

# Competitive Fund-Raising Strategies

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“Competition” is no longer a word reserved for the private sector. In the midst of economic recession and government cutbacks, 65,000 Canadian charities face stiff competition for the \$4 billion contributed annually from non-government sources as well as more than \$12 billion in volunteer labour.<sup>1</sup> How can charities gain a competitive edge in what James Frank, Chief Economist of the Conference Board, calls a “fierce fight for market share”?<sup>2</sup> Following a brief overview of Canadian philanthropy and the state of the charitable sector, this paper will present 14 competitive fund-raising strategies designed to maximize support.

A total of \$155 billion is obtained annually by Canadian agencies and institutions involved with health care, education, social services, amateur sport, recreation, the arts and culture. Of this, less than three per cent is donated by the private sector, whether individuals, corporations or foundations. The private sector gives \$2.3 billion each year to religious organizations, while only \$1.7 is devoted to non-religious activities. Of that, 63 per cent is donated by individuals, 21 per cent by corporations, and 16 per cent by foundations, figures which emphasize the importance of personal giving. (By comparison, governments give almost 90 times as much to non-religious charitable activities.)<sup>3</sup>

Although Canadians have long accepted a proportionately greater role for government in both spending and taxation, American private-sector giving dwarfs that of Canada. Americans give an average of three times more than Canadians as a percentage of income, while U.S. corporations donate four times more as a percentage of profits than their Canadian counterparts do.<sup>4</sup>

The problem of limited private-sector giving is compounded by the rapid growth in the number of Canadian charities. At the current growth rate, well over 90,000 charities will be competing for support by the end of this decade.<sup>5</sup>

The economic recession has affected giving by governments and some corporations and the charitable sector’s overwhelming reliance on government grants has resulted in considerable instability as declining tax revenues, deficit-reduction programs, downloading of services, and budget cuts take hold. Allan Taylor, Chairman and CEO of the Royal Bank, underscores the sector’s vulnerability: “Even if Canadians were to double the level of non-religious gifts, it would barely offset a one-per-cent contraction in government social expenditures”.<sup>6</sup>

Although some corporations have actually increased their levels of giving to help meet additional social needs brought on by the recession, most professional fund raisers report a decline in corporate support, particularly among those businesses hardest hit by the recession.<sup>7</sup> New charities and those perceived as “frills” face a special challenge to convince the donor community of their projects’ merits.

Foundation assets, on the other hand, are for the most part unaffected by the recession and they have maintained their levels of giving accordingly. Individuals of means, and those on salary, continue to support those causes that are important to them.

The disastrous combination of limited charitable giving, increased competition, and the recession has caused deep concerns about funding. A recent ground-breaking study by Jacquelyn Wolf of the University of Toronto sought to develop a consensus agenda among the sector’s leadership.<sup>8</sup> The first two of 10 issues identified were funding and financial pressures. Every other issue cited, ranging from strategic planning to human resources scarcity and multiculturalism, is directly affected by fund-raising potential.

To counter these negative effects, Canadian charities must strengthen their basic approach to fund raising and implement creative and competitive strategies to achieve their goals. Two fundamental objectives of any fund-raising program are: to raise the required funds and to engage the favourable attention of the community. These objectives are achieved with quality leadership, a compelling case for support, and identified sources of appropriate support. A vast array of specific fund-raising methods is available to the individual charity, depending on its unique circumstances. All charities, however, can strengthen the operation of their fund-raising programs by applying the following creative strategies.

1. *Be effective at what you do, and tell others.*

A coherent and compelling case statement is the central document of any fund-raising program. In a summary of two to five pages it defines the charity’s mission: the need it seeks to meet and the constituencies it serves; specific programs and plans; objectives and timing; the agency’s history, competence and expertise; and costing and budget projections. The case statement demonstrates to the prospective donor that the charity has a clear sense of its mission and can achieve it. All fund-raising proposals, volunteer enlistment materials, and promotional brochures evolve from the case statement. The process of defining the charity’s mission has significant benefit for all aspects of its operations as well as for fund raising.

Do you have a case statement? Is it current and complete? Assemble a committee of staff, volunteers, beneficiaries, supporters and representatives of the community-at-large. Choose someone with writing skills to collect facts,

ideas and comments and put them on paper. The case statement will provide a focus for your activities, clarity for your fund-raising program, and a platform from which to promote your interests.

