

IN THIS ISSUE:

Welcome to the Summer Edition of "LAPA News & Views," a newsletter from [LAPA/Laurence A. Pagnoni & Associates, Inc.](#), providing indispensable tips on nonprofit fundraising.

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- **A NOTE FROM LAURENCE:**
[What Do Fundraisers Do? \(And why it matters\)](#)
- **ASK LAPA:**
[When creating a strategic plan, how does fundraising fit in?](#)
- **Also:**
[The "New" 990: A wake-up call for nonprofit governance.](#)
- **Upcoming LAPA Seminar!**
[Higher Level Fundraising: Opportunity Knocks.](#)
- **LAPA WELCOMES FOUR NEW CLIENTS!**

A PERSONAL NOTE FROM LAURENCE: WHAT DO FUNDRAISERS DO? (And why it matters)

Having worked as a professional fundraiser for more than two decades, I am convinced that a better understanding of our work is needed.

People generally know what an accountant or bookkeeper does. By virtue of television, people think they know what a lawyer or forensic scientist does. But when it comes to fundraising, there are two common misperceptions.

One: those high-end fundraisers who work for the most distinguished hospitals, universities, and museums and earn high salaries are thought of as miracle workers who weave magic spells over wealthy philanthropists and mysteriously produce large sums of money for the institutions that can afford to retain them. Two: there is nothing mysterious about fundraising. "It's not brain surgery," proponents of this type of thinking say. In fact, they consider fundraising to be so basic and down-to-earth an activity that, if they are executive directors, they might even assign the task to a junior staff member. Some nonprofit executives may even take on this function, thinking "I can do it myself." After all, say the not-brain-surgery thinkers, "Anyone can mail out grant proposals."

Why after all the years of growth of the nonprofit sector, and all the millions of dollars of revenue raised by the sector, is the task of the fundraiser so unclear to the leaders of the sector?

One reason may be selective vision - leaping to conclusions on the basis of limited knowledge. Some people only see the grant-seeking side of fundraising, a basic, impersonal activity involving the submission of documents. They overlook the labor of love that larger grants require and also other critical fundraising approaches (major gift solicitation, planned giving, corporate stewardship, and campaigns) that include personal interactions with funders and require a different skill set.

Other people may, so to speak, be blinded by science. They may be aware that fundraising has become a complex undertaking. Terms like "feasibility study," "case statement," and "charitable gift annuity" are bandied about. The higher-level activities might seem complicated, abstract, and mysterious.

Fundraising may not be brain surgery, but it does require experience and a fine touch.



Here are three key things that a fundraiser does that are not at all obvious:

1. Culture: Paying attention to the culture of an organization,
2. Tactics: Figuring out the most lucrative tactic in order to maximize the return, and
3. Relationships: Building lasting relationships.

Culture

How does the culture of one nonprofit organization differ from another? Let me count the ways. Some organizations are extremely outcome-oriented. They emphasize quality assurance and outcome measurements and focus on customer service. Other nonprofits may be heavily bureaucratic. An executive I recently met had gone to work for an international children's charity not long ago. "This place," he told me, "is more corporate than IBM where I used to work." The emphasis in that organization is on compliance with a rigid schedule of reports and procedures.

Organizations also have distinct revenue streams that tend to exert a powerful influence on the organization's culture. Organizations typically become wedded to a single revenue source, which to some degree shapes the perception of reality of the board and staff. A nonprofit that, for example, subsists on government contracts might develop a strong financial office to manage those contracts. The board of directors may be well connected to private wealth, but the organization will not "see" the possibility of making those connections to cultivate individual donors. Its individual giving program may be nonexistent or embryonic.

Similarly, a sluggish nonprofit that muddles along on membership dues may be reluctant to solicit major gifts because doing so seems alien and bothersome. Another nonprofit, dependent on special events, will concentrate on booking a celebrity for its annual dinner; tickets sold to people attending the gala will constitute its fundraising for the entire year. Other organizations build full throttle donor programs because they are dependent on a large number of donations to support their good work. *In each case, one detects a certain lack of flexibility and a reluctance to depart from customary ways. These self-imposed restrictions curtail the fundraising program.*

The first thing a fundraiser does is to grasp the culture of the organization with which he or she is engaged and then customize the fundraising program to that culture.

Tactics

Consider, for instance, a healthcare nonprofit. Healthcare organizations exist within a system of healthcare administered by the state and federal governments. The organization's revenue flows from this system, and its culture is largely aligned in this direction. Its best fundraising strategy is to become savvier about that system and obtain state licenses to operate in other areas-palliative care, day-care, etc.-to enable the organization to secure more government grants. To suggest that this type of organization turn to private foundation support for its predominant revenue source would probably not work.

