



**Queensland University of Technology**  
Brisbane Australia

This is the author's version of a work that was submitted/accepted for publication in the following source:

Scaife, Wendy A., Williamson, Alexandra, & McDonald, Katie (2013) *Who's asking for what? Fundraising and leadership in Australian nonprofits*. Australian Centre of Philanthropy and NonProfit Studies, QUT Brisbane.

This file was downloaded from: <http://eprints.qut.edu.au/59196/>

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# Business School

The Australian Centre for Philanthropy  
and Nonprofit Studies



## Who's asking for what? Fundraising and leadership in Australian nonprofits



April 2013



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Supported by  
**Perpetual**

# ACKNOWLEDGEMENTS

The authors wish to thank the Perpetual Foundation, the E F and S L Gluyas Trust and the Edward Corbould Charitable Trust under the management of Perpetual Trustee Company Ltd for their generous support of this research. Our gratitude goes to those individuals who took part in our preliminary focus groups and whose feedback informed the early stages of the project. We also thank our many sector colleagues who promoted the research and the Board members, CEOs and staff of the participating organisations, who found the time to complete the survey and contribute their voice to our findings. We hope that this report can spark discussion around the leadership of fundraising and development in all Australian nonprofit organisations.

**The Australian Centre for Philanthropy and Nonprofit Studies (ACPNS) is a specialist research and teaching unit at the Queensland University of Technology in Brisbane, Australia.**

It seeks to promote the understanding of philanthropy and nonprofit issues by drawing upon academics from many disciplines and working closely with nonprofit practitioners, intermediaries and government departments. The mission of the Centre is 'to bring to the community the benefits of teaching, research, technology and service relevant to the philanthropic and nonprofit communities', with a theme of 'For the common good'.

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CRICOS Code: 00213J

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Who's asking for what?  
FUNDRAISING AND LEADERSHIP IN  
AUSTRALIAN NONPROFITS  
April 2013

WENDY SCAIFE  
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The Australian Centre for Philanthropy and Nonprofit Studies  
QUT Business School



# EXECUTIVE SUMMARY

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## STUDY BACKGROUND AND OBJECTIVES

The Australian nonprofit funding landscape is in flux. Many organisations are having to think differently and develop fresh skills either to enter the fundraising market or to cope better with rising competition for community and corporate support. This new reality affects boards, CEOs and fundraisers alike. Against this backdrop, our exploratory study aimed to build an evidence base and spark more discussion about:

- the role Australian nonprofit CEOs and boards play in supporting fundraising/development;
- current engagement levels and activities; and
- perceptions of leadership in fundraising from two possibly contrasting perspectives: nonprofit leaders (board members and CEOs); and fundraisers.

## METHODOLOGY AND PARTICIPANTS

The research involved:

- Focus group discussions with nonprofit leaders, and fundraisers; and
- A large 60-question online survey versioned for the two different groups.

In total, 279 people responded to the survey. However, this analysis focused only on those organisations with a formalised fundraising function in place. Of the resultant 148 respondents, 61% were fundraising/development staff and 39% were leaders, being either CEOs or board members/chairs. At an average of 46% of income, fundraising was respondent organisations' largest revenue source, with 50% of this flowing from individual donations. Most fundraiser respondents had worked in their current role less than three years but often for a long time in the nonprofit sector. Board member respondents showed a strong record of cross-organisation service.

## STANDOUT FINDINGS

### ***About the roles CEOs and boards play in fundraising:***

- CEOs were **overwhelmingly** seen as their organisation's fundraising champions; and
- The most significant benefit of having fundraising expertise at CEO and board levels was strategic direction/oversight (as opposed to additional people 'asking' for support).

### ***About the level of CEO and board engagement in fundraising:***

- Fundraising was not mentioned at recruitment for the vast majority of board members;
- No board member respondent received any fundraising training on joining the board;
- Four out of five respondents (including fundraisers) donated at some level to their organisation in the past 12 months;
- Good communication about fundraising was reported between board chairs and CEOs, and between CEOs and fundraisers. Direct board chair/fundraiser communication was weaker;
- The two greatest challenges facing fundraisers were related to board engagement in fundraising:
  - Lack of board understanding and leadership in fundraising, and
  - Lack of resourcing to undertake successful fundraising.

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### ***About where organisational leaders and fundraisers think differently:***

Some of the areas where statistically significant differences emerged between organisational leaders and fundraisers were:

- To what extent fundraising is a profession;
- Whether boards fully understand the role of fundraising;
- The need for at least one person with fundraising experience on the board;
- Whether board leadership strongly influences staff turnover in Australian fundraising;
- Donor satisfaction levels with the organisation's performance;
- Satisfaction levels with current compensation, training and professional development, and resources provided to undertake the fundraising role.

### ***About fundraising 'infrastructure' (policies/plans) in respondent organisations:***

- 63% of organisations have a fundraising policy, 83% have a fundraising plan and 87% have a fundraising budget. Only 13% have a board fundraising policy;
- 62% subscribe to a fundraising Code of Ethics and 80% have a fundraising section in board papers;
- 41% have a board fundraising subcommittee and 30% have a development committee;
- 74% have key performance indicators for fundraisers, 90% have position descriptions for fundraising staff and 17% have board position descriptions that include fundraising.

## SO WHO'S ASKING FOR WHAT?

Fundraisers and CEOs in Australia appear to be the key 'askers' when their organisations seek funding. Organisations have to define for themselves perhaps whether this is the best approach or whether the volunteer leadership might be better fitted as the face of this task. Fundraisers in this study unequivocally are asking in future for greater board understanding and involvement in fundraising. Yet, the evidence in this exploratory study suggests that many boards are not engaged in fundraising beyond reading the fundraising report in their board papers, making an annual donation and attending fundraising events. The study reflects many board members are intensely committed to the work of their organisation and in the area of fundraising feel very comfortable that their inputs cover what is required. Many organisational leaders in this study appear unaware that their staff fundraisers may value board talents applied in a wider variety of ways, or that greater involvement might enhance organisational sustainability, and fulfil what donors expect. Some leaders signalled a lack of direct experience with fundraising but a willingness to deepen the conversation.

## THREE KEY RECOMMENDATIONS

The **importance of the CEO in fundraising** is a key finding of this study. CEOs communicate strongly with the board, they champion fundraising within and for their organisation, they resource and support and recognise fundraising staff and managers. Professional development in fundraising for CEOs not steeped in this area previously may therefore represent a focused investment for philanthropic returns and organisational sustainability.

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**Fundraising staff are loyal to the nonprofit sector and to fundraising as a career, but change roles and organisations frequently.** The detrimental impact of this high turnover for nonprofit organisations, their supporters and the fundraiser themselves is well known in practice. CEOs and boards can support fundraisers to remain in their roles through increased resourcing within the bounds of a good risk assessment, but also through long-term strategic planning, leadership engagement, and shouldering the role with fundraisers of building an internal culture of philanthropy in their organisations.

From recruitment onwards, it appears **most board members lack a clearly communicated expectation that fundraising is part of their role, or that fundraising staff really prize and need their help and understanding of the fundraising function.** Board member engagement and participation in fundraising takes many forms, and our study shows that many organisational leaders are comfortable directly asking for support for their organisation. The existing strength of commitment of board members to their organisations and to the nonprofit sector can be channelled into multiple activities that support individual donations. Board members need to be given the tools and understanding to fundraise successfully, recognising that fundraising is far more than just a direct ask for money. Each board and each individual board member and CEO is likely at a different stage in their fundraising understanding and experience. The inherent power and status roles that exist in the most egalitarian of organisations mean that fundraisers may not find issues easy to surface with their CEO and board. The impetus may need to come from boards and CEOs.

**If Australian board members and CEOs did no more after perusing this study than ask their fundraiser/s how they might help more – then a significant impact will have been made.**



# CONTENTS

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<b>Executive Summary</b>	<b>iii</b>
<b>Table of Contents</b>	<b>1</b>
<b>Background</b>	<b>3</b>
<b>What do we already know?</b>	<b>5</b>
<b>Key Findings</b>	
1. Demographics	10
2. Snapshot of fundraising	15
3. Leadership traits and fundraising contributions	23
4. Measurement, evaluation and fundraising infrastructure	27
5. Communication – internal and external	32
6. Careers, tenure and employment	37
7. Recruitment, induction and training	42
8. Board participation and engagement in fundraising	46
9. Financial participation – giving and bequests	48
<b>Conclusions and thoughts about future change</b>	<b>50</b>
<b>References</b>	<b>52</b>
<b>Appendix A – About ACPNS</b>	<b>54</b>

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# BACKGROUND

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It takes a lot to lead a nonprofit organisation well whether that leadership is as a board member, chief executive officer (CEO) or other manager.

Such leadership is impressive in a field that must do lots with little. Nonprofit leadership, paid or volunteer takes commitment, skills and time, and deserves recognition. Further, for board members it is largely volunteered and squeezed into a busy life.

Nonprofit leadership is also shifting in character.

What might have been a well rounded skill set for these leadership roles a decade ago is arguably changing because of an altered funding landscape. More cause areas and organisations are turning to private sector support to make their work possible in the face of state and federal funding cuts. For those nonprofit organisations already sourcing such income, this means more competition for the community purse. From the positive side of the coin, more potential support is emerging. Giving across all levels is a topic gaining momentum and more Australians are becoming deliberate givers – whether signing up for a monthly donation to their favourite cause, making a ‘cost of a cup of coffee’ weekly payroll deduction or setting up a giving fund within a community foundation/trustee company or in the form of a Private Ancillary Fund (PAF).

Against this backdrop of more need and more potential, it is timely to look at leadership and fundraising in this country. From a local perspective, how do those who lead Australian fundraising organisations feel about this topic? What is the state of understanding, participation and support for fundraising by Australian boards and CEOs? What do they think and how does that compare with how fundraisers perceive the situation?

## ABOUT THIS STUDY

This research study set out to:

1. Understand the role played by CEOs and board members in supporting and advancing fundraising and development within their nonprofit organisation
2. Explore the level of CEO and board engagement with fundraising and development in Australian nonprofit organisations.
3. Examine perceptions of leadership in fundraising from two perspectives – those in leadership positions (CEOs and board members) of nonprofit organisations where a dedicated fundraising function currently exists; and fundraising and development staff.

It used focus groups and a survey because combining both qualitative and quantitative approaches in an initial exploratory study such as this helps not only in identifying key issues specific to leadership for fundraising, but also in making its findings as applicable as possible to those working in this field.

A 60-question online survey was developed by the research team to explore the objectives above. Respondents were asked to complete some basic demographic and organisational profile questions, followed by scaled and grouped responses, with some open questions included. In the latter half of 2012, a total of 148 valid (complete) responses were obtained. The survey data was analysed using SPSS statistical analysis software, and is generally presented in graphical form in this report.

The survey questions were informed by focus groups to capture the nonprofit industry perspective and priorities. The focus groups comprised separate semi-structured discussions with fundraising staff and with board members, around practices, attitudes, issues and concerns around charitable fundraising. These focus groups were audio

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recorded and transcripts were then analysed using NVivo qualitative analysis software<sup>1</sup>. This qualitative data from the focus groups also informs the discussion and conclusion sections of this report.

## ETHICS

This research study was approved by the QUT Human Ethics Committee (approval number 1200000334). All participation in this project (survey and focus group) was voluntary and operated under normal university ethics guidelines. As a standard approach, the funding body at no time had or will have access to the individual data obtained during the project.

No incentives were offered for participating in either the focus groups or the survey and no identification of individual research participants is made.

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<sup>1</sup> This allows data to be coded, a process where labels or tags are given to sentences or paragraphs of an interview transcript. Responses can then be categorised and grouped by themes, which enables research objectives to be examined.

# WHAT DO WE ALREADY KNOW?

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Academic research specific to an Australian context in fundraising leadership is lacking. This absence of empirical data leaves fundraisers and nonprofit leaders without an evidence base to contend that the sector might benefit from changed views and practices about fundraising leadership. As Lindahl and Conley (2002) argue, there is a need for an ongoing and objective research base for philanthropic fundraising ‘rather than a casual acceptance of anecdotal evidence’ (p.91).

It must be acknowledged that significant legal, taxation, cultural and historical differences between Western countries, including between the U.S. and Australia make comparisons difficult and suggestions developed in one national context do not necessarily apply in the other. The roles of many nonprofits in the Australian context differ also from the U.S. where nonprofits are often primary service providers.

However, snippets of previous ACPNS research underline that U.S. research and experience around fundraising leadership resonates to some degree with the Australian reality. For instance a comprehensive research study with Australian fundraisers and major donors highlights a close link between board engagement with fundraising and major giving results. In the study *A Transformational Role: Donor and Charity Perspectives on Major Giving in Australia* (Scaife et al 2011) fundraising, and resourcing of fundraising are not seen as areas of capability for many local boards and CEOs, often through a lack of training or prior experience. Two typical major gift fundraiser comments from that study are,

*The success or failure of major gift fundraising is the same as other fundraising. It comes down to the board. The majority of them are unskilled in that area and they don't know how to go about hiring a fundraiser (p.40).*

*There is that big chunk of CEOs and board members who have no concept of philanthropy (p.40).*

Importantly this study also spotlights that supporters too see the board's role as more than accountability and effectiveness. It reports that donors' clear preference is to hear about nonprofit organisations and giving opportunities from peers, people who think and act as they do and they identify the board as the nearest approximation within a nonprofit organisation. The study concludes that a leadership vacuum around fundraising is a primary factor in why major giving is not reaching its potential in this country.

Certainly, the challenges of increasing the nexus between an organisation's leaders and fundraising are evident beyond Australia. Despite the image of the U.S. as a leader in global philanthropy, research there suggests strongly that fundraising remains an unfamiliar skill for many board members and CEOs. For two decades U.S. nonprofit leaders (Boards and CEOs) have rated their performance on a series of leadership competencies (from strategic thinking to financial oversight to community outreach) as part of the Boardsource Governance Index. Fundraising ranks consistently lowest and most in need of improvement according to the many CEOs and board members surveyed. Delving into this finding, the 2012 Data Report 1: CEO survey of BoardSource Members sees CEOs describing board members as reluctant to accept fundraising responsibility (40%), and uncomfortable with meeting potential donors in person (41%) (p. 3). On the positive side, personal giving by board members is reported as being high.

A second major recent piece of applied research also bears mention. Titled *Underdeveloped: A National Study of Challenges Facing Nonprofit Fundraising* (Bell and Cornelius 2013), the study surveyed nonprofit executive directors/CEOs and development directors about fundraising in their organisations. The report describes U.S. nonprofits

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damningly as facing 'a vicious cycle that threatens their ability to raise the resources they need to succeed' and the data revealed three factors behind this issue: high turnover in the most senior fundraising role, lack of leadership and poor resourcing (p. 1). The report concludes that fundraising is a shared responsibility of the board, the CEO and the organisation's staff, however 75% of the CEOs report that board engagement in fundraising is lacking. This report also adds a more definitive summary of the nebulous concept of 'an internal culture of philanthropy' that is increasingly seen as a benchmark and platform for fundraising success, and one that clearly relies on board involvement. Bell and Cornelius articulate such a culture as having these elements:

*Most people in the organization (across positions) act as ambassadors and engage in relationship-building. Everyone promotes philanthropy and can articulate a case for giving. Fund development is viewed and valued as a mission-aligned program of the organization. Organizational systems are established to support donors. The executive director is committed and personally involved in fundraising (p.3).*

Beyond these applied studies, a small international literature examines leadership for fundraising in nonprofit organisations. This is summarised here under two main groupings: fundraising theory; and nonprofit governance and management theory.

