Introduction

The first thing every fundraising executive must know about fundraising operations is this: You cannot know everything. In fact, when it comes to fundraising operations, it is often true that the less you know, the better.

Think about this: If you question your reports, do you trust your data? If you distrust your data, do you have confidence your database? If you worry about your technology, does that make you wonder about your processes and procedures? And if you begin to distrust all of those things, how does this make you feel about your people?

The answers to each of these questions are interdependent. One bad report. One bad acknowledgment letter. One bad apple. Any of these things can affect your trust in your fundraising operations. Once that trust is bruised, it is easily broken. All of this diminishes fundraising success.

But should this be the case? How much of this can be attributed to perception, and how much is "real"? How can you determine what is systemic versus anecdotal and trivial? Are there tricks that will help you work through the occasional misstep while maintaining an eye on the measures that matter? Most importantly, are there tools that will help you understand and improve complicated processes or systems in fundraising operations?

This guide puts these crucial issues into perspective. Without the right filters and efficient evaluation tools, you can quickly become mired in details. You require the necessary tools to manage even the most complex aspects of your operations while maintaining focus on fundraising. You will find these tools here.

Supporting Fundraising

To the professional, there is little mystery behind fundraising. Constituents become donors when they are convinced of the merits of the charity's mission. Effective fundraising organizations arrange their programs and efforts to capitalize on the interest and generosity of groups of constituents. If the organization's impact is meaningful enough and the fundraisers organize appropriately, fundraising results should follow.

This is a simplistic interpretation, to put it mildly. Fundraising managers know that success depends on dozens or even hundreds of moving parts, people, and programs to manage throughout the fundraising process. In addition to the essential relationship building of the job, many organizations are increasingly relying on fundraising operations—and all of its potential intricacies—to contain as many moving parts as possible.

The fundraising operations that support philanthropy are often shrouded in mystery. The technology involved is typically complex and out of the chief development officer's area of expertise. Assessing data integrity issues is difficult. Understanding why certain reports match up and others do not is frustrating. And knowing whether the people and processes in place are efficient and effective can be time consuming.

This guide is written for the fundraising executive. Through case studies, descriptions of best practices, and helpful evaluation tools, the busy fundraising executive will acquire tools and tricks to simplify fundraising operations. Throughout this guide, the focus is on how you should evaluate between success, mediocrity, and failure—quickly, accurately, and efficiently.

What Is Fundraising Operations and Where Should It Fit in the Organization?

"Operations" can be a broad area for many institutions. The framework for operations, the name for the "operations" team, and the team's responsibilities shape expectations. Any analysis of operations should include shared language and expectations. Environmental and organizational factors also affect operations and outcomes.

Fundraising Operations: What's in a Name?

This executive guide is necessary partly because the profession has not really figured out what to call it or what it includes. Fundraising executives manage a variety of teams, functions, and positions that may broadly fall into the category of "fundraising operations." A particular executive's view of fundraising operations has many factors that affect the definition.

For some fundraising organizations, the first part of this subject—"fundraising"—may not fit. In higher education settings, offices have increasingly exchanged *fundraising* with the newer, more comprehensive descriptor, *advancement*. Others prefer *development*. The frequency of usage of *foundation, alumni*, *constituent*, *institutional*, and other options starts to illustrate the many ways an executive may define fundraising operations.

In other organizations, the difficulty is with the second part of the name: *operations*. Some groups include responsibilities such as human relations, finance, and facilities maintenance in the notion of "operations." Indeed, some fundraising teams have just such responsibilities. In other cases, financial reporting, endowment management, database administration, network and computer systems management, and a host of other functions are included or excluded.

The choice for this guide is to label it "fundraising operations," while maintaining the right to use other popular labels throughout the book. There are certainly benefits to adopting some of the broader descriptors here. For example, "advancement services" reflects additional areas supported, such as alumni relations, communications, and marketing frequently found in higher education. The choice of "fundraising operations" is not intended to limit the scope of the guide, but instead to apply the material to the largest possible audience of fundraisers.

The data suggest other alternatives to "fundraising operations." I conducted a survey of a few thousand fundraising executives and operations professionals to understand the issue of naming departments, as well as other topics. The survey generated 373 completed requests. The results of this survey are referred to here and elsewhere in the book as the fundraising operations survey. Table 1.1 presents what the data suggest about naming conventions for divisions.