As an alternative, a fund-raising consultant who has the experience to identify components that should receive special emphasis can be retained to research and write the case statement.

2. *Promote your cause and yourself.*

Establish a Speakers Bureau as part of a Communications Committee and seek opportunities for your speakers to communicate your Case Statement to a broad audience. Investigate and capitalize on free public service announcements whether in print, radio, or on television. Make articulate speakers available to the media to comment on issues relevant to your mandate. Get endorsements from reputable organizations and individuals to reinforce your credibility. Seek corporate support for your promotional activities and paid advertisements. Invite corporate representatives to your functions to develop their awareness and cultivate their support.

3. *Increase your fund-raising knowledge and improve your skills.*

An exceptional variety of helpful courses, publications and organizations is available to staff and volunteer fund raisers to help them increase their knowledge and improve their skills. Courses specific to fund-raising management are offered nationwide through post-secondary institutions or by distance education.<sup>9</sup> Well over 100 relevant publications dealing with all aspects of fund raising are available through catalogues.<sup>10</sup> Membership in relevant organizations will provide opportunities for networking, education workshops, and other resources.<sup>11</sup>

4. *Improve your research procedures.*

Accurate, in-depth and current prospect research is critical to success in fund raising. Choose your best prospects and maintain up-to-date files on each of them. Prospective donors appreciate a professional and meticulous approach because they operate by the same standards. If your prospect is a corporation, foundation or group, find out who decides which charities will receive a donation. What are their interests and past giving records? What are their profits, assets and resources? Are there any special relationships between members of your organization and the prospect? It is only through detailed research that you can evaluate accurately the potential for support and the maximum gift to request. This information, in turn, allows you to set realistic goals and quotas. Take advantage of direct mail and telemarketing programs to seek and identify new donors.

Every charity should maintain a basic fund-raising research library, reinforced by regular review of business newspapers, insider trading bulletins, and cor-

porate annual reports.<sup>12</sup> Before approaching any prospect, call to verify that your information is correct and current.

Research continues after the request for support has been made. When can you expect a response? Is any other material required to help the prospect make a decision? Even if a refusal is received, important information can be gleaned. Why was the request refused? Will they consider another request for support in the future? Consider a refusal an opportunity for prospect cultivation.

#### 5. *Computerize.*

A number of computer software packages have been developed to assist with the efficient management of fund-raising programs. They allow for prospect and volunteer list development and maintenance, personalized label and letter production, receipt issuing and treasury management. These programs offer significant benefits to charities.<sup>13</sup>

#### 6. *Train existing volunteers.*

One-quarter of Canadian volunteers say they have acquired fund-raising skills as a result of their involvement and a similar number indicate a willingness to devote more time to it.<sup>14</sup> Yet an untrained volunteer is more of a menace than an asset to charitable fund raising.

A sufficient number of volunteers is required to make the in-person calls necessary to achieve maximum success. In-person calls provide the only opportunity to discuss the merits of the case as they relate to the individual donor, to apply the full influence of the canvasser's own involvement, and to give proper emphasis to the urgency of the case and the important role of the donor.<sup>15</sup>

Review your membership and seek out informed representatives from various sectors of the community, including education, government, labour, business and the professions. Pay attention to gender, cultural representation, and relevant skills. Interview, assign, orient, train, evaluate, and recognize your volunteers. Provide them with achievable targets, developed through extensive research, to instill confidence. Renew your volunteer leadership by limiting terms of appointment. A strong volunteer program will help to recruit and create first-class leadership, the most important ingredient in fund raising.

#### 7. *Recruit new volunteers.*

An improved volunteer program provides the context within which to recruit others and therefore address the problem of human resources scarcity. Identify weaknesses in your volunteer representation and seek sources to fill them. Invite donors and new prospects to join as volunteer fund raisers. Demonstrate that fund-raising skills will apply to their paid jobs and contribute to personal wellbeing. Volunteers report a 90 per cent satisfaction level with volunteer work.<sup>16</sup> Remember that individuals with higher incomes and education are

more likely to volunteer and contribute, and that employee involvement is a key to corporate support. Make a willingness to donate a condition of enlistment.

