How Does Development Mean?

I f you have not done so before, it is time to begin thinking of development as a comprehensive concept—to move from the simple "what" understanding of the term to a more all-embracing "how". Doing otherwise can threaten your ability to move your nonprofit toward its fullest potential. Development is a process that helps an organization define itself, communicate its mission and needs, and involve its logical constituency in helping fulfill its mission and reach its potential. This concept encourages us to begin at the source of our organizational energy—the mission—and to reflect on how well our current programs, budget, staffing, and public outreach are in concert with it. Further, it causes us to review the mission statement to determine if it still meets current needs, calls us to plan and set objectives that will enable us to work toward fulfilling the mission, and requires the organizational leadership to commit to action to accomplish the objectives upon which they have agreed.

In a perfect world, using the term "development" would be an unambiguous way to define the concept and the function of the process of building a productive nonprofit organization. A large part of the problem of discussing development, however, is that we are not usually talking about the same thing. Far too many people—in the profession and out—think development is just another way to say "show me the money." This understanding and attitude about the concept of raising friends and funds gains credence through the names of our professional organizations and accreditations (e.g., Association of Fundraising Professionals, Certified Fund Raising Executive, Virginia Association of Fund-Raising Executives), in being called "fundraisers" by nonprofit board members and other volunteers, and in print in such publications as the *Chronicle of Philanthropy*. This one-dimensional view of the process and profession often inhibits the ability of development officers to build effective comprehensive development programs at their organizations.

It also leads to an inculcation of misunderstanding of the field in new development staff members. When co-chairing the Virginia Fund Raising Institute (yes,

Fund Raising) a few years ago, we decided that the overall theme for the plenary sessions should deal with the importance of marketing. Our conference title was: "Telling Your Organization's Story," and we recruited branding and marketing experts from top Virginia and national firms to deliver our main conference addresses. VFRI was a great success; however, before the conference began, we received criticism from some who were planning to attend. Their complaint? "I thought this was a fundraising conference. What's marketing got to do with it?"

Development is Marketing

The very founding block of productive development is marketing, not sales. Each nonprofit must interpret the organization and its funding needs to its identified constituents in ways that help them understand how their needs are met by being engaged with the nonprofit, both with their time and their money.

Many years ago, Phillip Kotler, professor of marketing at Northwestern University, wondered if there were similarities between marketing in the for-profit and the nonprofit worlds. Through his research, he discovered that they were mainly the same and published his findings in *Marketing for Nonprofit Organizations* (1975). The seventh edition—*Strategic Marketing for Nonprofit Organizations*—was written with Alan R. Andreasen, and is being used in university marketing classes throughout the country.

Kotler's work gave scientific underpinnings to what successful development officers knew innately and had proven through trial and experiences: There must be a satisfactory exchange at some level between the donor and the nonprofit for both individual and organizational needs to be met. The needs being met will be different than those in the for-profit world. When one is buying a car, for example, and finds the one that makes the heart beat faster just imagining oneself behind the wheel, a number of needs are about to be met between the individual buying the car and dealership, salesman, and, at some point, mechanics. If the car performs well, then there have been multiple satisfactory exchanges.

For an exchange to be satisfactory with a nonprofit, other mental and emotional needs are in play. Some find just the right charity to enable them to help others as they or someone close to them (family member, friend) was helped. Some others are compelled because of the suffering they witness that they want to help alleviate. Even others will support a nonprofit because it saves tax dollars, or they want to be part of a group they admire. Suffice to say, the reasons are many and varied, but the particular connectors between each nonprofit and its supporters and prospects must be actively determined and updated.

Therefore, the nonprofit cannot make assumptions about how it is being viewed and its importance. The leadership must purposefully attempt to identify

those particular ways that it meets the needs of its clients, societies, and constituents. Only then can the proper messages be written and tested with the organization's constituencies both to confirm and refine them. More about the methods will be covered later.

Development is Holistic

Successful development does not begin and end in the development office. Just as everything you do as an organization to fulfill your mission is integral to the development process, so is every staff member, every board member, and every volunteer. The importance of creating and maintaining an organizational environment that facilitates raising friends and funds cannot be overstated.

