FUNDRAISING

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INTRODUCTION

Fundraising is a major management task for any nonprofit organization. Raising funds and diversify donors are crucial in reaching the nonprofit organization's mission and in assuring its long-term sustainability. The objectives of this handbook are to provide basic knowledge on fundraising, and on implementing fundraising methods for individuals, corporations, governments and foundations, and to provide the basic tools for building a fundraising strategy for a nonprofit organization.

The handbook is structured into 7 chapters as described below:

In the first chapter, key concepts related to fundraising, such as philanthropy and charity, are discussed and the fundraising is explained as a management process. At the same time, reasons and risks of doing fundraising are presented.

In the second chapter, the process of preparing the nonprofit organization for fundraising is presented and analyzed. The third chapter discusses the types of donors that nonprofit organizations could attract, and their reasons of giving their support to such organizations. Moreover, the process of transforming 'strangers' into 'suspects', then into prospect donors and then into donors is explained.

The fourth chapter is the most expansive one and includes methods of fundraising utilized for raising funds from individuals or corporations or both. The special events and the income-generating activities receive special attention in this chapter. Moreover, the influence of the Internet over fundraising activities is discussed in the same chapter.

The fifth chapter speaks about grantsmanship and proposal writing. It presents the process of preparing proposals for governments, corporations and foundations and details the steps in writing a successful proposal.

The sixth chapter debates some ethical aspects related to the process of raising funds in relation to donors and fundraisers and exemplifies some principles and rules that should be included in a code of ethics.

The final chapter describes the process of building a strategy for fundraising activities and it discusses the strategy's importance for the organization and for the process of raising funds.

Chapter 1
FUNDRAISING - KEY CONCEPTS

In order to understand better what fundraising means for nonprofit organizations, first two other concepts should be defined: charity and philanthropy. In the simplest words, charity is money/support given to meet an immediate need, usually a basic need. For example, charity is when people/organizations provide food for those who are starving, shelters for the homeless, and so on. Philanthropy is also about charitable funds or support, but the given help is “strategic”, aiming for long-term improvements: it is the effort or/and inclination of people/organizations to increase the well-being of people, communities, humankind. To give fish to people who are starving means charity, meanwhile to teach them how to fish means philanthropy.

Fundraising is an organized activity of soliciting money or in-kind support. The funds raised may be used for a diversity of causes which can be charitable, philanthropic or even, for instance, political. As a first conclusion, fundraising is not always charitable or philanthropic. What makes fundraising to be or not to be philanthropic are the following elements: the cause for which the money is raised, the way in which the money is raised and/or the donors who give money. For example, raising money for a political cause is not philanthropy, because the cause is not a philanthropic one. Then, receiving money through government contracts is not philanthropy – the cause for which the money is given might be the improvement of the well-being of one community, but the donor is not a real donor. The money the government gives away is not its money, it is citizens’ money. So, it is not a philanthropic gesture, because a philanthropic gesture means to own the money one gives away. One has to give from his/her own pocket to be considered *his/her* gift. What government does with the money is a duty that it has towards the community it serves. Then, receiving money from a company through cause-related marketing is not philanthropy, because the donation will not be made, if the campaign does not bring profit for the company. In other words, “philanthropic fundraising is the philosophy and practice that fosters voluntary given to achieve the public good” (Fogal, 2005, p. 419). This handbook will talk mainly about philanthropic fundraising and it will treat fundraising as a management process.

Fundraising as a management process

The fundraising process has its own development in the organization, and Rosso, quoted by Fogal, says that this development has three stages: formative, normative and integrative.

At the first level, fundraising is more about *selling* the organization, its programs and projects to potential donors. The fundraiser is like a seller and he/she needs selling skills. At the normative stage, fundraising is about building relationships with donors or potential donors. The fundraiser acts more like a facilitator and he/she is more interested in cultivating the donor than in getting right away his/her money. At the integrative level, fundraising assures the organizational growth, and the fundraiser is a strategist. "The *integrative stage* places philanthropy at the center of who we are and what we do – that is, it is central to the building of a human community that achieves a common good. Donors are regarded as thoughtful participants in the organization's life and work, filling a role that is appropriate to them and essential to the well-being of the nonprofit" (Fogal, 2005, p. 421).

For example, the organization can choose to start a relationship with one of its potential donors, a company, by *selling* one of its events. The fundraiser will present the event insisting on the advantages the company will obtain through sponsorship – good image, advertising, meet potential consumers, and so on. Once the event is sold, the company enters into a relationship with the nonprofit organization, and the fundraiser should do everything for nurturing that relationship. That means that at this point the fundraiser will be more interested in keeping and developing the relationship: he/she could invite the company's representative to visit the organization's projects, meet the organization's staff and clients, organize special events for donors where the company can get public recognition for its support, invite company's representatives to give speeches to events, and so on. Then, meanwhile, probably the company will make other gifts, and it will give some help sending its employees to volunteer, and so on. In time, maybe after a couple of years or even more years, the company will decide to be more involved in the community and give more support to the clients helped by the organization. It might come with a plan or with a vision over the changes that it wants to bring in the community. At this stage, as partners, the organization and the company will work together in building a new project or a new program that can contribute to the well-being of the community – at this point, the philanthropy is in the center of the relationship between the two partners.

The example above describes these three stages as separate stages, but these could overlap and they are not mutually exclusive, but presenting them separately makes it easier to understand the process of fundraising.

Fundraising as a management process utilizes all the usual management activities, summarized by Fogal: analysis, planning, execution, control and evaluation. An analysis must be done in order to see how prepared the organization is for fundraising. The fundraiser will be interested in the history of the organization's fundraising activities (how many donors, what kinds of gifts were made, what the most successful fundraising methods were) and what the organization does in the present, in terms of raising funds. Once that the analysis is complete the fundraiser needs to start planning. The plan should take into consideration, first of all, the organization's needs for funds. Then, this goal should be split in objectives that will envision the number of donors needed and the number and kinds of gifts needed. The fundraiser should think and target potential donors, decide the best methods of fundraising, the best persons who will make the solicitations and split all these in activities, tasks and resources needed. The plan needs then to be put in practice, the tasks need to be assigned and the fundraiser must be able to empower staff and volunteers in doing their job and fulfilling the objectives. During the execution of the plan, the process must be controlled, monitored and evaluated periodically. All the activities must be monitored (the ways in which these happen, the time it takes to do them, the money spent, the way in which responsibilities are assumed, and so on), and their results must be evaluated, as well as the way in which these results are obtained.

Reasons for doing fundraising

Raising funds is really important for nonprofit organizations. There are several reasons for saying this, but the most important one is that fundraising brings money in; in other words, it generates essential income which can be used to fulfill the mission of the organization. Fogal mentions some other reasons for doing fundraising. Related to the organization's mission, he suggests that "fundraising success measures the degree to which an organization's purpose is affirmed. (…) Low response to fundraising appeals can suggest that an organization and its mission are little known or poorly understood – in short, that its prospective donor constituencies have not accepted the nonprofit's purposes" (Fogal, 2005, p. 420). In other words, if an organization cannot attract funds for its programs, this could easily be interpreted as it cannot attract supporters for its mission. So, raising funds is really important in proving that the organization's mission is valued by the community in which the organization works.

The World Wide Fundraiser's Handbook (Norton, 2003, pp. 13-14) makes a list of the reasons for doing fundraising showing why this is important for nonprofit organizations:

- *Survival* (any organization needs money for its programs, projects, activities, salaries, overheads, etc.). The tool used to manage fundraising will be the annual budget of the organization. The budget will show the amount of money needed by the organization and planned to spend, the amount of funds already raised or promised, and the extra-support needed to be raised so that the annual objectives of the organization to be met. If funds will not come as wanted, the management should take some sort of action – put more pressure on fundraising, cut costs, use reserves or defer planned projects.
- *Expansion or development*. The organization might have plans to extend its services in the current community or in other communities or to improve its services, or to add new services or new projects, or to undertake research or start advocacy campaigns. Regardless the plans, these need money, and money must be raised. The expansion or development plans should be followed by a business plan or a budget which will describe the future plans in terms of incomes, expenses, and necessary resources and will help fundraisers to develop their own plan of raising the funds needed.
- *Reducing dependency*. Many organizations depend on one or several major donors or on grants or government contracts. If one of these major donors leaves, the organizations might be in danger of dissolving if they cannot find funds to replace those lost. Fundraising from the community, bringing in more donors, and diversifying the types of funds will help the organization to reduce this dependency.

- *Building a constituency*. Fundraising starts most of the time with friends-raising. In other words, fundraising is not just about money, it is also about numbers of supporters. Each supporter/donor is important to the organization. He/she may be persuaded to give again and to be even more generously; the donor may volunteer or he/she may convince family and friends to help too. The number of supporters is an indicator of the level of support the organization can attract and this number can be really helpful in advocacy or lobby campaigns. The fundraisers need to think about the categories of supporters they want to attract, those who are interested in the organization's cause and are willing to support it, and at the same time, the fundraisers need to think about the best ways to reach them.

- Creating a viable and sustainable organization. Strategic fundraising will assure current funds for the organization, and it will also help create a viable and strong organization for the future. Fundraisers can do this through developing a substantial and active donor base – people who will support the organization on long-term; organizing successful fundraising events (which bring regular and continuing funds); creating capital within the organization, such as buildings and equipment – which can reduce overheads or can generate incomes (for instance, buildings can be rent); building endowments (which will generate interests); developing income-generating activities (which will bring profit to the organization and become a continuous source of funds).

In addition to these reasons, there are some other advantages that fundraising can bring. For example, good fundraising events or good nurturing relationships with donors are really good PR tools that could transform the organization into a high-profile one in the community. New relationships with new donors mean that the organization expands its network, and people can bring in more than money – they can bring with them all the connections they have with other potential supporters or partners. At the same time, the responses received, in terms of money raised, number of donors and their reactions and feedback, could be used to evaluate the organization and its work.

Risks of fundraising

There are a lot of fundraising advantages, but there are risks involved in the process, too. Sometimes, the organization invests too much effort (communication, funds, people, time, etc.) comparing to the money it receives in return. For example, the fundraiser might invest a lot of time and energy in building a relationship with a potential donor and he/she might, in the end, give so little because of various reasons that could not be controlled by the fundraiser. Moreover, nurturing relationships, building them step by step, could take a lot of time. Then, there could be bad results, because regardless of how much and how well the organization and the fundraiser plan the activities, there still could be unpredictable things. For example, the organization may organize a great special event, such as a concert in open-air in the summer, and the weather conditions change in that day and rain destroys the concert, because few people could attend it. There are risks of "discrimination" too – some of the organization's programs might be positively discriminated by fundraisers because they are easier to *sell* to potential donors, because they are more attractive in terms of clients served, results expected and the time it takes to have some positive impact over the community. Meanwhile, other programs and projects will be more difficult to *sell*, because they are not so attractive to potential donors who might not be prepared to support programs that address problems that might be still taboo in the community.

Chapter 2

PREPARING THE NONPROFIT ORGANIZATION FOR FUNDRAISING

Preparing the organization for fundraising starts with the understanding of whom should be involved in fundraising, why they should be involved and what their responsibilities are. In *The Worldwide Fundraiser's Handbook* are mentioned the following options for persons that ought to be involved in the fundraising process, at different levels: the management committee of the management board or trustees of the organization, the chairperson, a fundraising committee, the executive director, a professional fundraiser, volunteers and/or fundraising consultants (Norton, 2003, p. 27-29). To this list employees and beneficiaries/clients should be added.

The board of the organization should be involved in fundraising because it is legally responsible for making sure that the organization has sufficient funds to carry out its programs, projects and fulfill its mission. This does not mean that the members of the board have to be involved at a management level in doing fundraising or stamping envelopes. Their role is a strategic one, they should be involved in developing the fundraising strategy and they have to make sure that this strategy is put in practice and that fundraising activities are done in time and effectively and efficiently. At the same time, they have to be able to promote the organization to their friends, family, acquaintances and to network for the organization. They are the persons who should introduce the executive director or the fundraiser to important and wealthy people; they are the ones that through their commitment to the organization must convince others to give to the organization. Moreover, they have to contribute to the organization, too. When the fundraiser goes and asks people to donate, these might ask if the board of the organization is 100% involved in supporting its mission. The fundraiser's answer has to be „yes" and honest. That means that even if the contribution of a board member is 1 dollar, because that it is what he/she can afford, he/she must contribute to the organization. Sometimes, in healthy organizations, beneficiaries are part of the board; representatives of the people the organization helps could and should be on the board of the directors. And even if the executive director or the fundraiser think they cannot afford to make a donation, they still have to be asked to give to the organization, as little they consider they can give. 100% contribution is proof that the organization has full support from the board, from the community. Another important observation is that board members must be constantly informed about the organization's activities and trained in public speaking and in asking for support. The organization must avoid awkward situations in which, for instance, a board member asks for money for a project that was closed down two months before or for clients that the organization does not serve anymore.

If the organization has a large board or the board members are helped by committees of volunteers, there should be organized a fundraising committee. As members of the board, they have the same responsibilities as those described above, but they can get more involved in the fundraising activities. And they are on this committee because they have fundraising skills or because they have good networks or they are keen to help the organization to raise money. They must support the organization, too; they contribute to the fundraising strategy, but also to the annual development plan; they can participate in monitoring and evaluating the fundraising activities and report to the board; and they can be really involved in fundraising activities, such as organizing special events, making face-to-face solicitations, writing letters to major donors, and so on. They have to be constantly informed, updated about the organization and its fundraising activities and they have to be in constant contact with fundraisers and the executive director.

The executive director is responsible to keep under control the fundraising process, according to the organization's goals and objectives. He/she participates in the process of building the fundraising strategy, but also in establishing the development goals together with the fundraiser. The executive director has to provide total support to the fundraiser and the fundraising team: „he or she is in a good position to do the fundraising – with an expert knowledge of the work being done and sufficient seniority to be an effective persuader" (Norton, 2003, p. 28). He/she also has monitoring, evaluating, promoting and networking responsibilities in relation to fundraising.

The fundraisers are the specialists who are focused on the development goals and they are responsible for the results of the development plans. So, their main responsibilities are to create the development plan, identify and evaluate potential donors, cultivate donors, implement the fundraising plan – put in practice the fundraising methods mix, create and maintain the donors' database. They have to know very well the organization, its mission, programs, clients, and activities, because these are their "products" for which they are asking for support and which they *market*.

Volunteers can be used in fundraising, in activities such as direct solicitation, identification and evaluation of potential donors, special events, collections, and so on. They definitely need to be informed and updated on the organization and its programs/projects and they should develop skills related to the tasks they are responsible for. The fundraisers will work with volunteers because they are a good example of involvement for the potential donors, and they have no financial interests in the eyes of the potential donors (meanwhile staff might be seen as financially interested, because they are received salaries for their work). At the same time, they can involve their families, friends and acquaintances in supporting the organization, and they might become donors, too.

A fundraising consultant is used sometimes by the organization because of his/her experience and expertise. He/she knows very well the environment, the best methods of fundraising and the targeted potential donors. He/she brings solutions (new ideas coming from outside, from objective people could ease the fundraising process), facilitates the internal process of fundraising, but transfers the fundraising responsibilities to the staff. In other words, he/she is not involved in asking, putting in practice the methods of fundraising, and he/she needs a lot of information about the organization in order to be really helpful.

The beneficiaries, the clients are the proof of the organization's good work and success, so they must be involved in fundraising. Their stories are those which convince people to support the organization. At the same time, because they believe in the organization they could be really the best promoters the organization has and, in this respect, they help in raising money. Moreover, they can become the organization's future volunteers or even donors. Like the other volunteers, they need to be trained and kept updated with the organization's programs and projects.

The employees should be involved in fundraising because they are part of the organization. They can become donors too; they can involve their families, friends, and acquaintances, provide feedback and come with ideas for raising funds. Of course, they need to be trained and informed about the organization's goals related to funds needed to be raised.

The fundraising responsibilities can be shared in this way only in organizations that have an appropriate structure. Some organizations might not have fundraisers or fundraising committees or/and they cannot afford a consultant either. But still, someone has to do the fundraising job, someone has to assume the fundraising responsibilities, and if these increase more and more, and the organization needs more and more funds, definitely it should hire a fundraiser or develop a fundraising department.

Before starting the recruitment of a fundraiser, the board and the management team should have a clear idea of why there is a need for a fundraiser and what the objectives of the new position will be: "Is it to develop alternative sources of funds to replace grants which are known to be coming to an end? Or to launch an expansion program? Or to run a major capital appeal? Or to develop a corpus fund or endowment? Or to develop independent and local sources of funding? Or to create a large and active membership? Or to develop corporate support? Or to organize high profile events which will raise awareness as well as money?" (Norton, 2003, p. 30). In other words, the organization must have the fundraising goals and objectives in place and these must be realistic.

The responses to the questions like those above will help the management to develop the new position and job description and budget for these objectives and goals, and for the new position. The organization needs to fundraise or use its reserves to fund the fundraiser position. The management cannot expect that the fundraiser will succeed from the very beginning to cover his/her salary from the funds raised. Raising funds takes time, raising a lot of funds can take even more time, because raising funds means to create and develop human relationships that take time.

In order to find the right person, the management of the organization needs to look for someone with the right "experience and expertise; personal skills and qualities to do a good job; ethical values and commitment to the cause" (Norton, 2003, p. 31). There are several traits, abilities, skills that a fundraiser should have, just to mention a few: good communication skills, persistence, persuasiveness, selling skills, confidence and ability to deal with rejection, creativity, social skills, integrity, commitment to the cause, organization skills, skills in the assessment of people, social responsibility, curiosity, etc.

Then, the fundraiser must be truthful all the time: he/she has to tell the truth about the clients, about the organization, about the programs, about the results, etc. Sometimes, this could be really hard, but, if the fundraiser really believes in the cause that he/she works for, he/she will be able to explain any truth. For example, maybe the donor will ask about the willingness of the drug addicts to help themselves and the fundraiser will probably have to tell him/her that not all of them are committed to change their behavior and start a new life. Then, the same fundraiser should repeat to the donor the mission of his/her organization which is, probably, to provide help and support to those who cannot support themselves and have no one to be next to them in those moments. In conclusion, the fundraiser must always say the truth even if the truth seems not to match the donor's vision, motivation, hope or expectations.

Opportunism is another important skill for a fundraiser who has to "grasp every opportunity that presents itself" (Norton, 2003, p. 26). For example, if one company has just announced that its profit increased, there is an opportunity that a fundraiser should not miss and he/she has to find the right way to ask for the company to consider a donation for the organization. Annual events/holidays (such as Christmas, Easter, anniversaries) and information from newspapers provide the best opportunities for fundraising – important and happy events in people/companies' life are the best opportunities for asking their support, because they have the ability to give (e.g.: the profit increases, the person receives a promotion or signs a new contract) and they might have the reason to give which could be associated with the event (they fell happy and they want to give, they receive something good and they want to give something in return, to show recognition for what they have/receive, etc.).

But all these skills, characteristics or abilities could be in vain if the fundraiser does not have the most important ability: *the ability to ask*. He/she has to be able to make the solicitation and to make it in the right away - that means the asking must be adapted to the donor and to the context. Any solicitation activity (an email, a meeting, a letter, a presentation, a phone-call, etc.) cannot be considered fully successful until the solicitation is expressed and it reached the potential donor. And this might be the hardest part of the fundraising job, because most of the people feel uncomfortable to ask for money from others, even if it is for a good cause.

The organization can start fundraising if it has a clear vision, mission, goals and a strategy for the future. All these will help in building a good fundraising strategy with clear, realistic goals and objectives that will help the organization to fulfill its mission and successfully implement its programs and projects. Then the organization needs to have a visual identity with name, logo, colors and other printing characteristics that will be used in the fundraising activities. Because image and visual identity are really important in fundraising, if all these aspects need to be improved, as a recommendation from the fundraising department, then the management should take into consideration these and try to agree with the adjustments requested.

Fundraising, as explained above, is about building good relationships with potential and current donors, individuals, institutions/foundations or companies. These are usually part of the community that the organization serves. The relationship with this community is really important to the fundraising department. At the same time, the profile of the organization in the community is really important in attracting new donors and if it is a high-profile organization, this profile could bring a lot of trust in the relationships just initiated, making people to donate more money and more often to the organization.

Moreover, the organization must find its place in the community, in the mind of its members. *Positioning* an organization in the community is like positioning a company on the market. The term is actually borrowed from the marketing theories and it is about deciding, and then building on this decision, where the organization and its products/services should be in the mind of a prospect client (in our case the donor), in comparison with other organizations/products/services from the market.

In the for-profit world, as Philip Kotler explains (2003), positioning has three steps through which the companies build three types of positioning: wide positioning, specific positioning and value positioning. Wide positioning refers to the wide image a company creates for itself in the mind of the consumers – usually, it will choose the thing that it is best at. For instance, it will promote itself through its products, or through the processes/operations of producing these products or through the consumers it has and the relationships built with these. The specific positioning refers to the image the company wants to build in the mind of the consumers in relation to the motivators for buying. For example, some women will choose a shampoo against another one just because the first promises to bring more volume to their hair. The value positioning refers to the quality of the products/services and the price paid for this quality. So a company maybe will try to present its products/services, for instance, as being of the same quality as other similar products, but they are cheaper. Or they will provide more quality for the same price, etc.