## FUNDRAISING THEORY

Much fundraising theory comes from a marketing/communication/public relations perspective, with contributions from the fields of psychology (e.g. altruism), ethics/philosophy, economics, theology, sociology, anthropology and law (charitable law and taxation law). More recent contributions have been made from relationship management theory, and research focusing specifically on disaster giving.

Lindahl and Conley (2002) do not include leadership as a specific category in their comprehensive literature review of philanthropic fundraising, using instead three categories: 1) the philanthropic environment, 2) the work and careers of fundraisers, and, most relevant to this study, 3) the management of fundraising. As part of this management framework, Besel et al (2011) emphasise the importance to nonprofits of building and maintaining a diverse range of revenue streams, particularly during times of economic uncertainty. In examining the role of board members and community leaders, they find, 'One constant in this changing fundraising climate is the necessity of partnering with board members in generating private sector revenue' (p. 63).

Research on the fundraising role of nonprofit boards also brings up a complex set of issues, including both giving and raising of money, as well as the interplay of CEOs, boards and fundraisers. Ensman (1990) highlights the need for specific fundraising strategies, tools and goals to be put in place for nonprofit boards, stating 'it is not enough to ask board members to support fund-raising activities; they must be provided with a specific process for supporting those activities' (p. 62). Fletcher (1987) similarly provides logical suggestions as to how board involvement in fundraising could be increased, including specifying the fundraising component of the role at the point of recruitment, and board involvement in setting fundraising targets. Swanson (2000), Talisman (2000) and Perry (2010) each echo this theme, focusing on fundraising education and support for boards and the importance of clear role expectations. Talisman also considers the interaction between fundraising staff and board members, particularly when staff challenge board members to fundraise, and suggests recruitment of new board members with clearly defined fundraising roles as a

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way of bringing about change at board level. Fletcher (1987) notes distaste among board members for engaging in fundraising, but also that the amount given by board members themselves increased with the number of years on the board, and as their own income rose. The differing roles of board members and the CEOs of nonprofit organisations are discussed by Hendrix and Brustad (1996), finding responsibility for development sitting predominantly with the CEO. The working relationship between boards and fundraising staff is reviewed by Talisman (2000) in a discussion of the importance of mutual responsibility and support. Hodson (2010) hones in specifically on boards of U.S. educational organisations, and concludes that the leadership role of presidents and academic deans is key in major gift fundraising, with development staff providing assistance rather than direction. However, direction and overall governance and management are also vital as the next section suggests.

## NONPROFIT GOVERNANCE AND MANAGEMENT THEORY

The term 'nonprofit governance' is used to describe generally the management and leadership of nonprofit organisations. From the academic literature, two major nonprofit governance theories are outcome measurement and organisational effectiveness; and the adaptation of for-profit business theory.

Several difficulties are identified as inherent in outcome measurement. The first and most significant concern is that traditional outcome measurement generally does not reflect value systems of nonprofit organisations, where triple bottom line outcome evaluation is required to reflect achievements against the organisation's values, operating philosophy and mission statement. Particular issues for fundraisers for instance can arise from unrealistic outcome targets, which lead to dissatisfaction and ultimate burnout (see Grow 2012 for a wider practitioner discussion). Studies in educational advancement and fundraising also point to losing the pipeline of future leaders when fundraisers turn over (Croteau and Wolk 2010). Mentoring of fundraising staff and managers is recommended to help keep people in the field by lifting their confidence and outcomes (Stephens 2004) and this is clearly a potential area where boards may have skills to add.

The literature sees potential for improved nonprofit organisation effectiveness. Rojas' (2000) literature review of organisational effectiveness models, assesses four models that can be applied to both for-profit and nonprofits, and concludes that nonprofits are 'haphazardly implementing management practices of the for-profit sector' (p. 97). Board engagement is critical in greater effectiveness according to Green and Greisinger (1996) who map the relationship between organisational effectiveness and board performance in U.S. nonprofit organisations in the disability sector. They find (p.16) that board involvement in resource development (fundraising, personal giving, staff development, and financial planning) significantly correlates with organisational effectiveness. In an Australian context, Fishel emphasises a similar interplay (p.155) and also that boards should require an organisational fundraising strategy and longterm view as part of their governance (see p.150 for an outline of the key elements of such a strategy). Fishel also points to the energising role played by board chairs in leading fundraising.

More recently, Brown, Hillman et al (2012) investigated what factors predict a board member's participation in two activities: monitoring and resource provision (including fundraising). They find gender, experience on nonprofit boards, attachment to the

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organisation's mission, and training levels influence both board members' confidence and their contribution. The two most reported activities of board members are attending fundraising events and making personal donations according to a recent survey by Marx and Davis (2012) who were seeking insights into best practice in nonprofit governance, including questions specific to fundraising involvement. Finally, Lewis et al (1997) address the issue of conflict within nonprofit community organisations and the damaging effect it can have on governance and effectiveness, including fundraising.

Various aspects of these previous insights are reinforced and extended in this Australian study, as the next section, Key Findings, indicates.

# KEY FINDINGS

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This section details main points from the 60-question online survey of fundraisers and organisational leaders and also includes where applicable qualitative insights from focus group participants. A summary of major focus group themes follows.

## SURVEY FINDINGS

The survey results are captured in nine sections:

1. Demographics;
2. Snapshot of fundraising;
3. Leadership traits and fundraising contributions;
4. Measurement, evaluation and fundraising infrastructure;
5. Communication – internal and external;
6. Careers, tenure and employment;
7. Recruitment, induction and training;
8. Board participation and engagement in fundraising; and
9. Financial participation – giving and bequests.

Where a statistically significant difference is evident between fundraiser and organisational leader respondents, this disparity is highlighted. A brief 'key points and discussion' summary is included at the close of each of the sections.

## 1. DEMOGRAPHICS

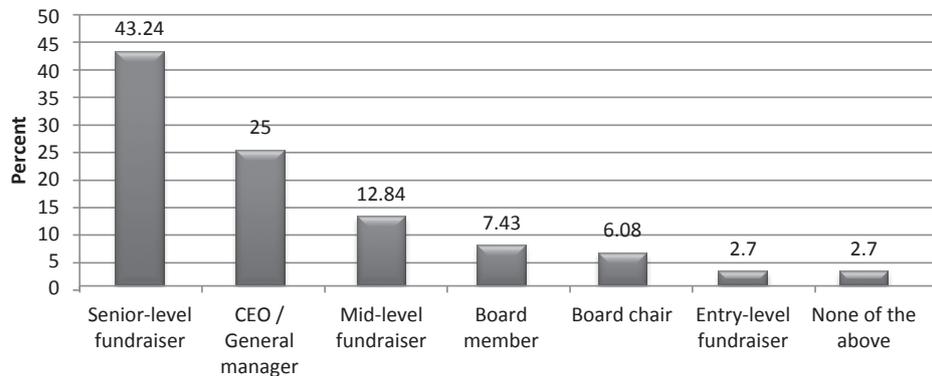
A typical respondent to this survey works as a senior-level fundraiser in a Victorian community and welfare service organisation. She has worked both in her current position, and for the organisation as a whole, for less than one year; however she has worked in the field of nonprofit fundraising for more than 21 years. She is in her forties, and has completed an undergraduate degree.

The organisation she works for has existed for more than 50 years, although the fundraising office was established only seven years ago, and is endorsed as both a Deductible Gift Recipient (DGR) and a Tax Concession Charity (TCC). Exactly 50% of its income in 2010–2011 came from donations from individuals.

### ***What is your role within the nonprofit organisation?***

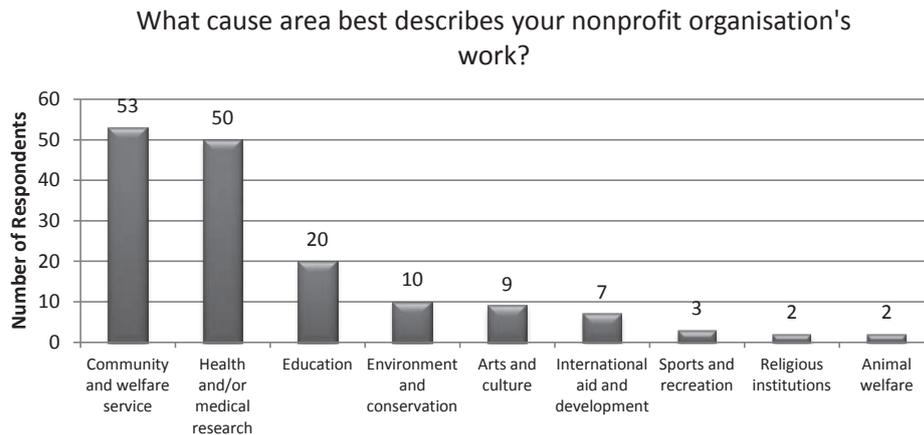
The largest group of respondents (43%) identified their professional role as 'Senior-level fundraiser'. This was followed by CEOs and General Managers at 25% of respondents. When broken into the broad categories of 'staff' and 'leaders', 61% of respondents were fundraising and development staff, and 39% were leaders, being CEOs and board members.

What is your role within the nonprofit organisation?



### What cause area best describes your nonprofit organisation's work?

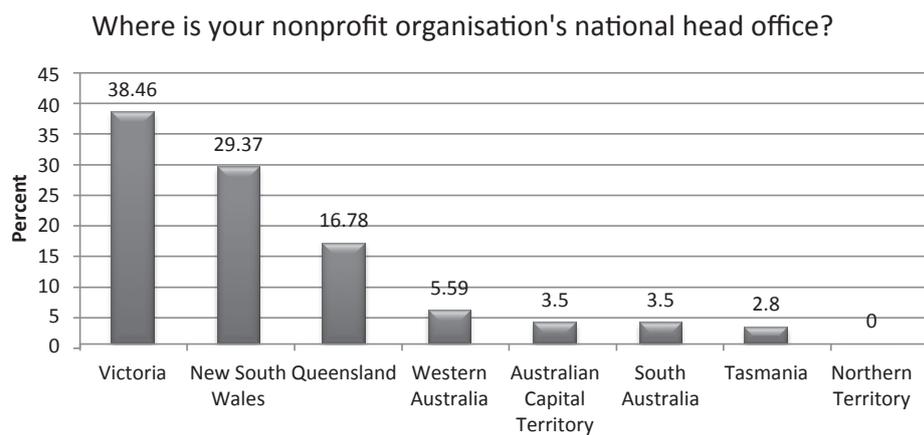
The two largest groups of respondents were from community and welfare service (37%) and health and/or medical research (35%) organisations.



### Where is your nonprofit organisation's national head office?

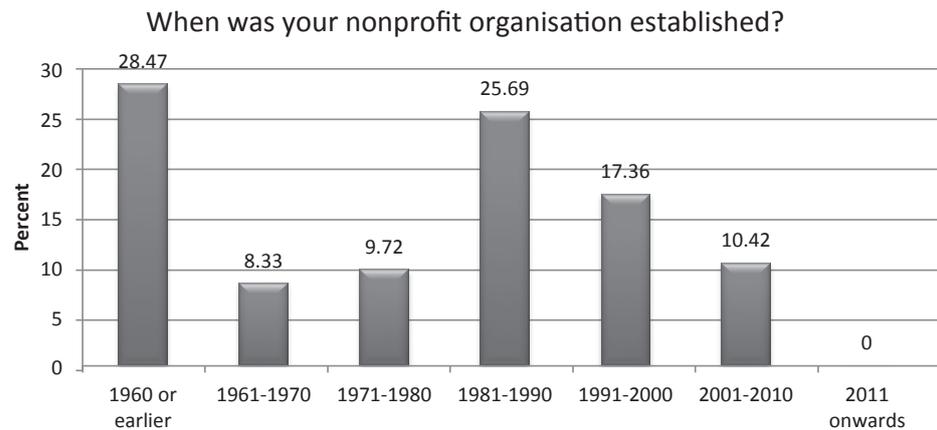
The largest group of respondents were from Victoria (38%) followed by New South Wales (29%) and Queensland (17%). The only state or territory not represented in the survey was the Northern Territory.

The response pattern is broadly representative of the relative populations of the States and Territories, with the exception of Victoria and NSW, where the first and second place rankings are reversed.



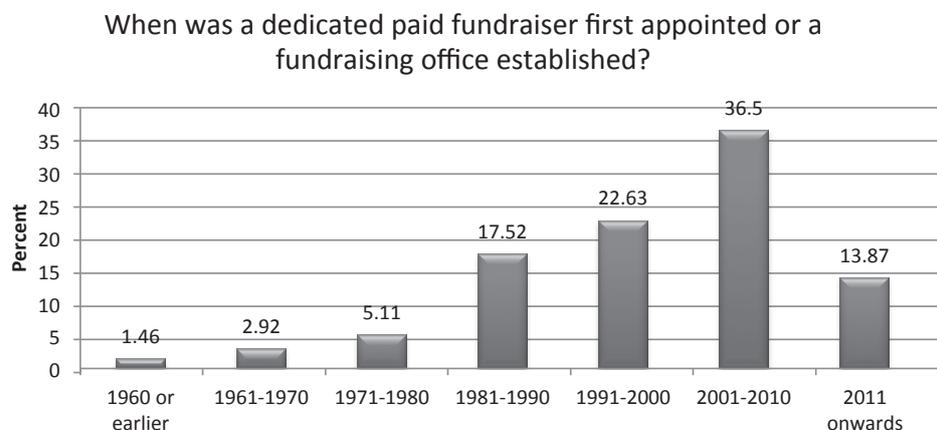
### ***When was your nonprofit organisation established?***

Perhaps surprisingly, the largest group of organisations (28%) was those established in 1960 or earlier, that are now more than 52 years old. This was followed in size by those organisations established between 1981–1990, with 26% of respondents falling into this group. These organisations are therefore between 22 and 31 years old. None of the respondent organisations had been established later than 2010.



### ***When was a dedicated, paid fundraiser first appointed, or a fundraising office established?***

A timelag is evident before many organisations appoint a fundraiser. In fact, the most common gap between the establishment of the organisation and the establishment of a fundraising office or team was more than four decades. The largest group of respondents had established a fundraising office or team during the decade 2001–2010. Just more than a third of organisations (36.5%) fell into this group. The second most common decade was 1991–2000, when 23% of organisations established a fundraising office or team.



**How many people work in your organisation (full time equivalents)?**

The average number of people employed in the nonprofit organisations where respondents were themselves working was 224. This high figure is influenced by a small number (n=5) of organisations with more than one thousand employees. Perhaps more relevant is the median figure, which is 55 employees.

**How many staff are in the fundraising team in your organisation (full time equivalents)?**

This question was divided by gender. The median total number of fundraising staff was two, with a ratio of two female staff to one male staff member.

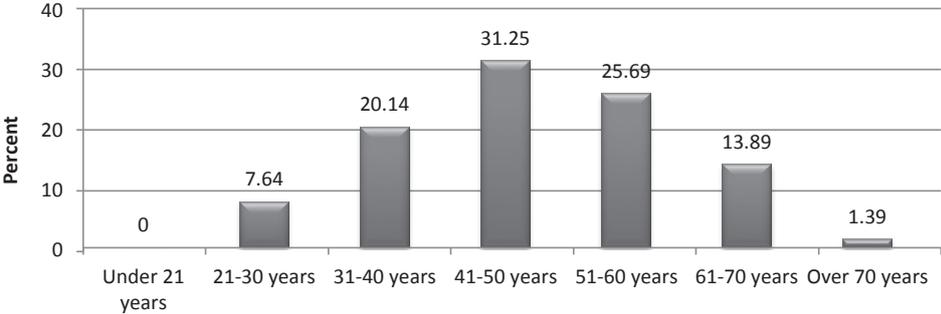
**How many board members does your organisation have?**

The gender ratios were reversed in relation to board members, with a median of six men and three women reported, giving a median total of nine individuals.

