

The Nonprofit Board's Pivotal Role in Philanthropy

By Barbara L. Cicone and Roberta A. Healey

The financial challenges nonprofit aging-services providers face are many and complex. Among our goals are delivering high-quality services, maintaining excellent physical plants, remaining as affordable as possible and complying with myriad regulations. These goals create significant fiscal challenges. Federal, state and local regulatory requirements often add significant fiscal requirements that we cannot or will not pass on to consumers. Meeting these challenges requires maximizing each ethical revenue stream in a manner consistent with our mission and culture.

In operating our programs and services, we can rely upon three revenue streams: fee for service, government contracts and philanthropy. When we effectively integrate all three in our business plans, we maximize our ability to deliver high-quality services, maintain excellent physical plants and remain as affordable as possible while complying with regulations.

Philanthropy is the one revenue stream, available only to nonprofit providers, that many organizations have not yet integrated fully into their strategic and business planning. Maximizing philanthropy as a revenue stream is contingent on a board-staff partnership dedicated to building relationships with generous donors who share the organization's mission, vision and values.

Recruiting Your Board

Board members shape the public's perception of our agencies through their actions, reputations and leadership abilities. Trustees who successfully fulfill their responsibilities in raising funds insure the present and future of the organization. Enthusiastic, dedicated and skillful board involvement is critical for success. When recruiting new board members or evaluating current members, BoardSource, formerly the National Center for Nonprofit Boards and

among the most widely respected resources for effective nonprofit governance, states it is important to remember that effective boards include individuals with:

- **Influence** – who attract attention and support
- **Affluence and generosity** – who have means and are generous, will make personal gifts, and will help secure institutional gifts
- **Wisdom** – who have talent and business/civic acumen
- **Action and enthusiasm** – who will advocate and act, not merely sign letters
- **Tenacity and persistence** – who will follow through, so essential for success
- **Wit and humor** – who keep in mind that every task is easier with a smile and a sense of humor

The Board's Role in Fundraising

Trustees may be nervous about fundraising – not because they cannot do it, but because they are unsure how to do it. Successful fundraising is 90% cultivation - 5% asking and 5% thanking (stewardship). Competent, enthusiastic volunteers who are members of governing boards must be able to confidently, effectively and passionately advocate for the mission. Each trustee can participate in donor cultivation, which is simply advocacy for the mission.

Most importantly, people give to people – especially people they know well! Organizations thrive when qualified, committed board members set the pace by giving generously and personally asking others to join them.

The following is cited in Ten Basic Responsibilities of Nonprofit Boards (Ingram, 2003), one of the many BoardSource publications:

“ENSURE ADEQUATE RESOURCES: One of the board’s foremost responsibilities is to provide adequate resources for the organization to fulfill its mission. The board should work in partnership with the chief executive and development staff, if any, to raise funds from the community.”

Often, organizations will focus only on recruiting well-connected, affluent individuals for their boards. According to *Hank Rosso’s Achieving Excellence in Fundraising* (Tempel, 2003): **[NOTE TO AUTHORS: Is this (Tempel, 2003) the correct citation? None was given. If not Tempel, please provide citation here and for the Selected Bibliography.]**

“[I]n the hope of merging these individuals’ social and charitable interests, this type of fundraising board would collect money from wealthy peers, business associates, and exclusive club contacts to benefit the agency. Though genuinely concerned about the cause, this type of fundraising board is bound more by an institution’s current cachet than by the task of meeting mission objectives, institutionalizing values and idealism and ensuring services for the future.”

Eugene R. Tempel, executive director of the Indiana University Center on Philanthropy and editor of *Hank Rosso’s Achieving Excellence in Fundraising*, states:

“[A] more contemporary and more accurate image of a fundraising board is a group of individuals who seek to build an institution, establishing and sustaining a record of mission accomplishments. This eager board recognizes and seizes development opportunities and new sources of support. Such a board is willing to invest, ready to act and determined to engage, cultivate, invite support and celebrate its fundraising success. Though constantly thinking of fundraising opportunities — such a board is not mercenary — it is missionary — and it reflects the larger constituency of the organization.”