Now, translating these in the nonprofit language and perspective, wide positioning could refer to the products/services, operations or clients. For example, Habitat for Humanity is known for its products – affordable and decent houses. Green Peace is known better for the way in which it operates, for the way in which it tries to raise awareness for different kinds of causes, but most of the prospect *clients* will not know all the causes the organization supports. Refugees International is known, as its name suggests, that it works for refugees from all over the world, especially from conflict zones – so it positioned itself based on the clients the organization serves.

Specific positioning will refer to the motivation of people to support some organizations over the others and to the motivations beneficiaries may have in order to accept the products/the services. Maybe some foundations/institutional donors will prefer to work with World Vision Romania than other nonprofit organizations involved in community development, because World Vision brings the Christian point of view in the development and it works mostly in the rural areas.

Quality and price or the value positioning can also happen in the nonprofit sector, even if the buyer is different from the person who will really be able to appreciate the quality of the products or services. Maybe some donors will prefer to invest more in services provided by professionals instead of volunteers. So, the organization has to find its image and build it in the mind of the clients referring to the price and quality of the services – these are really important, like the necessity of the services for the beneficiaries/communities.

And finally, at the organizational level, a budget must be prepared for the fundraising activities. In order to raise funds, organizations need to invest money, and these funds are not only for the fundraisers' salaries. For example, if a direct mail campaign is initiated, funds will be needed for printing and copy all the letters sent to thousands of people, for envelopes, for buying a database with names and addresses, for posting the letters, and so on.

At the fundraising department level, the preparation should start with building the fundraising strategy and the annual development plan. There is a need for goals and objectives to follow. Then, the fundraiser should identify the potential donors, build their profiles, target them and approach them for solicitation. This process of transforming a prospect donor into a donor is a complex one and it is based on a lot of information about the potential donor and a lot of thinking about the best way of asking. Sometimes, under time or other kinds of pressure, the fundraiser might feel lucky and he/she could go and ask for money for a potential donor without having time for gathering a lot of information about the person; and he/she could get the donation. But the fundraiser probably will live forever with the thought that if he/she had been well prepared for the meeting, he/she would have been able to ask and receive a bigger gift. Once that the potential donor became a donor the fundraiser must be ready to cultivate and build this new relationship, and make sure he/she has the proper tools for that. For example, the fundraiser has to prepare the project staff for potential meetings with donors who will want to visit a project or he/she has to budget for lunches or dinners with important donors. This process of transforming a prospect donor into a donor and then nurturing the new relationship is a continuous process and it is the core activity of the fundraising department.

Chapter 3
TYPES OF DONORS AND THE SUSPECT-PROSPECT-DONOR PROCESS

Fundraising means to persuade people to make gifts, to contribute to the organization's mission and work. Funds are raised from people – individual donors or who represent companies, foundations, or governments. To persuade one man to make a contribution means, first of all, to understand his reason for giving and build the persuasion speech on this reason, and in accordance with the organization's mission, values and principles.

Most of the people give money or other kinds of support to others because of compassion. Their reason for giving is based on their *emotions* towards different causes: they want to help those who suffer from hunger, diseases, loneliness, lack of safe water, clothes, houses, jobs, etc. Other people give because their friends, family, colleagues give and they feel a social pressure on them to do the same. So there is *a norm, a social rule* that they feel they must follow. Others give because they expect something in return, such as public recognition, a healthier environment in which they live, a better school for their children, and so on. Their reason for giving is based on reciprocity, on *mutual benefits* they look for.

Fundraisers should be able to identify these reasons in their prospects or current donors if they want to be successful in raising money. "It is important to be able to understand why people want to give, and more particularly why the particular person you are approaching might be interested in giving to you. This requires an understanding of human psychology, but also some good research before you approach particular individuals for support" (Norton, 2003, p. 59).

Before starting the research and the process of transforming people from total strangers to the organization into its donors, the organization should identify the categories of donors it might have. The main categories of potential donors are: individuals, corporations, foundations, and governments.

Individuals could be business people, members of philanthropic clubs or groups, less rich or rich people, young or elderly, members of religious groups, friends, families, acquaintances of the current supporters or volunteers, members of professional groups, or the general public, and so on. They could have different motivations for giving: they are worried, concerned about bad things that happen in their community or around the world, they feel guilty towards a group of people or a cause, they have their own experience with, for example, a disease, they expect some personal benefits (such as recognition, networking), they are persuaded by others or they were just asked to make the donation: "the main reason for most people NOT giving is that they are never asked. Research demonstrates this again and again" (Norton, 2003, p. 59). Their help could be seen in their regular or one-off donations, in the in-kind gifts made (e.g.: food, clothes), in the purchase of gift items produced by the organization (e.g.: Christmas cards, candles, T-shirts, posters, etc.), in their participation to the organization's special events, or in the legacy they leave to the organization when they die.

Corporations

These could be international and multinational companies, leading national companies, larger local companies and smaller local companies (Norton, 2003, p. 99). Almost all the multinational or international companies have established a program of giving, that the NGOs should use in asking for support. Usually, these invest in their home country, but "a trend in recent years has been for companies to extend their giving beyond their headquarters town and home country into the territories where they have business interests, and also into countries where they are considering starting up" (Norton, 2003, p. 99). Most of the leading national companies will be giving something to charity "in response to what overseas companies are doing, and partly because it often makes good sense to give" (Norton, 2003, p. 99). The larger companies from a city or a region "will often feel a responsibility to do something to support voluntary action and community initiatives in those areas, and value the good publicity that this will provide" (Norton, 2003, p. 99). About the smaller local companies, Norton says only this: "they can often also be persuaded to give support in kind" (Norton, 2003, p. 100).

The nonprofit organization should make a list of international companies that could have some interests in the area of their projects; then one of those national companies which will feel some responsibility or are looking for some good image in the communities helped by the organizations; then, the nonprofits should spend much more time for the larger and smaller companies from their areas of activity, which, theoretically, should be more interested in financing projects related to their community. In this last case, even if the local companies will not be able to give important support to the organizations, it's more likely to believe they will be interested in such a help, and sometimes it seems to be easier to obtain it from them. "Local companies and major firms are the best candidates for the simple reason that their executives and employees live in the same or nearby community" (Greenfield, 1999, p. 226). There are also other advantages: the organization can establish closer contact with the decision-making persons and they usually have less complex procedures for getting their support.

Another classification is made in relation to the way in which the help is made: directly from the company or through an intermediary foundation owned by the company. At the same time, there are companies that prefer to do the entire job in the community on their own, without the involvement of a nonprofit organization or other institutions or agencies. And there are companies that "offer matching-gifts programs in which employees' contributions to selected charities and organizations are matched by the companies" (Broce, 1979, p. 121).

Another important criterion for the nonprofits in classifying the companies is the one related to their program of giving. It will be easier to ask and get support from the companies which already have a contribution program than in the case of those companies that do not have such a policy or program. NGO's current relationship with a company or with its employees or stockholders is another important factor for asking for support. Greenfield suggests that "investigation should focus on the following categories or group of companies:

1. Those with whom board members are directly or indirectly affiliated;
2. Those whose employees and their dependents may use the organization's services or may participate in its programs;
3. Those where donors are employed or with whom they are affiliated;
4. Those from whom the organization buys products and services;
5. Those whose purposes and products match the organization's programs and services to the extent that a legitimate interest in (and possible gain from) investing in the organization's future is justified" (Greenfield, 1999, p. 226).

For understanding why companies give, it has to be remembered the fact that *their reason for being is to make money, not to give it away*. Greenfield explains that companies give so little because “their prime directive is to make money. They have a long list of higher priorities that need attention, beginning first with stockholders and moving down to labor relations and employee benefits (including escalating health-care costs), plant maintenance and renovation, capital acquisition, new and replacement equipment, and much more. Giving money to charity has never been a priority of corporate budgeting” (Greenfield, 1999, p. 218). He also sustains that fiscal conditions related to this kind of contribution don’t have an important influence on the companies’ decisions of giving. Norton underlines that “there is no particular obligation for companies to give their money to charity or to support projects in the local communities where they operate” (Norton, 2003, p. 96). *Still, companies choose to give*. In the next paragraphs, an exhaustive list of the companies’ reasons and motives for offering their support to the NGOs or community projects is presented.

In his book, *Managing a Nonprofit Organization in the Twenty-First Century*, Thomas Wolf (1999, p. 257) names three factors that generally motivate a corporation to give: “the gift will influence public opinion about the corporation, the gift will benefit employees and the gift will assist in marketing efforts”. Wolf explains that there are companies that will try to counteract a specific public image problem and companies that are interested in maintaining an edge over their competitors by projecting an image of strength, generosity, and power through charity. Other companies will support a nonprofit because they want to gain employees’ loyalty or to enhance some positive feelings among them. The employees’ benefits can be direct (the company support organizations that offer services to their employees) or indirect (the companies help projects implemented in the towns or cities where their employees live). The reason related to marketing is referring to free samples of new products to the nonprofits and to the cause-related marketing (e.g.: the company agrees to contribute to a particular nonprofit organization a share of the profit from each product sold).

Thomas E. Broce insists only on one reason for supporting, which seems to summarize the three motives found out by Wolf: “many corporations and businesses look for quid pro quo relationships in selecting the institutions they will support. Sometimes the benefit is direct, such as donation of a gift in payment for research or services performed. But usually the consideration is more subtle. Businesses have stockholders or partners to satisfy, and they are in the business of making money" (Broce, 1979, p. 123).

Norton called the quid pro quo relationship using a more softly term: "enlightened self-interest". From this main reason, he expands a list of others:

"- To create goodwill: to be seen as good citizens in the local communities where they operate and as caring company by society at large. But also to create goodwill amongst employees, who will get a good impression from the good works that the company supports.

- To promote their products and services and to create brand awareness. This provides them with a direct business profit.

- To encourage employee volunteering and to support the interests of their employees (…).

- To be associated to certain causes (…).

- Because they are asked and it is expected from them (…).

- Because the Chairman or other senior managers are interested in that cause (…).

- Tax. Giving to a charity or similar organization can often be done tax free. This will be an added benefit for the company, but seldom the determining factor" (Norton, 2003, p. 96).

Greenfield is also sustaining that the companies "give for many motives, most of them linked to investment decisions, which represent some potential return to the corporation (…). The chief reason for most corporate gift decisions is a return on investment, justifiable to owners and stockholders" (Greenfield, 1999, p. 218). He identifies five motives for giving:

1. Good corporate citizenship;
2. Enlightened self-interest;
3. Individual leadership initiative;
4. Location; and
5. Quid pro quo interests.

The first one is referring to the good image that the company wants to gain in the community by supporting a nonprofit or a useful project. The third one is related to the reason mentioned also by Norton – those in which the persons in charge of the company have an interest in the cause or in the nonprofit supported. The fourth motive is referring to the fact that most companies will help the organizations that activate in their community or where their employees live. From the second and last motives mentioned by Greenfield, we conclude that he makes a difference between the two terms interpreted by others as synonyms. For Greenfield enlightened self-interest is referring to the benefits gained by the company from the general satisfaction of the public positively affected by the project supported; and he sees the quid pro quo interests as a more direct benefit from the gift make, other than general satisfaction: "Many companies use quid pro quo interest (that is, they ask, «What's in it for us?»). Such a company wants to see a tangible return on its charitable investment. Such a direct relationship between making a gift and obtaining something in return (other than general satisfaction) is not always easy to delineate. Some people, however, argue that seeking such a connection diminishes the spirit of philanthropy. Still, many companies continue to look for such linkages" (Greenfield, 1999, p. 219).

The reasons for giving mentioned by the authors don't encourage too much the fundraisers: companies are not altruists, and seldom their giving can be considered really philanthropy. When they make a gift they want something in return, even this benefit is direct or indirect. They follow their interests, the profit and the good image and they have a target audience for that: community members, employees, potential employees and current and potential customers. Knowing what companies are looking for and from whom they want or expect something is really helpful; the NGOs have only to match their needs with the companies' priorities.

Corporations can help nonprofit organizations through cash-donations, sponsorships, in-kind support (e.g.: products, services, facilities, equipment, expertise, advice), volunteers, joint promotions, and so on.

Foundations are independent grant-making bodies and their reason for being is to give money away. They could be international, national, regional or local-focused and they can support a wide range of activities. **Governments** are another source of funding for nonprofit organizations. They administrate public money and they have clear priorities for how they want this to be spent for the well-being of the communities. How to raise money from foundations and governments, how to write proposals and how to ask for grants will be presented in the *Grantsmanship and proposal writing* chapter.

The suspect-prospect-donor process

In a funny way, the process of "transforming" an individual or a company into a donor for an organization is comparable with the process of finding the murders presented in movies such as Criminal Minds or Midsummer Murders, or other similar crime series. In these series, the policemen start with building a list of suspects, then continue with building the murder's profile and transform suspects into prospects and, finally, when the evidence is there and there is no doubt over it, one of the prospects is identified as being the murder.

Fundraisers have to implement a similar process in order to get more and more donors for their organizations. First, they build a list of suspects, then they research more and find more information about the suspects (profiles are built) and some of them become prospect donors. Finally, when the solicitation is made and there is no doubt over the prospects' involvement in the organization because they make a gift, they become donors. The process does not stop here, because fundraisers want to persuade donors to give again, to give more, to give regularly, to give in different ways, and in time, if the relationships with the donors are long enough and high-quality ones, fundraisers might convince the donors to think of leaving legacies to the organization.

To build a list of suspects means to think to people or corporations that might be interested in supporting the organization. The fundraiser can start this list, for example, by asking staff and volunteers and board members to make their own lists of friends, relatives, acquaintances that could be contacted by the organization and ask to make a gift. Usually, from the nonprofit organizations' experience, 2 suggested names mean 1 good prospect, and 4 prospects mean 1 gift. So, if the organization has 200 names from its employees, these could be transformed into 25 donors. On this list, the fundraiser could add names of local businesses, previous donors or board members, donors who give to similar organizations, volunteers, vendors, and other constituents, people who might have an interest in the cause or the programs of the organization.

Then, the suspects become prospects when the fundraisers search for information about them and look at how much they might give and what programs they might want to support. For the most interesting prospects, the fundraiser will built their profiles of giving, searching for more information that could help him/her or another person from the organization in making the solicitation. Such a profile should include:

- Contact information;
- Information about the relationship between the prospect and the organization (and name the person from the organization who knows him/her well or very well);
- His/her interest in the organization’s cause and programs;
- Past history as a donor (how much he/she gave and for what types of organizations/causes and how often he/she gave);
- Financial information (information about his/her ability to give) and recommendation for the amount of the first solicitation;
- Possible reasons for giving;
- The cultivation required before asking;
- The best method to ask;
- Other information (such as, date of birth; education; family; hobbies, honors or achievements, and so on – information that can be used in cultivating the relationship with him/her).

Information about prospects can be provided by people who know them well and very well, from newspapers, magazines, from their own websites, blogs, social network pages, corporate social responsibility websites, from other nonprofit organizations, and from meetings with the prospects.

Probably the most important information to find out about prospects is the one related to their *current ability and willingness to give* to the organization. And then, the fundraiser should also find out *how much the prospects can give to the organization, if they are properly cultivated* (involved and motivated).

The prospects should be then segmented based on their ability and willingness to give. This segmentation will help fundraisers to organize the cultivation process: there will be prospects that are ready to give at their full potential; there will be prospects that still need some cultivation before making the solicitation; and there will be prospects that need extensive cultivation before asking them to make a gift to the organization. Each group needs different methods and strategies used for nurturing relationships with potential donors.

These methods of cultivation or of “friend-raising” could include: newsletters, mailings or emails about the organization and its programs, invitations to visit the organization’s work, social gatherings (lunches, breakfasts, dinners, picnics, etc.), invitations to be part of a committee or a task force, invitations to give speeches for volunteers or clients; highly personalized mailings and emails; invitations to be part of focus groups on various themes; invitations to the annual meeting; publishing names and pictures in the organization’s recognition materials; prompt and generous acknowledgment of their support/contributions, etc. Cultivation methods can be used for nurturing relationships with the current donors too; and the cultivation of the prospects should continue after they become donors. It is demonstrated that it is less expensive and more efficient to persuade donors to donate again than to persuade suspects and prospects to make their first donation and continue to support the organization.

During the cultivation process, the fundraiser should be always honest, straightforward, realistic, and he/she has to use people’s time well. He/she must not be perceived as a “spammer” and he/she must not use “expensive” methods of cultivation: for example, if the fundraiser invites a major gift prospect to dinner, he/she must not choose a very expensive restaurant; this will not impress the prospect, but the prospect could ask why the organization still needs his/her money, because it is clear enough that it has money, if it can afford such expensive food and services.

Once cultivated, the prospects can be asked to make their first donation. Of course, the prospects can be asked to give without being “cultivated”. Maybe the organization does not have time for building a relationship and it really needs money right away. If this happens, based on the nonprofit organizations’ experience, the fundraiser should ask about a half of the amount that the prospect is able to give, and he/she has to do so in order to reduce the risk of being refused. Otherwise, the solicitation made should be adapted to the prospect’s ability to give, to his/her previous gifts made to other organizations, to the relationship he/she has with the organization; and at the same time, the fundraiser could ask the prospect about how comfortable he/she will feel about the amount that would be asked. Anyway, usually, it is better to ask for more than to ask too little. Then, the worst-case scenarios of a solicitation are those in which the fundraiser does not ask at all and expect the prospect to say something and offer the gift; or the fundraiser is not able to make a specific solicitation.

Any gift should be acknowledged promptly and appropriately. The organization should develop procedures and policies for the cultivation and the acknowledgment of the donors. Donors should be segmented based on the significance of their contributions to the organization and different cultivation and acknowledgment packages should be prepared for specific groups of donors. These policies should establish, for example, what types of donors will be mentioned in the annual reports, what types of donors will be invited at the annual meeting of the organization, what types of donors will receive only 'thank you' letters, what types of donors will be called by organization's volunteers to thank them for their contribution, and so on.

This suspect-prospect-donor process can be resumed in the following table:

	I. Suspects	**II. Prospects**	**III. Donors**
Actions	- Make a list of names	- Research and evaluate prospects - Build prospects' profiles - Cultivate prospects - Make the solicitation	- Acknowledge donors for their contributions - Cultivate donors - Research and evaluate the current situation of the donor - Make other solicitations

In conclusion, nonprofit organizations can persuade people to give if they understand people's motivation for making contributions and if they are able to build long, high-quality and trust-based relationships with prospects and current donors.

Chapter 4
METHODS OF FUNDRAISING

The fundraising methods are the tools used by fundraisers to persuade people to give their support to the organization and, at the same time, are the tools through which people actually give to organizations. For example, one organization, like Invisible Children, chooses to persuade people to support its work in Uganda through a viral video which talks about one of the world's worst war criminals (www.kony2012.com, accessed on 30th April, 2012). People impressed by the video could make online donations or could buy "action kits" (posters, bracelets, T-shirts) and engage in the organization's awareness campaign for arresting the criminal (more about this case can be read in the *Fundraising on Internet* chapter). In other words, the organization prepared a whole fundraising campaign for its work from Uganda, providing several tools for prospects and current donors to contribute.

Fundraisers could use different methods of fundraising for individuals, corporations, governments and foundations. The methods used for attracting money from governments and foundations are discussed in the *Grantsmanship and proposal writing* chapter. The methods that can be used for attracting individuals and corporations' support will be discussed in this chapter.

Raising funds from individuals

Individuals could support a nonprofit organization in different ways: through regular or one-off donations, in-kind gifts made (e.g.: food, clothes), purchasing gift items produced by the organization (e.g.: Christmas cards, candles, T-shirts, posters, etc.), or through their participation to the organization's special events, or through legacies, they leave to the organization when they die.

The organization can benefit from this support by organizing collections, preparing direct mail campaigns, organizing capital, annual giving or planned giving campaigns, organizing special events and making direct solicitations.

Collections

Nonprofit organizations could organize house-to-house collections, street collections or they can place collecting boxes, for example, in shopping centers or supermarkets or in other important places for their prospect or current donors.

The most important ingredient for the success of this method is the message sent by the organization: it has to be well formulated and very appealing in order to convince people to stop, listen to the volunteers/read it from the boxes, and make the donation. At the same time, especially, for street and house-to-house collections, the organization needs a high level of trust from the part of the potential donors. A high profile organization will be more successful in collecting money on the street because its name will be meaningful for people.

For applying this method, the fundraiser will need: authorization from the public authorities to ask for gifts or pledges on the street or from the owners of the stores to place the collecting boxes; trained volunteers to make the solicitation from the people; collecting boxes and printed materials to present the campaign; a good message and a very good reputation in the community; the right location for collecting and the right date for collecting; and good advertising for the campaign. This kind of campaign brings usually numerous small gifts.

The advantages of this method are: the organization can reach numerous prospects and donors; the organization's mission and programs get to be known by a lot of people; and with the right message the fundraising campaign can be an awareness campaign, too. The disadvantages can be seen in the fact that for street or house-to-house collections there should be involved a lot of volunteers; then, there is a high risk of theft or fraud (people can get tempted by the donations made by people on the street or by using the collecting boxes); and people who donate through collecting boxes are unknown donors who cannot be cultivated and asked to donate again.

People who contribute through collections can be acknowledged right away (volunteers should at least say 'thank you' and a 'thank you' message can be placed on the collecting boxes) or their help can be recognized through mass media or the Internet.

