THE PHOENIX PHILANTHROPY GROUP

STRATEGIC VISION

Five Principles of Transformation

How to transform your organization to achieve lasting impact on our world.

By Richard Tollefson

How do people and organizations transform themselves? How do they achieve the most positive and lasting impact on our world? There are thousands of leaders who have waxed eloquent on the idea of transformational change. For me, the answer lies in five principles: vision, planning, risk-taking, leadership, and hard work.

Vision | Most nonprofit organizations were founded on a transformative vision. Somewhere in the day-to-day of serving constituents and raising money, however, that focus on the future is sometimes lost. While vision is not something you may contemplate day-to-day, it is something that must be inside your heart and your head at the end of the day.

Planning | Talk to anyone who knows me, I am a consummate planner. What I have learned over the years is that planning is not about the minutia. Planning is about the major strategies that allow you and your organization to move progressively forward to achieve the goals you have set – and to achieve your transformative vision.

Risk-Taking | Unabashed risk-taking has no place in organizations that exist to serve the public good. But calculated risk-taking is a vital part of every nonprofit organization's destiny. If we are not open to risks – exploring new ways of doing things, seizing new opportunities, or thinking of new directions in which to take our organizations, our institutions will stagnate, or even worse, start moving backward.

Leadership | Leadership may be collective or individual, bold or methodical, inspirational or practical. Whatever form leadership takes, a fundamental truth remains: someone's got to lead. Someone's got to make the hard decisions, to risk failure – and to risk success.

Hard Work | We often talk about "full-time" and "Phoenix Philanthropy-time." The truth is, our team is dedicated to our clients and to making the world a better place. In our own lives and with our clients, we really get into rolling up our sleeves and attacking each issue with commitment, energy, passion, and a lot of hard work. Because hard work is, ultimately, how transformation takes place.

So, how can you and your organization transform yourselves and achieve lasting impact on our world? Follow these five principles: focus on the vision, do the planning, take calculated risks, show real leadership, and above all, work hard.

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EXECUTIVE RECRUITMENT AND DEVELOPMENT

Why are Good Fundraisers Hard to Find?

The best fundraisers possess two key characteristics – the problem is, they are not often found in the same person.

By Laurel Kimball, Ph.D.

Why is it hard to find great fundraisers? At least some blame can be placed on basic economics: demand for exceptional fundraisers outpaces supply. But this begs the question: why aren't there more exceptional fundraisers in the first place?

I think the answer is simple: it is hard to find a great fundraiser because fundraising requires an unusual combination of "opposite" skills. The best development professionals are both personable and very organized and analytical – and those two characteristics are not often found in the same person.

One very successful fundraiser I know has this unusual dual skill set. When I describe this person (who happens to be Phoenix Philanthropy's President, Richard Tollefson) to others, I say two of his characteristics stand out: his distinctive laugh and his unusual love of matrices, tables, and charts. His genuine laugh and outgoing personality allow him to get along with almost anyone. His analytical love of matrices, tables and charts – well, that's what keeps him amazingly organized.

Of course, fundraisers need people skills to build strong relationships with donors. But why is the stereotype of a "great" development officer usually a backslapping, raucous person who is the life of the party? Experience actually shows the most effective fundraisers are those with a broad range of interests who add substance and thoughtful comments to any conversation – and who are able to develop and present an articulate case for support.

The second skill-set – being organized, analytical, disciplined, strategic – is not always included in the fundraiser's job description. But it needs to be. The best development professionals are more than great "closers." They possess the analytical mindset to use data systems, to advance donor relationships from start to finish, and to proactively devote time to managing their development team. Perhaps most importantly, the best fundraisers have the vision to "see" the big strategic picture, from annual giving to capital campaigns.

The next time you are hiring a development professional or defining the skill set of your future fundraisers, look for both halves of the equation, personable and analytical. And once you have found that gem, do all you can to keep that person for the long-term success of your organization.

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CAPITAL CAMPAIGNS

Don't Be Afraid (of Capital Campaigns)

Launching a capital campaign can be intimidating – focusing on future rewards is the antidote.

By Jan Halpin

When a nonprofit organization decides to launch a major capital campaign – especially a small organization, or one that has never done a major capital campaign before – often the overwhelming emotion is…fear. Fear of the process. Fear of failure. But mostly fear of the unknown. How is this going to succeed?

At The Phoenix Philanthropy Group, we've managed campaigns ranging from $500,000 to $700 million, so we know that feeling intimidation is understandable. I'd like to suggest an alternative emotion, however: Anticipation. Anticipation of the rewards of success.

