

Beyond Fundraising

New Strategies for
Nonprofit Innovation
and Investment

SECOND EDITION

KAY SPRINKEL GRACE



WILEY

John Wiley & Sons, Inc.

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Dedication

This second edition of *Beyond Fundraising* is dedicated to my ever-expanding belief in the power, potential, and importance of philanthropy. If anything is to change the world so it is a better place for the next generations—for my beloved grandchildren and those who follow them—it will be the philanthropic acts, unwavering dedication, and generous investments of visionary people. May this book be an inspiration to those who will make those investments and to those who will guide and steward them.

In that spirit, this book is also dedicated to the memory of my friend and colleague Phillip Desbrow, a creative and visionary pioneer for philanthropy in Australia, whose courage, joy, and tenacity embraced the true spirit of giving and characterized his creation of the Leukaemia Foundation of Australia. His legacy is far more than a single organization.



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Preface to the Second Edition

Going “beyond fundraising” is no longer the startling idea it was when I prepared the first edition of this book. I remember receiving calls from perplexed colleagues across America who questioned my use of the word “investment” in the subtitle—particularly in the same breath with my rhapsodic approach to philanthropy. Then, and now, I see no contradiction. And, over the last eight years, the idea of “investment” has been the take-fire trend in philanthropy. Social investment is understood, sought, and welcomed. Volunteer “tool kits” for campaigns list “investment opportunities.” The idea is no longer dissonant with the values premise of giving. Indeed, we have seen how the investment approach to community building through philanthropy has been the formula for increasing success.

The other principle I advanced in 1997 was the need for innovation. I stand today even more firmly behind that notion. Where I see success both in the United States and abroad, it is because of innovation and creativity. Where I see failure, it is from the opposite behavior: unwillingness to change, the creation of internal and external silos within organizations and the sector, the resistance to taking the best ideas from the business sector and applying them to our organizations. The absence of shared vision in communities and organizations continues to inhibit the realization of our sector’s power.

We are in many ways the most powerful sector. Not the largest, but the most powerful. Rooted in community trust and meeting clear and pressing needs, we make a profound difference and, in the words of Robert Payton, “ease human suffering and enhance human potential” as no other community resources can. Our universities, schools, hospitals, arts and cultural centers, human and social services organizations, environmental services and other organizations help determine the quality of society and life and advance the ideas of personal and community fulfillment. Unhampered (we hope!) by government’s layered bureaucracy and freed from the pressure of purely bottom line accountability of corporations, we can be nimble as we assess, respond, reach out, accomplish, evaluate, grow, and have an ever-expanding impact.

Revising *Beyond Fundraising* has given me the gift of time to step back and reflect on our sector today, at the beginning of the twenty-first century. I remain bullish. Recent economic twists and turns and global events caused some small setbacks in fundraising but strengthened our sense of mission. And that, after all, is what we are about.

BEYOND FUNDRAISING: WHAT IT MEANS

Because this book is written for volunteers and staff people working in a sector that is based on the measurable success of its fundraising, the title may seem odd. The principle is simple: To go beyond fundraising, organizations must do *more* than fund raise. They must also:

- Believe and practice the principle that development is a comprehensive process of which fundraising is a pivotal part.
- Understand that development is the series of deliberate activities by which we involve and retain funders in a donor-investor relationship with our organizations.
- Give up the idea that “development” is synonymous with fundraising, the series of approaches to prospects and donors (direct mail, phone appeals, fundraising events, fall campaigns, winter campaigns) that yield revenues and donors from year to year. Development is much bigger than fundraising. And fundraising alone is not enough.

THE NEED CONTINUES TO GROW

The need for the nonprofit sector to go “beyond fundraising” and to understand and apply development principles continues to grow. Increased competition among funders and a higher level of sophistication among donors have changed the nature of philanthropy, development, and fundraising.

Once viewed as needy institutions to which people gave out of a sense of obligation, nonprofits now find they are being evaluated against different and tougher criteria based on their own financial and community performance and their capacity to meet donor needs. This shift in expectations requires organizations to practice the longer term process of *development*; to go *beyond fundraising*.

