

Fundraising Manual for Individual Donors

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<p>This product based thesis explores the link between fundraising and marketing and examines how the use of marketing conventions can benefit the Street Children Empowerment Foundation, the organization this thesis is being done in cooperation with, and their fundraising activities.</p> <p>The paper aims to accomplish four things: 1. Explain what fundraising is. 2. Explore the importance of building and maintaining relationships in the nonprofit sector, between fundraisers and their donors, so as to foster loyalty on the part of the contributors and therefore ensure profitability over a long period of time for the organization. 3. Propose the use of the sales process as a guide when aiming to raise funds from individual donors. 4. Create a training manual that incorporates the results of the theoretical research.</p> <p>The report is structured in such a way that the reader is first introduced to the nonprofit sector, which is the greater context within which the subsequent theories will be applied. This is followed by a presentation of the theoretical framework. This framework consists of three main theories, fundraising, relationship marketing, and the sales process, and thoroughly supports the creation of the final manual.</p> <p>The thesis concludes with chapters on the manual creation process and its evaluation, as well as a general discussion of the report content and the author's self-evaluation.</p> <p>The product part of the thesis will be put at the disposal of interns and volunteers, current and future, working for the commissioning party as a training tool in order for them to familiarize themselves with the topic of fundraising and especially in relation to individual donors.</p>	
<p>Keywords Fundraising, Relationship Marketing, Sales Process, Nonprofit Organization, Street Children Empowerment Foundation</p>	

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1 Introduction

Every sector of the economy requires different types of resources and tools in order to function effectively, and the same can be said of the nonprofit sector. Resources in the form of volunteers, physical infrastructure, monetary and non-monetary donations are some of the most important tools that allow nonprofit organizations to function. In this paper, the focus will be on the financial aspect of charity, which enables organizations to perform their daily activities and reach their long term goals.

This academic paper is a product based thesis whose objective is to create a fundraising manual for the use of the Street Children Empowerment Foundation's (SCEF) fundraising department. The final product is meant for the use of fundraising intern and volunteers at the charitable organization. However, the manual should also be made available to SCEF's leadership team as well as to its board members, because as the heads of the organization they drive and influence every effort, whether directly or indirectly, towards the accomplishment of the organization's goals. This product will use the sale's process, more specifically Jobber and Lancaster's 7 steps, as the basis on which the fundraising manual is created. This thesis also aims to highlight the importance of building relationships with donors in order to create long lasting profitability for the organization, and will use the concept of relationship marketing to support this claim.

The results and conclusions of the research conducted for this thesis paper, and its subsequent product, are in no way innovative or ground breaking, rather I simply aim to, firstly simplify a very important process of the nonprofit world that is often feared and dreaded by the very people tasked with accomplishing it, and secondly emphasize the importance of fostering mutually beneficial relationships with customers (i.e. individual donors) for long term fundraising success.

1.1 Background to the Thesis Topic

There are three primary reasons why I choose to work with SCEF in particular, and the nonprofit sector in general. Firstly, I was adamant about displaying Africa in a positive light. Secondly, I believe in the work that SCEF is doing. And thirdly, as someone who would one day like to establish a myriad of organizations in my native country in order to combat different social ills, especially those that negatively impact disenfranchised girls and young women, I viewed this paper as a good learning opportunity.

Africa has longed been viewed as an underdeveloped place plagued by corruption, poverty, famine and devastating diseases that disproportionately depends on foreign aid for survival. As an African woman, I know it not to be the only truth, but many, due to either ignorance or a lack of regard for the truth, cling to the single story that has been told about the African continent.

The catalyst that prompted me to use this thesis paper as a way to dispel the myths about Africa, in an admittedly small way, was watching Chimamanda Ngozi Adichie's TED Talk entitled "The Danger of a Single Story". The Nigerian author describes the single story as being one story repeatedly told about a place and/or a people until it becomes the only existing reality about said place and/or people to whoever the story is being narrated to (Adichie 2009). Adichie goes on to affirm that there are consequences to the single story, in that it creates stereotypes, robs people of dignity and makes it difficult for the listeners to recognize the humanity of the subjects about whom the story is being told. She concludes the presentation by stating that many stories matter and that although they can be used to dispossess and dehumanize, stories can also be utilized to empower and humanize. (Adichie 2009.) With this paper, I hope to shine the light on one such story, one whose main characters are working to encourage and empower the youth in Ghana.

Empowerment is exactly what is needed for the African youth today and that is the second reason why I chose to work with the commissioning company. SCEF's predominant goal is to empower the young children of the community in which it is based, who will one day grow up to become Ghana's most valuable resource, and it does so primarily through the means of education. Horace Mann, also known as "The Father of American Public Education", has been quoted as saying the following, "Education then, beyond all other devices of human origin, is the great equalizer of the condition of men, the balance wheel of the social machinery". I am in agreement with Mr. Mann.

I wholeheartedly believe that education is one of the key driving factors of success. And making it accessible to individuals who would not otherwise have access to it is a commendable feat, and one whose impact is not only felt in the lives of the beneficiaries but on the entire community and ultimately on the country as a whole; because a better educated nation makes for a stronger nation.

The third and final reason I decided to focus my attention on the nonprofit sector is because I would like to orient my professional career in the direction of humanitarian work and philanthropy. Most specifically, I hope to one day work towards uplifting young woman of African descent, on the continent and throughout the African diaspora through educational and cultural opportunities; because I agree with Brigham Young when he says that when "You educate a man, you educate a man. You educate a woman, you educate a

generation". Above all, I see the impact that the access to opportunities such as education and an exposure to different cultures, has had on my life and I would want to offer the same possibilities to girls and young woman to whom they would not otherwise be afforded. Therefore, the thesis process would serve as an enlightening learning experience that would allow me to get acquainted with a field and topic I will likely be dealing with in the future.

1.2 Project Topic, Objectives & Tasks

The core topic of this product-based thesis is fundraising, and the main objective is to create for the commissioning company a fundraising manual that focuses on individual donors and that applies marketing principles in the hopes of helping SCEF to maximize their profit in terms of strengthened donor relations and monetary donations.

Three main project tasks (PTs) were identified as crucial to the thesis process, and they are as follows:

PT 1 - Gather and assemble all relevant theories in order to create a theoretical framework that supports the thesis objective.

PT 2 - Plan and create the fundraising manual.

PT 3 – Evaluate and finalize fundraising manual, by way of feedback and suggestions from the commissioning company and a self-assessment from the author.

Table 1. Overlay Matrix for the product-based thesis

<p>Project Objective: To create an individual donor focused fundraising manual that applies principles of marketing to be used by SCEF’s fundraising department.</p>		
Project Tasks	Theories	Output
PT 1: Literature review	Fundraising, Relationship marketing, Sales Process	Chapter 2 & 3
PT 2: Product plan & creation	Using PT 1 theories	Chapter 4
PT 3: Evaluation & Finalization	Company feedback & suggestions	Chapter 5 & Fundraising manual

1.3 Demarcation

This product-based thesis aims for the reader to get an understanding of what fundraising is and the important role it plays within the nonprofit sector. Secondly, it aims to create a manual that uses the steps of the sales process as a foundation for the fundraising process and highlight the benefits of using marketing principles to strengthen individual donor relations and maximize financial donations. Both the fields of fundraising and marketing are extremely broad, therefore in order to adhere to the limitations imposed by the scope of a bachelor’s thesis, the author will focus on charitable fundraising and the chosen target markets for this paper are Ghana, Finland, Germany and the United States seeing as the organization already operates or has partners in these locations.

Secondly this paper will focus on individual donors, and aim to show how positive of an impact focusing on relationship building during the fundraising process can have on the acquisition and retention of those donors as well as enable the construction of long-lasting mutually beneficial relations. Understanding and successfully implementing these concepts essentially translate to a constant flow of financial donations over a long period of time.

It also needs to be stated that I will provide the commissioning company with the ready manual but will not be responsible for its practical implementation. This thesis paper will undertake the research of relevant theories and the creation of a fundraising manual

based on the theories gathered but I will not, due to time and geographical constraints, aim to implement the final product.

1.4 Limitations

I faced a number of limitations during the thesis writing process, the most pronounced limitations being the difficulty in finding resources relevant to the core topic, (i.e. material that approach fundraising from a marketing point of view as well as information on how to create manuals), the limited availability and accessibility of research and information on the nonprofit sector and fundraising from an African perspective, the unavailability or rather scarcity of recent studies, and lastly the distance between myself and the commissioning company.

Finding reliable source material that contained information on both fundraising and marketing proved to be more difficult than expected. Also reliable documentation on how to create manuals was difficult to find. Secondly, the majority of the documentation found on the nonprofit sector and fundraising had as a basis a western perspective, namely that of Great Britain and the United States, and very rarely Canada; and this despite the significant rise in private nonprofit activity in the countries of Africa, Asia and Latin-America (Salamon & Anheier 1997, 1). This reality poses no issue other than the fact that I wanted to get a thorough understanding of the nonprofit field and how it operates within an African context; especially if one considers the large amount of such organizations operating on the African continent and the role that they play in shaping the economic and political landscape of the African countries they operate in. The third is that there seemed to be a shortage of up-to-date resources regarding the nonprofit sector and fundraising. The fourth and last limitation, would be the fact that I was in Finland during the time that I worked on this project while the commissioning company is based in out in Ghana. This limited communication to emails and WhatsApp messages; and due to the sometimes unreliable internet network in the area where my contact person is located, communication was rendered difficult and slow at times.

1.5 International Aspect

This thesis and its topic fulfill the international criteria of the academic requirements for a bachelor's thesis in that the commissioning party is located and operates in Accra, Ghana and works in cooperation with partners located in Finland, Germany and more recently the United States.

1.6 Benefits to the Stakeholders

This thesis benefits two parties directly. The commissioning company, SCEF, is the primary benefactor, in that if the manual is created successfully the organization can make use of the knowledge therein to improve their fundraising strategy and to strengthen existing and future donor relations, and subsequently increase the amount of donations received.

The second party benefiting from this paper is myself. As stated in the subchapter “Background to the Thesis”, I aspire to one day become involved in the nonprofit sector as a way to remedy a number of social ills currently ailing my native country and a majority of African countries, such as child homelessness, a lack of educational opportunity for children and the youth, and a lack of opportunities for girls and young women in general. Therefore this process will be beneficial in that it will enabled me to get an insight into the nonprofit sector and the important topic of fundraising.

1.7 Key Concepts

This subchapter introduces the reader to terminology, both theories and concepts related to the area of study, which will be commonly used throughout this thesis paper.

Customer Relationship Management

“A strategic approach to improving shareholder value through the development of appropriate relationships with key customers and customer segments. CRM unites the potential of IT and relationship marketing strategies to deliver profitable, long-term relationships. Importantly, CRM provides enhanced opportunities to use data and information both to understand customers and implement relationship marketing strategies better. This requires a cross-functional integration of people, operations and marketing capabilities enabled through information technology and applications.”

(Christopher & al 2002, 16.)

Donor

A “person, organization, corporation, or foundation that makes a gift” (The AFP Fundraising Dictionary Online).

Fundraising

Is defined by the Association of Fundraising Professionals as being “the raising of assets and resources from various sources for the support of an organization or a specific project” (The AFP Fundraising Dictionary Online).

However in this thesis, it is also understood as being “the process of giving people the opportunity to act on their values” (Grace 2005, 13).

Manual

“A document that is designed for easy referencing and contains ‘directional information.’” (Challenger 2001).

Nonprofit organization

Powell and Steinberg describe it as an organization that is precluded, by external regulation or its own governance structure, from distributing its financial surplus to those who control the use of organizational assets (Powell & Steinberg 2006, 1).

Nonprofit sector

Also known as the third sector, not for profit sector, voluntary sector, or even the community sector, is “the collection of private entities defined as nonprofit” (Powell & Steinberg 2006, 1).

Relationship marketing

“Process of identifying and establishing, maintaining, enhancing, and when necessary terminating relationship with customers and other stakeholders, at a profit, so that the objectives of all parties involved are met, where this is done by a mutual giving and fulfilment of promises” (Grönroos 1997, 407 in Palmatier 2008, 5).

Sales’ Process

“A sales process is a systematic approach involving a series of steps that enables a sales force to close more deals, increase margins and make more sales through referrals” (Dvorak)

1.8 Company Introduction

Definitions for street children differ from region to region and across cultures but the most prevalent definition for a street child is, “any girl or boy who has not reached adulthood, for whom the street (in the broadest sense of the word, including unoccupied dwellings, wastelands, etc.) has become her or his habitual abode and/or sources of livelihood, and who is inadequately protected, supervised or directed by a responsible adult” (UNICEF 2001, 89).

UNICEF further distinguishes what a street child is by classifying them in three distinct categories: *children at risk*, *children of the street* and *children on the street*.

The difference between these three categories is that “*children at risk*”, the largest category of the three, are children who belong to poor urban families and who are constantly on the brink of toppling into the remaining categories (Lalor 1999, 1).

Children of the street are “homeless children and live and sleep on the street in urban areas” (UNICEF 2001, 89). These children, most often than not, have no family that can offer support or have no or very infrequent contact with living relatives for a myriad of reasons. On the contrary *children on the street*, solely earn their living on the street but do return home at night. They, unlike *children of the street*, still have contact with and the support of (in whatever capacity possible) their family. (UNICEF 2001, 89).

Although the accurate number remains difficult to ascertain, primarily due to the fact that the hidden and isolated nature of street children makes it difficult to gather accurate statistics, UNICEF estimates that there are around 100 million street children throughout the world (British Council Schools Online 2014). The causes of this disheartening phenomenon are as varied as the number of children forced into this lifestyle. The following list includes common causes that are at the source of why too many of the world’s children are driven to and kept in the streets:

- family breakdown
- armed conflict
- poverty
- natural and man-made disasters
- famine
- physical and sexual abuse
- exploitation by adults
- dislocation through migration
- urbanization and overcrowding
- acculturation
- disinheritance or being disowned
- HIV/AIDS
- No or limited access to education

(World Health Organization 1993.)