Direct mail campaigns

Direct mail means sending letters to people, tell them success stories about the organization and people it helps, and ask for support so that other successful stories can happen. Ken Burnett, quoted by Norton, described direct mail fundraising as: "one person writing to another person about something they both care about. It is an opportunity for both writer and the potential donor, for it allows both the chance to do something personally to help" (Norton, 2003, p. 166).

In order to make solicitations through direct mail, one organization needs a list of addresses; and a communication package which includes the envelope, the letter (the story and the solicitation), a leaflet about the organization and about the ways in which persons can help, a reply device – for example, a pledge form, and a preprinted reply envelope. At the same time, an organization could send a gift from its part, something that will connect the prospect with the organization's mission or its beneficiaries (it could be a bracelet, a sticker, a card or a small handcraft made by beneficiaries).

Then, the letters should be sent at the right moment – some times of the year can be better than others; for example, in Christian countries, the period before Christmas is known that it works best for this kind of letter. Moreover, personalizing the mailing (using the potential donor's name, providing some personal details in the letter, making some handwritten notes, etc.), so that the persons will understand that *their own* involvement is expected, and not the involvement of the general public, is very important to the success of the campaign.

Finally, the organization must have a good system of dealing with the responses received. Usually, direct mail campaigns include letters sent to thousands of people, and that means thousands of people can respond and ask for more information and make the donations and their contributions must be acknowledged through other letters.

Norton categorized the direct mail campaigns saying that there are three types of mailing:

"1. **'Cold' mailings** to people with whom you have had no previous contact;

2. **'Warm' mailings** to your existing members and supporters, where you already know that they are interested in your work and are likely to get a far higher response;

3. **'Reciprocal' mailings**, where you swap your membership list with that of another organization and use their list to recruit new members for your organization (they will use your list to recruit for their organization)" (Norton, 2003, p. 167).

The results of the campaign depend on the type of mailing list used. Usually, a warm list could bring 2-3% of positive responses from the total number of letters sent. A cold list will have less than 2% of positive responses. Even if in percentage the responses do not look so great and efficient, in numbers of donors and the total donations raised these campaigns can be really successful. Usually, through these campaigns organizations ask for pledges from the donors, which means that the donors will make monthly contributions to the organizations for one or several years. So, one organization could send 10,000 letters and this means that it could raise approximately 200 gifts of, let's say \$20/month. Totally, the organization will raise \$4,000 per month and that means \$48,000 per year.

The advantages of these campaigns are the following: a direct and personalized message can be sent to prospects or previous donors; they bring money constantly and they can contribute to the sustainability of the organization; they diversify the donors of the organization and reduce dependence on several major donors. The disadvantages are that they do not bring quick income; they are quite expensive; and they take time and effort because the message and the list of addresses should be tested before launching the big campaign and it takes time to personalize messages.

Personal solicitation

This kind of method is usually used for medium and major gifts prospects or current donors. Meeting or calling person by person takes time and time is money. So, when fundraisers dedicate time to meet people, instead of sending emails, for example, or including them in a direct mail campaign, means that he/she has a special interest in the donor – his/her ability to give is higher than others or it is significantly relevant for the organization.

When fundraisers meet the potential donors they have to know a lot of things about them, they need to be prepared with information about different projects of the organization which need support; and they need to know exactly how much they want to ask from the prospect. These meetings usually take place after several meetings and cultivation opportunities developed by the fundraiser. The most important advantages the fundraisers have during these meetings are: they are in front of the potential donors, and people find it harder to say "no" in a face-to-face meeting than through emails or on the phone; and the fundraisers take their emotions and their motivations with them, and their commitment and belief in the cause can be directly observed by the potential donors.

The disadvantages are that this kind of method takes time and it can be considered "intrusive" by the prospects that prefer less direct contact with the organizations. Once again, it is really important to know very well the prospect donor and his/her wishes and needs.

Solicitations made on the phone can be still considered a personal solicitation because there is direct and real-time contact between the fundraiser/volunteer and the prospect donor. It takes less time than personal solicitation, and it is usually used for relief/emergency campaigns. Phone solicitations can also be used during capital or annual giving campaigns, which are intensively promoted by the organization so that people who are called know at least some basic things about the organization is calling and about the campaign, it is organizing.

Legacies

Before dying, most people decide how their money, investments, properties, belongings should be distributed after their death, and their decisions are written down in their wills. "Wills and trust agreements enable people to provide long-term financial security for their families and loved ones. Such bequests also help donors perpetuate their values and support the vital work of the charities that are important to them" (Weinstein, 2009, p. 233).

These funds/properties/belongings/investments can be designated for specific purposes or projects or can be left unrestricted and the organization is the one that decides over the way in which will be spent or invested.

For raising funds in this way, fundraisers should target already existing supporters with whom there are special relationships and who have a special attachment to the organization and its mission. At the same time, other donors can be targeted, but this method takes time, and building trust and nurturing, in a genuine way, the relationships with donors are the most important factors of success in these cases.

Norton says that there are several reasons why people might like to support a nonprofit organization with a legacy:

"- Their immediate family is already well provided for and does not need all their money;

- They would like to 'do good' on their death, as this seems an appropriate gesture, or possibly a passport to heaven;

- They can help create a better world for the next generation;
- The gift can be coupled with some sort of memorial to them;
- It costs them nothing! They are not there when the money is paid over" (Norton, 2003, p. 189).

In this process, the fundraisers should understand very well how legacies work and the legal and tax background. They have to be well prepared because donors and their families will have a lot of questions.

The advantage of this tool is that rich people can leave huge legacies to nonprofit organizations, but at the same time the real donation is made only after their death, so during their lives, the organization has only their pledges; the pledges can be changed by the donors during their lifetime and families can be unsatisfied with the donors' will and they might not accept easily this will and create problems to the organization, such as media scandals and all types of injurious accusations.

Capital and annual giving campaigns

A capital campaign combines several methods of fundraising and its goal could be, for example, to raise funds for building an endowment or building a facility necessary to the organization's work (a training center, a residential building, etc.). An annual giving campaign also combines different methods of giving, but its purpose is to raise general funds for the organization, without directing them to specific projects or activities.

Norton describes the necessary stages for a properly planned campaign:

"- The planning phase which will include the preparation of a case document, which sets out and justifies the purpose of the fundraising; a business plan or feasibility study, which sets out the plan and time scale for the fundraising; research, into likely sources and givers;
- The recruitment of an appeal committee, and in particular of the appeal Chair, who will lead the appeal;
- The private giving phase, in which major gifts are sought and obtained;
- The appeal launch, when enough major gifts have been obtained to ensure that appeal will be a success and the charity is happy to go public;

- The public giving phase, when contributions are sought from a wider range of people and through public fundraising activity and events;
- The consolidation phase when all contacts who have not given are followed up in a final push;
- The appeal closes – hopefully when the budgeted sum has been raised" (Norton, 2003, p. 192).

The final phase is that of completion of the project (if there is a specific one) and saying 'thank you' again to those who contribute to it.

This kind of campaign needs very good leaders, people with a clear vision, strong motivation, and the ability to involve important people in the campaigns. The organization needs a large donor list, a very good reputation in the community, a confident management team, and community leaders who can endorse the organization and support it. Capital or annual giving campaigns involve not only individual donors, but also corporations.

Raising funds from corporations

There are three important kinds of direct support the corporations can give to NGOs: money, products and services. Usually, these are referred only at two categories: financial aid and in-kind contributions. In practice, business support is very complex and it takes so many forms. Each of them helps the NGOs in a different way and brings in return totally different rewards for the companies. These are treated as different methods of business support or methods of fundraising, but in the end, they are financial or in-kind aid.

Usually, each company has an annual plan for its work and a specific budget for it. At the moment, most of the larger companies include in their budgets funds that are used to support the communities or the NGOs' projects, but there are still companies that do not budget such activities. This does not mean those companies cannot be addressed and asked for support.

Norton sustains that there are a variety of ways in which companies can support the NGOs and he mentions several of these:

"- Cash donations;

- Sponsorship of an event or activity;
- Sponsorship of promotional and educational materials;
- Joint promotions, where the company contributes a donation to the charity in return for each product sold in order to encourage sales;
- Making company facilities available, including meeting rooms, printing or design facilities, help with mailings, etc.;
- Support 'in kind', by giving company products or office equipment that is no longer required. Giving things rather than money is often easier for a company;
- 'Secondment' of a member of staff to work with the charity, where the member of the company's staff helps on an agreed basis whilst remaining employed (and paid) by the company;
- Contributing a senior member of staff to the charity's Management Board;
- Providing expertise and advice;
- Encouraging company employees to volunteer;
- Organizing a fundraising campaign amongst employees;
- Advertising in charity brochures and publications" (Norton, 2003, p. 98).

From these lists, it can be concluded that the types of business support usually combine several main sources: money, products, services, facilities, employees, image and expertise of the companies. Sometimes, there is not only an issue of what they can give but also one of what they want to give and for what. Norton also emphasizes "sorts of activity that they might be particularly interested in:

- Important local projects in the areas where they have a significant presence;
- Prestigious arts and cultural events, especially those that involve TV personalities and film stars;
- Sporting events and competitions, especially those that attract keen public interest and those that involve sports stars;
- Activities that relate to their product. For example, an ice cream manufacturer might want to support children's charities;
- Economic development projects – because a flourishing economy will benefit the business;
- Environmental projects – because these days everyone loves the environment;

- Initiatives which have the backing of very prominent people" (Norton, 2003, p. 97).

We have to mention that larger companies and international companies usually have a clear policy of **corporate social responsibility** through which they establish the types of supports, the kinds of projects they are willing to sustain and the domains in which they want to invest. These policies cover an annual plan or several years' plan of CSR. It is easier to match the NGO's needs for a project to the companies' priorities and policies when these are clearly described. Both the company and the nonprofit organization know what their objectives are.

Norton sustains that it is also important to know what companies are unlikely to want to support. He says that "surveys suggest that most companies will not give to:

- Local appeals outside those areas where they have a business presence;
- Purely denominational appeals for religious purposes, although this does not preclude support for social projects run by religious bodies;
- Circular appeals, which are printed and sent to hundreds of companies. These usually end up unread in the bin;
- Controversial causes which might bring them bad publicity. They prefer to play safe, and they are seldom interested in supporting active campaigning bodies;
- Overseas appeals, although some do support emergency and aid appeals on the basis that this is the sort of thing that the staff would like to see supported" (Norton, 2003, pp. 97-98).

From the list proposed by Norton it can be affirmed that companies usually support clear projects, causes with clear objectives and certain results. At the same time, the companies will not offer their support when they feel the risk of losing their image, reputation or when they do not see any relation between their aid and their activity or place of activity. And companies do not like to be treated as one of the thousands of companies from the city. They try to be different from their competitors, so they expect to be treated differently by the NGOs, as a "special" case, with particular ways of addressing.

The main kinds of business support are: cash donations, sponsorship, in-kind support, joint promotions (or cause-related marketing), match gift (or payroll giving), and corporate volunteering. An organization's success in getting business support depends on its professionalism in asking, on its ability to build good relationships with the companies, and on its understanding of companies' ways of thinking and action.

Cash donations

Cash donation is the most wanted business support by the NGOs, but it is the hardest to get because money represents companies' reasons for being. It is easier for the companies to give products, services or expertise than the shareholders' money. Cash donations can come as grants for a specific project or as gifts also for a specific project and/or for the organization as a whole.

The process of writing proposals for companies is detailed discussed in *Grantsmanship and proposal writing* chapter.

Sponsorship

Sponsorship is another way of getting business support which is also in the organization's top preferences because it is still about money. "Sponsorship needs to be carefully defined. It is not a jargon word simply meaning a gift from a company that is publicly acknowledged. It is an association between two parties with quite different interests who come together in order to support a particular activity for two quite different motives" (Norton, 2003, p. 107). More clearly: "the charity is looking to raise funds for its work. The sponsor hopes to improve its image or to promote its products or to entertain the customers – and thereby sell more of its products" (Norton, 2003, p. 107).

Sponsorship is different from donations. Meanwhile, the last one assumes no legal obligations from the organization's side, the first one supposes a legal contract through which the organization has rights and obligations. There are different types of sponsorship: the companies can give money (they usually choose this kind of sponsorship), but also they can give products or offer services to the organizations. In exchange, the organizations offer them good publicity or direct access to their clients, for instance.

In the last years, the sponsorship has not been seen anymore only as a method of fundraising, but also as a marketing activity. It became to be treated from a double perspective: one of the organization's and the one of the company. This situation influences the relationship between the organization and the company, and they become equal partners with specific rights and obligations. In this new perspective on the sponsorship, the organization has to change its attitude adopted in the cash donations case, for instance, and adopt a new attitude and speech appropriate to the business environment (ARC, 2006, p. 14).

The companies prefer sponsorship first of all because it's like a business relationship that they are used to. Norton gives other several reasons for the companies' preference for sponsorship:

"- It helps them get their message across;

- It can enhance or change their image;
- It can reach a target audience very precisely;
- It can be very cost-effective advertising and product promotion;
- Further marketing opportunities may develop from the sponsorship;
- It generates good publicity for the sponsor, often of a kind that money can't buy;
- It generates awareness of the company within the local community in which the company operates and from where it draws its workforce;
- Sponsors can entertain important clients at the events they sponsor" (Norton, 2003, p. 108).

Companies sponsor specific events, campaigns, competitions, scholarships, the publication of a book or a report, a specific activity, equipment, vehicles, etc. The sponsorship is not related to the organization's programs or projects, usually, because these seldom can bring the image and the publicity wanted by the sponsor, they are medium or long-term, and their results come in time and cannot be so easily achieved as those of a short-time campaign.

Norton mentions several steps in getting a sponsorship from a company that should be followed by an organization: identifying possible sponsors, creating the sponsorship package, making the approach, and sign the contract.

To identify the right company to ask, the organization should decide what activity it wants to offer to the sponsor and establish the audience for targeting. Then it should make the list of the potential sponsors and some research on them to find out "what the company has sponsored before, what sort of sums it might be interested in providing, and its current interests and concerns which might be met through sponsorship" (Norton, 2003, p. 110). The organization then prepares the proposal that should describe the event, outline the benefits to be gained by the company and include a price for the sponsorship "which will as much reflect the value of the benefits to the company as your own fundraising need" (Norton, 2003, p. 110).

The sponsorship can take a long time, the organization should be patient and able to negotiate with the company. At the same time, the close and different relationship between the two parties can create problems for the organization: "it is one thing when a charity accepts or even solicits money from a company about whose activities it has some reservations; it is quite another when it actively seeks to promote the work of such a company, as it will be doing in a sponsorship relationships" (Norton, 2003, pp. 110-111). For avoiding an undesirable situations, Norton recommends the development of a sponsorship policy before applying for any sponsorship contract.

In building a sponsorship policy the Community Relations Association proposes several steps:

- Find out the history of the sponsorship contracts obtained by the organization and make a list with the companies that were asked for support;
- Define what means sponsorship to the organization (what the organization expects to receive and what it wants to give);
- Describe very clearly the sort of companies that the organization shouldn't approach (for instance alcohol companies);
- Establish the methods that the organization should use in order to get sponsorships (the steps that the organization should follow, the materials it needs);
- Analyze what are the organization advantages and what it can offer to a company; and
- Choose the persons from the organization that will manage this process and policy (ARC, 2006, pp. 14-15).

Before approaching a company, the organization should create a sponsorship package that will be presented to the corporation's representatives. This package includes: the description of the nature of the project or activity (how it is likely to work); the audiences that will be reached and the publicity that will be obtained (exactly estimated); the geographical coverage; the image that will be projected through the event and the relation between it and company's brand and image; the specific advertising opportunities; other benefits that the sponsorship can confer to the company; and the cost of the sponsorship and the value of the sponsorship benefits, and how they compare with other ways of reaching the same audience or similar promotional objectives (Norton, 2003, p. 111).

The most wanted approach is one of a meeting in which the organization's representative makes a presentation of the NGO's work and the sponsorship opportunities in front of the persons who are able to make the decision. If there is no possibility for such a visit, the fundraiser should call the marketing department of the company and send it a summary of the proposal to see if there is any interest in the project or activity. A few days later, the fundraiser should phone and ask for a meeting. Moreover, the company can be approached through advertising agencies or marketing consultants which can introduce sponsorship opportunities to potential sponsors. Usually, these charge the organization a fee.

Norton also insists on the contractual issues that should be settled when negotiating sponsorships. He mentions the period of the arrangement, the fee to be paid, the benefits delivered in return for the fee, the responsibilities of each party, the termination arrangement and the responsible persons for managing the relationship (Norton, 2003, p. 113).

The sponsorship is a way of business support that is more and more used: "one of the future directions of the corporate giving is through sponsorship – as companies want to get more back for their money than a simple acknowledgment. (…) Many companies will give much more as sponsorship that they would as a donation if they can see the benefits that they can gain for themselves" (Norton, 2003, p. 107). In this respect, the organization should treat more and more seriously this kind of relationship with the companies and learn to act as their business partners.

In-kind support

In-kind support is referring to goods and services offered by a company to an organization. Usually, it is easier to obtain this kind of support than money from a company. First of all, they cannot say that they do not have these goods or services, so it is hard to refuse the organization.

Usually, the companies can provide free conference rooms, Internet access, specialized counseling, technical service, but also they can donate what they produce or old equipment. Asking for in-kind support from the company is usually considered as being one of the first steps in establishing a long-term relationship with the corporation.

This method is sometimes linked with sponsorship because when the company is giving its support usually there it's signed a sponsorship agreement which includes the money value of the products or services received.

The ethical issue, in this case, is related to the use of the products received from the companies. The organization should use what it received in the respect of the purpose established in the agreement signed with the corporation. One NGO should never ask or accept the goods it doesn't need, and it should never commercialize the products it has got from the companies. The organization can change the use of the services or products only with the approval of the company.

The use of this mechanism of asking for support doesn't bring directly money from the company, even if in time the new relationship with the corporation can bring some financial support. At the same time, this support is strongly recommended because it attaches the company to the organization's cause, it makes the company's representatives to better understand how the NGO is working and how they can help, and moreover it allows the organization to make sometimes considerable savings.

Joint promotions (or cause-related marketing)

Joint promotions or cause-related marketing is still about getting money from the companies, but it is more than cash donation and sponsorship, because it involves the companies' clients and products or services. "Under this method, a corporation proposes a marketing and advertising campaign that includes a promise to give a certain percentage of the increased revenue from product sales to one or more charitable organizations. The not-for-profit organization, in return, lends its cause, credibility, name, prestige, public trust, and reputation to the company product" (Greenfield, 1999, p. 233).

Norton sustains that this mechanism is usually considered proper for the larger charities and he names it joint promotion. He describes this mechanism as "commercial promotions which involve the charity in helping market a commercial product (…), which can bring in large amounts of money relatively painlessly and expose the name of the charity to millions of people for little or no cost" (Norton, 2003, p. 113).

These descriptions of the mechanism bring a very interesting perspective on the relationship between one company and one organization. The mechanism is described as a mechanism of support *for* the company: in this case, it seems that the company gets help from the organization, and not vice-versa. Norton sustains that is something like sponsorship, both of the parts benefit from this arrangement, "but the relationships are reversed – you [the organization] are linked to the company's products, rather than they to your cause" (Norton, 2003, p. 113). This change in relationships determines some ethical discussions that will be mentioned at the end of this presentation. For the moment, there will be presented some ways in which the joint promotions can be done: on-pack promotions, licensing promotional deals, competitions or self-liquidating offers.

The basic mechanism of one on-pack promotion is that "with every purchase of the product through every label or coupon returned, the manufacturer agrees to give a specified sum of money to the charity, sometimes with an upper limit on the total that will be given as a result of the promotion" (Norton, 2003, p. 114). The good practice recommends that the sum, the amount or the percentage to be donated should be mentioned on the pack.

Licensing is usually proposed to well-known nonprofit organizations. In this case, it's very important the name of the NGO. The company is interested in developing an agreement with the organization for using its good name in order to enhance its sales: "out of this is born the licensing deal. The promotion is likely to involve a fixed number of uses of the charity logo or name over a given period of time in return for an often substantial fee. Precisely how it will be used will be set out in the licensing agreement. The outcome is then not directly related to the level of public support, but it is agreed at the outset as a fixed fee" (Norton, 2003, p. 114). In other words, the organization is selling/renting its name and, from this perspective, this can be considered a commercial activity and it has less and less connection with philanthropy.

Self-liquidating offers are referring to the mechanism through which the organization sells and promotes its own products, with the help of a company. Even the mechanism seems to be more complicated because the organization feels the pressure of the production costs, Norton mentions several advantages for this kind of joint promotion: "depending on the pricing, you may end up marking a profit on a large number of sales –

something that charities do not often manage by marketing the same products themselves. Whether or not you do better than recover the costs, you can certainly expect to distribute a large number of items bearing your message. (…) And finally, there will be an extremely large number of people who will see the promotion but not buy – which is additional publicity for the cause" (Norton, 2003, p. 115).

In the case of joint promotions, most of the work is done by the company. The company will take care of the marketing campaign and the selling of the products. It seems that the most important job of the organization in this mechanism is to protect its image and cause used in the campaign.