THE ORIGIN OF *BEYOND FUNDRAISING* AND THE BASIS FOR ITS REVISION

Although I have written several other books since *Beyond Fundraising* was first published, this book embodies my core beliefs and has been a continuous writing project for nearly a decade. Many of its principles and strategies formed the basis of my first workshop when I began my consulting career. “Putting Away the Tin Cup” was, starting in 1987, my “signature seminar” and was given for more than a decade to boards of trustees, other volunteers, and staff members of hundreds of not-for-profit organizations in the United States, Canada, Australia, the United Kingdom, and western Europe.

The primary purpose of “Putting Away the Tin Cup” workshops was to raise the comfort level of board and staff members as they raised money for nonprofit organizations. It challenged old notions about fundraising. The workshop introduced new concepts and new ideas that allowed organizations to position themselves more positively in their communities. These same ideas have also guided my consultation with scores of organizations, have grown out of and informed my more than 20 years of teaching with The Fund Raising School and other organizations, and they are the basis of this book. Importantly, I was a good listener at those sessions. I heard what volunteers and professionals were saying about the obstacles and challenges they faced, and I was heartened by their successes. I still am. And in my own volunteer work with Stanford University and serving on boards of other organizations, I saw things from the perspective of the busy volunteer who wants time, tools, and training and to be a partner for change.

Over the years, my insights have sharpened to reflect the experience and needs of the thousands of volunteer and staff leaders with whom I have worked. These leaders have represented many places and institutions: public television across America, a national domestic violence policy and education organization headquartered in San Francisco, a university in England, a library in Paris, a leukemia foundation in Australia, a land trust in California, a technical institute in New Zealand, a preparatory school in Seattle, a medical center near Los Angeles, a children’s hospital in Canada, a church organization in Sweden, opera companies in New York and San Francisco, orchestras from across America, and museums in New Mexico, Colorado, and France. Although these organizations differ, and the volunteer and staff roles vary, the concerns expressed by clients and workshop attendees have many common threads:

- Fear of rejection and a reluctance to be viewed as beggars as their principal reasons for feeling uncomfortable with fundraising
- Worry about asking too often, and wanting strategies for asking more effectively
- Weariness of the relentless cycle of fundraising activities that they must pursue to generate revenues for their programs, and wanting to know how to cultivate and retain donors by building relationships with them
- Enthusiasm about their organizations and their own capacity to make a difference in their communities
- An eagerness to learn how to position their organizations in their communities as the constructive, vital, and important organizations they are

PRINCIPAL CONCEPTS

The principal concepts in this book are the “aha” ideas that have been formed from these common needs and tested in these workshops and consultations. To go beyond fundraising, nonprofits need to:

- Position themselves as organizations that *meet* needs, not as organizations that *have* needs

- Know that a gift *to* them is really a gift *through* them into the community
- Focus on program *results*, not just on financial *goals*
- Remember that the process of asking and giving is based in shared values
- View our organizations, and encourage others to perceive them, as vital additions to communities whose services and enhancements must be balanced and strong
- Engage nonprofit leaders and donors at all levels in a process that will convert them to donor-investors, committed to a long-term relationship based on shared values and vision
- Position all contributions to nonprofit organizations as social investments and all contributors as donor-investors
- See the process of revenue generation and constituency involvement as a much larger, inclusive, and energizing process called development.

THE BREAKTHROUGH INNOVATION

Organizations try new fundraising tactics but do not see they still lack the development framework that will create a lasting base of donor-investors. They seek innovative strategies for increasing revenues: the event no one has tried, the cleverly (or emotionally) crafted mailing that will survive the 15-second initial exposure test and result in a first-time gift, or hiring the best possible “fundraiser” (as they persist in inappropriately calling development professionals). None of these strategies is enough to bring a consistent and stable base of funding to an organization without the principal innovation that goes beyond fundraising and inspires development.

The innovation that has the most singular impact on all organizations with which I have worked during my years as a consultant and teacher to the philanthropic sector is this: an innovation in attitude about the entire *fundraising* process, one that properly puts it into the larger context of *development* and *philanthropy*. Only then does true innovation occur. Attitudes shift. One person wrote, after a particularly rigorous workshop, “I will now feel proud to ask for money for our college.”

