

The Role of the Board in Fundraising

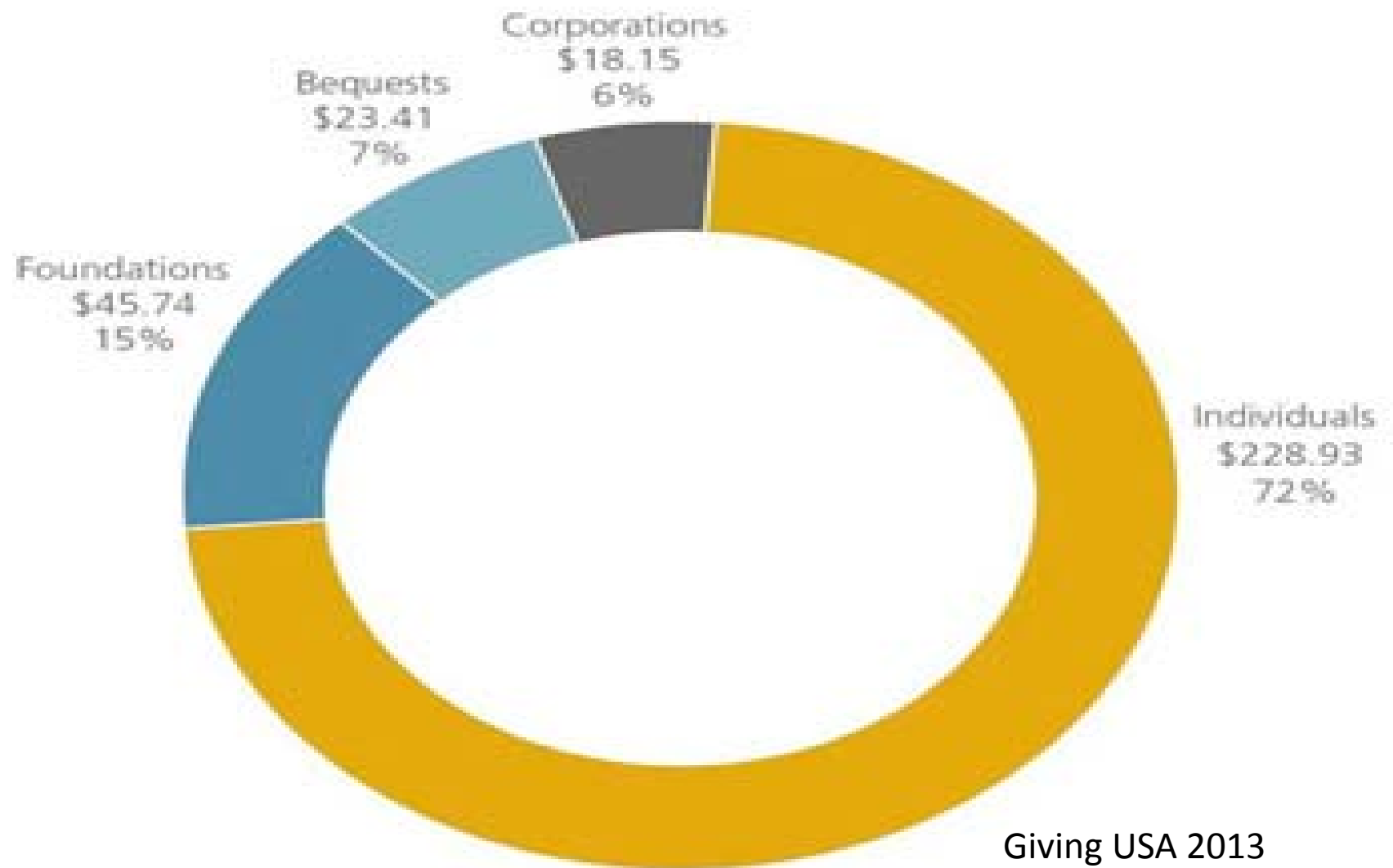
**Virginia Department for Aging and Rehabilitative
Services**

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Topics to be Covered...

- **Fundraising facts and generalities**
- **Fundraising Responsibilities of board/staff**
- **Board involvement in different types of fundraising**
- **Key takeaways**

2012 contributions: \$316.23 billion by source of contributions
(in billions of dollars - all figures are rounded)



Giving USA 2013

Where does your money come from?

