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INSTITUTE FOR  
SUSTAINABLE PHILANTHROPY

DEVELOPMENT  
PLANNING RESEARCH

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*A User's Guide*



BUILDING NONPROFIT EXCELLENCE THROUGH EFFECTIVE FUNDRAISING

# INTRODUCTION

A new study by Dr. Adrian Sargeant and the Institute for Sustainable Philanthropy explored the role of development plans in an organization's fundraising success. A previous survey conducted by Third Space Studio correlated a link among a small sample of nonprofits. Furthermore, we know from anecdotal evidence that organizations that draft written fundraising plans tend to have more consistent results of growth and success. But, what else contributed to that success? Was it just having a development plan? This study is the first of its kind exploring how planning contributes to fundraising results. Not only does it assess how much the act of planning and the written plan itself contribute to a nonprofit's fundraising results, it takes a wider view to determine the other factors that play a role in a nonprofit's fundraising thriving.

The overall conclusion was that there is a strong relationship between the degree to which an organization had a formal annual strategic fundraising planning process in place and whether that nonprofit was successful in meeting its fundraising revenue goals. But there were other elements that played equally important roles in annual fundraising success.

## A RECIPE FOR FUNDRAISING GROWTH INCLUDES:

1. Fundraising Culture
2. Data-informed Planning
3. Commitment to the Plan
4. Senior leadership/Board Involvement

# INTRODUCTION

## THE GOOD NEWS

The majority of the more than 300 nonprofits around the world that were surveyed stated that they used a development plan to chart their fundraising strategy and felt that having the plan contributed to their fundraising success and growth each year.

## THE BAD NEWS

More work needs to be done to develop the other qualities of fundraising success, such as the organizational mindset toward fundraising, senior leadership buy-in to this culture, and regular tracking of metrics and accountability standards.

## HOW DO WE AS FUNDRAISERS USE THIS REPORT TO PUT OUR OWN ORGANIZATIONS ON A PATH FOR FUNDRAISING GROWTH?

## FACTOR

# #1

## CULTURE

“Culture eats strategy for breakfast” rings true as the leading ingredient in a nonprofit’s fundraising success. In this case, culture pointed to an internal and external mindset. Internally, a strong fundraising culture is one in which the entire team understands fundraising is about building long-term relationships with donors. The external mindset is how a nonprofit tells its story built on a case for support that stems from the wider mission and vision of the charity not just what and how it does its work.

The internal culture of philanthropy covers a few areas. Many organizations felt that they had room to grow in building the right conditions for a strong culture of philanthropy. So, let’s dive into this a little further about what an ideal culture for fundraising really means.

First, how we think. Teams understand that fundraising isn’t just about raising money. It’s about building connections with donors who want to invest in a nonprofit’s vision for change and solutions. This perception is embodied in donor communications that invite people to invest in a vision, authentically thank and celebrate the donors philanthropic support, and provide regular updates that report back on the progress the nonprofit is making in its overall work.

Then, who fundraises. Fundraising is seen as a department to invest in and nonprofits with strong internal cultures of philanthropy view fundraisers as professionals with a dedicated skillset. Having fundraising capacity is essential as is continued professional development and training that are included in annual budgets.

Next, the organization’s mindset. In psychology, there are growth and fixed mindsets of humans. And when it comes to setting a fundraising plan, the organization’s own mindset comes into play. Nonprofits that have written plans are more likely to want to improve the efficiencies of their current fundraising

## FACTOR

# #1

(Defenders) with some inclined to favor innovation and new ways to fundraise (Prospector). Nonprofits that stated they did not have a written plan were more likely to be reactive to external factors which did not enable them to sustain or scale their activities (Reactor).

Finally, everyone's role. Organizations that have strong culture of giving are reflected in everyone understanding they have a role in creating a donor experience with the nonprofit. It's not just about the fundraisers. This is especially true for senior leaders and boards who accept their own ownership to build and steward donor connections. Boards agree to play an active role in fundraising based on their interests and abilities.

And then there's the external culture. The organizations with a plan were more likely to have a strong case for support that built messaging around the nonprofit's vision—it's "why" for existing. But it wasn't just why that organization existed that drove donor support. Donors were inspired by a case that explained how their gifts helped solve a problem and what would happen without them. Their messaging was distinctive, compelling, and emotional—three factors that philanthropic psychology attribute to strong donor communications.