Innovation requires a willingness to set aside old ideas. A certain entrepreneurial spirit must prevail; there must be a willingness to risk. Courage is fundamental and confidence is critical. The enviable mystique that surrounds those who are successful at fundraising is nothing more, in my experience, than the attitude those individuals have about the process:

- They know it is hard work, but it is worth it.
- They are passionate about the causes for which they are raising money.
- They come not as beggars, but as individuals offering others opportunities to invest in the future of their communities.
- They are the catalyst for converting citizens to donor-investors in the organizations whose values they share.

- They find the process to be satisfying and gratifying.
- They see it as a way of involving people known and unknown to them in organizations that are making a difference in their communities.

For those who have made the attitudinal breakthrough, an invitation to provide or ask for funds for an organization is an invitation to invest or ask others to invest. Each act of giving and asking is an honor, a privilege, and a trust. We can measure the impact of gifts by the results the organization achieves.

I have watched as board members, other volunteers, staff members, and the curious who are not yet involved with philanthropy realize that asking for money is an invitation to invest. I have heard their stories of the transforming nature of both asking and giving, and I have listened as they relate their increased stakeholder role. I have seen what happens to attitudes about fundraising when people realize that the investment goes beyond the organization: that an investment made in a not-for-profit organization is an investment in the community. And I have seen donors transformed through their investments and their sense of involvement and belonging.

These are powerful realizations. We have been helped in the last five or more years by an increased awareness in the media of our power and impact. No longer relegated to page 16 of local and national newspapers and magazines (or to the local or social section), news of philanthropic investments is front page. Magazines understand us now as a vital social force. We can hope that the old days of disparaging and ignorant coverage of our sector are gone. When I reflect on the way things were, I remember how one of the high-circulation magazines wrote about major university capital campaigns that were under way a decade ago. The article was titled “America’s Top Universities Go Begging in Style.” I hope we have gone beyond that image. We do not come from weakness. We have no need to beg. We come from the strength of our visible impact, convictions, and values. The perception of our sector is changing, and with it the demands for accountability and disclosure are rising. We are meeting those demands, but still have a distance to go. We need to promote ourselves more vigorously as the “public benefit sector” and as public benefit organizations—leaving the label of “charity” to the more appropriate description of the purpose for which we have been created and the reasons that people give (charitable intent, charitable purpose). “Charity” connotes to far too many people organizations that are needy. We are not needy: we meet needs. Even “nonprofit” has its drawbacks—what other sector of the economy describes itself by what it is not? (Peter Hero, CEO, Community Foundation Silicon Valley)

As we go ever more deliberately beyond fundraising into systemic development practices that focus on the donor, the community, social investment, and innovation, we will ensure that the new perception of our sector holds.

A BOOK OF TESTED IDEAS

In 1997, with the first edition, I drew on my experience for the observations, strategies, and tips in this book. As I reviewed them in 2005, the vast majority remained true.

Clients and audiences change, the marketplace has definitely changed, donors are vastly different, and yet the core principles set forth in this book have lasted. Perhaps it was ahead of its time.

My passions about the not-for-profit sector are many. These passions include ethics, values, creativity, innovation, professionalism, board participation, pride in the sector, partnerships at all levels of an organization and in the community, and a keen sense of mission and vision. My passions are characterized by an absence of cynicism and an abundance of enthusiasm. Recently a colleague asked me if I am always “so optimistic.” My answer was yes. I remain optimistic about the power and potential of philanthropy and the great gains we are making in America and around the globe. The late John W. Gardner, both mentor and friend to me, instructed us that as leaders we must offer hope. That has always been my goal.

A BOOK FOR VOLUNTEERS AND STAFF THROUGHOUT THE WORLD

This book is for both paid and unpaid leaders and servants of the not-for-profit sector throughout the world. Its principles are universal. Many philanthropic practices and strategies, long a part of the American tradition, have been implemented with vision and success in countries throughout the world. Cross-cultural adaptations will of course be made by those in other countries implementing American ideas—even by our close neighbors and colleagues in Latin America and Canada—but the kernel of each strategy is sound.

