

Section 1:

Introducing the Fund Development Audit



Context

When we first met leaders from nine of Canada's national health charities in 2002, Guy Mallabone said "Good Morning." He then asked over 40 workshop participants to gather around a large table, reached under that table to retrieve a bucket, and proceeded to dump a pile of pasta bits under our collective noses.

It was a metaphor – each piece representing one of Canada's non-profit organizations. Guy asked each leader to try to find their charity, a single piece of pasta, amongst the tens of thousands of similar groups also asking for philanthropic support. He challenged us to think about what it was that differentiated our organization or cause; what, if anything would help us stand out in a crowded fundraising marketplace?

The magnitude of the challenge seemed overwhelming. The participants spent the following hours learning to understand the basic concepts, principles and success factors that could make their fund development efforts excel and reach new heights.

With any challenge, understanding where we presently are helps us in developing a plan for where we want to go. Knowing how we are performing today can help us plot improvement in our performance tomorrow. The Fund Development Audit© allows for that discovery of where you are in your fundraising operations and serves as a key input into your decision making process around which priorities to focus on in the future.

The training manual prepared for the nine national health charities was a full four inches thick. It assembled and integrated the collective wisdom and advice that professional fundraisers have developed over the past few decades. The Fund Development Audit© presented in this workbook is a summary of key findings from that binder, distilled into eight pages.

The Fund Development Audit© is broken out into eight modules, allowing for the examination of exceptional fund development performance. Each module contains ten questions designed to help you assess your organization's performance against accepted best practice. These questions recognize best practice fund development competencies, and are drawn from generally accepted professional practice; curriculum content from recognized educational and training programs; professional literature; and from fundraising certification programs. The Audit Tool will connect you to the best thinking we could find; insight that when put together defines an optimal fund development program. It will stimulate your own thoughts and foster dialogue with your colleagues about practices that could bring dividends to your organization. This is not gospel on its own, nor the definitive guide to development excellence. It is, rather, a resource to support your need to be as good as you possibly can be, in an operating environment where every other organization with a cause faces the same imperative.

“The most successful business person is the one who holds on to the old just as long as it is good, and grabs the new just as soon as it is better.”

LEE IACocca

“You are surrounded by simple, obvious solutions that can dramatically increase your income, power, influence and success. The problem is, you just don't see them.”

JAY ABRAHAM



Our Intended Audience

Anyone involved in fundraising or fund development activity will get some benefit from this book. Those who “know it all” will find *The Audit Tool* a useful reminder or checklist. Those who “know a little” will likely appreciate the comprehensive view provided by the eight modules. Those who frankly admit to amateur fundraising status will quickly gain an appreciation of what it takes to move forward with competency and competence.

If you are the person responsible for fund development in your organization, whether the Chief Development Officer, Development Director or volunteer Chair of a Fundraising Committee, we know that you will benefit from even a quick look at *The Audit Tool*. Reviewing the criteria in each module will help set personal goals, identify priorities and decide where your current program efforts need upgrading. You are our primary target audience. Regardless of the size of your organization, as the key person responsible for overall development operations, you will welcome this tool designed to facilitate easy diagnosis of problems, issues or challenges that might exist in your operation. You will also appreciate how the book allows you to identify where opportunities exist for prioritized focus. We also anticipate that at least some of our tactical experience related to engaging others in internal performance reviews and related planning processes will be of value.



The journey to fund development performance enhancement, however, is not the sole domain of the Chief Development Officer. We see several important secondary audiences:

- Board of Directors – these chief governing bodies will welcome a tool to enhance their understanding of fundraising operations and assist in integrating fund development priorities into overall strategic planning. Whether motivated by the need to fulfill the Board’s role of monitoring key fundraising metrics, or by the simple desire to move from good to great, the Fund Development Audit can provide important independent guidance and direction.
- The CEO or Executive Director – the person ultimately responsible to the Board for effective allocation of resources and for maximization of revenue to the organization will appreciate this concise summary of the best questions to ask. In many cases, this key leader will be the one required to initiate a collaborative effort to review current practice and look for ways to enhance the fundraising business of the organization.
- Individual Development Officers who are anxious to improve their own performance and that of their team (in larger non-profits).