Not surprisingly, nonprofits that reported having a fundraising plan were more likely to have philanthropy as a core value, see fundraising as a profession, have strong involvement by their boards in fund development, and have a strong case for support. In fact, in a previous study, organizations whose leaders intentionally focus on creating a strong internal culture of giving and fundraising are more likely to double, triple, or quadruple their fundraising revenue over time (Sargeant and Shang, 2013).

### Questions to consider

1. Do you have the fundraising capacity—staff and budget—that you need to raise money? If not, why not (besides not having the funds)? What internal obstacles or preconceptions must you address in order to invest in fundraising bandwidth?
2. Does the entire organization—especially senior leaders and board members—understand their role in creating a welcoming and authentic relationship with donors? If not, what do your senior leaders and board members need to feel more confident and interested in play some role in donor engagement?
3. When putting together your fundraising plan each year, do you allow for testing and innovation of fundraising approaches? If not, what would be needed to build a tolerance for risk-taking?
4. Are your donor communications based on a calendar of regular updates, stories about impact, and explanation of the important role all donors play in your organization's work? Are they written in a way that leaves the donor feeling satisfied in their choice to support this organization?

## FACTOR

# #2

## DATA-INFORMED PLANNING

Fundraising plans that were most likely linked to fundraising success were developed from a structured analysis of trends and opportunities. Organizations that did not have a plan were significantly less likely to conduct SWOT analyses or similar benchmarking, and did not regularly check on the health of its donor pipeline and giving trends. In other words, they had no idea what preceded that current fiscal year and no idea how to plan a way forward.

The study shows that nonprofits that have a fundraising plan are more likely to base their strategies on giving trends they see within their own organization with an awareness of external factors that may help or hinder their success. As each year's plan is written, fundraising leaders look at past performance of fundraising channels, segments of donors, the donor communications results, and the health of the donor pipeline as a whole.

Knowing what worked and what areas exist for growth enable fundraisers to build strategies based on their organization's trends and opportunities. It also gives senior management a clear sense of what fundraising capacity is needed to achieve these goals.

Part of the exercise of writing out a formal development strategy also involves looking at both the short and long-term since growth over time is built from year to year.

### Questions to consider

1. Looking at the last 2-3 fiscal years, what trends do you see in terms of revenue and donor behavior?
2. Are there external factors that affected any of your past fundraising that you must account for in future activities?

## FACTOR

# #2

3. Where are your best opportunities for growth in revenue—by channel (direct mail, online, mid-major giving, etc.), by donor giving levels, etc.?
4. What internal budget in your fundraising activities will you need to realize your goals?
5. What do you need to raise in the short-term (next fiscal year) and how can that set you up for your longer-term organizational growth plans?



## FACTOR

# #3

## COMMITMENT TO THE PLAN

Along the lines of social proof, people love to know they are part of something that can leverage greater results. This is why challenge grants or matching gifts are so effective.

Metrics tracking donor behaviors are established and regularly monitored so leaders can quickly spot deviations from their progress toward goals. Given that the average donor retention rate for nonprofits in the U.S. is below 50% according to the Fundraising Effectiveness Project, knowing how many donors a charity is keeping year over year is an important starting point. First-time donor retention is even worse with an average 20% of first-time donors making a second gift.

Again, not surprisingly, nonprofits that had a written plan were more likely to have higher subsequent year retention and increased revenue than those that did not have a plan. So, the act of charting goals, activities to reach those goals, and metrics to measure performance was the secret sauce of success.

### Questions to consider

1. What are your fundraising metrics—overall donor retention? First-time donor retention? Average gift?
2. Based on what you see in your trends analysis, what might you do differently in your donor outreach to improve? Are there others (like board or program staff) whom you can invite to be involved in donor stewardship?

## FACTOR

# #4

## SENIOR LEADERSHIP/ BOARD INVOLVEMENT

Reports like BoardSource's *Leading With Intent* and the Evelyn and Walter Haas, Jr. Fund's *UnderDeveloped* report cited that boards view themselves as very weak in fundraising and are a contributing factor to high staff turnover. Similarly, this report found that just 57% of respondents felt their boards were supportive and fewer than half of respondents reported that all members of their board made a gift in the last year.

One way to use the development plan to inspire more involvement in fund development by Board members is to chart giving trends of the board and set goals for each year. Since giving abilities will vary, consider setting a board goal to reach through individual solicitations of each board member based on their ability to give. Metrics like average gift, participation percentages, total giving, tracked over a few fiscal years can offer insight to your board members of the importance they play in an organization's success.

