

SIGNS *of* HEALTH

*Positive Trends in Fundraising Practices
in Western Environmental Nonprofits*



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Signs of Health: Positive Trends in Fundraising Practices in Western Environmental Nonprofits

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About Training Resources For the Environmental Community (TREC):

Activists Serving Activists with the Business of Activism Since 1997 Throughout the Intermountain West

TREC's mission is to catalyze the habitat conservation and wilderness protection community in Western North America to promote sustainable environmental integrity and diversity. We carry out our mission through coaching, consulting, and training services focused on leadership development, capacity building and leveraging resources to organizations dedicated to habitat conservation and wilderness protection. TREC services include consultation and training in the following areas:

- Evaluation & Organizational Learning
- External Relations
- Fiscal Sustainability
- Governance
- Leadership
- Personnel Management

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EXECUTIVE SUMMARY

Training Resources for the Environmental Community (TREC) is a capacity-building organization that works to help environmental nonprofits that are working to protect wildlife and wildlands in the western United States and Canada meet their mission and manage change. TREC has been examining trends in fundraising in these groups in a series of surveys beginning in 2002, providing timely and useful information about environmental nonprofits not available elsewhere.

In our 2004 report, *Surviving or Thriving: Raising Funds for Environmental Nonprofits in the West*, we noted that economic downturns, more conservative governments in the United States and Canada, and general belt-tightening among foundations and individuals had caused many groups to reduce budgets, lay off staff, and begin to think about diversifying their sources of funding, even while they remained heavily dependent on foundation grants.

By the end of 2006 and into 2007, circumstances had shifted once more. A long stock market boom in the U.S. had brought substantial economic gains to the wealthiest, even as gaps in income between them and the poorest citizens widened. New attention to global warming and the political reversal of some of the most important environmental gains of the late 20th century heightened general awareness of environmental issues even as they increased competition for funds.

To learn whether environmental groups' fundraising was reflecting some of these new trends, we surveyed TREC's client base of western environmental groups, receiving responses from 95 staff people in 87 different organizations. Thirty-six organizations had also responded to our 2004 survey, offering the chance to make comparisons between the responses from that survey and the current one.



Key Findings

The fundraising situation of western environmental groups is generally more positive than in previous years, with organizations reporting increased efforts in “working diligently to diversify income sources.” Although groups remain largely (and understandably) dependent on foundation funding and there is only a slight increase in major and legacy donors, there is nevertheless greater financial health, as evidenced by the following key findings:

Western environmental groups are in a stronger financial position, as shown in three crucial areas of operation: budgets are higher and income has increased, many groups have operating reserve funds, and nearly all groups have strategic plans and many are using them in their fundraising.

- A majority of organizations reported larger budgets and greater income, including a 6 percent increase in individual giving.
- Nearly half of the groups responding had established sufficient reserves to cover between four and twelve months of operations. Particularly for smaller nonprofits, just raising enough funds to cover the current year’s budget can be a monumental and exhausting task. Raising enough funds to establish an operating reserve that could carry them during a slower fundraising period helps keep the organization viable and allows it to take a longer view in planning its work. Not least, it gives the fundraising staff — particularly the executive director and development director — more resilience and fosters greater job satisfaction.
- Three-quarters of the organizations responding not only have strategic plans but are using them for fundraising by sharing them with individual and institutional donors. TREC has put increased emphasis on the need for strategic plans to strengthen groups’ direction and show stability. The stronger financial positions and larger budgets of the groups responding to the 2006-2007 survey may be evidence of a clearer focus provided by a strategic plan and an indication of better outcomes that can be attained by using it.

Groups report an increase in development staffing and a shift in the amount of time the executive director spends on fundraising.

With more staff focused on raising funds, the amount of time executive directors spent exclusively on fundraising has decreased. Although some of the tasks that have been delegated to development staff may have freed the executive director’s time for planning and program work, executive directors do not yet seem to appreciate sufficiently the crucial role they must play in cultivating donors and foundation staff.