**What is your gender and age group?**

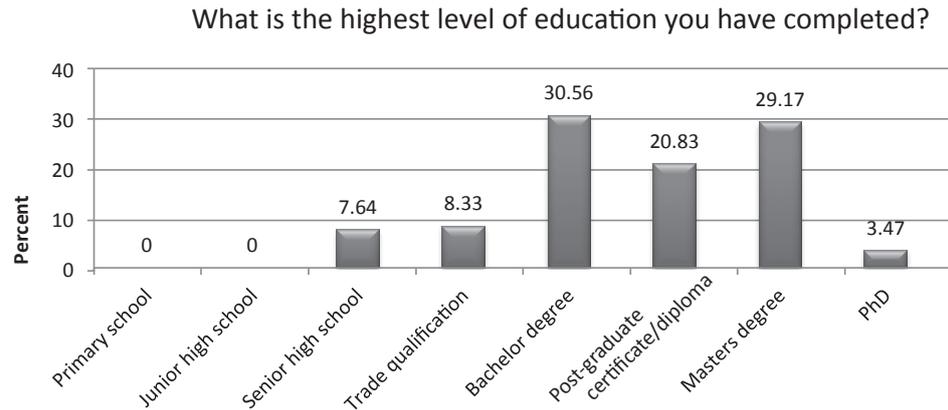
More females than males completed the survey, with 64% of respondents being female and 36% male. The largest group of respondents (31%) fell into the 41–50 year old age group, followed by 26% in the 51–60 age group and 20% in the 31–40 age group.

What is your age group?



### **What is the highest level of education you have completed?**

A bachelor's degree was the most common level of education attained, (31% of respondents). A master's degree was next most common (29%) followed by a post-graduate certificate or diploma (21% of respondents).



### **Key points and discussion**

Survey respondents' organisations reflect a broad geographic, age and cause spread, with a median of 55 employees, two fundraising staff with a female to male ratio of 2:1, nine board members with an opposite gender ratio and a fundraising office most likely established in the past two decades. Respondents were more likely to be female, aged between 40 and 60, with 61% identifying as fundraisers and 39% as organisational leaders (CEOs or board members). More than four out of five respondents are tertiary educated, which appears to be an increasing trend in the nonprofit workforce.

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## 2. SNAPSHOT OF FUNDRAISING

This section captures data in four broad areas:

- Respondent organisations' fundraising income landscape, the fundraising champions who helped them achieve it, and the key challenges faced by fundraisers in this process;
- Thoughts on what makes a 'great' fundraising organisation;
- What 'fundraising' means to organisational leaders and fundraisers, both in terms of how they define it and how important it is in their organisation; and
- Attitudes to pertinent fundraising topics.

### Income

#### ***Total income from all sources 2010–2011 financial year (FY)***

Median total income across the survey population was \$3.7M. The data in response to this question was heavily influenced by a small number (n=5) of very large nonprofit organisations reporting total income of more than \$100M, and also 22 organisations reporting income of less than \$50K for the financial year. This produced a skewed mean or average income of \$42.5M. If these outlying figures at both ends of the response range are removed, the median total income was \$4.9M and the mean total income was \$14.3M.

#### ***Income 'markets'***

Not surprisingly, given this survey's focus on organisations with an existing fundraising function, fundraising was the largest revenue source for respondent organisations, representing an average of 46% of all income. This was followed by government funding (from all levels of government) at 35%, then earned income from fees, provision of goods and services etc. at 18%.

By way of comparison, the Productivity Commission Report on the Contribution of the Not for Profit Sector (2010) Appendix C – Data on the Sector, Table C11 shows not for profit income sources for 2006-07 as follows:

Income source	%
Income from service provision	62
Donations and transfers	22
Sales of goods	9
Investment income	3
Other income	4
Total	100

The 22% level of donations and transfers noted by the Productivity Commission and the 23% revenue from philanthropic giving found by the recent update of the Johns Hopkins comparative nonprofit data (Salamon et al 2013) underlines that the fundraising organisations in this research are quite different in character from the wider U.S. and Australian sectors because of their stronger emphasis on fundraising as an income source.

### **Greatest source of fundraising income 2010–2011 FY**

The importance of private sector support is vividly evident in the responses. Individual donations are generally a heavyweight income stream in fundraising organisations and made up exactly 50% of the fundraising income received. Donations or grants from philanthropic trusts and/or foundations was the second highest source, at 20% of all fundraising income. Donations from businesses provided 10%, sponsorships contributed 9% and other unspecified sources yielded 11%.

### **% Sources of fundraising income**



### **Who are the fundraising champions?**

Beyond fundraising staff themselves, respondents were asked to nominate who were the three most important fundraising champions for their organisation. The CEO or General Manager was overwhelmingly nominated with 85% of responses tagging that role as one of their top three. Another question established that on average, CEOs spent 23.8% of their working time on fundraising (including monitoring and evaluation), against 10% for board chairs and 9.4% for other board members.

This centrality of the CEO was a topic of discussion in the fundraiser focus group as well.

*It very much depends on the CEO and their personality and if they understand fundraising and how involved they want to be, and whether that's going up [to the board]. ...it's definitely the CEO, if he doesn't understand what fundraising is, the rest of the organisation wouldn't either.*

*Ideally they'd be brilliant at it [fundraising]. Ideally. Keep dreaming.*

*... whether you're a small donor or a large donor, the CEO... that's who they'll deal with ...they expect the CEO to spend time with them, quality, face to face time.*

*...the major CEOs of big companies, they don't have desks, they have hot desks. They're never there because they're seeing clients, staff, providers, suppliers whomever... they don't sit down... they're doing relationship building 101. So the CEOs of nonprofit organisations do exactly the same thing.*

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The fundraiser focus group participants also considered the time devoted by CEOs and answers were wideranging.

Ideally, participants could see scope for CEOs to spend 50–60% of their time on fundraising, growing to 80% or four days a week if that were possible and fruitful but respondents' reality was starkly in contrast. Recognition of wider CEO responsibilities was high.

*...if we can get them to 10-20% we would be doing pretty well.*

*...they've got other priorities.*

*...he probably spends about 5% of his time on fundraising, but I see it as my role to actually lead him in what I do, and I brief him very tightly.*

Other staff (not employed as fundraisers) came a distant second as fundraising champions, but were still clearly a significant force with 36% of respondents including them in their top three choices. Volunteers were also notable fundraising champions, with 34% of respondents nominating them. Board members were the fourth most commonly selected fundraising champions, with 32% selecting them. Existing donors were placed fifth on the list of important fundraising champions, selected in the top three by 30%.

### **Greatest challenges for fundraisers**

Respondents were also asked to select from a list the three greatest challenges for fundraisers in raising funds for their nonprofit organisation. This question was answered by fundraisers and also by organisational leaders. The three most common choices were:

- Lack of understanding and/or leadership from board (19%)
- Poor resourcing (17%)
- Competing fundraising priorities (17%)

The choices least nominated were:

- Service recipients not well placed to donate (1%)
- Disconnect between personal values/interests and organisation's cause area (3%)
- Being time poor (4%)

The fundraiser focus group was vocal also on the challenges raised in the survey.

Resourcing was a particularly controversial topic, both financial and in terms of helping the organisation to understand where fundraising fits with its mission.

*The lack of resources... the fundraiser is doing everything... direct mail, they're doing events, they're doing major gifts, they're doing bequests, they're doing cultivation, they're doing database... newsletters. And so what are the attributes of a high performing fundraiser? Someone who's got twenty arms, someone who's got two heads... it's just an impossible role description.*

*You're an octopus. You're climbing Everest – and they want to know why it's not working!*

*We need x number of dollars to be able to make the money, they go, 'well, you don't need that much money'. They say, 'go and put on a bike ride or something'. Well it's going to cost this much money for this many years before you make money. 'No it won't. You've just got to make a profit.' Well that's not how it works.*

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*They need to steward these donors and their families, build a pipeline for tomorrow...*

*It's dire, absolutely shocking. 'I've paid you, I've paid the salary.' But then you've got nothing. You turn around and there's a desk. 'See ya.' Every organisation I've worked in in Australia is so under-resourced. ...not only financially to resource the fundraiser, it's to resource the organisation into understanding what the fundraiser does.*

*I've had to educate [the organisation and board about what fundraising really is]... you spend weeks.*

### **Great fundraising organisations**

Respondents were invited to consider the qualities of great fundraising organisations, and select the top three most important. The most common choices were organisations that:

- Are great at telling their story (78%)
- Have a long term strategy (51%)
- Are deeply connected with their community (43%)
- Have excellent CEO leadership (42%)
- Show close alignment of mission, vision and values (38%)

This long term strategy to fit the character and process of fundraising was raised as extremely important by fundraiser focus group participants who had often experienced an opposite philosophy.

*I was sick and tired of my Chairman saying to me constantly, 'you're not out pounding the pavement, you're not getting bang for buck, what's happening here?'. Well, I'm building long term relationships. There's no understanding that this isn't about a one-off gift, it's about building long term relationships.*

*That's what there needs to be a greater appreciation of. We're not just there for two years, despite the fact that many of us don't stay much longer.*

*There's not an understanding of the long term relationship building component, how long it takes to actually be successful.*

### **How respondents define fundraising**

Responses to this question ranged from the distinctly pragmatic: Getting what's needed to stay afloat and do the job to the philosophical:

*Fundraising is the art of developing relationships and engaging people with the needs of our communities and providing them with an opportunity to act on their values to invest in ideas that will make a difference and leave a lasting legacy.*

Three broad groups of responses can be identified:

- Those that saw fundraising as a system or process, e.g. *Developing programs and initiatives designed to deliver sufficient funding to meet the operational goals and objectives of the organisation.*
- Those that defined fundraising without including money or finance in their definition, e.g. *Telling the story of your cause and inspiring people to give. Inviting the community to be a part of a solution by investing in the cause.*

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- Those that characterised fundraising by what it wasn't i.e. earned revenue or Government funding, e.g. *...an 'add on' to existing government funding. Fundraising enables us to do the extras that can't be budgeted with funding provided for service provision.*

## **Respondents' views on key fundraising topics**

Perceptions on key aspects were questioned through respondents' agreement or disagreement with each of the following three statements:

1. Fundraising is very important for the sustainability of our organisation
2. Fundraisers understand the role of a board member
3. Fundraising is a profession in Australia

Responses about the importance of fundraising to their organisation's sustainability were extremely robust, with 79% of respondents strongly agreeing with the first statement.

Participants in the board member/CEO focus group were fervent in their views of the myriad benefits fundraising offered their organisations.

*...one bequest springs to mind in particular, where they said do something different, and that was a seed to something that's now enormous, we put on one person as a trial for three years and we now employ 30 people in that same domain. And that was where we went out and we tested the market, what we perceived was a need in the community that we could never get any grant funding to do, but the fundraising, part of the fundraising is making yourself a target for requests and donations, meant that we had that resource, people who provided it had some goals, they wanted to see a difference and so we were able to make that substantial difference in the community today.*

*...it's 80% of our revenue, so it means our lifeblood, it means all of the great people we hire to raise money and engage with the community because it's our future and it's how we deliver our mission in society. And it's important that we keep increasing fundraising through many different streams.*

*One of the big messages is that diversity of funding source and the capability of an organisation to have a funding potential by way of their assets or however you want to describe it, is essential arguably to long-term viability and capacity.*

*I am a great believer that diversification away from government reliance - because the tap can get turned off, at any time, and I think probably we're going to see a lot more of that.*

*[We have] 100% reliance on fundraising, we don't get any government funding at all. ...So our whole focus and our board's whole focus is sustainability and being able to raise enough funds to keep the organisation going.*

Responses to the second statement, that fundraisers understand the role of a board member, were quite divided, but still supportive overall. (Some 16% strongly agreed, 42% agreed, and 28% were neutral, while a further 13% either disagreed or strongly disagreed.)

The mention of risk and competition in association with fundraising was an aspect of the board perspective that came through strongly from the board member/CEO focus group participants but little canvassed by the fundraiser focus group cohort. Perhaps these are areas where fundraisers may have less understanding of the board perspective

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and the challenge of allocating resources to many areas beyond fundraising to maintain sustainability. Fundraisers were seeking more resourcing and risk capital but board members felt a very strong imperative to exercise conservatism in their roles and in their use of scrutinised donor funds. Wideranging comments emerged.

*...if you put that money in the bank because you want to be able to either diversify into the provision of other not-previously-thought-of services, or you want to hedge uncertainty....then the public will be saying, don't put my money there, my money is for poor people in India or to dig the well in Bangladesh. Don't you go putting it in the bank on the off chance that you might want to hedge uncertainty...*

*What comes to my mind from a board members' perspective when I hear the word fundraising is nothing really to do with the merit of the cause, because invariably the causes are very good. It's how that translates to success when you go out into the community to raise funds from either large masses or small, large donors wherein you're competing with [charity names] and so many others. That's what always challenges me.*

*It's probably fair to say that those who are on the board, even though they may be very innovative and have a great business background, I tend to find that they're more conservative in a not for profit board environment because they know how hard it is to get the money in the door, so they're not willing to take that extra chance...*

*...we're on a tiny, tiny turnover of \$800K per year, so we're conscious of very precious limited resources to spend on fundraising, so... we're very conservative about what we want to do, the risk return, but I think there are innovative and maybe 'out there' activities we can try and undertake but might yield a great result.*

*I suppose the type of fundraising then that you lead into, you're very cautious about what's going to be the political, what's going to be the fallout from the particular event that maybe you're doing. Are you supporting an event when it's held in a hotel, and then are you supporting alcohol and things like that?*

*Brand protection, that's one of the things that the board look at very seriously, because if we lose our brand or our brand is tarnished, then that could mean tens of thousands of dollars in lost revenue, so the board is very, very focused in that area.*

The overall survey population generally agreed with the third statement about fundraising professionalism, with 56% of people strongly agreeing, and a further 33% agreeing.

Responses to these statements were also tested for any major disparity between the two groups of survey respondents: organisational leaders and fundraisers. This test (perhaps not surprisingly) highlighted a significantly higher agreement among fundraisers that fundraising is a profession in Australia. Fundraisers felt very strongly about this professionalism but organisational leaders were less emphatic in this view. Nonetheless some recognition of the specialist nature of the role emerged in the board member/CEO focus group.

*...fundraising as people who do it as a profession, and today's business community or general community, you need to be very savvy and very aware of how to go about fundraising, there's a bit of a science to it, and so that is a professional role that comes in through the CEO, either as an employee or as a contractor, depending on the size of the organisation and the skills, where it's at in its fundraising path.*

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Fundraisers in the focus group spoke about how they grappled with a lack of understanding of the professional skills involved in fundraising, both within and beyond their organisations.

*...most of us moved across from other sectors...even amongst our own friends, is there a lack of understanding of actually what we do for a living and the degree of professionalism that comes with that... they don't understand what we do at a very basic level. So if that's happening across the broader Australian landscape, how can we expect our board members to truly understand... it comes back to that moot point, what do we actually do in fundraising and how do we raise the profile of that?*

*The fundraising profession needs a makeover...*

### **Key points and discussion**

#### **Fundraising as an income source**

The profile of survey respondent income verifies that fundraising is for many nonprofit organisations a very viable funding mechanism and contributor to overall operations. These figures are underscored by the later opinion section that saw the important role of fundraising in organisational sustainability resoundingly verified by 79% of respondents and aspects such as the power and fleetness of non-government funding highlighted by board members and CEOs.