The life of a street child, no matter what category he or she finds themselves in, is one of hardship, struggle, abuse, dehumanization and constant danger. Ute-Henriette Ohoven, a UNESCO Goodwill Ambassador and former Special Ambassador for the Education of Children in Need, asserts that street children must be given the means to help themselves and later on, their own children, by gaining access to education, so as to learn to master

their own destiny and build a more peaceful tomorrow (Vélis 2003, 5). There are many organizations, agencies, and centers, both public and private, around the world dedicated to the betterment of the lives of those most vulnerable; the Street Children Empowerment Foundation is one such organization.

The Street Children Empowerment Foundation, SCEF, is a non-profit grassroots organization located in James Town, Ghana. This organization seeks to empower its community by providing educational opportunities to vulnerable street children, as well as a range of diverse services that aim to strengthen and grow its beneficiaries individually and their community as a whole. It was founded in 2010 by Paul Semeh when he realized that in his immediate community, “36% of street children who started attending government school were dropping out within three months” (SCEF).

Today, SCEF has a database of approximately 400 children, whom they assist by covering necessary educational and day to day needs, such as school fees and supplies to health insurance registration.

The organization offers a variety of services to its beneficiaries, and they range from educational to entrepreneurial to cultural. The following is a description of the core services and activities organized by SCEF:

Monitoring refers to the organization’s close watch on its beneficiaries, to insure that their education and other areas of their personal lives are in order. Each child is payed a visit and interviewed by a SCEF team member every other month. During these visits, the pupil is asked about their educational progress (i.e. successes, failures, etc.), as well as about any other issues that could have a negative impact on their further development. Additionally, parents, teachers and community leaders are also interviewed and if the SCEF team member’s assessment reveals any challenges, follow-up visits are organized.

The aim of the organization’s **micro-enterprise** activities is to empower parents in a sustainable way so as to enable them to better support their children’s development. Ideally SCEF aspires to successfully release beneficiaries after 5 years of supporting them and making sure that the parents or guardians are equipped to continue providing for exited beneficiaries is a crucial part of the child’s continued development and consequent success.

SCEF’s micro-enterprise endeavors serve both educational and practical purposes. The program teaches parents and guardian about a child’s fundamental right to education, the importance of saving and time management, leadership, teamwork, and borrowing and re-

payment. On a more practical note, it introduced a savings and loan model whose collected funds are then used for individual loans and social insurance. Moreover, the organization has also instituted a micro enterprises training and support program, which has the goal to equip parents and guardians with the necessary knowledge to create their own small businesses and the needed support to maintain them.

The **art club** focuses on filling the creative void that has been created by the lack of artistic programs in government schools. The club encourages children to use their imagination and think creatively in order to foster critical as well as out of the box thinking.

Like the arts, no emphasis seems to be placed on the importance of physical activity in government schools, which is why SCEF created the **sports club**. With this, the organization seeks to bring about a better physical and mental condition in their children. It goes a step further by introducing teachers in the James Town community to their play based methodology via training workshops.

The **read right club** “strengthens the student’s ability to use phonics in learning to read English by offering free classes” (SCEF). It further supports this endeavor by providing textbooks and other study materials to community schools.

Lastly, the **sexual awareness education** program seeks to inform children and their community about sexuality and sexual rights. Workshops and seminars are organized around community public schools about topics such as sexual activity, sexually transmitted diseases and how to prevent them, sexual rights and how to proceed when the latter have been violated. It offers advice and most nobly of all, the organization “provides legal aid to seek justice for children who have been abused by adults in and around James Town” (SCEF).

2 The Nonprofit Sector

Before delving into the theoretical framework used to support the thesis objective, it is important to become cognizant of the context within which said theories will be applied. This chapter is used to define and briefly introduce the reader to the nonprofit sector: what it is and what its components are.

Henceforth, the nonprofit sector and the third sector will be used interchangeably and nonprofit organizations will also be referred to simply as nonprofits.

Human beings across geographical borders differ in many ways but have surprisingly succeeded in organizing themselves in a common manner institutionally. The two main categories recognized and accepted by most are the market and the state, otherwise known as the private and public sectors. These two sectors have clearly delineated boundaries and hundreds of years of research and theories dedicated to clearly defining and explaining them. On the other hand the nonprofit sector, also known as the third sector, the voluntary sector, the community sector or the not for profit sector, has proved harder and more ambiguous to define (Corry 2010, 11-12.)

This ambiguity is due in part to the fact that the sector is highly diverse, comprising of religious congregations, hospitals, universities, museums, homeless shelters, civil rights groups, labor unions, political parties, youth recreational associations, environmental organizations and social clubs, amongst many others (Wymer, Knowles & Gomes 2006, 4). The organizations in this sector play a variety of roles that impact every field of modern society as “they provide services, as well as educate, advocate and engage people in civic and social life” (Boris & Steuerle 2006, 66).

Defining the nonprofit sector and its components seems to be a terminologically tricky feat, as the term ‘nonprofit organization’ is commonly used in the United States whereas elsewhere terms such as non-governmental organizations (NGO), private voluntary organizations (PVO) or community associations are used instead to describe similar institutions (James 1990, 21). However, despite the variety in type and size of the organizations within this sector and the variations in terminology across nations, Salamon and Anheier (1997, 9) have succeeded in defining what Kendall and Knapp (1995 quoted in Cory 2010, 11) have described as “a loose and baggy monster.” They have defined the nonprofit sector as the set of organizations in any society that share the following five fundamental characteristics.

Firstly they are **organized**, i.e., they possess some institutional reality. They are **private**, i.e., institutionally separate from government. They are **non-profit-distributing**, i.e., not returning any profits generated to their owners or directors. They are **self-governing**, i.e., equipped to control their own activities. They are **voluntary**, at least in part, i.e., they involve some meaningful degree of voluntary participation, either in the actual conduct of the agency's activities or in the management of its affairs.

(Salamon and Anheier 1997, 9.)

The nonprofit sector and its organizations exist to benefit society and are indeed an indispensable part of modern society, in both developed countries and in the developing world. Although variations exist depending on the country, Wymer & al (2006, 9) state that nonprofit organizations can be generally categorized in the following groups:

- Religious organizations
- Education and research organizations
- Health-related organizations
- Social welfare organizations
- Art and cultural organizations
- Business professional and membership organizations
- Youth development organizations
- Other types of nonprofits

Again, across nations, different categories of the nonprofit sector will be valued more than others and thus receive a bigger share of charitable contributions. For instance, In the United States religious organizations received the largest portion of donations, whereas in Canada that is the case for art organizations (Wymer & al 2006, 9; Klein 2007, 11).

The nonprofit sector although independent of both the state and the private sectors, does not exist in isolation from these two and faces the repercussions of the changes that take place in both other sectors. Nonprofit professionals must therefore be able to anticipate and adapt to the changes brought about by shifts in both the public and private sectors. One of the shifts that is impacting the nonprofit sector, according to Wymer & al (2006, 11), is the fact that the number of nonprofits are increasing at a rapid rate, mostly in order to care for a growing number of social ills not catered to by either other sectors. Table 2 illustrates the exponential amount of growth that took place in the American nonprofit sector between 1940 and 2002.

Table 2. Growth of American Nonprofits, 1940-2002

Year	Number
1940	12,500
1950	50,000
1967	309,000
1977	700,000
1989	1,000,000
1995	1,600,000
2002	1,800,000

(Wymer & al 2006, 11)

This trend, however, is not solely restricted to the United States, as an increase in the nonprofit sector has been noted on an international level as well (Wymer & al 2006, 11; Salamon & Anheier 1997, 1).

This growth presents a number of challenges for nonprofit organization, the biggest of which is an increase in competition for increasingly sparse resources (Yurenka 2007, 2). Another challenge facing the nonprofit sector is the rapid shift of social responsibility from governments to organizations within the third sector, while governments have simultaneously been reducing funding to that very same sector (Wymer & al 2006, 10; Roth & Ho 2005, viii). These shifts incessantly put more emphasis on the implementation of an effective fundraising strategy for nonprofit organizations.

3 Theoretical Framework

Although the nonprofit sector and for profit sector are inherently different, many of the strategies and principles used by professionals in the business world can and should be applied to the nonprofit world as a way to achieve its goals. This chapters delves into marketing concepts that the author believes should be adapted and utilized by fundraising professionals at SCEF to:

1. Create strong donor-organization relationships, and
2. Maintain them over long periods of time, in order to
3. Maximize fundraising profitability.

In order to be successful fundraising, as with any relationship, should not be a one-time effort. Rather, it should be perceived as a long term process during which trust and loyalty are built by putting the customer, (i.e. the donor), and their needs at the center of the process. Understandably, this relationship needs to be mutually beneficial in order for the organization to make a profit but the focus needs to remain on the donors and their overall satisfaction.

This chapter expounds on the theories used in order to support the thesis topic and to fulfill the thesis objective; which as explained in the paper's introductory chapter is to create a fundraising manual that uses the sales process as a template for fundraising from individual donors, as well as the concept of relationship marketing to point out the importance of building and maintaining a relationship based on shared values with the donor in order to strengthen donor relations and maximize financial donations over a long term period. The principal theories used are the following: fundraising, relationship marketing and the sales process. The chapter will be divided into subchapters dedicated to defining and explaining each of the theories used.

3.1 Fundraising

The core phenomenon of this thesis paper, fundraising, is a crucial part of whether nonprofit organizations are successful in accomplishing their goals or not. Simply put, fundraising is the oil that powers the engine that is the nonprofit sector. The manual will include a section on fundraising, so that the reader may get a general understanding of what it is.

However in order to understand fundraising and how it works, it is necessary to first explain what philanthropy and development are and the relationship that exists between these three concepts.

Robert Peyton defines philanthropy as “all voluntary action for the public good” (Grace 2005, 1). Another way to describe this term is to refer to Jerry D. Marx and Vernon B. Carter’s definition, which is “the giving of private individuals of their money or time to charitable organizations” (Lam, Jacob, & Seah 2011, 3). The act of giving money is commonly known as either *charitable giving* or *charitable donations*, whereas the act of giving of one’s time is known as *volunteering* (Lam & al. 2011, 3).

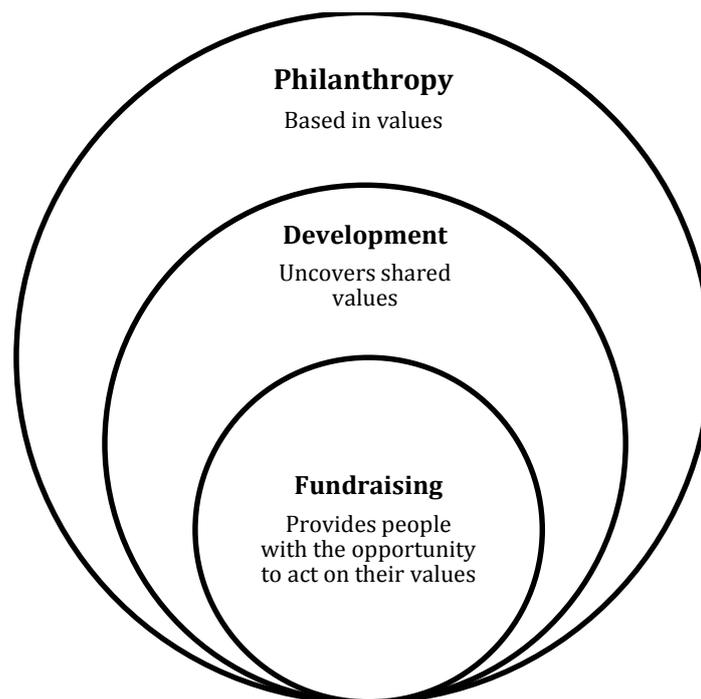


Figure 1. The Interrelationship of Value-Based Philanthropy, Development and Fundraising. Grace 2005, 5.

Kay Sprinkel Grace, author of *Beyond Fundraising: New Strategies for Nonprofit Innovation and Investment*, devised a three-part model that places both fundraising and development in the larger context of what he calls value-based philanthropy, as can be seen from figure 1. This model is comprised of three elements, philanthropy, development and fundraising. It stands on the truth that philanthropy is based in values, development is the process through which those values are uncovered and matched, and lastly, the activity of fundraising gives donors the opportunity to act on those values by donating to what they value and deem important.

Grace (2005, 1) asserts that “philanthropic behaviour is motivated by values”, meaning that people give to organizations with whom they share common values. This tells us that in order for organizations to attract the right kind of donors and build long-term mutually

beneficial relationships with them, they need to be able to funnel those values into every area of their organizational structure by organizing “their internal systems, marketing and communications programs, and community outreach to maximize the understanding of, response to, and impact of those values” (Grace 2005, 1).

Having briefly discussed philanthropy, what it is as well as having established it as the context within which development and fundraising must operate, let us dig deeper into development before tackling the main subject of this thesis paper, fundraising.

Grace (2005, 12) defines development as consisting “of those often subtle, frequently intangible, and not immediately measurable acts that draw donors and volunteers closer to the organization and more deeply into an understanding of shared values.” He further details those acts as being:

- A prospect identification and qualification process that engages board, other volunteers, and staff in the regular and willing generation and screening of lists of potential donors and volunteers
- Development of strategies for approaching potential and existing donor-investors utilizing a plan of action based on volunteer-staff resources and donor interests
- Cultivation of prospects and donors through a well-articulated series of activities, mailings, and opportunities based on a strategic cultivation plan to heighten interest and build relationships
- Solicitation of gifts using a donor-centered process that results in the transformation of prospects into donor-investors
- Stewardship practices that engage the donor in a way that is desired and appreciated by the donor and that strengthen the donor’s understanding of the extent to which there are shared values with the organization
- Promotion of overall community visibility of the values-based impact the organization is making in the community

(Grace 2005, 12-13.)