"Advancement" is the clear winner. It is important to note that the majority of respondents were from universities, so this outcome makes sense.

TABLE 1.1   **Which word most closely matches how your organization refers to your division?**

	Executives	Operations Professionals	Total	%
Advancement	95	72	167	45%
Development	68	53	121	32%
Fundraising	10	1	11	3%
Foundation	38	12	50	13%
Philanthropy	4	2	6	2%
Other	9	9	18	5%
Total	**224**	**149**	**373**	

Source: Fundraising Operations Survey, 2010

The next table (Table 1.2) suggests that "Services" is the most prominent moniker for all of the work that fundraising operations entails, including data, technology, reporting, and processes.

The issue of title(s) is important for your organization. These options may or may not apply, but what you call this area can shape what you expect and what the team delivers. As you review this book, think about how your departmental and position titles for "fundraising operations" areas affect your expectations of what such operations should or could do. Does your group's title properly reflect your expectations of the team? Do overlapping or competing groups' responsibilities in this area affect confidence in the productivity of all operations? These and other questions will be revisited throughout this guide.

TABLE 1.2   **Which word most closely matches how your organization refers to your team dedicated to data, technology, reporting, and business processes?**

	Executives	Operations Professionals	Total	%
Services	81	76	156	42%
Systems	22	12	34	9%
Operations	44	25	69	18%
Combination	39	16	55	15%
Other	38	20	58	16%
Total	**224**	**149**	**373**	

Source: Fundraising Operations Survey, 2010

What Does "Fundraising Operations" Include?

Some organizations view these operations narrowly while others treat the area like a catch-all for any nonsolicitation activity. No matter the size or complexity of your organization, the following five factors make up the central framework for fundraising operations.

In general, the framework for every fundraising operations team includes:

1. Data, including constituent, prospect, donor, and member information
2. Technology, such as your database and online community tools
3. Reporting, from the database, a special reporting tool, or products like Microsoft Excel
4. Processes and programs, which are highly variable depending on each organization's needs, historic expansion and development, and other factors
5. People, who do the actual work of fundraising operations

For your organization, you should be able to visualize your operations team through the following framework diagrams. Notice that Figure 1.1
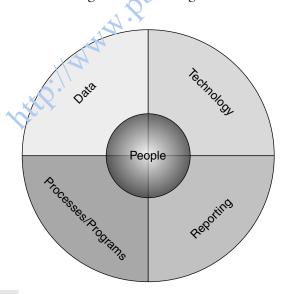

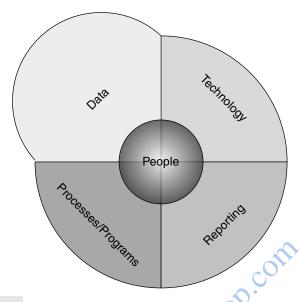FIGURE 1.1   **Components of the Operations Framework (The ''Top'')**

FIGURE 1.2   **Imbalanced Operations Framework**

depicts a balanced arrangement; you can envision spinning this like a top. Because everything is well managed, the top spins smoothly. However, Figure 1.2 depicts an unbalanced arrangement where data issues are out of hand. You can imagine that this framework cannot smoothly support fundraising needs until the out-of-balance data issues are addressed.

This guide will direct fundraisers toward the easiest ways to understand the source of problems and areas of opportunity. Chapter 2 examines how each of these framework elements should be evaluated. These will then be analyzed frequently throughout the book to explain what is truly important, what is simply urgent, and what can be altogether ignored. A balanced framework makes a significant difference in how effectively your operations team meets the demands of fundraising. The same framework applies if you are responsible for broader teams, such as the "advancement division" or "external relations team."