As my work has expanded globally in recent years, so has my perspective and understanding of both common and divergent practices.

Certain ideas and issues have distilled with force and clarity. Although the primary focus of the sector will always be on ways to generate more revenue, it is a growing reality that fundraising is not enough. Experienced organizations know this is so. In practice, unfortunately, they too often ignore this crucial truth. They do not take the time to do the kind of relationship building that is indispensable for long-term development. Even if they cultivate their prospects well—building relationships as a prelude to asking for the gift—they often fail repeatedly at donor stewardship. In a recent survey done to assess factors that would lure lapsed members back to public television, one woman responded: “They would have to show me that they know me.”

Stewardship is not just diligent monitoring of the way in which a person’s gift is invested or used. Stewardship is the process of involving and appreciating donor-investors and bringing them into a deeper relationship with the organization after the gift is made. Stewardship is the most critical development practice. It encourages long-term investment in our sector. The importance of stewardship threads its way through this book, and there is an entire chapter dedicated to it as well.

With business and government unable, unwilling, or ill-equipped to do what we do, we play an increasingly vital role. In a healthy society, nonprofits must provide both

initiative and response. We need only reflect on the outpouring of sympathy and support following the 9/11 terrorist attack in the United States and the Tsunami that devastated South Asian and African communities on the Indian Ocean in December, 2004, to see the capacity of people to care. Organizations quickly positioned themselves to meet the desperate human needs of these communities and people responded.

Going forward into the twenty-first century, the philanthropic sector has an opportunity to build stronger communities through boldness, innovation, and new models for action that are based on results, not needs; investment opportunities, not institutional financial urgency. As observer, counselor, teacher, constructive critic, and confidante, I have been privileged beyond expression to work with staff and volunteer leaders who are truly making a difference in the health and stability of our society. This book is for you, and for all those who wish to bring innovation and investment to their communities.

KAY SPRINKEL GRACE
March 2005



Introduction to the Second Edition

The changes that have occurred in philanthropy since I began writing *Beyond Fundraising* in 1995 and since it was published in 1997 are substantial. We have seen the American economic bubble swell and burst and begin to grow again. With the unprecedented growth in wealth came an extraordinary and generation-spanning awareness of the power of philanthropic investment.

Cover stories during 1999–2001 in *Business Week*, *Forbes*, *Success*, *Fortune* and comprehensive articles in publications as far-reaching as *The New York Times* and *The Economist* focused on the awakening of widespread interest in ways for individual social investors, through philanthropic gifts, to help meet the needs of their communities. The “golden age” of philanthropy came upon us: Vast wealth was created, and the “new philanthropists” (whether in their 20s or their 70s) recognized the satisfying return of this new kind of investment. But that satisfaction was based on new demands on the sector. Accountability and transparency became the requirement for philanthropic investment, and public benefit corporations (nonprofits) not only began providing more information but began offering more opportunities for donor involvement in their organizations.

Astride this fast-paced movement toward greater and deeper investment, which was influenced in tempo and leadership by young entrepreneurs impatient to change the world, our sector rode a roller coaster. Eager for the investment, some organizations agreed to conditions that placed undue strain on their management and boards, and often led to disappointed investors. “Venture philanthropy” became a hotly debated topic, and standards for performance by organizations in our sector were scrutinized.

Parallel with these changes in the United States, our active exportation of philanthropy to far-flung corners of the world flourished. Many of our great social entrepreneurs and investors—Bill and Melinda Gates, George Soros—saw with keen vision that globalization was not just about economics. It was about our interconnectedness with people and our common quest to improve education, eradicate poverty, and eliminate both chronic and catastrophic diseases. Our greatest social export, philanthropy, found new markets—driven by new freedom in eastern Europe, a rising epidemic of AIDS in

Africa, a persistent need for social services and change in western Europe and Asia, and a growing recognition in all parts of the world that governments were never again going to fund community organizations at the level many countries had experienced in previous centuries.