Implementing all of these activities in a strategic way sets the stage for effective fundraising and is fundamental to cultivating the relationship with donors after the solicitation for donation has been made. Spending time and allocating the appropriate resources to the crucial tasks of identifying and matching institutional values with donor values and building a relationship based on that is key to fundraising success.

In essence the development and fundraising processes are inextricably interwoven, to the extent that one cannot work without the other; and taking both out of the philanthropic context simply turns them into ways to raise money from individuals for the organization’s

needs instead of the more engaging approach of building relationships with involved donors to meet the needs of the community through your organization.

The last element of Grace's third-part model is fundraising, the most pertinent of the three in regards to this paper. Within this model, fundraising is defined as being "the process of giving people the opportunity to act on their values" (Grace 2005, 13.) A more common definition is given by the Association of Fundraising Professionals as being "the raising of assets and resources from various sources for the support of an organization or a specific project." I believe that despite the validity of the latter definition, it focuses on the money and the needs of the organization rather than on the value being exchanged between donor and organization so that the needs of the community can be met via the work being done by the organization. Viewing fundraising as a fulfillment of shared values for both the donor and the nonprofit empowers fundraisers and renders what is perceived by many as being a challenging, intimidating or uncomfortable task, less daunting.

The biggest misconception about the purpose of fundraising is that it is meant to raise money. According to Kim Klein, the author of *Fundraising for Social Change*, this assumption is wrong. In her book she counters that the ultimate purpose of fundraising is to build relationships, because she says that "the only way you can raise money year after year is by developing a broad base of individual donors who feel loyal to your organization" (Klein 2007, 19.) Understandably, taking this approach takes time and resources. The easy way out would be to go directly for the money, and in the short-term this would prove beneficial. However, if your organization's aim is to sustain a constant flow of donations over a longer period of time then going the relationship route is wiser and more financially rewarding in the long run.

Fundraising requires an adequate amount of planning and in order to be as effective as possible demands a collective effort from within the organization, one that involves every layer of the organization's power structure: from the executive director, to every board member, to paid staff, as well as volunteers. In other words, every person working for the nonprofit is tasked with the responsibility of fundraising.

There are three main fundraising strategies that are used to get, keep and boost donors, and they are acquisition strategies, retention strategies and upgrading strategies (Klein 2007, 31). As their names suggest each type of strategies are used for specific purposes at different stages of the donor-organization relationship. Acquisition strategies are used to reach donors who have never given before, usually through the use of direct mail appeals, website asks or special events. Retention strategies are put in place to retain current donors and motivate them to continue giving until they become frequent donors. And

lastly, upgrading strategies are used to boost frequent donors to give even more than they have been giving. Upgrading strategies demand a more personal approach and would be achieved via face to face contact or through phone contact. (Klein 2007, 32).

These strategies should be applied throughout every step of the fundraising process (also known as fundraising lifecycle or the moves management cycle). This process consist of 5 stages, which are: 1. Identification, 2. Qualification, 3. Cultivation, 4. Solicitation, 5. Stewardship. Note that all 5 steps are all part of what Grace defines as development activities, reinforcing the notion that development and fundraising are inextricably connected.

3.1.1 The Intersection of Fundraising and Marketing in the Nonprofit Sector

The goal of this subchapter is to explain the link between my specialization studies and my chosen topic. The entirety of this project rests on the recognition that there exists a connection between the fields of fundraising and marketing, and that using the two in conjunction rather than separately would reap the greatest benefits for fundraisers and the organizations they work for.

In recent decades, a shift has taken place in the business world, from transactional marketing, where businesses were mostly product and profit driven, to relational marketing, where the customer and their needs are at the center of the marketing strategy. A similar conversion has also taken place in the nonprofit world.

Lindahl (2011, 70) affirms that over the history of fundraising as a formal profession there has been an evident shift from a “sales” orientation to a “marketing” orientation. He states the following in his book *Principles of Fundraising: Theory and Practice*,

We see a changing framework of understanding from a “sales” orientation, where high emotions and pressure raise the gifts – through a “product” orientation, where information about the cause and clear communication raise the gift – to a “marketing” orientation, where careful attention to the needs of the donors and looking for matches of interest to the organization raise the gifts.

(Lindahl 2011, 70.)

I believe that this strategic shift can be attributed to the fact that donors, like customers in the business world, have become more knowledgeable, informed, and critical and in some instances even weary of the institutions they donate their time and/or money to. “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” (Grace 2005, xi). Today in the third sector, as in business, the customer or the donor, is

truly king; and satisfying them on a consistent basis is the key to building loyalty and ultimately profitability and longevity. It is therefore up to the professionals in the nonprofit sector to bridge the gap that has been created by stories of scandal and fund mismanagement and overall inefficiency, by catering to their customers' desire to be listened to and understood, as well as their needs for accountability and transparency amongst many others.

A sub-field of marketing has emerged from that shift and has been dubbed "relationship marketing". This concept highlights the need to center the approach on the customers and to focus on building strong relationships with them in order to benefit over time. As in relationships between people, building that connection takes time and effort from both parties and requires both the supplier of goods or services, in the context of this paper the nonprofit organization, and their customers to be involved and invested in making the relationship work. The author takes a closer look at relationship marketing and how it relates to effective fundraising in subchapters 3.2.

3.1.2 Fundraising and Individual Donors

The Association of Fundraising Professionals defines a donor as a "person, organization, corporation, or foundation that makes a gift". And if fundraising powers the sector, then donors power the cause.

There exists different sources of income for organizations in the nonprofit sector. Some of the different revenue streams for nonprofits are the following: individuals, foundations, corporations, government contracts, earned income, and bequest (Klein 2007, 32). And it is extremely important for organizations within this sector to learn and put into practice the principle of diversification, so as to minimize the risk of overly depending on one source of funding.

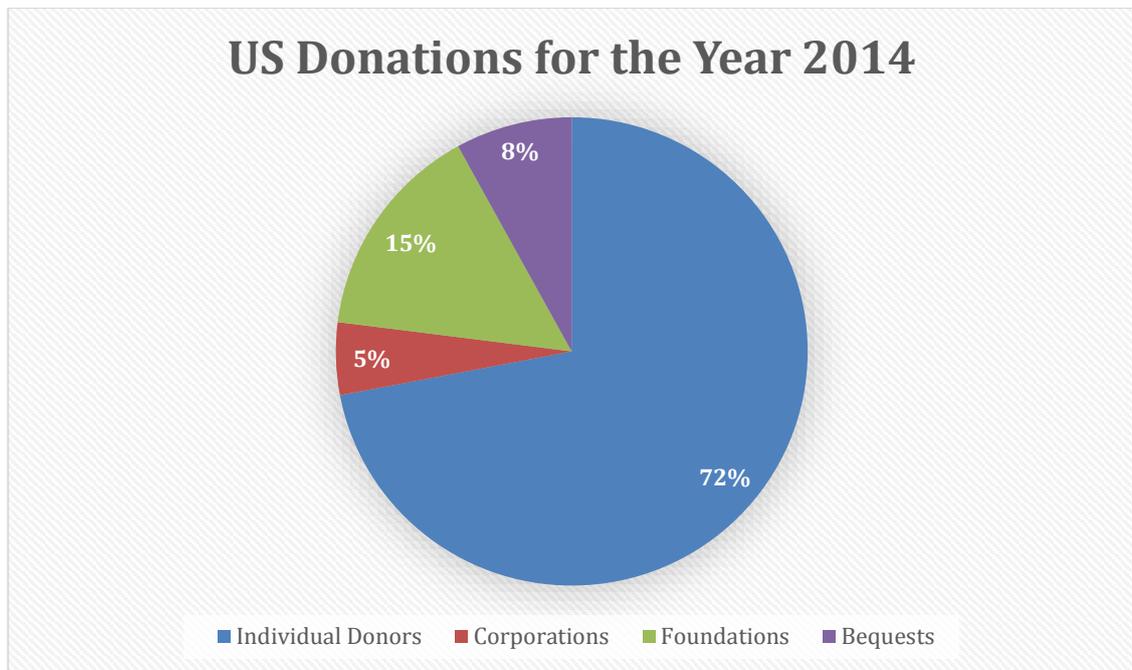


Figure 2. US Donations for the Year 2014. Giving USA June 29th, 2015

However, this paper focuses specifically on one type of revenue source, and that is individual donors. The reason why the author decided to focus on individual donors in particular is because this type of donors has proven to be the biggest overall contributors to the nonprofit sector. “Donations from individuals consistently make up the largest share of contributions – more than foundations and corporations combined” (Lew 2013, 4).

Figure 2 above shows the share of overall donations in the United States for the year 2014; clearly demonstrating that individual donors accounted for the majority of donations given within that year, with \$258.21 billion donated. Foundations, bequests and corporations in turn gave \$53.97 billion, \$28.13 billion and \$17.77 billion respectively. A combined total that is still considerably less than that of individual donations. (Giving USA 2015.)

Individual donors go through various phases or stages in their lifetime as donors. Figure 3 visible below is Sara Clifton’s comprehensive model, a more flexible alternative to the rigid classic donor pyramid, which generically shows each phase of a donor’s lifecycle. This model, like all models, is a simplified portrayal of reality and would need to be adapted to the individual donor when used in a practical way. What is especially notable with this model is the fact that it clearly depicts the terminable nature of the donor-organization relationship. Indeed, nonprofit-donor relationships will end and nonprofits will lose some donors as time passes for a number of different reasons and that despite all efforts put forth by organizations to avoid such an outcome. This reality puts an emphasis on the need for a continual application of the fundraising cycle, where donors are constantly researched, sought out, cultivated, solicited and nurtured.

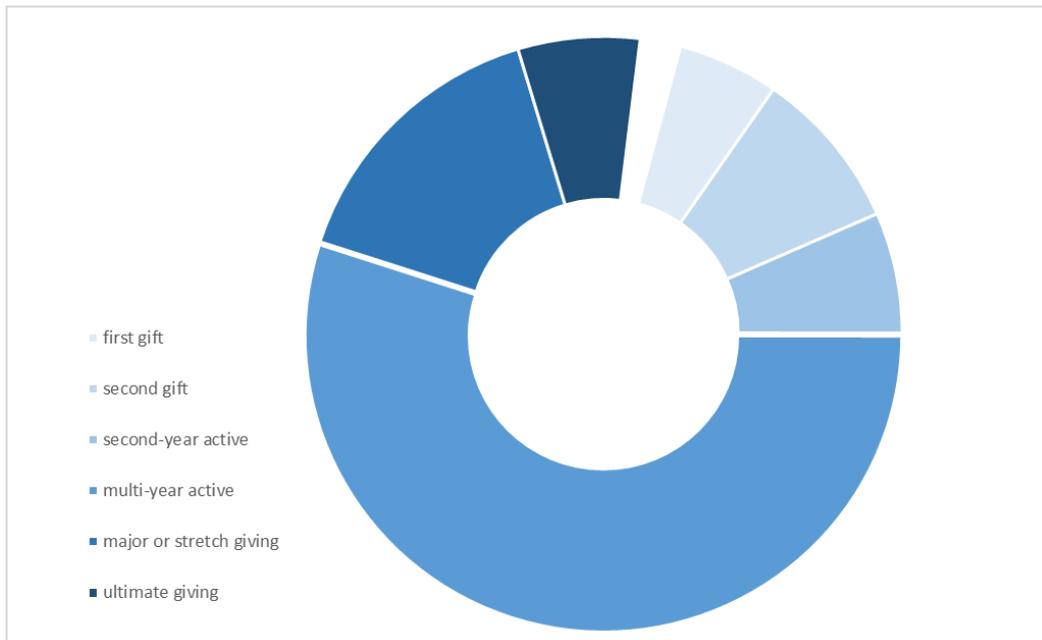


Figure 3. The Donor Lifecycle Map. Sara Clifton 19 December 2011.

3.1.3 Fundraising and Ethics

In talking about fundraising, it would be remiss not to mention ethics. Fundraising, as anything that concerns money in general and the dealing of other people's money in particular, is a sensitive area and should be treated as such. In order to preserve the ethicality of nonprofit organizations and especially the fundraising process, nonprofits have to adhere to a strict code of ethics, so as to ensure transparency and accountability. Alex Silverman, one of the two experts interviewed, emphasizes the importance of being transparent and that effectively communicating the work being done by your organization in a compelling manner is necessary in convincing donors that their contributions are making a difference (Silverman 20 September 2015). An ethical code of conduct keeps organizations morally and legally accountable to the people they serve, the people that donate to their causes, and to the general public. On top of all that, the knowledge that a nonprofit adheres to such a code generates trust more easily on the part of the donors.

The *International Statement of Ethical Principles in Fundraising*, "the first formal document governing fundraising activity worldwide" (Association of Fundraising Professionals 2006a), was ratified on February 1st, 2007. This document recognizes 5 key principles that fundraisers should embody, and they are: honesty, respect, integrity, empathy and transparency. (Association of Fundraising Professionals 2006b).

Furthermore, the standards for six areas of responsibilities, (donations, stakeholders, communications, reporting, payments, and national law), are detailed within the document. The following 24 countries have approved the international document: Argentina, Australia, Belgium, Canada, Finland, France, Germany, Hungary, Hong Kong, Indonesia, Italy, Kenya, Republic of Korea, the Netherlands, New Zealand, Poland, Singapore, South Africa, Spain, Sweden, Switzerland, Ukraine, the United Kingdom and the United States. (Association of Fundraising Professionals 2006a; Association of Fundraising Professionals 2006b.)

