

FUNDRAISING FORUM

A Special Message from DVA Navion

Vol. 33 November 2008



By Colin Baillie
President DVA Navion

“The more seasoned and strategic operators will see this crisis as an opportunity to nurture and develop key relationships while others reduce their activity.”

Opportunity vs. Threat

The Impact of the Economic Crisis on Fundraising in Australia

In light of the global financial ‘crisis’, most local and international not-for-profits are, of course, nervously monitoring the impact on donations in general. I have found most seasoned fundraisers (here and abroad) to be **carefully optimistic about the situation** at this point. Most will tell you that they are accustomed to cycles of giving related to the economy but many will admit that this economic crisis is in fact unprecedented and more widespread and uncertain than anything experienced in the past. Few experts are prepared to stick their necks out at the moment and predict the future because the truth is that people are still trying to assess the real impact of recent events and no one categorically knows what the impact will be in the long term.

During our “inter-generational” work as consultants over many years, our firm has witnessed the effects of at least two economic downturns with **limited overall impact on people’s giving**. However, none of these past recessions appear to have been anywhere near as dramatic as what we’re facing right now. That said, although US financial markets have

effectively stagnated for over a year now, many of the top US charities, universities and the like have not reported a notable overall drop in fundraising income from traditional sources in this period. Some have even announced their largest fundraising totals in history.

Of course, if there is to be any major fallout as a result of the economic turmoil as it affects philanthropy, history also suggests that **there is likely to be some delay in the actual impact**. The opinion of our international associates is that, during periods like this, **fundraisers must continue their work to actively build and maintain relationships** with donors and prospects. When the focus remains on strategic cultivation and engagement of prospects over the longer term (as opposed to short term monetary acquisition), **generative giving tends to continue despite the economic climate**. A continued focus on “relationship development” will drive sustained levels of philanthropy even during a recession. As such, strategically driven Major Gifts Programs (as opposed to more aggressive, time-constrained capital campaign strategies) will be successful provided the effort is maintained.

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Our experience has shown that **during a recession, high net worth donors are often motivated and able to participate** in ways that others cannot and feel personally gratified when they are able to provide critical budgetary relief. Unless you are involved in the process of engaging and communicating with these donors, **you will miss a huge opportunity to raise significant gifts.**

My opinion is that **people will continue to give.** The argument to win their support may need to be more robust but, for the most part, the people you want to give significantly to your Major Gifts Program or Capital Campaign are probably largely “insulated” from a recession. **For your high level donors and partners, the money is effectively still there.**

I think we may experience something of a flattening out of giving in the next few months or years and then resume a general upward global philanthropic trend thereafter. The key message is for us to **work smarter and harder now and focus**

on developing relationships. We will need to be selective in our major gift fundraising and receptive to how the economy is personally affecting our donors. **We just need to be intelligent about our approaches and maintain momentum.**

The knee-jerk response is to see the economic crisis as a threat to our fundraising initiatives and immediately downsize or stall fundraising activities. I expect some will indeed opt to “turn off the lights, head for the bunkers and wait out the worst of it.” The more seasoned and strategic operators will see this crisis as an opportunity to nurture and develop key relationships while others reduce their activity. It is this latter group who will maintain successful and effective fundraising programs while their more conservative peers rationalise their processes.

Now is the time for bold leadership and calculated risk. My prediction - **those that embrace the opportunities in the economic climate will most certainly prosper in the months to come.**

The Global Economic Crisis and Direct Marketing – Some Other Key Considerations

- In times of economic instability, organisations with larger databases of donors and diverse income streams enjoy a higher level of security than those organisations with an over-dependence on any single income generation strategy.

- Some organisations are bracing for the anticipated impact of the economic climate on organisational income from broader base, direct marketing type activities through potential reductions in the level of average gifts or variations in donor response rates. A typical risk-averse response of the sector is to “tighten the belts” and pull back on any strategies that do not promise to deliver an immediate financial return. However, the counter-intuitive approach of many astute fundraisers is to use the opportunity to increase investments in

growing their databases now through acquisition strategies in order to effectively counteract any possible drop-off in direct marketing income through keeping the number of active donors on the increase.