Due to today’s competitive philanthropic environment, the type of board Tempel describes is critical to an organization’s fundraising success. It is not

uncommon for individuals, foundations and corporations to ask organization representatives what percentage of board members currently makes annual gifts and what percentage contributes to the agency’s capital campaign. An organization that cannot state that 100% of its board gives will find that a growing number of prospective donors and funders will not respond positively to its request.

In *The Board Member’s Guide to Fundraising* (1991), nonprofit governance consultant and author Fisher Howe observed:

“The Board must establish the organization and procedures to get the fund-raising job done. In turn, board members must be involved individually and personally. If an institution is having trouble raising money, don’t look to the development office; don’t look to the chief executive; first check out the board of Trustees.”

That advice remains true today.

Assessing Your Board’s Involvement in Fundraising

Although organizations understand the importance of trustee involvement in fundraising, they often do not make this expectation clear when recruiting board members. In addition, few training opportunities are offered to make board members feel more confident in their fundraising role.

To help you assess your board’s level of involvement in fundraising, answer the following questions:

- Do board members have a clear idea of their roles and responsibilities?
- Were they told they are responsible for raising funds before joining the board?
- Do they know they are expected to make an annual gift?
- Do board members know the organization’s mission, goals and objectives, programs and financial needs?
- Are there established board committees, including a development or fundraising committee?

- Are there opportunities to train the board in fundraising?
- Is the board chair, development committee chair or a key volunteer willing to take the lead in fundraising?

Often, it is clear from the responses that board members are not involved in fundraising because they were not properly informed of their duties prior to joining the board, have not been educated adequately about the organization's mission, programs and financial needs, and have had little or no fundraising training.

Another excellent tool is a self-evaluation checklist for board members to use to determine how they are fulfilling their responsibilities. Examples of questions to be included on the checklist are as follows:

- Do I make generous gifts, relative to my means, that are commensurate with my leadership role as a board member?
- Do I refer prospective individual, corporate and foundation donors?
- Do I regularly share the organization's mission, vision, programs and services with personal and professional friends?
- Do I sign or write personal notes on solicitation letters and thank-you letters, as appropriate?
- Do I promote, support and attend cultivation and fundraising special events?
- Do I attend board and committee meetings and keep current on programs, projects and progress?

If board members cannot answer yes to all these questions, then a deliberate plan to change understanding, expectations and behavior – literally a change in culture – must precede fundraising success. When the culture change has led to a transformation in behaviors, a culture of philanthropy will exist within the organization and enhance the ability to fulfill the fundamental mission.

How to Build a Fundraising Board

G. Worth George, in his BoardSource publication, *Fearless Fundraising for Nonprofit Boards* (2003), states:

“Board leadership and participation are essential to successful fundraising. Raising money is also a great deal of work and a true partnership between board members and key staff. Board members' roles are multifaceted – they serve not only as strategists and policy makers, but also as individual solicitors.”

As noted earlier, developing a fundraising program and maximizing philanthropy as a revenue stream is contingent on a board-staff partnership dedicated to carefully building relationships with generous donors who share the organization's mission, vision and values. The following steps illustrate how such a partnership between board members and staff can be forged:

Step One

First, work with the board committee responsible for identifying and recruiting new board members. For some organizations, this committee is known as the “Nominating Committee.” For others, the title “Board Development Committee” is now used and includes not only identifying and recruiting new board members but also reviewing and evaluating current board members' service. No matter what title is used, one needs to understand that this committee is extremely important to building an effective nonprofit organization.

For this committee to recruit individuals who will assist with fundraising, it needs the following:

- A written document outlining a board member's roles and responsibilities clearly stating the board's role in fundraising and expectations for giving
- Staff and volunteer suggestions for new board members who are current donors, volunteers and community leaders with experience in fundraising
- A chairperson who understands the importance of adding board members who have affluence and influence among different

populations and a commitment to the agency's mission

- A board that embraces the importance of the above and makes implementation a priority

Step Two

Another way to build a fundraising board is to work with several current board members who are participating in fundraising-related activities to serve as examples to other board members. Ask them to share their experiences at board meetings about calls and meetings they have had with prospective and current donors, especially if their contact resulted in a contribution or increased gift.