The attempt to create a standardized code of conduct is a great step in unifying fundraisers worldwide. However due to differences in legal and judicial systems across nations the Association of Fundraising Professionals emphasizes that in addition to following the dictates of the *International Statement*, fundraisers are first and foremost obligated to observe the governing laws of the country in which they operate as well as the internal code of conduct of the organization they work in. (Association of Fundraising Professionals 2006a).

3.2 Relationship Marketing

When questioned about the most important part of the fundraising process Alex Silverman, of the Robin Hood Foundation, answered that maintaining a close relationship with donors is the most crucial part of fundraising. And that organizations should strive to make their donors feel special by making them understand that their support renders the organization's work possible. (Silverman 20 September 2015.)

Customers and people in general want to be made to feel significant. They want to know that they matter to others as well as to the companies and organizations they patronize. Long gone are the days when solely providing quality products or services were enough to keep customers loyal. Today, in business, as with fundraising, building a relationship where the customer, or donor, feels engaged, listened to and most of all satisfied is truly the key to building loyalty and achieving profitability.

A school of thought within the field of marketing emerged, and brought about a paradigm shift from transactional marketing to relationship marketing (Yang & Wu 2007, 268). It emphasizes the importance of establishing relationships, mutually valuable to both parties, as the foundation on which long-term profitable business can be conducted. Table 3 below highlights the differences between transactional marketing and relationship marketing.

Table 3. Transactional Marketing vs. Relationship Marketing

Transactional Marketing	Relationship Marketing
Focus on volume	Focus on profitable retention
Emphasises product features	Emphasises customer value
Short timescale	Longer-term scale
Little emphasis on customer service	High customer service emphasis
Moderate customer contact	High customer contact
Primary concern with product quality	Concern with relationship quality

(Christopher, Payne & Ballantyne 2002, 19)

3.2.1 Defining Relationship Marketing

Robert W. Palmatier, a marketing professor at the University of Washington, states that despite the fact that the importance of relationships within a business context can be traced back to Homeric Greece, it is only in recent decades that relationship marketing and customer relationship management have become priorities. He attributes this rise in popularity to the following different factors: “the transition to service-based economies, advances in communication, logistics and computing technologies, increased global competition, and faster product commoditization” (Palmatier 2008, xiii).

The term relationship marketing was first used by Leonard Berry in a paper of the same name, which he presented at the American Marketing Association’s Marketing Services Conference in 1983. Berry defines relationship marketing as “attracting, maintaining, and—in multi-service organizations – enhancing customer relationships” (Berry 2002, 61). Of course since then, more research has been conducted on the subject and as a consequence an array of different definitions have arisen. One such definition is the one brought forth by Hanken School of Economics professor Christian Grönroos, where relationship marketing is the “process of identifying and establishing, maintaining, enhancing, and when necessary terminating relationship with customers and other stakeholders, at a profit, so that the objectives of all parties involved are met, where this is done by a mutual giving and fulfilment of promises” (Grönroos 1997, 407 in Palmatier 2008, 5).

In his quest to create a definition that would encompass the most prevalent existing definitions, Robert W. Palmatier concluded that the definition of relationship marketing should be constituted of three primary aspects. These three aspects being stage, target/scope and what he calls locus of benefits. Stages refers to the fact that the relationship between

customer and company, or in the context of this paper donor and fundraiser, is a dynamic thing subject to shifts, changes and growth. The number of stages differ from researcher to researcher but the consensus is that there are typically four stages in the relationship lifecycle during which varying relationship marketing activities are used to engage with the customer. These relationship stages are identifying, developing, maintaining, and terminating. (Palmatier 2008, 1).

The second aspect in defining relationship marketing is appropriately termed target or scope, and deals with those facet of relationship marketing activities. Some definitions only focus on customer relationships whereas others widen their scope to include other stakeholders, such as suppliers, competitors, and internal departments. (Palmatier 2008, 2). Palmatier concludes that although relationship marketing approaches will differ depending on the end customer, the fundamental theories, framework or models will remain the same and therefore decided to broaden his target to include all constituents when creating his definition. For the sake of this thesis however, I will constrain the application of the definition of relationship marketing to the relationship between the donor and the organization.

Palmatier's last key aspect of relationship marketing, locus of benefits, deals with the benefits obtained from relationship marketing activities and whether one or both parties need to be satisfied in order for the relationship marketing efforts to be deemed successful. Palmatier argues that although relationship marketing deals with the customer from a relational point of view and stresses the importance of cooperation and long-term value co-creation, it is not all together driven by altruistic motivations. Rather this approach is implemented by a company to achieve specific goals and therefore relationships that prove unprofitable, no matter the amount of value it provides to the customer, should be terminated. (Palmatier 2008, 4). Based on the integration of the above aspects and the analysis of pre-existing definitions, Robert W. Palmatier's definition of relationship marketing is "the process of identifying, developing, maintaining, and terminating relational exchanges with the purpose of enhancing performance" (Palmatier 2008, 5).

According to my understanding of the above definition, Palmatier implies that the primary reason for implementing relationship marketing activities within a company is to enhance its performance. This may be true for companies in the public and private sectors, but I tend to disagree with the assumption that the motivation for nonprofit organizations' implementation of relationship marketing activities would stem from selfish motives. The non-profit sector differs from the for profit sector in that it is not self-seeking and mostly dependent on the involvement and contributions of the public. Therefore putting in practice

the concept of relationship marketing would be a vital necessity to the successful accomplishment of their goals (which are truly communal goals) rather than simply another way to maximize profit for the sake of maximizing profit. It would push organizations to build and maintain close relationships with the co-creators (i.e. donors) of whatever services or products they provide to their direct community or, in the case that the organization is large enough, to people far beyond their immediate community.

Another area in which I believe Palmatier's definition to be found lacking is in the lack of acknowledgement that an exchange of value is made between organization and donor. This important facet of relationship marketing can be found implied in Grönroos' definition however, with the terms "fulfilment of promises". Christian Grönroos designates the *promise concept* as "an integral element of the relationship marketing approach" (Grönroos 1994, 355). Fulfilling promises made to and delivering on the value expected by customers is a way to bring about customer satisfaction, which leads to the retention of the customer base and ultimately to long-term profitability (Grönroos 1994, 355).

3.2.2 Relationship Marketing and Customer Value

In their book *Relationship Marketing*, Christopher & al assert that "the cement that binds successful relationships is the two-way flow of value – that is, the customer derives real value from the relationship which converts into value for the organization in the form of enhanced profitability" (Christopher & al 2002, ix.) This means that in order for the relationship to be rewarding for either party, both company and customer, are required to be active participants in the creation of value.

The two words value and values have two distinct meanings. 'Values' refers to a system of beliefs and principles or what one considers important in life, whereas 'value' refers to what is gained (e.g. happiness, pride, praise, approval or recognition, fulfilment of one's sense of civic duty, tax exemption, etc.) in exchange for a donor's money and/or time. Within the context of the nonprofit sector, this exchange of value takes place between the nonprofit and the individual donor. The organization and the donor are initially attracted to each other based on shared values and fundraising, according to Kay Sprinkel Grace, enables the donor to act on those values.

Because the value gained in nonprofit-donor exchanges is rather intangible on the donor's part and so dependent on the donor's personal experience during the process, it is doubly as important for fundraisers to apply relationship marketing so as to ensure that the donor

does feel involved and satisfied before, during and after having made a financial contribution to the organization's cause. This attention to the donor's needs should not only be limited to when money is flowing in. It should be a constant throughout a person's time as a donor. What this achieves is a contented and satisfied customer; one who grows a strong emotional attachment and loyalty to the nonprofit and to their cause. This in turn, greatly simplifies the process of donor retention and reduces the costs of donor acquisition. If more donors are satisfied and continuously contributing, the need to constantly acquire new donors decreases greatly.

3.2.3 Customer Relationship Management

Although customer relationship management will not be included in the final product, it is an important subject to explore in connection with relationship marketing and an effective fundraising strategy.

Relationships are the cornerstone of effective fundraising and customer relationship management is a tool organizations should use to maintain and strengthen those relationships. CRM and its systems are imperative if relationship marketing is to be effective, and relationship marketing is a necessity for successful fundraising. Without the accurate storage, maintenance and update of donor information, fundraisers, and anyone charged with dealing with donors, would not have anything to go on.

Christopher & al (2002, 16) define CRM as a strategic approach to improving shareholder value by developing long-term relationships with key customers by using a combination of IT and relationship marketing strategies. They continue by stating that CRM allows for data and information about the customers to be used so as to better understand them and to implement relationship marketing strategies in the most beneficial way for the customer.

There is a saying that goes: "you have to spend money to make money". For small organizations such as SCEF, the cost of purchasing or updating a CRM software, or donor management system as it is known in the nonprofit sector, can be expensive. However, this should be viewed as an indispensable investment. A proper CRM software filled with the accurate information serves as the foundation on which the building blocks of relationship marketing can be assembled to build the finished product that is effective fundraising.

3.3 The Sales Process

Selling can be defined as the "direct communication between paid representatives and prospects that lead to transactions, customer satisfaction, and profitable relationships" (Cron & Decarlo 2006, 2 in Viio 2011, 45.) Therefore, according to my understanding of

this definition, a fundraiser is a salesperson. Selling the donor on the idea that their contributions to whatever cause the organization is championing is a necessity to making a difference. In the final product, the sales process serves as the template or foundation for the steps a fundraiser should take during the fundraising cycle in order to build a relationship with an individual donor by approaching, persuading, and consequently securing a first donation from them, and hopefully many more as the relationship evolves.

Much like a sale, this process requires many different steps to complete. The sales process used for the manual is Jobber and Lancaster's 7 steps of personal selling. The steps comprising this process are: the opening, need and problem identification, presentation and demonstration, dealing with objections, negotiations, closing the sale, and follow up. This chapter will aim to briefly define each of the steps of the process in terms of fundraising. The manual will include practical examples pertaining to each step.

As can be seen from table 4, this process is put in practice within the broader context of the fundraising cycle, or what Kay Sprinkel Grace would refer to as development activities. A continual process consisting of 5 phases or stages: identification, qualification, cultivation, solicitation and stewardship. Each step was placed in the stage of the fundraising process it corresponds with. The identification and qualification phases of the fundraising cycle, or what is otherwise known as prospecting in the sales world, happen prior to the 7 sales steps being implemented. The sales process in this thesis therefore comes into play during the cultivation, solicitation and stewardship stages of the cycle.

Table 4. The Sales Process in the Context of the Fundraising Cycle

	Identification	Qualification	Cultivation	Solicitation	Stewardship
The Opening					
Need & Problem Identification					
Presentation & Demonstration					
Dealing with Objections					
Negotiations					
Close the Sale					
Follow Up					

The manual will make use of these steps to instruct an intern or volunteer on how to approach the process of fundraising from individual donors.

Before tackling the steps of the sales process, table 5 explains the 5 phases of the fundraising cycle.

Table 5. The Fundraising Cycle

Identification	Identifying prospective donors
Qualification	Choosing prospective donors
Cultivation	Engaging prospective donors through various communication methods
Solicitation	Asking for the donation
Stewardship	Sustaining the relationship

(Adapted by Viviane Bossina from Kay Sprinkel Grace’s detailing of development activities.)

3.3.1 The Opening

The opening is the first of Jobber and Lancaster’s 7 steps. Within the context of the fundraising cycle, the prospective donor has already been identified and qualified. This step begins the cultivation phase of the donor-fundraiser relationship. The cultivation phase is

the one in which contact has finally been made with the donor through various communication methods, such as emails, newsletters or phone calls.

This step is the first contact that the fundraiser has with the prospective donor. It is extremely important for the fundraiser to make a good first impression, as that will likely determine whether or not a relationship further develops between the donor and the fundraiser.

3.3.2 Need and Problem Identification

This second step marks the ending of the cultivation stage. With the need and problem identification step, a salesperson in any given field would be looking to identify the tangible needs of the buyer in order to better sell them the benefits of their product. However, a fundraiser's job is a little more complex as their task is to uncover, what are often, the emotional and intangible needs of a donor.

Having a donor-centered approach to fundraising is necessary for a successful relationship to develop between the donor and the organization. And that requires the fundraiser to uncover the "needs, perceptions, wants and values of prospective donors" (Tempel 2010, 25). It is the fundraiser's job to figure out what it is on an emotional level that attracts the donor to the organization. What are values that both parties have in common? What internal needs is the donor looking to fulfill by contributing to the organization's cause? Effective two-way communication with the donor during the cultivation phase of the fundraising cycle should supply the answers to those questions. If the needs and wants of the donor are compatible with the organization's mission and values, only then should the fundraiser proceed with selling the donor on the idea of entering into a relationship with the organization.

3.3.3 Presentation and Demonstration

The third step, presentation and demonstration, is where the fundraiser presents the donor with reasons as to why they should get involved with the organization based on the needs that were identified in step 2. And thus begins the solicitation phase. This stage of the fundraising process, as the name suggests, is the time during which the fundraiser first begins to set the stage and then solicits the donor for a contribution. If done effectively, the donor should see the value of the NGO and the personal benefits of associating themselves with the organization and its cause.

Where a salesperson would be tasked with providing the buyer with the most appropriate product based on the needs analysis conducted in step 2, fundraisers present instead attributes that make the organization valuable to both the community and the prospective donor (Jobber & Lancaster 2009, 254). Because donors give to organization that work for causes they care about, it is extremely important for the fundraiser to successfully and explicitly demonstrate how important the work being done by the organization is to its community and to society at large.

3.3.4 Dealing with Objections

Dealing with objections is the fourth step of the process. Objections can and will arise after the presentation and naturally as the donor gets more acquainted with the organization and their work.

Objections refer to any concerns or questions that are brought forth by the donor and usually stem from either confusion, doubt, or disagreement or a combination of the three (Jobber & Lancaster 2009, 260). These can arise at any point during the sales process but are more likely to come about during step 4 and to some extent during step 5 and step 6 as well, once the demand for the donation has been made. Objections are often seen in a negative light but they are, in essence, an indication that the donor is interested and simply requires clarification on a specific subject or subjects (Jobber & Lancaster 2009, 260). The fundraiser's job then becomes to listen closely to the donor's objections and use them as a point of entry to make better arguments as to why the donor would benefit from entering into a relationship with the organization.