Think about where the support for your own organization comes from:

- **VDARS** (*Va. Dept. for Aging and Rehabilitative Services*)
- **Local governments/local jurisdictions**
- **Contracts with DMAS** (*Dept. of Medical Assistance Services*)
- **Individuals/Bequests**
- **Corporations**
- **Foundations**
- **United Way**

Fundraising Generalities

- **Nonprofits need to earn support-don't assume you are entitled to it**
- **Fundraising is not just raising money-it is raising friends**
- **Don't beg for money! Ask for it!**
- **Treat prospects and donors as you would customers in a business**

What is your strategy and how is it tied to fundraising?

- **What is your board composition?**
- **Do you know what sets your organization apart?**
- **Is your board engaged?**
- **Is your case statement compelling?**
 - **Short, concise yet shouts urgency**
 - **Is factual and identifies needs and your impact**
- **Do you have a fundraising plan in place?**
 - **Specific roles and responsibilities for staff and board**

Board Model Continuum

- **Small organization with Founders doing all the work: Budget <\$100,000**
- **Somewhat larger organization with a Working Board and small staff. Budget \$100,000 to \$250,000**
- **Larger with a staff but still a board that still does some work-a Management Board. Budget \$250,000 to \$1,000,000**
- **Larger with a Governing Board and strong staff leadership-strategy and policy. Budget >\$1 million**
- **Advisory Boards or Councils**

Does your board have fundraising capability?

- Does your board have ties to the community? Well connected or working? Appointed? Percentage of board made up by clients?**
- Does your board give and get major gifts?**
- Does your board know the mission of your organization and can easily articulate it?**
- Is your board structured to support fundraising?**

If you can't answer yes to any of the above, you need to get your board and organization to the point of capability...

Once you recruit, how do you motivate?

- **Hold a Board orientation to properly on-board them**
 - Formal orientation
 - Board policies and practices
 - Financial commitment
- **Keep them engaged**
 - Stewardship
 - Engage and educate them
 - Connect them to the mission, values, vision
 - Involve them where they are most interested
- **Create Positive Group Dynamics**
 - Build a cohesive, effective group
 - Instill commitment to common goals, trust, mutual respect

Build a competent board

- **Board should regularly evaluate themselves to ensure they remain**
 - Representative
 - Responsive
 - Effective
- **Identify new and potential board members (*continuous process*)**
 - Identify skills, expertise, and community connections
 - Diversity
 - Passion for mission
 - Leadership potential
- ***Orient and train new board members***
- **Recruit folks to serve on committees to help engage potential board members**

3 main roles of board members

- 1. Set organizational direction**
- 2. Provide oversight**
- 3. Ensure necessary resources**

Ensure Necessary Resources

- **Hire capable executive leadership**
- **Promote positive public image**
- **Ensure the presence of a capable and responsible board**
- **Ensure adequate financial resources**

The Board's Fundraising Responsibilities

- Define or clarify the mission**
- Support organizational stability**
- Identify strong leadership**
- Approve adequate budgets**
- Plan for the future of the organization**
- Be familiar with the overall fundraising plan**
- Participate in the fundraising process**

Cultivation

Cultivation-the process by which you improve and grow the relationship with the donor.

Board can help...

- Identify prospects**
- Build relationships with prospects**
- Help generate interest and educate prospects about organization**

Solicitation

Solicitation-the practice of making the final visit/proposal to ask for something from money to in-kind services/product.

Solicitation follows cultivation when done properly. Donor isn't usually surprised if he or she is correctly solicited.

Board can help...

- **One to one solicitation**
- **Send direct mail pieces with personal note**
- **Make phone solicitations**

Stewardship

Stewardship-the “thank you”! The follow-up after the gift has been made. Shouldn’t be one-time event.

Board can help...

- **Thank you letters**
- **Donor recognition opportunities**
- **Invitations to special events**

Size of Organization determines Fundraising strategy

Small organization= Board Driven

Large organization= Staff Driven

- **Board member's roles change as size of organization changes...**
- **Executive Director is usually 1st hire in an organization. His/her job is to build staff.**

XYZ Organization

Board Fundraising Responsibilities

Examples--

- **Clearly define annual fundraising goals**
- **Delegate responsibilities to meet these goals**
- **Create fundraising and donor recognition policies**
- **Ensure fundraising methods adhere to ethical standards**

Different fundraising roles in an organization

Individual Board members

- Give personally**
- Participate in fundraising activities**
- Identify potential funders**
- Accompany Executive Director on ask-visits**
- Sign fundraising letters**
- Be cheerleader for organization**
- Supports staff with appropriate resources**

XYZ Individual Board Member's Responsibilities

Examples-

- **Make an annual personal contribution, a “stretch” gift**
- **Raise at least \$5,000 from additional donors**
- **Attend our special fundraising events**
- **Be available to assist with other fundraising efforts**

Why 100% Board Member Giving?

