

For Philanthropic Organizations,
Agencies and Associations



AUGUST 2010

A Special Note:

In recognition of GGTS's 60th Anniversary, this is the third in the series of 2010 Bulletins dedicated to exploring the essential components of successful, comprehensive advancement programs. This is a two-part issue addressing the "concept of advancement" and how it integrates with the overall mission, vision, and plans of the organization.

When Tom Gonser, the founder of GGTS, coined the term development in the 1930's to describe the functions of public relations, marketing and fundraising, he didn't expect the word to become synonymous with fundraising as it did in the 1970's. Since that time, the concept of advancement has become the standard for describing the overall functions of raising friends, funds, and clients.

The Concept of Advancement

Tom Gonser defined advancement in this way:

The overall concept of advancement holds that the highest destiny of an institution can be realized only by a concerted effort on behalf of that institution to analyze its philosophy and formulate its mission; crystallize its objectives and project them into the future; and then take the necessary steps to realize them.

Advancement, then, includes much more than fundraising. An effective advancement program involves the entire organization, beginning with program planning which is the reason for the existence of the organization, and including services, facilities, as well as strategic and financial planning. Additionally, a productive advancement program integrates and leverages organizational resources in the area of marketing, client acquisition, as well as development.

In order to be effective, an advancement program needs organizational objectives that are:

- ◆ Current
- ◆ Believable
- ◆ Compelling

Advancement staff must do their homework. Clients are attracted and retained, donors make charitable gifts, and the public perceives the organization favorably because they believe in the goals and objectives of the organization and the value system that undergirds these objectives and goals.

Advancement is the process that connects the client, donor, and greater public to the organization so that each knows and understands the mission and vision, and has a desire to participate in the life of the organization.

How Advancement Works

Advancement has two primary objectives:

1. To obtain greater acceptance for the organization from its major constituencies; and
2. To secure funds for operations, capital growth and long-term financial viability.

When these functions are in harmony they reinforce and strengthen each other.

Further, the concept of advancement embraces 10 fundamental components. In this issue of the *Bulletin* we will address 1-6 and the next *Bulletin* will cover 7-10. They are:

1. Clear and Compelling Mission and Vision
2. Effective Communications
3. Emphasis on Four Phases of Development
4. Stewardship
5. Marketing and Client Acquisition
6. Major Giving Program
7. Use of Volunteers
8. Board Involvement
9. CEO Leadership
10. Advancement/Foundation Staff

1. Clear and Compelling Mission and Vision: For advancement to be effective there must be a clear and compelling case for support. This case for support comes from organizational planning and answers the questions: "Why do you need charitable gifts? How will charitable gifts be used to support the mission and vision?" The process from which these answers emerge is strategic planning.

- ◆ A strategic plan enables an organization to know where it stands and where it is going. Instead of attempting to be all things to all people, focus on a well defined mission, vision and priorities, so that the organization can achieve effectiveness, efficiencies, and a market niche. A good strategic plan is a sign of organizational wholeness and stewardship.
- ◆ A strategic plan helps build a realistic image of the organization in the minds of its key publics. It helps build the brand of the organization. It helps obtain financial support by articulating the program concepts for which funds can be given to realize the organization's mission/vision.
- ◆ Strategic planning, and the organizational analysis which precedes it, brings the internal staff and the external publics of the organization together in facing vital issues. It is a means of educating the organization's publics as to the true meaning of the organization.

2. Effective Communications: Once the listening has occurred during the strategic planning process, the organization must effectively tell its story. Communications is a two-way process and every organization should create vehicles through which it can listen to constituent perspectives.

Be aware that your organization transmits many messages -- positive and negative -- that are unintended. The most effective communications campaign can be compromised -- even undone -- by a negative story regarding misbehavior or a criminal act by a member of the staff. The same negative cycle can occur when internal organizational strife boils over into public arenas.

For this reason, organizations must be concerned about the messages and media over which it has some control: publications, brochures, websites, radio and television advertising, billboards, etc.

All of these messages must be coordinated and integrated in order to achieve harmony and synergy in the process. Although the organization's central communications/public relations office oversees the process, it is imperative that organizational messages are framed and transmitted in cooperation with the Executive Director/CEO's office, advancement/foundation office, marketing, public relations and other stakeholders.

Key ideas for communicating effectively are:

- A. Know the intended receiver well enough to know how they will interpret the message.
- B. Understand and master the primary communication objectives of:
 - ◆ Creating awareness
 - ◆ Building understanding
 - ◆ Achieving goodwill

Telling your story through a variety of channels to a varied audience in terms of gender, age and race requires a constant, persistent and sustained effort as an inherent part of the communications process.