- Many of the larger charities and non-profit organisations in Australia have successfully grown strong corpus or endowment funds as part of their planning for sustainability, emergency funding and longer term financial independence. Surely, if ever there was to be one, now is that special “rainy day” that many organisations have planned for over the years when financial reserves could be wisely invested in the continuance of strategic donor acquisition strategies to counteract and stay ahead of any reactionary donor attrition rates that may occur.

By Colin Baillie
President DVA Navion

Let Your Board Off The Hook...

Guess what? Fundraising is NOT the role of your Board!

No, your eyes are not deceiving you. Someone has FINALLY just said what everyone's been thinking for the last decade anyway. Yes, twenty years of fundraising gospel has just been dispelled in an instant! Goodbye to all our collegial protestations that our Boards "just don't get the need to take more responsibility for fundraising!" Our good old "give, get or get off!" rantings have lost their credence. Gone is our motive to cudgel our Board into furnishing us with personal entrées to the top 200 rich and famous. Our license to whine has effectively been revoked!

It's time to face up to reality. How many years of struggling against the tide will it take before we work out that perhaps, just maybe, we've had it wrong all this time? In our relentless quest to drag our Boards (kicking and screaming) into the fundraising arena, surely we must all have developed some informed inclination that:
BOARDS WERE NEVER MEANT TO FUNDRAISE!

One screaming clue is that Boards don't actually WANT to fundraise! In fact, Boards generally seem to LOATHE fundraising. Most Boards would rather spend half a lifetime collecting seedy auction items for special events that seldom even raise attention (let alone dollars) than ask their friends for money. In reality, they'd probably rather swallow razor blades!

AND PERHAPS THEY HAVE A POINT...

There are some organisations (yes, I've actually seen them!) that do appear to have found ways to break through the "big, hairy Board Barrier" that so many of us yearn to conquer. And it seems to me that, for the most part, the answer was discovered in simply taking a different perspective on the real purpose and role of the Board.

Firstly, those that have transcended the notorious Board Barrier seem to have discovered that the kind of leadership and thinking necessary to affect a radical leap in an organisation's income generating capacity often come from a **few special individuals that are closely aligned** with the

organisational cause – this does not necessarily imply a whole of Board involvement in fundraising.

Secondly, voluntary Board members tend to sign up because they want to be part of the overall organisational vision and impact - NOT because they have any particular sales skills or are particularly turned on at the prospect of hitting the campaign trail. So shouldn't they really only be engaged around applying their specific individual talents and skills in service of that which inspired them to engage in the first place – extending the organisational impact? This does NOT necessarily imply their formal induction into a career of active fundraising.

Yes, our Boards SHOULD be encouraged to faithfully champion the cause and the organisation, to invite others to engage with the organisation and to facilitate the removal of any organisational roadblocks that might hinder fundraising success. In fact, individual Board members can even be asked to lead by example through making in principle gifts within their personal capacity. But, should they be expected to fundraise? I think NOT!

So, if we agree to forego the formal drafting of reluctant Board members into the fundraising corps, where do we get the leadership powerbase we need to drive our fundraising strategy? Once again, successful fundraising initiatives tend to point to **small groups of influential external leaders or champions** of organisations with the necessary short term interest, influence and impetus to hit some funding home runs on behalf of the organisation.

These few select individuals (the odd one coincidentally serving ON the Board) who are often strategically attached to the organisation as external ambassadors and advocates tend to make the real difference. Our experience has been that a **handful of well directed champions can exponentially outperform most Boards in the fundraising stakes.**

And so, our mission, should we choose to accept it, is to find a few of the BEST external fundraising champions available to do the job! And given that these individuals are quite likely to behave differently to the average Board member, what exactly is their unique makeup?

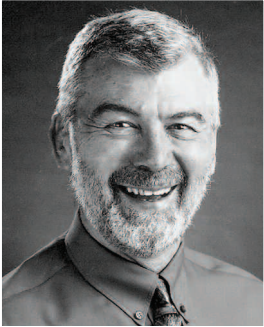


Colin is a partner and owner of DVA Navion Australasia and heads its Strategic Counsel division.

"Most Boards would rather spend half a lifetime collecting seedy auction items for special events that seldom even raise attention (let alone dollars) than ask their friends for money."