Although groups still depend heavily on foundation funding, they are also working to diversify funding sources.

Most understand that personal solicitation is the most successful way to raise funds. On average, groups still rely on foundation funding for nearly half of their budgets. They report working to diversify income sources and strengthen individual major donor and legacy giving programs, and reported that, on average, gifts from individuals increased to 37 percent of budget. However, they have not yet put maximum effort into these activities and are not seeing significant enough increases in giving from individuals.

Recommendations for Action

Although nonprofit organizations will undoubtedly continue to require foundation funding for program expenses, they need to consider ensuring operating costs for the long term through greater self-sufficiency — that is, fundraising from individuals, particularly through major donations and legacy gifts. Key to any organization’s fundraising achievements are its staff. It is critical that organizations, through their boards and executive directors, not only recruit and support outstanding staff but also retain them through adequate compensation and attention to developing skills. Longevity will undoubtedly yield greater dividends in stability, success, and satisfaction.

Implementing the following recommendations will take investing in training and practice to improve fundraising skills among staff and board so as to strengthen and deepen the organization's fundraising culture as it moves toward greater self-sufficiency.

Executive directors and development staff need to boost their knowledge, skills, and confidence in individual giving.

Both development staff and executive directors need to increase their proficiency and comfort with the skills needed to raise significant funds from individuals: prospect identification, solicitation strategies, and the nuts and bolts of legacy giving. Many opportunities for skill development are available. One-on-one coaching followed by face-to-face donor interactions may produce the most dramatic results. However, the most effective and readily available approach is simply to start small and practice systematically building relationships with donors, asking for gifts, and following up to continue building the relationship and setting the stage for the next gift request. Start today: take a donor out to lunch or breakfast.

Executive directors need to acknowledge and fulfill their crucial role in cultivating major and legacy donors and asking for gifts.

It is critical that executive directors commit even more of their time to developing and deepening relationships with major and legacy donors. Needs of donors have shifted in recent years, making expanded, in-depth contact critical to remain competitive in the fundraising marketplace. For face-to-face contact — with foundation personnel as well as potential or committed major and legacy donors — there is no underestimating the importance of the executive director's presence, conveying the message that this prospect, this donor, or this foundation is of utmost importance to the organization. Especially when seeking to complete a legacy gift — a gift of some or all of the accumulation of someone's life work — it is critical that the donor understands not only the principles that make up the organization's long-term vision, but also that the people involved are the right people to carry on the mission long into the future.

With the help of their development staff, executive directors need to create brief, cogent, and passionate “selling points” for the projects for which funds are being sought, showing how current projects link to the larger, long-term organizational vision and mission. Then they need to take that story to donors or prospects, listen to discover donor interests, connect their interests with the work, make the ask, and follow through in securing the gift. There is no substitute for the value of building fundraising and relationship skills through repeated face-to-face interactions with donors. To build their skills in personal asking for major and legacy gifts, executive directors must work as a team that includes program staff, development staff, the director, and key volunteers.

Staff need to work with the board chair to increase the involvement of willing board members in fundraising.

Even if not all board members are comfortable doing fundraising, many are willing to pitch in. Staff need to help board members appreciate the range of activities they could participate in to help with fundraising: from identifying prospects and signing letters to going out with staff on major donor visits. The key is to develop (or hire a consultant to provide) informative, structured training in fundraising for board members, then ask them to commit to participate within their range of skills and comfort and provide them with the ongoing support to do so.

Once board members are participating at some level, staff should work with the board chair to identify members who could be doing more, and work with those members to increase their skills and involvement. Capitalizing on the enthusiasm of board members who are willing to help with fundraising will multiply groups' effectiveness, especially with major and legacy gifts. Developing a “culture of fundraising” on the board will ultimately move more board members into fundraising activities.

BACKGROUND

Training Resources for the Environmental Community (TREC) is a capacity-building organization headquartered in Santa Fe, New Mexico, that works to help environmental nonprofits in the western United States and Canada that are working to protect wildlife and wildlands meet their mission and manage change. Since 2002, TREC has conducted three surveys focusing on fundraising among nonprofit environmental groups in order to examine trends in practices, identify successes and challenges in the field, learn who is doing fundraising and how they are faring, and gather information to inform TREC's capacity building program.