8. *Charity begins at home.*

Members are already motivated by your cause, and are your best source for endowment funds. A minimum of 10 per cent of your revenues should come from your existing membership. We know that 36 per cent of volunteers donate \$100 or more annually to the charities they serve, and donations are a good measure of their commitment.<sup>17</sup>

9. *Demonstrate value to your donors.*

Be as concerned about what you can do for your donors as about what they can do for you. Emphasize your program's economic benefits, show it reduces the tax burden and delivers services more efficiently than could be done by government. In your efforts to educate, inform, and cultivate your donors, use a cost-effective approach by: promoting tax-credibility and deductibility; processing donations and issuing receipts promptly; and avoiding high-cost fund-raising methods. Offer extended and flexible payment options, accept gifts-in-kind, and renegotiate pledges if necessary. Seek out corporate sponsorships from marketing budgets which are usually larger than donations budgets. Ask for a specific donation for a specific purpose, and recognize the donor's role in bringing the project to fruition.

10. *Seek and respond to the advice of the donor community.*

Seeking advice is a form of cultivation and, when asked for an opinion, donors become at least marginally committed to your project. Test the donor market by asking them to critique your case statement, name potential volunteers, and identify sources of leadership. At the outset, control your contacts with prospects who have greater potential for supporting your cause and are representative of your constituents. Respond to their advice. Their objective comments will assist your fund-raising program and the projects it seeks to support.

11. *Co-operate with other agencies.*

Join coalitions and co-operate with other agencies to share fund-raising ideas, discuss sources of potential donors, and create fund-raising opportunities for each other. Attempt to minimize program duplications.

12. *Appeal to ethnic groups.*

Respond to increasing multiculturalism by identifying leadership in ethnic groups who benefit from your services. Invite their involvement and seek their advice as to the most appropriate method of approach.<sup>18</sup> These groups are excellent and largely untapped sources of both funds and volunteers.

### 13. *Plan.*

Strategic planning is well known to corporations who regularly set out specific goals three to 10 years in advance. Show that same businesslike approach to efficiency and growth with a plan that specifies principles, priorities, and objectives. Integrate fund-raising activities with your overall plan and distribute your plan with your funding proposals. Planning is critical to the long-term development and nurturing of your donor base.

### 14. *Get professional help.*

Professional fund-raising consultants offer experience and expertise in planning, feasibility studies, fund-raising office set-up and procedures, volunteer enlistment and training, and the development of promotional materials. Competent consultants have a record of success gained through experience with a wide variety of clients and fund-raising methods. They should have knowledge of funding trends and sources and the ability to analyze performance and can elicit frank responses from the donor community in confidential interviews. Consider hiring a professional on a fee-for-service basis if other, less costly avenues fail to generate the results you require.<sup>19</sup>

Canadian charities must engage in a competitive battle to strengthen the case they bring to potential donors, secure effective fund-raising leadership, and obtain access to sources of support. Armed with a practical plan of action, reinforced with helpful resources and creative strategies, they *can* achieve their fund-raising objectives.

If they succeed, pressing social needs will be met, the arts and education will flourish, and our quality of life will be immeasurably enriched.

## FOOTNOTES

1. Winston Collins, editor, *Royal Banker Reporter*, Spring 1991, citing: Doreen Duchesne, *Giving Freely: Volunteerism in Canada* (Ottawa: Statistics Canada, 1989); David Ross and Richard Shillington, *Economic Dimensions of Volunteer Work in Canada* (Ottawa: Department of the Secretary of State, 1990), (1987 survey); and *A Profile of the Canadian Volunteer: A Guide to the 1987 Survey of Volunteer Activity in Canada* (Ottawa: National Voluntary Organizations, 1988).
2. John Bouza, CFRE, "Contributions in Crisis?" in *NSFRE Prospect* (Toronto: National Association of Fund-Raising Executives, June 1991).
3. Figures quoted from Michael Valpy, "Bank Executive Tallies Social Ledger", *The Globe and Mail*, 11 June 1991, p. A-8.
4. The Canadian Centre for Philanthropy, IMAGINE Campaign.
5. Winston Collins, *supra*, footnote 1.
6. *Supra*, footnote 3.
7. Ian McCuaig, "Fund Raising in the Recession", *NSFRE Prospect* (Toronto: National Association of Fund-Raising Executives, April 1991).