Within the construct of the balanced fundraising operations framework, your organization likely handles many of the responsibilities and perhaps shares some duties or has delegated some processes to other

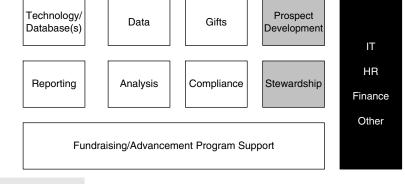**Fundraising Operations—Responsibilities Vary Across Organizations**

FIGURE 1.3   **Operations Responsibilities**

departments in your organization. Figure 1.3 illustrates the types of work and responsibilities for fundraising operations. The most likely responsibilities are in white boxes. Gray boxes represent those areas that are less frequently assigned to fundraising operations. The black boxes indicate responsibilities that tend to apply only to a select few nonprofits' fundraising operations teams.

Your organization's situation will dictate which of these responsibilities are important to you. Chapters 5 and 7 on trends and tools, respectively, present efficient and effective management resources to ensure these responsibilities are properly handled.

The notion of the spinning top depicted in Figures 1.1 and 1.2 and operations' responsibilities presented in Figure 1.3 are the foundation for this guide. If you learn the details to each of these elements, you will understand the essential operations issues that affect fundraising. The trick is, of course, that these diagrams depict brief snapshots of exceptionally complex, interrelated issues. The two-dimensional representation here does not do justice to the complicated moving parts involved in fundraising operations. This book will help you determine what to care about, how to evaluate areas that are important to you, and when to be worried.

Your perspective and perception of these components and this framework shape your expectations and responsibilities. These core factors are the subject of Chapter 2, "Principles of Fundraising Operations."

Organizational and Environmental Factors
Shape Operations

Fundraising organizations typically become a living, breathing extension of their organizations' missions. Fundraising for big organizations often mimics the large, complicated structural arrangements that support, say, international environmental conservation efforts. Fundraising operations for these groups often includes lots of systems; lots of connecting points for data, reporting, and training; and lots of impact spread over expansive areas. However, small organizations often manage via the unpopular idiom "do more with less." These groups sometimes saddle operations staff with too many responsibilities and too few resources to successfully meet demands. Most organizations are somewhere in the middle, with dedicated operations staff, appropriate software applications, and sufficient resources.

In all cases, fundraising executives have an opportunity to seek balance between complex and simple, big and small. Your lens for uncovering this opportunity likely adjusts based on your organization, so let's start there.

Size of Organization   Larger fundraising organizations tend to have more sophisticated hierarchical structures. Consider my position at the Saint Louis Zoo, a $38 million operation with over 300 full-time employees managing a world-class zoological park in St. Louis's Forest Park. Our small fundraising team size resulted in expansive roles and responsibilities, even if the ability to tackle each role was somewhat shallow. We were a small but mighty team, giving meaning to the "lean and mean" badge often worn by fundraisers at smaller shops. We simply did not have staff to take on specific roles, so team members stepped up to take on new duties as needed. A "day in the life" at the Saint Louis Zoo could include giving a prospective donor a behind-the-scenes tour of Big Cat Country, then conducting a prospect management meeting, then updating the database, and eventually managing an event, producing a campaign collateral piece, or writing a grant proposal. When I moved to a larger team at Saint Louis University, my title narrowed, my roles condensed, and my responsibilities deepened in terms of volume and magnitude. Rather than additional job responsibilities, I had team members and colleagues to count on.

No matter the size of the organization, the standard tasks for fundraising operations must be completed: Receipts must be generated, data must be gathered and tracked, reports must be prepared, and so on. Your team

likely has some of the same characteristics and certainly has most of the same responsibilities.

Most nonprofit organizations raise less than $1 million per year and, therefore, tend not to benefit from a complex hierarchy and a broad division of labor. In many ways, smaller organizations must strive to complete each task more efficiently due to shallower resource pools. By the same token, expansive organizations—such as multisite healthcare systems or large universities—require streamlined business processes because of the additional layers of staffing and the volume of the workflow.

RULE OF THUMB FOR FUNDRAISING STAFF-TO-RESULTS RATIOS

Staffing typically makes up 60 to 70 percent of a fundraising budget. This means that each staff member needs to contribute to the bottom line in order to keep a healthy ratio between expenses and revenues.

One target to consider is a ratio of 1 million to 1. Particularly as an organization's fundraising moves into eight-figure-per-year territory and above, this goal suggests that for every staff member, your fundraising department should raise $1 million. "Every staff member" includes vice presidents through administrative assistants working on fundraising. This goal will be hard for some to achieve, and it may not be reasonable for certain organizations. However, achieving this goal will likely ensure that your team is productive and your return on investment is at the higher end of industry averages. Chapter 7 presents additional calculators to help drill into ideal ratios and the return on investment in operations.

