All staff and board members need to understand and embrace these principles

Basic Principles of Fund Development
Build understanding and ownership of these principles

Philanthropy means voluntary action for the common good[1]. Fund development is the essential partner of philanthropy. Fund development makes philanthropy possible by bringing together a particular cause and the prospects and donors who are willing to invest in the cause. The goal is to acquire donors of time and money who stay with the charity. This is done through the process of relationship building. With the donor at the center, fund development nurtures loyalty and lifetime value, thus facilitating philanthropy. You know if your relationship building works because your retention rates rise and the lifetime value of your donors and volunteers increases.
(From *Keep Your Donors: The Guide to Better Communications and Stronger Relationships*.)

So what does this mean in practical terms? Here are some basics:
1. First, understand some **basic distinctions**:
    a. Predisposed: An individual, business, or some other entity whose interests and actions suggest a possible inclination or susceptibility towards your organization's cause / mission. ("Suspect" is more common terminology. But who wants to hear anyone referred to in such a pejorative manner?)
    b. Prospect: An individual, business, or some other entity that has demonstrated an interest in your cause / organization. The individual has raised his / her hand by buying your services or asking to join the mailing list or... In some manner, in some way, the individual, business or entity has raised its hand signaling interest in your cause and your organization.
    c. Donor: An individual, business, or some other entity that has given a gift of time or money or service to your organization.

2. Nurture a **culture of philanthropy** in your organization. It's the right attitude that matters as much as anything. Culture refers to the personality / attitude of your organization. A culture of philanthropy means that everyone accepts and celebrates the beauty of philanthropy and donors, no matter the type or size of gift.

3. Build a **donor-centered**[2] organization. Focus on the donor or prospective donor. "It's not what your organization is selling, it's what I'm buying that counts. I'm interested in

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[1] Robert L. Payton. Payton was the first professor of philanthropics in the U.S. and former head of the Center on Philanthropy at Indiana University / Purdue University in Indianapolis.

[2] See the Donor Centric Pledge in *Keep Your Donors* and in the Free Download Library at www.simonejoyaux.com. Donor-centered is like customer-centered.

my interests, my motivations and my aspirations. Match those and then I'll give to you. Otherwise, leave me alone!"

- Don't universalize your own passion. Not everyone is interested in your cause, no matter how convincing you are. Do not try to convince them! That's offensive. Instead, find those who share your passion.

4. **Loyalty** is the holy grail of fundraising – just like loyalty is the holy grail of any business. Here's my equation: Loyalty = Donor-centered organization + Relationship-Building Program (donor-centered communications + extraordinary experiences.)

   And what are the key drivers of loyalty lifetime value (LTV)? Trust, commitment, engagement, and satisfaction. [From Adrian Sargeant's research. Adrian is the world's leading academic fundraising researcher.]

   a. Donors are aware of consequences: Believing that "someone might be hurt if I don't give."
   b. Your organization's service quality is good. "Do you anticipate questions, promptly thank donors? Are you easy to work with? Do you value your customers?"
   c. They trust you.
   d. They share your beliefs.
   e. You've established a personal link: You give the donor credit.
   f. They're learning: Are you taking them on a journey?
   g. Multiple engagements: Every two-way interaction significantly improves donor retention.

5. Giving is an **emotional act**, not a financial transaction. Your organization is the means by which donors live out their own interests and aspirations. (See the separate handout, "Emotions" for more detail.)

   a. Neuroscience[3] and psychological research document that all human decisions are triggered emotions[4]. Then rationale steps in. "The essential difference between emotion and reason is that emotion leads to action, while reason leads to conclusions." (Neurologist Donald B. Calne, Canada)
   b. Research from the direct mail industry says that people give in response to one or more of 7 emotions: greed, guilt, anger, fear, flattery, exclusivity, and salvation. People move from one emotion – e.g., anger – to hope, by using your agency as the means to make change. Tom Ahern refers to this partnering of emotions as "twin sets."
   c. Threat of loss is more motivating than the promise of gain. [Robert Cialdini, PhD]

6. Engage **volunteers**, including board members and others. Make sure your staff effectively enables volunteers to participate in this meaningful work of identifying, cultivating, and soliciting. (See my separate handout about enabling. And read *Strategic Fund Development, 3rd edition* for lots of details about the enabling concept.)