Or take an organization with a mission of historical preservation. Suppose this nonprofit focuses on a unique subject (World War II battleships, say) potentially of interest to large numbers of people, and that it maintains a modest donor base. Its task is to maximize major gifts, and the best approach, commensurate with the organizational culture, might be to organize a national council of prominent individuals to spearhead a campaign.

A fundraiser has to determine what tactic (or series of tactics) would be most lucrative for the nonprofit to adopt, given its culture, given the style and intensity of the services being delivered, and given the time constraints imposed by the necessarily limited resources the agency can spend on its fundraising program.

Relationships

These examples illustrate the importance of knowing the nonprofit agency and applying the right tactics to it. The examples show that a fundraiser has to look at the organization *both* as it is presently constituted and as it might look several years down the line-the imagined future once fully funded. Building on these examples, we must also add a third core task for the fundraiser: that of building lasting, deep relationships for the institution that will guide its growth-relationships with government officials, foundation officers, politicians, donors, and partner agencies. This is our role as steward for the institution.

Relationships with donors are particularly crucial to ensure that their gifts are repeated from one year to the next. Repeat gifts are more likely if a donor's passion for the cause is kept high. It is the fundraiser's job to assure that the donor is not just kept informed, but that they are given real experiences of how their gifts make a difference.

In this sense, a donor relationship is like an investment. The better it is managed, the greater the return.

So what do fundraisers do?

Fundraisers analyze the culture of a nonprofit, devise fundraising strategies and tactics that are in harmony with the organizational culture and that are the most lucrative to implement, and maintain an ongoing dialogue with the organization's most important donor constituents.

They think, they plan, and they implement-with board consent, of course.

Ask LAPA

Q. Is a fundraising plan part of a strategic plan? If so, why is it important? Isn't a strategic plan focused on what we will do to fulfill our mission *not* how we make the money in order to do it?

-- **Jennifer, an Executive Director from Staten Island.**

A. Many nonprofits exclude a fundraising section from their strategic plan leaving the development department to create its own plan. This is often not the best scenario because it may lack a necessary integration between programs and funding.



At LAPA we encourage our clients to include fundraising in their strategic plan because the way an organization proposes to fund its future influences its fundraising approach, capacity, and environment. Educated foresight is needed. The development professional's input is just as valuable as the input of a program director when it comes to funding the future. Your development director is not there to alter the organization's mission, but instead to allow it to come alive in the donor's real experience. A development professional can tell you if your plans for the future are realistic. Money is not the be-all-and-end-all, but it is usually needed to make the most impact and to achieve sustainability.

Here are some important fundraising questions to consider when creating a strategic plan:

- What is it currently costing to raise a dollar? How much will that cost rise over the coming years?
- What revenue source is most likely to fund the proposed projects? Government grants, foundation funds, corporate giving, or donations from individuals?
- Will we need to diversify our funding sources?
- If so, will the cost of diversification be higher than the amount needed to run new programs? For example, if your organization retains only a government grant writer, how much will the additional cost be for new staff or consultants? Should we consider outsourcing with a fundraising consultant instead? Should we have more special events?
- Will our funding last beyond one year, two years, three years?
- Do we need a capital campaign? If so, do we have enough of an individual donor base to secure the lead gifts needed to start? If not, what steps should we take to get ready for a campaign in the future?

Relying on the belief that "if we build it they will come" is usually foolhardy. *Field of Dreams* was, after all, just a movie. Reality dictates that you know what will be required of your fundraising program in order to plan for the future. I suggest you have your development professional fully evaluate your strategic plan and invite him/her to the next planning meeting. Good luck!

To find out more about LAPA's approach to strategic planning go to <http://www.lp-associates.com/strategic.php> or contact Blanche Norman, Director of Grants Services at 212-868-4800, ext. 3 or by email at bnorman@lp-associates.com

The New 990

The Internal Revenue Service has revised Form 990, the standard document that most 501(c)(3) charitable organizations are required to complete every year. The new Form 990 requires nonprofits to indicate whether the organization has written policies regarding:

- conflicts of interest
- whistleblower protection
- document retention

Nonprofits will also be asked to report if they have procedures for:

- board review of Form 990
- setting compensation for officers and senior staff members
- gift acceptance
- documenting meetings
- developing joint ventures with taxable organizations

All these reporting requirements may seem to make the process more burdensome, but they push nonprofits toward improved governance, something which more and more funders are scrutinizing before handing over their dollars.

