prospects will quickly realize that they must make a gift before they can ask others to do so.

Cardinal Principle V: The case for the program must reflect the importance of the institution.

The term "case" is used in fund raising to describe the need for the institution and the program being conducted to support it. For most programs a "case statement" is prepared to convey the value and need to prospective donors. The case statement can be duplicated or printed. But it must be remembered that *the case is more important than the document that describes it.* It must be brief and tastefully prepared, and it must communicate—it must reflect clearly the value of the institution, the worthiness of its objectives, and the undeniable need of funds to meet those objectives.

While the following statements may smack of the melodramatic, reflection on them is essential to success in fund raising:

1. The members of the fund-raising staff, individually and collectively, must be thoroughly convinced that they are giving the potential donors an opportunity to make a significant investment in a worthwhile cause. Their enthusiasm is contagious. Any doubts or reservations they may have will become apparent to donors.

2. This enthusiasm must be conveyed in every facet of the fund-raising effort, from the preparation of the case statement to the personal solicitation of a gift.

3. If this enthusiasm is not shared by professional staff and volunteer workers, the program will never receive the enthusiastic support of others.

The coming preparation of the case for the institution must be constantly in the mind of the chief development

officer as he or she participates in institutional planning. The officer must ask himself or herself the questions he or she knows that others will ask later. He or she will want to anticipate as many of those questions as possible in the preparation of the case.

Because so many persons engaged in fund raising have asked for more specifics on the preparation of a case statement, Chapter 11 has been added to this edition to describe "The Art and Craft of the Case Statement."

Cardinal Principle VI: Involvement is the key to leadership and support.

Few people like to be asked to "work for" or "give to" an organization or institution about which they know very little. This is especially true in the fund-raising activities of not-for-profit organizations. If individuals or groups are to be stimulated to make a commitment to a program, they must have the opportunity to be involved in its planning and its operation. The best trustees or directors of an organization are those who are meaningfully involved. The same is true in fund raising: the best solicitors are those who are most involved. The same is also true of contributors. They will be the ones who are involved in the effort from the conception to victory. They will also be the most aggressive and successful cultivators and solicitors of others.

Most successful people in today's society are busy—they don't need another volunteer job. Therefore, every executive involved in the life of an organization must work with sincerity and consistency in keeping good people meaningfully involved. The meaningful involvement of individuals is a full-time, never-ending task. It must be sincere, it must be constant, and it must be real.

Cardinal Principle VII: Prospect research must be thorough and realistic.

Before significant fund raising can take place, the staff must identify and evaluate those persons, foundations, corporations, and organizations from which it reasonably can expect to receive support. "Blue-sky" prospect identification is dangerous. Because people have accumulated wealth does not automatically mean that they will wish to grace your institution with gifts. Because a foundation has made a gift to one college in your state does not mean that it will automatically support yours. The reason for giving may well be no more than geographic, but there must be a reason.

Prospect identification and evaluation should be another continuous staff function. Volunteers can often be used as resources for evaluation, but most of the data must be gathered and maintained by staff. Such research includes collecting information on which to base sound determination about the right prospects for the project (amount and purpose), as well as the right time to solicit from those prospects.

Early in the consideration of a fund-raising program the question must be soberly raised: Who is going to give us the money? It seems to be a rather simplistic question, but I have found many organizational leaders who know that they need financial support but have never pondered realistically where the money is coming from. Answering this question is prospect research.

Cardinal Principle VIII: Cultivation is the key to successful solicitation.

Cultivation of prospects and potential prospects is a process, not a one-time effort. It must be as deliberate and well planned as all other phases of fund raising. Cultivation again implies involvement both naturally and by design. Prospects are of three kinds: (1) those ready to be solicited, (2) those interested in the institution but not yet meaningfully involved, and (3) those with potential but no known relationship. Prospects in categories 2 and 3 are brought into category 1 by the process of cultivation. In all instances the cultivation must be

thorough before sacrificial giving can be anticipated. Many methods of cultivation are described throughout this book.

Cardinal Principle IX: Solicitation is successful only if Cardinal Principles I through VIII have been followed.

Many persons engaged in fund raising think that they can obtain money simply by asking rich persons (or organizations) to give it. Not so. Solicitation is the final (and then often the easiest) step in the fund-raising process. It is at this point that well-motivated donors, thoroughly informed and involved, seize the opportunity to make investments in an organization or institution in whose present operation or future growth they have significant interest and concern.

The psychology of giving has never been fully understood. Why do some people give generously and with pleasure while others grow nauseated at the thought of giving away a dollar? Much of the difference rests with the individuals themselves. Many persons take great satisfaction in seeing their money put to good use. Others, no matter how much they may dislike paying taxes, simply do not have the natural inclination to "give it away."

Much of this book will deal with proven mechanics of successful solicitation as the final phase of fund raising. In the end, however, giving depends on the motivation of others to participate. Motivation can often be manufactured, but it is nonetheless real, and the fund-raising process simply provides the mechanism for making things happen.

Fund raisers, paid and volunteer, are not magicians. They must be armed with the knowledge and resources to complete their tasks. From the "cardinal principles" through the mechanics, the most important factors remain honesty, integrity, knowledge, willingness to work hard, and unquenchable optimism. It must be remembered, however, that no one gives unless he or she is asked.