

Essentials of Fundraising

Fundraising is one of the most misunderstood elements of nonprofit management. The myths and misconceptions around fundraising extend beyond the reality of what is important and what works. To understand fundraising, it is important to understand some very basic principles.

- 1. People don't give money away; people invest in their "community."** Showing people how your organization can bring change to the community (to which the donor belongs) is a critical step in convincing her that she should "invest" her dollars. The strategic plan may be an important tool to show that your organization is a good investment.
- 2. The most important fundraising resource for an organization is a strong base of donors.** In the early years, this base will not bring in a tremendous amount of money. Over time, however, a strong base will be critical to efforts to develop major donors, corporate and foundation contacts, and planned gifts.
A broad donor base is also critical to other important aspects of the organization's programming. An organization that speaks for thousands carries more clout and influence than a group that represents dozens.
- 3. Success in fundraising comes to those who ASK.** It's simple, it's obvious, but it's true.
- 4. The total amount of money raised may be less important than amount of unrestricted money raised.** Restricted dollars will be important to drive the programs they fund. But unrestricted funds give the organization the ability to pay for the "unsexy" things that are critical to overall program effectiveness. They also give the organization flexibility to respond to issues that are consistent to the mission instead of chasing funds that may not be germane. This is another reason why individual donors are such a valuable resource.
- 5. People give to people who have given.** The more personal the solicitation, the greater the success. The more connected the solicitor is to the prospect, the better the chances of the gift. If a person asking for money has not given herself, the prospect will be less likely to give.

Essentials of Fundraising (continued)

6. **Fundraising stability depends directly on the diversity of funding sources.**
An organization that depends on a government contract for 75% of its funding is subject to a massive fall if the funding should be eliminated. An organization that has no more than 20% of its funding from any single source ensures that individual decisions will not globally affect the organization's success.
7. **When considering making a donation, timing may be more important than any other factor.** Discretionary income is one of the most significant elements in deciding whether to give or not. For most folks, how much money a person has to give varies on a monthly, rather than yearly, basis.