CHAPTER 1

# FUNDRAISING: A CALL TO ALMS, A CALL TO ACTION



> You must be the change you wish to see in the world.
>
> The difference between what we do and what we are capable of doing would suffice to solve most of the world's problems.
>
> —Mahatma Gandhi

How many activities in life are as unpopular as fundraising? Most people, often including trustees who are obligated to ask for money on behalf of the nonprofit institutions they serve, and professionals, paid to solicit funds, would rather walk slowly over hot coals.

There's something very intimidating about approaching a friend or a relative stranger and requesting a gift. It's widely viewed as a bold and presumptuous act, one filled with the potential for awkwardness, embarrassment, disappointment, and rejection.

Chief executives of hospitals, universities, and cultural institutions often cite raising money as the least pleasant and most trying of their responsibilities. Many trustees, when faced with the choice, would prefer to donate more than they would otherwise rather than solicit others.

The average length of stay of the presidents of large nonprofits in almost any field including higher education, arts and culture, hospitals, and social service institutions is now some seven years. An important reason for such relatively short terms of service is carrying the burden of the relentless pursuit of charitable gifts, 24/7.

A generation ago, proud and preening parents would brag about their son "the doctor" or "the lawyer." Nowadays it is the fashion to say one's children are in hedge funds or private equity. Have you ever heard a mother or father look up to the sky and say "Lord, I wish my child becomes a fundraiser!"?

Truth be told, the answer to that question is more than likely to be no.

That's a pity.

For in its broadest sense, raising funds is a business skill of the highest order. It is precisely what private equity and hedge managers do everyday to attract capital for their acquisitions and investments. It's what allows hospitals and institutions of higher education to convince the tax-exempt bond market to support their physical expansion or modernization. And it's an attribute every chief executive of every nonprofit institution needs to possess.

Put simply, fundraising is nothing more than salesmanship. It's persuasiveness at work. It's a performing art.

No parents should shy away from acknowledging that their kids have mastered this form of stagecraft.

Let me begin, then, with a confession.

I like raising money. I like everything about it.

The science of solidly grounded research. The process of solving the mystery of human motivation. The skill of asking well, face to face. Formulating a persuasive written proposal to which the reader cannot reply negatively. Organizing the well-designed, well-executed, well-received special event.

Helping a successful executive find new meaning and joy in life from a charitable gift. Assisting a corporate vice president to identify the perfect intersection, the sweet spot, where business interest and societal need intersect. Inspiring veteran trustees to do more to strengthen their institutions and recruit newcomers to the cause. Unleashing the energy that animates private acts for the public good.

How could anyone not be moved by the challenge of these activities and by the nobility of the ends they seek to realize?

Using language and images evocatively to convince and enchant. Transforming ideas and dreams into realities by eliciting that magic word, *yes*, from an individual, a foundation staffer, or a company executive.

Listening carefully to donors allows you to bring back invaluable observations to the line staff of your agency and assist in their quest for continuous improvement.

Raising funds from donors helps to create and sustain environments in which gifted professionals can do their best work.

What a thrill. What a high.

In the year 2007, $306 billion of charitable funds were raised, a new record, 3.9 percent above the prior year. This sum is 2.1 percent of America's gross domestic product. And billions more found their way to nonprofits through a dazzling variety of in-kind gifts and from marketing, sales, advertising, and human resource budgets, forms of support that go largely uncounted by such authoritative sources as *Giving USA*.

But who among us does not fail to imagine by how many orders of magnitude that figure could grow, and what such growth could mean to healing the sick, training the unemployed, educating the student, researching tomorrow's cure, maintaining our nation's competitiveness, and eliminating poverty, AIDS, malaria, tuberculosis, and starvation from the face of the earth?

The number of U.S. households with a net worth of $1 million or more rose to 8.4 million in 2006, up from 6 million in 2001. The number of households with a net worth of $5 million or more now exceeds 1 million.[1] It's not just about the title of best-selling books.[2] The millionaire next door and the middle-class millionaire are realities. And in the aggregate, Americans have been giving away to charity somewhat more than they collectively save each year.

Are we reaching to such new and expanded sources of unimaginable affluence in our midst: the beneficiaries of the commercial real estate boom, or the explosion of wealth that characterizes the private equity and hedge fund communities, for example?

Are we expanding our boards of directors and asking our trustees to give in proportion to their means and in accordance with their most generous impulses?

Are we learning adequately from the successes of others? The pluperfect benefit that sends the donor home thanking you for the opportunity; the direct mail solicitation that breaks through the clutter of busy lives to sing ‘‘We need your help’’ in a not-to-be-denied melody and lyric; the cultivation of leadership that takes off with powerful, peer-driven asking?