The most recent survey was conducted in the winter of 2006–2007. A reasonable amount of overlap with respondents from the previous surveys made it possible to compare the results and identify trends over time.

In our 2004 report, *Surviving or Thriving: Raising Funds for Environmental Nonprofits in the West*, we noted that economic downturns and more conservative governments in the United States and Canada had changed the philanthropic and political context for fundraising in the early years of the 21st century. Shrinking foundation assets, a general belt-tightening among the middle class, and the influence of worldwide disasters, starting with 9/11, had caused many groups to reduce budgets, lay off staff, and begin to think about diversifying their sources of funding, even while they remained heavily dependent on foundation grants.

By the end of 2006 and into 2007, circumstances had shifted once more. A long stock market boom had brought substantial economic gains to the wealthiest, even as gaps in income between them and the poorest citizens widened. New attention to global warming and the political reversal of some of the most important environmental gains of the late 20th century may have heightened general awareness of environmental issues, even as they increased competition for funds. We wondered whether environmental groups' fundraising was reflecting some of these new trends.

To answer our questions, TREC disseminated a comprehensive survey to its client base of western environmental groups through email, list-serves, and its own distribution lists. The survey included a mix of open- and close-ended questions and was modeled on questionnaires used for earlier studies. (The survey instrument can be found in the Appendix on page 21.)



Survey Respondents

Over the past five years, those most responsible for fundraising from about one hundred groups have responded to each of TREC's fundraising surveys: 100 responded in 2002, 133 in 2004, and in 2006-2007, 95 staff people from 87 different organizations completed our survey. Thirty-six organizations responded to both the 2004 and 2006-2007 surveys. This 41 percent repeat rate suggests that valid comparisons can be made between the responses from the last two surveys.

Demographic data concerning the individuals who completed the current survey prove notable. In particular, fewer executive directors identified themselves as the person most responsible for fundraising, and more development directors or staff with other titles now have that role. In 2004, 72 percent of those responding to the survey as the lead fundraising staff were executive directors; 37 percent were dedicated development staff. Of the respondents to the current survey, only 35 percent were executive directors, an indication of greater staff resources available to go to fundraising. Additional statistics concerning the age and gender of those participating in the survey are presented in Table 1.

It is of note that development directors in the organizations surveyed are nearly all female (95 percent) and that the majority of staff other than executive directors involved in fundraising are also female. According to the Association of Fundraising Professionals' 2007 Compensation and Benefits Study in the U.S. and Canada, there is a dramatic difference in the compensation of males and females and a "very strong correlation" between years of experience and compensation. The data from our survey seem to reflect these differences. Although we did not ask about salary for this report, the women who are the development directors and other fundraising staff at these environmental organizations are, on average, ten years younger than their executive directors. TREC hopes that as these women gain more experience, many of them will move into the role of executive director, evening out the current gender differences.