The responsibility for building and keeping a productive environment rests with the CEO and the management team. It is "trickle-down" marketing, because what is important to the boss becomes a priority for everyone. There must be an organization-wide understanding and commitment to making certain that everyone—client, student, patient, parent, friend, and so on—who comes in contact with the staff and facility has a positive experience.

In the for-profit world, one outstanding example of creating a positive environment for employees and the public is the Fortune 500 company Owens & Minor. Hugh Gouldthorpe, senior vice president of Quality & Communications, refers to himself as the "head cheerleader" and he has nurtured a welcoming and friendly corporate spirit. Their receptionists have titles that identify them as "directors of first impressions." They answer the phone with the cheerful greeting: "Thank you for calling Owens & Minor. This is *name*. How can I make you smile today?" Should the nonprofit world do less?

When I became the chief development officer at a small liberal arts college in the mid-1970s, the institution had just begun an $8 million capital campaign. To that time, the college had not raised $1 million in any previous effort, and there was skepticism within the board of trustees as to whether the goal was realistically achievable. Of course, the board had voted to approve the campaign but only because the president wanted to do it.

One uneventful day, a check for $100 arrived from an individual who was not in our database. We looked thoroughly, including the president's office files, and it was there that we found a thank-you letter to the donor from a previous president. Curious, we called to thank the donor and to learn more about him and the reason for the gift. He was a graduate of a small Virginia seminary that had become part of the college many years before, and he considered himself an alumnus. He agreed to a meeting with the president on one of his trips to the individual's city, and a firm date was arranged. More productive meetings followed until he agreed to make a $1 million commitment to the college. This

estate-related pledge eventually provided more than $4.5 million to the college's endowment following the deaths of the donor and his wife.

The million-dollar commitment was a game-changer for the college and the campaign. It immediately changed perceptions about what was appropriate to give to the college, and spurred us to complete the campaign on time with a bit more than $8 million. This story's happy ending, though, had its beginnings before the $100 check was mailed.

Unknown to us at the time, the donor and his wife visited the campus. The grass was cut, the shrubbery trimmed, the floors were polished. When the couple asked a student if he could point the way to a building, the student, instead, walked them to the destination. Lunch in the snack shop gave them the chance to talk with a few faculty members who were positive about their employment and the college. It was after this pleasant, affirming experience on campus that the donor baited his hook with $100 and cast it to see how we would respond.

Who raised the money? The answer, of course, is that there were many people and factors in enabling a successful solicitation of the college's first million dollar donor in addition to the president and development staff—students, faculty, and the buildings and grounds staff members. Failure in any of these, and the opportunity might not have been presented to us.

There are other examples that could be related from hospitals to churches that provide lessons, both positive and negative. But, the leadership of every nonprofit has a responsibility to make certain the good work being done by one department is being supported by the actions of other departments. Students can become problem alumni because of encounters with the business office or book store. Patients and their families have refused to support hospitals due to treatment at admitting or emergency rooms or by custodial staff members regardless of the care they received from doctors and nurses.

Development *Includes* Fundraising

Some years ago, the hospital president, the chief development officer, and I were having a discussion about the funding needs that must be achieved during the coming fiscal year, and the capital needs that would have to be met in the next few years. Preparation to make the case for giving to the hospital foundation was nearing completion, so it was important that the supportive material include those items that the hospital truly must have to keep current with medical science and to provide state-of-the-art services to patients.

Frustration was clearly growing in the president's voice and face as she was pressed for concrete answers. She was, unfortunately, having great difficulty identifying areas for funding that year that would not be included in next year's

budget. The "needs" were a moving target. Finally, in desperation, she said: "Well, there's money out there! Go raise it!"