Organisations in this study were garnering nearly half their income through fundraising. The emphasis on individual donations (50%) and philanthropic trusts and foundations (20%) show these donor types as clear stalwarts in supporting nonprofit work in this country. Corporate giving at 10% and sponsorships at 9% are also significant income sources, especially in an environment where sponsorship is said to be fading in favour of corporate community partnerships. An interesting sidenote is a comparison with overall giving sources in the U.S. where traditionally individual giving makes up at least 80% of all giving. Albeit the two nations differ, but this finding begs the question 'is Australia maximising its individual giving potential?'. Given the thrust of this study a further question is whether greater board support might lift the individual giving component of organisations' income profiles.

#### **Fundraising champions**

An array of stakeholders are routinely acting as ambassadors to increase nonprofit organisations' fundraising capacity in this country. In varying degrees, non-fundraising staff, volunteers, donors and board members are adding volume to their organisation's fundraising voice. Are all these sources being used as much as they might be? Previous ACPNS studies for instance have highlighted particularly in the major gift area (Scaife, McDonald et al 2011) the potency of an existing donor speaking about their support to their peers. Similarly, the concept of an internal culture of philanthropy is gaining momentum. Supporting and broadcasting the organisation's mission goes far beyond the doors of the fundraising office to embrace the nurses in the hospital, the lecturers in the university, the social workers in the welfare charity, the scientists in the medical or environmental charity, the finance department and so on. Boards arguably have a role in building this internal understanding of what fundraising and philanthropy mean to the organisation's work.

However, the starkest message in this section of the study is the pivotal role of the CEO/ general manager as a leading advocate for fundraising.

Board members ranked only fourth in the list of most commonly cited fundraising champions. This finding is underlined by the telling result that the greatest challenge fundraisers saw was a lack of understanding and/or leadership from their board (19%). As

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later sections of this study outline, a more active, appropriately supported involvement from boards is seen as a strategy for growing fundraising outcomes in many Australian nonprofits. A call for more board members to be fundraising champions is implicit in these findings.

### **Great fundraising organisations**

The qualities of great fundraising organisations again underline the core role of the CEO, with 'excellent CEO leadership' being identified by 42% of respondents. However, communication was the standout quality in great fundraising organisations: with 'being great at telling their organisation's story' highlighted by 78% of the survey population. Encapsulating what makes an organisation special and important in its community (its 'raison d'être') stood out above who might be communicating that story to potential supporters. This finding is a timely reminder of how central an organisation's 'case' is, along with the essential need to inspire people if they are to give. There are many good intentions about giving but moving people from 'giving inertia' to the act of giving takes motivation. It is worth reflecting on the origin of this word 'motivate', which comes from the Latin 'movere' – to move. This finding stresses that the task of fundraising is to capture their organisation's story so well that it moves people, in their thinking and in their actions.

In addition, the aspect of deep connection with the community, emphasising a relationship rather than a transaction, was highlighted as one of the five leading qualities of a great fundraising organisation, selected by 43% of respondents. Having a longterm strategy as an organisation was noted by 51% and the primacy of the board/leadership in this quality is clear. Fundraising focus group participants also resoundingly stressed that a long term view is mandatory in good fundraising practice.

### **Defining fundraising**

How an organisation – or a society as a whole – defines an activity arguably impacts how it is prioritised and regarded. The themes in this open-ended part of the survey point to an understanding by some that fundraising is a process, a managed, ongoing activity. For a further group who answered this question the important emphasis was that fundraising is infinitely more than a financial matter. A third cohort stressed its role as a distinctive income stream with quite different attributes to other revenue sources, a point of agreement with the board member/CEO focus group participants.

### **Disparities between fundraisers and organisational leaders**

The first area of major disparity in thinking between the two groups emerges on the point of whether fundraisers and organisational leaders uniformly see fundraising as a profession. Fundraisers felt very strongly that it is a profession. Board members were supportive but less convinced. Would Australian board members (or many fundraisers) know that fundraising has been offered as a tertiary level subject since 1990 in this country? Would they be aware of Codes of Ethics such as those of the Fundraising Institute of Australia or the Australian Council for International Development? Would they have heard of a Certified Fund Raising Executive accreditation? Would they be aware of a growing peer reviewed body of knowledge about fundraising internationally? Most likely not. These results underscore that fundraising has some distance to travel yet in meeting the objective measures of what makes a profession as well as conveying to important stakeholders like boards and CEOs that such yardsticks exist in this discipline and are being increasingly met in this country.

### 3. LEADERSHIP TRAITS AND FUNDRAISING CONTRIBUTIONS

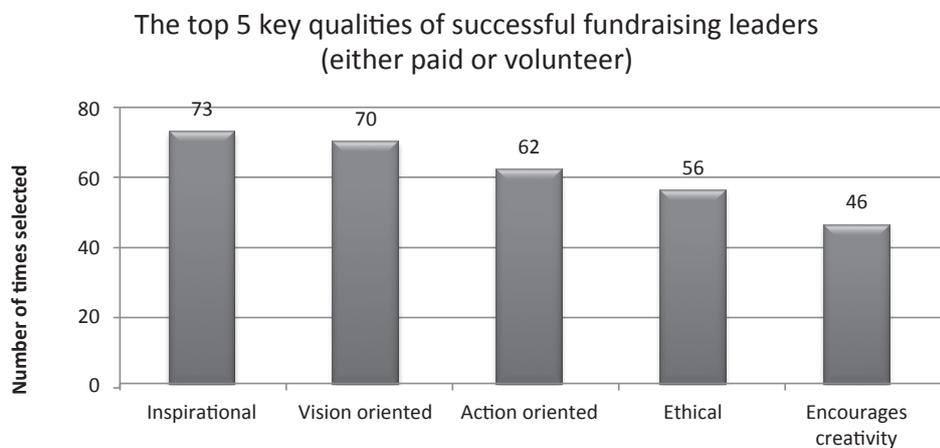
This section explores findings about leaders' characteristics and how they pertain to fundraising. It also considers the fundraising contributions of organisational leaders.

#### Leadership traits

Two linked questions were included in the survey, asking respondents to identify the top five qualities of fundraising leaders from a list of 24. The first question took a broad view, asking about the qualities of successful fundraising leaders in general. The second asked respondents to consider their own organisations' current leaders and nominate their top five qualities. This approach allowed a comparison to be made between actual board/CEO qualities and perceived requirements for good fundraising leadership.

As the following graphs show, three of the top five qualities are shared. The qualities 'inspirational, vision oriented and ethical' are common to both sets of answers. The hypothetical successful fundraising leaders also 'encouraged creativity' and were 'action oriented'. Additional qualities of actual organisation leaders were that they were 'supportive' and 'value driven'.

#### ***What are the key qualities of successful fundraising leaders (either paid or volunteer)?***



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**What are the key leadership qualities of your organisation's leaders (e.g. Board/CEO)?**



**Fundraising contributions**

The CEO/General Manager was categorically (and not unexpectedly) the organisational leader with the greatest role in fundraising, well beyond that of board members or the board chair. When considered by the source of the fundraising income, the difference was clearest in relation to funding from trusts and foundations, where CEOs contributed to achieving fundraising income in 74% of organisations, compared to 13% each for board members and the board chair.

In light of this focus on the CEO's role in fundraising, responses to the question 'Thinking about your CEO/General Manager, what best describes their leadership approach?' are of particular interest. The top three characteristics selected from a possible list of ten were:

- Gives other people the ownership for results and invests in their success (24%)
- Drives results through their personal involvement (18%)
- Attracts talented people and uses them at their highest point of contribution (17%).

If organisations are fortunate enough to have fundraising expertise at the CEO and Board levels, what is the most significant impact of that capability? The response to this question was overwhelming, with 53% of respondents selecting the option 'It provides greater strategic direction and oversight for the fundraising team'. The next closest response, at a distant 17% was 'It provides greater resources for fundraising'.

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## **Disparity between organisational leaders and fundraisers**

Another area of difference between the views of organisational leaders and fundraisers emerged in this section. Fundraisers have significantly higher agreement that there should be at least one person on a nonprofit board with fundraising experience.

In a related vein, the fundraiser focus group also aired the thought that a way to improve the landscape would be for more fundraisers to move into CEO roles over time.

*More fundraising professionals becoming CEOs... I think that would create a lot of change...*

### **Key points and discussion**

This section yields particular thoughts about the ideal and actual characteristics of those who lead fundraising, as well as various insights about the contributions of organisational leaders to fundraising.

Speaking generally, inspiration, vision and action were highlighted as the key qualities of good fundraising leaders – be they paid or volunteer. Ethics and encouraging creativity were also highly prized. Respondents reported that their own organisational leaders did in fact reflect some of these qualities, being visionary, inspirational and ethical. However, the inspiration quotient was lower than in the ideal scenario and an action-orientation was not evident in practice, despite this being seen as a vital ingredient theoretically by respondents. Nonetheless, current leaders were characterised as supportive. The quality of being ‘value-driven’ also emerged. This emphasis on inspiration and vision combines well with the views expressed in the Snapshot of fundraising section of ideal fundraising organisations being long term in their strategy and great at telling their organisation’s story. Clearly good leaders – and good fundraising organisations respondents assert – are inspirational and long-sighted.

A similar reinforcement of the CEO role in fundraising also emerges in this section as well. CEOs were portrayed as having the greatest role of organisational leaders in contributing to fundraising, especially in the area of grantseeking from philanthropic trusts and foundations. These findings suggest good fundraising CEOs enable the fundraising function in two key ways: through good resourcing (right people, right investment for the program to succeed); and through personal engagement in achieving fundraising outcomes.

The emphasis on appropriate resourcing for fundraising to succeed also comes through in respondents’ views on the impact of a fundraising-savvy CEO and board. Overwhelmingly though, respondents saw strategic direction and oversight as the real benefits of organisational leadership who have good fundraising knowledge.

A statistically significant difference emerges between the views of organisational leaders and fundraisers about leadership contributions to fundraising. Fundraisers are very keen to see at least one board member with fundraising experience at the table and organisational leaders place much less emphasis on this as part of a board matrix of desired skills. Locating such experience may be an issue too but it is clear from the strength of response that this is an area for more discussion by organisations. Fundraisers are reflecting that more insights to this area on the board may boost success and organisational leaders are indicating that these skills are covered by their existing governance approaches. It would be possible, indeed probably desirable to include fundraising as a topic in the range of board training courses on the market. The more critical issue is for an organisation to determine whether these skills are indeed part of a well-rounded governance makeup for their organisation.

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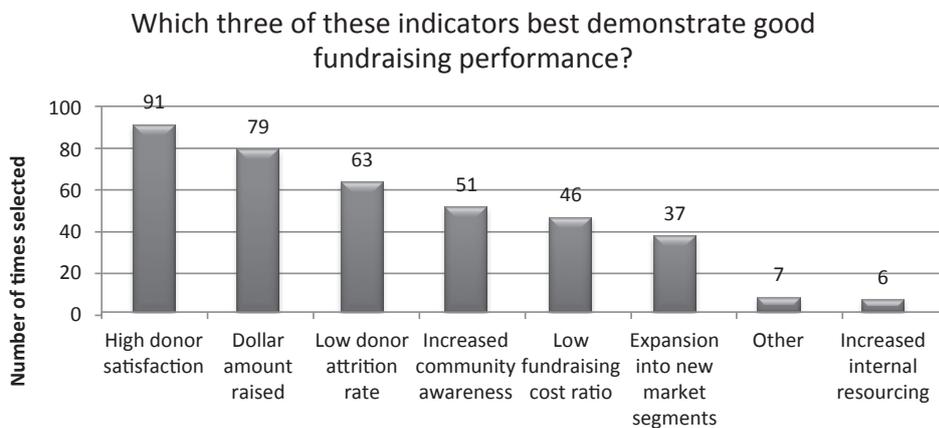
The fundraiser focus group discussion around more fundraisers moving into CEO roles also bears more consideration as a long term strategy to strengthen fundraising organisations. It is interesting to note reports from arts sector leaders attending the 2012 Artsupport (now Creative Partnerships) study tour that 80% of New York arts CEOs were formerly development staff and that 75% of their time is spent on fundraising, while arts board chairs anecdotally spend 20% of their time on fundraising (double the figure reported in this Australian study).

## 4. MEASUREMENT, EVALUATION AND FUNDRAISING 'INFRASTRUCTURE'

This section delves into what respondents see as good fundraising performance, how that might be measured and who sets the targets. It probes the pieces of fundraising 'infrastructure' (e.g. plans, position descriptions) that are already in place and spotlights what is missing.

### What best demonstrates good fundraising performance?

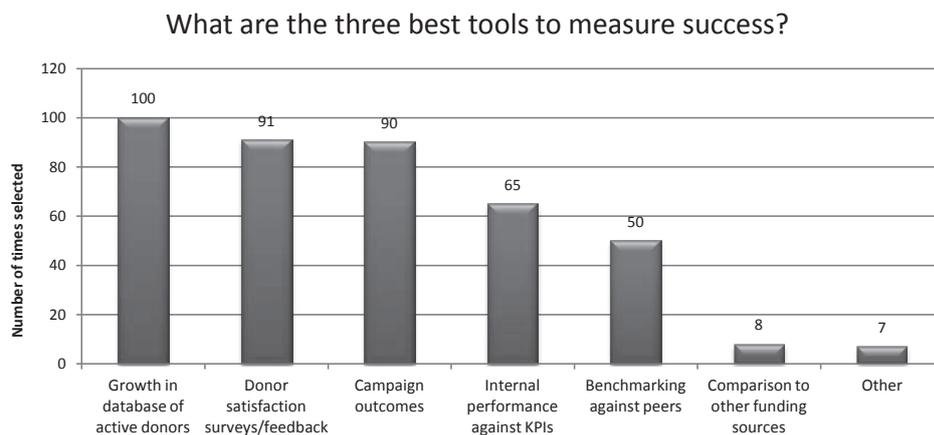
High donor satisfaction, the dollar value of funds raised, and donor loyalty demonstrated by low attrition are the three most commonly chosen indicators of excellent fundraising performance selected from a list of seven.



### What are the three best tools to measure success?

Linking in to the findings above, the three most commonly selected measurement tools for assessing fundraising results were:

- Growth in database of active donors (100 responses)
- Donor satisfaction surveys/feedback (91 responses)
- Campaign outcomes (90 responses)



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Benchmarking against peers was selected comparatively few times (n=50), which may point rather to a limited range or awareness of publicly available benchmarking data, rather than to any lack of interest. Evaluation against key performance indicators (KPIs) was also rated comparatively lowly, but this could reflect a limited internal strategic planning process or a lack of data on which to base such measures.

Fundraiser focus group respondents held strong views on the need for measures beyond bald dollar results.