But there are several steps that one organization should follow in starting a joint promotion. Norton sustains that first, the organization should decide if it is the sort of the NGO that can expect such a commercial link with a company. Second, the organization should decide whether to wait until one company will contact it for such a campaign, or whether to contact the companies that might be interested in joint promotions. In this last case, the organization should be clear about the nature of its cause, then it should decide to what extent it is ready to accept an association with a company and what kinds of companies it will agree to contact for such campaigns. Third, before contacting the company the organization should research it and its products looking at their marketing objectives, at their competitors and asking what the company might gain through an association with the organization. Forth, the organization's representative should try to meet the marketing director of the company, in order to present him/her the possibility of an association. But, maybe it is preferable that company contacts first the organization. This situation seems to bring important leverage for the organization in the negotiation process. The final step for the organization is one of the contract. Greenfield sustains that a typical contract should include the following: "what the company is expected to do – how much money will be given to the not-for-profit organization and when; the time frame of the agreement and options for its continuation; an exclusivity clause; auditing procedure; review of all promotion materials and sign-off on rights, logo and name; liability potential and coverage; and a possible stipulation on 'minimum revenue' requirements" (Greenfield, 1999, pp. 237-238).

Before starting a joint promotion, the organization has to test itself on some ethical principles. There are two problems: first, the organization will be seen promoting the products of one company, and second, the organization accepts the use of its name and cause for a commercial purpose. Greenfield recommends that the organizations should look very carefully at the proposals coming from the companies which usually are presented in terms of "free gift" and "no effort" from the NGO's part. There are several questions that the organizations should ask before accepting or starting a cause-related marketing promotion:

"1. Is this philanthropy?

a. Does the offer qualify as a tax-deductible contribution?

b. Does it represent support with no 'strings' attached?

c. Is the offer devoid of any direct financial return to the corporate?

2. Is this an unwise or inadvisable arrangement?

a. Could the offer diminish public approval?

b. Could it weaken an organization's case for philanthropic support?

c. Could it blur the public's ability to distinguish the business from philanthropy?" (Greenfield, 1999, p. 235).

The offer can be considered valid, if the organization can answer with 'yes' to the first group of questions and with 'no' for the second group. But Greenfield still underlines the fact that "the primary corporate goal is to increase sales. The company may also believe it will increase its own public respectability by contributing to a recognized name charity. (…) The sponsoring company will discontinue the program quickly if sales drop, regardless of a commitment to a charity, because the project was never a gift program in the first place" (Greenfield, 1999, p. 234). Moreover, he says that these promotions can be considered commercial activities for the organization and not gifts, because the income is derived from sales or promotional exchange.

From another point of view, the company can be perceived as a corporation that uses the good name or the cause of an organization in order to increase its sales and not for the good of the community. This problem of perception can be solved if the company is supporting the organization in other ways too. A long-time relationship between the corporation and the organization can be proof of the company's good intention (ARC, 2006, p. 17).

At the same time, the organizations should be careful at the reputation of the company and the name of its products within the customers. Moreover, it should have a clear policy about what associations to be accepted and what to be refused. Norton raises also a difficult question related to money: how much the organization should expect to receive from such a commercial promotion? "Your name is effectively being sold to the company to enhance theirs or their products. It may be worth a great deal to them to be linked with you. Any negotiation should start from what you think the association is worth to them and whether it is worth your while to enter into the promotion at that price" (Norton, 2003, p. 116).

Matching gift programs or payroll giving

Matching gift program is another mechanism through which a company can help an organization with money, but this is strictly linked to the company's employees' decision of supporting the organization. Through this kind of program, an employee can choose to donate each month a certain sum of money from his/her salary for an organization, through an administrative system sustained by the company. At the same time, the company may choose to match the money given by the employee, by offering the same sum or by doubling or tripling it.

There are several factors that influence this mechanism. First, the legal system can encourage or discourage such a mechanism. There are countries where these kinds of donations from the employees are tax-deductible, and there are also countries, like Romania, where the fiscal code doesn't provide any facility and the financial departments of the companies do not assume such responsibilities. Another factor is the company that can sustain or not such a mechanism. Even if there are employees that are interested in a matching gift program, if the company or its financial department refuses it, there is nothing to do. At the same time, if the company accepts the system, but the employees are not interested in it, there is nothing to do because the mechanism depends most of all on the employees' support.

In a matching gift program, the employee is the key factor. He/she is the one who decides what organization or cause he/she wants to support, what sum of money he/she is able to give, and for how long. The match and the way of matching are decided by the company and they are optional: there are companies that support the mechanism, but they don't invest supplementary money or they limit the size of the matching gift to one specific amount of money. The matching gift can be offered monthly or following an annual agreement.

There are several steps that one organization should follow in implementing such a system: identifying the potential companies, discussions with the decision's persons from the companies, meetings and presentations for the employees and maintaining the relationships with the donors and the corporation.

In the research made for identifying the right companies, it's better to have in mind especially the companies that already know the organization and its cause. At the same time, when the organization tries for the first time to impose this mechanism, it's better to begin with a small company that will accept easier the organization's possible hesitations and mistakes.

When the organization's representatives are ready to meet the company's decision persons they must have in mind some clear objectives:

- They have to underline the company and employees' benefits from this program;
- They have to obtain the company's approval for the meetings with the employees; and
- They have to convince the company to sustain the program through its financial department and to match the gift made by the employees (ARC, 2006, p. 23).

If the organization's representatives have succeeded in the presentation made to the company's decision persons, then they have to prepare the meetings with the employees. They have to find out some details about them, such as their number, their work schedule, their average salary and about the meeting place. Taking into consideration this information, the organization should decide how to address the employees, one by one, in small groups, in a big one meeting, etc. The NGO's representatives must have enough time to make a good and efficient presentation and, at the same time, they have to be sure that they will have the attention of the employees. The message that will be transmitted should include information about the organization's work and needs and about the importance of getting their support. They need to take with them promotional materials about the organization, about the mechanism, the special form of the program and some promotions objects as pencils, t-shirts, scarves, etc. After the presentation, the organization's representatives should insist on getting an immediate answer from the employees, because there are little chances that the employees will send the forms to the organization (ARC, 2006, pp. 24-26).

The organization should have all the copies of the completed forms, and the originals should be kept by the financial department of the company. It's very important that the NGO's representatives to stay in touch with the person from the corporation that will administrate the forms and retain the sum accepted by each employee. At the same time, the organization should make its own database with the employee-donors, to send them news about the program and to send them *thank you* messages. Thanks and new information should be also sent to the company's representatives (ARC, 2006, p. 26).

The company's benefits from such a program are related to some fiscal facilities, its good image in the community, its involvement in solving the community's problems, and the improvement of the relationship with its employees. These will get some emotional satisfaction that they can help their community, they can easily offer their help, and they are involved in solving some problems that can affect even them or their families or friends (ARC, 2006, p. 24).

This mechanism has some important advantages: it is a long term mechanism, the sum of money received by the organization even if usually is not big, it comes constantly, it involves the company *and* its employees, its costs are acceptable and the funds raised can be unrestricted, if the donors accept this.

Corporate volunteering

Corporate volunteering is referring to all the forms through which one company encourages its employees to help one nonprofit organization by offering their time, abilities and expertise. This method is different from the services provided as in-kind support, because employees come and work directly in the organization's projects and usually they do not do what they do every day in the company.

The companies use this method as a team-building resource, for developing the relationships between the employees and to develop one kind of organizational culture, to diversify the employees' skills, to increase its notoriety and good image in the community and to help the community. At the same time, the employees feel they can do something useful for the community, they can view directly the results of their work and they can feel as being part of a special group.

The nonprofit organization accepts this kind of help from the company and its employees for several reasons:

- It gets the volunteers it wants;
- It keeps the company and the employees close to its cause and work, so they will understand better what the nonprofit is doing and why it needs their help;
- It makes some savings in human resources, time and money;
- The organization's representatives develop easier personal relationships with the company's employees and representatives; and
- This kind of support can attract other volunteers for the organization.

Special events

Nonprofit organizations can prepare all kinds of events in order to raise money for its programs and projects: cultural, sport, entertainment events, mass participation events, festivals, fairs, auctions, galas, dinners, etc. In addition to the funds raised, these events have some other advantages: help organizations to increase the public's awareness of their missions and programs, build up a clientele for future similar occasions, reach new audiences, create numerous opportunities for volunteer participation, and could help in reaching the PR objectives of the organizations, enhancing their profiles in the communities. But, "as fundraising vehicles, these events tend to be costly, both in terms of efforts and dollars expended in relation to the net dollars contributed" (Weinstein, 2009, p. 201). Moreover, the special events are risky fundraising methods of fundraising – for example, the people may not come to the concert, the concert can be canceled because of rain or because of the last moment withdrawn of a sponsor, or the performers get sick, and so on.

But still, the special events can be very successful and attract a lot of funds and participants. In comparison with other methods of fundraising, special events have at least a second purpose in addition to the one of raising funds: provide a good time to the participants and to the sponsors/donors.

No matter the type of event, a good time must always be provided. Wendroff categorized the special events defining 5 types of special events:

"1. Community wide events: races, marathons, and 5-, 10-, or 20-kilometer runs with costumes (such as the Far Side run, in which runners dress up like characters from Gary Larson's cartoons); galas put on by large arts organizations like the symphony, opera, ballet, and museums; raffles, cook-offs, fashion shows, unique home and mansions tours;

2. Testimonial events: tribute and award dinners, luncheons, breakfasts, and receptions of all types; recognition events where someone is honored;

3. Sporting events: golf, tennis, bowling, and softball tournaments;

4. Theater and art gallery openings: previews of exhibits, new movies, and stage plays; open artists' studios, galleries, and showplaces for the exclusive use of the nonprofits' guests, with a percentage of each sale to the agency;

5. Auctions: live and silent auctions held as stand-alone events or in combination with testimonial and sporting events, such as honoree dinners and golf tournaments" (Wendroff, 2003, p. 275).

Taking into consideration the variety of events that can be organized by a nonprofit organization, probably "the most crucial step is deciding which events to do" (Weinstein, 2009, p. 202). Weinstein (2009, pp. 202-204) proposes an approach in making the right decision: first, the fundraisers together with staff and volunteers should list as many special-event fundraising ideas as possible; second, they should evaluate the potential of the event to generate significant net revenue (significant means a net of at least 50% of the gross income, and preferably more); third, the event should be fun; forth, the event should be consistent with the organization's image, purpose, and mission; fifth, the event should appeal to the organization's constituency and to others; and sixth, the event should appeal to potential sponsors – especially high-end sponsors. For example, a hard-rock concert with well-known performers is fun and it might bring significant net revenue for a nonprofit organization working for children with behavioral problems, but could be a hard-rock concert consistent with the mission of the organization? Will it be in accordance with the values and principles promoted by the organization? Will it be in accordance with the image of the organization? Will it attract the organization's constituency? Will the organization find sponsors for the event – people or corporations interested at the same time in hard-rock music, in promotion provided by this type of event and in the organization's mission? Probably the answer to all these questions will be "no" or "probably not". In conclusion, the organization must think to another special-event fundraising idea.

Making the right decision in choosing the event is not enough in assuring the success of the event. *The Worldwide Fundraiser's Handbook* suggests 5 ingredients for success: the performers, the sponsors, the media, the organization, and the audience (Norton, 2003, pp. 148-149).

Performers: they are those people upon whose skills and appeal the event is centered: the band that will play, the auctioneer, the sports players, the personalities present at the gala, and so on. The success of the event depends on their performance, and their performance brings fun and a good time for the participants – the second important goal of a special event. "But they also have something to gain from participating in the event. It could be a fee (although you should always try to get a reduced fee or a free performance). It will often provide them with good publicity, and an association with a good cause – which is good for their image" (Norton, 2003, p. 148).

Sponsors: the sponsors are really essential for the event, because usually they support most of the costs and this helps the organization to hold the event and to reduce financial risks. Their gains from the event could be the opportunity of reaching a numerous audience with information about them and their products or/and the good image and promotion they receive for their sponsorship.

Media: the media should report interesting and newsworthy events, because that is their reason for being. "Whether the event is genuinely newsworthy depends on the nature of the event itself and on how creative you are in generating media interest" (Norton, 2003, p. 148). Their interests might be exclusive coverage of the story or the media sponsor position.

Organization: the real reason for the event is to raise money to support the organization's good work. The participants will come for the organization, for its cause and for the event itself, because they are interested in having a good time. Then the performers will come to the event because it can be special for them or because of the organization's good reputation. The sponsors will be interested in the event's audience and in the good reputation of the organization. In conclusion, the cause and the image of the organization are very important in assuring the success of the event.

Audience: everyone who attends the event must know that it is a fundraising event and they must expect to be asked to contribute to the organization's cause. "Making sure they enjoy the event is important. But finding ways of raising more money from the peoples who you have attracted to your event is a critical factor in the financial outcome" (Norton, 2003, p. 149). An event can combine more types of fundraising activities: for example, during a gala, one organization can prepare an auction or a raffle; so it will raise money from the contributions made for the participation at the gala and from the things sold at the auction or from the tickets sold for the raffle. Moreover, during the same evening, the organization can have pledge forms for each person to fill in, and make an appeal during this event; or during the same event, because not everyone there will be an existing supporter or know about what the organization does and what its programs and results are, the fundraiser can advertise a future appeal and talk about the organization and its cause.

Here is an example of a very successful special event from Romania:

Christmas Trees Festival organized by Save the Children Romania

www.festivalulbrazilor.ro

Christmas Trees Festival is organized every year, since 2001, by Save the Children Romania. In 10 years, through this festival the organization raised more than 2 million Euros.

Every year, famous designers create special Christmas Trees which are then sold during the festival. The Christmas Trees are bought by individuals or corporations. Then, the money is used for the educational programs run by Save the Children Romania for the benefit of children coming from low-income families and communities.

The performers are famous designers who create special Christmas Trees for free, such as Venera Arapu, Agnes Toma, Wilhelmina Arz & Burberry, Cristina Batlan & Musette, Claudia Castrase & Danina Ormenisan & Sephora, Alexandru Ciucu, Lena Criveanu & Hansen Design, Rhea Costa, Malvina Cervenschi, and so on (these are some of the "performers" from 2011). Their creations attract important people and corporations. The trees are sold in an auction organized during the Festival's Gala. The Gala's hosts, other performers, are also famous people from show-business: Andi Moisescu and Andreea Raicu.

The audience and *the sponsors* are the same: designers, important people and corporations who sponsor the event or buy some of the trees and participate in the Gala. So, the costs of the trees are supported by the designers, the costs of the event (of the Gala) are covered through the generosity of some sponsors and the profit is made from sponsorships and from selling the special Christmas Trees.

The *organization* is a famous one being part of *Save the Children International* and its work and cause are well known and very 'attractive' as it involves helping children in need. Being so famous and having a good reputation in the community, the organization was helped in *promoting* the event by famous advertising and PR companies and by strong media partners.

All these ingredients thought and organized in a very creative and innovative way, make the event to be a very successful one: the money raised during the event could be the annual budget for a medium Romanian nonprofit organization.

Besides these ingredients, the ability to run the event is also crucial for its success. The good management of the event can be assured by the organization's staff, or by a professional agency or by a group of volunteers; or other solutions can be found combining these three approaches.

There are 3 stages in organizing any special events: organizing things that have to be done before the event; then organizing those things that have to be done during the event; and finally organizing those things necessary after the event. Before the event, the organization should choose the right activity, the right event for the organization and for the objective of raising funds. Then it should set a date and venue for the event. The organizers should plan everything ahead, so that the sponsors will have enough time to decide over their sponsorships, the performers can include this event in their calendar, and the participants will have time to be attracted to the event, through promotion. Then, the organization should get any permission it would need for organizing the event (for example, the permission to use a public space or to use the ballroom from the Opera House).

The next step is to produce sponsorship forms or sponsorship packages, and present them to the potential sponsors. The sponsorships are needed to cover costs and reduce the risks of not making a profit from the event. The public promotion of the event should start only after the sponsorship agreements are signed. Usually, an event depends so much on the sponsorships that if the organization cannot raise enough money from sponsors, it could cancel the event. So, no promotion should start before it is sure that the event will happen. “Effective promotion will turn an event from being a modest success into being really profitable. First, think who is likely to want to come to the event – this is your target market. And then decide how best to reach them – which you can do through getting coverage in the press and on radio, paying for advertising, displaying posters in the street or in public places, mailing your supporters and other lists of people” (Norton, 2003, p. 152). Promotion is necessary for attracting participants to the event, but also for keeping promises to sponsors and performers who are interested in reaching a numerous audience and in public recognition of their involvement.

Then, the organizers should prepare for the event day. They have to ensure that everyone involved knows what to do during the event, that they have all the necessary equipment and all the information needed. During the event day, the organizers should make sure that everything runs smoothly, and that if something unexpected happens they are able to solve problems or quickly adapt. For that, extra helpers should be called in for the event and some plans B should be drawn from the beginning. After the event, an evaluation should follow. This will look at the results of the events in terms of money raised, people involved, the image created, and so on. At the same time, process evaluation should be done too, in order to be able to improve the way in which the event was organized.

The organization should find ways of saying thank you to all the participants and to inform them about the amount of money raised. Moreover, from the beginning, the organization should let people know how the funds raised will be used by the organization, and after spending them the organization should report the results of utilizing the contributions raised at the event. Providing this information and recognizing the contribution of the participants to the organization's work are mandatory.

Any event can collapse or could not end as the organization wanted. In order to reduce risks, the best strategy is to have a well-thought-out event, good planning, organization and good marketing and promotion. Financial risk is probably the risk that organizations are most afraid. Norton proposes several ways of reducing this risk:

"- Financial sponsorship. Get all the costs of the event covered by a sponsor, so that there is nothing to lose, and everything to gain. An additional advantage is that you can tell everyone coming that all proceeds will go to the cause (since all the costs have already been covered). This can be a tremendous encouragement for ticket sales;

- Commitments and guarantees. One way of running a charity gala is to have a committee of say 20 people, each of whom agrees to get 12 people to come to the gala. They take responsibility for selling 12 tickets, or for paying for them themselves in the event of being unable to find others to contribute. This means that you have an already guaranteed attendance of 240 people – enough to fill the venue or make sure that the event is a success;

- Cost-cutting. You might try to get as much as you can lend for the occasion, donated or sponsored, so that you do not have to pay for it. (…) Not having to pay or paying less is a simple way both to get more out of the event and to reduce the risk at the same time;

- Insurance. It may be possible to insure against public liability, theft or damage (in case something goes wrong), and for an outdoor event, even against the possibility of bad weather" (Norton, 2003, p. 152).

In conclusion, special events are an important and efficient method of raising money for nonprofit organizations, and they could be really appealing to the audience as they involve fun and a good time. But organizations should make sure that the net income of the events is significantly important in comparison with the gross income and expenses made. Moreover, the organizations should not organize too luxurious events which will raise pertinent questions from the participants, such as: does the organization really need money, because it seems like it has a lot of funds available, if it is able to provide this expensive food and pay so much for these performers?

Income-Generating Activities

Common fundraising activities are based on the idea that in every community there is some available income (from individuals, corporations, foundations, governments) for supporting good causes and that it is possible to persuade people and organizations to give away this income for the work of nonprofit organizations. Reasons for giving vary a lot from man to man and from one organization to another, but none of them involves *selling* products/services produced by nonprofit organizations.

Income-generating activities are the fundraising activities that introduce the selling relationship between organizations and their supporters who are transformed into clients. "Generating income through self-financing is very different. Here the potential fundraiser says «I am not interested in trying to persuade you to give me of your wealth, I am interested in creating wealth for my organization by asking you to buy some goods or service that my organization produces». It is based on the entrepreneurial approach that opportunities create income exist if you look for them, and there is no reason why such opportunities should be monopolized by those who work for profit-making entities" (Holloway, 2003, p. 123).

A nonprofit organization develops such income-generating activities because it needs money, most of the time unrestricted funds; because raising funds from the community is not successful, because its cause could be a taboo cause which hardly finds supporters (for example, in conservative communities few people will donate money for organizations that encourage women leadership or protect gays' rights), because there is no tradition of philanthropy in the community (most of the ex-communist countries have little tradition in philanthropy and people still need to be educated to become donors and volunteers) or because there are not sufficient funds for nonprofit causes in the community; the grants market is more and more competitive and the funds are fewer and fewer; corporate funds are available but they are limited in time and are restricted funds; there is an increasing pressure, especially from the business environment which cannot understand how an organization can function and exist without producing something and make its own money, etc. In this context, nonprofit organizations tend more and more to develop activities that will help them to generate unrestricted income, entering in the business world.

Massarsky uses for these income-generating activities the term of “nonprofit enterprises” and she defines it as “business ventures initiated by nonprofit organizations for the purpose of generating net income to support their mission and programs to provide employment and other benefits to their clients” (Massarsky, 2005, p. 440). Massarsky explains she uses the term business universally and without regard to the way in which it is developed in relation to the nonprofit organization: it could be located within the nonprofit, it could be organized as a freestanding spinoff or it could be a subsidiary of the organization.

When starting an income-generating activity nonprofit organizations are worried about the legal issues, about tax-exempt status, and they think they want money quickly. These activities, like any other business, cannot bring money quickly into the organization. A business needs time to develop and in the short-term it needs investments and it might bring no profit. Then, nonprofit organizations are private organizations and they are allowed by law to have income-generating activities, but the profit made from these activities will be taxed – still, other incomes of the organization will not be taxed (donations, sponsorships, contributions, etc.).

Massarsky suggests that nonprofit should ask questions that will help them to determine if they are ready to operate a profit-making business, and he gives some examples of questions that should be considered:

“- What is our current and projected financial status, and how will earned income help us?