So much of the health of the institution you represent resides in how effectively you embrace its mission, harness the energy of advocates, and rally the fortunate to its cause.

Occasional setbacks in the national economy are more likely to be speed bumps than serious barriers to fundraising success. As I write, debate ensues about whether the American economy is in a recession and, if so, for how long and how deep. Short and shallow is my guess. But no matter, don’t let the naysayers and skeptics, the preachers of doom and gloom slow you down, or alter your mood. The power of positive thinking is the very fuel that animates the best fundraisers and salesmen.

Just consider what could have happened to prevent or cure disease, to alleviate poverty, to expand rates of literacy and numeracy, if individual giving and bequests had grown from 2001 to 2006 not at a compound annual rate of 5.3 percent and 3 percent, respectively, but at roughly double that rate 10.5 percent, and 5.9 percent, respectively. Such improved performance would have yielded a total of $62.5 billion in philanthropy, increasing individual giving from the base year 2001 of $172.4 billion not to its real figure of $222.9 billion but to $284.6 billion. Similarly, bequests would have grown from a 2001 base year of $19.8 billion, not to the real figure of $22.9 billion but to $26.4 billion.

By only doubling the rate of growth of individual and bequest giving, contributors in America would have moved overall from $295 billion in contributions to $360 billion by 2006, for a 22 percent growth rate.

Okay, the past is gone and we cannot do anything to improve performance retroactively. Looking to the future, then, if we take the 2006 total of $295 billion and assume its compound annual growth rate is identical to prior years, we will arrive at 2011 with a total giving figure of $377.5 billion. However, if we set an achievable goal of doubling the compound rate of growth of individual and bequest giving, that total will be 22 percent larger, or $461.3 billion. Just imagine how these additional funds would help to address the pressing issues of global warming, of access to and graduation from the nation's colleges and universities, of reducing substance abuse and funding safe, proven alternatives to incarceration in this country.

To state the gap between the promise of fundraising and its performance another way, consider generosity geographically, ranked by states.[3] While California and New York enjoy the highest aggregate wealth as measured by investment assets, according to a six-year study by the New Tithing Group, a San Francisco–based think tank, these states rank twenty-first and twenty-third in terms of generosity, giving about 0.74 percent of their income to charity annually.

By contrast, affluent residents of Utah and Oklahoma donate 1.63 percent and 1.05 percent, respectively, in annual giving.

Consider this: If the top earners in the nation's five wealthiest states (California, New York, Florida, Texas, and Illinois) donated at the rate of the benefactors in the five most generous (Utah, Oklahoma, Nebraska, Minnesota, and Georgia), giving from individuals would have risen in 2005 by $13 billion.

Generosity is unevenly distributed geographically. Raising the level of giving from those states in which more wealthy people live to those in which the affluent give most generously would work wonders. Expanding where generosity lives is a terrific challenge for fundraisers and a tonic for some of the most serious problems that ail the nation and the planet.

## AMERICA'S CHARITABLE POTENTIAL

Let your imagination take hold in yet another way. Jeffrey Sachs, the Columbia University economist who is leading an effort to eliminate poverty and vastly reduce mortality and morbidity in the Third World, dreams grandly:

> According to *Forbes* magazine, there are some 950 billionaires in the world, with an estimated combined wealth of $3.5 trillion. Even after all the yachts, mansions and luxury living that money can buy many times over, these billionaires will still have nearly $3.5 trillion to save the world. Suppose they pooled their wealth, as [Warren] Buffett has done with Bill and Melinda Gates. By standard principles of foundation management, a $3.5 trillion endowment would have a 5% payout of about $175 billion a year, an amount sufficient to extend basic health care to all in the poorest world; end massive pandemics of AIDS, TB and malaria; jump-start an African Green Revolution; end the digital divide; and address the crying need for safe drinking water for 1 billion people. In short, this billionaire's foundation would be enough to end extreme poverty itself.[4]



Whether by increasing the rate of growth of giving by American individuals and institutions, or by spreading generosity more evenly across state boundaries or by persuading the ultra-rich to emulate the Buffett and Gates families, what remains abundantly clear is how much room there is for improvement in our performance as fundraisers.

I write *Yours for the Asking* out of a conviction that fundraising is an important ingredient of what makes great things happen in our inventive, problem-solving nonprofit sector and out of a strong sense that we who are charged with the privilege of raising funds can do better. Much better.

America is the richest country on earth. And while the municipal, state, and federal governments have indispensable roles to play, as do socially responsible businesses, we have yet to witness anything like the full flowering of American philanthropy.