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By Terry Murray
DVA Navion



Direct Mail

DVA Navion
THIRD SECTOR CONSULTANTS

Four Ways to Grow Your Donor Income

The biggest question on every non-profit organisation's mind is invariably: "How can we raise more money?" And the answer is surprisingly simple (although, like anything worth doing, it requires application, dedication and discipline).

Here are four straightforward suggestions to help your organisation increase its fundraising income:

1. Teach everyone on your staff to become donor-focused

Donor loyalty and involvement starts with the way you react to each donation received. If donors feel wanted and appreciated, they are much more likely to stay with you and even to increase their support. So every staff member should understand the importance of donors to your cause.

Starting with the all important task of prompt, personal and sincere thanking, the secret to donor retention is building relationships. Relationships which make donors clearly understand how important they are to you, how their donations are being used and what benefits they are helping to provide to those whom you help. Give them plenty of positive feedback in your thank you letters and in your newsletters and invite them to open days and other events that bring them closer to your organisation and the good work they are helping to make possible.

2. Take a good look at your brand

The commercial sector long ago recognised the importance and the value of branding – but the non-profit sector is only gradually waking up to it now. An easily recognisable and well understood brand builds confidence and trust in the minds of donors and encourages more people to support you.

Don't fall into the trap of thinking that branding is just all about your logo.

It goes much further than that and, for non-profit organisations in particular, it clearly states what you do. Some good examples are:

- WWF with their panda logo and their "for a living planet" slogan that is recognised everywhere;
- the American Red Cross with their slogan "Together we can save a life"; and
- Habitat for Humanity who, about two years ago, introduced a whole new logo across their entire operations throughout the world.

The other important factor in branding is the 'look' of everything you produce – in print, in the media, in your signage on buildings and vehicles and in your special events. Donors and potential donors must be able to recognise your organisation immediately, perhaps even before they see your name and logo.

Even organisations that have been in business for a very long time can benefit from a re-branding exercise as nothing stays the same forever and the competition for donors is fierce. Success in the past is no guarantee of success in the future.

Once you have your branding right and your staff are all donor-centered, you are ready to move on to the third way of increasing income from donors.

3. Asking more often and for larger amounts

You've often heard people talking about 'donor fatigue'. I happen to believe that donor fatigue doesn't exist (except perhaps as an excuse for fundraising failure). The reasons donors stop giving are far more often related to not feeling appreciated than to over solicitation. Whilst there are certainly more organisations competing for funding, the fact is that more money is given to charity

"A little bit of innovation can spark new enthusiasm and positive changes to your organisation's image and to your fundraising program."

Four Ways to Grow Your Donor Income Cont. from page 4

each year and it all comes back to that vitally important relationship building.

So take a look at your fundraising mix and see what might be missing. Do you have a full Direct Mail program with monthly and major donor clubs? What about corporate gifts, sponsorships, cause-related marketing partnerships, a 'gifts in kind' program, a bequest promotion effort and a number of key special events that grow both the awareness of your organisation and your supporter base?

Do you have a specific capital need that requires a dedicated capital fundraising campaign? Have you compiled a wish list of major items that would enable you to provide a greater service? And could you perhaps get a major donor to give you a challenge gift with the proviso that you raise a like amount from others?

Not every organisation is ready for all of these initiatives but you should be thinking carefully about which of them you could add to your annual program.

4. Grow your donor base

Way back in the 1980s, my old friend John Groman, one of the founders of Epsilon, a top US fundraising firm, told South African fundraisers that there were only 3 ways to grow your fundraising income:

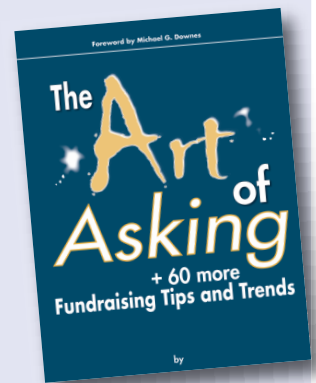
1. more donors;
2. more donations; and
3. more dollars (larger donations).

Whilst today there are other, quite sophisticated methods, this basic premise still holds true. So as we have already looked at more donations and more dollars, let us take a look at how you can increase the size of your donor base.