- Are we feeling desperate?

- Is business venturing consistent with our mission? Do we feel comfortable with the idea of selling a product or service?

- Will business venturing distract us from what we were founded to do? What are the potential risks and returns in terms of our finances, organization, and reputation?

- If we design and operate a business, will we have the support of our staff, board, funders, members, and others?

- How will a profit-making business fit into the overall structure of our organization? What priority will it have among the staff? Among senior management?

- Are we prepared to allocate the staff to investigate possible ventures and get one up and running or to hire someone to do it for us? Do we have a “champion” among us who will take responsibility for the work and who has the influence and authority to move forward?
- Are we prepared to allocate the time necessary to conduct proper analysis, planning, and start-up to meet the demands of the marketplace?
- Do we have the financial resources to put toward the process of identifying a business and starting it up? Do we have access to other sources of capital?
- Do we really have a product or a service that people would be willing to pay for?” (Massarsky, 2005, p. 450).

In order to be able to answer these questions, Massarsky (2005, pp. 451-462) recommends nonprofit organizations to proceed through some steps making the right decision, in the end, of starting or not starting a business. The first step is to designate a team to explore the idea and maybe attracting a consultant in the process who knows the business environment and who can keep the discussions on track and who can provide objective opinions. At this stage, the organization should understand and should find out if it possible for it to become more pro-active, self-reliant, entrepreneurial, innovative, risk-taking and market-driven. All these characteristics need to be developed in order to start and conduct a successful business.

The second step is to conduct an organizational audit through which the organization can explore how its assets might be useful for the future business, but it can also learn how healthy is as a whole, what its strengths and weaknesses are and what improvements should make.

The third step is to brainstorm ideas for the future business, and the goal is to find ideas that can perfectly connect the organization’s assets and the potential businesses with which the organization feels comfortable. “In brainstorming to list potential businesses, your organization should think about its interests and capabilities, the degree to which it desires a business that is related to its mission, the size and scale of business it can handle, and its desired geographical outreach. It should consider the monies it wishes to earn, how labor-intensive it wishes the business to be, and its ability to capitalize the costs of various start-up and ongoing operations” (Massarsky, 2005, p. 454).

The fourth step involves conducting feasibility studies for two or three businesses that were considered during the brainstorming process attractive for the organization. A feasibility study is “a formal and systematic analysis that explores a number of issues critical to the success of the business and determines whether it can succeed at the level required by the principals” (Massarsky, 2005, p. 455). Such a study will look at the market, at the potential consumers, the organization’s potential competitors, and of course at the products/services and the production process. At the same time, it will analyze the business in terms of capital needed, estimated revenues and expenses, and of management and personnel. In the end, all this data should provide the recommendation of proceeding or not proceeding with the business.

In step five, the organization should secure an organizational commitment to the new business, if the feasibility studies proved that some of the businesses could be successful. The organization should list risks and returns associated with each business that was proved it might be successful. The risks could be related to the organization’s financial position, its reputation, and its relationships with funders, beneficiaries and event with the personnel.

Once these risks are listed, acknowledged and assumed, the organization could start developing the business plan (step 6) for the business it selects to proceed with. The business plan will describe what business will be developed, how the organization is going to do it and why. A business plan should include in detail at least the following elements: description of the business (including a mission statement), industry and market analysis, marketing plan, management plan, operations plan, a financial plan for the business venture (including legal structure, relationship to the nonprofit parent, and performance measurement or milestones), risk assessment and contingency plan (Massarsky, 2005, p. 460).

In the last step, the organization should seek any capitalization required for its new business. It should look for loans, grants, investments, or maybe it already has the necessary money. In this final case, it should persuade the board of the organization to allow the utilization of its reserves for the new business. The organization should proceed with the new business only when the funds are in hand. The success of the new business depends on this capital, but also on the organization’s commitment to develop the business and dedicate it time and energy; and on the openness of the management to learn business practices or to ask for help from professionals in running the enterprise.

The types of businesses that nonprofit organizations can develop are categorized (Holloway, 2003, p.134) in the following way:

- Enterprises that capitalize on the organization's core business;

In this case, a nonprofit organization thinks about aspects of its work that could be turned into a profit-making venture. For example, Motivation Romania, which is a nonprofit working with children and adults with physical disabilities, has a social business of providing and maintaining wheelchairs and other mobility equipment. Another way of capitalizing on the organization's core business it to ask for fees for the services provided. For example, Center for Volunteering from Cluj-Napoca provides free consultancy on volunteer management to nonprofit organizations, but if one organization is asking for training on volunteer management the center will ask for a fee for these elaborated training courses.

- Enterprises that capitalize on the existing capital;

One organization should look to itself and consider what among its human, physical, environmental, and relational capital could be turned into a business. For example, one organization might have buildings/offices that can be rented; or maybe the staff has some special skills, experience and networks that will allow it to provide consultancy to other organizations.

- Opportunistic enterprises that fit the organization's management ability;

These are enterprises that look at opportunities that fit the competence of the organization's staff and their available time. For example, the organization might receive, as an in-kind gift, an orchard. The organization could think to sell the orchard or it might think to use the opportunity for long-term sustainability and to contact a local farmer who might want to use the orchard and make it profitable. An agreement could be signed between the two parts, and the organization will receive a specific amount of the profit made by the farmer. In this case, an opportunity is exploited in the financial interest of the organization, but with limitations determined by the lack of staff's experience related to farming and by their lack of time for developing a business.

- Purely commercial investments;

In such cases, the business is completely separate from the core business of the organization, from its capital or staff or other opportunities. For example, Veritas Foundation from Sighisoara (Romania), which is a nonprofit organization helping children, women and elders in need, bought a very old and beautiful building in the historical part of Sighisoara city and opened an international café selling soups, sandwiches, quiche, muffins, and a selection of cookies and cakes from around the world. The International café also offers for sale Romanian hand-crafts. This business was developed as an independent business and it has no direct connection with the work or with the staff of the nonprofit organization. Still, the business respects the organization's values and principles, and for example, it does not sell alcohol and the prices of the products are relatively small, so that anyone can afford them. The profit made by the café is utilized in the organization's programs and projects.

- Collaborative ventures with an existing business.

Some local businesses might be directly interested in the work of nonprofit organizations and willing to buy their products or services. For example, one corporation could have a lot of women employees who are always late for work because they have to travel a long distance from day-care centers, where they leave their children during work time, to the company's plant. The company could ask a nonprofit organization specialized in day-care centers to open such a center near its plant and pay for the services provided by the organization to its employees.

Regardless of the type of business developed, there are some issues that a nonprofit organization should face when entering the business world. One is related to the idea of making a profit. Some people, clients, donors or government or competitors could accuse nonprofit organizations that they want to make a profit – which is not the case, but the organizations should have the answers prepared for this kind of accusation. The nonprofit term/concept does not forbid the organization to make profit, but its reason of being and the fact it has not owners make that the profit to be returned/invested in the organization's programs and projects; instead of being shared between owners as it happened in the for-profit sector. Thus, any profit made is still used for the well-being of the community – which is the real owner of a nonprofit organization.

Then, there is a question related to the taxes that nonprofit organizations have to pay for the profit made with the help of the new businesses. The government and specialists in economics consider that reducing taxes or exempting nonprofit organizations from these taxes will be unfair for the other producers from the market and it will negatively affect the market, the prices, and the clients.

Another issue is related to the type of business developed and the energy and time spent on developing the business. The managers of nonprofit organizations that develop enterprises should be aware of the following risks: the mission of the organization can be deformed by the new business; or the business could become the first priority for the organization, meanwhile the mission of the organization is almost forgotten. In other words, managers should constantly remember themselves and to the staff the organization's mission and priorities, and the purpose of the business – to raise funds to support the organization to reach its mission, goals and objectives.

Then, when developing a business, a nonprofit organization manager should think not only about the financial return of the investment, but also about the social return of this investment. For example, the enterprise should think about hiring the clients of its parent organization or other people in need of a job from the community. At the same time, the prices put on products and services should be fair and affordable for all members of the community.

And nevertheless, one organization could think to open a business, for example, in a poor community, not for raising funds for its programs/activities, but only for creating employment opportunities for the community; for improving the lives of the members of that community; or/and for increasing the community's social capital. This kind of business is called *social enterprise*: "More and more entrepreneurs and investors are realizing that social and financial returns are not mutually exclusive. Social enterprises apply business principles and practices to achieve social good. They reinvest their financial returns into the community to further their social purpose, to create employment and/or other economic and social benefits for marginalized communities" (NESsT, http://www.nesst.org/social-enterprise/, accessed on April 29th, 2012). These social enterprises could be run both by nonprofit and for-profit organizations as long as they advance and support a social mission.

Fundraising on the Internet

More and more people, current or potential donors, are online. They are constantly online because they depend more and more on the Internet to communicate with clients, friends, families, strangers; to study; to organize their life; to network; to entertain; etc. But most of them are not online for searching nonprofit organizations or causes to support. And most of them are young people who do not have the ability to give yet because they are not financially independent. But still, there is a huge potential for nonprofit organizations to reach more donors than ever and it became so easy and cost-effective to reach them, using the Internet.

But reaching more and more prospects and using the Internet for communication mean communicating more and more. And this takes time and people because: “Web site visitors or donors who would seldom take time to write a letter or call on the phone (even with a toll-free number) think nothing of sharing their opinions in e-mail” (Allen, 2002, p. XVIII). And to this remark should be added the one that the current or potential donors will think nothing of sharing their opinions (commenting, liking, suggesting, or asking) on social networks, such as Facebook, or on blogs, forums, etc. “The good news is that although these exchanges require staff time (and resource planning), they will certainly increase donor loyalty if properly managed” (Allen, 2002, p. XVIII).

And other good news is that the experience gained by the nonprofit sector offline in targeting prospects, making solicitations and building relationships is very useful online. The organizations add new channels of communication, adapt the way of communicating with their prospects or donors, communicate more intensively with them, but still their goal is to build relationships and, based on the trust built, to ask for gifts. Internet and the development of online paying methods provide another advantage to the nonprofit sector: once persuaded to give, donors can make their donations online using their debit/credit cards and complex, secure, but still very accessible applications.

The Internet, the easy-use of the new technologies which save time and effort allow nonprofit organizations to be able to provide more information to their donors or prospects and to provide this information faster than before. This increased donors/prospects’ access to information as long as the organizations are willing and able to provide the necessary information. "Years of experience in the off-line world have taught fund raisers that attention to detail, privacy, security of information, and honesty in reporting while building a case for support are key components to any successful solicitation of support (…). Through the appropriate use of permission-based e-mail, a nonprofit can provide its donors with increased access to information and more timely details regarding stewardship and solicitation of their charitable support. This increased access and detailed information help strengthen the relationship and trust between the nonprofit supporters (Hart, 2003, p. 263).

At the same time, these changes might increase donors' expectations. For example, donors might expect immediate feedback from the organization to their questions posted on forums/blogs/social networks; but back in time, donors would have been comfortable with the feedback received through postal services, after, say, one week after sending their questions. In other words, organizations should acknowledge these expectations and should prepare very well their online communication before starting it. Not reaching people's expectations mean to deteriorate the relationships with prospects or donors. So, if there is no person in the organization to administrate efficiently a Facebook account, then it is better not to open such an account, because it could do more harm.

Tell the story and make the solicitation

Raising funds online means to be able to use the Internet to raise awareness about the organization, its work and results, to process donations and recruit supporters, volunteers who can market the organization and the opportunity to make gifts for it and to share success stories with funders, donors, and others supporters.

Any organization needs a website that works and that is constantly updated. It must be accurate, provide enough information and well-presented. Stories about organization and its work and results should be presented and images and videos are necessary in order to support these stories.

Then stories about the organization and its work and results, which can inspire people to join the organization or to make a gift, have to be shared online, as widely as possible. Nowadays it became really easy to make a video and post it on YouTube, or send links to it by emails, or post the link on Facebook, Twitter and other social networks. Then the organization's supporters can like the story and share it and forward it to others.

The organization should bring beneficiaries in the center of the stories and the same stories should explain the organization's role in their lives and its determination for creating happy-ending stories for these people. Moreover, the organization can bring on the stage volunteers and donors willing to inspire others to support the organization's cause.

Stories can end with the solicitation of making a gift or a pledge. The organization should be ready to receive online donations having a secure and well-working application on the website for this.

Building trust online

"Every fundraiser knows that the most important element in building a relationship with a prospective donor is trust" (Hart & Johnston, 2002, p. 3). The fundraiser has to persuade and cultivate donors to trust the organization, to trust its mission, to trust its programs and theory of change, to trust its people, to trust the organization's integrity, to trust that their money will be efficiently and correctly used, to trust that they will be treated fairly, to trust that they will receive reports and feedback, and so on.

On the Internet, using email, websites, forums, blogs, social networks, the fundraiser needs to learn *how to build trust from a distance* (Hart & Johnston, 2002, p. 3). Building trust starts with the first contact the organization has with its potential donors. In order to bring them on the organizations' website/forums/blogs/social network page, the donors should *like*, be *curious* and *trust* a banner posted on the website where they are on, or a link received from someone else or an email sent by the organization or by its supporters. The first contact is better to be done by someone that is close to the prospect (for example: staff could send emails, links to their friends, families, relatives, acquaintances) or the organization or its campaign should be marketed on websites familiar to and trust by the prospects. Once the prospects get on the organization's website or blogs/forums/social network pages, they have to be impressed by those in the first few seconds; if not they will leave and probably never return. These must at least speak clearly and concisely about the organization and its mission and programs, have a good design, load fast, provide updated information and use impressive pictures, quotes, stories, etc.

Hart and Johnston suggest six ways of building trust online (2002, pp. 5-8), ways that already have been proven to be successful:

- Ensure online security with the seal of approval symbols;

These will help in reassuring the visitors that the organizations have established measures for security and privacy of data. At the same time, these actions say that any online donation is safe and trustworthy.

- Match online content with the organization's mission;

For example, if one organization provides services to persons with visual impairment, then its website should be technically built so that it can be accessed by these persons.

- Provide for easy site navigation;

This can be done by "using easy-to-understand terms, consistently placing navigational buttons, writing clear instructions to help donors make their gifts online, and providing them with easy ways to search the site's content" (Hart &Johnston, 2002, p. 6).

- Maintain stewardship of online gifts and online donors;

This can be done by having, at least, clear and good procedures for receiving and administrate online donations, efficient procedures of responding to donors' concerns and comments and efficient procedure of assuring that personal information will be kept secure and private.

- Appreciate the needs and expectations of donors first;

In the process of building the website and other organization's online pages, the closest constituents should be asked about their expectations and needs related to these pages. This will help the organization to identify the main important elements that need to be built online, so that these will respond to donors and key visitors' needs and expectations.

- Provide effective technology that enables donors to find the information they need.

This does not mean that the organization has to invest in the newest technology, but at least the website should be anchored in nowadays and it should provide speed and ease of use.

Viral marketing and viral fundraising

Messages, videos, articles, comments sent or posted online can be easily disseminated and spread like "viruses", if they are interesting enough to be shared by more and more people. "*Viral marketing* is word-of-mouth communication spread via electronic means, at electronic speeds, by customers and other interested in your product or service" (Smith, 2002, p. 202). The message initiated by the organization is good enough for the receivers who decide to forward or share it with others, and when the users become the company's marketers and the message is spread to hundreds, thousands of people it becomes viral.

"*Viral fundraising* is viral marketing with the goal of helping raise money for nonprofits. The means are similar, but the goals and messengers are different. In this case, your donors become your fundraisers" (Smith, 2002, p. 202).

Viral fundraising, like viral marketing, depends most of all on the *message* sent to the prospects or current donors. The content of the message is the one that moves people to action – to forward, share, like, and, probably, even make a donation if they were asked to do so. Committed or not to the organization's mission and work, if people like the message they will spread it to others.

Smith (Smith, 2002, pp. 204-205) says that professionals are still learning about viral fundraising, but there are few clear trends for topics that have viral potential and which are known as HERO (Humor, Emergencies, Rewards, Opportunities):

- Humor

Examples of good viral campaigns based on humor are the ones developed by WaterAid. For example, a campaign from 2010 (*Dig toilets, not graves!*) speaks about a common disease – diarrhea. But this common disease is one of the main causes of the high rate of infant mortality in the poorest countries of the world. WaterAid chose to make a video (http://www.youtube.com/watch?v=EtwBxrcPnoc, accessed on 30th April 2012) with a group of children from primary school singing in a funny way a song about diarrhea. The fun stops when the song is sung by a child from Africa who is very serious about the subject because, in countries like his own, 4,000 children die every day because of diarrhea. The video ends by asking people to donate money to save these children.

- Emergencies

Earthquakes, floods, hurricanes generate millions of emails and a lot of funds from people wanted to help the victims. People respond to genuine emergencies and they will use the Internet for finding news about these natural catastrophes and for helping the victims.

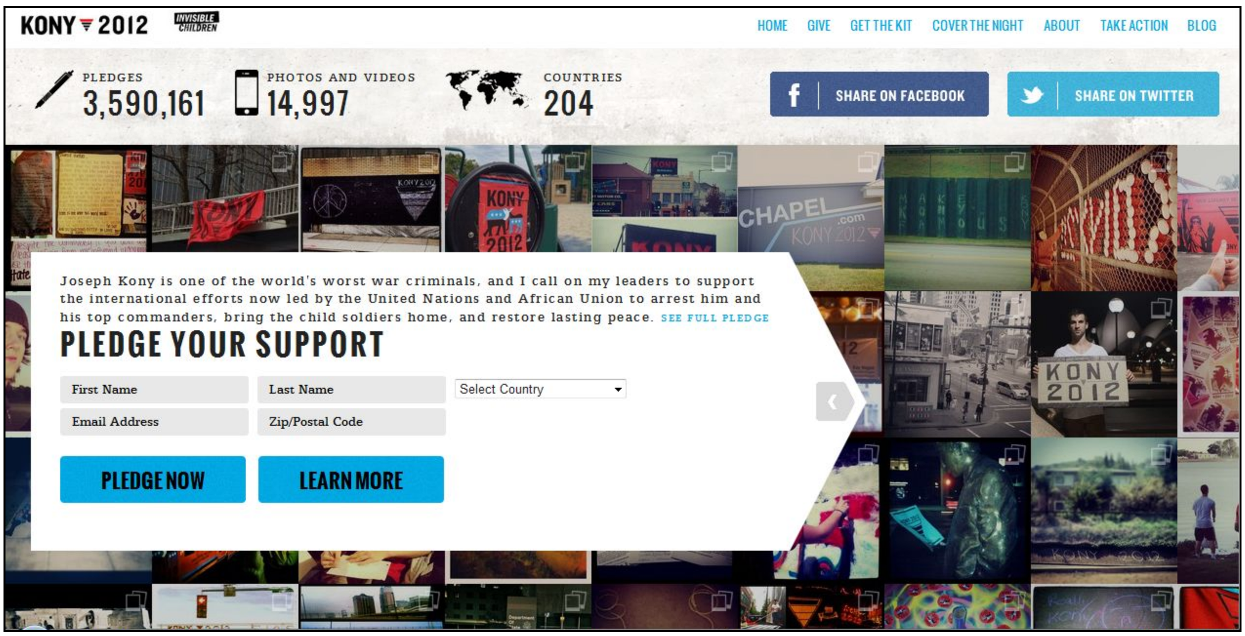
- Rewards

"You don't have to give out money or other costly items; the reward could be a link back to your site with more «funny comments from the kids». The possibilities are endless. The point is to reward the behavior you are seeking" (Smith, 2002, p. 204).

- Opportunities

"Viral opportunities could include, for instance, the opportunity to name a new building, solve a puzzle, contribute to a challenge grant, and more. The only limit is the extent of your imagination" (Smith, 2002, p. 205).

KONY 2012 – an example of viral fundraising



(www.kony2012.com – the first page of the website, accessed on April 30th 2012)

A recent and very controversial example of a viral campaign is the one initiated by Invisible Children – Kony 2012 (www.kony2012.com). The emergency (the goal of the campaign) is to arrest Joseph Kony, one of the world's worst war criminals by the end of 2012.

The organization "plan to do this by bringing awareness of his alleged crimes through "Kony 2012" and the Invisible Children Protection Plan. The nonprofit's financial statements show that this program has a five-step strategy that includes creating an early-warning radio network and deploying search and rescue teams". (http://nptimes.blogspot.com/2012/03/nonprofits-viral-video-draws-attention.html)

The campaign became viral once that a movie about Kony went online on Youtube at the beginning of March 2012. The movie talks about the crimes, such as murders, sexual slavery, and using children as combatants, the leader of the Ugandan rebel group Lord's Resistance Army (LRA) – Joseph Kony – is considered to be responsible for.

According to The Nonprofit Times, in 4 days after going online, *30-minute* video had 44.7 million views and more than 170 related video clips. At the same time, Twitter users mentioned Kony 950,000 times.

Invisible Children urged visitors of the www.kony2012.com to send donations, buy T-shirts, bracelets and posters, as well as "action kits" which included all three. At the moment of writing this material, end of April 2012, due to high demand, the sales of the kits have been put on hold by Invisible Children.

The campaign has been really successful, but it raised a lot of critics, such as: the movie has oversimplified the conflict; the donors were made to believe that their $30 donation will arrest Kony or end the war; the organization has poor spending practices and procedures; Invisible Children asked for donors to put pressure on Western policymakers and celebrities to react and engage in arresting Kony, without introducing donors to Uganda's politicians and policymakers, and so on.