- Demonstrates personal commitment
- Gives board members confidence to ask others to give
- Encourages other funders to give
- Creates board member “ownership”

***** this is considered a best practice but can vary depending on “membership makeup of board***

Different fundraising roles in an organization

Development Committee (model for entire board)

- **Can be committee of Board or non-board members who work with development staff or combination**
- **Clarifies mission, stability, budget, plan—context for fundraising—approves development plan**
- **Drafts fund development policies**
- **Actively participates in cultivation, solicitation, stewardship**
- **Supports staff with appropriate resources**

Fundraising Policies & Procedures

Should include the following:

- Solicitation and acceptance policies
- Procedure for processing gifts and database accuracy
- Procedure for the following (may vary by organization)
 - gifts of securities
 - gifts of personal property or real estate
 - gifts of intellectual property
 - restricted gifts
 - establishing endowments and planned/deferred gifts
 - gifts-in-kind

Fundraising Policies & Procedures

Also should include the following:

- donor-privacy policy
- donor-recognition policy (unique to individuals and corporations)
- written procedure for entering and recording gifts
- written procedure for acknowledging gifts
- IRS language on receipts and thank-you notes
- state disclosure statement on letters?
- permission policy for sending email communications to members/donors
- policy for conducting new special events

Donor Privacy Policies

- Donors don't want their personal information shared, sold to telemarketers, and want confidentiality
- Charity should publish its policy on its website and in prominent place at organization
- Policy should state unambiguously that (1) it will not sell, trade or share a donor's personal information with anyone else, nor send donor mailings on behalf of other organizations or (2) it will only share personal information once the donor has given the charity specific permission to do so.
- Charity should have an Opt-out clause that enables donors to tell the charity to remove their names and contact information from mailing lists the charity sells, trades or shares.

Sample Fundraising Committee Job Description

Examples-

- **Lead board's participation**
- **Work with staff to develop fundraising plan**
- **Develop fundraising policies, plans, procedures, and schedules for board**
- **Teach board members fundraising skills and techniques**
- **Solicit contributions from board members**
- **Lead the board's effort in identifying, cultivating, and approaching major donors**

Staff roles in fundraising to support the Board

Chief Executive (Executive Director)

- Works in partnership with development staff and board
- Primary representative of organization

Development Staff

- Manages day to day work of development
- Depends on what staff organization is able to hire and what duties are (i.e. Development Director will have different role if oversee staff such as grant writer, planned giving expert, etc or if they have to do it all)

Staff roles in fundraising to support the Board

Development Staff or other staff

continued

- **Coordinates fundraising against development plan**
 - **Manages process with support**
 - **Prospect research**
 - **Database management**
 - **Gift recording**
 - **Accounting**
 - **Special event planning and oversight**
 - **Coordination of fundraising entities within larger nonprofits**
 - **Donor relations**

Typical Fundraising Duties of the Chief Executive

Examples--

- **Serve as the organization's representative to potential funders and the community**
- **Serve as a contact for donors**
- **Ensure compliance with funding sources and regulatory requirements**
- **Hire and supervise fundraising staff**
- **Initiate and assist the board in developing fundraising policy**
- **Help the board set fundraising priorities**

Sample Development Director Job Description

Examples-

- **Work with the board and chief executive to develop long-term fundraising strategy**
- **Organize and execute fundraising programs**
- **Develop relationships with funders**
- **Coordinate visits by staff and board members**
- **Plan and oversee donor recognition and cultivation**
- **Work with staff to design promotional materials for fundraising**

How can board members help?

“When the paradigm shifts from asking for community support because an organization **HAS** needs to asking for support because the organization **MEETS** needs, the tin cup disappears.”

Kay Sprinkel Grace, The Nonprofit Board's Role in Setting and Advancing the Mission

Before your Board members can help fundraise....

Know the organization's basics....

