



Great Fundraising

EXECUTIVE SUMMARY

The executive summary of a UK based report
commissioned by Clayton Burnett Limited
to answer the question:

What Makes Fundraising Truly Great?

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Executive Summary

In summer 2012, we were commissioned by Clayton, Burnett and Associates to conduct research on “Great Fundraising”. The aim of the project was to identify how and under what circumstances truly great fundraising is able to flourish. We approached twenty of the sectors leading thinkers (directors of fundraising and senior fundraising consultants) for their views on the organizations and individuals they most respected and admired. They identified five organizations that in their view had conducted (or were conducting) outstanding fundraising. These were Cancer Research UK, British Red Cross, NSPCC, Save The Children and the Royal British Legion.

We then approached multiple individuals from these five organizations to analyze how their teams had attained their success. A ‘Decoding the Discipline’ approach was adopted for this purpose (Pace and Middendorf, 2004). Rather than focus on the detail of their fundraising we focused instead on the greatest challenges that in their view needed to be overcome and how they had done so. Since many of the individuals we interviewed had since switched organization we were ultimately able to examine leadership at a wider number of organizations including the British Heart Foundation and Battersea Dogs and Cats Home.

So what do we mean by great fundraising? None of our participants defined greatness in terms of the absolute (£) amounts raised, they defined greatness in terms of delivering growth and substantive growth at that. Outstanding fundraising enables an organization’s fundraising income to double, triple or even quadruple so that the charity climbs dramatically up the league table of charities as ranked by voluntary income.

Growth though was not a goal in and of itself. None of our interviewees defined fundraising greatness without mentioning the impact that the enhanced income would have on the mission of the organization. A passion for the work and daring to believe in what might be achieved was considered paramount. On occasion the success had taken the focal organization by surprise with some interviewees reporting that so much additional income had been generated the organization was compelled to reinvent their programs to ensure that the monies were properly spent. Equally, others mentioned that in order to create a compelling ongoing case for support, they had needed to work closely with their program team to ensure that any new objectives were meaningful for donors. Fundraising greatness thus delivers the kind of growth that is transformational for the organization and its programs either in scale or in content so that the organization can multiply its societal impact.

Our results indicate that exceptional fundraising managers exhibit the characteristics of level 5 leaders. They manage their teams and achieve desired change through a combination of will and personal humility. We also found that they devote considerable attention to what they regard as the critical building blocks of success, namely building an exceptional team, structure(s) and culture.

Outstanding Teams

All stressed the importance of appointing the right team to assist them in their task, both team leaders and team members. Some leaders had chosen to hire new team members immediately upon their arrival while others waited until after they had strengthened the existing team, working on the collective ‘belief’ that it was possible to succeed, by helping them create early successes. These successes did not have to be exceptional so long as they were significantly better than the status quo. The improvement in confidence and morale became self-sustaining as individuals began to recognize their own potential to succeed. Technical expertise on the part of team members was important, but so too was conscientiousness, a willingness to support others, and a propensity to engage in appropriate levels of risk-taking.

After the right team had been built, none of the organizations we examined suffered from the high turnover rates that otherwise pervade our sector. Being a part of a successful team appears to engender high levels of loyalty and our all our leaders were personally invested in their teams. The loyalty thus cut both ways. It was also interesting to note that those who defined their team more broadly, to include external agency personnel also exhibited a high degree of loyalty to that agency. Some were maintaining relationships with suppliers that had existed for over a decade.

We also found evidence in goal setting, that our outstanding leaders aligned their organizational metrics with the longer term drivers of donor value. Their objectives were couched not in the short-term minutia that typically pervade our sector, but in the standards and behaviours they identified would add value for supporters and thus pay-back in the longer term. Their appraisal and reward systems were similarly aligned, to focus team member ambitions on the things that mattered most to longer term growth.