First, the steps leading up to a capital project are just as important as the actual execution of a campaign. In the preparation phases many aspects of the organization are tested and studied. Strengths and weaknesses are examined. In fact, all of the components of a campaign are primarily process oriented (and making sure that process moves in the direction it needs to is the consultants' role.)

And then, suddenly, the magic happens! Campaign leadership obtains significant gifts. Everyone is caught in the wave that they really can do this – and the energy propels them forward. The ride isn't without some bumps and the occasional left-turn; but being flexible and open to options other than just the "plan," makes the ride even more rewarding.

The anxiety melts away, and the rewards become clear. Completing a campaign allows your organization to secure the funding needed to build a stronger organization, make dreams a reality, provide more for your constituents, and enhance your community. This is an incredible accomplishment for all involved – but the best is still yet to come.

In my experience, an organization that has successfully completed a capital campaign is truly transformed. How? Their image is enhanced among nonprofits and the greater community. The Board is viewed as one of leadership with the ability to make things happen. And staff members are recognized as accomplished professionals able to provide increased valuable services to their participants. Most importantly, the organization is now positioned to confidently embark on future campaigns or other opportunities for growth and enhancement.

Yes, making the decision to launch a capital campaign can be intimidating. But positively focusing on the future rewards is the best way to ensure success.

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ORGANIZATIONAL ASSESSMENT

Bricks Being Thrown at You?

Next time your Board starts throwing bricks, gather them up and build a better foundation.

By Julie Iacobelli

David Brinkley once said, “A successful man is one who can lay a firm foundation with the bricks others have thrown at him.” Think about your organization for a second: What bricks are being thrown at you?

Here’s one that is quite common these days: your Board of Directors has indicated they would like an outside firm to come in and do an organizational assessment. Suddenly thoughts run rampant through your head. Am I doing something wrong? Is my house in order enough to have someone come in and look around? Will we be able to implement the recommendations we receive with our current workload?

While these are all valid questions, true leaders welcome and embrace the investment in having outside input on the state of the organization. Boards of Directors that suggest this type of activity are to be commended. They are taking their leadership role of being fiscally and programmatically responsible to the donors, partners, and clients you serve very seriously.

Organizational assessments also help you understand which bricks in your foundation are missing, or where you may need a little more mortar to strengthen the connection. Think about it for a minute: Everything your organization does is built upon something else. You cannot serve clients and expand programs unless you have funding to do so. And you cannot expect funding sources and donors to support your organization if you don’t strategically employ donor-centric activities that engage, cultivate, and steward those who give to your cause.

The truth is, today’s prospects and donors are asking hard questions – and looking to see that you have your “house in order” before deciding to begin or continue their support. An organizational assessment reviews key operational and fundraising activities, and provides critical recommendations to move the organizational forward. It also shows that you are being productive and efficient with the dollars invested in you. Recommendations are not criticisms. Rather, they are opportunities to remove barriers to future success.

So, the next time someone starts throwing bricks your way, gather them up and build a foundation that you, your Board of Directors, clients, and donors are proud to invest in

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ALUMNI RELATIONS

Hard to Build Up, Easy to Tear Down

In the face of budgets cuts, keep in mind a fundamental truth: Alumni relations is about strong relationships between people and the institution.

By Sherry Cameron

Every year *BusinessWeek* magazine ranks the best "Customer Service Champs" among for-profit companies. The 2009 winner? Amazon.com. Not surprisingly, in this challenging economy the best-performing companies – as judged by their customers – were doing a great job of looking for smart ways to cut costs without cutting customer service. I think this data has "lesson-to-be-learned" written all over it.

Alumni relations can be best summed up by the two terms friend-raising and fundraising. It's about engaging alumni and your institution in a life-long exchange of mutually positive value. While most alumni relations programs are facing budgets cuts, it is vitally important to keep in mind a fundamental truth: at its core, the alumni relations function is about strong relationships between people and the institution. And while relationships take a long time to build up, they only take a short time to tear down.

Admittedly, quantifying the power and growth in alumni relationships is very challenging. A strong alumni effort can bring the admissions office more qualified students. It can provide the school and career office with more expertise and mentoring, and of course raise vital funds. But how do you quantify those results in a way that the people making the budget decisions can understand? The answer is clear: Alumni relations must be viewed as a long-term investment.

