



10
LESSONS
LEARNED IN 45 YEARS OF
**FUND
RAISING**

How I Helped Nonprofits Raise Over
A Billion Dollars in My Career

Jim Lyons

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Introduction

It initially felt like a daunting task to distill 45 years of fundraising experience into the ten most important things that I've learned. I couldn't decide if ten lessons were too many or too few. I know I have learned more than ten things, but which ones were the most important? I do know that I continue to learn more about the field of philanthropy all the time, and that experience is certainly the best teacher. It could also be that I'm a slow learner, and I will admit to having learned much from mistakes that I've made. It was fortunate for me to have both my father and grandfather as mentors. They both had successful fundraising careers on a national level. They taught me how to think about philanthropy and the importance of understanding the mindset of donors.

Many changes in the field of philanthropy have transpired during my time. Remarkable advances in software and technology, donor research, higher levels of sophistication and customization of appeals to name just a few. But much more has remained the same than has changed since I started in 1978. Focusing first on fundamentals has yielded the best results.

It has been helpful to learn the complexity of different elements of philanthropy, such as economic drivers of philanthropy, financial goal setting, technical aspects of estate giving, restricted/unrestricted gifts, endowments, capital vs. operational fundraising projects, appropriate recognition of donors, the nuances of going over or under a fundraising goal, and how to support donors who want to make gifts to the organization for something we shouldn't do or are unable to do.

But in fundraising, as in most endeavors in life, focusing on the fundamentals seems to generate the highest level of success. For me those fundamentals are 1) creating positive relationships, 2) being a good listener, 3) thoughtful preparation, 4) checking my ego at the door, and 5) being empathetic to others, which have all provided guiding principles that have led to success. I look forward to exploring these areas in different ways in this publication.

I've had the good fortune of working with many talented and successful people in the world of philanthropy. Sharing some stories should help illustrate the lessons I've learned. I have been careful in the instances of donors to provide anonymity as giving for many is a personal and private behavior, and I won't violate any confidences. In stories where I name certain individuals, I've done so with their permission. The exception is the Garth Brooks

story, which is public information. I also wasn't sure I could get Garth to return my call.

The purpose of sharing these lessons is not to provide anyone with a quick fix on fundraising success. We know that creating and maintaining donors is a lifetime endeavor. Philanthropy programs and professional careers are built and grown over a long period of time. I hope you find something here in the lessons I have learned that helps you further your enjoyment and your success in the field of philanthropy.

LESSON 1

Focus on the Process, Not the Outcome

It is both a blessing and a curse for many of us in the fundraising world to be results oriented. Whether it is the results of our overall program or securing a gift from an individual donor, we are eager and often impatient to see the fruit of our efforts. While it is important to establish specific objectives, it is even more important to set the process in motion which will best accomplish those objectives. Fundraising is a process and financial support is the result of that process. One of the most difficult aspects of our work is to be patient and know when the donor may be ready or not ready to make a decision about a gift.

Not everyone appreciates sports analogies, but I read a recent one from Nick Saban, head coach of the Alabama Crimson Tide football team, that may be appropriate for the idea of focusing on the process. He was lamenting the weaker than expected results from his team in a couple of key games. His observation was that the players and

coaching staff were thinking primarily about the outcome of the game, the victory or loss, rather than focusing on executing specific actions that would lead to victory.

Coach Saban's point was that victories will take care of themselves if you properly execute the processes that you've been working on in practice all week. His long history of success certainly validates that approach. We can apply that lesson to our work in philanthropy. Often in our eagerness to get the gift, we press the donor to make a decision and we lose sight of the process that should be followed to secure a gift. Asking for the gift is your job; making the gift is the donor's job. We can't do their job for them.

The typical sequential process to acquire a new donor is: Identification, Engagement, Cultivation, Solicitation of the Gift (then sometimes more cultivation), Recognition and Stewardship, which leads to cultivation for the next gift. It's easy to be impatient and want to skip a step or two and shortcut that process. When we do, we wonder why we didn't get the gift. Taking the proper steps in the process of fundraising works if we are thoughtful and strategic.

When trying to get a repeat or recurring gift from an existing donor, often the opposite problem is true. We sometimes delay the gift request because we believe the donor is not ready. If the

prospect is an existing donor and we have effectively recognized and stewarded the donor's previous involvement and generosity, the identification, engagement, and some of the cultivation is already done for the next gift. In these cases, the process is already in place and the donor is ready to be asked sooner than we think. We can get unduly nervous about the timing of our request and trying to decide the exact best moment to ask. We rarely know the optimal time to ask anyone for money, so err on the side of sooner rather than later with an existing donor.