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[3] Thanks, in part, to MRIs, we now have the field of neuroscience. We can see how the brain works.

[4] See research by Drs. Bechara and Damasio, described in Tom Ahern's books on donor communications. www.aherncomm.com. By the way, psychologist W. Gerrod Parrott identifies many more than 7 emotions. Read all about emotions in *Keep Your Donors: The Guide to Better Communications and Stronger Relationships,* by Joyaux and Ahern.

7. **Don't trespass** on personal and professional relationships. Instead, use connections to identify those who might be predisposed to your cause. If you cannot qualify them as prospects (and it's their choice!), leave them alone.

8. Effective fund development is like **permission marketing**[5]; people opt in or opt out. "Permission marketing is the privilege (not the right) of delivering anticipated, personal and relevant messages to people who actually want to get them…treating people with respect is the best way to earn their attention. Permission doesn't have to be formal but it has to be obvious." (From Seth Godin's book and blog)

9. More **visibility** does not produce more contributions. Everyone focuses on his / her own interests. Your agency can be more and more visible – but if I'm not interested, I'm not paying attention. And I sure won't send money. Just ask Simone about the NCAA basketball championship and the World Cup! (Or read about these experiences in *Keep Your Donors*.)
    a. It's okay if someone doesn't know who your agency is or what it does. Tell them, if they're interested. That's identifying the predisposed.
    b. Do not solicit someone unless you know for sure that the person knows about your agency.
    c. Where do you need to be visible? Among your current donors, because you want to build their loyalty. Absence does not make the heart grow fonder –it's out of sight and out of mind!

10. *You* have to **give first**. (*You* means each board member, the CEO and development officers, and fundraising volunteers.) Why? Because you cannot represent an agency or cause without demonstrating your own financial and volunteer investment.

11. **Why do most people give**? Because they're asked. It's that simple. But only ask those who are interested. Ask the right prospect for the right amount at the right time for the right project in the right way with the right solicitor.

12. Build an **individual giving program**. Each year, individuals give the largest portion of philanthropic gifts in North America. What about elsewhere? And individuals are more loyal donors than foundations or corporations.

13. Fund development is a **process and a profession**. The profession is founded on ethical principles and standards[6], based on a well-researched body of knowledge[7], and protects

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[5] Term introduced by Seth Godin in his 1999 book *Permission Marketing.* Godin contrasts permission marketing to interruption marketing, the traditional advertising / marketing approach. You know, the billboards and glitzy ads - and sending me a newsletter that I didn't ask for.

Identify the predisposed – those you suspect might have interests similar to your cause / organization – and introduce yourself (personally is usually best, e.g., through a cultivation gathering or one-on-one). Then, if the person (or corporation or foundation) expresses interest, that gives you permission.

Godin observes: "Rather than simply interrupting a television show with a commercial or barging into the consumer's life with an unaccounted phone call or letter [or in fundraising, the newsletter or a solicitation], tomorrow's marketer [and top notch fundraiser] will first try to gain the consumer's consent to participate in the selling process." [Bracketed comments are mine, not implied by Godin.]

[6] See the *Donor Bill of Rights* and the *AFP Code of Ethical Principles and Standards of Professional Practice* at www.afpnet.org.

the public through voluntary certification of professionals. Personal opinion – without the body of knowledge – doesn't and shouldn't count for much.

14. Most **fund development problems** are actually <u>not</u> fund development problems. Most problems relate to other areas of operation. Fix the real problem. (Read *Choosing your road* in the Free Download Library on my website.

15. A **balanced funding mix** of solicitation strategies and donor sources ensures stability and credibility. Whenever possible, the best way to solicit a gift is through face-to-face solicitation.

16. And by the way, **how do people in the U.S. define a good person?** There are 9 key descriptors: Kind. Caring. Compassionate. Helpful. Friendly. Fair. Hard-working. Generous. Honest. (From Jen Shang's research. Jen is the world's first philanthropic psychologist. Check out her work.)

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[7] See the Test Content Outline at CFRE International (www.cfre.org), the baseline certification for fundraisers worldwide.