*Just dollars in and dollars out. No other qualitative data, at least in my world...*

*Satisfaction surveys I think are really important...*

*...it harks back to the organisational culture and it does hark back to metrics and I think as much as I'm the first to say 'how much money this year?', we have to come up with measures that make people feel they have contributed... which aren't just a dollar figure.*

*...the financial imperative is very clear for all of us... we struggle to report to boards about reputation, about relationships, about advocacy and other influence... it's hard to get measures... because it is qualitative and maybe some of it's anecdotal data...that's a real challenge because if we only count the money we're missing [other important changes fundraising is achieving].*

*...people's experience of sitting on boards has come from for profit companies...that's the bottom line... and sitting on a publicly listed company... and being on a nonprofit board are two so totally different entities and not knowing how to differentiate the two, they use the same rules across both.*

*...really great if we could come up with some agreement between the fundraising folk, the CEOs and the boards generally about what an annual or quarterly reporting mechanism might look like... two or three key things we should all be measuring and benchmarking on, one would be dollars and one might be numbers of folk involved...*

*...number of moves, prospects, number of people solicited and cultivated, stewarded and so on...*

*...more meat around the bones, rather than just, 'You raise a million dollars – you only got \$999,000, epic fail'.*

*Could we look at what the board brought in together? [as happens via a report card system on board fundraising in some U.S. nonprofit boards]*

Some appreciation of the need for 'soft' measures was also evident in the board member/CEO focus group along with awareness that measuring success is a far from precise science.

*We've got this event where in the past we've run it as a breakeven event and it's all about giving back, and it's amazing what that has been doing for our organisation... So I suppose I'm also, the soft side to being an accountant, there is room for those things because I think it just really enhances not necessarily fundraising for that particular event but for the future.*

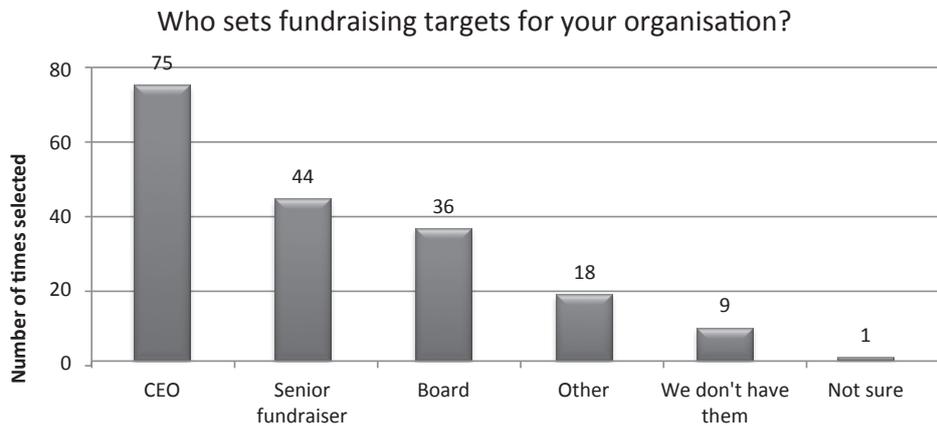
*How do you ever measure the fact that you get a donation, bequest, or whatever, at another time of the year that drew its inspiration from that particular event. Unfortunately there's no way to actually qualitatively measure that.*

...ultimately it comes back to the board having an understanding of responsibilities and looking at saying I've got a limited resource and if you said, 'we've got to spend \$10,000 or what, pick a figure it doesn't matter, to build a donor base', that might be a very different decision to something where you can actually track and see what you get back out of it over a period of time, versus another activity that's far more nebulous.

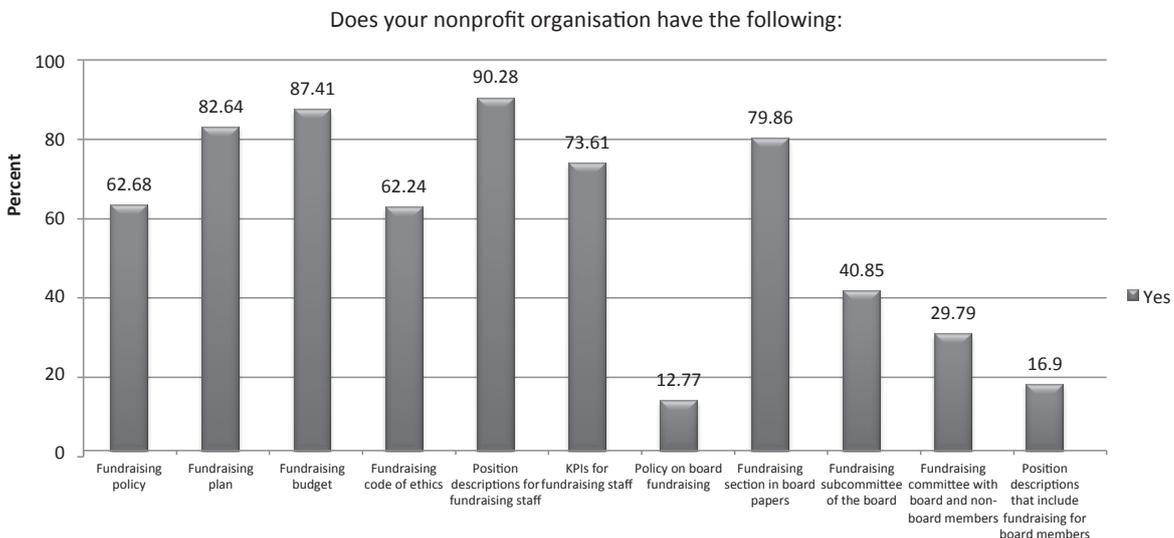
Board member/CEO focus group participants were keen for the reassurance of a link to what fundraising meant for outcomes.

...what we're finding is for every dollar we raise, it equates to about \$150 worth of [medical treatment].

Who then is responsible for setting targets, KPIs and goals for fundraising? Again, CEOs demonstrated their engagement by taking on this role in a clear majority of organisations.



A final question in this area of measurement and evaluation asked whether the respondent's organisation has a range of internal organisational structures, policies or plans in place around fundraising.



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Some fundraising infrastructure was common: position descriptions for fundraising staff (90%), a fundraising budget (87%), and a fundraising plan (83%). A fundraising section in the board papers was also common, at 80%.

What is most often missing? The least frequently reported elements related to boards and fundraising. A small 13% (about one in eight organisations) has a policy on board fundraising, and only 17% of organisations have position descriptions for board members that included fundraising.

Such position descriptions for board members and development or fundraising committees were raised by fundraising focus group participants.

*I have prepared a position description for the new ...council... I don't have a financial KPI but I do have in there that they will make a commitment to cultivate up to say half a dozen prospects in any one year and then steward others and work through the management process and report that on a quarterly basis.*

The fundraiser focus group held wideranging views on the value and workability of development or fundraising committees as a separate entity and most preferred a less formal approach.

*...my experience with committees is that they don't work. You end up working with those folk who are your true leaders and can help you coordinate the effort... So informally you find the leaders and champions and you just have a coffee with them... it doesn't need to be under the auspices formally of a board.*

*...ideally if you've got a couple of your major gift donors on the board... you work with those folk with their peers and others if they want to be champions for it, you just have the fundraising activity happen in a more loose arrangement...*

*...I've done some fantastic fundraising over a cup of coffee... I think time issues, people don't want to be bogged down in a committee... 'how often do I have to come?'*

*It's actually a deterrent for some of our best fundraising talent, to ask them to join a committee or board... but they are happy to help informally, so you make good use of that.*

### **Disparity between organisational leaders and fundraisers**

Organisational leaders had significantly higher agreement than fundraisers that their donors were very satisfied with the organisation's performance.

### **Key points and discussion**

*Donor satisfaction versus dollars.* It may perhaps surprise that the dollar amount raised did not top the list of indicators of good fundraising performance, and that donor satisfaction was more highly regarded as a gauge of success. Donor loyalty was also esteemed as a measure, reinforcing the thread in these findings of fundraising success being about the long term view, rather than some quick 'guerrilla raid for funds'. Despite the media and donor infatuation with fundraising cost ratios, these were not highly ranked as a success yardstick. The emphasis on being able to measure donor growth through database expansion and through donor satisfaction surveys may prompt some organisations to consider their existing investment in both activities.

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*CEO role again.* Again underlining a consistent theme in this study, CEOs were intimately linked to the fundraising function bearing the responsibility for setting fundraising targets most often.

*Some useful infrastructure – and some glaring gaps.* Organisations in this study reflected a consistent range of fundraising ‘infrastructure’ in the form of documentation such as position descriptions for fundraising staff (90%), a fundraising budget (87%), a fundraising plan (83%) and a fundraising section in the board papers (80%). It is interesting to contrast this with another recent ACPNS study of 128 arts and cultural organisations (Scaife, Williamson et al, in press), where fundraising plans were in place in only half of the entities. Most intriguing though is what is missing. Only 13% - about one in eight organisations - has a policy on board fundraising, and only 17% of organisations have position descriptions for board members that include fundraising. If fundraisers wish to see more board member engagement and believe this will lift the funds available to support their missions, this lack of a defined expectation that boards have a role to play in fundraising is clearly a major barrier. It needs sector and organisational discussion to change.

*Disparity between fundraisers and organisational leaders on perceived donor satisfaction levels.* As to the disparity between organisational leaders and fundraisers on the question of donors being very satisfied with the organisation’s performance, two possible questions arise. Are fundraisers hyper-critical of how the organisation treats its donors? Or do boards and CEOs wear rose-coloured glasses on this issue of donor satisfaction? Regular empirically valid donor satisfaction surveys would be one way to find the answer.

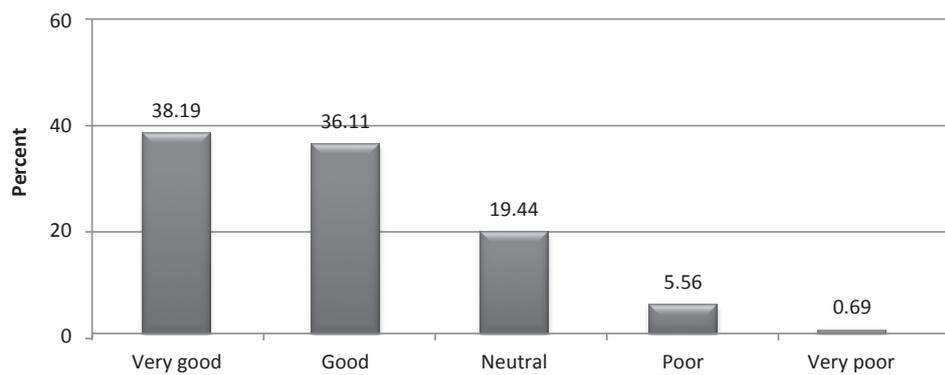
## 5. COMMUNICATION – INTERNAL AND EXTERNAL

The questions reported in this section investigate the important topic of communication, both within the various parts of leadership, between rungs of the leadership ladder and externally with supporters. Again, some points of difference emerge between organisational leaders and fundraisers, and also some difference between boards and CEOs.

### Internal communication

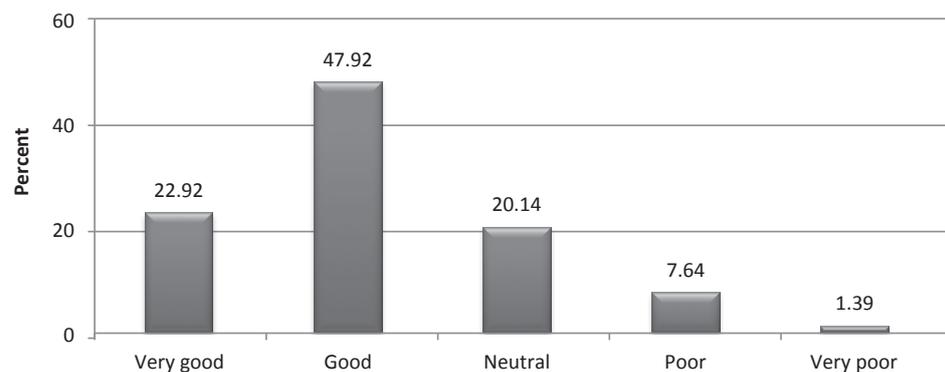
On a five-point scale, respondents were asked to rate the internal communication between the board chair, the board as a whole, the CEO, and fundraising staff. The strongest positive responses were in regard to the quality of communication between the Board Chair and the CEO.

Thinking of internal communications, how would you describe communication between the Board Chair and CEO/General Manager in relation to fundraising?



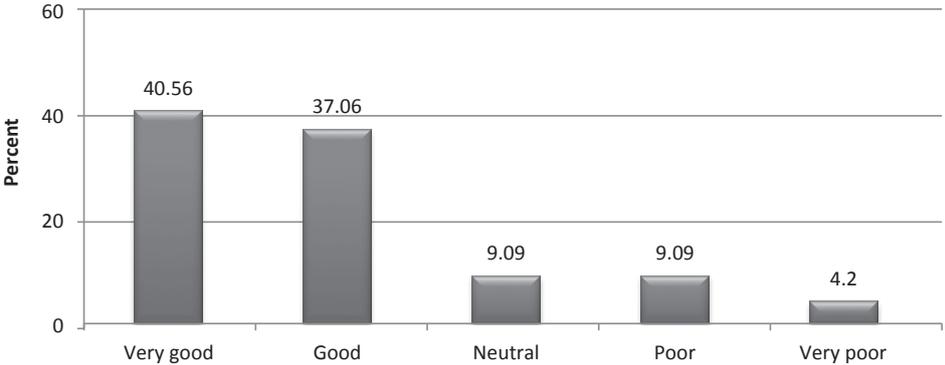
Communication between the whole Board and the CEO was also strong, although the number of respondents describing it as 'very good' dropped from 38.19% (Board Chairs and CEOs) to 22.92% (whole Board and CEOs).

Thinking of internal communications, how would you describe communication between the whole Board and CEO/General Manager in relation to fundraising?



The chain of communication from the Board through the CEO to fundraising managers and staff held firm, with the relationship between the CEO and fundraising staff also being reported as 'very good' or 'good' by a total of 77.62% of respondents.

**Thinking of internal communication, how would you describe communication between the fundraising staff and CEO/ General Manager in relation to fundraising?**



The fundraising focus group also highlighted the importance of a good working relationship between the CEO and staff fundraising leader.

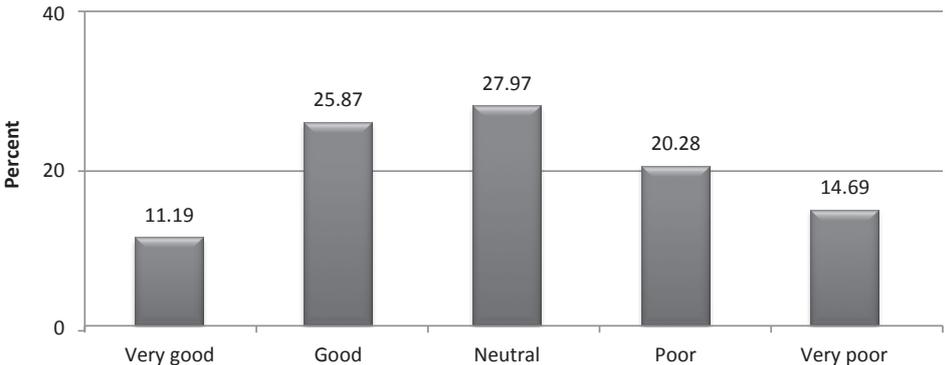
*It's a hand in hand thing where you know who they've seen and then you follow it up... it's a coordinated thing.*

This joint aspect was also mentioned in the board member/CEO focus group.

