

# Bookshelf

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## **The Board Member's Guide to Fund Raising**

*Published by the National Center for Nonprofit Boards, Washington, D.C., (1991), pp. 140*

REVIEWED BY JOHN R.J. BLACKMER

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For many people fund raising is an onerous task even in the best of economic times when donors may have a propensity to be generous. During a recession, successful fund raising can be even more daunting. Nonetheless, many charities and nonprofit organizations must rely predominantly on monies derived from fund raising to provide services to their clients. Furthermore, the demand for such services may increase dramatically during tough economic times. Publication of this book on fund raising is therefore timely.

The author has substantial experience in fund raising as a result of his service on the boards of a number of nonprofit organizations. Fully acknowledging that one normally becomes an effective fund raiser through practice, he draws on his own experience to set out what board members of nonprofit organizations should know and do about fund raising.

First, he emphasizes that a nonprofit organization's board is responsible for ensuring that the organization is successful in achieving its mission and that a fundamental aspect of guaranteeing that success is ensuring that the organization has sufficient resources. The comment is made that the board can enlist the assistance of the organization's staff to achieve this success but the ultimate responsibility remains with the board.

It is crucial, therefore, for the board to analyze and be fully familiar with the operations and, in particular, the revenue sources of the organization. In some cases, the source of financial resources is not contributions (e.g., insurance reimbursements of hospitals) and the amount of fund raising required for such organizations is, relatively speaking, nominal. For the most part, however, nonprofit organizations rely heavily on contributions for a major portion of their funding.

The book identifies five major revenue sources: 1. individuals; 2. government; 3. business; 4. foundations; and 5. other nonprofit organizations. Funding may be restricted (i.e., designated for special purposes such as capital projects) or unrestricted, and funding practices include annual giving, responses to mass or direct mailing, program or project grants, fund-raising events, capital funds, and in-kind contributions. The author suggests that a thorough review of funding sources will be valuable for assessing further fund-raising opportunities.

The author also identifies these six major principles of philanthropy:

1. People give money because they want to;
2. People do not give money unless they are asked;
3. People give money to people;
4. People give money to opportunities, not to needs;
5. People give to success not to distress; and
6. People give money to make a change for the better.

With respect, I must say that I do not fully agree with the 4th and 5th principles. It is not uncommon for someone to contribute to organizations which are in trouble or coping with some sort of distress (e.g., a food bank desperately trying to meet an increased need for contributions of money or food). In most instances, however, these six principles are an accurate reflection of the behaviour of donors.

With these principles in mind, the book suggests that board members and staff carry out a strategic or long-range planning exercise so a mission statement can be formulated. (The mission statement reflects an internal definition of the organization's purposes, programs and priorities.) Next, board members and staff should create a case for the organization. (The case explains why the organization exists, what it does to meet the needs that it has identified, and who within the organization meets the need.) The case sets out in compelling terms the reasons why the organization deserves support.

The next step is to approach the various sources of funds which have been identified and seek the types of contributions they are most likely to make. Several chapters describe the process and, although some of the discussion is nothing more than common sense, the author does provide some new insights and thoughtful advice, especially for novice fund raisers. In addition, the author describes some novel contribution vehicles available in the United States. (Canadian fund raisers should check to make sure they are legal in Canada.)

The book argues that 90 per cent of fund raising is preparation; 10 per cent is asking. (My experience would allocate different percentages.) Nonetheless, he also points out that there are several tasks which can be performed by board

members who are definitely not interested in asking people for contributions. He makes the point that asking is not as difficult as many people think and strongly encourages board members to be involved in that aspect of fund raising. When board members agree to participate in the asking component of fund raising, I would recommend that they read chapter six. In that chapter, the author discusses in detail the task of asking someone directly for contributions. There is a description of the steps (such as researching and cultivating the prospective donor) to be taken before a meeting with a perspective donor, the steps to follow, and what to expect.

Chapter eight is recommended reading for board members generally. In a portion of that chapter, Mr. Howe addresses some of the more controversial aspects of fund raising. In particular, he stresses professionalism, ethical practices, and the need for regulation of fund-raising activities. The principles outlined should, in fact, guide board members in the performance of all their duties in the nonprofit organizations they serve.