- **Mission**
- **Vision**
- **Strategic Plan**
- **Recite the Elevator speech**

“Elevator Speech”

- **A compelling 30-second description of your organization’s plans, delivered as part of a two-way conversation, that educates and, hopefully, elicits interest from listeners.**
- **A critical component of success for an organization’s self-sufficiency and sustainability.**

How else can board members help?

- **Become trained in fund development strategies and techniques**
- **Get comfortable with “the ask”**
- **Help identify potential donors**
- **Involve staff at the start—let them know of any prospects you’re thinking about**
- **Commit to helping with a fundraising project**

How else can board members help?

- **Understand the importance that each interaction they have with others in the community is part of the development process**
- **Understand why they are on the board and what they can bring to the table**
- **Understand what the staff's roles are and how they can assist them**

How can the Board members enhance the organization's public standing?

Board should be familiar with organization's programming to articulate

- Mission**
- Accomplishments**
- Goals**
- Board should help with**
 - Community relations**
 - Media relations**
 - Government relations**
- Board should provide voice for important segments of constituency to influence future directions and individual strategies**
- Board should have “ear to the ground” to listen internally and externally**

Determine who on the board is comfortable with any of these roles

- **Identify and cultivate friends/colleagues who would be interested in supporting organization**
- **Host a cultivation or donor recognition event for the organization**
- **Take people to lunch**
- **Invite prospects to be guest at functions, tours, etc**
- **Help to steward relationships**

Determine who on the board is comfortable with any of these roles

- **Represent the organization at public functions (as attendee/speaker)**
- **Make phone calls/write letters to officials, when asked**
- **Work with staff to create and engage in specific strategies to present case to prospects (self-identified or in-connection with staff)**

Determine who on the board is comfortable with any of these roles

- **Take lead with regard to requests to potential and renewing donors**
- **Generate/sign letters asking for appointments/gifts**
- **Make follow-up calls**
- **Seek sponsorship for special events**

Board roles in Annual Giving

Annual Giving

- **Raise money needed to support the current budget**
- **Find and retain donors**

Board can assist with

- **Direct mail letters**
 - personal notes**
- **Telephone and email solicitations**
- **Special and benefit events**

Board roles in Major Gifts

Major Gifts

- **Raise money to meet the long-term needs of the organization**

Board can assist with

- **Endowment campaigns, capital and special campaigns**
- **Major gifts from individuals, corporations, foundations**

Board roles in Planned Giving

Planned Giving

- **Encourage individuals to give future assets through bequests, charitable trusts, or annuities**

Board can assist with

- **Development of new donors and increased contributions from current ones**

Fundraising Methods...some traditional and some non-traditional

- **Direct mail**
- **Direct mail with phone follow-up**
- **Phone call followed by a mail package with phone follow-up**
- **Special event**
- **Personal contact by staff**
- **Personal contact by staff and board**
- **Internet fundraising and marketing**

Key takeaways you should be asking when you think of the Board's role in fundraising...

- **We have the right people around the board table to fulfill fundraising responsibilities and/or a plan to get there**
- **All board members are aware of what is expected of them and we are willing to hold them accountable**
- **Our case and materials are compelling and ready to share with prospects**
- **We have a fundraising plan in place and buy-in from our board**
- **Our board members are well-trained and comfortable with their role in fundraising**
- **We have the right structure/combination of staff and volunteers in place to be successful**

Summary of Board/Staff Role in Fundraising

Board Responsibilities	Staff Responsibilities
Approve annual operating budget and fundraising plan that support organization's strategic plan	Prepare fundraising plan with specific goals and objectives that link to the strategic plan and its fiscal imperatives
Approve fundraising policies and procedures, in accordance with an articulated code of professional fundraising ethics	Select and implement fundraising techniques aimed at building and sustaining donors and prospects
Support staff by identifying potential donors, participating in face-to face meetings and special events, and fostering communication with donors	Develop a donor-cultivation and solicitation plan, including identification and qualification of prospects, recruitment and preparation of solicitation teams, and scheduling of face-to face meetings
Support organization's fundraising efforts with a personal annual gift and/or a planned gift	Handle all administrative tasks associated with fundraising, including data management, accounting, and donor recognition
Monitor performance of fundraising results compared to approved goals and budget	Prepare regular reports that evaluate fundraising efforts based on gifts received, costs incurred compared to costs budgeted, and other metrics meaningful to the organization
Ensure funds raised are used in accordance with legal and accounting requirements and any donor restrictions	Maintain stewardship of donors and their gifts by maintaining good relations and communications