*I really feel that the board is there to I suppose assist with those who do know [about fundraising].*

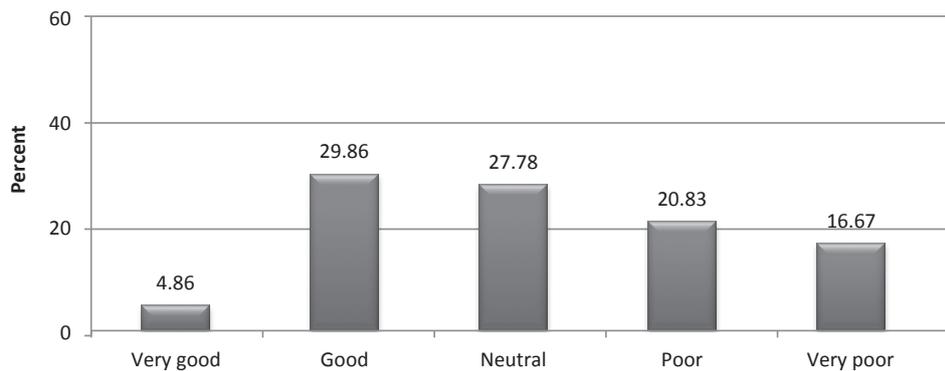
These responses indicate strong communication links from the Board Chair through the CEO to fundraising staff. However, in contrast, the direct communication between the Board Chair and fundraising staff was reported as weaker. While one-third of respondents rated it as very good or good, one-third of respondents rated it as poor or very poor. The highest single response was 'Neutral'.

**Thinking of internal communication, how would you describe communication between the Board Chair and fundraising staff in relation to fundraising?**



When considering direct communication between the whole Board and the fundraising staff, the picture was similar, although a smaller percentage (4.86%) of respondents described their communication as 'very good'.

**Thinking of internal communications, how would you describe communication between the whole Board and fundraising staff in relation to fundraising?**



Some fundraiser focus group participants raised their lack of direct communication with the board as a barrier to successful fundraising because it created a real distance from the activity. Quite a few had experienced the CEO as a frustrating gatekeeper.

*I think of them as invisible, I wouldn't have a clue who's on my board, I've never met them, don't know what their names are, never seen their faces...*

*...the CEOs fear that you're going to do something terrible. Or fear that you might say something about their management or something that's happening in the office or operation...*

*We're all supposed to be doing it together, where's the trust?*

*Are they precluding us from going to the board because they don't understand exactly what a fundraiser does?*

Some referred to the power differential in communicating with their board on fundraising matters and the anxiety in talking with boards about a financial or other involvement.

*...you think, 'I'm taking my career here by the throat' and you arrange the appropriate meeting...*

*... those of us who have had our [board member] who doesn't donate a cent stare at us and say [angrily], 'well how much do you want then?'*

Other participants highlighted the behind the scenes communication as very important in working with individual board members to engage them in fundraising and build their understanding of the area and the overall internal culture of philanthropy.

*...a lot of the bringing them on is actually done outside of the board meetings, appropriately to that individual and whatever that circumstance might be...*

Many fundraiser focus group participants felt fundraising was grouped with other activities in the board's view because of a lack of understanding of its nature. Examples included placement as part of Occupational Health and Safety committees, risk committees, finance committees and so on. However, this link to finance was seen as most logical by some board member/CEO focus group participants but only in part by others.

*...we've got a person who is managerially charged with that role through the CEO and I guess because it's raising dollars it probably comes under the finance and audit committee in a broad sense.*

*...because the finance committee is ultimately responsible for the budget and part of the budget is what are you going to get out of fundraising, and what are you going to invest into that process to create fundraising? ...the finance committee can't sit there and say we're going to put X dollars towards creating future fundraising, that's the wrong way around, it's got to be what we need to do to creating our fundraising is these steps, and they're going to cost this, and then the committee's got to make that decision as to whether it's an appropriate investment for the organisation.*

*...ours is all under our finance committee, but the finance committee director says, well no, it's about, a lot of it's about the policy and it's about the direction and the strategy and we're only here about the dollars, we can't set the policy and the direction for you, we'll tell you whether, what it does to the balance sheet etc. and I thought that was a nice pass over to our planning committee.*

**External communication**

In regard to external communication, respondents were asked how satisfied their donors were with their organisation's performance; whether they communicated clearly and regularly with donors; and whether they regularly surveyed their donors. The findings were somewhat contradictory – while a majority of organisations agreed that their donors were satisfied (58%) and that they communicated regularly with them (49%); they simultaneously disagreed with the statement that they surveyed their donors regularly.



These responses suggest that organisations rely on informal and individual communication and feedback from donors to assess their satisfaction and engagement, rather than a more structured and quantifiable feedback process.

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### ***Disparity between organisational leaders and fundraisers***

Two points of difference were evident between organisational leaders and fundraisers in this supporter communication zone. Organisational leaders have significantly higher agreement than fundraisers that the organisation regularly surveys its donors. In addition, board members and chairs (but not CEOs) have significantly higher agreement that their organisation 'communicates clearly and regularly with our donors'.

### ***Key points and discussion***

The picture for internal communication about fundraising was positive in many ways for a lot of respondents. Three-quarters of respondents reported good or very good communication between the Board Chair and CEO about fundraising. A similarly high level of communication was reported between the CEO and fundraising staff, yet again indicating the primacy of the CEO role in good fundraising. Direct communication between the Board Chair and fundraisers though was weaker – good for a third but neutral or poor for two-thirds of the survey respondents. Future research could probe the effect of more direct communication between board chairs and fundraisers.

Some 58% of respondents see their donors as satisfied with the organisation's performance. While on balance positive, the corollary is that 42% see their donors as dissatisfied. The logic of more structured donor feedback mechanisms is clear from the respondents' perception of this level of donor dissatisfaction, and from the strong view expressed by fundraisers that their organisation is not surveying its supporters regularly enough. Arguably fundraisers may be closer to the dissatisfied donors. A good level of clear and regular donor communication is assumed by boards but not by CEOs or fundraisers. This result would suggest that many nonprofit organisations may benefit from some kind of communication audit.

## 6. CAREERS, TENURE, EMPLOYMENT

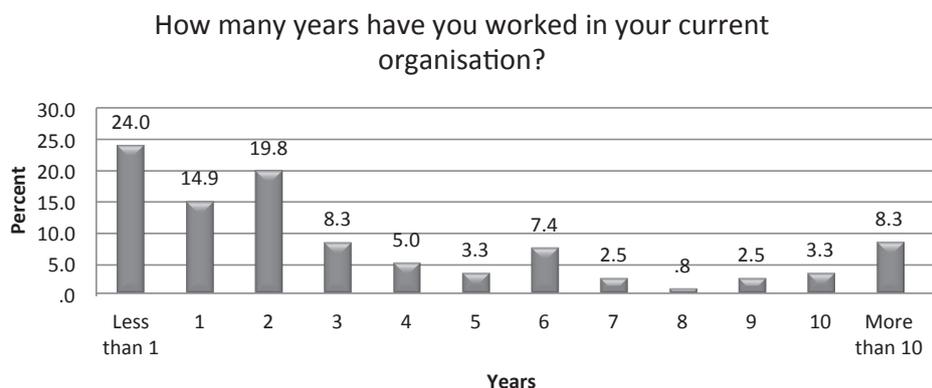
Responses in this area reveal data about the careers of fundraisers and board members as well as issues such as turnover and compensation. Again, some different views emerged on a couple of points between organisational leaders and fundraisers.

### Fundraising staff

Career questions were posed to the fundraising staff who answered the survey. Very few respondents to this question had worked in their current position for more than two years, with 60% having been in the role for less than three years, and 23% for less than one year.

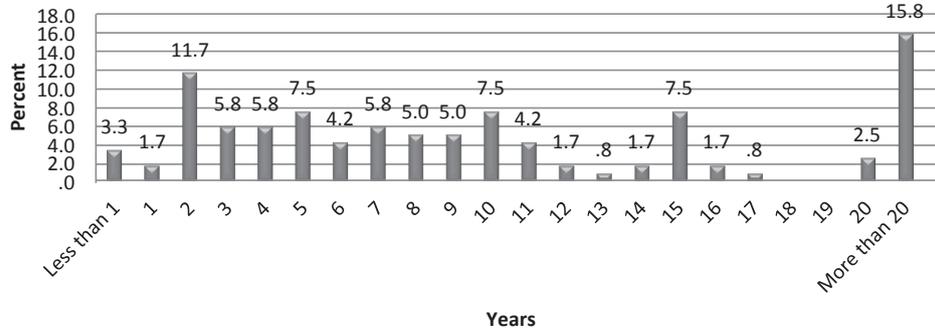


A similar pattern is revealed in the response of fundraising staff to the number of years worked in their current organisation, with 59% having been employed for less than three years.



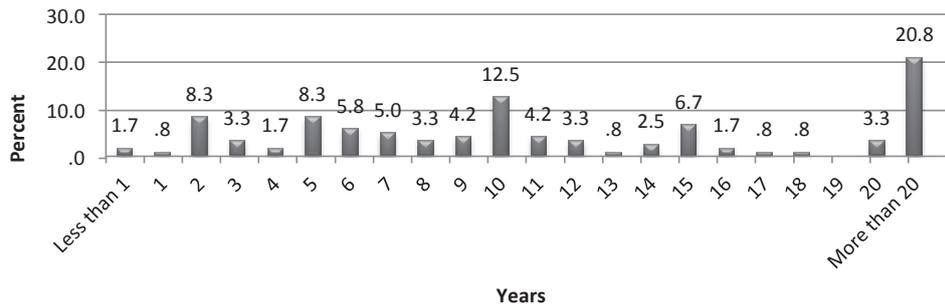
The two charts above, however, stand in complete contrast to the following one, in response to the question 'How long have you worked in fundraising?' Here, a small 17% had worked as a fundraiser for less than three years, while the highest single response group at 16% was those who had worked in fundraising for more than 20 years.

### How many years have you worked in fundraising?



The final question for fundraising staff was how long they had worked in the nonprofit sector as a whole. A similar, 'sector-loyal' response pattern emerged, with 11% having worked in nonprofit organisations for less than three years, and 21% for more than 20 years.

### How many years have you worked in the nonprofit sector?



### **Disparity between organisational leaders and fundraisers**

The survey probed the link between board leadership and fundraiser turnover. In another statistically significant difference between fundraisers and organisational leaders, fundraisers are much more likely to feel that board leadership strongly influences staff turnover in the fundraising sector in Australia.

This topic was evident in the fundraiser focus group as well.

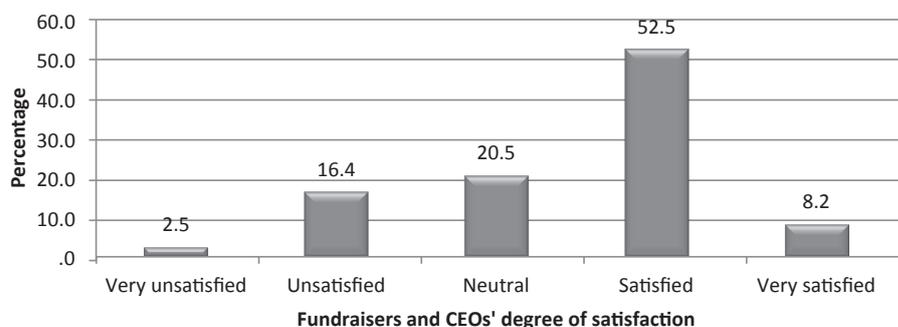
*I resigned because of my board...*

The lack of good recruitment procedures and understanding of what makes a successful fundraiser were also raised.

*...it's important to know what those qualities are of high performing fundraisers so that we can, collectively, look for those things in either someone who's coming into the system from outside it or someone who's been in it for many years so we can recruit well... that's a catalyst for a lot of change.*

The questions also considered satisfaction with compensation packages. Overall, a majority of fundraisers and CEOs (60.7%) were either Satisfied or Very satisfied with their compensation.

### How satisfied are you with your current compensation package?



However, while a general level of satisfaction with compensation is evident, CEOs were significantly more satisfied with their current compensation packages than fundraisers. Please note that Board members were not asked about their compensation, as their work is almost always voluntary.

Career aspects such as turnover and lack of organisational recognition were a robust theme arising in the fundraiser focus group.

*...the turnover of fundraisers, and the tenure in our positions, and I'm typical, it's two years, and I'm not really satisfied and I feel I'm not really kicking some goals and getting somewhere, I'm sorry – I get disheartened and I go.*

*...the organisation doesn't really know what a fundraiser does.... 'Have you brought any money in yet? You've been here a week!'*

*...I have had nothing but negativity from my board, and it has been soul destroying... and I've achieved double...the target they set...*

*There's a disconnect between the work that you do and the value you're adding and the expectation and appreciation.*

*...they're wonderful people [the board members], but when you put them collectively together and talk about fundraising targets, they are shockers!*

*[Leadership should make fundraisers feel] ...appreciated and valued I think... acknowledgement.*

Some board member/CEO focus group participants also stressed the importance of recognising third party and staff fundraisers.

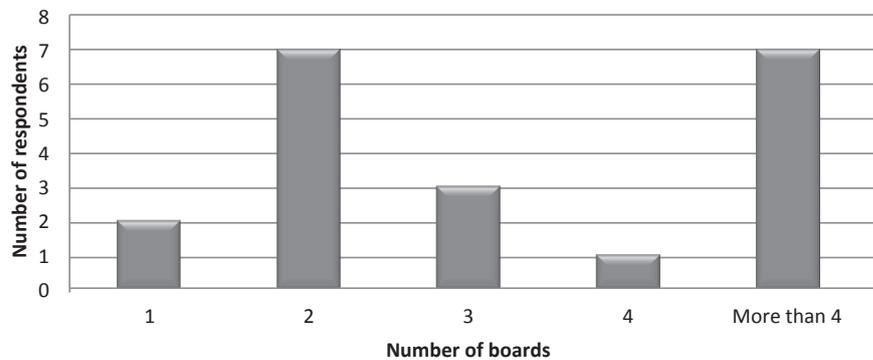
*And I've taken on the same view, and that's attend as many things as you can. Because it's amazing just how much gratitude that shows your people, who have spent time fundraising, who have contributed to fundraising – not your people, the people who have contributed time fundraising. Mind you it has a great impact on the staff as well, to think that the board have taken time out here, whether it's just being there or whether it's actually presenting, it's the presence, you can't underestimate it.*

### Board members

A similar series of questions about nonprofit careers and employment background was posed to board members participating in the survey. While the number of board member respondents was modest (11 board members and 9 board chairs), and the data should therefore be interpreted with caution, some interesting potential trends may be worthy of further, future investigation.

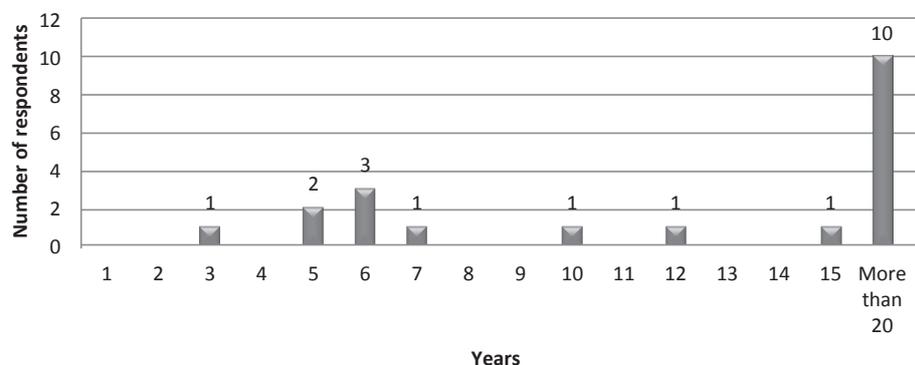
The first question related to the number of nonprofit boards on which the respondent had served, including any current roles. The pattern was one of previous nonprofit board experience, and this loyal service was indicated also in the number of years serving the sector.