Be aware that a great deal of what is communicated about the organization is being delivered through channels such as social media, over which the organization has no control. These “authentic” messages are becoming increasingly frequent, elevating their importance as indicators of successes or concerns related to the organization.

Effective advancement requires an integrated marketing process. Integrated marketing brings together the functions of marketing, fundraising and public relations to affect internal and external communication, ensure alignment of messaging, and monitor the overall process. Integrated marketing also incorporates the collection, analysis, and use of data.

3. Emphasis on the Four Phases of Development:

- ◆ Annual Fund for Operations: This should never be stopped. The goal should be wide participation as a means of getting donors acquainted with and involved in the organization’s program.
- ◆ Continuing Major Gift Efforts: Each organization, as a result of its planning, should have a list of capital and special projects for which support can and should be obtained on a continued basis.
- ◆ Intensive Comprehensive Campaign Efforts: The effort to obtain major gift support for special projects from major donors should go on continuously. From time to time, however, it may be necessary to widen the capital effort and intensely pursue it to complete a project or a major portion of the program.
- ◆ Planned Giving: The effort to obtain support from bequests, trusts, life insurance and other forms of planned giving must be a continuous effort that does not stop and start sporadically.

4. Stewardship is demonstrated in systems.

The most effective way to ensure continued support for your organization is to express prompt and appropriate gratitude to the donor’s investment in the organization’s mission and programs.

Gracious thank-you notes are also called for whenever prospective supporters are met with. These people should be thanked for the time they took to meet with the organization’s volunteers or staff whether the visit resulted in a gift or not. Donors should be thanked for all pledges and contributions in writing. Best practice requires a 24-48 hour turnaround for a donor receipt and letter. After 72 hours acknowledgement letters have a greatly reduced impact.

Of course, acknowledgements can be handled promptly only if the gift handling system is designed with no bottlenecks. The advancement office should work with the accounting office to examine the current gift handling system and eliminate all obstacles to expeditious contribution processing.

Advancement professionals view mature donor stewardship programs as having four components: donor recognition, donor benefits, permanent recognition, and involvement opportunities.

- ◆ Donor Recognition: This process begins with the letters and phone calls discussed above. Some organizations also find it helpful to design pins, plaques, certificates of appreciation, and other tokens of appreciation, and provide recognition in the annual report.
- ◆ Donor Benefits: Most organizations create membership categories and gift clubs that create pride of affiliation ties and encourage continued giving.

◆ Permanent Recognition: This form of stewardship is usually reserved for those who make major investments in the organization. Naming endowments, creating donor walls, naming buildings or other physical spaces can create a life-long bond with the donor, his/her heirs, and associates.

◆ Involvement Opportunities: The greatest donor benefit is being asked for ongoing advice and counsel. This can take the form of intentional conversation with the Executive Director/CEO or other organizational leader...or serving as a member of the governing Board, advisory panel, or other leadership body.

5. Marketing and Client Acquisition: The acquisition of clients is vital to the wellbeing of the organization. The key idea in this *Bulletin* is that client acquisition and retention must be viewed as a key component in advancement at your organization. Having a client base that is large enough establishes the perceived value of the organization among prospective clients and is a precursor to a strong fundraising program.

No other part of the organization prepares and transmits more messages through a variety of channels than the marketing office. These messages, intended or not, are received by many of the same audiences that receive fundraising appeals and other information. All of these messages should be based on thoughtful research and must be in harmony and reinforce the overall image of the organization.

6. Major Gifts:

For the advancement program to be the instrument to acquire the resources for an organization, it must have strong, vibrant, major gift acquisition efforts.

How you define a major gift is unique to each organization. For one organization a major gift may be \$1 million or more while another may be \$10,000 and above. How one defines a major gift is relative to the impact that a gift of significance will have on the organization

Major gift fundraising encompasses the identification, cultivation and solicitation of people capable of making significant contributions to an organization. Most often the relationship-nurturing activities and solicitations are conducted in face-to-face settings.

Major gift fundraising should be the most effective and efficient development strategy. It provides the organization the opportunity to tell key prospects about programs and priorities. It brings into harmony the values of the donor and the mission of the organization.

In an annual fund the 80/20 rule is a key factor to insure that the major annual gift is being acquired. What this rule states is that 80% of the annual fund dollars comes from 20% of the donors. In the larger picture of assessing all gifts to the organization, major gifts may account for 90% of the gifts from 10% of the donors. In a major campaign this rule may be seen as 95% of the gifts from as few as 5% of the donors.

Organizations should work diligently to make sure the elements of the major gifts program are in place and functioning effectively.

Conclusion

The role of advancement is dynamic and growing in significance. Part two of this topic will be addressed in the next edition of the *Bulletin*. It will focus on the role of the Board, Executive Director/CEO, volunteer, advancement staff, and other stakeholders in the advancement process.