3.3.5 Negotiations

Negotiations is the fifth step of this process. In the sales world, negotiating is almost second nature to both salespeople and their buyers. In the fundraising world however, it is a skill that needs to be further developed by fundraisers and their organizations. They can be so grateful for whatever financial support they might receive that the possibility of negotiating with the offering party, and possibly offending them in the process, would not even be considered (Winchester 2015, 2).

And although this step will most often be put in practice when fundraising from corporations, individual donors might allow for some flexibility in the amount they are willing to donate. Therefore knowing how to negotiate can come in handy in order to persuade them to give more. However, fundraisers should proceed with caution and plan their negotiation attempts based on the individual they are dealing with. They should not be afraid to use

their intuition and common sense to decide whether or not the donor they are dealing with would be open to being pushed to give more. Negotiating marks the beginning of a relationship and overly focusing on the fundraiser's own financial objectives could quickly put an end to the negotiations. The latter has to be very in tune with the type of person the donor is as well as take into consideration what their personal objectives are in order to arrive at a favorable outcome for both parties.

3.3.6 Closing the Sale

Closing the sale, the 6th step in the personal selling process, ends the solicitation phase of the fundraising cycle. This step is pretty straightforward, and is the one in which the details of the donation are settled on and the money is transferred to the organization. By the time that the fundraiser and the donor have reached this step, the latter should have been sufficiently convinced of the value of joining into a partnership with the organization by financially donating to its cause. However, that is not always the case. There are often remnants of doubts and uncertainty that prevent the donor from fully committing.

The salesperson is successful at closing the sale if he or she can override the donor's apprehension and get them to donate. Jobber and Lancaster (2009, 267) point out that what usually prevents salespeople from closing the sale is the fear of rejection. And so they tip-toe around the inevitable issue, in fear of getting a definitive 'no' from the buyer. Sometimes the donor will be the one to initiate the close, but it usually falls on the fundraiser to close the deal. Therefore fundraisers need to be assertive and get straight to the point so as to avoid wasting both the donor's and their own time.

3.3.7 Follow up

The last step of the process is the "follow up". This step begins the stewardship phase of the fundraising cycle. This phase is crucial to fundraising as it is where the relationship is allowed to truly take root and flourish.

The follow up should be done immediately or as soon as possible after the donation has been made, with either a thank you card or a phone call to express your gratitude. But it shouldn't stop there however. The goal of fundraising is to build relationships that will stand the test of time and where the donor's donation is the first step to cementing this relationship, further donor engagement activities are required to retain them in the long term.

4 Creating an Effective Manual

This chapter discusses how to create an effective manual and the process I went through in order to create the final product for the commissioning company.

This manual was created with myself in mind. I had the intention of interning at SCEF, and would have done so with no prior knowledge of fundraising besides the very obvious fact that it is the term used to describe the collection of funds for a specific activity, event or organization. Therefore an instruction or training manual such as the one that will be created would have come in handy.

In the guide “Manuals Development Guide: Writing Manuals for the Ministry of Forest” written by Jim Challenger, a manual is defined as “a document that is designed for easy referencing and contains ‘directional information.’” The end product of this thesis aims to educate, inform and provide general directions to the person tasked with raising funds from individual donors. The manual will explain what fundraising is, the importance of focusing on building a relationship with donors and lastly will present Jobber and Lancaster’s sales process as a tool to use when fundraising from individual donors.

The objective was to write a revisable manual, and so Microsoft Word was chosen as the platform on which to write it so as to enable SCEF to edit and update it in the future if and when the need arises.

Creating an effective manual requires the writer to go through a series of steps. Duncan Kent & Associates Ltd., a technical communication company based in Vancouver, Canada wrote a guide on how to write manuals for business and government and lists the steps in figure 4 as being crucial in the manual development process.



Figure 4. The Manual Development Process. Adapted from Duncan Kent & Associates Ltd 2006.

The planning stage entails defining the purpose, objectives and target audience of the manual as well as drafting up a preliminary content outline (Duncan Kent & Associates

Ltd. 2006). The **audience** was identified as any current and future intern or volunteer at SCEF with zero to little knowledge of fundraising; and the **purpose** as being, introducing and generally educating them on the topic of fundraising. The main **objective** is that after having read the manual, the reader would walk away with a general knowledge of fundraising and the process of raising money from individual donors specifically. The preliminary table of content for the manual can be seen below:

1. The purpose of this manual
2. Company Introduction
3. Fundraising
 - a. What is fundraising
 - b. The skills needed to be a good fundraiser
 - c. Types of donors
 - d. Fundraising and individual donors
 - e. Fundraising and ethics
4. The Importance of relationships in fundraising
5. Fundraising and the Sales Process
 - a. Step 1
 - b. Step 2
 - c. Step 3
 - d. Step 4
 - e. Step 5
 - f. Step 6
 - g. Step 7
6. Fundraising in real life
 - a. Fundraising and communication channels
 - b. Types of fundraising events

SCEF is an integral part of this project, and working in cooperation with the organization was imperative to ensuring the most successful outcome possible. I worked closely with my contact person at the organization during the planning stages of the manual. Obtaining the organization's perspective as to the direction of the manual was imperative as this is something that would hopefully be used and implemented by the organization.

SCEF is a rather young organization and as such obtaining the necessary funds at the lowest cost possible is of the utmost importance to the successful implementation of the various programs and services it offers. The suggestion to work around the theme of fundraising was made by the organization's executive director, Paul Semeh. He wanted some-

thing that involved the research of effective fundraising practices for grassroots organizations, however the specifics of the project were left up to me. Originally, as mentioned above, part of collaborating with the commissioning company meant that I would also do my work placement with the organization so as to better understand its current situation and better structure the research and the final project. Unfortunately, I was not able to do so. However, I was assigned a contact person at SCEF, Tina Kortelainen and later Edgar Balinia Adda, with whom communication took place via emails and telephone.

The second step of the manual development process is researching and writing. This stage of the process resulted in the theoretical part of this thesis paper and is presented in chapter 3. This step consisted of obtaining information by doing both primary and secondary research. Primary research was conducted in the form of two interviews. The first interviewee was Pia Tornikoski, an experienced professional fundraiser and the Secretary General of the Finnish Fundraising Association. This face to face interview was conducted on September 17th, 2015 and was recorded. The second interview featured Alex Silverman, a digital strategist who works for the communications and marketing & events departments of the New York based charitable organization, Robin Hood Foundation. Mr. Silverman, was sent a word document containing the interview questions, and his answers were sent back on September 20th, 2015. The document containing his responses will be added as an appendix at the end of the thesis.

Secondary research was conducted by reading a variety of books, journals, online articles and blog posts about the topics of fundraising, relationship marketing and the sales process. These three theories helped me to make the point that in order for fundraising to be successful, fundraising professionals have to focus their attention on building a relationship with the people they are soliciting.

The third step, editing and reviewing, meant sending a draft of the product to my contact person at the organization in order to get their feedback and subsequently implementing any suggestions and/or improvements he might bring up. Lastly, the final step calls for the publication of the manual.

The focus on creating this manual was to make it concise and straight to the point; because manuals are very seldom read from cover to cover and when read, people usually skim through the majority of the document to get to where the information they specifically need is located. The fundraising manual contains three main topics, fundraising, the relationship between fundraising and relationships and lastly how to approach individual donors using the sales process. The manual gets right to the point and discusses these

topics so as to impart the reader with a generic knowledge of each subject. Another aspect that helps the readability of a manual is how visual stimulating it is. This is why the final product is full of images, lists, and diagrams to help illustrate the points being made in the manual and to keep the reader from both being overwhelmed or bored.

5 Discussion

This 5th chapter concludes the thesis paper and does so by first summarizing the contents of chapter 3 and 4 and follows with my personal evaluation of my learning experience as a result of this project.

5.1 Summary

Chapter 3 and 4 have been about presenting the reader with the theories used to back up the thesis topic and objective as well as the process followed to create the final product. The theories detailed in the theoretical framework were fundraising, relationship marketing and the sales process.

Fundraising is the core activity that drives nonprofit organizations. Without it or the implementation of an effective fundraising strategy, NGOs would not be able to meet their goals and objectives and would ultimately die out leaving the causes and people, that so desperately need them, to fend for themselves. However, in the third sector as in the for profit sector, competition has grown stiff and as a result a tremendous amount of attention to customer satisfaction is required in order to attract donors and ultimately retain them (Palmatier 2008, xiii).

As fundraising is fundamentally about dealing with people, because as it is commonly known people give to people and not to organizations, it is important for fundraisers to know how to relate to donors and to form relationships with them. Donations will come as a results of putting the donor at the center of your fundraising efforts. Relationship marketing really emphasizes the idea that having a customer focused approach to business and fundraising is the key to establishing long-lasting mutually beneficial relationships.

This thesis paper focuses on a specific donor group, individual donors, and applying the concepts of relationship marketing to one's fundraising efforts towards that group ensures that their needs are met and that they are kept satisfied, which will consequently make them feel involved and engaged and hence lead them to come back to contribute over a long period of time.

As a way to approach individual donor fundraising, I've proposed the use of the sales process. The paper presents Jobber and Lancaster's 7 steps of personal selling, as a foundation on which fundraisers can stand when dealing with individual donors. The 7 steps are the opening, need and problem identification, presentation and demonstration, dealing with objections, negotiations, closing the sale and lastly, follow-up.

The research and the interviews conducted drove home the fact that nonprofit organizations should place an incredible amount of importance on striving to build long-lasting relationships with their donors. Donor acquisition is a costly process for small organizations like SCEF. A more cost effective strategy would be to cultivate and strengthen the donor base that they already have by truly engaging their contributors. And effectively engaging the donor demands a certain knowledge of who he or she is and that information can only be acquired during the development process where the steps of the sales process can be put in practice.

5.2 General Recommendations

Based on the work done for this thesis paper I would like to make a few general recommendations to the commissioning company.

The first recommendation would be to involve all of the organization's staff, volunteers, and board members in the nonprofit process. This is especially important for grassroots organizations, such as SCEF, who do not have the manpower of larger and more established NGOs.

The second recommendation would be for the organization to diversify their revenue streams by developing relationships with each donor market (i.e. individuals, corporations, foundation, etc.) or by even offering some services or products for a fee and using the revenue from those sales to fund projects and activities that benefit their beneficiaries. And although this thesis focuses on individual donors, it is important to recognize that over depending on one source of income can prove detrimental; as people and institutions are susceptible to things such as changes in the economic cycle or other unfortunate life events that make it hard to donate money. Therefore, making sure that your donors are diverse in terms of which donor group they belong to, their giving ability as well as whether they are locals or from overseas is important to sustainable fundraising success.

The third and last recommendation would be to invest money in order to make money. The organization needs to be willing to invest in the necessary resources for fundraising to be as effective as possible. This means, the right people and the right technology. However, making an investment in fundraising doesn't only mean investing in activities that will produce immediate results. It also means putting together a program that accounts for the long-term, with plans for things such as donor recruitment, cultivation, stewardship and acknowledgment (Bray 2005, 2).

5.3 Evaluation of the Manual & the Manual Creation Process

The manual is the result of the research laid out in this thesis paper. Where the thesis presents a theoretical perspective, the manual aims to presents its practical application. The goal of the manual was to generally inform someone with no knowledge, or at best limited knowledge, of fundraising and offer a step by step guide on how to approach fundraising from individual donors.

As mentioned in the introductory chapter, I had not planned on overseeing the implementation of the manual in a practical manner. Rather my objective was to create something that would be handed to the commissioning company upon its creation. Therefore an evaluation of the manual's practicality and full benefits can only truly be done once it has been put to use by the organization. However, the commissioning company's assessment of my work was overwhelmingly positive. Once I had a rough draft of the manual I sent it, along with my thesis, to Mr. Edgar Balinia Adda, my contact person at SCEF, and received positive feedback about both the manual and its relevance for the company's fundraising team. As no suggestions or improvements were provided by my contact person regarding the manual, I take it that he as well as the organization were satisfied with the product. What then can and will be evaluated in this section, is the extent to which the product fulfilled my initial expectations as well as the process it took to create the final product. The manual can be considered a success if it fulfills the objectives laid out in the beginning of the thesis, namely to explain what fundraising is, to highlight the importance of building relationships and to detail how to use the sales process in fundraising from individual donors.

The manual creation process, as the entire thesis writing process, would have been made easier, I believe, had I interned at SCEF as I had initially planned. What I did to produce the manual was read books, blogs and articles on fundraising, how to acquire and maintain donors, and how to relate to donors in order to build long-lasting relationships, amongst a variety of topics relating to fundraising. A more efficient way to create the product would have been to be in Ghana and to really immerse myself in the organization and their activities. Being in close proximity to the organization's knowledgeable staff and being in the environment I was writing about would have facilitated my writing process. As well as given me a more perspective, since I would have actually been experiencing and learning about fundraising from a direct source rather than solely reading about it from secondary sources.

I believe that overall the final product has fulfilled the expectations set in the beginning of the process in that it does explain fundraising, stress the importance of relationship and provides a 7 steps guide to approaching individual donors, which is accompanied by practical examples of the type of interactions that are likely to happen between a fundraiser and a donor. In terms of the manual's usability, I made sure to use Microsoft Word as the platform so as to enable the organization to easily modify and edit it as they see fit or if the need arises in the future.

Seeing as this manual is made for interns and volunteers, SCEF should use it as a way to quickly introduce them to both the company and to the task of fundraising. However, people learn and digest information differently and therefore how this manual is used will depend on the person who will be reading it. It is recommended, for the novice, to read it from cover to cover at least once. For the slightly more knowledgeable person, perusing the table of content for relevant topics and focusing on them is what I would recommend.