Will another generation of public school kids be deprived of the education they deserve?

Will it be said of this generation that by dint of our efforts, the beginning of the end of poverty truly occurred for the 2 billion people on earth who live on two dollars or less each day?

How soon will cures for Parkinson's disease and cancer be found?

In the chain of human improvement, those who play leadership roles in nonprofit institutions can be among the strongest links.

I urge you to go about your business with energy, determination, and pride. Much that matters depends on your performance. Many in need know not how much they rely on your skill, professionalism, and attitude.

My reference to "attitude" is no accident. My kinship with those who raise money voluntarily, or for a living, is rooted in their conviction that problems are really opportunities and that obstacles are really minor roadblocks. And my affinity with you flows from your optimism and resilience.

Prospective donors who turn us down never mean no. They mean "now is not the time," or "less," or "have someone else ask me," or "craft your case more effectively." But our cause is too important, our clients too needy, our world in too much disrepair to take no for an answer. For all of us, the word "no" must be the beginning of a conversation.

In short, the best of those who call development their obligation or their profession are strong believers in Noah's principle, which says "No more credit for predicting rain. Credit only for building arks."

*Yours for the Asking* is intended to be an ark-building primer, a back-to-basics, Fundraising 101 written by someone who has raised money all of his life. I have done so as a professional, principally at the 92nd Street Y, a community center of some distinction located in Manhattan; at the International Rescue Committee, one of the largest and most consequential refugee relief organizations in the world; and at Lincoln Center for the Performing Arts, the most comprehensive institution of its kind anywhere. As a trustee, I've raised funds for dozens of organizations on whose boards I served. And as a philanthropist, it has been my privilege to guide millions of dollars of gifts at the Nathan

Cummings Foundation, hundreds of millions of donations as the president of the AT&T Foundation, and well over $2 million in our family's personal giving.

I cite our family's own proclivity to give for three reasons.

First, it is virtually impossible to ask others to behave in a way contrary to your own conduct. Asking well works when the solicitor is a true believer, a missionary of sorts. The test of that conviction is more than moving prose or spirited rhetoric. You can open the mind of the prospect wider if you have opened your own wallet or pocketbook before your visit. Giving is infectious. The virus of philanthropy starts with the solicitor.

Second, my wife and I have always built donations into our annual budget. We set aside 10 percent of what we earn to benefit others. We do so out of an ardent belief in our obligation to help needy causes and people.

Read the Talmud:

> It is not required of thee to complete the task, but neither art thou free to desist therefrom. . . . He who saves one life, it is as if he has saved the whole world.

Or consult the Bible (I Corinthians):

> And now abideth faith, hope, charity, these three; but the greatest of these is charity.

Apart from religious sources of inspiration, our giving flows from our convictions and caring. It recognizes the need to discharge obligations to the boards we have been privileged to serve on. We also reserve some funds to respond affirmatively to the favorite causes of our friends, just as we would hope they will be responsive to our appeals. We wish we could do more. We hope we are modestly helpful.

Giving, then, for us and for hundreds of thousands of other Americans is not simply a matter of playing roles as professionals or trustees, nor of being proficient in foundation and corporate giving and nonprofit asking. It is very much part of our personal conduct, day in, day out. It is more than what we do. It is who we are.

As the old gospel song has it, "We are the ones we've been waiting for."

To convert this set of diverse experiences into lessons learned for others to benefit from has been a joy. I hope that you will be the better fundraiser after having digested *Yours for the Asking* and that as a result, you and your colleagues will allow tens of thousands of Americans to experience the joy of gifts to others, for the first time or in greater sum. Little could please me more. And those donors will be grateful to you, as well they should be.

Indeed, when going about fundraising for your favorite organization or cause, think boldly, creatively, and resourcefully.

Too often, professionals and volunteers are constrained by history (we've always done it this way), by labels (that individual or institution will not be interested in supporting our organization because . . . ), by inertia (what is true of physics is true of fundraising; solicitors at rest tend to stay at rest, those in motion tend to remain in motion), and by risk aversion (don't go there, he or she may say no or, don't go down that alley, it may be blind).



## ACTIVATING PHILANTHROPY: THE 92ND STREET Y

I recall my years as executive director of the 92nd Street Y. When I arrived there in 1977, the place did reasonably well in approaching traditional supporters of community centers and of Jewish-sponsored institutions. After all, this Y was then and remains now the oldest and largest Jewish-affiliated organization of its kind in the United States.

But the 92nd Street Y served senior adults, operated summer camps, and supported a large youth residence. It managed one of the largest health clubs in New York City; housed a very well regarded nursery school; sponsored a wide-ranging performing arts, literary, and film program and an eclectic, high-profile, diverse spoken word series; among many other activities.