Have key staff members come together to brainstorm new ideas for growing your supporter base. If you are using Direct Mail, test new donor acquisition lists, new package designs, new premiums and new appeal themes. For your corporate program, get your Chairman (or CEO) to invite groups of corporate donor representatives to a lunch or a cocktail session so that they can get to know your organisation better.

Hold a special event and get the contact details of all attendees to add to your prospect list. Organise a sponsored open day to attract prospective donors to see for themselves the work that you do. Get each of your Board members to invite five friends to visit your premises for a "tea and tour".

Raising more money will always be a challenge but it is not insurmountable for a worthwhile cause. A little bit of innovation can spark new enthusiasm and positive changes to your organisation's image and to your fundraising program. It is often all it takes to get your staff to become 'donor-centric'. And that is the real secret to fundraising success.



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Let Your Board Off The Hook... Cont. from page 3

A snapshot of some of the best performers around town reveal some key attributes we should probably consider.

Firstly, high performance external fundraising champions tend to be vision-orientated, entrepreneurial thinkers as opposed to analysts and risk managers. They are often willfully and forcefully committed to seeing the organisational objective achieved within an ambitious timeframe. They are inclined to be eternal optimists facing each fundraising roadblock as a challenge as opposed to a disaster. They are also usually big picture thinkers and like to 'take the bull by the horns' with a positive 'can-do' attitude that doesn't

anticipate failure. Yes, people like this DO exist!

The most effective leaders also tend to be those who have been financially successful themselves and who are now committed to making a difference in the world. They are often personally wealthy, are inclined to avoid bureaucracy and are used to making decisions. This effectively does away with the need for laborious committees, consultation and administrative distractions and can serve to dramatically fast forward a fundraising strategy. All in all the right external leaders have the capacity to help turn the organisational vision into a self-fulfilling prophecy!

By Jason Smith
 MSc International Development
 (London School of Economics
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 BSc Economics & Mathematics
 (University of Montreal)
 Jason is a key individual in
 the emerging Research,
 Development and Training
 division of DVA. He has
 coordinated the inaugural
 Swinburne University/ DVA
 Workshop Series in 2008 and
 is developing this exciting
 new part of DVA's services
 to the third sector. His
 educational background
 and involvement as the
 coordinator of the Sustainable
 Living Festival in 2006 and
 2007 position him perfectly
 to work on delivering
 organisational environmental
 scans and social impact
 assessments.

*"...DVA's R&D
 unit can protect
 organisations from
 executing
 inadvertent
 decisions."*

Research, Development & Training



DVA Navion
 THIRD SECTOR CONSULTANTS

Comprehensive Research and Development Services to the Non-Profit Sector

As the non-profit sector becomes more and more professional, CEOs of charitable and community organisations are increasingly adopting an evidence-based approach to their decision-making. Whilst this provides a unique opportunity to increase the overall impact of the sector, it also raises important risk-management issues. Indeed, organisations engaging in this type of decision-making must make sure that reliable and comprehensive sources of information can rapidly be accessed, interpreted and reported.

It is in this context that DVA's R&D unit

can protect organisations from executing inadvertent decisions. Our team of experienced research analysts has access to a vast range of reliable sources of information and has the capacity to undertake:

- environmental scans and market maps;
- reviews of evidence pertaining to specific social issues;
- social impact assessments; and
- benchmarking exercises.

Our services are confidential. For a free consultation to assess your research and development needs, please contact Jason Smith on +61 3 9853 5111.

Fundraising Workshop Series

DVA held its third fundraising workshop in collaboration with Swinburne University on 7 October 2008. Built around the theme of Board engagement in fundraising, the workshop featured presentations by Adam Smith (CEO, the Foundation for Young Australians), Dr. Judith Slocombe (CEO, The Alannah and Madeline Foundation), Bruce Salvin (CEO, Jewish Care) and Laura Mumaw (ex-CEO, Zoos Victoria) in addition to interactive group discussions.

The 2008 edition of the DVA/Swinburne Fundraising Workshop Series will conclude on 18 November with a panel discussion around sustainable partnerships. More



details on this workshop can be found at www.dvanavion.com. Stay tuned for our 2009 workshop opportunities to be announced on our website.