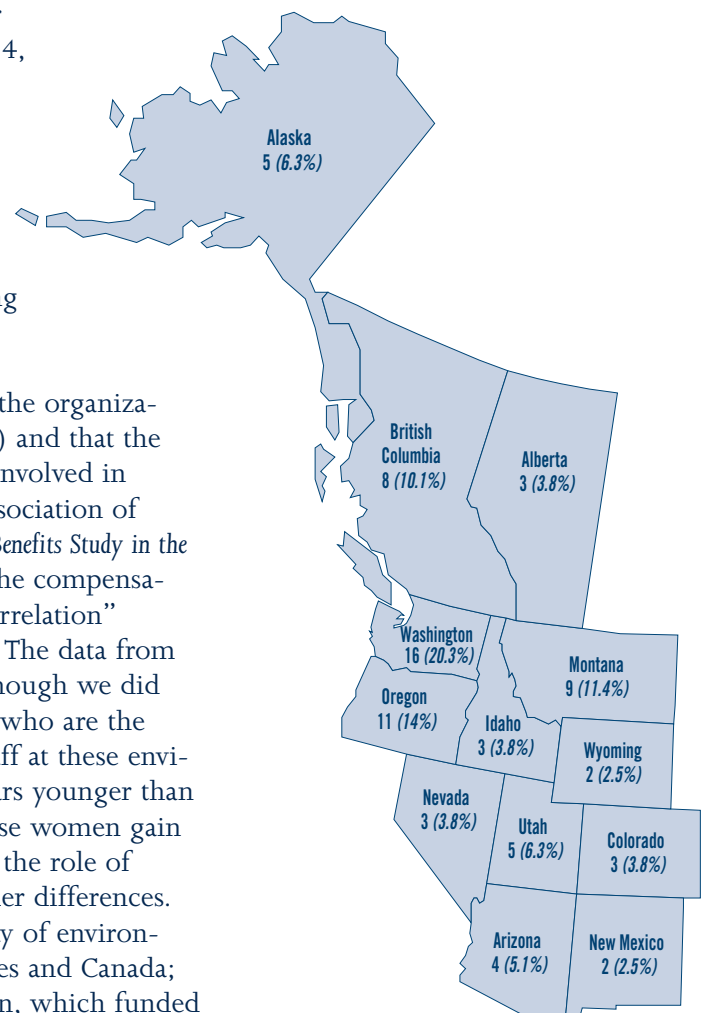
Survey respondents came from a wide array of environmental organizations in the western United States and Canada; some are grantees of the Wilburforce Foundation, which funded the study. In 2004, 80 percent of respondents were from the United States and 20 percent from Canada; today, slightly more — 86 percent — are from the United States and 14 percent from Canada.

Table 1. Characteristics of Survey Respondents (N = 80)

JOB TITLE	TOTAL	PERCENT*	PERCENT MEN	PERCENT WOMEN	MEDIAN AGE
Executive Director	33	41	61	39	47
Development Director	22	28	5	95	37
Associate Director	11	14	36	64	46
Other Staff	14	18	36	64	38

*May not equal 100% due to rounding.

Location of survey respondents



KEY FINDINGS

The fundraising situation of groups responding to the 2006-2007 survey reveals a generally more positive picture than emerged from our earlier reports. The following key findings present a snapshot of today's financial situation and fundraising efforts among those in our survey:

- Western environmental groups are in a stronger financial position as shown in three crucial areas of operation: budgets are higher and income has increased, many groups have operating reserves, and nearly all groups have strategic plans and many are using them in their fundraising.
- Groups report an increase in development staffing and a shift in the amount of time the executive director spends on fundraising.
- Although groups are still heavily dependent on foundation funding, they are also aware of the need to diversify funding sources. Most understand that personal solicitation to major and legacy prospects and donors is the most successful way to raise funds.
- There are clear directions for expanding fundraising success: increasing major and legacy gifts and expanding the potential of board members as fundraisers.
- Staff and board need to increase their comfort and skill level in asking for major gifts.



RECOMMENDATIONS FOR ACTION

Circumstances with which environmental groups are fundraising have shifted since 2004. A long U.S. stock market boom had brought substantial economic gains to the wealthiest, even as gaps in income between them and the poorest citizens widened. New attention to global warming and the political reversal of some of the most important environmental gains of the late 20th century heightened general awareness of environmental issues and increased individuals' and foundations' interest in funding them, even as they also increased competition for funds. Environmental groups in the western United States and Canada have reaped the benefits of some of these trends, including greater budgets and more staff to devote to fundraising. However, although nonprofit organizations will undoubtedly continue to require foundation funding for program expenses, they will only reach financial security by continuing to diversify their income sources, with particular emphasis on increasing individual giving, particularly major and legacy gifts.

The following recommendations are designed to help western environmental organizations move closer to self-sufficiency. Key to any organization's fundraising achievements are its staff. It is critical that organizations, through their boards and executive directors, not only recruit and support outstanding staff but also retain them through adequate compensation and attention to developing skills. Longevity will undoubtedly yield greater dividends in stability, success, and satisfaction.