This book may be ordered from:

National Center for Nonprofit Boards  
Suite 411, 2000 L Street, N.W.  
Washington, D.C., U.S.A. 20036

or

Jossey-Bass Inc.  
350 Sansome Street  
San Francisco, CA, U.S.A. 94104

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### **The Nonprofit Governance Series**

Published by The National Center for Nonprofit Boards, Washington, D.C.,  
(1990-91)

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Newly elected or appointed board members of nonprofit organizations must face immediately the question of the general responsibilities of a nonprofit board and specifically, fund raising. In addition, board members' liability could be an issue. As time passes and the board member becomes more comfortable with those issues, other concerns such as strategic planning, chief-executive review, and the creations of, or relationship with, advisory boards become more

topical. The National Center for Nonprofit Boards, established in 1988 with a view to improving the effectiveness of nonprofit organizations, has published a series of short booklets (ranging from 12 to 28 pages) on these and other relevant topics. [All but booklet eight will be reviewed.]

The first booklet is *Ten Basic Responsibilities of Nonprofit Boards*, by Richard T. Ingram. This booklet provides a very useful outline of some of the more common obligations of a nonprofit board. Given the variety of nonprofit organizations, it is general in its discussion and includes some responsibilities which may not be applicable in a particular instance (e.g., the second responsibility is to select the executive and the new member may be joining an organization where no change in the executive staff is anticipated). Nevertheless the book will be useful to new board members.

Some other booklets which may be of interest to new members include the third booklet, *Fund Raising and the Nonprofit Board Members* by Fisher Howe, and the fifth booklet, *The Nonprofit Board's Role in Risk Management: More Than Buying Insurance* by Charles Tremper and George Babcock. (The former booklet is actually a synopsis of Howe's book, *The Board Member's Guide to Fund Raising* which is reviewed above.) This booklet is helpful not only for new members but also experienced members who may not wish to read the full volume. The latter booklet should also be of interest to both new and current board members. It considers the issue of board liability and other risks associated with nonprofit organizations (such as violation of governing regulations, client claims of negligent or improper behaviour by employees or volunteers etc.). The booklet describes some useful steps to follow in order to minimize the risks to which nonprofit organizations may be exposed. (Board members of Canadian nonprofit organizations should, however, remember that this is an American publication which may or may not fully reflect Canadian risks.)

Several of the booklets deal with topics which affect current board members who are actively involved in the organization's activities. The ninth booklet, *Creating and Renewing Advisory Boards: Strategies for Success* by Nancy R. Axelrod, describes advisory boards and discusses instances where it would be useful for a nonprofit organization to have such a board in addition to its governing board. She makes very effective use of a series of scenarios to provide examples where advisory boards created problems. In the appendices she also includes some helpful information such as a list of questions to consider in advance of the creation of an advisory board.

In the sixth booklet Dabney G. Park, Jr. explains in *Strategic Planning and the Nonprofit Board*, that strategic planning requires an "accurate, ongoing assessment of external and internal environments" (p.3). Consequently this procedure is something with which all boards should be involved at one time or another.

He describes the responsibility of the board and the executive to pursue strategic planning and sets out the various steps involved in the process.

The next two booklets deal with the sometimes contentious issue of executive evaluation and the sometimes enjoyable practice of board retreats. John W. Nason acknowledges at the very beginning of the fourth booklet, *Board Assessment of the Chief Executive: A Responsibility Essential to Good Governance* that there is no single correct method of carrying out this task. Nonetheless, he sets out some helpful guidelines to ensure that this very important task does not become unpleasant. On the other hand, Barry S. Bader points out in the tenth booklet, *Planning Successful Board Retreats: A Guide for Board Members and Chief Executives* that without proper organization, board retreats can degenerate into unpleasantness. The booklet describes in detail, complete with sample checklists and questionnaires, how to plan a successful board retreat.

The booklets would be helpful, in some instances, not only to board members but also to executives of nonprofit organizations. For instance, the seventh booklet, *Board Passages: Three Key Stages in a Nonprofit Board's Life Cycle* by Karl Mathiasen III considers the three general phases through which the boards of nonprofit organization evolve. This topic is not only of interest to the board but also to the organization's executives because it discusses the different kinds of working relationships that executives will have with the board as it evolves. Another booklet which should be particularly useful to executives is the second booklet, *The Chief Executive's Role in Developing the Nonprofit Board*, also by Nancy R. Axelrod.

All of these booklets can be faulted for dealing only with generalities but each author has anticipated this criticism by including a useful list for further reading.

The book may be ordered from:

National Center for Nonprofit Boards  
Suite 411, 2000 L Street, N.W.  
Washington, D.C., U.S.A. 20036