Still, the campaign was successful, millions of people reacted (at the end of April 2012 there were more than 3,590,161 pledges made – www.kony2012.com) and the atrocities that Kony is accused of are real and thousands of children suffer together with their families in Uganda. But when one organization decides to go online and become so viral it has to assume these critics and the fact that its mission, management, programs, activities will be exposed, in-depth analyzed and over and over-interpreted.

Finally, fundraising online is more and more used by nonprofit organizations, but it is not for everyone. Organizations have to be prepared for it: they need the technology and the persons with the right skills. At the same time, as Potts suggests "three things really shape the ability to be successful in online fundraising:

1. Access to each of the technologies by reasonable numbers of your potential audience;
2. Credit/debit card penetration (or an appropriate form of online banking);
3. A philanthropic tradition, usually accompanied by a well-developed, educated and wealthy section of society" (Potts, 2003, p. 209).

The third element is really important. The organization's message can become viral and attract a lot of people on its website and other related pages, but still, if the people do not have the ability and the willingness to give the campaign can be unsuccessful in terms of funds raised.

Instead of conclusions to this chapter, here is an interview about methods of fundraising with Camelia Mates who worked for several years as development

director for The Romanian Foundation for Children, Communities, and Families and now she is involved in coordinating a new mechanism of fundraising developed by the Association of Community Relations:

What are the most successful fundraising methods in Romania, in your opinion?

Up to this moment, most of the fundraising methods were tested in Romania and it seems that, as all over the world, their success is cyclic. For instance, The Halloween Gala organized for several years by Ovidiu Rom reached its peak and from now on, according to the organization's representatives, they will drop this event and will focus on large donations from corporations and on fundraising from individuals.

Meanwhile, some other organizations, as Bethany Iasi raised 15,000 Euros and *Invingem autismul!* raised more than 30,000 Euros from their first experience in organizing such an event.

One could see lots of charity events organized in Romania, but I would like to bring to your attention one type of events which developed spectacularly in the last three years: sports events.

Starting with marathons, that are now used to raise funds for charities, going to Swimathon, that was successfully experimented by Cluj Community Foundation and replicated by other community foundations and arriving at football and tennis competitions between companies (see Liga Joonior Park, organized by FRCCF and Office Depot's Charity Cup), sports events are great opportunities for organizations to know the supporters, to get in touch with them and to raise money in a funny and pleasant way. I think the success of sports events relies on the fact that they put together fundraising from individuals with fundraising from the employers, and the corporate volunteering with the pleasure of doing sports.

Generally speaking, my personal belief is that the most successful methods are those methods that best suit the organization's target and the moment in the organization's life (grassroots or large organization, the development of a fundraising department, the stage in the donors' life cycle, etc.). But it is also true that one cannot avoid taking into consideration the economic and the financial environment. And we all know that the economic crisis led to major cuts in sponsorship budget from companies. This is why I think that this is a moment when organizations must take into consideration to invest massively in donor acquisition, in order to raise little money from many individuals.

There are quite a few methods of raising money from individuals: donation boxes, door-to-door, SMS donations payroll giving, direct debit donations, etc. The donation boxes are at some point good to raise money, with a good return on investment, but they have a major fault: one cannot know the identity of the donor and cannot upgrade, thank or report to him/her.

SMS donations are largely used in Romania. In 2011, were raised about 2.5 million Euros through SMS donations. They have a particularity that makes them not suitable for a large range of organizations: SMS donations are only successful for individual causes and for emergencies' needs (especially related to health issues).

Strategic organizations are all the time looking for long time supporters with a great lifetime donor value. And only payroll giving and direct debit donations allow this. In Romania, payroll giving didn't have much success. Excepting United Way (which brought to Romania its international know-how and translated the external partnership with international corporations) this method failed to bring a large number of donors to the organizations that tried it.

Direct debit donations were not possible until recent days, because of the Romanian banking system. Starting in 2012, there is a platform that gives the organizations the opportunity to raise funds through direct debit. DONATIE.RO managed to agree with six of the major Romanian banks a unique donation form and the possibility for the donor to fill it in a public space, in an office building, at home or in a shopping mall. Unlike SMS donations and the donation boxes, in this case, the organization knows the donor's identity and can easily communicate and upgrade the donor. Some of the organizations are determined to invest in this method in order to get to at least 1,000 donors in a year's time.

What can you tell us about your experience in the personal solicitation?

Direct solicitations are not the most comfortable fundraising method one can experience. But, from my experience, is the most efficient one. Either on the street, with many unknown donors, or in a meeting room, with a CEO, the fundraiser has to be prepared to answer to the potential donor's questions, to keep him/her focused and interested in the organization’s cause and approach.

I have never asked for money on the street, although I want to do it in the near future. But in asking money for my organization from CEOs, marketing directors, CSR directors and other decision-makers came to a turning point, when I realized that I am not the only one that knows what the best “solutions” are for my organization’s beneficiaries. The donor might have valuable ideas, and he or she will give away money more easily for approaches that they believe in. I am not saying that a fundraiser should take money from a donor who dictates what the organization should do on each step of the way and that interferes with the organization’s vision, mission and strategy. What I want to say is that if one listens to the donor and works with him/her in identifying the best ways to solve the beneficiaries’ problems, the chances of getting the money and having a long-term relationship with the donor are really high.

The other difficult thing about direct solicitation was to talk to potential donors that had their personal beliefs that were against my beliefs and my organization’s principles. For instance, I have met people that wouldn’t give money for Roma children or for beneficiaries that were not Christians. For me, this is an example of a good moment to stop the relationship with that potential donor.

How do you see the connection between the Internet and fundraising?

From my perspective, the Internet, including social media, is a great means of getting the organizations and the cause well known. It is also a way of listening to your donors and potential donors and to communicate with them when they want and the way they want. But one cannot expect that social media alone could get money for the organization. Of course, it can bring some money from an online auction or from ads put on the organizational website. But the Internet alone doesn’t work miracles on the organization’s budget. It would be a disaster to ignore the potential that the Internet has and the way it can influence your donors, but the trap I see for young fundraisers is that they will hide behind the laptop’s display and will expect great results. My personal belief is that the main focus of the fundraiser should be human relations with donors.

Chapter 5
GRANTSMANSHIP AND PROPOSAL WRITING

Grants are an important source of funding for nonprofit organizations. In countries, such as Romania, where raising funds from the community is still a learning process for most nonprofit organizations, grants are the most important source of funding for these organizations. "Grants are the lifeblood of many nonprofit organizations – especially those with long-term relationships with their major funders. The size of grants varies greatly from modest sums for grassroots organizations to multimillion-dollar grants for well-established institutions" (Weinstein, 2009, p. 213).

Grants are voluntary contributions made by governments, foundations or/and corporations. These are based on contracts, agreements: the grantor provides the funds, meanwhile the organization – the grantee – promises and commits to implementing a project, to provide specific services to the community, specific help to some population in need. For the grants received for operating activities, the organization still promises the grantor that it will use the funds wisely in order to continue its work and reach its mission.

What the organization has to accept is that the grantor, foundation or corporation, as the owner of the money, is the one that decides how it will use the money, for what causes, how and when it will receive applications from potential grantees and what criteria it chooses for selection of the applications and grantees. For example, there are foundations that accept applications only from the organizations they invite to make proposals. It is not the same case with the grants coming from the government. This money is public money, and the government has to be transparent in all the decisions they make, regarding the purposes of the grants, the amount of the grants, the criteria used for selection, the procedures of selection, etc.

Writing proposals for the government

Governments, local or national authorities, request for proposals from non-governmental organizations based on legislation and on their strategies for development for the communities they work for. Usually, the governments have detailed instructions and requirements for applications and these can be very voluminous. There will be a strict submission deadline for the application and clear and transparent criteria of the evaluation of the proposals.

Usually, a call for proposal contains a minimum of the following information:

- A description of the work required;
- Timeframe/schedule of the program;
- Detailed application instructions/requirements;
- Criteria for the evaluation;
- Grant information;
- Submission deadline;
- Contact information.

For example, Cluj-Napoca City Hall calls for proposals annually and it requests for the following information: the proposal; the budget of the project; the resume of the project manager; a declaration from the organization that has no debts to the government and it is not involved in illegal activities; an official confirmation from the local authorities that the organization has no debts to the government; and a declaration from the organization that none of the board members or the executive director is in a conflict of interests situation regarding the funds that could be received from the local government. The proposal has a standard format provided by the City Hall and it includes the following information:

Main parts of the proposal	Elements requested	Observations/descriptions requested
Introduction	Organization's contact information	-
	Description of the organization (mission, programs, activities)	-
	Description of the organization's human resource	-
Project description	The project title	-
	Place	-
	Length of the project	-
	Summary of the project	Goal and objectives
		Targeted groups
		Main activities
		Estimated results
	Project's motivation (why is needed)	No more than 5 lines should be written
	Monitoring and evaluation	-

	Project's team	-
	Partners	If the projects is implemented in partnership

The information used for this example is available, in Romanian, on the following website: http://www.primariaclujnapoca.ro/administratie/regulamente-locale.html (accessed on April 28th 2012).

Writing proposals for foundations

There are a lot of private foundations willing to contribute to the well-being of humankind, and they are willing to support nonprofit organizations if their missions can be reached through the organizations' projects.

The most important source of information about foundations – guidelines, application instructions, gift information, priorities in funding, contacts, etc. – is the Foundation Center which has an impressionable database of private foundations (http://foundationcenter.org/, accessed on 29th April 2012). The database comprises nearly 100,000 foundations, corporate donors, global grantmakers, and grantmaking public charities in the U.S. A similar foundation provides information about European grantmakers (European Foundation Center – www.efc.be, accessed on 29th April 2012), but it works like a network of foundations, and it focuses more on telling the story of the foundations, including the work they do and the people who make this happen. Still, it provides useful information for grantseekers – advice, guidance, and links to other directories and databases with funders, corporate and foundations. For Romania, useful information about funders can be found on the following website: www.finantare.ro (accessed on 29th April, 2012).

Below it is provided an example of what kind of information the Foundation Center can provide for a charity. The example was adapted based on a real example from the Foundation Center. All the information provided by the Foundation Center is protected by copyright and the information can be accessed through a paid subscription.

X Family Foundation Addres: *Telephone:* *FAX:* *E-mail:* *URL:*

Donor(s): John Doe and members of Doe's family.
Type of grantmaker: Independent foundation.
Background: Incorporated in 1956 in US.
Purpose and activities: To support efforts that promote a just, equitable and sustainable society with the primary focus on civil society, the environment and poverty. The foundation makes grants for a variety of purposes within these program areas including: philanthropy and voluntarism; assisting emerging civil societies in Central/Eastern Europe, and Western Africa; improving the outcomes for children, youth and families at risk of persistent poverty; education and neighborhood and economic development.
Program area(s): The grantmaker has identified the following area(s) of interest:
Civil Society: The mission of this program is to support efforts to assist in democratic institution building, strengthen communities, promote equitable access to resources, and ensure respect of rights and diversity.
Environment: The mission of this program is to support the efforts of an engaged citizenry working to create accountable and responsive institutions, sound public policies, and appropriate models of development that protect the diversity and integrity of selected ecosystems around the world.
Exploratory and Special Projects: The mission of this program is to support unusual or unique opportunities addressing significant international and/or national problems.
Economic development: The mission of this program is to foster a well-functioning, connected community that is capable of meeting the economic, social and racial challenges ahead.
Pathways Out of Poverty: The mission of this program is to identify, test and help sustain pathways out of poverty for low-income people and communities.
Fields of interest: Child development, services; Children, services; Civil rights, race/intergroup relations; Community/economic development; Eastern Europe and Western Africa; Economic development; Economically disadvantaged; Education; Environment, natural resources.
Geographic focus: National; international
Types of support: Conferences/seminars; Continuing support; General/operating support; Matching/challenge support; Program development; Program evaluation.
Limitations: Giving nationally and to emerging countries in Central and Eastern Europe, and Western Africa. No support for religious organizations for religious purposes. No grants to individuals, or for building or endowment funds.
Pulications: Annual report (including application guidelines); Financial statement; Informational brochure (including application guidelines); Newsletter; Occasional report; Program policy statement.
Application information: Applicants strongly encouraged submitting proposals during first quarter of the year. Application form not required. Applicants should submit the following:
1) timetable for implementation and evaluation of project
2) results expected from proposed grant
3) qualifications of key personnel
4) population served
5) brief history of organization and description of its mission
6) copy of most recent annual report/audited financial statement
7) how project's results will be evaluated or measured
8) detailed description of project and amount of funding requested
9) copy of current year's organizational budget and/or project budget

Initial approach: Letter of inquiry or proposal
Copies of proposal: 1
Board meeting date(s): Mar., June, Sept., and Dec.
Deadline(s): None; grants are determined by Aug. 31 of any given year
Final notification: 60 to 90 days
Officers and Trustees: Mr. X, Mr. Y, Mrs. Z, etc.
Number of staff: X full-time professional; X part-time professional; X full-time support.
Memberships: the networks in which the organization is involved are usually named here.
Financial data: (yr. ended 12/31/11): Assets, $2,743,325,069 (M); expenditures, $153,247,830; total giving, $345,060,577for 1000 grants (high: $7,200,000; low: $5,000; average: $60,000-450,000)
Grantmaker's financial estimates: (yr. ended 12/31/11): Estimated assets, $1,500,000,000
Selected grants: names of the grantees, the amount received and the scope of the projects supported.

As can be observed from the example above, there is a lot of useful information that the nonprofit organization needs in order to start an application for this specific foundation, but it is always recommended to check this information with the foundation itself. The research should be continued on the foundation's website and then additional information should be requested through telephone, emails or meetings. It is really important to get in contact with the foundation's personnel in charge of the receiving of applications because they can provide really good advice, those things that are not on websites and forms, but which are really important for writing the application really well. Some foundations have strict deadlines for submitting proposals, and before these deadlines, they can establish deadlines for soliciting information and advice on filling out forms and write the proposals. Contacting the foundation's officers also provides the opportunity of starting a relationship with the foundation, once that can be nurtured during time. In other words, the organizations should always use the opportunities of entering in direct contact with the foundations. As Weinstein says the foundations are made up of living and breathing human beings and cement relationships with those peoples may influence the funding requests (Weinstein, 2009, p. 228).

The grantseeker of one nonprofit organization should maintain a network with the officers of the foundations and should schedule foundations research on a regular basis. He/she should create a database with foundations that match the organization's mission and programs. A professional nonprofit organization that really believes in its mission and vision should always search for money that will support its *already planned* activities/priorities. Unfortunately, there are organizations that first search for funds, and then they build their proposals based on the funds found; they follow the interests of funders without being really committed to the cause they support through the projects. Some foundations check the commitment of the nonprofit organizations to the causes, by asking for background information about the organizations and for information related to their experience in the field/area of interest declared. Sometimes, foundations are looking for a minimum number of years of experience or for a minimum number of projects implemented or for a minimum amount of money invested in similar projects. At the same time, there are foundations that limit the number and the type of applicants: they

receive proposals only based on invitations the trustees send to targeted nonprofit organizations.
Regarding the structure of the application, many foundations provide a form to be submitted, but others do not. Usually, the application should comprise information about the organization, the problem the organization wants to address through the proposed project, goals and objectives of the project, methods used to reach these goals and objectives, necessary funds, and methods of evaluation of the expected results.

Writing proposals for corporations

When one organization makes a solicitation for money from a corporate, it usually uses a proposal or an appeal letter. But the proposal is the final step of the solicitation. Norton recommends some things that any organization should do before the appeal: find out what previous contact the organization had with the companies, what approaches it used and with what success; then research, identify and match possible funders with the organization's specific work; and then find out whether any of the organization's Board members, supporters or volunteers have any personal contact with the companies the organization plans to approach. At the same time, the grantseeker should find out what persons from the company are responsible for the charitable appeals, ask them information about the company and its policy of giving, about the procedure or timetable for submitting appeals and invite them to see the organization's work (Norton, 2003, pp. 104-105).
The proposal writer or the fundraiser will write the proposal or the appeal letter only after accomplishing these steps, when he/she knows from whom to ask, and how he/she should ask. A proposal is a short document that "tells them [to corporates] how much the organization wants, why the need is urgent and important, and why this project is a valid use of company money" (Greenfield, 1999, p. 228).
Broce made a list of 7 questions that a good proposal to the corporation should answer:
"1. Does the proposal relate to motives that will positively influence corporate support?
a. Does it demonstrate a quid pro quo benefit?
b. Does it provide public relations benefit?
c. Does it identify the institution with the free-enterprise system?

d. Does it demonstrate the benefits of the program to the community and to society?
2. Does it relate the objectives of the program to the known interests of the corporation?
3. Does it describe the direct and indirect benefits that may result?
4. Does it convey the fact that the institution is well qualified to carry out the objectives of the program?
5. Does it acknowledge past contributions of the corporations?
6. Does it recognize relationships existing between the corporation and institutions?
7. Does the budget accurately and clearly describe how the corporation's funds will be used?" (Broce, 1979, pp. 127-128).

Broce continues this list with an entire chapter about preparing and writing a proposal. The main recommendations are the following: "the proposal must be written in clear, straightforward language that briefly describes the program or project, the objectives and potential benefits of the program, the relationship of the program to the broad goals of the institution, the relationship of those broad goals to the institution itself, and finally the amount of money requested" (Broce, 1979, p. 131). It should also "includes the assurance that the project has the backing of the governing board and chief executive officer" (Broce, 1979, p. 132) and it should describe the organization in terms of performance.

Greenfield also presents some guidelines for preparing corporate proposals. Some of his recommendations are linked to the style of writing which should be concise and it should grab the reader's interest quickly. The proposal should be cleanly typed using correct grammar, on one or two pages and no more, it should be addressed to a person, not to "Dear Friend" or "Dear Corporate Director" and it should reference previous telephone or personal contact with the addressee. Moreover, the proposal should "link the not-for-profit's request to the company's expressed interests (determine those interests through careful research, reading its published guidelines, telephone and personal contacts, and discussions with others familiar with those funding sources, especially agency board members)" (Greenfield, 199, p. 229).

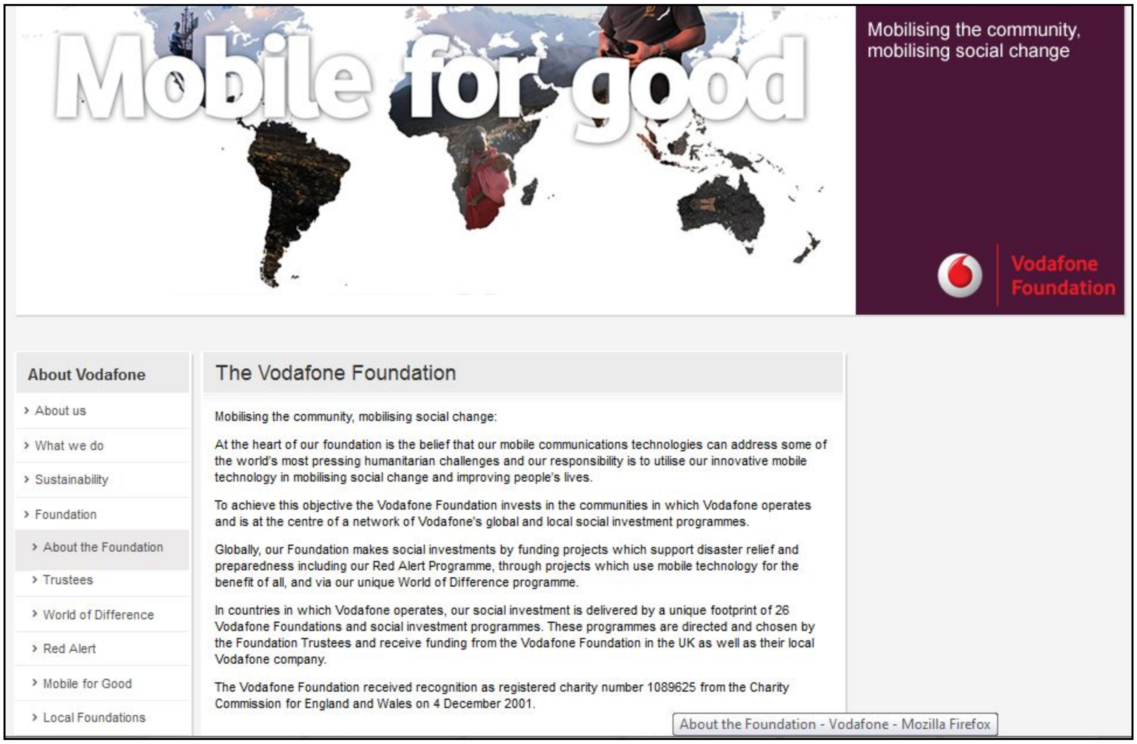
The corporate funders are interested in making wise investments, and they want to use their limited gifts in creative ways, "to leverage each gift into something else of value to the company, and to receive some tangible return on their investment" (Greenfield, 1999, p. 229).

Usually the proposals are made for specific projects, but the organizations can also ask for money for their general cause, for operating costs, or for the organization's routine annual programs. For the last one, Greenfield suggests disguising a bit of the routine programs to make them sound and look special. He says this is fair and also ethical, because "the request is the same – to use their money to fulfill the organization's mission, purposes, goals, and objectives" (Greenfield, 1999, p. 229). Moreover, Greenfield sustains creative proposal writing, in order to obtain unique and unusual proposals that should attract the company's attention.