Figure 1 illustrates the various benefits of the Fund Development Audit for various target audiences. While all the audiences may gain from all of the benefits listed, some benefits flowing through are greater for some audiences than others. The following chart shows the greatest benefits for each target audience. The darker the colour shading, the greater the perceived benefit for that target audience.

| Target Audience | Benefit | | | | | |
|----------------------------------|----------------------|-------------------|---------------------|------------------|---------------------|-----------------|
| | Identify Opportunity | Identify Problems | Planning Assistance | Priority Setting | Monitor Performance | Enhance Culture |
| Chief Development Officer | Dark Grey | Dark Grey | Dark Grey | Dark Grey | Dark Grey | Medium Grey |
| Board or Council | Dark Grey | Medium Grey | Dark Grey | Dark Grey | White | Dark Grey |
| Executive Director/President/CEO | Medium Grey | Medium Grey | Dark Grey | Dark Grey | White | Dark Grey |
| Individual Development Staff | Medium Grey | Medium Grey | Medium Grey | Dark Grey | White | Dark Grey |
| Organizational Program Staff | White | White | Medium Grey | Medium Grey | White | Dark Grey |
| Other | White | White | White | White | White | White |

Figure 1

Purpose of the Audit

Let's first understand the definition of an audit prior to discussing its purpose.

The term "audit" originated from the Latin root *auditus* which means "a hearing." An audit therefore indicates a detailed examination of a situation or a state.

Given this definition, the application of an audit varies from organization to organization and from situation to situation. Like the application of an audit, the purpose can also vary.

It is commonly thought that the purpose of an audit is to catch people doing something wrong, or to identify where things are going wrong. In fact, the purpose of this Audit Tool is the reverse. It is to provide an objective opinion on whether people are doing things right, or whether things are being optimized to the maximum. **Optimization of opportunity and prevention of opportunity loss** are the two key objectives of this Audit Tool. As for its purpose, the tool is designed to help your organization:

- better understand the nature of comprehensive, integrated fund development
- review its track record and understand current fundraising patterns
- compare its current practices with accepted fund development theory
- establish a benchmark for future tracking
- compare/clarify perspectives and assumptions about what is happening in your organization
- identify gaps, issues or challenges that should be addressed
- assess readiness to embark on new fund development ventures
- establish a framework for future development efforts
- position to take your fund development program to a higher level
- establish priorities
- move towards creating common goals and strategic direction.

The Audit Tool can be deployed as a simple discussion starter, a means to promote dialogue about what’s going on and what’s next. Or, it can be a key step in larger processes related to training and education, performance management, fund development planning, or building a “culture of philanthropy” within your organization.

Regardless of how you desire to use the tool, you will find that once you initiate the dialogue you are engaged in a change leadership opportunity. Automatically and instantly, you and/or your team will be facing a tension between what is today and what could be tomorrow. How you handle this tension and opportunity to move forward will ultimately be the key to progress, or lack thereof.

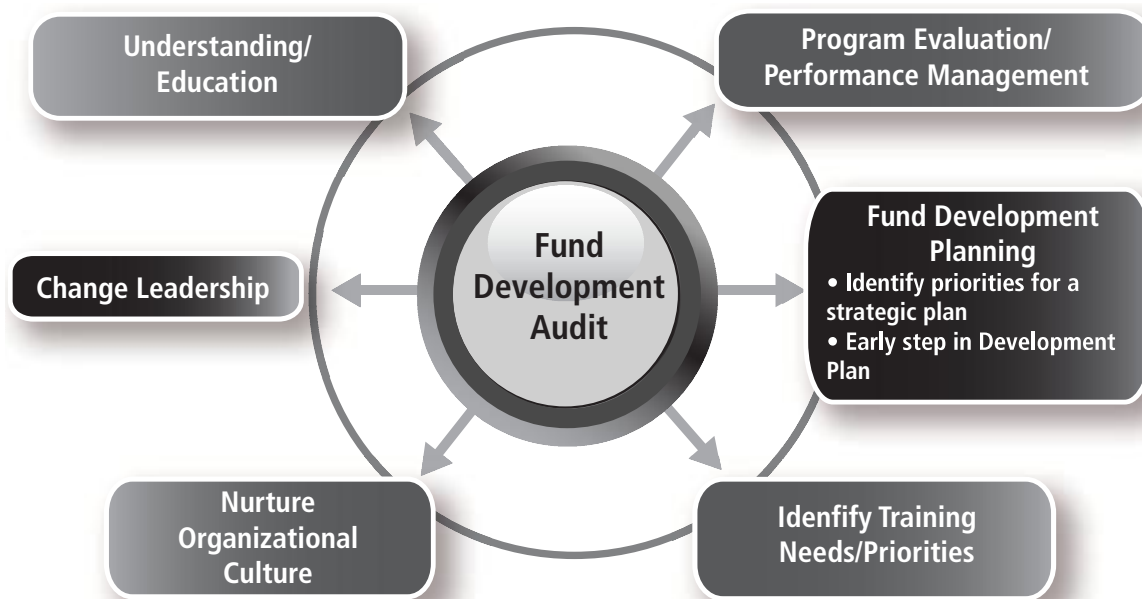


Figure 2

While the Fund Development Audit has significant value on its own, it can often be used for input to larger more comprehensive organizational improvement processes. Figure 2 illustrates how the Fund Development Audit can lead to dialogue and action in many different directions.