5.4 Evaluation of My Own Learning

This entire process has been both tremendously challenging and extremely satisfying. Challenging because for a very long time, I believe that I was incapable of writing this thesis and the duration of this project is a testament to the level of my self-doubt and insecurities. Granted the final product is not perfect and will probably be a source of some anxiety, but it is the work my current self has produced and I am proud of the effort I have put forth.

I began this process in the fall of 2013 and completed it in the fall of 2015. A good part of these two years were full of pervasive negative thoughts and self-doubt. A mental shift happened around August 2015 when I 1. realized that I could no longer push back this eventuality because I needed to get it done in order to graduate and move on with my life and 2. I truly began to believe that I could accomplish anything I put my mind to. Fervent prayers, on repeat motivational speeches and the thought of making my parents proud gave me the push and the drive I needed to begin working again and complete what I had started.

This is a topic that I was actually interested in, which made writing more bearable than had I chosen a topic just for the sake of choosing a topic. This process has taught me a lot; as much about my own resilience and determination as it did about the nonprofit sector, fundraising and marketing. Practical experience (i.e. interning at SCEF) would have made this experience more of a teachable moment but as I stated in the introduction this is an area in which I want and plan to be involved in in the future and therefore experience is a given once I do begin to work with NGOs or when I start my own.

Academically and professionally, this project has reinforced the importance of setting strict guidelines and deadlines and of being disciplined. I obviously was not very successful in these two areas concerning this assignment for the major part of its process, but once I committed to finishing the work I had begun and seriously got to work, things began to flow and the deadlines I did create were met. And although I do not consider myself much of an analytical or scientific person, having to gather information, assess and analyze not only the reliability of this information but also its relevance to my subject matter showed me that I can truly do anything I put my mind to.

While working on my thesis I also realized that my research had only scratched the surface of all there is to know about fundraising and the nonprofit sector in general; and I look forward to continuing learning about this field.

I would like to end this entire paper with a quote by Confucius that totally embodies my experience with this thesis as well as my life philosophy going forward.

“He who says he can and he who says he can’t are both usually right” - Confucius

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Appendices

Appendix 1. Alex Silverman Interview

Thesis Title: Effective Fundraising and Marketing Strategies for Grassroots Nonprofit.

Thesis Objective: Creating a fundraising manual (based on Jobber and Lancaster's 7 steps sales process) for a small NGO based in Accra, Ghana.

There are two main goals for this project. The primary goal is to detail in the manual how to use the steps of the sales process as a foundation when approaching individual donor fundraising. The second goal is to really highlight the importance of building and maintaining relationships with donors so as to reap the maximum benefits over a long period of time.

To whoever answering these questions, can you please fill out the following information:

Name: Alex Silverman

Organization: Robin Hood

Position in the organization: Digital Strategist, Communications, Marketing & Events

Questions:

1. In today's nonprofit sector, in what ways is incorporating marketing concepts and theories into one's fundraising strategy beneficial? One of the key factors in a donor's decision to give money to an organization is transparency. If a donor commits his/her time or hard earned money, he/she want to know that the money will have a substantial impact on those who need help. Marketing is modern day story telling and being able to effectively communicate the work that your nonprofit does to your donor base or prospective donors in a compelling manor is essential to convincing donors that his or her donations are making a difference.
2. Is there an inherent difference in the ways grassroots nonprofit and larger nonprofits should approach fundraising? If yes, what are those ways in your opinion? Yes. Your fundraising strategies should vary depending on what the business model of the nonprofit is. Robin Hood solicits a great amount of money from a small donor base, because its work is limited to New York City. National organizations like UNICEF & the Red Cross are global orgs so their fundraising strategies should be different.
3. There are different types of funding sources for NGOs to tap into, from corporations to bequests to individual donors, etc. How does the fundraising approach differ, if at all, when dealing with different types of donor group? The strategy changes based on the end goal of the prospective donor. An individual donor who has a family has different philanthropic goals than a corporation. The strategic approach to incentivize or appeal to these groups would therefore be different.
4. Can you describe what the fundraising process is? The "process" of fundraising can take a lot of different forms depending the type of donor and what the fundraising goals are. Fundraising will always involve some degree of donor engagement. As a basic example, you could first make your proposition (communicate to potential donors what value your nonprofit is. Who do you help, what service(s) do you provide, how do you make a difference). Next you could offer a deeper dive into your organizations work by offering to let donors get involved in some way (volunteer opportunities or meeting individuals who were helped by your organizations

work). Finally you would solicit money either through email or at an event or over the phone.

5. What is the most crucial part of the fundraising process? Maintaining a close relationship with your donors. Making donors feel special and helping them understand that without their support, your organization's work would not be possible.
6. What is your fundraising process? See #4
7. What skills and characteristics should a fundraiser embody in order to be successful at their job? He or she should be personable, persistent and passionate about the work his or her organization is involved with.
8. The manual will contain a chapter on practical fundraising, therefore what are some of your practical fundraising tips for small organizations?

Appendix 2. Commissioning Company's Evaluation Form



form

Commissioning party feedback

Degree Programme in Xxx
Xxx Campus

Thesis author/s	Viviane Bossina
Thesis title	Fundraising Manual for Individual Donors: How Marketing Principles Can Be Used to Create Stronger Relationships Between Organizations and Donors.
Commissioning company or organisation	Street Children Empowerment Foundation
Commissioning party's contact person	Edqar Balinia Adda
and contact information	*****@scef-international.org, +233.24.***.****
Thesis advisor at HAAGA-HELIA	Pertti Tilli
Advisor's e-mail address	*****@haaga-helia.fi

1. Have you made use of the thesis results in some way? If yes, how?

Yes, the thesis will serve as a guide for the fundraising team and other members of staff to help raise funds for Street Children Empowerment Foundation.

2. How do you plan to make use of the thesis results in your future operations?

The results will be used to educate, inform and provide general guidance to people responsible for raising funds from donors. The specific person(s) for whom this manual is intended for is either an intern with zero to little knowledge of fundraising or a similarly unknowledgeable volunteer given the responsibility to fundraise. The manual can also serve as a refresher for professional fundraisers as well as people that are much informed about fundraising within the organization (i.e. all staff (permanent and non-permanent) and board members).

3. Please estimate how useful the thesis is for you:

Not useful at all Very useful

Place an x in the relevant box

4. Please estimate how useful the thesis is for your field of business (e.g. it generated an innovation, operating practice, product or new information):

Not useful at all Very useful

Place an x in the relevant box

5. Please give free feedback about the thesis process:

The thesis process is very successful and revealed so much relevant information to the SCEF'S fundraising team.

6. Other feedback to the student or HAAGA-HELIA:

Please return this form via e-mail to the thesis advisor.

The e-mail format is `firstname.lastname@haaga-helia.fi`

HAAGA-HELIA University of Applied Sciences, tel. (09) 229 611,

www.haaga-helia.fi

Training Manual

Fundraising & Individual Donors



SCEF

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The Purpose of this Manual

The purpose of this manual is to educate, inform and provide general directions to the person tasked with the responsibility of raising funds from individual donors. The specific person(s) for whom this manual is intended for is either an intern with zero to little knowledge of fundraising or a similarly unknowledgeable volunteer given the responsibility to raise funds. The manual can also serve as a refresher for professional fundraisers as well as those people that should already know and be doing fundraising within the organization (i.e. the executive director, the staff, and board members).

The manual explains what fundraising is, the importance of building relationships with donors for long-term profitability and lastly details a 7 step process to dealing with individual donors.

How to Use this Manual

This manual is intended to be used by a fundraising intern or volunteer to better understand what fundraising is and how to approach individual donors in a way that aims to create and foster a relationship between the latter and the organization. The manual can be used in several ways, depending on who is reading it and your familiarity with the subject matter.

For someone who has never worked in fundraising before, reading this manual from start to finish at least once would be ideal so as to get a general* idea of what fundraising is and what actively doing it entails. As you become more knowledgeable about fundraising, refer to the manual as needed. If you're an individual who is more familiar with this topic, perusing the table of content for subjects that are of interest to you and focusing on those would be the way to go.

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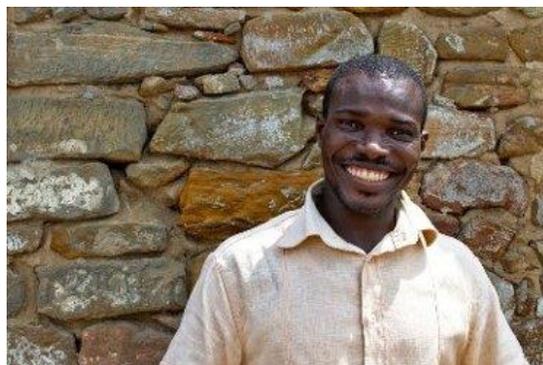
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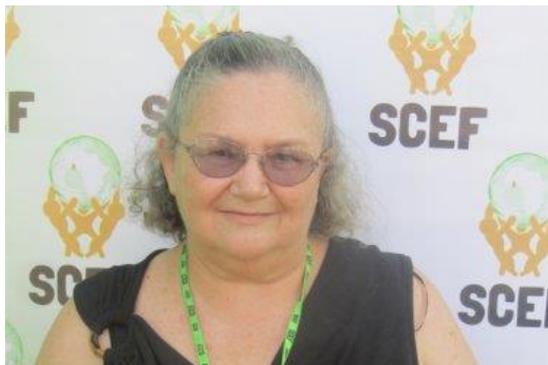
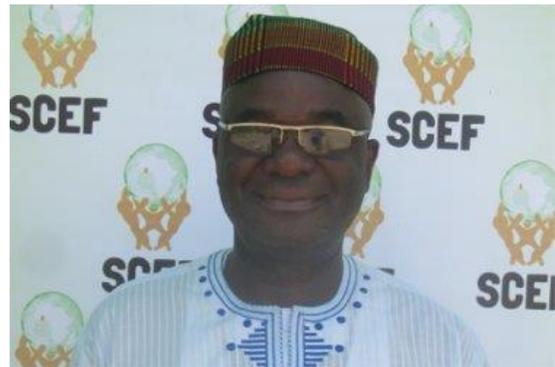




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Street Children Empowerment Foundation
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James Town, Accra
Ghana
Tel: +233 (0) 20 206 1234
Email: info@scef-international.org

Founded: 2010

Founder & Executive Director: Paul Semeh

Number of Direct Beneficiaries: 244 children

Number of Indirect Beneficiaries: 1000+ parents, teachers, students, community leaders, partners

Mission

SCEF wants to achieve sustainable improvements in the lives of street and deprived children in James Town. Our work will be done closely with the children, their families and the community.

Vision

The future where all children regardless of their disparities have equal opportunities in reaching their fullest potential.



Fundraising

This chapter gives you a general idea of what fundraising is, the active participants in the fundraising process as well as what it takes for you to be a good fundraiser.

Keywords & Definitions

Development – The process that consists of subtle, frequently intangible, and not immediately measurable acts that draw donors and volunteers closer to the organization and more deeply into an understanding of shared values.

Donor – A person, organization, corporation, or foundation that makes a gift.

Fundraising – The raising of assets and resources from various sources for the support of an organization or a specific project; the activity that gives donors the opportunity to act on their values.

Philanthropy – All voluntary help for the public good.

What is fundraising?

Fundraising is the oil that powers the engine of the nonprofit sector and organizations like the Street Children Empowerment Foundation. It is the tool that enables organizations to accomplish their goals and objectives. Simply put, fundraising is the act of raising assets and resources from various sources for the support of an organizations or a specific project.

However, fundraising is a little more complex than simply raising money. The success of this activity depends on both the generosity and disposition of people and entities to give of their money as well as a series of activities implemented by an organization to foster an environment that would entice people to give.

The following diagram explains the link between how people's generosity, or philanthropy, and the purposeful actions of an organization towards creating a space that encourages donors to give, or development, work together to bring about the act of fundraising.

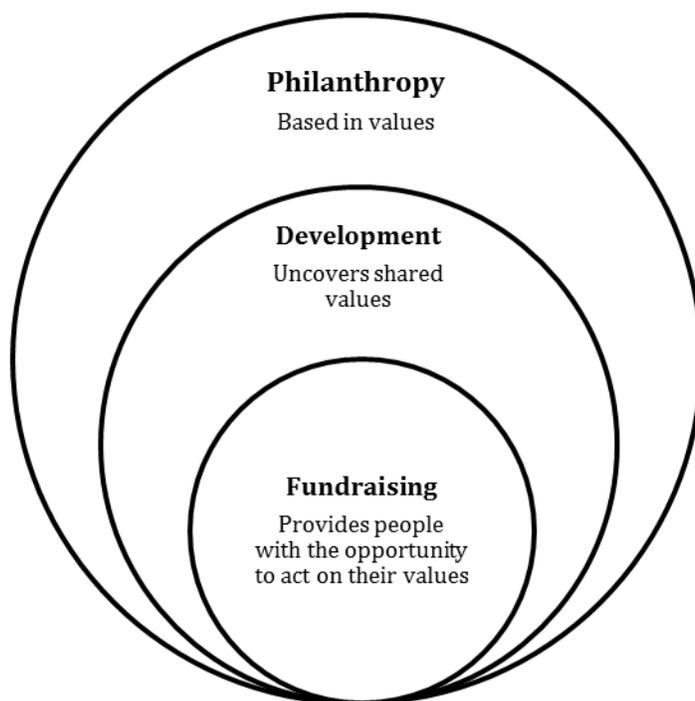


Figure 1. The Interrelationship of Value-Based Philanthropy, Development and Fundraising. Grace 2005, 5.

Philanthropy is defined as being all voluntary help for the public good, and it is the greater context within which both development and fundraising take place in. Meaning, people have to feel

driven to contribute to the betterment of society in order for an organization's fundraising efforts to amount to anything. They must become aware of values that they share with the organization in order for them to be motivated to give.