The proposals should be sent before deadlines, if deadlines are established by the corporations; if not, it is recommended to send the requests several months before the beginning of a new fiscal year, when the corporations prepare their future budgets, implicitly the CSR/funding budgets and their next year strategies related to their involvement in the communities.

Besides these aspects, there are also some questions related to who to make the appeal to, how much to ask for, and how to ask. From the case study of Botswana Red Cross presented by Norton (2003, p. 105), it can be concluded that one organization should ask for a big enough amount of money, in order to give the company an idea about what it is looking for, but at the same time, the organization must be flexible to the company's giving ability. And if the company cannot make a gift, then the organization should accept other kinds of supports offered, such as its networks, expertise, facilities, equipment, etc. The case study also suggests that is not enough only to write to the companies' representatives, the personal contact has far more impact, because the personal solicitation is more difficult to be refused; it is harder to say *no* in a face to face meeting.

In conclusion, writing proposals for corporations is probably the easiest part in the process of attracting funds from such donors, because most companies want nothing more than two-page proposals; but the research, the contact, networking and the cultivation of the relationships with the corporations are harder and far more important in this process. The corporations are donors (in comparison with governments and foundations) who, most of the time, first, must be persuaded to be involved in the development of communities, and then to make the donations. Their main purpose is to



make money, not to give money away. For this reason, in this case, the relationship developed with the funder and the cultivation of this relationship, based on its interests and motivation, have an important role in persuading the corporation to make the donation.

But there are corporations who already developed corporate social responsibility programs and they know exactly what they want to do with their money: what communities to help, how much to invest and to whom they want to give their money.

Here are some examples of the programs/foundations developed by corporations, as they are presented on the funders' websites:

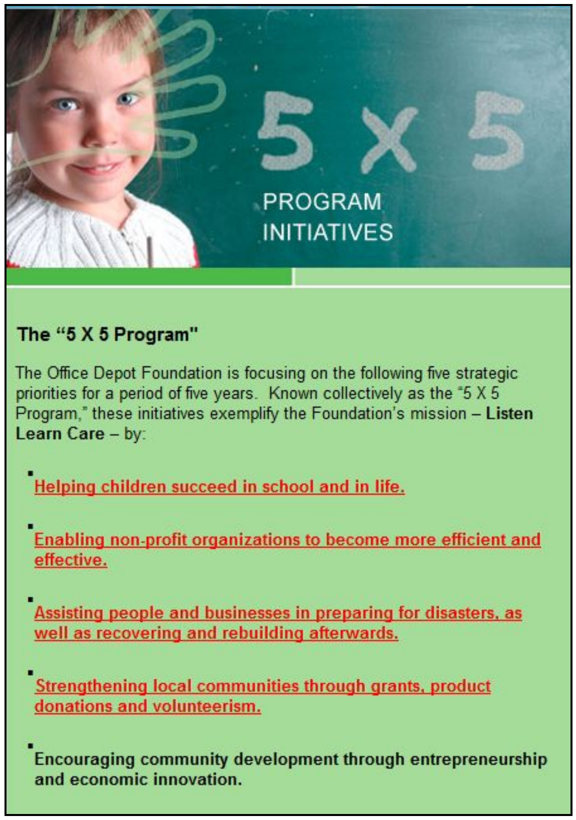
Vodafone Foundation

http://www.vodafone.com/content/index/about/foundation/about_foundation.html

(accessed on April 28th 2012)

Office Depot Foundation:

http://www.officedepotfoundation.org/5x5_program.asp (accessed on April 28th 2012)


5 X 5
PROGRAM INITIATIVES

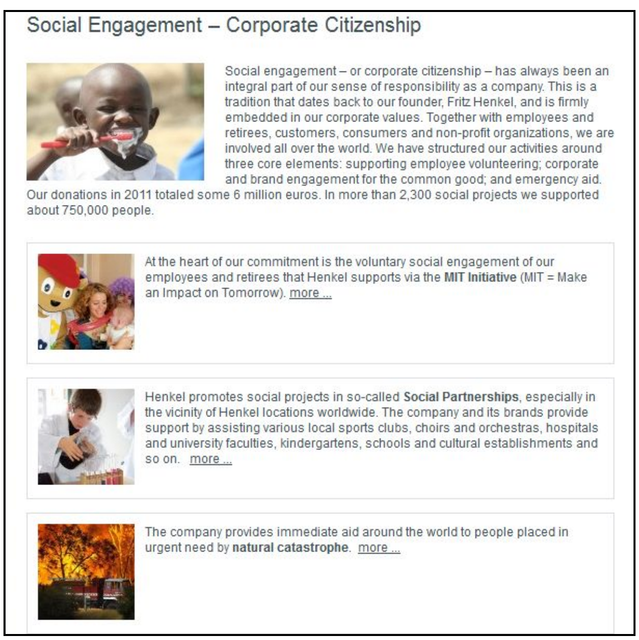
The "5 X 5 Program"

The Office Depot Foundation is focusing on the following five strategic priorities for a period of five years. Known collectively as the "5 X 5 Program," these initiatives exemplify the Foundation's mission – **Listen Learn Care** – by:

- Helping children succeed in school and in life.
- Enabling non-profit organizations to become more efficient and effective.
- Assisting people and businesses in preparing for disasters, as well as recovering and rebuilding afterwards.
- Strengthening local communities through grants, product donations and volunteerism.
- **Encouraging community development through entrepreneurship and economic innovation.**

Henkel Corporation – Henkel Smile Global

http://www.henkel.com/corporate-citizenship-27074.htm (accessed on April 28th 2012)


Social Engagement – Corporate Citizenship

Social engagement – or corporate citizenship – has always been an integral part of our sense of responsibility as a company. This is a tradition that dates back to our founder, Fritz Henkel, and is firmly embedded in our corporate values. Together with employees and retirees, customers, consumers and non-profit organizations, we are involved all over the world. We have structured our activities around three core elements: supporting employee volunteering; corporate and brand engagement for the common good; and emergency aid. Our donations in 2011 totaled some 6 million euros. In more than 2,300 social projects we supported about 750,000 people.

At the heart of our commitment is the voluntary social engagement of our employees and retirees that Henkel supports via the **MIT Initiative** (MIT = Make an Impact on Tomorrow). more ...

Henkel promotes social projects in so-called **Social Partnerships**, especially in the vicinity of Henkel locations worldwide. The company and its brands provide support by assisting various local sports clubs, choirs and orchestras, hospitals and university faculties, kindergartens, schools and cultural establishments and so on. more ...

The company provides immediate aid around the world to people placed in urgent need by **natural catastrophe**. more ...

Writing the proposal

Proposals to private (foundations, corporations) and public grantmakers look different. Foundations often request first for a letter of intent, and then only some applicants will be requested to submit a full application. Governmental funders require the completion of numerous forms and a detailed proposal narrative. But no matter the funder and its requirements, almost always the proposal submitted will include at least the following elements: introduction, problem statement, program goals and objectives, methods, evaluation, future funding, and budget (Kiritz & Mundel, 1988, p. 2).

In order to be able to complete a proposal, any organization should work out first the logic of its project. It means that the organization should think about how the project proposed is intended to produce the wanted results and make a graphic representation for this process. This graphic representation is called the logic model or logical framework or program matrix. "Basically, a logic model is a systematic and visual way to present and share your understanding of the relationships among the resources you have to operate your program, the activities you plan, and the changes or results you hope to achieve" (W.K. Kellogg Foundation's *Logic Model Development Guide*, 2004, p. 1).

This model includes the following information: the inputs/the resources the organization needs in order to develop the project/the activities it wants to implement in order to bring the wanted change in the community; the activities that will generate the change; outputs and outcomes of the activities, and the impact of the project/program. These elements are described really well in the guide developed by W.K. Kellogg Foundation (WKKF):

"YOUR PLANNED WORK describes what resources you think you need to implement your program and what you intend to do.

1. Resources include the human, financial, organizational, and community resources a program has available to direct toward doing the work. Sometimes this component is referred to as ***Inputs***.

2. Program Activities are what the program does with the resources. **Activities** are the processes, tools, events, technology, and actions that are an intentional part of the program implementation. These interventions are used to bring about the intended program changes or results.

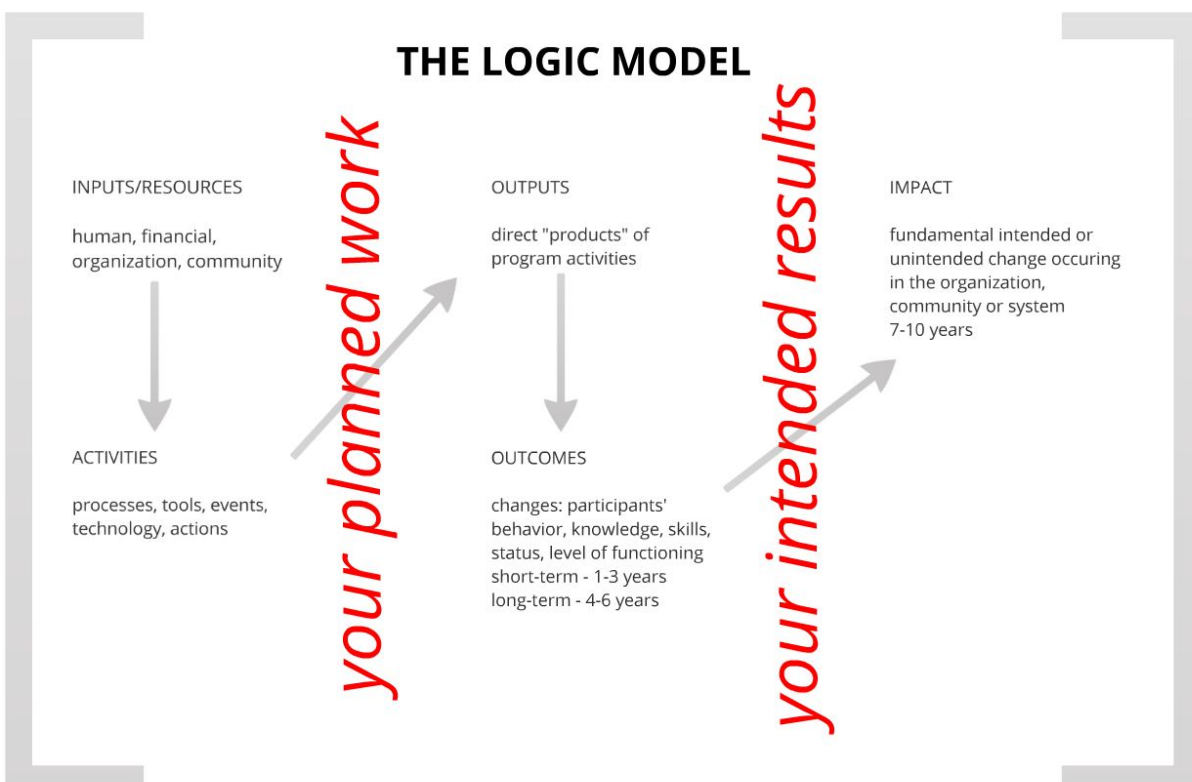
YOUR INTENDED RESULTS include all of the program's desired results (outputs, outcomes, and impact).

3. Outputs are the direct products of program activities and may include types, levels and targets of services to be delivered by the program.

4. Outcomes are the specific changes in program participants' behavior, knowledge, skills, status and level of functioning. Short-term outcomes should be attainable within 1 to 3 years, while longer-term outcomes should be achievable within a 4 to 6 year timeframe. The logical progression from short-term to long-term outcomes should be reflected in the impact occurring within about 7 to 10 years.

5. Impact is the fundamental intended or unintended change occurring in organizations, communities or systems as a result of program activities within 7 to 10 years. In the current model of WKKF grantmaking and evaluation, the impact often occurs after the conclusion of project funding" (W.K. Kellogg Foundation's *Logic Model Development Guide*, 2004, p. 2).

This model can be summarized in the next graphic:



Once the organization has this model in place for its idea or theory of bringing change in the community where it works, the proposal is really easy to write. The change wanted (outputs, outcomes and impact) can be translated in the goals and the objectives of the proposal, the activities are the methods that should be described in the proposal, and the resources identified as being needed will help in developing the budget of the project.

Most of the funders tend “to favor innovative programs that are responsive to pressing societal needs” (Weinstein, 2009, p. 221). That means they are interested in new and creative theories of change, in things that have never be done before, but are based on good research and experience which guarantees for incredible results. Sometimes these requests are not realistic, but the organizations must find a way to satisfy the funder’s need for innovation and still be realistic in its proposals. Funders have the money but they do not have all the information about the environment, about the needs of the communities, and so on. And some of them do not have experience in project management or logic model, as the one described above. In other words, they could come on the “market” unprepared, even if they have the funds and they want to give them away. In this situation, organizations must be really careful in what they promise and commit to, and these must be sure that the funders understand the project, its goals and objectives and the desired results. There should exist a common understanding of all these elements, so that both parts will have the same realistic expectations from the project/from their *theory of change*.

The proposal’s elements

The *summary* of the proposal will provide the following information: who the organization is, what the scope of the project is and what are the total costs of the project. The summary or the proposal abstract is the first thing read by the evaluators: it should be concise, clear and still specific. Being the first part of the proposal it is the part that generates the first impression over the whole proposal, so it must be written very well and it has to summarize in a creative way the whole project. The length of a summary could be from one paragraph to one page.

In the *introduction* the proposal writer should talk about the organization (its vision, mission, programs) in such a way that the grantmakers will trust the organization and they will provide the support that has been asked for. The credibility can be built by providing information about: previous programs and their results, board members or other important supporters (they can be quoted in the introduction saying, for example, something very thoughtful about the organization or about its work), or/and something that makes the organization unique (for example, the organization is the first organization established in Romania in order to protect the children living on the street; or it is the only organization that provides some specific services/goods).

Kiritz and Mundel suggest that any organization should start "a credibility file" where the proposal writer can keep copies of newspaper articles about the organization, letters of support from clients or other organizations, statements made by key figures in the field that endorse the organization's programs or programs having the same purpose, etc. (Kiritz & Mundel, 1988, p. 3).

Writing the *problem statement* means to write about the situation that caused the organization to prepare the proposal and it should refer to situations that are outside of the organization. "If the Introduction is the most important part of your proposal in getting funded, the Problem Statement is most important in planning a good program" (Kiritz & Mundel, 1988, p. 3). In order to write a very good problem statement, the organization should identify and clearly define the problem. Then it has to demonstrate that it knows the problem, and this can be proven by explaining and bringing evidence for it. Moreover, when necessary, the proposal writer should prove the connection between the organization and the problem; he/she has to show why the organization is interested in the issues. At the same time, the organization must be realistic and it cannot assume to present and solve problems it cannot solve. "Foundations respond most favorably to well-planned projects that are innovative yet feasible. High-sounding projects that claim to end poverty or assure world peace are simply unbelievable. Similarly, proposals that sound very vague are less likely to be funded than projects that have a tangible quality to them. A vague proposal for support of a farm that promotes sustainable agriculture may be less attractive than a specific proposal that requests funds for seeds and a model irrigation system" (Weinstein, 2009, p. 203).

Here is an example of a problem statement:

10% of the disadvantaged families served by the Romanian Foundation for Children, Community and Family (FRCCF) in Cluj-Napoca are affected by a new type of child *abandonment, having at least one parent working abroad and separated by the children. The children coming from this environment feel abandoned, and there are no institutions or organizations to help them. FRCCF wants to support these children or teenagers to keep in touch with their parents who work abroad and help them face the problems generated by the separation.*

According to a 2007 Soros Foundation study, children separated from their parents for a longer period of time feel abandoned, just as if they have lost a parent after divorce or death. Psychologists and sociologists think that, because they are deprived of parents' love and supervision, these children are particularly vulnerable to school, emotional and behavioral problems such as: poor school results, low school attendance and school dropout, emotional troubles, juvenile crime, drug and alcohol abuse, etc.

At the local level, last year, the County School Inspectorate identified 400 school children with parents abroad, but it is estimated that the real number of all the children separated in this way from their father or/and mother was at least double.

The problem statement prepares the evaluators of the proposal for the organization's *goals and objectives* related to the issues described. A goal is a broad statement that provides the audience with an understanding of the general direction of the project. An objective is specific and it represents a measurable outcome of the project. It is the organization's promise of improvement in the situation described. The objective will include the following elements: who is to change, what behaviors are to change, what direction the change will occur, how much change will occur, by what time the change will occur).

In relation to the problem provided as an example above, here is an example of a possible objective*: In one year, 80% of children coming from the families affected by work migration and served by FRCCF will indicate that they have stronger relationships with the parents working abroad, less emotional problems and better school results.* The goal of the project could be the following one: *Reduce emotional and behavioral problems of children separated by their parents who work abroad.*

The following element of the proposal is represented by the *methods* the organization will use to accomplish the above objectives. This part of the proposal should include the description of the activities that will take place in order to achieve the desired results; the description of the way in which these activities will be combined and the motivation or the logic of using the chosen approach. "The consideration of alternatives is an important aspect of describing your methodology. Showing that you are familiar enough with your field to be aware of different program models and showing your reasons for selecting the model you have gives a funding source a feeling of security and adds greatly to your credibility" (Kiritz & Mundel, 1988, p. 5).

The proposal should also talk about the *evaluation methods* that can serve two purposes: first, to measure the results of the project, and second, to analyze the way in which the project was conducted. The first type of evaluation is called "outcome evaluation", and the second one is called "process evaluation". The outcome evaluation should be related to the objectives of the project; meanwhile the process evaluation should be related to the methods part of the proposal. Criteria, indicators and methods of evaluation should be described at this stage of proposal preparation.

Then, the organization should present the *budget* of the project. The budget format could vary and it could be more or less extensive, depending on the grantmakers' requirements. But all the budgets will include the following categories of costs: personnel costs (e.g.: salaries, wages, fringe benefits), non-personnel costs (e.g.: space costs, equipment, supplies, travel, etc.) and indirect costs (these are the operating costs; those costs that are not directly related to a particular project, but nevertheless are necessary to the general operation of the organization and the conduct of all the projects; still without covering these costs the project cannot be implemented). When developing the budget, the organization must be realistic about the costs it might have in implementing the project and very accurate in its estimations.

Future and other necessary funding – "No grantmaker wants to adopt you" (Kiritz & Mundel, 1988, p. 5). In other words, the grantmakers are interested in the organization's other funding sources; and they want to know how the organization will continue the project/program when their grant runs out. The proposal should include the organization's plan for sustainability. It could present the planned fundraising activities and estimated results, the planned or the current income-generating projects/activities, or it could present commitments from other funders to support the organization's work.

The proposal, following the funder's requirements or the organization's need of building credibility, can have addenda. An *appendix* could include documents such as annual reports, incorporation papers, audited financial statements, table of the organization, organization's budget, charts of key activities, letters of support or endorsement, resumes of the key-staff, job descriptions, etc. The appendix should include only the *requested* or the *most important* documents. The reviewers do not evaluate the proposal by pound, so the organization should limit as much as possible the length of the proposal and its addenda.

Finally, Weinstein makes a very important recommendation in order to increase an organization's grant success rate: "Never submit mass applications. Always personalize approaches and let the funder know how the project fits the foundation's interests" (Weinstein, 2009, p. 227-228). Proposal writers tend to use same applications or parts of them over and over again without personalizing the proposals according to the grantmakers' requirements or to the type of funders. For example, government funders ask for very detailed and technical proposals, meanwhile foundations or corporations will prefer shorter proposals that are able to tell good and impressive stories about people affected by the problem the organization wants to solve or success stories of the organization and its work. For this reason, the personalization of the proposals is really important. Then, any proposal made has to fulfill the grantmakers' goals and interests as well; and this means that the proposal should respond both to the community's problem/need and to the funder's needs such as public recognition, stronger relationships with the community, networking, etc.

Recognition and reporting

Once that the application has been approved, the organization should send a thank you letter, or it should ask for a meeting with the funders to recognize the support received or it can organize a public event to present the new partnership signed with the funder (this could happen only if the funder agrees for this kind of events). "Some nonprofits administrators view foundations as impersonal monoliths. They forget that foundations are made up of living and breathing human beings. Personal contact and expressions of appreciation are not only polite but also help cement relationships and may influence future funding requests (Weinstein, 2009, p. 228).

In addition to the acknowledgment of the contribution, the organization must ensure that it meets all reporting requirements. Many foundations have their own formats and timeline for reporting, but there are foundations that do not have such instruments. In this case, the organization should respect the promises made in the proposal submitted and approved by the funder, those promises referring to the evaluation of the project. Anyway, the organization should send “at least a final report on project completion or toward the end of the fiscal year if general operating funds were received” (Weinstein, 2009, p. 228).

Finally, if something goes wrong during the implementation of the project or the organization considers that some changes should be made in the implementation of the project because of various reasons, then all this information should be transmitted to the funder and before making changes (in activities, budget, promotion, etc.), the organization should seek for the funder’s agreement on these unless the grantor decides otherwise.

