

The increasing number of billion-dollar university fundraising campaigns and a growing reliance on philanthropy in higher education revenue streams are causing a significant sea change for development offices. Together these trends create a situation we call “competitive fundraising.”

More than two dozen billion-dollar campaigns running concurrently in the US today create competition for both charitable dollars and skilled fundraisers unlike anything seen before. It's no wonder fundraising careers are increasingly attractive, ranking among those in greatest demand as well as one of the Top 25 Best Careers in 2007, according to US News & World Report.

But fundraisers are not necessarily prepared for a parallel trend – the high performance expectations of the development office. A survey by Eduventures last fall found that development leaders say their greatest anxieties stem from operational, managerial and human resources issues related to the rapid professionalization of the development industry. This past March, the Association of Fundraising Professionals' 2006 State of Fundraising Survey found that organizations focused more on internal issues than external factors when it came to maximizing their fundraising operations.

Not unlike the experience of a sales force in the business sector, the typical development office is straining to increase fundraising yields and shorten donor cultivation cycles to support current operating budgets and build long-term endowments. Consequently, the tradition of allowing gifts to “linger” in the donor pipeline for extended periods of time while donors are gingerly cultivated is no longer acceptable. Nor is a formulaic understanding of the five-step fundraising mantra – “identify, qualify, cultivate, solicit, steward” – sufficient. In today's competitive fundraising environment, development officers need to leverage a comprehensive toolkit in order to apply the right approach with the right donors to ensure the best results.

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METRICS AND MANAGEMENT

This professionalization of fundraising drives the need for more and better training opportunities, standard practices and performance metrics. Equipped with these tools, progressive development offices are targeting two obstacles to achieving their financial objectives – long gift cycles and, once “the ask” is finally made, disappointing gift amounts.

We believe that these two problems are often symptoms of missing discipline in the fundraising process and lack of awareness about donor psychology. Effectively managed, a repeatable fundraising process and donor insight are, in fact, outcomes-based capabilities that move donors more efficiently through gift pipelines. Defining and implementing a repeatable process provides a disciplined and artful roadmap for development officers.

Here are the top three signs that a development office does not have a repeatable process:

- The “80-20” rule applies – in this case, with 20 percent of the fundraisers bringing in 80 percent of the revenue.
- A high number of outstanding proposals are stalled among prospects who are avoiding interacting with fundraisers.
- A consistent disparity exists between “asked” and “granted” gift amounts.

When the entire development office uses a common structured approach, everyone benefits. Each development officer is aware of his or her prospects' positions in the gift cycle, allowing for more effective planning and management of the process. At the same time, the entire team has a common framework for collaboration among all the players, be they peers, senior faculty, executive management or the president.

Transparency is critical to a successful cultivation process. By always informing the prospect about what comes next – whether it's an invitation, the agenda for the next conversation or an agreement not to talk again until next year – each interaction becomes collaborative. Many donors are giving for the first time, and such professional openness takes much of the mystery and potential anxiety out of the fundraising process. Transparency enables effective fundraisers to keep prospects collaboratively engaged in achieving a common goal.

Ultimately even the best process is inadequate if it is not rigorously enforced and measured. Institutional executives and development management are responsible for establishing standard practices, and fundraising is no exception. Clearly defined policies and expectations about following the process, combined with performance measures, enable accountability and effective fundraising.

DONOR INSIGHT

Fundraising is inherently a managed sequence of interactions requiring a high degree of interpersonal skill and an understanding of donor psychology. These skills enable fundraisers to recognize the common “red flags” raised by prospects as part of the solicitation cycle. An example of a typical donor “red flag” early in the solicitation cycle might present itself like this: “OK, that sounds interesting. How much are we talking about?”

Rather than a positive indicator of a prospect’s intent to move forward with a gift, this comment is more likely a sign of anxiety or fear about the gift. The reality is that the prospect is trying to get the “scary” unknown dollar figure out on the table as soon as possible. In this case, by responding incorrectly, a development officer could lose the deal altogether.

If the following conditions exist in your organization, it may be time to review the approaches and thinking used by your development officers:

- Fundraisers are rarely able to engage with prospects beyond an initial contact.
- Contacts are relatively consistent, with development officers doing whatever prospects suggest, but there is little forward progress toward an actual “ask.”
- Development officers receive a “no,” but really don’t understand why.

FUNDRAISERS AS FACILITATORS

We believe this new way of developing and equipping fundraisers is appropriately mapped to a more realistic description of their role – not simply as “fundraisers,” but rather as “facilitators of the right outcome.” Leveraging the tools of a repeatable process and donor insight creates a pragmatic blending of art (interpersonal skills) and science (strategy) required to be highly effective in today’s competitive fundraising environment.

Our experience in both the business world and in development organizations has resulted in a new concept in fundraising performance, called Professional Advancement Development (PAD). Incorporating successful techniques from the private sector, the program drives measurable and sustainable outcomes by building specific competencies within fundraising organizations:

- Development professionals who spend the right time with the right prospects to produce greater fundraising results sooner.
- Better screened prospects who are engaged earlier and proceed more rapidly through the gift process.
- Custom relationship-building that produces higher yields.
- Prospects who are informed, cultivated and solicited through a transparent process and, thus, become happier donors.

By combining a repeatable process with an understanding of donor psychology and disciplined managerial oversight, development offices can shorten cycle times and maximize gift amounts. In an environment of competitive fundraising, driving bottom line results means investing in the professional development of fundraisers as facilitators.

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For more information please contact us.

Tel: (760) 845-4710

Fax: (760) 683-6030

info@plusdeltapartners.com

www.plusdeltapartners.com