This executive guide applies to all types and sizes of organizations: big and small; religious, healthcare, education, cultural, environmental, and others; urban or rural; regional or national. Later in the guide, some of the tools are structured to depict expectations and opportunities based on the size, type, and constituency of the organization.

Structure of Organization   The structure of your organization also makes a significant difference in evaluating fundraising operations. 501(c)3

nonprofit organizations must typically perform all of their financial, budgeting, and operational duties. This is particularly true for smaller organizations where the executive director is also the director of development, marketing, human resources (HR), and even information technology (IT). If fundraising is a department within the larger organizational structure, such as an independent school or an art museum, you likely can count on other departments to handle HR, facilities, and other tasks. In all cases, the organization chart and the people on it affect fundraising operations.

Fundraisers, and fundraising operations, are also affected by the number of groups raising funds for the organization or across multiple organizations. Some of the arrangements certainly affect fundraising operations more than others. Satellite offices, multilingual and cross-cultural staff members, and different time zones can affect operations. Other departments, entities, or logistical realities can present greater challenges for fundraising operations than the fundraising department. Do any of these configurations challenge your operations team?

- Public universities with stand-alone foundations, alumni associations, and/or athletics booster programs

- Healthcare organizations with auxiliaries, hospital-based foundations, and/or affiliated nonprofits

- Cultural organizations with membership, events, fundraising, and/or ticketing components

- Colleges with separate institutes, centers, research entities, and/or advisory boards

- Environmental organizations spread across continents, handling gifts, filing requirements, and/or prospect management through multiple language, currency, and cultural filters

- A "team" of one in a social service organization

The type of organization you serve has a determinative impact on your operations. In each of these cases, this guide offers tools that pinpoint trouble spots so that you can quickly return to executive duties. Later in this guide, you will find specific suggestions for different types of organizations. For now, keep in mind that the type and size of organization you serve shapes your perception of fundraising operations.

Maturity of Organization   Investing in fundraising operations is an exercise in long-range planning. It can take years to realize success, and even more time to recognize success if you are not looking in the right places. An untimely divestment in the area can have significant long-term effects, particularly when it comes to data integrity and technology usage. It is best to cultivate the team and the resources to establish a sustained support environment.

Most organizations' operations have benefitted from the foresight and hard work of a few employees or volunteers, toiling perhaps decades ago, as they gathered and stored information on donors and constituents. Education-based fundraisers tend to have a rich and detailed history of constituent information as a result of the school's efforts to record student information, then parent information, and other sets of constituents. Many of these organizations implemented their first constituent database in the late 1970s, moved to an enterprise-wide mainframe in the 1980s, and have now implemented perhaps a fourth- or fifth-generation constituent database, complete with sophisticated Web-based resources and powerful business intelligence options.

A good number of nonprofits, however, have only more recent experiences with data, databases, reporting, and business processes. The growth of a few of the industry's most prolific donor databases illustrates the rapid adoption of new resources. Looking at the growth of, say, Blackbaud is to look at the expansion of fundraising operations as a dedicated support service. With perhaps a few thousand clients in 1997, Blackbaud purchased Master Software's FundMaster and converted most of that company's clients to the Raiser's Edge. Today, Blackbaud claims over 22,000 customers for all of its fundraising-focused software. Similar expansion has occurred for other donor databases, as well as other reporting tools and technology resources in support of fundraising. Fundraisers are now using databases and other tools that did not exist a decade ago.

Fundraising operations is increasingly intertwined in overall results no matter the maturity of your organization. Without effective operations, data screening, data mining, and data analytics are not possible. Other opportunities, such as segmented direct response programs, online giving and social networking approaches, and mobile giving (that is, charitable giving through handheld devices and text messaging), are made possible by fundraising operations.

If your organization is not yet where you want it to be, don't worry. Technology adoption has a nice habit of becoming easier, less expensive, and faster the longer a useful tool has been in place.