Many years ago, I was working with an organization that was approaching the end of their \$3 million campaign. The number of potential major gift donors was dwindling and as we often do, were working to identify additional individuals in the community who had the capacity to make at least a six-figure gift. We identified a gentleman who did not have much of a connection with our nonprofit but had been very generous to other charities in the community. We found a good connector to schedule the appointment to approach this gentleman. He graciously agreed to meet with us, and with great persuasive confidence we asked him for a \$250,000 gift. He smiled and said, "I don't really know much about your organization. That seems like a strong request since I have very little knowledge about you

or what you do. I appreciate the information you shared today, and I'll think about it." A week later he sent a \$10,000 check. We were so focused on completing the campaign that we entirely skipped the process of engagement and cultivation for this individual who was a potential first-time donor. Recognizing our mistake, we began the process of thanking, communicating, engaging, and updating this individual on the current campaign and project impact as well as plans for the next major project. Two years later after effectively following the process, we asked for and received a \$100,000 gift from him for the next campaign. I learned that if we properly work the process, the results will come.

Understanding the specific sequential steps in the fundraising process will make you a more effective and efficient fundraiser. We all need goals and objectives and keeping our eye on our ultimate results is important. Tracking where are we are in the process with each prospective donor and knowing our next step can and should become the main emphasis of our day-to-day work... and be patient.

LESSON 2

Fundraising is Team Sport

Self-confidence, good communication skills, and the ability to be persuasive are hallmarks of a good fundraiser. In the previous chapter, we explored how being highly results oriented can sometimes work against us. The same can be said of self-confidence and possessing good interactive communication skills. No matter how effective and impressive we think that we may be, we will always be better in almost every aspect of our work in philanthropy by involving others.

Goal Setting. It is often said that the person or persons who sets a goal, owns that goal. If you as an individual fundraiser establish the fundraising objective for the organization, it will be you who is almost solely accountable for the completion of that objective. We are far more successful when we include as many people as reasonably possible in setting our financial fundraising goals. A thoughtful process of involvement of board members, fundraising volunteers, executive leadership, and philanthropy staff will result in a challenging and

realistic fundraising goal shared by many. The more people actively engaged in setting a goal, the more we have taken responsibility for the effort required to achieve that goal.

Identification of Prospective Donors. This is often the element of philanthropy that most people find most enjoyable. When we develop prospective donor lists, we get to talk about people and their life circumstances, financial situation, and generosity, all which affect their ability to make a gift. Talking about people is interesting, and we always need to emphasize confidentiality in our discussions when we engage with foundation boards and fundraising committees to build prospect lists. We can access the network of relationships from a diverse group of people which helps to expand those lists. Through this key step, we can identify individuals already committed to our nonprofit who may also have a good relationship with a prospective donor to assist in securing a gift.

Asking for the Gift. We mentioned in the previous chapter the process of fundraising from identification to engagement to cultivation to solicitation and on to recognition. People have different, often very diverse skill sets and comfort levels in the philanthropic process. Whether someone is effective as a connector, cultivator, or closer is driven by

personality and skills developed during a lifetime. Most people say, “I am not a fundraiser,” and yet can be helpful at some point in the process of securing a gift. Having a significant pool of fundraising volunteers allows us to utilize their networks of relationships and skills to maximize support in the process.

Those of us who are paid fundraising staff or counsel sometimes think we are the most effective individual to connect, cultivate, and close a gift. A fundraising volunteer giving both time and personal gifts has far greater credibility with a donor than a person who’s in the meeting because it’s his or her job. Thoughtful selection of who should participate in a fundraising visit is essential. Developing specific donor strategies on who should be in the visit should be a focal point of our work. This is not to say there are not those times where circumstances will necessitate you visit a donor and ask for a gift by yourself, but it should be the exception, not the rule.

Recognition and Stewardship. It seems expeditious for fundraising staff to take on this important part of the philanthropy process. However, this is an element of fundraising that can be most enjoyable to our board members and fundraising volunteers. Expressing the gratitude on behalf of the organization for a gift further advances the relationship between

a board member/volunteer and a donor and sharing that gratitude is one of the most satisfying aspects of philanthropy. That common feeling of accomplishment is very reinforcing for fundraising volunteers or members of the executive team when they engage with a donor in recognizing a gift. Many people continue to become more active in asking if they are also a part of thanking. When there are many individuals involved in writing thank you letters or hosting a recognition event, advancement of the culture of philanthropy in a nonprofit organization is expanded and accelerated.