By taking the mystery out of what “fundraising” means, often you will discover that some of the more reluctant “fundraisers” will understand that they, too, could do what John or Jean is doing for the organization. Be certain to publicly thank these board members for their fundraising assistance. This effort certainly builds confidence among board members.

Step Three

Board members do respond best to other board members rather than staff. For that reason, it is important to create a development committee of the board that can take the lead in fundraising efforts. It can provide peer support to the board. The development committee:

- Works with staff to develop the fundraising plan and necessary policies and procedures for fundraising
- Educates the board on program plans and the funds needed to implement plans
- Reports on the status of fundraising activities at board meetings
- Helps train the board on activities to raise funds
- Solicits board members for their gifts
- Identifies, cultivates and solicits major gift prospects

Keep in mind that the development committee can

also include non-board members. Invite special-event volunteers, current donors and community leaders to join the committee with the specific purpose of raising funds for the organization. Active development committee members are excellent candidates for the board.

Motivating Board Members

Board members who have the necessary information, education and training will be more assured and confident and have greater success in raising funds for the organization. Here are eight key recommendations to motivate even your most reluctant board member:

1. Identify the organization's expectations for board members.

Keep in mind board members' primary family and professional responsibilities when identifying expectations for what they should do for the organization. Be realistic. Do not expect board members to perform functions that are more appropriately and effectively performed by staff.

2. Outline roles and responsibilities in a written board position description.

A staff person would not accept a position without seeing a job description. This is also true for board members, who should be able to review the specific roles and responsibilities of board service before making a decision to join the board. Be certain you include the role of the board in fundraising and giving to your organization.

3. Educate board members that development is a process of building relationships, not just asking for gifts.

Most board members see fundraising and development-related activities as only asking for money. Educate your board members that development is the process of building relationships and fundraising is the number of activities we use to ask for funds – direct mail, telephone, in person and online. A board member can do many things essential to fundraising in advance of any type of solicitation. Examples include:

- Inviting someone to an event
- Making a thank-you call
- Adding a personal note to an appeal letter
- Arranging for the executive director to meet with a business or community colleague to educate that individual about a particular need addressed by the organization

4. Illustrate how fundraising is directly related to the mission, programs and services of the organization.

Staff and board members do not solicit funds just for the dollars. Instead, funds are solicited to support the specific programs and services that fulfill the organization’s mission. Be certain board members know which programs and services are priorities for organizational fundraising during a certain period. Linking funds raised to the ability to implement programs and services is an effective way for board members to understand and tell the story of the organization’s financial needs in a donor-focused manner.

5. Provide the necessary tools and information for board members to carry out their fundraising duties.

It is important to create a “solicitor’s kit” that includes materials and information board members can use. A typical solicitor’s kit includes:

- A brochure articulating the organization’s case for support
- Information on how to make a gift – to whom to make the check payable, how to make a gift of appreciated stock, whom to contact at the organization if additional information is needed
- Pledge card/envelope
- Information on prospects to be contacted, e.g., past giving, programs and services supported and involvement with the organization

6. Train board members in the basics of fundraising methods and best practices that ensure greater success.

A half-day board retreat is an excellent way to introduce fundraising basics. Training, however, should not conclude with the retreat. It should be incorporated into regularly scheduled board meetings to continue the board’s knowledge and education in fundraising.

7. Use the development committee to encourage and coach members in their duties.

Keep in mind that board members respond best to peers – the development committee or individual members of the board.

8. Recognize and reward board member and volunteer efforts.

All of us respond to being recognized and thanked for what we do. This is also true of your board members!

Conclusion

Maximizing all available revenue streams is essential for success in today’s competitive environment, yet philanthropy remains an underutilized revenue stream for many nonprofit aging-services providers. Successful implementation requires a commitment to invest appropriately in building a volunteer and staff infrastructure that can lead to long-term success.

Board members who understand and fulfill their pivotal role in implementing a successful development plan are indispensable. Through integration of the basic components of a development plan and appropriate board development strategies, nonprofit organizations can effectively position themselves to maximize philanthropy as a revenue stream in their overall business plans.

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Internet Resource

BoardSource – www.boardsource.org

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