Although the new Form 990 is not due to be submitted until May 15, 2009, nonprofit agencies should consider adopting policies and procedures now to avoid a last-minute rush in the spring.

For more information, see the IRS *Compliance Guide for 501(c)(3) Public Charities* at <http://www.irs.gov/pub/irs-pdf/p4221pc.pdf>

Higher level fundraising: An Interactive Conversation with Laurence Pagnoni.

Monday, September 29th, 9:30 a.m. to 12 p.m.
University Settlement (Houston Street Center)
273 Bowery (corner of Houston)

Registration fee: \$45



Do you want to get a higher return from your fundraising program but don't know how?

This seminar begins with a brief explanation about . . .

- aligning your time with the most lucrative fundraising strategies;
- understanding your organizational culture;
- adopting the fundraising tactics best suited to your organization; and
- developing lasting relationships that benefit your institution.

Please come ready to succinctly explain your fundraising dilemmas, and Laurence will do what he is best known for: He will respond with practical and substantive suggestions, based on more than twenty years of fundraising experience that you can immediately implement. Past participants report that this seminar was a tremendous resource for helping them achieve their bottom line fundraising goals of raising more money now.

Topics to be covered include preparing for campaigns when you may not be ready, revenue diversification, the Catch-22 of paying for capacity when you don't have the funds, wealth research and identifying value-aligned donors, the power of strategic collaborations in fundraising, the nexus between your organizational development and your fundraising program, and the role of the CEO in fundraising.

There will be time to meet your peers and exchange contact information as well.

Reserved seating. Please e-mail your reservation to info@lp-associates.com. Please give your name, title and place of employment. Also, if you plan on bringing people with you, please provide the same information for them. Payments should be made no later than September 24th, so we can hold your reservation.

Please write a check payable to NonProfit Innovations, Inc., 115 W. 30th Street, Ste. 702, New York, NY, 10001.

LAPA or NPI clients may register for free.

LAPA WELCOMES FOUR NEW CLIENTS!

We are pleased to announce that the following clients are taking the next step toward higher level fundraising by joining LAPA's portfolio. We are humbled by the work of these life-changing organizations and are proud to be working with them:

Volunteers of America - Greater New York is part of the national organization, Volunteers of America. VOA-GNY operates more than 70 programs in the Greater New York Area, from transitional shelters for homeless families and individuals to early learning centers for children with developmental delays; from group homes for troubled boys to halfway houses for ex-offenders reintegrating into their communities, Volunteers of America offers comprehensive and effective help to people with a wide range of issues. For more information or to make a donation go to www.voa-gny.org

Gilda's Club Westchester is one of the 21 Gilda's Club® Worldwide clubhouses in North America, named in honor of the comedienne, the late Gilda Radner, whose dream was to have everyone living with any type of cancer, and their families and friends, have a place where they can receive both emotional and social support. GCW, located in White Plains, New York, provides free cancer support, networking, information, lectures, family support groups, social events, and children's programming. It's a community of people who have found strength, comfort, and inspiration by sharing their experiences. For more information or to make a donation go to www.gildasclubwestchester.org

Kirkridge Retreat and Study Center has welcomed individuals seeking personal and social transformation since 1942. Founded by John Oliver Nelson, a Presbyterian clergyman, Kirkridge is a Christian center with an open, ecumenical spirit and interfaith approach. Located on 270 beautiful acres in the Poconos, Kirkridge offers programs, pilgrimages, and retreats, catered to our spiritual selves. For more information or to make a donation go to www.kirkridge.org

Trinity Lutheran Church, located on 100th Street on the Upper West Side of Manhattan, creates a space where the seemingly impossible distances between New York City's diverse populations can be overcome in a transforming, justice-making community. The congregation intentionally and enthusiastically welcomes people of all races, classes, ages, and sexual orientations. Trinity Lutheran offers a shelter for homeless LGBT youth and an immigrant resource center, among other programs for the underserved in New York City. For more information or to make a donation go to www.trinitylutherannyc.org

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LAPA has a team of over 30 nonprofit professionals, who work with us to provide a wide array of services, such as planned giving, strategic planning, prospect research, and government grant proposals and project development.

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An archive of newsletters, with past tips and resources that you might have missed, is available at www.lp-associates.com/e-newsletter.php. If you received this from a friend, and would like to subscribe, you may do so by using this same link.

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