

Top 10 Things to Understand about How Fundraising Really Works Today

Get everyone in your organization on the same page about what fundraising is and isn't. Here's a simple guide.

By Gail Perry

Wouldn't it be wonderful if everybody in your organization agreed on what works for fundraising success? What's important? What's not so important? What basic principles can you agree on?

There's a philosophical disagreement inside many organizations about how fundraising works. Board members, in particular, often have preconceived notions that are based on their own opinions and not on solid data.

Here are 10 fundamentals about what works and what doesn't work in fundraising today. Use them to agree on a smart plan of action that will bring in the funding streams you need.

1 Everyone must be on the same page about fundraising.

If you want robust revenue, everybody in your organization – staff, board members, leaders of all types – must understand and agree on certain basics in your fundraising approach. That's how you develop a culture that supports philanthropy and fundraising. That's how you develop the money you need to do your great work.

2 Success in fund development takes a long-term, consistent effort.

Success doesn't happen overnight. Over time, your visibility spreads and your pool of donors gradually grows. The dollar returns build up and generate more and more revenues.

It takes consistency in your communications and your contacts with donors and potential donors to develop relationships that will generate bigger and bigger gifts.

What This Means for You: You can't expect a fundraiser – or a digital vendor – to come in out of the blue and immediately work miracles. They have to have something to work with.

3 Investing in fundraising makes money for you. It's a profit center, not a cost center.

Fundraising costs aren't a black hole into which you pour money. Instead, every dollar you spend in fundraising pays for itself – and brings in a multiple-dollar return on your investment.

What This Means for You: Investing one dollar in fundraising will probably yield three or four dollars back.

Many CEOs squeeze the fundraising budget dry and then are unhappy when contributions drop off. They don't see the cause and effect. They don't understand that if they cut their direct-mail budget and send out poor-quality appeals, giving will drop.

4 Holding events is the least efficient way to raise money. Working with major donors is the most efficient.

Smart nonprofit folks consider how much each fundraising strategy costs in terms of time, money, and effort versus the amount of funding it will bring in. The return on your investment from an event is typically 50%. Half of what you raise is eaten up with costs. Events aren't the most efficient or effective ways to raise money.

The return on individual donor fundraising is much higher, costing only 10 cents on each dollar raised.

What This Means for You: When you invest in major-gifts staff, you'll probably get about a 10-1 return on your investment.

5 Fundraising is a specialized business backed up with research.

The professional body of knowledge of best fundraising practices is well established and researched.

What This Means for You: You and other leaders in your organization shouldn't make fundraising strategy decisions based on your personal preferences. Basing decisions on data is always smarter. It's important to believe fundraising professionals about which strategies work best.

6 Fundraising success requires help and support from everyone in the organization.

Board and staff members who don't work directly in fund development often look at fundraising as something that's apart from their own work. Leaders haven't integrated the fund-development functions with the rest of the organization and its culture. Does everybody embrace the annual event

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and pitch in to help? Or do they complain and say “that’s not my job”?

What This Means for You: If the whole organization doesn’t embrace fund development, your results will suffer badly. If you expect a fundraiser to work self-sufficiently, alone, you won’t see the kinds of revenue you hope for.

7 Fundraising isn’t about making a “pitch” to a donor.

Some board members are terrified of fundraising because they think it involves an aggressive asking situation. Not so!

The larger gifts come from long-term happy relationships with donors who love us and who want to be involved. The conversations are gentle and easy, based on the donor’s wishes. And smaller donors give because they feel connected and emotionally moved by an organization’s story. Fundraising is about the relationship with a donor – *not* about the pitch!

What This Means for You: Developing a trusting relationship with your donor is *as important* as the asking conversation.

8 Retaining your current donors is more important financially than finding new donors.

Did you know that, on average, 50-60% of your donors don’t renew their gifts? If you’re like other organizations, your fundraising is a leaky bucket.

You’re losing donors as fast as you’re bringing in new ones.

What This Means for You: The real high-dollar opportunity is to work on retaining your current donors. That’s how you build a sustainable funding base that you can count on year after year.

9 Investing in donor communications makes money for your organization.

The reason many donors don’t renew is because they lost contact with your organization. Good communications help prepare donors for another gift.

Be sure you have a donor loyalty program with warm, regular touches to your donor base. Then you’ll keep in better touch with your donors, raise your renewal rates, and bring in more repeat, consistent gifts.

What This Means for You: Your communications to donors have everything to do with whether they give again. If you cut your marketing budget, you’ll probably see lower fundraising results.

10 Major gifts from donors are now more available than ever before.

We’re approaching the Golden Age of Major-Gift Fundraising. The wealthy are getting wealthier.

Look at all the huge collegiate campaigns. You might ask how they’re raising billions and billions. Here’s the answer: They’re investing in huge major-gift operations.

You have major donors lurking within your own donor files. But you’re probably treating them like small donors.

What This Means for You: If you make a commitment and are willing to invest, you can enjoy the biggest payoff of all – robust major gifts for your cause.

Take the First Step

Send this article to your board and generate some discussion. Then plan a time to meet and have some thoughtful conversations among board members, your leadership, and fundraising staff about how to create a successful fundraising culture. It may be the most important thing you do today. 

Gail Perry Group inspires nonprofits around the world with cutting-edge fundraising strategies and new tools to make fundraising more successful and more fun. Find smart strategies to help you raise tons of money at gailperrygroup.com.



Create a Strong Culture of Fundraising & Philanthropy

Take a look at these articles (NonprofitWorld.org) to generate a deep discussion about what it takes to create successful fundraising:

Listen Your Way to Major Gifts (Vol. 39, No. 3)

How to Foster a Positive Funding Relationship (Vol. 32, No. 4)

Three Keys to Building Relationships in Life (and with Your Donors) (Vol. 38, No. 1)

Study Finds Urgent, Chronic Fundraising Problems – & Some Solutions (Briefs, Vol. 37, No. 2)

Build a Winning Workplace Culture (Vol. 39, No. 3)

Your Board Can Help You Gain Major Gifts (Vol. 39, No. 2)

Breakthrough Tips to Boost Your Fundraising (Vol. 33, No. 2)