WHEN TO EXPLORE NEW TECHNOLOGY

Evaluating the potential move to a new application or tool can be a fundraising executive's most daunting decision. But this does not need to be the case. When considering a new tool, start the process by asking these three questions:

1. Where does the new technology fit in your priorities, and how will it affect other priorities?
2. What happens if you do not implement the new technology?
3. How else would you use the budget and the resources required for this technology?

Listen to your gut, but augment this with data. If the likely return on investment is high enough, consider preparing for whatever potential short-run pain such an implementation may require. However, if the new application is viewed more as "neat," "cool," or "cutting edge," carefully weigh the benefits of early adoption against the costs.

See Chapter 3 on responsibilities specific to database conversions and Chapter 5 on trends to learn more about pulling the right triggers when it comes to adopting new technologies.

Assuming the Campaign   A final factor of maturity is your organization's experiences with fundraising campaigns. Some organizations will have already conducted multiple, multiyear campaigns, and others may be wading into their first one. While some of you may never experience a campaign in the sense of a multiyear fundraising effort with a unified case for support across capital and operational needs, all fundraising organizations should have significant stretch goals from time to time. These are goals that, when met, substantially improve the organization's ability to fulfill its mission and serve its constituents.

In general, the deeper the experience with campaigns, the more sophisticated the fundraising operations framework. This guide was created to solve problems whether your organization is in a campaign, planning for one, or not. Campaigns require different scope and volume or operations work at different stages. The timeline for prospect development in a campaign is discussed in Chapter 4. For gift processing and stewardship, campaign-specific processes and options need to be in place. The book presents fundraising operations guidelines that work in and out of a campaign, but the framework, principles, responsibilities, and tools are particularly salient for fundraisers in a campaign.

Using This Guide to Improve Decisions

If your operations team has been organized for many years, keep in mind that innovations in the industry happen every day. A close look at current business practices against the best new approaches will yield new ideas. An examination of previous decisions may uncover that yesterday's convenient solutions are today's obstacles that are now diminishing your team's efficiency and effectiveness.

If your operations team is new or just now being formed, know that fundraising operations can be quickly established. While you may not have the benefit of years of history, your team will not have the baggage of years of systems and process decisions that could now be outdated because of new technologies and applications.

Keep in mind that this book will help you apply a rigorous, yet flexible framework to your evaluation of fundraising operations. This framework can typically be applied to your other teams. Whether it is called "business process analysis," "business process improvement," "business process modeling," "gap analysis," or some other phrase, the central points of the approach are the same: You need to know what you are examining, how to judge it, and what to do with your answers. The terminology may be different, and the applications of the evaluation will vary from project to project and problem to problem, but you are starting from the same vantage point—how can you make the means produce better ends?

The next chapter details the principles and primary responsibilities of fundraising operations. Once these fundamentals are presented, the guide

presents program-specific issues, special trends, and new opportunities that you need to adopt, ignore, or avoid and advice from other fundraisers.

Consider This: A Quick, Late-Night Search

Imagine that you have stayed late one evening, after your team has left for the night. You realize that you need one additional piece of information. You know that you should be able to do a quick search for this information using your constituent database. But can you? This can be the stuff of nightmares for certain fundraising executives. It raises a host of questions:

- Do you know how to, and do you regularly, use the database?
- Have you had the training necessary to search for the information you know is available?
- Can you accurately interpret what you see to arrive at the right conclusions?
- Can you extract the information in some sort of report?

By the time you have reviewed these four questions, have you already envisioned that your solution would involve a voicemail to your "database person" so you can get the information in the morning?

Your responses to this scenario highlight a significant dilemma among fundraising executives: How much should you know about fundraising operations? In many cases, it is appropriate for a chief development officer to know very little about his or her institution's data, technology, reporting, and processes. Many managers in fundraising operations will cringe at this, but it is realistic. As the head of the fundraising team, knowing and learning details of a database may not yield results that warrant the time and energy to gain that knowledge.

The essential executive trait here is to discern the proper division of labor while evaluating the quality of operations. The preceding scenario raises important questions about your fundraising operations: Is there training, and is it any good? Are there self-service reports? Do your frontline fundraisers run into similar dilemmas? Does the database facilitate fundraising? This guide will provide you with easy-to-apply approaches to answer these questions.