As social investors demanded more oversight of their investment and wanted more control over their wealth while considering to what philanthropic purpose it would be put, another change occurred. Community foundations in the United States burgeoned, swelled by donor-advised funds and supporting organizations that provided investors with advice from experienced philanthropic managers while offering them the desired control over their money and their investments. This movement, too, resonated with resourceful people outside the United States and the community foundation movement took fire. WINGS (Worldwide Initiatives for Grantmaker Support), in its May 2004 “2004 Community Foundation Global Status Report,” highlighted these developments among others:

- 42 countries have community foundations, up from 36 in 2003, and 8 more countries are seriously considering forming foundations.
- 1,120 community foundations exist worldwide with another 142 in active formation.
- 37.5 percent of these exist outside the United States, up from 34 percent in 2003; Canada and the United States together represent 47 percent of the foundations, down from 52 percent in 2003.
- Between 1999 and 2004, the number of community foundations outside North America grew by 176 percent.
- The first ever global meeting of community foundation practitioners from around the world gathered at the Community Foundation Symposium in Berlin in December 2004—a “recognition of how far the global movement has progressed in just ten years.”

The truly remarkable aspect of all of this is that the core philanthropic interest, curiosity, and energy of the late twentieth and early twenty-first centuries persists in spite of the fact that we have, since September 11, 2001, been coming to grips with enormous changes in our economy, our sense of personal safety, and the overall stability of the world. The War on Terrorism will most likely be the long war that politicians and scholars predict, and no country is immune. From the United States to Indonesia to Spain to parts of the former Soviet Union, the threat of terrorism spawns fear and distracts people from the dreams and vision they once had.

The influence on philanthropy of the focus on global safety has been visible in measurable ways (giving was down in the United States in 2002 as philanthropy did not respond with its usual safety net to the economic downturn and loss of public funding) and in the most subtle ways (people feel a sense of “psychic poverty” that causes even those who maintained or have now restored their wealth to feel less inclined to give it away). In the hierarchy of human needs that Abraham Maslow listed so many decades ago, we slipped down from the lofty perch of focusing on self-actualization and began

to worry about food, shelter, and other basic needs as the economy continued to remain volatile even late into 2004. Philanthropy is recovering, and we need only reflect on the overwhelming response from individuals around the world to the plight of those who endured and survived the Indian Ocean Tsunami of December 2004 to see that once again, when confronted with extreme human tragedy, people give as much as they can to help others.

So what is philanthropy's role today? And how does this book—whose ideas seem remarkably resilient even 10 years later—become your travel guide for the uncertain and sure to be surprising road ahead?

Philanthropy's role today is, for me, more important than ever. When kept free of politics and based on a mission-secured vision of meeting community needs and enhancing the quality of life, what greater safety line can we grasp in these uncertain times? Community problems do not recede in times of international crisis, they grow. And while our sense of helplessness or powerlessness may rise during times of threats to health, security, or social conditions, what better way to restore our sense of being able to have an impact than by investing in organizations that are making a difference in lives nearby or those far away? And there is no more effective way to bridge both of these worlds: last year for Christmas I “gave” my grandchildren goats, chickens, and rabbits through Heifer International, animals that are now providing food and industry for families in Asia. Even the smallest children in the family understood the message of philanthropic outreach.

Beyond Fundraising has sold more than 12,000 copies in its first edition and is still selling well. This new edition incorporates the new context for philanthropy, but the solid principles that have led to this book's success have not been altered. The values basis for philanthropy is still the only basis; mission is still a reflection of why an organization exists, not just what it does; the importance of regarding donors as donor-investors (or just as investors) has grown; vision is still the star to hitch your wagon to; and the basic strategies for annual and capital fundraising are little altered. There is one entirely new chapter, the two chapters on planning in the first edition have been combined into one, and the remainder have been revised, edited, and updated.