I recall an instance early in my career when I felt I had the experience and knowledge to take on the entire donor process by myself with a donor with whom I had a passing acquaintance. I felt very comfortable setting up the appointment, preparing for the visit, and asking for the gift by myself. After the initial exchange of pleasantries, I jumped into presenting the mission of the organization, the project we were trying to fund, and the specific request for the gift.

I felt confident in my preparation and that my presentation was effective. After that moment of silence when I asked for the specific gift amount, the individual asked me how much I got paid for my role with the organization. I'll admit to fumbling around with the answer and tried to steer the

conversation back to the importance of the project and how his support would create an impact. After a little more back and forth, the donor said he would think about it, and we set a time for me to follow up with a phone call to see if he had further questions or needed additional information to make a decision. After three follow up phone calls with no return, I was discouraged and wondered where I had gone wrong. I knew through the engagement process that he was qualified and interested. We had worked through cultivation steps and all that was left was to secure the gift.

I reached out to a foundation board member seeking guidance. The board member had a personal relationship with the prospect and said, “Just let me go talk to him and I’ll relate my commitment of time and money to the organization of the prospect. You already told him about the project and the campaign.” The board member finally connected with the prospective donor about two weeks later, had a personal meeting and secured a \$25,000 pledge. I had the information necessary to ask for the gift, but not the personal relationship and the endorsement that the board member brought to the table. In hindsight, I realized I should have taken the board member with me on the first visit which would’ve created an entirely different dynamic in the meeting.

I learned that no matter how effective that I thought I might be, being able to access the assistance and support of others leads to greater success. Our egos can get in the way of our success. At that stage of my career, I began to learn how to better prepare for a fundraising visit. It isn't just about having good information about the prospect, the organization, and project. I needed to put myself in the position and perspective of the donors and consider what may be most compelling for them. Relationships and endorsement from community leaders is far more important than the perfect selection of words or the speech that we might make as a fundraiser.

LESSON 3

It's Easy to Give Away Someone Else's Money

Significant attention in recent years has been centered around large amounts of wealth being concentrated in a small number of individuals. This can often lead us to not only making assumptions about someone's resources who appears to have substantial wealth, but also about their ability and willingness to give. Additionally, we tend to create expectations about someone's giving timetable and when he or she should make a gift. Wealth doesn't always equal generosity, and people have different priorities about how and when they apply their financial resources.

It can be easy for us to sometimes decide who should give, and in many cases how much that gift should be. That often happens in the case of our perceptions about the wealth of board members and in healthcare organizations about physicians. If we are truly objective, no one is obligated to give to any organization. Donors will only give when we make a compelling case for them to participate financially for any number of reasons.

The greatest challenge we often face with a prospective donor is the amount of the gift request. Sometimes research is helpful, and we can examine what an individual or business has done in support of other similar nonprofits. Anecdotal information we receive from board members or fundraising volunteers is also helpful. The most valuable information about any donor, and sometimes the most difficult to acquire, is determining what is happening in their life at any particular time and how that may influence a decision about a gift.

In recent years there has been much discussion and even suggested legislation about controlling how donors' gifts are directed by leaving more control to charities or a group of charities. My perspective is that this approach is naïve and myopic. Some nonprofit leaders will express that their donors really don't know what the community or a given constituency needs more than they do. Additionally, there is a continuing effort made by many nonprofits to work to secure unrestricted gifts. Many nonprofit executives see their own organization as the center of the philanthropic process. I believe donors are at the center of that process and their wishes should come first.

Any effort to limit or restrict donor choice on the charities and causes they support will ultimately constrict giving. Philanthropy is a voluntary activity and trying to use legislation and tax

deductibility to control where donors direct their giving is overly simplistic. Private philanthropy allows for nonprofits to fulfill their mission without relying on governmental financial resources. Few donors will abdicate control of their gift to ensure tax deductibility. Tax considerations are well down the list of why and how people give.

I understand nonprofits have their own goals and commitments to their mission, but that inherently creates bias on their expectations of donors. It does not necessarily take into account the donors' specific interest or objectives. If a donor doesn't fully grasp our constituent needs of the projects we present, it is on us as nonprofit executives and fundraisers to do better. It is our job to more effectively communicate the importance of the project and impact of the gift rather than criticize the donor for not understanding.