Chapter 6

ETHICS IN FUNDRAISING

A well-known and profitable company offers a major gift to one well-known nonprofit organization which at the moment has some financial problems and cannot cover all its costs in working with people with disabilities. This could be good news, but the company is as well known for being involved in several scandals in which it was accused of corruption and pollution of the environment. Should the organization receive the gift? An organization has to prepare a proposal for a major donor through which it is asking for funds for a group of children who live on the streets. The proposal is urgent to be sent, and the donor requested some pictures with the children he/she wants to help. The organization does not have the photographs with the children and decided to send pictures with other children who were living on the street and the organization helped them in the past. Did the organization make the right choice? A donor made an important contribution to the endowment of an organization, but after receiving the money, the executive director and the financial manager decide to use the funds for operating activities, because there was no money left for paying utilities and administration salaries. What the fundraiser should do? An organization received from donors a lot of clothes and shoes for their beneficiaries, families and children. Because the donations received were more than the organization's needs, the organization decides to sell some of them, in order to get some funds for other activities dedicated to the families. Was it a good decision?

These are just some examples of decisions that nonprofit managers and fundraisers have to make every day related to their donors and donations received. Most of the time the fundraisers are focused on maximizing contributions and on increasing the number of donors, but they should devote the same professionalism and efficiency in ethical matters too because bad decisions could negatively affect their current as well as their future relationships with donors and the community where they work. For example, accepting the gift from a company known for corruption and pollution will certainly bring a bad image and it will affect the way in which the organization is perceived by public opinion, other donors, and stakeholders. Declining a gift in conditions like these or when the gift's purpose is not consistent with the organization's mission (for example, an organization working with AA groups is offered a major donation from an alcohol producing company) will be better for the organization on medium and long-term, even if on short-term seems to do more harm, because, maybe the organization is in a serious need for funds in order to continue its activity.

There many ethical principles of philanthropy that then are reflected in the norms of ethical codes, and Anderson says that the most important and dominant principles are the following:

1. Beneficence – "the responsibility to share one's surplus wealth to further human well-being. Subjects like planets to the principle's orbit are: *the public good* that the mission of every worthy not-for-profit cause is intended to serve; *charitable intent*, which reflects the governing motive on which philanthropic activity rests, to include both fund raising and fund giving" (Anderson, 2001, p. 211).

2. Respect – "this embraces the fundamental dignity and worth we accord every human being" (Anderson, 2001, p. 211) and it attracts some additional principles: *individual autonomy* (the right of every person to make his/her own choices, secure his/her own well-being and determine his/her own destiny); *personal privacy* (recognize the confidentiality of personal affairs, non-public business or financial affairs); *protection for harm* (actions should not harmful to oneself or others).

In this respect, the fundraiser should treat carefully personal information gathered from donors or beneficiaries, he/she should keep personal information under confidentiality and make them public only if the donors or the beneficiaries allow them or ask them to do this. Even when the beneficiaries, for example, allow fundraisers to use their pictures, these images should do no harm and should not affect the dignity of those persons. At the same time, the fundraisers should respect any decision made by a donor or a client regarding their own persons, even if that decision is not in the interest of the organization or of its clients.

3. Trust – "represents the fundamental relationship among not-for-profit practitioners and the constituents and general public they serve. Philanthropy will disappear without it, as would the ground of every relationship between persons" (Anderson, 2001, p. 211). This principle attracts other 5 principles: *truth-telling* – is the obligation to be honest, to

provide full and accurate information, avoiding misleading or deceptive information; *promise-keeping* – which acknowledges the commitment made by the two sides of the philanthropic act; *accountability* – the acknowledgment and assumption of the responsibility and be answerable for resulting consequences of assuming this responsibility; *fairness* – the ability and the willingness to treat others justly, equitably, and objectively; *fidelity of purpose* – the dedication to the organization's mission, the purpose of philanthropy and to the mission of the profession itself.

In order to respect these principles, the fundraisers should always keep in mind the vision and the mission of the organization and fairly represent these in front of the donors. And if it is the case, they should decline gifts that are not consistent with the mission and the vision of their organization. They should always say the truth about the organization, its mission, programs, activities, and the destination of the funds solicited; they should be accurate in their solicitations and keep the organization accountable in front of the donors and of the community: when they make a promise related to the gifts received, for example, that the gifts will be used to buy food for children, then the funds must be used specifically for this activity and financial and other kinds of proofs and records should be kept and made them available to the donors and the community.

Funds received by a nonprofit organization, based on the promise made to the donors, are split into restricted funds and unrestricted funds. Restricted funds are those funds designated, restricted by the donors to be used for a specific purpose or project. For example, a donor of an environmentalist organization might restrict his/her gift to a project of cultivating trees, as opposed to another donor that might restrict his/her donation to an advocacy campaign to stop cutting trees. Unrestricted funds are donations that were made available by the donors to the organization to use toward any purpose or project, as long as these are consistent with the mission of the organization. These unrestricted funds can be designated or restricted to a specific purpose or project by the board of the organization. Most of the fundraisers are looking to raise as much as possible unrestricted funds, because in this case the decision over the way in which the money is spent will be made entirely by the nonprofit board and management, and it has no limitations or conditions, that sometimes might be hard to fulfill, imposed by donors. But even if the funds are not restricted, the principles of trust and accountability are still in place, and the organization is responsible to respect those. In the case of restricted funds, there are some ethical issues when the organization has to change the destination of the funds because of facts that it could not plan ahead. For instance, the organization might have been organized a relief campaign in order to help people affected by floods. The campaign started right away after the floods began, and it was impossible to estimate the damages and all the support needed in the area affected by growing waters. During the campaign, the organization realizes that it raised more funds that will be necessary for helping the people affected by the recent floods. The funds remained has to be redirected, but this cannot be done without asking donors to agree to change the destination of the money. So, the organization should organize another campaign in order to inform the donors about the situation and allow donors to withdraw their gift if they do not agree with their money to be used for the new purpose or project. The new project might serve the same people targeted before, providing them other kinds of support, or they can be redirected to people affected by floods from another area.

The principles described above must be used in developing a code of ethics in nonprofit organizations. The codes should start with expressing the values and the intentions an organization shares with its stakeholders. Anderson recommends a set of values for approaching the development of a code of ethics: "commitment beyond self; obedience to the laws; commitment beyond the law; commitment to the public good; respect for the value and dignity of individuals; tolerance, diversity, and social justice; accountability to the public; openness and honesty; prudent use of resources" (Anderson, 2001, p. 213). Based on the values the organization chooses to promote and follow, the code of ethics should be created and it should include at least the following elements:

- A statement of purpose that affirms the mission of the organization for the public good;
- Key constituencies – toward which the organization assumes explicit responsibility;
- A pledge for good citizenship – respecting the laws and the rights that a democratic society provides;
- Ethical principles – towards which the organization expresses a commitment;
- Dominant ethical concept – such as trust or integrity; that underlines the type of the envisioned relationship with the constituents; and

- Conflict of interest – should receive specific attention and some examples of what this means should be provided (Anderson, 2001, pp. 213-214).

A code of ethics is just a piece of paper if there is no commitment from the board and the top management in applying it in the daily activities of the organization. “Thus, the *capstone of the ethics program* is the organization’s commitment to practice ethical decision making as well as to test and refine the code’s viability, on a regularly scheduled basis, in light of actual and hypothetical situations” (Anderson, 2001, p. 216). The code of ethics should be embodied throughout the organization and it should be observed in the attitude and the behaviors of the employees and volunteers.

The code of ethics imposed some ethical standards for fundraisers, in order to respect the values and ethical principles these promote and support. The Association of Fundraising Professionals (www.afpnet.org, accessed on April 28th 2012), which has the mission to foster the development and growth of fundraising professionals and the profession, to promote high ethical behavior in the fundraising profession and to preserve and enhance philanthropy and volunteerism, adopted its Code of Ethical Principles and Standards in 1964 (and it was amended in 2007). The code was further developed with guidelines of applying the ethical standards and principles, in order to help fundraisers through providing guidance in thinking about ethical behavior.

The Code of Ethical Principles and Standard (http://www.afpnet.org/files/ContentDocuments/CodeofEthics.pdf, accessed on April 22nd 2012) has the following 25 standards which have to be abided by the AFP members:

“MEMBER OBLIGATIONS

1. Members shall not engage in activities that harm the members’ organizations, clients or profession.

2. Members shall not engage in activities that conflict with their fiduciary, ethical and legal obligations to their organizations, clients or profession.

3. Members shall effectively disclose all potential and actual conflicts of interest; such disclosure does not preclude or imply ethical impropriety.

4. Members shall not exploit any relationship with a donor, prospect, volunteer, client or employee for the benefit of the members or the members’ organizations.

5. Members shall comply with all applicable local, state, provincial and federal civil and criminal laws.

6. Members recognize their individual boundaries of competence and are forthcoming and truthful about their professional experience and qualifications and will represent their achievements accurately and without exaggeration.

7. Members shall present and supply products and/or services honestly and without misrepresentation and will clearly identify the details of those products, such as availability of the products and/or services and other factors that may affect the suitability of the products and/or services for donors, clients or nonprofit organizations.

8. Members shall establish the nature and purpose of any contractual relationship at the outset and will be responsive and available to organizations and their employing organizations before, during and after any sale of materials and/or services. Members will comply with all fair and reasonable obligations created by the contract.

9. Members shall refrain from knowingly infringing the intellectual property rights of other parties at all times. Members shall address and rectify any inadvertent infringement that may occur.

10. Members shall protect the confidentiality of all privileged information relating to the provider/client relationships.

11. Members shall refrain from any activity designed to disparage competitors untruthfully.

SOLICITATION AND USE OF PHILANTHROPIC FUNDS

12. Members shall take care to ensure that all solicitation and communication materials are accurate and correctly reflect their organizations' mission and use of solicited funds.

13. Members shall take care to ensure that donors receive informed, accurate and ethical advice about the value and tax implications of contributions.

14. Members shall take care to ensure that contributions are used in accordance with donors' intentions.

15. Members shall take care to ensure proper stewardship of all revenue sources, including timely reports on the use and management of such funds.

16. Members shall obtain explicit consent by donors before altering the conditions of financial transactions.

PRESENTATION OF INFORMATION

17. Members shall not disclose privileged or confidential information to unauthorized parties.

18. Members shall adhere to the principle that all donor and prospect information created by, or on behalf of, an organization or a client is the property of that organization or client and shall not be transferred or utilized except on behalf of that organization or client.

19. Members shall give donors and clients the opportunity to have their names removed from lists that are sold to, rented to or exchanged with other organizations.

20. Members shall, when stating fundraising results, use accurate and consistent accounting methods that conform to the appropriate guidelines adopted by the American Institute of Certified Public Accountants (AICPA)* for the type of organization involved. (* In countries outside of the United States, comparable authority should be utilized.)

COMPENSATION AND CONTRACTS

21. Members shall not accept compensation or enter into a contract that is based on a percentage of contributions; nor shall members accept finder's fees or contingent fees. Business members must refrain from receiving compensation from third parties derived from products or services for a client without disclosing that third-party compensation to the client (for example, volume rebates from vendors to business members).

22. Members may accept performance-based compensation, such as bonuses, provided such bonuses are in accord with prevailing practices within the members' own organizations and are not based on a percentage of contributions.

23. Members shall neither offer nor accept payments or special considerations for the purpose of influencing the selection of products or services.

24. Members shall not pay finder's fees, commissions or percentage compensation based on contributions, and shall take care to discourage their organizations from making such payments.

25. Any member receiving funds on behalf of a donor or client must meet the legal requirements for the disbursement of those funds. Any interest or income earned on the funds should be fully disclosed."

As it can be observed, the ethical standards mainly refer to the way in which the fundraisers should behave towards donors, donations and their organization and competitors, insisting on their behavior related to the solicitation and use of funds, on the way in which the information is presented to the donors and on the compensation the fundraisers should receive for their work.

The following standards need to be explained or exemplified:

"4. Members shall not exploit any relationship with a donor, prospect, volunteer, client or employee for the benefit of the members or the members' organizations."

This means that a fundraiser should not use the connection and the network made during its work for personal interests. For example, one fundraiser might have developed a good relationship with the CEO of an important company, who supported several times the organization that the fundraiser works for. The fundraiser has a sister who is looking for a job and she applied for a position at the company mentioned above. The fundraiser is probably tempted to talk with the CEO about his/her sister's application, in order to recommend her for the position, but according to this standard, the fundraiser is not allowed to do something like that. It will mean that he/she exploits the relationship with the donor for his/her own benefit.

"11. Members shall refrain from any activity designed to disparage competitors untruthfully."

When a fundraiser asks a donor to support his/her organization, he/she is not allowed to make any comments about the competitor organizations or to promote his/her organization's success or results by negatively presenting the competitors' results.

"14. Members shall take care to ensure that contributions are used in accordance with donors' intentions."

Fundraisers are responsible not only for the collection of money. They are also responsible for the use of money. He/she has to "fight" any person from the organization who might think to use the money for other purpose or project which are not in accordance with the donors' intentions and wishes.

"21. Members shall not accept compensation or enter into a contract that is based on a percentage of contributions; nor shall members accept finder's fees or contingent fees. Business members must refrain from receiving compensation from third parties derived from products or services for a client without disclosing that third-party compensation to the client (for example, volume rebates from vendors to business members).

22. Members may accept performance-based compensation, such as bonuses, provided such bonuses are in accord with prevailing practices within the members' own organizations and are not based on a percentage of contributions."

Any fundraiser, if he/she is employed by the organization, has the right to a monthly wage for the work he/she does. Sometimes, for really good fundraisers, these wages might be even bigger than the wages of the executive directors. But *never* these monthly wages should directly depend on the amount of money raised by the fundraiser. The wage cannot be calculated based on a percentage of the funds raised, because this will affect the relationship with the donors who will not trust anymore the fundraiser. The fundraiser might be perceived as a seller interested not so much in the mission of the organization, but in the money he/she can make from the donation made by the donor. Still, like any other employee, the fundraiser must be appraised and based on his/her performance, if the organization has this kind of personnel policies, the fundraiser is entitled to receive bonuses, compensation for his/her good job (but these cannot be calculated based on a percentage of the contributions raised!).

In conclusion, when raising funds, fundraisers and the management should take into consideration ethical matters too, because these could affect the relationships with the donors and with the community the organization serves. At the same time, "how a nonprofit raises funds is a powerful index of the degree to which its leaders grasp the moral dimensions of the nonprofit's purposes" (Fogal, 2005, p. 431).

Chapter 7
BUILDING A FUNDRAISING STRATEGY

Any organization needs a strategic plan in order to establish a direction related to the organization's goals and objectives. It is about making choices and it is a process that helps leaders/managers to be clearly intentional about their goals and the methods they choose in order to reach these goals. Strategic planning for fundraising is a similar process to the one used at the institutional level, but it focuses on a single function: resource development.

The process starts with the analysis of the current situation of the organization related to its income sources and the methods used to raised funds, and then, "given the organization's assets, the process encourages leaders to make thoughtful judgments about:

- The fund-raising strategies most likely to be productive;
- Priorities for new or enhanced fund-raising activities;
- Additional investment that may be needed;
- Incremental income projections;
- A realistic implementation plan and budget" (Hawkins, 2001, p. 15).

The fundraising strategy should be connected to the organizational needs of the future. The organization might be interested only to continue its programs at the current scale; or it might be interested in expanding its services in order to meet the growing need (for example, maybe the organization wants to serve more and more people who live in poverty, as the problem in the community is getting worse or there are fewer and fewer services provided to these people); or the organization is interested in developing its work, reaching clients from other areas or reaching new groups of clients or developing new types of programs (for example, an organization fighting corruption in the public sector might want to develop its programs, adding to the advocacy campaigns and research conducted constantly some training courses for public managers, in order to help them to stop corruption in the public institutions they work for). No matter the need, the organization must also express it in financial terms – how much money will be needed in order to cover the organizational plan for the next 3-5 years? This amount of money will become the fundraising strategy's main goal. At the same time, the organization might have plans related to its own development. The fundraising strategy should be able to answer to these needs too, once these are clearly defined and expressed as financial needs. For example, maybe the organization has a plan to build a new office or a school board or a center for training (capital needs) or it might want to build an endowment which is "a capital reserve which can be invested to produce regular income for the organization" (Norton, 2003, p. 41). Or the organization might have some plans for assuring long-term sustainability, through income-generating activities or developing special events that can be repeated and produce income year after year.

Hawkins summarizes the most important reasons for an organization to engage in building a strategic plan for fundraising:

"- The organization is in the process of developing a full strategic plan, and it has become evident that substantially greater resources will be required to implement the plan;

- The organization desires to develop new programs or to put more money into existing programs;

- The organization has experienced the loss of a major contributor whose longtime support has undergirded the development program, and, indeed, the organization's operating budget.

- The vulnerability of existing streams of income – contribute or earned – is recognized;

- The organization has a new chief executive officer (CEO) or director of developments;

- New members, who have an interest in fund raising, are added to the board;

- The organization observes that competitors are beginning to receive a larger share of the philanthropic pie;

- The organization experiences changes in demographics of its constituency or in the community's economic well-being;

- It has been four or five years since the organization has looked at where its money comes from and the methods it uses to foster giving" (Hawkins, 2001, p. 15).

> *The Worldwide Fundraiser Handbook* recommends organizations to focus on building the fundraising strategy on long-term methods of fundraising which will bring money in year after year, because "if your organization is going to continue for the long term, then you will need money not just for this year, but for the next year, the year after that, and into the future. If you raise short-term money, you may meet this and next year's fundraising targets, but you will be looking at a deficit after that" (Norton, 2003, p. 45). Now, this long-term perspective does not exclude the short-term methods of fundraising who are needed in the organization, but long-term methods of raising funds will help the

organization, at least, to carry on its core activities for many years. The same handbook provides examples of short-term and long-term sources of funds. Short-term sources could be the following:

"- A foundation grant for a project, which may be for two or three years and not renewable;

- A one-off donation or sponsorship from a company;
- A house-to-house collection;
- A time-limited grant from a government source;
- An emergency appeal for a flood or a famine" (Norton, 2003, p. 46).

The long-term sources could be the following:

"- A long-term funding partnership with a donor agency;

- A major fundraising event which can be repeated each year;
- Membership subscription income;
- An annual appeal to your supporters;
- A long-term contract from a government agency to provide a service" (Norton, 2003, p. 46).

In the process of developing a fundraising strategy should be involved, at a minimum, the board or the fundraising committee from the board, the executive director, the development director (the fundraiser) and other staff involved in raising funds. Sometimes, the organization might want to involve an outside consultant who will structure and guide the process. He/she knows very well the environment, the best methods of fundraising and the targeted potential donors, and his/her objective questions could be really useful in building a realistic development strategic plan.

The planning process should start with the analysis of the past and current situation. There should be analyzed the internal and external situations and factors:

- The past and current sources of income (type of donors, type of donations, how much these represent from the total amount of the money raised). This analysis will help to identify positive or negative trends in raising funds and to identify the most important sources of funds and the most successful methods of fundraising used until this point;
- The available sources of income in the community. This analysis will help in screening the potential donors for the organization;

- The above analysis could be extended to a full stakeholder analysis through which the organization can identify those funders, agencies, individuals who will be interested in assisting the organization with funds or other resources, or through some form of partnership or networking. This analysis will also help the organization in understanding the interests and the motivation the stakeholders may have in giving their support; and
- The sources of income and methods of fundraising used by the competitors. This analysis will help to identify other successful methods of fundraising that might have not been used by the organization until this point and which may be included in the strategy.

Once the information is gathered this can be used in a SWOT analysis which can help the organization to develop fundraising approaches which are built on the strengths of the organization and on the opportunities that exist on the market; avoid the weaknesses the organization has or find ways of compensating for them; be aware of the threats and the risks that exist on the market (e.g.: donors that might reduce their contributions, more and more competitors) and find ways to avoid or resist threats when these become real.

Based on this information, the organization should identify the fundraising opportunities from individuals, corporations and institutional donors. These opportunities should then be put in balance with the organizational plans (related to the programs and to the organization itself). This is the moment when the organization decides if its goals are realistic or not: are there enough fundraising opportunities on the market so that all the goals can be reached if the fundraising strategy is successful? Based on this decision, the organization shapes fundraising strategic goals and objectives for the next 3 to 5 years. These should be clearly defined and measurable. The objectives should include the amount of funds that need to be raised, the number of new donors that should be attracted, the number of donors that should be cultivated, and the methods that will be used and the methods that will be continued or developed.

Once that the goals and the objectives were established, the organization must develop the fundraising operations plan for the following year and the funding mix which is the “recipe” the organization chooses to use in order to meet the fundraising goals. The ingredients of the recipe are the methods of fundraising chosen to be utilized in order to reach the objectives related to funds and donors for the following year. These methods must be in accordance with the strategic plan and its goals and objectives.

For each of the methods from the funding mix the following elements should be established: objectives, the target audience (potential donors), activities and a calendar for them, persons responsible for the activities, costs and resources involved, and monitoring and evaluating tools.

Finally, the way in which the fundraising strategic plan is implemented should be constantly monitored and evaluated. In order to be able to regularly monitor the strategic plan, there should be established some intermediate checkpoints. For instance, one organization might want to increase the number of its individual donors from 500 to 1000 in the next two years. The first checkpoint might be an increase in donors to 750, after the first year of implementation of the fundraising strategic plan. Quarterly and annual reports can also help in monitoring and evaluating the strategic plan. Then, annually the strategic plan might be revised based on the changes from the environment and from the organization, and based on the results obtained by the fundraising department.

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