Still, the staff and board by and large did not solicit funding sources interested in these specific activities, or art forms, or program formats.

Doing so would have meant multiplying very substantially the number of relationships to be cultivated, proposals to be drafted, research to be conducted, and special events to be held. It would have required trustees to look in the mirror and ask more of themselves and of one another. It would have meant raising the organization's metabolism, not to mention its sights.

## GALVANIZING GIVING: THE INTERNATIONAL RESCUE COMMITTEE

Two decades later, I found myself the chief executive officer of the International Rescue Committee (IRC), a nongovernment organization that then spent about $175 million annually resettling refugees in the United States and serving refugees and displaced people abroad in over two dozen countries with health, education, community development, agricultural, job creation, and leadership training services. Here, too, I was surprised to discover that almost 60 years after its founding, the IRC focused its fundraising almost exclusively on institutions and individuals who cared about the plight of refugees and of displaced people.



But why not approach funding sources interested in Africa, Asia, and the Balkans, the regions where the IRC provided such extensive services?

How about soliciting those who care about the welfare of children and of women? After all, 80 percent of the population of refugee camps consists of kids and of females.

What about the wealthy concerned with preventing communicable disease—tuberculosis, cholera, malaria, AIDS, and the like?

The IRC recruited very bright, idealistic, resourceful, and determined Americans, Asians, Africans, and European expatriates to manage its programs and lead the thousands of national employees it retained around the world. These young adults, largely in their 20s and 30s, were very well educated, brimming with promise and possessed of many career options.

That they chose a humanitarian agency for employment and that they worked in complex, difficult, and dangerous conditions drew the admiration of many sources of wealth. Why not lead with strength and approach funding sources for staff support—salary supplements; training and educational opportunities; reward, recognition, and retention programs; recruitment drives; and the like?

The opportunities for fundraising were abundant. The gap between the IRC's fundraising promise and its performance was huge. In less than six years, annual private fundraising at the IRC quintupled, funding sources expanded by orders of magnitude, programs received much-needed annual support, and a $2 million cash reserve blossomed alongside a newly created $40 million endowment fund.



## FUNDRAISING ON STEROIDS: LINCOLN CENTER

And so it was at Lincoln Center. If you were a donor conspicuous by your expressed interest in the performing arts, Lincoln Center created a positive connection with you, more likely than not. But the Lincoln Center Institute, its education arm that seeks to integrate the arts into the curriculum of elementary and secondary schools, was, by comparison, virtually a secret outside of our own walls. Funding sources committed to improvements in our public schools and intrigued by Lincoln Center as an external catalyst for positive change; those focused on the "outer boroughs" of Brooklyn, Queens, Staten Island, and the Bronx; and all those interested in community relations were also ripe to be approached. Indeed, we began to think of Lincoln Center not just as a consortium of 12 world-class and world-renowned artistic organizations but as a source of civic pride, as a huge tourist attraction, and as an engine of economic development.

Conceived in this expanded way, Lincoln Center could solicit wealthy institutions and individuals who were not necessarily drawn to, let alone passionate about, any art form. It could approach developers, retailers, and restauranteurs on the Upper West Side of Manhattan, all of whom benefit inordinately from the 5 million visitors who each year enjoy Lincoln Center's performances, its school activities, its free programs, its performing arts library, and its 16 acres of precious public space.

No one who owned or operated a substantial business, residence, or commercial property within 10 or 15 minutes commuting distance from Lincoln Center denied or gainsaid its beneficial financial impact. But at 45 years of age, Lincoln Center had still not systematically solicited them for donations. Now, as we fast approach our fiftieth anniversary in May 2009, we have given birth to a Lincoln Center Conservancy, a strong consortium of institutional neighbors who have pledged so far to provide a total of about $1 million annually to help maintain the handsomely redeveloped private and public facilities that have been built over the last three years. We have, in effect, created a $20 million endowment for campus maintenance, from nowhere. There is more to come, I'm confident.



Thought of in this similarly capacious way, Lincoln Center could ask itself how best to go after the hedge fund community, the private equity manager, and the successful property owners and real estate developers of New York City. These sources of support tend to regard Lincoln Center as much a civic as an artistic institution. Indeed, some value this performing arts mecca more for its contribution to the quality of life in New York City than for its advancement of music, dance, opera, theater, or film. Lincoln Center is one of those places attractive enough to draw people to live, work, and travel to Manhattan in very large numbers.