This is an extreme example of a common problem for development officers—the expectation that at least some of the objectives of the fundraising program be created in the development office rather than by the organization's leadership. The directive to "go forth and raise money" seems logical to those who do not understand how a successful development program is built. Except for a current, meaningful, and memorable mission statement, there is no more important activity than the process used in setting the near-term and longer-term funding objectives. These objectives, ideally, should come from a serious strategic planning activity where the organization's leadership, along with key volunteers and prospective donors, learn, discuss, and determine the priorities that must be addressed for the organization to work toward fulfilling its mission of service. When these priorities are approved by the governing board, then the development professionals can confidently present the case for support to the organization's constituency with integrity and confidence. In addition, donors can be assured that their financial support will be meaningful in helping to move the organization forward in addressing the needs of those it serves.

Development, properly understood and implemented, addresses the ability of the whole organization—from mission through staffing—to be successful. In practical terms, development professionals responsible for meeting the goals that the organization's leadership has established create annual action plans that incorporate:

- **Marketing/communications**—telling the organization's story to build an accurate perception of its mission, purpose, program, and effectiveness in service and help the target markets understand how their needs are met through their engagement with the organization
- **Fundraising**—meeting the identified financial needs of the organization through effective use of volunteers, activities, and programs to raise voluntary gift support for annual and capital purposes

The Development Team

Inherent in human nature is the desire to have someone else do those tasks that are outside of our comfort zone—that place in which we feel most competent, at ease, and able to function without concern or fear. It is not surprising, therefore, that the CEOs of a number of nonprofit organizations are eager to hire a "professional fundraiser" to whom can be assigned the responsibility for making the important "ask" for major gifts. Most important to these CEOs is that they be minimally involved in the process.

This attitude, while far too prevalent, is based on a misunderstanding of how and why individuals decide to give money. It is also evidence of a fundamental problem—that of emphasizing the *act of raising money* (sales) rather than the *total development* (marketing) of the organization.

Since development functions primarily through telling your organization's story to build an accurate perception and endorsement of its mission, purpose, program, and effectiveness—it is through this ongoing process that individuals can assess the importance to themselves and their families of your organization and its work, and by that, decide whether or not to participate in its support.

At the center of the marketing/communications and fundraising effort is the nonprofit's president or executive director. He or she personifies your organization in the minds of the public, and is the one who must visibly carry the messages concerning effectiveness and needs to key constituents, provide direction and motivation to board members, and be involved in most calls for major gifts. The CEO cannot effectively hand this responsibility off to anyone else.

It is fair now to ask what should be expected of development officers. Does everyone else do their job while they play golf? The answer, of course, is that successful development officers are effective managers and motivators of other staff members and volunteers. They understand that organizational goals can only be met by a team effort that relies on the involvement and support of the CEO coupled with that of the board—the organization's chief volunteers. They create, with the participation and agreement of the board, the annual development action plan to raise the friends and funds the organization requires and work with the CEO, staff, and volunteers in implementing it. They make calls and ask for money, but they understand that they can be more productive working through others. This especially applies in helping the CEO become the successful major fundraiser that is demanded by the nature of the position.

Good development officers offer individuals the opportunity to invest in human energy and talent and to help guide succeeding generations toward positive futures. Such development officers divert the spotlight away from themselves and cause it to shine on volunteers, the CEO, and board members. Successful development officers help others achieve their goals, and, in so doing, meet the marketing/communications and financial goals of the organizations they serve.

The Components of Successful Development Programs

In the chapters that follow, we will discuss in detail the basic components of building and operating a successful development program. Raising friends and funds can only be successful when your nonprofit has:

- A clear understanding of what it is and who it serves
- A strategic vision and clearly defined objectives
- The ownership of the vision and objectives by its board members and other key volunteers
- An internal statement of the case for support
- A written plan for marketing and communications
- A means for utilizing volunteers in meaningful ways
- A well-designed program to raise annual funds and major gifts both during lifetime and through estate-related giving
- A recordkeeping system that enables the development program to function more easily
- An aware, committed, and involved governing board
- A CEO who understands and is committed to fulfilling his or her role in the total development program
- A well-trained and motivated development staff

We will also attempt to reinforce the broader, comprehensive understanding and approach to development—that everyone associated with your organization and everything your nonprofit does has a positive or negative impact on your ability to be successful. It is when this reality becomes part of your organizational culture that your mission will truly come to life in your community of service.