How many nonprofit boards have you served on to date?



Exactly half (10) of the board members had served in the nonprofit sector for more than 20 years, with another small cluster of six board members having served between five and seven years in nonprofit organisations.

How many years have you served in the nonprofit sector?



Board members were then asked whether they had any previous experience in a fundraising role, either paid or voluntary. Of the 20 responses, three individual respondents had undertaken paid work as a fundraiser; seven had never undertaken any fundraising either paid or unpaid; and ten had undertaken voluntary fundraising work such as capital campaign involvement or hosting a fundraising event.

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### ***Key points and discussion***

It would be tempting to conclude from the first two questions about fundraising job tenure that this survey tells a story of people entering fundraising then leaving the field for reasons such as lack of success or too little support. However, the ensuing questions showed rather that the fundraising staff completing this survey were often loyal to their profession and to the nonprofit sector as a whole. The key finding instead is their high frequency of job turnover and that fundraisers rarely change roles within an organisation. This result is worrying. It points to a lack of internal career options, and a regular loss of knowledge and expertise in fundraising and development at the level of individual organisations. It bespeaks high recruitment costs in terms of finding new staff and settling them into the role. It does not bode well either for quality ongoing relationships with supporters, and this factor has been identified as a problem by donors in previous research (Scaife et al 2011).

Fundraisers see board leadership around fundraising as a key trigger to turnover: boards and CEOs do not. This finding sparks further questions. Are exit interviews conducted? By whom? Who analyses such results? Are fundraisers loath to raise feelings about lack of leadership support in a wish to leave on the best possible terms? How best can feedback be marshalled that is honest and constructive?

A strong record of previous service and cross-organisation experience emerged from board member respondents as well. Half had served in the sector for more than 20 years. Some prior experience in fundraising was evident from preceding board or, to a small extent, paid roles.

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## 7. RECRUITMENT, INDUCTION AND TRAINING

This section explores some of the human resources factors that may account for whether board members are engaged in their organisation's fundraising activities: recruitment, induction and training. Again, some statistically significant differences emerge between organisational leaders and fundraisers.

### Recruitment

Board members who responded to the survey were asked about their prior connection, if any, to the organisation before joining its board. The largest group was those who knew an existing organisational board chair, CEO or board member. This was followed by those who had no previous connection.

Similarly, when asked how they were recruited to the board, three out of five respondents said that they were recommended by an existing or former board member or chair. A quarter was recruited by other unspecified channels, with the remainder either invited by the CEO to become a board member, or on one occasion applying for an advertised position. No board members were recruited on invitation from a fundraiser, and none were approached by a recruitment agency.

Two fundraisers in the focus group had some concerns about CEOs making the recruitment decisions singlehandedly.

*The CEO appoints board members who will say 'yes'... to the CEO whatever he asks...*

The potential for senior fundraisers to be involved in board recruitment discussions and process of establishing a matrix of skills also rose as an issue at the fundraiser focus group.

*...we are often the forgotten folk in organisations and it actually comes down to the recruitment and selection process of those board members and I am not sure that it's always thought out with the fundraising goals and objectives in mind. We're very good at giving accountants and other folk who will do certain elements of the management or the governance that needs to be done by the board... fundraising, if it is remembered, it's an add on and we'll just get someone who's a celebrity or someone who's got some connection and they can do the fundraising, it's not seen to be everybody's business, or... thought about ... as being something that not for profit boards should be thinking about.*

*...if their role and purpose is to be advocates and fundraising leadership for our organisation, then perhaps we ourselves need to share some of this responsibility... who should be identified to join these boards and how they're briefed and their expectations....*

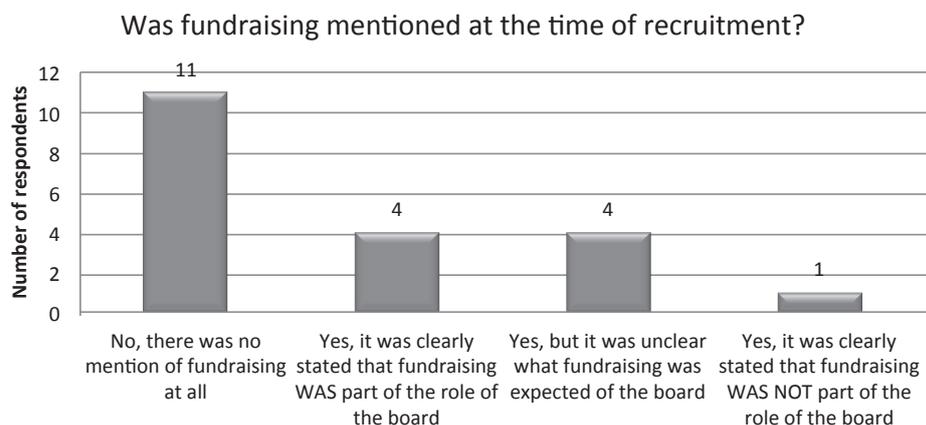
*In one of the previous organisations I worked for it was actually the senior management committee who worked with the CEO to look for appropriately skilled people to invite to join the board. So it was a collaborative effort.*

Other fundraiser focus group comments related to the possibility of more fundraisers serving on boards as an evolution.

*...if there is a scarcity of experienced people, who are knowledgeable about fundraising as potential board members, are we the next generation of board members?*

For more than half of the board members, there was no mention at all of fundraising when they were recruited to the board. For one board member, fundraising was specifically

excluded from the role. For the remaining respondents, fundraising was mentioned at the time of recruitment, however half said it was unclear what the expectations were of them.



This topic was hotly discussed at the fundraiser focus group as a biting issue that needs change.

*...they're not well briefed... they're probably not well chosen and not very clear on what their roles and responsibilities are particularly as it pertains to the fundraising business that our organisation needs to conduct.*

*...the board... in no way, shape or form has any formal role, nor do they think they have any formal role in ... fundraising capacity.*

*So they said, 'it's not our job, it's not our job, it's the development manager's job completely and solely'. It's not only mine, I can only do so much, I don't have the high level context with contacts. We need people who are well positioned or well known in the market place who can provide us, me with contacts and who take responsibility for cultivating a number of prospects themselves.*

Other issues raised included the challenge of appointed boards and the emphasis on governance and exclusion of fundraising as a subset within that role.

*...boards are appointed by the government, they're not appointed for fundraising skills. They're appointed because of their business acumen. So we have this group of people and they see their role very clearly as good governance, stewardship and fiduciary responsibilities but not fundraising so therefore how do I get them engaged in fundraising. You trial all these things to gently lead them and you still reach the road blocks.*

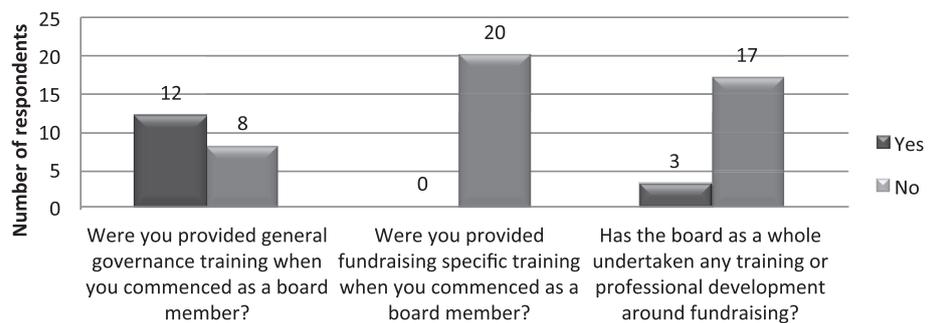
One board member/CEO focus group participant felt that many potential board members did understand that the board role might include fundraising engagement.

*...you're expected to be there for what you can give. And so...you're under no illusion that you're there, they might say because of your legal skills, but you understand it's implicit in the request that you also will be expected to either through your networks or through your own personal circumstances to make a contribution as well and to participate in the functions and the events. ...not in a passive manner, and that you believe in that cause and that you're happy to make a donation of time and money and connections and skills.*

### Induction and training

When questioned about training and induction as board members, no individual reported receiving fundraising specific training when they commenced their board role, and only 15% of organisations had provided professional development around fundraising for their board as a whole. However, 60% of respondents did receive general governance training.

In terms of board training and induction:



The fundraiser focus group also had strong feelings about how hard it was to interest board members in learning more about fundraising.

*...if they are aware [of fundraising as a board responsibility] they're more focused on the dollars rather than the activity or the relationships or the skills that are required to source the funding, and then they really have limited interest in learning or playing an active role in sourcing that funding and assisting the organisation's mission.*

Finally, board members were asked how closely the reality of their role as a nonprofit board member matched their expectations at the time of recruitment. Just over half of the respondents agreed or strongly agreed that reality matched their expectations, and a quarter disagreed or strongly disagreed that board membership had panned out as they had expected.

### Disparity between organisational leaders and fundraisers

While satisfaction levels were generally neutral rather than poor, organisational leaders (including CEOs here) were significantly more satisfied with their current training and professional development activities than fundraisers. Likewise, while fundraisers were not especially dissatisfied with the resources provided to them to undertake their role, they were significantly less satisfied than organisational leaders. Organisational leaders had significantly higher agreement than fundraisers that their expectation of their role, prior to starting, closely matched reality.

### Key points and discussion

The power of peers to recruit peers is well known. It is demonstrated in the data here in that board members recruiting new board members was the most common recruitment practice.

However, the jarring finding in this section is the lack of mention of fundraising to board members at the time of recruitment. Further, no respondents reported any fundraising specific training at induction, and few nonprofit organisations offered any professional development in fundraising to the board as a whole. Should the sector be surprised that boards do not engage in fundraising as much as fundraisers might like them to? If the level

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of board involvement in fundraising is to change the data here shows where a key starting point lies: setting up board members to expect fundraising activities and governance as part of their role and equipping them with the understanding and tools to succeed in such activity. On a broader note, that only six out of ten respondents received any general governance training on induction might also be a red flag for needed change.

The finding that the fundraisers' job reality was less likely to match their expectations than for CEOs and board members may link to the earlier comments about fundraiser turnover and to the short tenure in their roles reported in the previous section.

## 8. BOARD PARTICIPATION AND ENGAGEMENT IN FUNDRAISING

Board members were invited to describe how they feel about asking people to give to their organisation. None reported that they either would not do it under any circumstances, or that it made them feel very uncomfortable. The largest group were those who felt “quite comfortable” about asking for support. A quarter of respondents said that they asked others to give “frequently and with enjoyment”.



It is interesting that fundraiser perceptions and reported experiences of levels of board engagement were somewhat different to the picture emerging from board members in the survey, although they did characterise boards as:

*...a mixed bag... you can have some fabulous experiences or some really quite demoralising experiences.*

A measure of cynicism was evident as a result of some fundraisers' poor support from their boards.

*...self-serving...most of them in my experience turn up, read their board papers at the board meeting, and that's about the extent of their involvement... they're there just to have a nice piece of paper.*

Some fundraiser focus group participants highlighted a fear of fundraising as not uncommon and what participants described as sometimes 'defensiveness' when discussing any fundraising background.

*...they are proud of the product, I just think it's this fear thing.*

*...they seem to be scared of fundraising... they also seem frightened to admit that.*

*...if you ask them, 'are you confident about fundraising?', they'll inevitably say 'yes', but when you probe ... and say, 'what aspect?' ... it's more lipservice and really they don't know the theory or the fundamentals... to go out and play an active role...*

This was echoed in a small way in the board member/CEO focus group.

*...everyone on the board regards it as daunting.*

This group of board members and CEOs also raised some resistance to change they saw amongst their fellows when it comes to fundraising.

*... the general proposition, if it became a charity's mission, from now on our board members are expected to host the table and your target is X, and all of that sort of thing, you'd lose half of your board members because they would fear it and they may... say that's not my skills so you've lost me now, so it could actually be a drain of board members.*

Others in this group clarified up front that their skills were not in the fundraising zone.

*...I said "I can't fundraise, you don't want me, I'm hopeless. I don't have any income or high wealth, and I'm hopeless at fundraising. Why on earth would you want me on the Board?" And they said, no, no, no, we'd like you on the board because of your skill sets... And I said as long as it's understood I don't know how to get the money.*

Fundraiser focus group participants also acknowledged that not all board members might need to be actively involved, but CEO involvement along with some board involvement was critical to success.

*...not all, but some, at least the CEO...*

*...depends on the skills and the personality styles and the comfort level.*

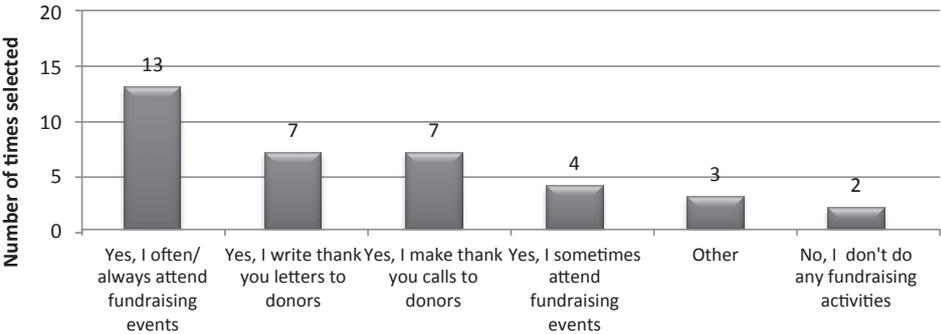
*...it's about finding where they fit in the fundraising process and they're not all going to be actively in front of people... but they can play a role, it's just finding what their role will be...*

This too was echoed by the board member/CEO focus group participants.

*I think for our organisation, our CEO is the best fundraiser. And has great influence with the board. [S/he] has over the years developed the trust so that when we approach a new idea or we looking at costing ratios, it's about that CEO having the confidence of the board to be able to get that risk appetite there, to the position where they would support it and that trust which takes a number of years I think to develop as a CEO.*

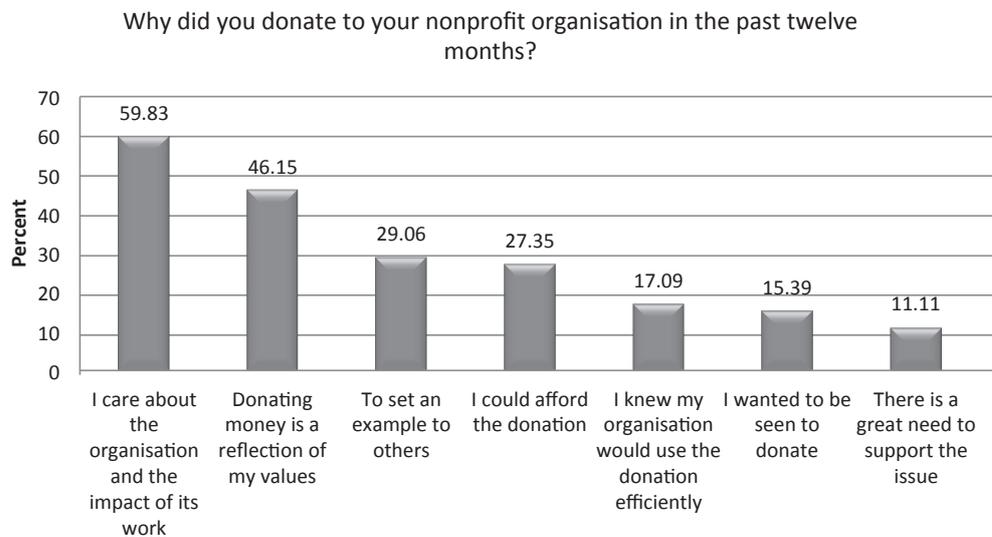
Board members were also questioned about what fundraising activities they undertake. Respondents here were able to select as many of the answer options as they wished. Attending fundraising events, writing thank you letters, and making thank you calls to donors were the most common choices.