Lincoln Center's Juilliard School and School of American Ballet admit students from around the country and around the world. Their graduates are reputed to comprise as many as 30 percent of the musicians of America's leading orchestras and dancers in America's best-known ballet companies. Lincoln Center's national and global reach also manifests itself in the tours of its resident artistic organizations—the New York Philharmonic, Jazz at Lincoln Center, the New York

City Ballet and the Juilliard Orchestra—around the country and around the world. And for 31 years, Lincoln Center has raised the funds for and produced the award winning show broadcast nationally on public television called *Live From Lincoln Center*, hosted for years by Beverly Sills, until her untimely death in 2007. With television and radio audiences approaching those of *The Sopranos* and of *Sex and the City*, Lincoln Center's powerful brand can be legitimately viewed as national, not just regional or local.

Perhaps 80 percent of those who patronize Lincoln Center live in New York, Connecticut, or New Jersey. We estimate that the other 20 percent of our 5 million customers are American or overseas tourists. And through the works we commission that are performed all around the world or productions we mount that are subsequently presented elsewhere, Lincoln Center's reach is extended still further.



Under such circumstances, for fundraising purposes, we had to conceive of Lincoln Center as a national, even an international, institution. Doing so meant persuading the board of directors to invite individuals to serve as trustees whose principal residence was not in the tri-state area or whose company headquarters were located far from Manhattan, overland or overseas. It meant reaching to institutional funding sources that ordinarily do not support organizations outside of their home territory. Why shouldn't Lincoln Center be the exception that proved the rule? And it meant establishing a national and international patrons' council of arts benefactors and activists who would come to Lincoln Center, benefiting from privileged access to the best available tickets and from opportunities to attend galas and other special events throughout the year.

What is true of relatively untapped *sources* of funding for the Y, the IRC, and Lincoln Center was also the case for relatively unexploited *methods* of fundraising.

At the Y, foundations, corporations, government, and individual donors all needed attention. So, too, did proposal writing, public and community relations, benefits and galas, and major gift cultivation.

At the IRC, an across-the-board modernization and overhaul in energetically approaching all of these sources and using all of these methods were also the order of the day. In the case of this high-performing but little-known humanitarian organization, an invigorated direct mail and online fundraising drive was also high on the agenda.

For Lincoln Center, the plan to address all of these sources and apply all of these methods had to be upgraded and expanded. Otherwise, we might have jeopardized Lincoln Center's highest-quality performing arts, educational, and public service programs. The powers that be had other objectives in mind as well.

Lincoln Center needed to take the lead in the physical renovation of a 16-acre campus that would be celebrating its fiftieth anniversary in May 2009. The comprehensive public space and artistic facility modernization necessitated a capital fundraising campaign of $803 million. In addition, no one at Lincoln Center could remember when the organization last conducted an endowment campaign. To strengthen its balance sheet, we set a target of $75 million, for a total campaign goal of $878 million.



As I write, the year-over-year improvements in annual fundraising are very gratifying, growing at a compound annual rate of 10.2 percent, from $29.8 million in 2002 to $55.3 million in 2008. On the capital side, some $600 million of our $878 million goal has been raised, close to $40 million of which is thus far destined for endowment enhancement.

Appendix I contains two exhibits that portray fundraising progress and growth fueled by an enthusiastic cadre of trustees, by a set of consensus-blessed objectives, and by a Lincoln Center viewed not only as a critical artistic institution but as a civic cause, a major contributor to the quality of life in New York City, an important tourist attraction, and an engine of economic development.

Now, these examples might not be useful to every reader. Smaller, younger, less well-known organizations might not find the particular reform activities illustratively chosen for the 92nd Street Y, the IRC, or Lincoln Center applicable to their own situational settings.

## A CALL TO ALMS, A CALL TO ACTION

Consider this general challenge, however.

How many institutions or causes do you know that cannot expand the cadre of trustees and volunteers that support them?

How many are insufficiently tapping their geographic, ethnic, and community-based neighbors for support?

How many are asking current supporters systematically for the names of their like-minded friends, colleagues, and associates?

Just as the nation's colleges and universities have expanded many times over the methods by which they mobilize graduates, parents, students, and faculty to enrich their coffers, and just as hospitals have avidly pursued grateful patients, so too can other nonprofits dig more deeply into their history, their Rolodexes, and their thematic and programmatic appeal to attract new and enlarged constituencies of donors.

Imagine what supplemental resources could do for your organization, its clients, and its employees.

Imagine how much more quickly or uncompromisingly its vision could be realized with more funds at your disposal.

Imagine. Then act. You can change the world for the better. To borrow from presidential candidate Barack Obama's moving incantation, "Yes, you can."