In the near decade since I began the first writing of this book, my insights and career have changed along with the philanthropic environment. The variety of clients has not changed (arts and culture, public broadcasting, secondary and higher education, health and human services, environment, and religion), but I now spend more time speaking and writing. Annual exposure to hundreds and hundreds of people who work or volunteer in philanthropy has spiked my passion for what our sector accomplishes. Increased work with boards of directors has increased my respect for the changes we may have to make in governance policies and procedures to accelerate access by investors. My work with public broadcasting, now an all-consuming role that will continue for the next several years, is a microcosm of each of our communities here in the United States, integrating arts, education, health, public affairs, and other programming with community partnerships that are based on the reality that broadcasting is not *what* public broadcasting does, it is *how* it does what it does. It has provided me a window into all of your worlds, and the view is one of potential realized and potential that remains. My work

internationally has likewise given me a new filter—to see the life cycle of philanthropy reflected in its entirety in a classroom at the International Fundraising Congress is a rare gift—and I become less a teacher than a facilitator; less a pedant than a midwife. When I hear how an African gentleman who administers a trust has the responsibility to spend \$1 million a year on children orphaned by AIDS—and he then tells me there are 1 million children in his country already orphaned—I am humbled by the wisdom he must use to make his decisions. And when I see how philanthropy is soaring in Australia and New Zealand, I am thrilled by the changes I have seen since I first went there 11 years ago to speak at a fundraising conference.

We work and volunteer in a remarkable sector. Our capacity to build long-term relationships will be critical to its further impact. These relationships must be based on an understanding between organizations and their donor-investors of their mutual responsibilities. It needs to be a relationship based on partnership, respect, and vision.

This book is about building those relationships. It is about strengthening the platform from which you operate so that you can truly soar. Filled with concrete examples and tips, it is also abundantly stocked with philosophical and strategic morsels that will satisfy your appetite for something more meaningful than what is in your in-box—but something that will help you deal better with the pile of daily duties.

Your role is great and important. Our sector represents hope for the future.



Values: The Context for Philanthropy, Development, and Fundraising

Philanthropic behavior is motivated by values. Board member commitment to serve and ask, volunteer enthusiasm, and a donor-investor's sense of satisfaction in giving are based on an implicit search for ways to act on their values. Matching volunteer, funder, and institutional values is a critical practice of successful nonprofit organizations.

PHILANTHROPY DEFINED

Historically, philanthropy was “love of mankind” or (later) “love of humankind.” Its manifestation, particularly in the United States where philanthropy has been practiced consistently since the earliest years of its founding, has included voluntary offerings of time, money, and goods to meet the needs of communities. The popular perception of philanthropy that grew during the nineteenth and twentieth centuries focused on major financial support of wealthy individuals like Andrew Carnegie, John D. Rockefeller, and in more recent times, David and Lucile Packard, and Bill and Melinda Gates. Recognizing that philanthropy is historically and in practice much more than giving money, a newer definition of philanthropy was developed decades ago by Robert Payton in his book *Philanthropy: Voluntary Action for the Public Good* (1988): all voluntary action for the public good. Based in values, voluntary action includes giving, asking, joining, and serving.

We know by observation and experience that people do not engage in philanthropic activities on behalf of organizations¹ whose values they do not share. The match between the values of our organizations and the values of our constituencies predicts the level and intensity of the response a donor or volunteer will have to a cause.

To be innovative and attract long-term donor investment, organizations in the non-profit sector must define and apply their values. They should organize their internal systems, marketing and communications programs, and community outreach to maximize the understanding of, response to, and impact of those values. Only then can organizations

attract supporters for the right reasons and engage them in a lasting and mutually satisfying relationship.

THE ROLE OF VALUES IN THE NONPROFIT SECTOR

Complex and passionate values are often present at the creation of nonprofit organizations. Wishing to act meaningfully on those values, people create and help sustain organizations that meet a variety of community needs. They do this through their philanthropic gifts of time and money.

- Parents whose son or daughter dies of a drug overdose channel their grief into constructive options for other young people by creating a counseling program at the local high school.
- Because she values independent living and the dignity deserved by all individuals, the grandmother of a developmentally disabled young adult helps create a center for her grandchild and for others with similar disabilities.
- The American Library in Paris is founded by the father of an American poet-soldier killed in World War I.
- The families of leukemia patients in Queensland, Australia, help create an apartment building where they can stay while loved ones receive hospital treatment.

Other motivations may be less personal but are no less value-driven.