1. **Understanding/Education.** Many times organizations are unable to progress in a direction or with an initiative due to a simple lack of understanding on the subject. Fund development is no exception. For many in non-profit organizations, fund development professionals are viewed as magicians and the craft they work is not fully understood. Even within the realm of senior decision makers and board members, fundraising techniques, methodologies and competencies are not understood at all. This can present a fundamental barrier to progressing with an effective fund development plan, if there is a fundamental lack of understanding of the subject area. The Fund Development Audit can provide a process for educating colleagues in the organization and educate decision makers on the advantage of a strong fundraising program.
2. **Change Leadership.** Every organization periodically goes through leadership change, and non-profit organizations are no exception. A transition plan can be created for natural changes planned for, or changes necessary and unplanned for. A key part of a transition plan can involve metrics and data on fund development for evaluating outgoing leadership, or creating background briefing materials for incoming leadership. The Audit Tool is an excellent way to create a snapshot of the fund development reality for inclusion in a transition plan.
3. **Nurture Organizational Culture.** Every organization has a culture. It is a function of its history, its operations, its mission, many things, not the least of which is its people. Cultures can be like a two-edged knife. It can greatly assist in reinforcing or making change happen in an organization, or it can serve as a barrier to change, preventing evolution. For fund development to be ultimately successful, it requires a culture supportive of philanthropy and one that embraces fundraising as a strategic function within the organization. A strong philanthropic culture can make or break a fundraising program. The Development Audit can greatly assist in strengthening a culture, or help a culture to take root or evolve in an organization. Through the process of completing the audit and sharing the results, an organization can see the realities of its comparative performance against best practice and help introduce the “winds of change.”
4. **Program Evolution/Performance Management.** Fundraising programs evolve over time. Many naturally begin with a focus on the annual fund, direct mail and special events and then evolve to include a focus on major and planned gifts as well. Integrated fund development programs are proven to be the most effective way to build relationships with prospective donors and maximize the dollars raised for the institution. At all steps of the prospect relationship evolution process, performance needs to be managed and evaluated. The Development Audit is an excellent way

to benchmark this performance and periodically measure against that benchmark. It allows an organization to proceed together through the evolutionary steps of a maturing fund development program.

5. **Fund Development Planning.** Evolution is one thing. Getting there is another. Many non-profit organizations, let alone their fund development programs, fail to develop and follow a plan for moving forward. To effectively focus on priority outcomes for fund development, a fund development plan needs to be created, followed and evaluated. The Fund Development Audit© is an excellent tool to help identify where the gaps are in performance as measured against best practice in the field. Priorities can be established in the plan from the audit review and targets set for improving performance.
6. **Identify Training Needs and Priorities.** Having established a plan, there will be a need to create training for new processes, programs and procedures. Completion of The Fund Development Audit© will identify where attention should be given in the organization and as a result, where training should be established.

Overview of Audit Modules

As mentioned above, this tool builds on current fund development theory; each statement in the workbook suggests a concept, strategy or best practice that is important to the overall success of a comprehensive fund development program. It is designed to draw attention to areas that might need further work or consideration: through training, performance management interventions and/or development planning.

The Fund Development Audit addresses the eight critical areas or *modules* contained in Figure 3. Professional fund development is based on commonly accepted competencies and fund development training programs share the same competency-related components. The structure of this audit follows/respects those inevitable categories.

For each of these modules, ten fundamental *best practice statements* are proposed and individuals are asked to provide two assessments for each statement: (1) to what extent does your organization act in accordance with the statement? and (2) to what extent do you agree that your organization would be well advised to adopt this practice?

In some areas, basic data will be available that should be gathered and inserted into the workbook prior to reviewing or evaluating the statements. This data will help inform the participants in the self-assessment process. If the data is not available, the statements can still be reviewed; however, lack of such basic information also indicates an area that might require attention as the organization reaches for new heights in fundraising excellence.



Figure 3