Furthermore, regularly including metrics around general donor giving patterns and behaviors (like retention, for example) along with progress toward revenue goals will paint a more comprehensive picture for board leaders that illustrates how fundraising is not just about "asking for money."

Questions to consider:

1. What is your own board's fundraising comfort level?
2. Where are their hesitations and anxieties when it comes to their role in fundraising?
3. What tools or other resources would build their confidence and increase their engagement in fundraising?

## CONCLUSION

This research report clearly points to the strong correlation of having a written development plan—or, more precisely, of intentionally building a strategy for fundraising—to increased revenue, increased donor retention, and higher likelihood of staff retention. The intentionality of looking at organizational trends and external factors gives an important starting point for charting a path for philanthropic growth. Fundraising staff and leaders can see what has worked and not worked in the past and build on those findings both in what channels to spend time development, what activities will best engage their audiences, and who on their fundraising staff or organizational leadership and board must be involved to create the best donor experience. In short, those nonprofits that have a written plan (and the mindset, capacity, and discipline that goes with it) more consistently outperform their peers who do not have a plan.

And about that second group. Nonprofits that reported not having a plan cited reasons such as leadership issues, lack of time, feeling that they were too small for a plan, and a lack of planning expertise. A development plan does not have to be complicated. If this research demonstrates anything, it's that putting in place the process for self-evaluation and annual planning is time well-spent. It will, in fact, enable nonprofits to raise more money.

Even in light of the global pandemic of COVID-19 which is disrupting the entire charitable sector around the world, confidence in weathering this pandemic and economic uncertainty is 14% higher because the nonprofits with plans have a roadmap to guide their continued activities and they have established metrics that help them measure their performance. 65% of respondents felt that income will be lower than forecast. Those nonprofits with a fundraising plan expected a 10% lower reduction in income compared with those without a plan.

As General Dwight D. Eisenhower once said, “In preparing for battle I have always found that plans are useless, but planning is indispensable.” Every nonprofit—no matter the size—sets itself up for stronger fundraising results if it knows what it’s done in the past and what is needed to raise forecasted goals. If this shows that nonprofits that saw increases in revenue had a written plan, then it’s worth the time to chart your own organization’s strategy for growth.

## Resources

Sargeant, A., & Shang, J. (2013). *Outstanding Campaigns: What Makes Fundraising Truly Great?* Report for Revolutionize Clayton Burnett, Fort Augustus, January.

*Create a Fundraising Plan That Will Propel Your Nonprofit Forward*

*How to Create a Fundraising Friendly Board*

## ABOUT BARBARA O'REILLY, CFRE, & WINDMILL HILL CONSULTING



As senior fundraising consultant, Barbara helps non-profits of all sizes cut through the noise and develop a profitable fundraising strategy that focuses on the resources, skills and tactics they need to build more effective donor relationships and catapult their revenue.

Over the last 25 years, Barbara has led record-setting reunion campaigns, been a part of three major capital campaigns, and successfully managed relationships with major individual and corporate donors. She also helped to launch a nonprofit, spent many years in large, complex organizations, and worked with everyone in between. So she knows she can help you.

Whether you are a start-up organization, a small shop, or a large, complex nonprofit, we work with you to create a fundraising roadmap that is tailored to your staff capacity and budget through strategic development planning, annual funds, capital campaigns, individual and institutional major gifts, as well as staff and leadership training and coaching. To learn how Windmill Hill Consulting can help you transform your fundraising strategies, visit [www.whillconsulting.com](http://www.whillconsulting.com).

**This new research into development plans was the result of a collaboration among Windmill Hill Consulting and the following partners:**



The Institute for Sustainable Philanthropy exists to grow personally meaningful philanthropy around the world.

We do that by using science to create more memorable giving experiences that genuinely contribute to the wellbeing of supporters. And by using the latest experimental science to grow the human capacity to love. For more information, visit [www.philanthropy-institute.org.uk](http://www.philanthropy-institute.org.uk).



DonorSearch was founded in 2007 with one goal: to provide more accurate, more comprehensive, more actionable data to help nonprofits of all types achieve better fundraising and outreach results. Using information from dozens of databases, DonorSearch uses proprietary algorithms to help clients find the best philanthropic prospects. Visit [www.donorsearch.net](http://www.donorsearch.net) to see why thousands of nonprofit organizations trust DonorSearch today.



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