Development refers to a series of activities and actions taken by the organization to make sure that a donor feels connected, involved and engaged with the organization and its cause. This series of activities also serves as a way for the organization and the donor to discover if they value the same things. Note that what is referred to as development activities is also known as the fundraising process, the fundraising lifecycle, or the moves management cycle.

These development actions or activities are the following:

1. A **prospect identification and qualification** process that engages board, other volunteers, and staff in the regular and willing generation and screening of lists of potential donors and volunteers
2. Development of strategies for **approaching** potential and existing donor-investors utilizing a plan of action based on volunteer-staff resources and donor interests
3. **Cultivation** of prospects and donors through a well-articulated series of activities, mailings, and opportunities based on a strategic cultivation plan to heighten interest and build relationships
4. **Solicitation** of gifts using a donor-centered process that results in the transformation of prospects into donor-investors
5. **Stewardship** practices that engage the donor in a way that is desired and appreciated by the donor and that strengthen the donor's understanding of the extent to which there are shared values with the organization
6. **Promotion** of overall community visibility of the values-based impact the organization is making in the community

(Grace 2005, 12-13.)

Once people have recognized that yes, they share values with the organization and that they most importantly value the work that the organization is doing, fundraising then becomes a vehicle for them to affirm that belief by making a tangible financial contribution, or any other kind of contribution for that matter.

Donors

If fundraising powers the nonprofit sector, then donors power the cause. A donor is defined as a person, organization, corporation or foundation that makes a gift. And this gift can either be monetary or non-monetary. A donor is the organization's friend, partner, and spokesperson. You need to consider them as super special members of your team.

As stated in the definition, there are different kinds of donors from whom organizations can obtain support. The Giving USA Foundation AAFRC Trust for Philanthropy has identified four general fund sources: living individuals, bequests (which are donations arranged by an individual to be given after their death), foundations and corporations. And overall, organizations should make it a habit to diversify their sources of revenue. Which simply means that they should avoid putting all of their eggs into one basket and come to depend too much on only one source. That being said, this manual specifically focuses on individual donors and how to build a relationship with them.

The relationship, or rather what we hope evolves into a relationship, that begins with a donor's first gift is represented in the "Donor Lifecycle Map" below. The fundraiser's job is to guide the donor through each phase of their lifecycle and to create in cooperation with the donor themselves, a relationship that is both beneficial and long lasting. Unfortunately many donors give once and never again. But putting in practice development activities would increase the probability of donors moving successfully from the first gift stage to the ultimate giving stage, or at least as farther on the map as possible.

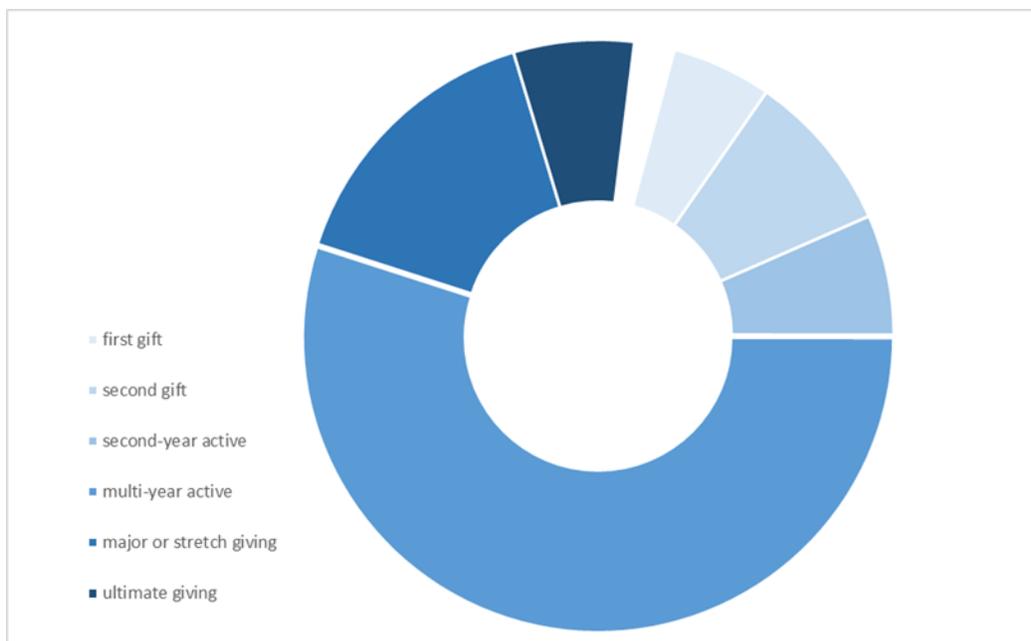


Figure 3. The Donor Lifecycle Map. Sara Clifton 19 December 2011

As you can see, there is a gap between the donor's "first gift" and "ultimate giving". This gap indicates the ending of the donor's partnership with the organization. As with some, (or should I say every), personal relationships, the relationship between a donor and an organization will come to an end. It is an eventuality that organizations will lose donors overtime due to a number of different reasons, but it is the fundraiser's job to make sure that a lack of engagement of and communication with the donor on their part does not contribute to the ending of the relationship.

Practice Ethical Behavior

In general being ethical is an important quality to have in life, but it is especially so when it comes to fundraising. Transparency and honesty not only keep you on the right side of the law but they also encourages your donors and other partners to trust you and contribute more.

The Association of Fundraising Professionals drafted a document called the *International Statement of Ethical Principles in Fundraising* that provides general principles and standards that fundraisers should embody and follow. However it is extremely important to point out that a fundraiser's national and organizational laws and code of ethics should be respected and followed with the utmost adherence first and foremost.

This document was created with the hope of unifying (and in some way standardizing fundraising behavior) fundraisers across countries and fields. This document has so far been ratified by the following 24 countries:

Argentina	Hong Kong	Singapore
Australia	Indonesia	South Africa
Belgium	Italy	Spain
Canada	Kenya	Sweden
Finland	Republic of Korea	Switzerland
France	Netherlands	Ukraine
Germany	New Zealand	United Kingdom
Hungary	Poland	United States

The document lists 5 fundamental universal principles and 6 standards of practice. And although some sections have more relevance for more experienced fundraisers, it is still important for fundraisers of every level to get acquainted with these principles and standards.

Universal Principles

Honesty: Fundraisers shall at all times act honestly and truthfully so that the public trust is protected and donors and beneficiaries are not misled.

Respect: Fundraisers shall at all times act with respect for the dignity of their profession and their organization and with respect for the dignity of donors and beneficiaries.

Integrity: Fundraisers will act openly and with regard to their responsibility for public trust. They shall disclose all actual or potential conflicts of interest and avoid any appearance of personal or professional misconduct.

Empathy: Fundraisers will work in a way that promotes their purpose and encourage others to use the same professional standards and engagement. They shall value individual privacy, freedom of choice, and diversity in all forms.

Transparency: Fundraisers stimulate clear reports about the work they do, the way donations are managed and disbursed, and costs and expenses, in an accurate and comprehensible manner.

Standards of Practice

1. Fundraisers responsibility regarding donations.

- Donations should be accepted if voluntary, in line with the goals of the organization and will bring not more than reasonable costs related to the value of the donation.
- Funds will be disbursed in accordance with the donor's wishes, if expressed.
- Funds will not be raised for the personal financial gain of the fundraiser or the fundraising organization the fundraiser works for.
- Funds will be collected carefully and with respect of donor's free choice, without the use of pressure, harassment, intimidation or coercion.

2. Relationship with stakeholders.

- Fundraisers are strictly answerable to all stakeholders including donors, beneficiaries, and employers.
- Fundraisers will respect donor rights by providing timely information about how contributions are used, respecting donor privacy, and honoring donor wishes.
- Fundraisers will respect beneficiary rights and preserve their dignity and self-respect. They will not use fundraising materials or techniques that undermine this dignity.
- Fundraisers work with suppliers or intermediary agents at the same standards as within their own organization. They make reasonable efforts to assure that suppliers do not gain unreasonable profit while working with their own organization.

3. Responsibility for communications, marketing and public information.

- Fundraisers will only use public information that is accurate, truthful and not misleading, and information that respects the dignity and self-respect of beneficiaries.
- Fundraisers will not express or suggest in public information that fundraising lacks administration and fundraising costs, thus giving the incorrect impression that fundraising suggesting that fundraising activity is without costs.
- Fundraisers will provide truthful information about use of funds, without exaggeration or underestimation.
- They respect data protection rules and laws at all times.
- Fundraisers accept that all donor and prospect information developed by or on behalf of an organization shall not be transferred or utilized except on behalf of that organization.
- Donor wishes to be removed from request lists will be followed promptly and without obstacles for the donor.

4. Management reporting, finance and fundraising costs

- Fundraisers assure that all fundraising transactions, accounting and reporting for which they are responsible are transparent and unambiguous. They are able to account anytime for their professional work.
- They will encourage their organization to report within the national and international standards of accounting methods.
- They will submit accurate annual reports to all stakeholders within a reasonable time or encourage their organization to do so.
- Fundraisers will be open and clear to all stakeholders about fundraising costs, fees and expenses and the way these are allocated.
- They will make any compensation arrangement transparent to an employer, donor, and beneficiary upon request.

5. Payments and compensation.

- Fundraisers provide their services either as a volunteer, or on a salaried basis or for pre-determined fees. Fundraisers should not accept commissions or compensation based upon a percentage of the funds raised.
- Fundraisers will not accept any gratuity when making decisions on behalf of the organization.
- Fundraisers will not seek or accept any personal payments, in cash or in kind, from a supplier of goods or services in recompense for business placed with that supplier.
- Criteria that will qualify a fundraiser for performance-based remuneration must be agreed upon beforehand and should not be based on a percentage of the funds raised.

6. Compliance with national laws.

- Fundraisers will object if the organization they work for does not comply with applicable local, state, provincial and national or international civil and criminal laws.
- Fundraisers will not engage in activities that conflict with national and international legal obligations to their organization or to others. Moreover, they will avoid even the appearance of any criminal offence or professional misconduct.

(Association of Fundraising Professionals 2006)

Fundraising Skills

Anybody can become a fundraiser, as long as they embody certain necessary qualities a fundraiser should have in order to effectively do their job. Here are a few characteristics, listed in no particular order, which would make you a good fundraiser.

1. Committed to and passionate about your cause

2. Personable
3. Persistent
4. Honest
5. Practice common sense
6. Interested in other people
7. Good Listener
8. Good communication skills
9. Good writing skills



Relationships Matter!

This chapter briefly discusses the importance of creating and maintain relationships with your donors in order for your fundraising efforts to be as successful as possible.

Key Words & Definitions:

Relationship – The way in which two or more people, groups, countries, etc., talk to, behave toward, and deal with each other.

The Importance of Relationships

When asked about the point of fundraising, many a people would say that it was to raise money. And I'm sure that you reading this, would come to the same conclusion. However, that would be the wrong answer. Fundraising is about engaging and convincing another human being to join you on your mission to change the world and improve the condition of other beings by either directly doing for them, or indirectly by seeking to improve the environment around them.

Fundraising is about connecting with another person, based on shared values. It's about recognizing the great work your organization does and communicating that effectively to other people. It's about them realizing how valuable your organization and its work are to the world and wanting to be a part of that impact. Fundraising is ultimately about people doing for people through people. It is about us all, because doing good for one person is doing good for the whole human race, as we are all connected. Fundraising is a true manifestation of our humanity.

Unfortunately, the need for organizations like SCEF has grown and will continue to grow as less and less government funding is being allocated to social welfare. This means that money will be needed in the future, as much as it is needed now, for these organizations to fulfill their objectives and accomplish their goals. A good way to ensure that donations from individuals, (and all other donor groups as a matter of fact), keep coming in over a long period of time is to build a strong relationship with your donor. And just like personal relationships, fundraising relationships take time and effort to build and maintain.

How do you build said relationship? By communicating, and communicating often. In a way that makes your donors feel like part of your team. By engaging and involving contributors in your organization's activities and programs. Ask for their opinions on how things should be done, or ask for suggestions on where the organization could improve. Another great way for donors to feel like they are truly contributing is for them to volunteer their time, by actively participating in the organization's day to day activities or for a special event.

Communicate to your donor how important they are to your cause and to your organization's work. **Communicate, communicate, and communicate!**

But remember however, that in fundraising communication should be a two-way street. Do not talk *at* your donors, as this can come across as condescending and off-putting. Rather talk *to*

them. But most importantly listen to them. Listen to what they have to say, and especially to how they feel.

Remember that ultimately, fundraising is not about the money. It is about recruiting people to help you on your journey to making our world a better place. And that although good relationships aren't always easy, in life as in fundraising, they are worth it.



The Sales Process & Fundraising

This chapter introduces you to the sales process and proposes using it as a way to deal with individual donors. It is a process that consists of 7 steps and is implemented in the context of the fundraising process. Which as previously discussed in chapter 1 is also known as the fundraising lifecycle, the moves management cycle or simply as a series of development activities.

Keywords & Definitions:

Sales Process – A sales process is a systematic approach involving a series of steps that enables a sales force to close more deals, increase margins and make more sales through referrals.

Before the Process

The sales process is a series of steps or actions undertaken by a salesperson in order to make a sale and above all keep contact with the customer in order to make more sales in the future. Put otherwise the salesperson tries to not only sell a product or a service to the customer but also to build a relationship with the customer so as to make sure that the latter comes back to him or her in the future for more of this (and others if necessary) product or service. Which is basically what a fundraiser hopes to do as well. The aim of a fundraiser should be to connect with prospective donors and share with them the reasons why they should join in on the chance to make the world a better place by making a donation, and preferably on a continuous basis.