**Do you undertake any activities for your nonprofit organisation associated with fundraising?**



## 9. FINANCIAL PARTICIPATION – GIVING AND BEQUESTS

Both fundraisers and board members were questioned about their own individual financial support of their organisation. A large majority (81%) had made a donation to their nonprofit organisation in the past 12 months. The most common reasons for their gift are shown below (please note respondents could select multiple reasons):



This group of donors was also asked how frequently they gave. More than half (56%) gave regularly, e.g. monthly or quarterly, and the remaining 44% gave on a one-off basis.

Fundraiser focus group participants carried strong views about board members contributing financially.

*... [it should be in the] terms of reference... very clearly that they be donors before if not immediately on joining the board... I don't know that we have that right generally as a sector.*

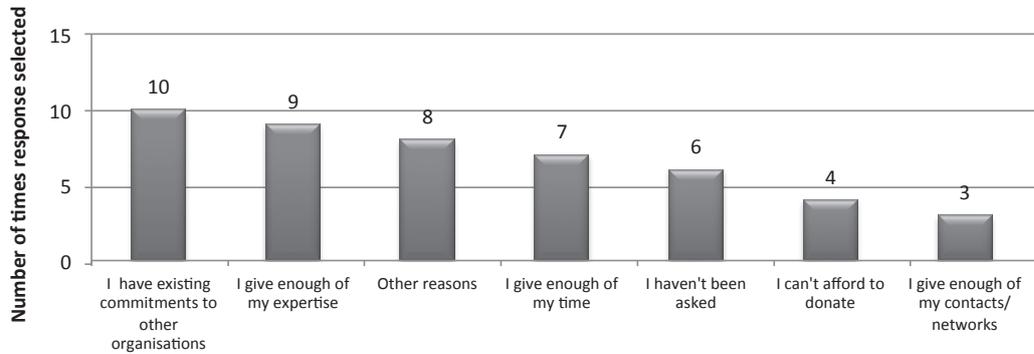
*They should be donors.*

*I always make a point, I make a donation to the organisation I represent within my means, so that I can look at the board member in their eye and say, 'look I've given, please join me and the others'.*

*I'm on a small arts board... in a meeting I said, 'Well, who's giving? Because I'm giving.' They were all absolutely petrified, but then they gave – someone had to champion it.*

Those respondents who had not donated in the past 12 months were also asked for their reason(s) for not donating. Again, respondents could select multiple reasons.

What are your reasons for not making a donation to your organisation in the past twelve months?



The issue of whether giving time and expertise alone is the right contribution mix was raised in the fundraiser focus group.

*...we understand that [time and expertise are] very important and valuable to us... but we also need you to make a financial contribution within your means because it sends a signal to the rest of the board and to our constituency...*

All survey participants were also asked about their bequests and bequest intentions. A large majority (85%) had not left a bequest to their organisation in their Will. Of this group, 79% stated that they also do not intend to leave a bequest.

**Key points and discussion**

Financial support is common across respondent groups (81% of all respondents) and relates mostly to caring about the organisation and its impact as well as being an expression of individuals' values. More than half describe themselves as regular givers (56%). Non-donors cited existing commitments to other organisations or a sense that they gave enough already via their donation of expertise. Six respondents had not been asked to give at all. Most (85%) had not included a bequest to their organisation in their Will and 79% of these did not intend to do so. However, some respondents had bequeathed and some might.

The issue of whether board members might give financially as well as in time and expertise raised varying strong responses.

# SOME CONCLUSIONS AND THOUGHTS ABOUT FUTURE CHANGE

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The **importance of the CEO in fundraising** is a primary and glaring finding of this study. CEOs communicate strongly with the board, they champion fundraising within and for their organisation, they resource and support and recognise fundraising staff and managers.

**Professional development in fundraising for CEOs** without previous experience in this area may therefore represent a focused investment for philanthropic returns and organisational sustainability. The importance of chemistry between the Chair and CEO as part of organisational effectiveness may mean that Board Chairs might also particularly benefit from formally upgrading their knowledge of fundraising mechanics. A silent factor in this finding is the acute significance of nominations committees and those charged with finding the right board members and the right CEO.

**Fundraising staff are loyal to the nonprofit sector and to fundraising as a career, but change roles and organisations frequently.** The detrimental impact of this high turnover for nonprofit organisations, their supporters and the fundraiser themselves is well established. However, if turnover analysis is not part of an organisation's approaches, it might be worth considering. Fundraising is about relationships. CEOs and boards can support fundraisers to remain in their roles through increased resourcing - within the bounds of a good risk assessment. They can also provide support through long term strategic planning for fundraising that focuses on relationships not transactions, leadership engagement, and building an internal culture of philanthropy in their organisations. Fundraising oversight that ensures the organisation upholds ethics and its promise to supporters to use donated funds as agreed is an important base. Giving the fundraising team the tools to be successful in the medium to long term is the next consideration.

This study shouts messages too about role ambiguity. From recruitment onwards, it appears **most board members lack a clearly communicated expectation that fundraising is part of the role of a board member in a fundraising organisation** - or that fundraising staff really value and need their help and understanding of the development function. The barn raising tradition of many hands working together to achieve outcomes is a good analogy for a successful fundraising organisation. In particular, fundraisers are seeking strategic input that is grounded in an awareness of fundraising as a process, profession and specialist discipline. Board member engagement and participation in fundraising takes many forms, and our study shows that many organisational leaders are comfortable directly asking for support for their organisation. The existing strength of commitment of board members to their organisations and to the nonprofit sector can be channelled into multiple activities that support individual donations. **Board members need to be given the tools and understanding to fundraise successfully, recognising that fundraising is far more than just a direct 'ask' for money.** This goes also for the monitoring and reporting of fundraising activities. This study has emphasised again the role - and challenges - of metrics beyond dollars. The impetus is here for more benchmarking of appropriate fundraising measures that tangibly demonstrate that fundraising does generate real return on investment when properly structured.

Boosting an organisation's fundraising capacity is effectively a change management exercise. For instance, each board and each individual board member and CEO is likely at a different stage in their fundraising understanding and experience. As well as experienced consultants, easily adaptable self diagnostic tools (Mallabone & Balmer 2010) and good background reading (Fishel 2008, Ch. 10) are readily available. Boards without a policy on board fundraising may want to add this topic to their agenda, to establish factually and honestly the current barriers to the board's fundraising success. Templates for board fundraising policies are available (see for example the OurCommunity.com.au Policy Bank

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where there is a board fundraising policy template under its financial management policies). Including fundraising expertise as part of the board skills matrix and recruitment policy should be considered, given this study's emphasis by fundraisers that this factor is part of the success formula.

Many other points of discussion emerge for individual organisations to consider. What is the value – beyond dollars - of board members giving financial support according to their means on top of their time and expertise? Research suggests that in some cases boards are not just peers of potential supporters but also the pacesetters in terms of their giving and involvement in the mission of the organisation. However, as **in all fundraising, the philosophy of giving as a voluntary, joyful act must be prized**. As board members in this study have indicated, the road to board involvement should not be paved with high pressure.

Other questions arise. In what other specific ways might board members be able to help given their own strengths and backgrounds? How open is the board as a whole to gaining more understanding of fundraising to be a more active part of this team for the organisation – raise that barn? How might that professional development best occur? Does the board actively work with the CEO to retain good staff of all kinds, not just fundraising, by adding the respect and acknowledgement that does make a difference to turnover behaviour? Does governance include fundraising? The board role is multi-stranded. It would seem that some boards take on their governance tasks with due deliberation but see aspects such as fundraising as a management function remote from them. Arguably, however, fundraising is indeed part of the fiduciary duty in any fundraising organisation.

The mirror image to board understanding of the fundraising function is for fundraisers to seek a better appreciation of the wider and different perspective of the board role. The responsibility inherent in words such as 'risk', 'reputation' and 'conservative' that emerged consistently from the board member/CEO focus group are important angles for fundraisers to consider. When seeking more resourcing, fundraisers might better recognise the decision pressures boards face, and the kind of reporting required to support their boards. It is a two-way relationship.

Nonetheless, the intrinsic power and status roles that exist in even the most egalitarian of organisations mean that fundraisers may not find issues like those evident in this study easy to raise with their CEO and board. The impetus for more leader engagement in fundraising may therefore need to come from boards and CEOs. The evidence base that the discussion needs to happen now exists. Significant power and energy flow from a board that takes real leadership in fundraising.

Change in this fundraising leadership area will be a journey of many steps but it is within reach of every organisation wishing to build its fundraising capacity and muscle. So what is a useful and easy first step from here?

**If Australian board members and CEOs did no more after perusing this study than ask their fundraiser/s how they might help more – then a significant impact will have been made.**

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# APPENDIX A – ABOUT ACPNS

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The mission of the Australian Centre for Philanthropy and Nonprofit Studies (ACPNS) is to bring to the community the benefits of teaching, research, technology and service relevant to philanthropic and nonprofit sectors.

ACPNS currently has four main areas of research. These are:

- nonprofit model laws, led by Professor Myles McGregor-Lowndes
- social enterprise, led by Associate Professor Jo Barraket
- nonprofit governance and accounting, led by Associate Professor Gavin Nicholson, and
- philanthropy, fundraising and nonprofit marketing, led by Dr Wendy Scaife

Research staff from each of these teams undertake an active program of academic and commissioned research, publishing in academic journals, teaching post-graduate students as part of ACPNS' Graduate Diploma and Masters programs, and engaging with community organisations and the general public through presentations, events, teaching, and resources.

In the philanthropy research team, current and recent projects include a study into giving to support women and girls; a study on major gifts including perspectives from fundraisers and donors; research into philanthropic support for Indigenous organisations; an investigation into the decisions made by donors to formally structure their giving; and research benchmarking the resourcing of fundraising in arts and cultural organisations.

ACPNS plays an active role in the Australian nonprofit sector, and strives for excellence in its research and teaching. As one of the few Universities in Australia offering a post-graduate qualification focusing on philanthropy and nonprofit studies, QUT is committed to working with the staff and governing boards of nonprofit and philanthropic organisations to the ultimate benefit of all parties.

# RESEARCH TEAM

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**Dr Wendy Scaife** BBusComn, MBusMgt, PhD, EMFIA, FPRIA, Senior Research Fellow, ACPNS

Wendy studies and teaches philanthropy and fundraising. Her work spans the cause/giver spectrum (see [http://eprints.qut.edu.au/view/person/Scaife,\\_Wendy.html](http://eprints.qut.edu.au/view/person/Scaife,_Wendy.html)). Wendy was on the Research Australia Philanthropy and National Compact Steering Committees. She serves on FIA's Codes Taskforce and Professional Development Committee and on a disaster grantmaking committee. She chairs a small community heritage project. Wendy was previously a state CEO/ national Deputy CEO of the Leukaemia Foundation.

**Alexandra Williamson** MBus (Philanthropy and Social Investment), Senior Research Assistant, ACPNS

Alex has more than a decade of experience working in the philanthropic sector in Melbourne, first with one of Australia's largest private foundations, and then within the charitable trusts team of a national trustee company. She is experienced in grants program management, including the development of a national university-based scholarships program, and has worked in the research grants office of a Go8 university. She holds a Master of Business (Philanthropy and Social Investment) from Swinburne University of Technology.

**Katie McDonald** BSocSci (Hons 1) Qld, Former Research Assistant, ACPNS

Katie holds a Bachelor of Social Science (Hons I) in development studies. She is particularly interested in development practice, nonprofit organisations, governance, and capacity building. Katie has a professional background in strategic policy and research, and has worked with nonprofit organisations in Australia, Bangladesh, Cambodia, Fiji, and currently South Africa.

*Special acknowledgement and thanks also go to ACPNS team member **Emma Pelling** for her expert quantitative data analysis and advice.*

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***ACPNS research studies supported by Perpetual, the EF and SL Gluyas Trust and the Edward Corbould Charitable Trust***

Our sincere thanks go to the Perpetual Foundation, the EF & SL Gluyas Trust and the Edward Corbould Charitable Trust for supporting five years of research by ACPNS.

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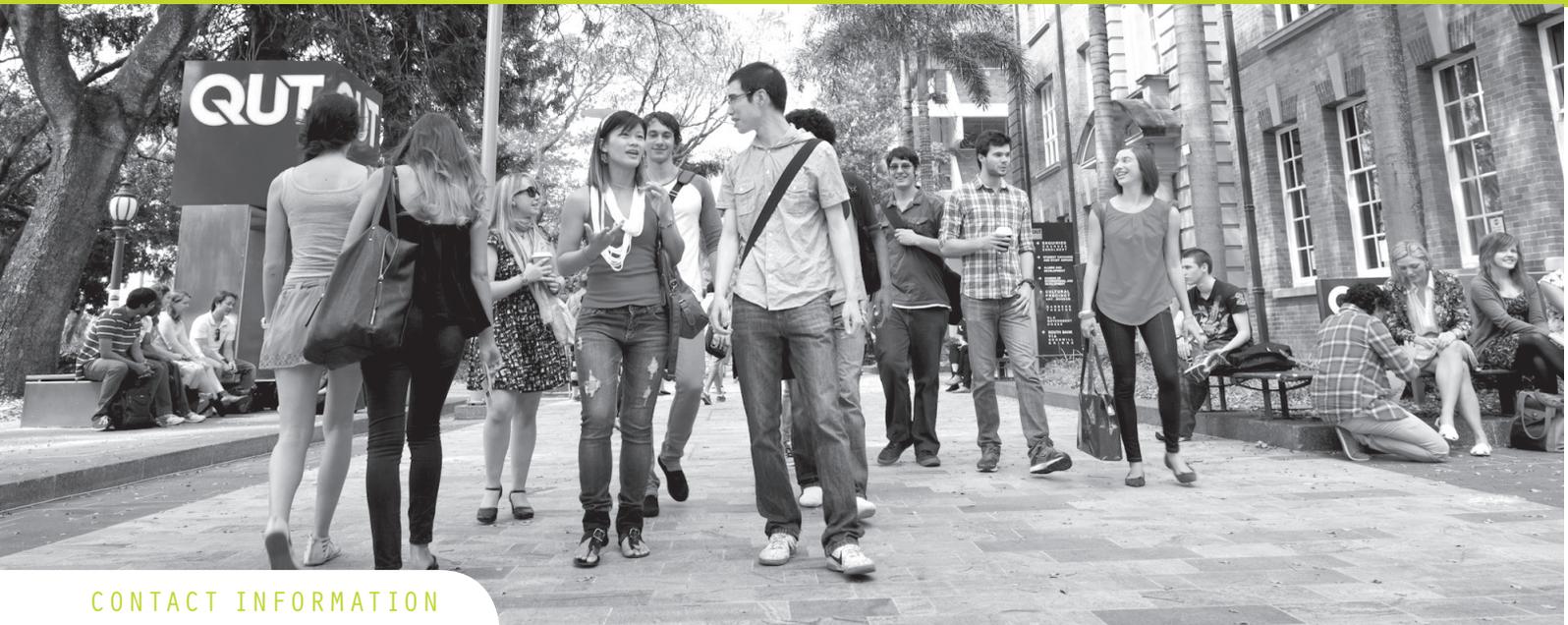
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