



The Light at the End of the Tunnel is Not a Train

by Bob Jones, Ph.D.

Over the past two years of declining philanthropic and program revenues due to the changed national priorities, national security tensions, the declining economy, stock market malaise, and war in the Middle East, has some in nonprofit human services organizations worried that the light at the end of the tunnel—if and when it does appear—will probably be a train. I'm pleased to report it's beginning to look a tad better than that. But, it is surely not due to circumstances alone. It is due to disciplined investments and hard work by volunteers and staff that laid a foundation for ultimate recovery.

The recent Philanthropic Giving Index released by The Center on Philanthropy at Indiana University showed remarkably more optimistic attitudes about fundraising in the United States than six months ago. Their three indexes (Philanthropic Giving, Present Situation, and Expectations) all showed increased optimism, with the explanation being the general improvement in the economy. Similarly, in a recent survey completed by the Association of Fundraising Professionals ("State of Fund Raising 2002"), 83.4 percent of development professionals who responded predicted that they would raise the same or more funds than they raised in the previous year.

I recently sent out an e-mail via the Alliance's CEO Listserv (sign up with the Severson Center if you are not already) asking for feedback on individual agency experiences to find out what is happening with our colleagues within the Alliance. I found very similar levels of optimism are apparent in our network—although they are guarded and combined with a real focus on the core elements of a strong development program. Here is a sample of the experiences.

One development executive from the Northeast reported: "During the early part of 2003, contributions remained below those of 2002. Over the early fall, contributions began to match those of 2002 with the effect that our income from philanthropy remained, week on week, level with last year. The beginning of a truly positive shift came in November and December during our holiday appeal, when we began to see a significant rise in the value of the donations made by our core, regular donors. In fact, some 70 percent of donations from long-time donors increased—and in many cases increased by 100 to 300 percent."

"These increases seem due to a variety of factors, not the least the beginning of renewed confidence in the economy. But they are also attributable to an increased effort by the agency to personalize its communications with donors;

to make a concerted effort to get to know our donors and to cultivate closer relationships with them; and to improved storytelling about who we are, what we do, and how we're effective in making a difference. Donors need to know that their dollars are contributing to an organization that is making a difference—it gives them confidence in their decision to give and it makes them feel good about contributing. It's been a time-consuming exercise to get to this point, but it is certainly the way forward, and it puts us in an even stronger position for when the economy really picks up."

A CEO in the South wrote: "We are seeing a great increase in our development results this year after six years of hard work, finding the right development professional, and identifying the donors who care and can make a difference. They were always out there, but we had to figure out how to get the message in front of them. It may be that we started at ground zero, but little successes seem to grow into larger successes that gave birth to more recognition and opportunity." Part of the success in that agency is attributed to a new mix of board members and former board members who are willing to volunteer in fundraising capacities. There is also an acknowledgement of the impact of last year's rise in the stock market.

A CEO from the Midwest reports they launched the successful conclusion of a capital campaign in the midst of last year's tough economy. Development efforts were "reinvigorated," staff was increased, and communication tools were revitalized. She reports, "The new facility is wonderful. It is very visible. I think it helps a great deal with current fundraising, let alone better programming. Plus our annual giving campaigns are on track to do as well as years past and perhaps will exceed them some. I was worried that the capital campaign might take away from them but so far that is not the case." Outcomes and results were a big focus for the donors in this community, foundations continue to move toward targeted-program funding, and unrestricted funds for core supports are increasingly hard to obtain. This agency is now focused on building its endowment and developing a major gifts and planned giving program.

Another Midwest CEO noted that their investment in marketing efforts (radio and TV commercials, print media, and other mediums) were significantly increased. Their strategic focus is on a specific population segment (the elderly) that is vastly underserved

in a child-centered community. She also noted better development competition and increasingly more sophisticated (and at times, skeptical) donors.