In addition, these leaders excelled at creating shared mental models – i.e. organized mental representations of the key elements within a team’s environment that should form the object of attention. These mental representations might include the attitudes and behaviours that are most valued and professional standards for how the team should interact with others in the organization and key external stakeholder groups, notably donors. In the latter case, the mental model could include a definition of what it means to be ‘donor-centric’ and the philosophy that will be adopted to make this a reality.

Outstanding Structure

Most organizations we studied adopted a structure based on function, including for example, fundraising, finance, marketing, public relations, campaigning and programme management. The advantage of such a structure is that it pools specialists together to create economies of scale, minimizes the duplication of personnel/equipment and employees can speak “the same language as their peers.” This structure also reinforces a clear line in command and control. The disadvantage of this structure, however, is that functional departments can become competitors who engage in a power struggle for organizational power and resources

In order to maximize the success of intra- team or inter-team coordination and cooperation, the fundraising leaders we interviewed “managed upward” working with their peers at the director level to rework the institutional reward systems to encourage cooperative efforts rather than competition. They also actively sought out opportunities for enhancing coordination and cooperation by working jointly on projects and seeding expertise as necessary in various institutional initiatives. One of the organizations we examined had, in addition, given different functional teams a stake in the performance of others. Fundraisers were thus rewarded in part for the performance of the campaign function, developing partial responsibility for their goals.

Great systems are often more important than great people. A well-designed system filled with ordinary but well-trained people can, according to academic research, consistently achieve well above average performance (Pfeffer and Sutton, 2011). As much as we emphasize the importance of finding the right people in our study, it was a focus on the building of team efficacy (i.e. developing the supporting system) that consistently produced great fundraising. Since talent can be created through training and development, it is more important to have a system in place to grow it than constantly trying to source the right talent externally. Our interviewees were typically less interested in education than they were in less formal forms of development such as mentoring or coaching, but in most cases they recognized the contribution of both.

Organizational Learning Culture

Organizational learning is a complex process that refers to the development of new knowledge that has the potential to change behaviour. Organizations that

have developed a strong learning culture are typically good at creating, acquiring and transferring knowledge, as well as at modifying behavior to reflect new knowledge and insight. Hence, organizations stressing organizational learning culture (OLC) must first acquire information, interpret it to fully understand its meaning and transform it into knowledge. At the same time, they must not forget the most important part – to implement behavioral and cognitive changes – in order to convert words into action.

In its essence, OLC is a culture that acknowledges both internal and external environments and develops sensitivity around what might be learned from both. The organization is thus flexible enough to respond and adapt quickly to factors arising in either environment. This flexibility is complemented with elements of a control dimension that provide the clarity, structure and formal reference framework needed for an organization's successful functioning. The development of an organizational learning culture was deemed critical to the development of exceptional fundraising.

In all cases, the leaders we interviewed made it clear that the organizational culture when they took up their appointment was far removed from the ideal we articulate above. In most cases a fundamental cultural shift needed to occur at the level of the organization (i.e. not just at the level of the fundraising team). Even basic assumptions and norms about how the organization operated frequently had to be challenged and changed, either by the CEO or the fundraising director and their peers. In a number of cases, for example, the organization had been failing to meet its fundraising targets for several years and it was now assumed that the target would not be met *and* that it was acceptable not to meet it. Such assumptions were unacceptable.

Having achieved a base level of change, interviewees were clear about the need to instill an organizational learning culture. In part they were able to diffuse this into their fundraising team by supplementing or replacing existing team members with new personnel who had the necessary perspective. New individuals were selected who could think quickly (and well), but who also knew the limits of their knowledge, asked for help when they needed it and who were tenacious about guiding and helping colleagues. This latter quality is particularly important for the success of an organization's fundraising practice since it helps inculcate a supportive culture that encourages individual team members to learn from each other and to be genuinely open to challenges derived from the perspectives of others.

The directors we interviewed also encouraged a greater degree of flexibility and risk taking on the part of their teams providing the prevailing culture with more of a development focus. Failure was redefined as the failure to learn from experience if something did not work out as anticipated, rather than the failure of a particular strategy or individual per se. As long as the team learned from the experience to

inform future activity, all experiences, both good and bad could contribute to organizational learning.