This specific process, which is credited to authors David Jobber and Geoffrey Lancaster, consists of 7 steps and will be explained in terms of fundraising. The aim of using this process is to make your life simpler by providing you with a guide of some sorts for when approaching individual donors. The steps are the opening, need and problem identification, presentation and demonstration, dealing with objections, negotiations, closing the sale, and follow up.

What was brought up as development activities in chapter one is also known as the fundraising process, the fundraising lifecycle, or the moves management cycle. This is the context within which you are working. Every point of contact with the donor would take place in what I like to call phases or stages of the fundraising cycle. I prefer to refer to it as a cycle rather than a process because that clearly indicates that it is non-ending, and should be done continually over an individual's lifespan as a donor.

The Fundraising Cycle.

Identification	Identifying prospective donors
Qualification	Choosing prospective donors
Cultivation	Engaging prospective donors through various communication methods
Solicitation	Asking for the donation
Stewardship	Sustaining the relationship

The sales process that will be detailed shortly is to be implemented throughout the cycle. The cycle is made up of phases or stages, and they are identification, qualification, cultivation, solicitation, and stewardship. The identification and qualification phases are equivalent to the sales practice of prospecting, which is often seen as the actual first step of the sales process. Therefore the sales process is to be implemented from the cultivation phase onwards.

The Sales Process in the Context of the Fundraising Cycle.

	Identification	Qualification	Cultivation	Solicitation	Stewardship
The Opening					
Need & Problem Identification					
Presentation & Demonstration					
Dealing with Objections					
Negotiations					
Close the Sale					
Follow Up					

The prospective donor is identified and qualified based on three criteria, the A, B, and C.

A = Ability to make a donation of the size you're seeking.

B = Belief in the cause you're championing or a similar one.

C = Contact with someone within the organization, or with someone that someone in the organization knows. Or they might already be a donor.

If someone fits in all three categories, then you have yourself a prospect! Someone belonging to two or less categories is considered a potential prospect or a suspect.

The Process

The duration of this process varies from donor to donor and depends on the donor, their ability to give and the relationship that emerges overtime between donor and fundraiser.

Step 1. The Opening

Step 1 is the opening. The donor has already been identified and qualified, in other words thoroughly researched, and now is the time to approach them. This is the moment where you first come in contact with the donor. This step is the most crucial of all, as the first contact has the potential to leave a lasting impression on the donor.

There are a few different ways to reach a donor, and depending on the amount being sought as well as who this person is to you, using a combination of two or more of these communication methods can be useful. The first thing to do would be to send an email or a letter. This should be followed by a phone call. And lastly, a face to face meeting should take place.

- The letter or email, has to be **brief** but long enough to raise the prospective donor's interest. The letter or email is an **introduction** to the fact that you will be asking for the donor's time to discuss the possibility of contributing to your organization.
- A phone call follows the letter or email. **Prepare** for the call by doing **research** on the donor. **Rehearse** what you will say, and ready yourself for all possible objections and or questions that might and probably will arise. We will further discuss objections when discussing step 4. Two outcomes are possible with a phone call, you either reach the person or you don't.
 - If you do not reach the person and get a secretary, family member or an answering machine instead, leave a message. Try at most 2 more times after the first time you cannot reach them. If after the third call you still cannot reach the donor and they have not gotten back to you, move on. Your time is valuable.
 - If you do reach the donor, begin by introducing yourself and your organization and by asking them if they have time to speak with you.

Ex: "Hello, this is Gina from the Street Children Empowerment Foundation, is this a good time to talk?" or "Hi, this is Lawrence from SCEF, do you have a few minutes to speak right now?"

Once you've introduced yourself and they've agreed to speak with you, get straight to the reason why you're calling. Which is not to ask for a donation but

rather to set up a face to face meeting where “selling” your organization will be made much easier by things such as body language and facial expressions.

- If the call goes in your favor, you would have secured either a call back or a face to face meeting. The first thing to remember is that if the prospect has agreed to speak with you again or to meet with you, then that means that they are already somewhat interested and that the answer to your request will not be an automatic no. Your job now becomes to entice them to say yes. The meeting can be attended alone or with a board member or another colleague so as to fill in where you may lack the necessary knowledge. If attending the meeting in pairs, each person should know their role.
 - **Prepare!**
 - Act and appear **confident** and **enthusiastic**. Anxiety and nervousness can be sensed.
 - Be **businesslike**.
 - Small talk is allowed in the beginning but stay on task and **get to the point** of the meeting.

Step 2. Need and Problem Identification

The second step is for you to discover who your donor is and what they value and expect from you, from your organization, from life. Well not really from life, but you get my point. Get to know them, and as fast as possible. The research that you would have done should have yielded a few nuggets of information about who they are but it is only by talking to them and with them that you will get to see who they really are, what they value and what they want out of a relationship with you and your organization.

The meeting can be used to discover what the prospect’s needs, perceptions, wants and values are. But this is a continual process. And if a prospect is converted into a donor, and hopefully a long-term one, these are things that you will continue to uncover as the relationship between you and the donor gets more intimate.

The best way to identify needs and problems is to get the prospect talking. And you achieve that by asking **open-ended** question, and most importantly **listening** to the answers.

Let's imagine that we are still in the meeting described in step 1. Here are some examples of questions that can reveal more about the inner workings of your prospect.

- Ask the prospect about what they know about your organization.
- Ask them how they stay updated about issues your organization works on
- Ask them what other issues are close to their hearts
- Ask about other charities they support
- Ask about why they've started donating or if talking with a first time donor, what drove them to donate to charities

Asking open-ended questions is a great way to get your donor talking. But so is asking for advice and opinions. So for prospects who are familiar with your organization, the following questions are a good way to see what they think of your organization.

- Ask about where they think you could improve
- Ask them about what they think about how often you communicate with them
- Ask about what they think the organization's reputation is in the community

Remember, ask your questions, be quiet and then listen attentively as your prospects tells you all that you need to know about them.

Step 3. Presentation and Demonstration

The third step is the presentation and demonstration. The step where you make your case for the organization. In the instance that the prospect is not familiar with you organization, you could make an actual presentation of the organization. Its origins, what kind of work it does and for whom, as well as current and future projects. A good tip in making the presentation is to make it so that your enthusiasm about the work you do jumps at the donor. Instead of reciting a presentation word for word, incorporate some of your experiences as a member of the organization and some of the reasons why you joined in the first place. Make your presentation personal and relatable.

Ex: Instead of "The organization was created in 2010 by Paul Semeh..." you could say things like "I was and still am so determined to make a difference in the lives of street children that I..." or "I am excited at the thought of all the upcoming projects we have planned..."

Making your presentation personal will show the prospect that he or she is dealing with enthusiastic and passionate people working hard to make a change.

Step 4. Dealing with Objections

Objections refer to any concern, question, or excuse the prospect might have or might come up with and they are almost inevitable. Learning how to deal with them is therefore of the utmost importance. But it is also necessary to recognize that objections are not always negative. They can actually signal the donor's interest or need for more information.

The number one step to dealing with objections is to be prepared. Before coming into contact with the prospect, not only should you do research on them as an individual but also come up with as many alternatives to how your exchange with the prospect might play out. Think about all the possible objections that might be brought up by the prospective donor and try to find solutions for them. But beyond your initial fear and nervousness at having to deal with a prospect's objections you should remember that objections are really just nothing but opportunities in disguise. However it is also very important to keep in mind that if a prospect says or does something offensive or something that does not align with your organization's values, you should not compromise your integrity or that of the organization just to secure the gift.

When you get an objection, don't get anxious, get curious! Try to get as much clarification as possible about the objection itself and the feeling behind it, by asking more questions without getting defensive. This shows the prospect that you're interested in them as a person and not only their money. Be accepting of the fact that this person is feeling some hesitation at the thought of eventually having to donate some of their hard earned money to your organization. Here's a quick process for tackling objections.

1. Upon hearing the objection, repeat it as a question to the donors to clarify it and then jot it down. Then ask if the prospect has additional concerns or questions.
2. Repeat 1. For as many objections as the donors has.
3. Once you've gotten a complete list of objections, repeat them all to the prospect and then begin discussing them one by one.

The following list gives you a few common objections and how you can counteract them.

- **Objection 1**

Donor: "I don't have time right now"

You: "I totally understand. When would be a better time to reach/call you back?"

- **Objection 2**

Donor: "That's a lot of money you're asking for"

You: "It is indeed a lot of money, but remember that your gift can be spread over a couple, or at most three years. And it would make a tremendous impact on the lives of our beneficiaries."

- **Objection 3**

Donor: "I can't afford the amount that you're asking for"

You: "What amount can you afford? Let's meet up and talk about this further. And then you can make a decision."

- **Objection 4**

Donor: "Money is tight at the moment, and there is no possible way for me to give any out."

You: "I totally understand your situation, but I would still like to meet with you/speak with you to discuss any other way you would like to be involved with our organization:"

- **Objection 5**

Donor: "I support a lot of other organizations and causes and I just don't have more money to give out"

You: "First I'd like say that I understand and I want to thank you for your generosity and thoughtfulness. Secondly, what are your donation plans for next year or the next few years, and could you consider us then? We could meet up to/I could call you to discuss this further."

Step 5. Negotiations

The 5th step of the process is negotiations. When fundraising from individual donors, many would prefer to let the prospect decide on the amount of money they would like to contribute.

Big mistake! Most people will always volunteer a sum that is much lower than what they can actually afford. Therefore it is important for you, board members, other staff members, whoever else doing the fundraising to go in with a specific amount. Not only that, but it also advised to go in and propose an amount that is significantly higher than your needs but still within the prospect's range of possibility, so as to balance out a prospect's tendency to offer an amount that is well below their capabilities.

Negotiating comes naturally to professionals in the sales world, for fundraisers unfortunately, not so much. Shaun G Lynch, a Canadian philanthropic marketing and fundraising extraordinaire, lists a few common fundraising negotiation mistakes and how to remedy them.

- Ignoring the prospect's issues and objectives. Your objective is to get a gift. But what about your prospective donor's objective? You have to pay attention to what your donor wants and based on that, put together a proposal.
- Allowing the amount of the donation to overshadow every other interests. Putting too much emphasis on the money and not enough on building the relationship can impact the negotiations in a negative way.
- Allowing differing positions to reduce, or in the worst case scenario, kill interest. The donation amount that you have in mind is probably different from what your donor has in their mind. Let that be an opportunity for you to bridge that gap by trying to understand what your prospect wants by asking questions and listening attentively.
- Failing to see opportunities in yours and your donor's differing interest. Don't try too hard to find a common ground. Doubts, objections and concerns are also opportunities for you to win your donor over.
- Viewing a prospect's refusal to give at the moment as an ultimate failure. This same prospect can down the line change their mind and decide to fundraising or even help you to solicit other people in their network.

A rule of thumb in negotiations should be to see to your donor's need without overlooking your own. And whether or not step 5 leads to step 6, treating the donor with respect and understanding can go a long way as they might bring up someone more capable of giving if unable to themselves or donate in the future if their circumstances change.

Step 6. Closing the Sale

The process nears its end with the sixth step, closing the sale. If you've made it this far in the process, high five! **Great job.** But stay focused because this is the moment of truth and you will need all of your attention and concentration on communicating to the donor how important their contribution is and the amazing impact it will have on the lives of your beneficiaries.

If this is taking place in the context of the face to face meeting, summarize all that has been discussed in a few sentences with an emphasis on the organization's campaign/project/activity the gift is being asked for. If the close is being done outside of the meeting context, similarly remind the prospect of the goals of the campaign/project/activity the funds are being raised for and stress the important value of the work your organization does and its powerful impact on the people you serve.

Once that is done, ask the donor for exactly the amount you want. And then wait for their answer. The donor will answer you in 6 possible ways, or in variations of these 6 ways.

(Also see: Dealing with objections)

1. "Yes, I'll donate."

With this answer thank the prospect and discuss how and when the payment will be made. Once that is settled, thank them again and take your leave.

2. "I would love to contribute but the amount you've asked for is too much."

This answer is basically a yes, however for a smaller amount. Ask them how much they would rather contribute, do not bargain with them and once you've reached an agreement follow the steps in answer 1.

3. "That's a lot of money you're asking for."

Agree with the prospect and point out that that was the reason why you turned to them especially (yes, stroke their ego) and not someone else and why it was important to meet in person in order to ask for the gift. Be quiet and wait for their response.

4. "Can I get some time to think about it?"

Pushing an indecisive prospect might result in a definitive no, so do give them the time

they need to consider the details of your offer. Ask them if you can provide any more information that would help them while thinking about it and set a specific time for the prospect to provide you with a final answer.

5. "I need to discuss it with my spouse/partner/third party."

This means that the prospect will have to consult either their spouse, partner or any other party involved in the decision making. Ask the prospect if you can clarify any doubts, questions or objections their spouse/partner/third party might have. Once you've answered those if there are any, set a specific time for when the prospect will be talking with their spouse/partner/third party and for when you can contact them for a final answer.

6. "No, I won't be donating."

This means no. If the prospect does not volunteer an explanation for their 'no', ask them to tell you a little bit more about why they are saying no. However, don't try too hard to convince them or change their mind as that might come off as disrespectful. Accept their answer, thank them for their time, and take your leave.

Step 7. Follow Up

The follow up is one of the most crucial steps of the process. Every one of the 7 steps are important but this last one is particularly so. Because it is with this step, which begins the stewardship phase of the fundraising cycle, that you really get to grow and strengthen the relationship that has been created all along this process between the donor and yourself (and the organization).

Right away after the face to face meeting with a prospect or the solicitation from a long time donor, send a thank you note, card, letter or email to the person regardless of the answer they gave you. If their answer was favorable, you should send out another thank you note after the gift has been received. But this shouldn't be the extent of your stewardship activities. The goal of fundraising is to build relationships that will stand the test of time and where the donor's donation is the first step to cementing this relationship, further donor engagement activities are required to retain them in the long term.

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