From the Bluegrass State, one CEO reports that: *“Development continues to be a mixed bag but the overall trend appears to be positive. Year-to-date fundraising revenues are slightly ahead of last year. Individual contributions are improving in terms of quality but there is only a slight increase in new donors.”* As with almost all respondents he noted that corporate underwriting is down (10 to 15 percent).

All of the agencies noted that increased commitment by their board resulted from a solid strategic plan and/or planning process. More and more, as one Midwest colleague told me, success is contingent upon focusing on strategic thinking and positioning—the process, the articulated values, the intellectual discipline and exercise—and so much less on the written document. Times and communities are changing and doing so at an increasingly rapid pace. So clearly, strategic thinking has been helpful for invigorating boards and sustaining their support and involvement in development efforts.

In another recent report by the Association of Fundraising Professionals on donor stew-

ardship and retention (“Disappearing Donor” by J. Boyce), it is noted that 90 percent of the \$241 billion given to the top 400 charities was from individuals. Think about that fact. The primary reason most individuals give is that they are asked to do so by someone they know and respect. Yes, it is about relationships, period. Furthermore, keeping the donor is contingent upon a positive on-going relationship with the agency in the form of good communication. Donors need to know not only that their gifts were gratefully received, but more importantly that the gift was put to the use intended and that it made a difference. According to the Boyce report, the biggest reason for the loss of donors is failure to communicate the impact of previous gifts in clear and understandable terms.

This tells us that there is light at the end of the tunnel, and it is not a train. Surely some of our communities are at different points in economic recovery. Some are clearly still hurting and have yet to experience the bounce from the new optimism on Wall Street. But, the light illuminating fund development trends and realities is clear and decidedly bright (see below).

Essentially, there is a simple message here for all of us. Hard work, focused efforts, dis-

ciplined investments in communications and the development capacity of our agencies pay real dividends. It’s not luck. It’s not even the good fortune of the community we serve. It’s about real commitment to walking the talk of donor relations and donor involvement. Sharing the dream takes not only passion but also real and sophisticated communications, intentional involvement, and programmatic results that justify continued investment.

I am very proud to be a part of this “Alliance” of child and family agencies who walk the walk every day, and are doing an ever better job of talking the walk to our communities and sharing the dream of brighter futures for kids, families and our communities and thus ultimately, as the expression really goes, “walking the talk” on behalf of children, families, elderly, and the communities we serve. ▲



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Fundraising Trends and Realities

- ▶ Agencies that are heavily dependent on foundation funding are still struggling and have not yet experienced any turnaround or bounce. Foundation giving is based on portfolio performance of the previous year, and that was a tough year. The turnaround in foundation giving is probably 12 to 18 months away.
- ▶ Many United Way campaigns have increased. Communities are responding to the call to make a difference. Yet sadly, in some communities the United Way has ceased to be a relevant voice and their campaigns continue to decline. The experience is unique throughout the nation with the most positive United Way campaigns and cultures in the Midwest and South.
- ▶ Agencies that have developed or are currently developing solid individual donor bases are seeing significant improvements in fundraising results.
- ▶ Investments in major donor campaigns, such as a “Keepsake Society” that one Alliance member utilized, has significant impact on donor relations and in motivating new donors.
- ▶ Major donors are our most articulate ambassadors to new donors; in a way they “credential” us with those who are new to our work and mission. Such initiatives are effective methods for bringing more major donors into the family.
- ▶ Investments in communication pay substantial benefits in development revenues when tied to a clear strategic thinking and/or plans. Development is all about communication.
- ▶ Stewardship of current donors is very important and rewarding. Don’t simply keep seeking new donors, develop and strengthen the relations you currently have. It’s cheaper and more effective.
- ▶ Communicating with current donors regarding the impact of their gifts and the effectiveness of the agency’s work is essential and powerful. Investments in CQI and information management systems results in real returns in donor enthusiasm.
- ▶ Boards that take their development responsibilities seriously and are actively engaged by the CEO and the development staff make a significant difference in the bottom line. Work with your board no matter where they are on the philanthropic journey.
- ▶ Good strategic planning processes are the royal road to active and committed board involvement.