Investing in building a strong relationship from the moment a new student arrives on campus pays off with life-long relationships with alumni. Investing in building a sense of community and engagement with students ensures strong alumni involvement into the future. Every time you engage your alumni – through events, online social networking, webinars, mentoring programs, professional development groups – you create bonds with the institution, as well as among the alumni themselves.

The simple lesson to be learned here? Don't gamble on the short term, invest in the long term. When constituents' expectations are being met, you're creating an environment conducive to turning alumni from mere past-students into friends and donors to the institution. Remind everyone you can: alumni hold the long-term key to successful fundraising in education.

Oh, and when the administration asks for budget reductions, tell them the school should learn a lesson from *BusinessWeek's* "Customer Service Champs" ranking, by looking for smart ways to cut costs – without cutting alumni service.

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MERGERS AND ACQUISITIONS

"Merger" is not a Dirty Word

Done right, a merger or acquisition between two nonprofits can mean greater services delivered to more people in need – all without losing your brand identity.

By Marc Kellenberger

When I bring up the topic of mergers and acquisitions the usual reaction is "Oh no, we can't merge. We don't want to lose our identity!" My response is always, "Done right, you don't need to lose your identity. More importantly, you can stand to gain a whole lot more."

There are two types of mergers or acquisitions. The first is where two similar organizations, such as two theater companies, come together. The second is where two "complementary" organizations, such as a children's rights organization and a sexual abuse counseling organization, join together.

In both types, often the driving advantage is simple: Money. Organizations seek to gain economies of scale, improve cost-effectiveness, and achieve greater efficiency in back-office operations, such as accounting, HR, IT, marketing, and fundraising. I've seen merged organizations in which the cost-per-unit delivery went down nearly 40%, while the number of constituents served increased 100% – without either group giving up their identity.

A second advantage revolves around broadening an organization's market reach, particularly for smaller, growing organizations. I recently was involved in a merger in which one organization had a great product based in a small geographical area, but wanted to expand statewide quickly. They merged with a complementary agency already working throughout the state, and were able to use this partner's infrastructure to expand services that otherwise would have taken years to achieve.

A third advantage reflects one of today's most obvious donor trends: Major funders expecting nonprofits to be more collaborative in their approaches to key social issues. In some cases, the right major donor may even fund the cost of a merger or acquisition if the organizations can show why and how their integration will result in more expansive, more cost-effective, and better quality services for the causes and people they care about.

When is the wrong time to merge or to be acquired? When your organization is in severe financial trouble. No one wants to take on someone else's financial problems. And the best time to merge? When your organization is strong! And when you and your Board can see far enough into the future to know what got you where you are today won't be enough to get you where you want to be.

In these troubled economic times, going alone is no longer the only option available for growth. Done right, collaboration and integration just might be the creative options your organization needs to optimize its impact on your constituents and community.

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FUNDRAISING

The Challenge is Never the Ask

In our rush to hit financial goals, are we straying from what's most important: developing genuine relationships?

By Steve Zastrow

When organizations think, plan or merely talk about fundraising, the first thing that jumps to everyone's mind is "Making the Ask!" It doesn't matter if you're a first-time volunteer or a seasoned development professional: We all instinctively want to jump to the finish line.

But in our rush to achieve our financial goals, are we straying from what is most important: Developing genuine relationships with our constituents?

In fact, yes. Truly successful organizations ask us to do more than just "give and get" – they present us with a cause that we care about and that genuinely needs our help, inspiring us to rise to the occasion! Our jobs as CEOs, development directors, and consultants should include fostering and growing that culture of caring by engaging our constituents through active and meaningful involvement.

One outcome of genuinely engaging our constituents is clear: We stand to raise more funds. But ultimately we also gain much more in the process. For example, when truly engaged and listened to, volunteers can offer insightful ideas that help us more effectively achieve our missions and visions. They extend our reach to involve more constituents and supporters, and they bring excitement to often difficult and sometimes thankless work.

In reality successful fundraising is 99% cultivation and only 1% solicitation. If you're working strategically, by the time you "Make the Ask," all the work has already been done. And if done properly and effectively, an ask is like a marriage proposal – you should already know the answer!

So, if you think about it again, we are always fundraising, aren't we? We are constantly making new friends when we share our missions and visions; creating trusted advisors when we solicit opinions and involve constituents in strategic planning – and most of all, we continue to grow and build the next generation of philanthropic activists when we recognize and acknowledge these efforts.

The challenge is never really the ask. The true challenge is developing significant and genuine relationships with our constituents from the very start. Relationships that ultimately create the opportunities and desire for them to give – long before we make the "ask."

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