There are times when a donor has a belief in our overall mission but is not interested in the particular project in need of funding. Nonprofits will frequently seek giving to fund operations, but that can at times create questions about how efficiently the organization is run. Ultimately, finding a good fit for donors that matches their interests with a nonprofit's financial needs is what most effectively generates a gift, whether for capital, operations, or endowment.

I was working with an organization that was conducting a campaign to build a new extended care facility. We needed a gift of 10% of the campaign total to achieve our campaign goal. As is typically and properly done, we went to our top prospects first. Our best prospect for the lead gift was a board member, a long-time and generous donor, who had supported many nonprofit organizations in the community. While we didn't consider the gift from this individual to be automatic, we felt optimistic about the opportunity to secure a significant gift. We made the request with appropriate follow up when he told us he would think about it.

We anticipated the project and campaign would take two years. For two years, we continued to follow up with the prospective donor with additional information about the project, keeping him up to date on the campaign progress. At this point we grew frustrated, and beyond that, somewhat annoyed with the individual. He made no decision or indication of when we could expect one. He had the information, he knew the importance of the project, and he was aware we needed a large gift to make the campaign successful.

One week before the completion of the campaign and the opening of the facility, he made his gift in the full amount that we requested. Despite being continually prompted, he had never shared that he wanted to be the last gift to make the

campaign a success rather than the first gift. This was a case where we made an assumption about timing of the gift and his intentions. We didn't necessarily make any mistakes in the process except getting annoyed with him, but it was a good reminder to me. My irritation with him was ultimately unjustified. It was his money and he was going to make the gift in a way that fit his objectives.

A very public example of a nonprofit not understanding the importance of donor intent and wishes occurred about ten years ago. Garth Brooks, the country singer, made a \$500,000 gift to a hospital in his hometown in Oklahoma. Through specific discussions with the hospital CEO and fundraising staff, he expressed he wanted the gift to fund a women's center and be named for his late mother. After a few years, with no progress on the women's center, Garth questioned the hospital CEO and was told their priorities have changed. They would no longer be building the women's center and had other priorities which were going to be funded with his gift.

Garth was not interested in those other projects and asked for his money back. The hospital refused, indicating they had determined his gift was unrestricted. He then brought suit for breach of contract against the hospital, and the litigation was taken to a jury trial. The jury awarded to Garth

Brooks the \$500,000 for the hospital to return his gift and another \$500,000 in punitive damages. The jurors wanted to send a message that the hospital had not acted in good faith with the donor. One juror said, “We wanted to show them not to do that anymore to anyone else.”

Garth said he felt vindicated and said, “I no longer feel like I’m crazy.” He knew what his mother would have wanted as a legacy to her life. During the trial, Brooks testified that he thought he had a solid agreement with the hospital president. Brooks said the hospital president initially suggested putting his mother’s name on an intensive care unit, and when Brooks said that wouldn’t fit her image, the president suggested a women’s center. “I jumped all over it,” Brooks told jurors in tearful testimony. “It’s my mom. My mom was pregnant as a teenager. She had a rough start. She wanted to help every kid out there.” His mother, Coleen Brooks, died in 1999 from cancer.

Donor intent and wishes should be at the center of the philanthropic process. Leaders of non-profit organizations who believe that they alone know best regarding charitable gifts from donors ignore donor intent at their peril. We always need to keep at the top of our minds that it is the donors’ money.

LESSON 4

Do Your Homework Before a Fundraising Visit

Preparation in most aspects of our lives tends to improve outcomes. This is certainly true in a planning a fundraising visit. While I've never had a visit to ask for a gift go exactly as planned, preparation helps to minimize the surprises. Prospective donors expect you to be well prepared, which sends a message that they are important to you and your non-profit. We never know exactly what questions or comments we may get or the specific mindset they may have that day, but we can help ourselves by being as ready as possible.

Sometimes it takes some digging to get the information that we need for a fundraising visit. Donors expect us to know about previous gifts and any family gifts. We should be prepared to talk about specific projects they have supported and gifts to other organizations in the community. Always be ready to share the outcome and results from their previous philanthropy to your nonprofit. It is also important to know specifically the recognition they received for previous gifts.

A similar approach needs to be taken in preparation for the request for the current project.

It is always helpful to present the anticipated outcomes of the project and the recognition which will be received for the current request. We always encourage requesting a specific amount rather than leaving it open ended or providing a gift range. A focus will often default to the lowest amount in a range.

The amount requested of a prospective donor can be significant. Donor location is also the important consideration. The amount requested is often a reflection of the donor's location.

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