- In the United States, the movement to keep local and regional symphonies strong and accessible is based in values: Community leaders realize that live music performances enhance the attractiveness of their communities, that children and adults need opportunities to appreciate and learn about music, and that local musicians need to play together as an orchestra.
- Public school districts in California and other parts of the United States, constrained by cuts in tax revenues, create private foundations to raise money to support jeopardized school programs. They are the invention of parents motivated by values of quality and opportunity in education.
- In Slovenia, citizens ensure the creation of a children's services agency to replace vital healthcare programs previously provided by government.
- In countless public broadcasting stations across America, staff and volunteers wishing to sustain the independent and local media voice in their communities create and implement new ways for their members to invest at higher levels in support of programs that advance classroom education, children's programming, arts and culture, civil discourse, lifelong learning, and other basic needs of their communities.

Global philanthropy is growing exponentially. Throughout the world, communities are responding to changes in traditional sources of services and revenue by creating and sustaining support for museums, schools, social and human service agencies, and other vital

institutions. Motivated by their own values and the values of their communities, leaders are taking on new roles as community builders.

While inspired by America's globally unique nonprofit leadership, international philanthropic organizations are developing their own unique character, reflecting the values and needs of the communities they serve. The growth of the ResourceAlliance, a global philanthropic organization headquartered in the United Kingdom that provides conferences and training to professionals throughout the world, is a stunning sign of this growth. From a single, modestly attended annual International Fundraising Congress held 25 years ago in The Netherlands, the organization has grown to sponsor not only its annual conference with capacity attendance but regular regional conferences throughout the world (Africa, South Asia, Latin America) that are dedicated to increasing the capacity of organizations in these countries to meet pressing community needs through appropriate and effective philanthropy. The rapid spread of philanthropy is an unexpected benefit of globalization, accelerating needed change by drawing on resources and ideas that are readily shared among caring people and organizations.

DEVELOPING A VALUES-BASED APPROACH

Systems and structures that successfully attract volunteers and funding rely on the identification of common values. These values become the foundation of all outreach and operations. Board members, other volunteers, and staff know intuitively why they are committed to an organization or to the voluntary sector, but most have not articulated the values that attract them. Nonprofit leaders, who may be stymied in their ability to convey a fresh or convincing message asking for community support, benefit from revisiting the core values of their organizations as a first step in addressing their mission and marketing. The results of such an exercise are heartening. Renewed motivation is often immediate, and there is reaffirmation of founding or sustaining principles. They take the first step toward values-directed outreach to the community that can result in revitalized support. One venerable organization, preparing for a campaign to coincide with its 150th anniversary, engaged board and senior staff in a "deep-dive" session that identified their core values. Two outcomes were important: (1) the sense of unity that came from the realization of the extent of their shared values and (2) the ease with which these identified values formed the basis for an entirely new marketing program.

Whether an organization is long-established and looking for a current perspective or new and looking for a solid basis on which to construct its outreach, the identification of values is a significant first step.

Identifying Values

Values orientation is outward. It requires organizations to replace their windows with mirrors and identify those aspects of their beliefs and practices that will link with the needs of the community and the values of their existing and potential constituencies. In

organizations that are evolving from a focus on the needs they have to an emphasis on the needs they are meeting, this can be a difficult step. Used to conducting community outreach and fundraising based on internal financial needs, they require some coaching to transcend old habits and focus on the core values that can attract and retain like-minded people.

Values vary among organizations and donors. Here are some examples of core values expressed by staff and volunteers in organizations during sessions conducted to discuss the values that motivate people to give to and serve their organizations:

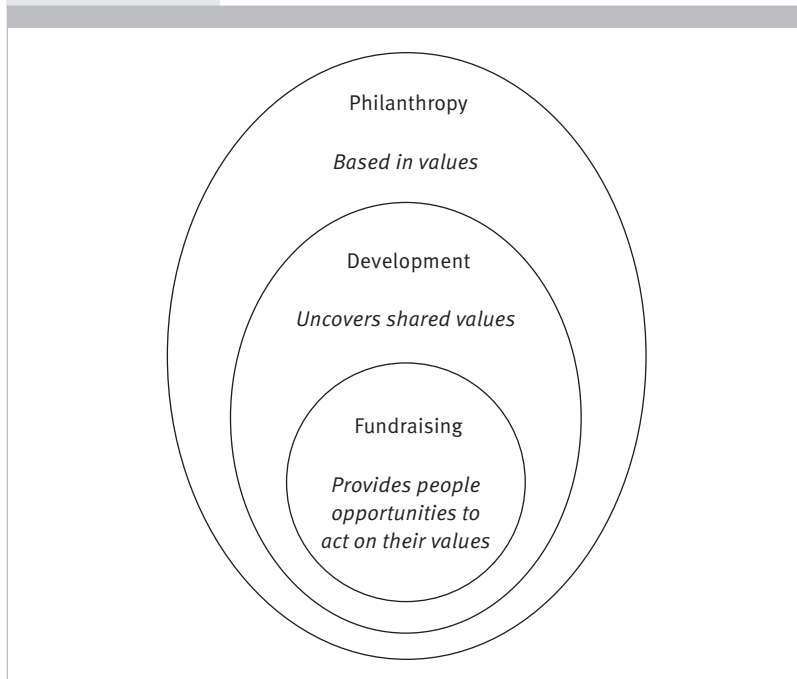
- A YMCA: youth, leadership, families, community, health
- An arts education organization: creativity, expression, learning, opportunity, family involvement
- A children's services organization: safety, health, care, concern, families, healing, opportunities
- A medical center: healing, continuum of care, excellence, compassion

Some will argue that the values which drive some people to support highly visible arts, cultural, and educational organizations are self-serving: recognition, opportunity to mingle with the rich and famous, or prestige. These motivations should be viewed without criticism and as opportunities for exploration of other values. A person's motivation for giving an annual or capital gift, as long as it is within the ethical and values framework of the recipient organization, should be the starting point of a relationship. Over time, the initial WIIFM (What's in it for me?) motivation can be converted to a desire to work together with an organization to make a difference in an area of mutually perceived importance.

The identification and nurturing of the values that people bring to their initial interaction with an organization are the first steps toward going beyond fundraising.

Organizations that position themselves as facilitators rather than judges create opportunities that bring people into a larger understanding of the impact of their involvement. Many initial gifts, given in response to peer pressure during an annual or capital campaign, can, with patience and the application of good listening skills, be not only renewed but grown when the donor's values are uncovered and matched with the values of the organization. While some gifts should not be accepted, and your organization should have policies that indicate sources or purposes that are inappropriate, most volunteers and professionals are wise enough to know when donor motivation is inconsistent with the mission of the organization and could lead to a compromise of the institution's values. Such instances are quite rare, and these gifts are almost always rejected. Many years ago, Yale University returned a \$20 million gift to the donors. The gift had come with a string attached: The donors wished to influence the curriculum in the academic area for which the gift was designated. Yale's commitment to the integrity of its curriculum development process prevailed. In another instance, an environmental organization rejected the offer of a gift from a corporation whose purpose was counter-value to the mission of the nonprofit.

EXHIBIT 1.1

INTERRELATIONSHIP OF
VALUES-BASED PHILANTHROPY,
DEVELOPMENT, AND FUNDRAISING

A MODEL OF VALUES-BASED PHILANTHROPY, DEVELOPMENT, AND FUNDRAISING

Mastery of the interrelationship of values-based philanthropy, development, and fundraising is a critical achievement for organizations seeking innovative and powerful ways to position themselves in their communities. Exhibit 1.1 shows how these three functions operate as one seamless context for donor development. The integration of these functions is the primary catalyst for going beyond fundraising.

UNDERSTANDING THE MODEL

The largest element of this model is philanthropy, as redefined by Payton and others. It is the context in which development and fundraising must be set.

Most nonprofit volunteer and staff leaders, introduced to the bigger idea that philanthropy is all voluntary action for the public good, not just gift-gathering, immediately grasp its role as a larger and more exciting framework in which to plan and set priorities. The challenge to old ways of thinking comes even more forcefully in understanding the difference between *development* and *fundraising*. In a survey administered as part of a video teaching guide by the BoardSource (formerly the National Center for Nonprofit