COLUMNS
FUNDRAISING

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Certified Fund Raising Executive (CFRE) Exam Study Group
Meeting at the Atlanta Habitat for Humanity

Leadership & Management (19% of total scored items of exam)

Discuss *actively* the following eight points. This won't be a 90-minute lecture. What have you learned from previous course work, what has been your experience, or what is your opinion of the following?

1. **How do we foster and support a culture of philanthropy across the organization and its constituencies?**

    - Comes from the Board or Boards' chairs
    - Comes from the organization's CEO
    - Finance Committee to set and review budgets?
    - Investment Committee to set and review investment policies?
    - Don't get too hung up on policies and procedures. Sure, one needs a gift acceptance policy, but don't spend so much time crafting policies that you don't fundraise.
    - For CFRE exam: Board's role in Investment Policies:
        Parameters for rate of return
        Who makes investment decisions
        Where and how funds are to be invested
        How gifts of stock are handled
        What types of gifts and gift restrictions will or will not be accepted
    - For CFRE exam: Board's role in Management Policies:
        Giving instruments
        Gift negotiation
        Conflicts of interest
        Hierarchy of interests
        Use of legal counsel
        Use of other external consultants/experts
        Avoiding pressure tactics in solicitations
        Establishing safeguards for maintaining confidential info
        Establishing timing of payments on pledges
        Final disposition of testamentary gifts
        Meeting taxing authority requirements

2. How do we ensure sound administrative and management policies and procedures to support fundraising functions?

- IRS Form 990, and hospitals also have Schedule H
- Annual Community Benefit Report, filed with Sch. H
- Community Health Needs Assessment every 3 years
- Conflict of interest statements for officers and boards' members
- What sorts of minimum policies and procedures must we have in a small shop? (audit trail: who opens gift envelopes, who makes deposits, who enters gift data)

3. How do we participate in the organization's strategic planning process in order to ensure the integration of fundraising and philanthropy?

- Is the top fundraising person part of the "cabinet" or "executive/leadership team"?
- Does the organization have a strategic plan? Values, Mission, Vision
- For CFRE exam: 3 type of plans: Strategic, Marketing, Development
- Have you engaged the stakeholders in crafting or monitoring the plans?
- Do you have a Development Plan?
- What factors impact development plan success
  - The organization's reputation and credibility
  - Urgency of the case
  - Availability/readiness of volunteers
  - A well-researched prospect database
  - Thorough pre-campaign planning
  - Outside assessment of readiness
  - Readiness of the development office

4. How do we design and implement short- and long-term fundraising plans and budgets in order to support the organization's strategic goals?

- 1 year, 3 years, 5 years (if comprehensive capital campaign)
- Match the budget to the Development plan for the same period
- The budget document should demonstrate a direct relationship between the dollars spent and the monetary results obtained
- Have appropriate monitoring points and benchmark points: monthly, qrtly, 6 mo.
- For CFRE exam: 2 kinds of budgets: Prior-year budget & Zero-based budget (discuss the two)

5. How do we apply key principles of marketing and public relations to fundraising planning and programs?

- We must remind ourselves that asking people for money raises money—all the PR and marketing in the world won't bring in gifts by themselves
- Our organization may need a PR and marketing plan more so than we do in the development office

6. How do we conduct ongoing performance analysis of the fundraising program using accepted and appropriate standards in order to identify opportunities, resolve problems, and inform future planning?

- What's the hardest part of our job as head of a fundraising unit or head of all development? Perhaps it is that we have to be a leading fundraiser (closer) ourselves and also coordinate all the activities of our paid and volunteer colleagues.
- For CFRE exam: 7 sources of information for evaluation:
    Job descriptions,
    Annual performance expectations
    Action plan and timetable
    Department budget
    Prospect records and system
    Donor records and system
    Results reports
- What is FASB, GASB, GAAP?
- ROI (Return on Investment) = Earnings / Investment
- Costs of fundraising
- Fundraising Efficiency Ratio = Fundraising expenses / total contributions
- Program Services = GAAP says, "the activities that result in goods and services being distributed to beneficiaries, customers, or members who fulfill the purposes or mission for which the organization exists."
- Supporting Services = management/general, fundraising, membership recruitment, and all activities other than Program Services
- Net versus Gross. One can work pretty hard on a special event and net zero.
- Benchmarking via AFP and AHP
- Donald G. Myers' monthly measures of Major & Planned Gift Officer productivity:
    Identification/Qualification: 4 people per month or 20% of time
    Cultivation: 6 people per month or 30% of time
    Solicitation: 6 people per month or 30% of time
    Stewardship: 4 people per month or 20% of time
    Total: 20 visits per month—which means one needed 24 visits arranged, as 4 "melt"
- Evaluating Staff Performance
    Establishing an organization-wide performance evaluation system
    Regularly conducting evaluations (feedback needs to be timely)
    Handling disruptive/negative behavior

7. How do we recruit, train, and support staff by applying human resource principles in order to foster professionalism and a productive team-oriented work environment?

- "Rounding for Results" from Quint Studer's book "Hardwiring for Excellence" (www.studergroup.com)
- For CFRE exam: Defining staff structure to meet goal:
  - Assessing current status against the development plan
  - Examining resources—those present and those needed
  - Making decisions about building organizational capacity
- Evaluating existing staff expertise
  - Assessing staff skills, knowledge, and expertise
  - Examining staff interactions and relationships within the organization
  - Determining current levels of staff teamwork and other success factors
- Planning to acquire new staff
  - Defining the skills/expertise gap
  - Determining what is needed to support the development plan
  - Gaining support of the board of directors or CEO for expansion
- Recruiting new staff
  - Be familiar with organizational policies, procedures concerning staff recruitment
  - Identify the most effective vehicles for announcing the position opening
  - Publicize the opening and follow up on inquiries
- Processing applicants (determine who'll interview and who'll make final decision)
  - Determining a system for processing applicants
  - Identifying candidates to interview and who will be interviewing them
  - Conducting appropriate interviews
  - Offering the position to the top candidate
- Orienting new staff
  - Establishing a formal orientation process
  - Determining what should be included in every new hire orientation
- Ongoing staff training
  - Committing time and resources to formal staff development program
  - Determining areas for staff training
  - Identifying internal and external sources of training
  - Encouraging staff participation
- Building and Enhancing Teams
  - Creating and maintaining effective teams
  - Developing agreed upon team norms
  - Utilizing staff meetings as team-building activities
  - Handling disputes and other conflicts

8. How do we know if we need to contract for services (hire outside consultants or vendors) in order to optimize the efforts of the fundraising function?

- When to use consultants
- When not to use consultants
- Before any relationship begins
    - Clear understanding of need
    - Timeline, budget, staff roles, and desired outcomes
    - Agreement to provide information/access
    - Process to ensure consultant understands critical issues
    - Organizational commitment to the process, the time it will take, and follow-through
- What can be outsourced?
    - Prospect research
    - Development audit
    - Facilitation of planning activities
    - Direct mail operations
    - Marketing activities
    - Planned giving program?
    - Permanent fund management
    - Campaign counsel
    - IT/technology matters
    - Proposal development
    - Organizational assessments
    - Campaign feasibility study
    - Campaign counsel
- Find the right partner
    - Know what you need
    - Cast a wide net for recommendations
    - Develop request for proposal (RFP) according to organizational guidelines/policies
    - Assess organizational "fit"
- Managing the relationship for success
    - Clearly define the scope of work
    - Single organization contact
    - Clarify roles and responsibilities, including oversight, follow-up, and follow-through
    - Monitor the work and maintain regular communication
    - Anticipate challenges and plan for avoiding them