We also noted the strong efforts made by our interviewees to broaden the perspective of the members of their team. Some of them provided their team members (at all levels) the opportunity to experience first-hand the impact of the organization on the beneficiary group. They did so by sending their team members to the field, letting them work side-by-side with program officers and then assigning them the task of retelling the story of their personal experience in their fundraising materials.

Others provided opportunities for junior members of their team to sit in on senior director or board level meetings. These junior members could then become advocates for any top-down initiatives that the fundraising director needed to implement with the team, because they could then better understand the rationale and design of these initiatives and communicate this to their peers. Both types of opportunities enabled these team members to take alternative perspectives, and to translate these perspectives into better fundraising practice within their assigned responsibilities. Our fundraising directors and their team members both described the impact of these perspective-taking exercises as being transformative and vitally instrumental in creating great fundraising and in their personal career development. They enrich their careers and their lives while creating great fundraising.

Arrangements for personal support and mentoring were also offered and extended beyond the organization to draw on significant talent elsewhere. In addition team members were encouraged to take on wider roles within the profession (serving on committees, participating in working groups etc) so that they could learn from the experiences of others and draw on best practices and ideas from across the sector. Procedures were also put in place for that experience and knowledge to be shared internally and to be drawn on to inform future planning and new fundraising innovation. All this activity is consistent with best practice in the development of an organizational learning culture.

High Quality Thinking

In our view, however, what seemed to us to elevate good fundraising to outstanding fundraising was the quality of the thinking each leader was able to generate. Neither the ideas nor the considerable experience of our directors alone could have given rise to the fundraising success they created. The real difference these leaders were able to make occurred as a consequence of the way in which they understood and coped with the complexities of everyday decision making. In our full report we focus on process and use the academic language of systems thinking to examine the how our focal directors think about complex problems. In

this second component of our report we are therefore not in a position to map out specific actions that organizations should take to achieve greatness per se. Rather, we explain the thinking processes they should adopt when wrestling with their own complex real world problems. It is the quality of thought that underlies action that gives rise to greatness, not the actions themselves.

Indeed what was distinctive about the approach of the leaders we interviewed was their ability to discern complex systems at play within their organizations and consciously manage those systems to achieve the outstanding fundraising they sought to create. Thus, while we acknowledge the technical skills of our interviewees, what seemed to us to be unique to this group was an ability to think and think clearly about themselves, what they could offer the organization and how organizational systems could be managed to create the environment for fundraising to flourish.

Crucially, to achieve this, they saw the need not only to embed their fundraising expertise in their chosen organization, but rather to embed themselves as a ‘whole’ individual. As this process unfolded they first needed to understand the benefits that their intellectual, emotional and social system of activity could deliver for their organization. In essence they needed to design the interface between their individual system and the system of their organization, looking for the optimal mix of contributions that could be made to further the purpose of the charity. They then needed to develop a similar approach to the management of their fundraising team, again understanding and designing the interface their team would have with other organizational systems, e.g. service provision, marketing, finance, etc. They needed to understand them in such a way that each of these systems could be perceived as a whole in its own right, but also *simultaneously* as part of a greater organizational whole (Koestler, 1967, 1978). All our interviewees were then able to pose the question ‘**how might all these existing systems be transformed systematically such that great fundraising may be created?**’ In our view, what makes a fundraising leader truly great, is how they think about answering that question.

It is hard to over state the significance of this perspective, because in thinking this way fundraising greatness is at the core of an organization’s purpose. This shift offers truly great fundraisers the pride, the confidence and the focus they need to transform good fundraising into outstanding fundraising. Our interviewees, all became change initiators and leaders at an organizational level. None of them, in creating great fundraising, felt that they could create it within the current organizational system. Rather, all of them believed they must transform the organization in order to create their outstanding fundraising success.