



# FUNDRAISING MASTERCLASS

KATHLEEN KELLY JANUS

# FUNDRAISING MASTERCLASS WORKBOOK

## How to Use This Workbook

Welcome to the Social Startup Success Fundraising Masterclass! This class is a taste of some of the most innovative ideas I encountered in my five years of researching the most successful nonprofit social startups of our time.

Over the past five years, I've traveled the country interviewing over 100 social entrepreneurs, their teams and funders to try to understand how organizations scale. Attracting funding is by far the biggest barrier to scale. And in fact, in a survey I did of 250 nonprofits, an overwhelming 81% of them identified access to capital as their most pressing problem.

The reality is that fundraising isn't something that people are born with, it's something that comes with practice, experience and mentoring, as I learned myself the hard way when we started Spark. I wrote my book, Social Startup Success, to try to shed light on some of the best tips, strategies and ideas that I came across in my interviews. I'm so excited to offer you a sneak peek of some of these strategies, so that you can apply them to your own work.

One thing I've learned in my research is that there is no one size fits all funding model – everyone has to design a plan that is consistent with their own mission and helps them maximize their impact. But one thing that is consistent in the organizations I researched that scaled past \$2 million in annual revenue and beyond, is that they all experimented before they figured out what worked.

This workbook will give you the chance to start to try out this process, and will list out all of the best resources I've come across to help bring up your fundraising game. I truly believe that with the right tools, anyone can raise the money they need to support the social causes they care about. So let's get started!

## Exercise 1: Exploring The Potential For Earned Income

If you decide you want to experiment with earned income, you should undertake a rigorous strategic analysis and a pilot program. The following is a five-step process that can help you begin to explore which types of earned income could be viable for your organization.

### STEP 1— REAFFIRM YOUR ORGANIZATION'S MISSION

Earned income strategies work best for nonprofits when they are highly aligned with their mission. To assure that ideas are serving the mission well, start by asking five or so people (a mix of staff and other stakeholders such as a board member and a funder) to describe the mission, without referring to your website or materials describing it. You could do this with a simple email request or perhaps by calling them. The responses will tell you whether or not you should spend some time aligning everyone on the objectives of the organization.

### STEP 2 — BRAINSTORM YOUR OPTIONS

Bring together your full team (staff, board and even external stakeholders) to brainstorm a variety of potential sources of income, and whittle them down to just a few to evaluate further. Think about the various categories of revenue. Can you charge your beneficiaries for services you already provide? Is there an invested third party such as a company or a government entity that might be willing to pay for those services? Does it make sense to launch a new business venture? What other types of revenue relationships can you form in your network?

### STEP 3 — ASSESS TOTAL MISSION IMPACT

Evaluate whether the proposed activities are likely to enhance or detract from the pursuit of your goals, and assess the potential net financial gain (or loss) of each idea.

### STEP 4 — EVALUATE FEASIBILITY

Analyze the internal capacity of your organization to conduct the required activities, considering whether you have the human resources and necessary experience, the financial stability and the appetite for the risk involved, as well as the likely demand for your products or services. Then assess likely funder support, which might involve making some calls to trusted funder advisors.

### STEP 5 — DEVELOP AN ACTION PLAN

Develop a design for a pilot program. Solicit feedback about the design from professionals with experience in nonprofit earned income programs as part of your testing process, perhaps by working with a paid or pro bono consultant, and also be sure to seek the advice of an attorney to assure you fully understand the tax implications.

## Exercise 2: Develop a Fundraising Plan

All organizations in the early growth phase should surely be pursuing multiple funders, and doing so is always going to be something of a juggling act. The best way to make sure you're not overextending yourself, and that you plan your time optimally, is to develop a detailed road map that plots your efforts out by the calendar; ideally this should be a two- or three-year plan. This will help assure that you have enough prospects to yield the funding you need to meet the organization's budget goals.

Making the plan multiyear also helps with getting out of a mentality of yearly "restarts" to the fundraising cycle and of being on a relentless treadmill. Though longer-term funding can be quite difficult to secure, by at least mapping out a multiyear strategy to grow your budget, you will be better able to step back from the day-to-day grind and spot opportunities. Typically, a process for developing a fundraising plan looks something like this:

### 1. TARGET STRATEGICALLY.

The most successful fundraisers concentrate intensively on funding directly devoted to their mission goals, as opposed to chasing after sources that require them to bend over backward to meet funder priorities.

### 2. RATE YOUR PROSPECT LIST.

Your list of prospective funders should include all the foundations and individual donors you've researched, and should be divided into categories by whether they are "hot" (you have had more than one meeting and they seem interested in your work), "warm" (you have had an initial conversation and need to follow up) and "cold" (no initial contact and/or connections to the funder).

### 3. CREATE A REALISTIC GIFT TABLE.

Break this down into the amount of money you think you can realistically raise based on your relationships with foundations and donors and their level of resources. This is a powerful device for staying alert to not focusing too much on one or another type of source. A well-diversified group of prospects might break down as in the table below, with the ratios of anticipated gifts to the number of prospects based on a well-established norm that, assuming you have a compelling mission, model and pitch, you can expect to receive around one in three of the gifts you solicit.

#### 4. PLAN YOUR OUTREACH CALENDAR.

A general rule of thumb is that it takes six touch points throughout the year to cultivate a donor, ranging from high-touch contacts, such as an in-person meeting, lunch or hosting an event, to lower-touch, such as an e-blast, a video release, an impact report or an end-of-year letter. Develop a personalized outreach plan for each of your prospects that calendars each of the six touch points. With this disciplined basic game plan, you can step back to consider trying out a number of innovative approaches to fundraising.

### Exercise 3: Mapping Your Network – Who Can Fundraise For You?

Fundraising can feel like a lonely effort, but it doesn't have to be that way. Getting others to raise money for you is the most exciting part of fundraising, because it is so liberating when nonprofit leaders realize that they don't have to carry the entire load themselves. Fundraising doesn't have to be a one-man show and in fact the best organizations figure out how to get a lot of people raising money on their behalf.

Here are some questions you and your organization can be asking to figure out how to get others to raise money for you:

- Have you considered collaborating with other organizations to pursue joint funding?
- Have you connected with peers to brainstorm foundation introductions they may be able to make for you? Have you followed up with them with specific asks as well as a pitch template they can cut and paste into their introductory email?
- Have you asked your existing funders for introductions to potential funders?
- Have you engaged your board in fundraising? Are your board's fundraising responsibilities clearly articulated in your board policy and do you have a strong process in place to support their fundraising efforts?
- Have you considered other champions for the organization who may be willing to fundraise on your behalf? Have you established parameters around a champions program and created ways that your champions can be trained on the cause, provided fundraising skills and supported in their efforts to raise money for you?

In short, you do not have to be so alone in the fundraising endeavor, but the onus is on you to surround yourself with people who can help you.

# FUNDRAISING RESOURCES

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