Kora Lang Society Boosts UNICEF NZ Bequests

During 2007, DVA's CEO, Chris Downes and Senior Adviser, Terry Murray delivered a seminar on bequest work for the Fundraising Institute of New Zealand in Wellington. They spoke of the bequest program for which the consultancy has helped so many clients throughout the world and for which we have become well known over the past twenty years.

One of the attendees on that occasion was John Daysh, Legacy Advisor for UNICEF in New Zealand. John begins the story.

"One of the attractive features of DVA's bequest programs is the bequest society concept. I felt that this system could help us so we engaged DVA in December 2007. Michael Downes became our mentor and he guided us through the complete process. This included research, setting up a planning committee for the Society, choosing a name and membership markers and finding a sponsor for the luncheon meetings. He provided templates for all meetings, invitations and letters used and a recording system for tracking our success. He showed us how to stay close to those considering a bequest and then those confirming their bequests."

The bequest Society was named after a wonderful lady named Kora Lang. Her service to UNICEF extended over many, many years where she organised many special events and recruited large numbers of her friends to also become supporters. When she died, she was one of the first people to leave a small bequest to the cause she had loved.

To name the bequest Society for her was a way of remembering her life of service to the children of the world.

"The Society gives me a reason for inviting new people to lunch to hear about UNICEF

and understand the importance of bequests to our future. There they see people like themselves being welcomed into our Kora Lang Society because they have included UNICEF in their wills and told us so", says John.

"The Society provides a way for me to keep in regular touch with confirmed bequestors. All told, this system has given a sharper focus to my job."

To commit to a DVA bequest program is an investment. Though we think it is always worthwhile, it is nevertheless a serious decision on the part of CEOs and their Boards.

Dennis McKinlay, Executive Director of UNICEF in New Zealand gives his point of view.

"John Daysh had been working with us since May 2007. He was diligent in focusing his attention and visited many donors on our database. Whilst this was useful, we felt the program was not sufficiently targeted to the correct prospects for bequests nor was the activity designed to move people from being "warmly interested" to actually committing to a bequest."

"We engaged DVA to help us and Michael Downes provided the training and direction. He was exceptionally professional and took our program to a new level where today, just a few months later, we have over 25 committed bequestors from among our older supporters who now thoroughly enjoy their participation in our new Kora Lang Bequest Society."

"I would have no hesitation in recommending Michael and DVA to other organisations wanting to grow this important funding stream."

The DVA bequest program has won many awards and has many advocates. If you would like to know more, please contact our Melbourne office on +61 3 9853 5111.

By Michael Downes
DVA Navion



"To commit to a DVA bequest program is an investment. Though we think it is always worthwhile, it is nevertheless a serious decision on the part of CEOs and their Boards."



Register now for 18 November workshop



ASIA-PACIFIC CENTRE
FOR PHILANTHROPY
AND SOCIAL INVESTMENT



Swinburne University's **Asia Pacific Centre for Philanthropy and Social Investment** and **DVANavion** present

Building Sustainable Partnerships

Solutions to Address the Chronic Scrambling for Funds

Tuesday 18 November 2008, 8.30am – 2pm

To be held at the Abbotsford Convent, Melbourne, 1 St Heliers Street, Abbotsford
(Melways Ref: 44 G5)

A practical and interactive discussion for CEOs, Board members and Fundraising Professionals designed to provide practical, home-grown solutions on how not-for-profit organisations can effectively implement long-term, sustainable partnerships.

Key themes:

- How to establish an environment in which partnerships can flourish?
- How to identify and structure the most appropriate partnerships to further your fundraising and organisational objectives?
- What drives philanthropic giving?
- How to partner with other not-for-profit organisations?

Panellists:

Sarah Moors (National Manager, PricewaterhouseCoopers Foundation)

Alyson Miller (Manager Business Development and Partnerships, Jewish Care)

Jenny Odgers (Social Investment Manager, Shell)

Vanessa Meachen (Research and Training Manager, Philanthropy Australia)

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Fees: \$375/person incl. GST*

*25 % discount for additional members of the same organisation.

*20% discount for FIA members and previous workshop attendees.

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