8. Jacquelyn Wolf, "Issues, Priorities and Structure of the Canadian Voluntary Sector", (1991), 10 *Philanthrop.*, No. 1, p. 30.
9. Get in touch with The Canadian Centre for Philanthropy for more information about their National Certificate Programs in Fund-Raising Management and Volunteer and Nonprofit Sector Management. Address: 2nd Floor, 1329 Bay Street, Toronto M5R 2C4, (416) 515-0764.
10. Order publication catalogues from: The Canadian Centre for Philanthropy, address above; The Foundation Center, 79 Fifth Avenue, New York, New York, USA 10003; and the Fund-Raising Institute, 450-12300 Twinbrook Parkway, Rockville, Maryland, USA 20852. Three excellent books by Canadian fund raiser Ken Wyman are available free from the Voluntary Action Directorate, Department of the Secretary of State, 15 Eddy Street, Ottawa K1A 0M5. Ask for: *Everything You Need to Get Started in Direct Mail Fund Raising*, *Guide to Special Events Fund Raising*, and *Guidebook to Fund Raising for Disabled Persons Groups* which, despite its title, contains fund-raising strategies applicable to every charity. Samuel Martin's *An Essential Grace: Funding Canada's Health Care, Education, Welfare, Religion and Culture* (Toronto: McClelland and Stewart, 1985), provides considerable insight into the development of philanthropy in Canada.
11. Write for information about its Associates Program to: The Canadian Centre for Philanthropy, address above (\$165 to \$650 annually depending on revenue) or for membership information to the National Society of Fund-Raising Executives, 15 Clarence Square, Toronto M5V 1H1 (up to \$250 annually); or Volunteer Ontario, 203-2 Dunbloor Road, Etobicoke M9A 2E4 (nominal fee), which is the co-ordinating office for 190 volunteer centres located nationwide.
12. I recommend that every charity secure access to: *Directory of Directors*, Financial Post Information Service, 333 King Street East, Toronto M5A 4N2 (\$105); *Canadian Directory to Foundations*, The Canadian Centre for Philanthropy, address above (\$149.50 for associates, \$293.25 for others); *Canadian Who's Who*, University of Toronto Press, 5201 Dufferin Street, Downsview, Ontario M3H 5T8 (\$145); *Canadian Almanac & Directory*, International Press Publications, Box 3185, Station "D", Willowdale, Ontario M2R 3G6 (\$119.95). Also consult your local government bookstores for information on how to obtain the *Federal Guide to Programs and Services* and its provincial equivalent. Useful newspapers include: *The Financial Post*, 333 King Street East, Toronto M5A 4N2 (\$139.10 annual); and *The Globe and Mail*, 444 Front Street West, Toronto M5V 2S9 (\$253.16 annual).
13. Programs include: "FM Light", Master Software Corporation, 309-8604 Allison Road, Indianapolis, Indiana, USA 46250 (US \$1500 plus \$500 for support and upgrades); "Fundraiser", Impact Systems, 83 Cambridge Street, Burlington, Massachusetts, USA 01803 (US \$4500 plus \$800 for support and \$600 for upgrades); "MacTrack", Trac Technologies, 530 Oakgrove, Menlo Park, California, USA 94025 (US \$900 plus \$250 for support, upgrades charged as available).
14. Winston Collins, *supra*, footnote 1.
15. Gordon L. Goldie, *Paying for the Piper* (Toronto: Ontario Federation of Symphony Orchestras, 1991), p. 56.
16. Winston Collins, *supra*, footnote 1.

17. *Ibid.*

18. See Valerie March and Ratna Omidvar "Making Your Fund-Raising Strategy Accessible" (1991), 10 *Philanthrop.*, No. 1, p. 38.

19. Fund-raising consultancies with national scope but based in Toronto include: Community Charitable Counselling Service, 2604-2 Bloor Street West, Toronto M4W 3E2, (416) 964-2642; Gordon L. Goldie Co. Ltd., 103-430 King Street West, Toronto M5V 1L5, (416) 581-1530; Ketchum Canada Inc., 508-214 King Street West, Toronto M5H 3S6, (416) 340-9710; The Martin Group, 720-36 Toronto Street, Toronto M5C 2C5, (416) 868-6611; Navion Financial Development Systems Inc., 1104-160 Bloor Street East, Toronto M4W 1B9, (416) 921-1925; and Ken Wyman and Associates Inc., 64B Shuter Street, Toronto M5B 1B1, (416) 362-2926. In Quebec get in touch with Boivin & associés, 1071 boulevard du Mont-Royal, Outremont, Quebec H2V 2H5, (514) 270-5008.