Implementing the following recommendations will take investing in training and practice to improve fundraising skills among staff and board so as to move toward greater self-sufficiency.

Executive directors and development staff need to boost their knowledge, skills, and confidence in individual giving.

Both development staff and executive directors need to increase their proficiency and comfort with the skills needed to raise significant funds from individuals: prospect identification, solicitation strategies, and the nuts and bolts of legacy giving. Many opportunities for skill development are available. One-on-one coaching followed by face-to-face donor interactions may produce the most dramatic results. However, the most effective and readily available approach is simply to start small and practice systematically building relationships with donors, asking for gifts, and following up to continue building the relationship and setting the stage for the next gift request. Start today: take a donor out to lunch or breakfast.

Executive directors need to acknowledge and fulfill their crucial role in cultivating major and legacy donors and asking for gifts.

It is critical that executive directors commit even more of their time to developing and deepening relationships with major and legacy donors. Needs of donors have shifted in recent years, making expanded, in-depth contact critical to remain competitive in the fundraising marketplace. For face-to-face contact — with foundation personnel as well as potential or committed major and legacy donors — there is no underestimating the importance of the executive director's presence, conveying the message that this prospect, this donor, or this foundation is of utmost importance to the organization. Especially when seeking to complete a legacy gift — a gift of some or all of the accumulation of someone's life work — it is critical that the donor understands not only the principles

that make up the organization's long-term vision, but also that the people involved are the right people to carry on the mission long into the future.

With the help of their development staff, executive directors need to create brief, cogent, and passionate "selling points" for the projects for which funds are being sought, showing how current projects link to the larger, long-term organizational vision and mission. Then they need to take that story to donors or prospects, listen to discover donor interests, connect their interests with the work, make the ask, and follow through in securing the gift. There is no substitute for the value of building fundraising and relationship skills through repeated face-to-face interactions with donors. To build their skills in personal asking for major and legacy gifts, executive directors must work as a team that includes program staff, development staff, the director, and key volunteers.

Staff need to work with the board chair to increase the involvement of willing board members in fundraising.

Even if not all board members are comfortable doing fundraising, many are willing to pitch in. Staff need to help board members appreciate the range of activities they could participate in to help with fundraising: from identifying prospects and signing letters to going out with staff on major donor visits. The key is to develop (or hire a consultant to provide) informative, structured training in fundraising for board members, then ask them to commit to participate within their range of skills and comfort and provide them with the ongoing support to do so.

Once board members are participating at some level, staff should work with the board chair to identify members who could be doing more, and work with those members to increase their skills and involvement. Capitalizing on the enthusiasm of board members who are willing to help with fundraising will multiply groups' effectiveness, especially with major and legacy gifts. Developing a "culture of fundraising" on the board will ultimately move more board members into fundraising activities.



FINDINGS

The fundraising situation of groups responding to the 2006-2007 survey reveals a generally more positive picture than the one that emerged in 2004. Notable in the current data is the fact that organizations report putting increased effort into “working diligently to diversify income sources.” Nonetheless, we see just a 6 percent increase in individual giving, groups remain largely (and understandably) dependent on foundation funding, and the need for improved fundraising from major and legacy donors remains.

The Improving Funding Picture

Better fundraising health for organizations in 2006-2007 is evidenced by a number of key factors reported by respondents: increased income from fundraising, larger organizational budgets, the existence of operating reserves, more fundraising staff, moves to diversify sources of income, and the presence of strategic plans.

Increased Income

A majority of organizations (62 percent) reported that they raised more money in 2006-2007 than in the previous year. The median increase (based on total budget) was 15 percent. Only 10 percent of the organizations in our survey raised less money in 2006-2007 than in 2004, and the median decrease, based on total budget, was 11 percent. These results are presented in Table 2.

More than half of the organizations (64 percent) reported an increase in funding from major donors. Interestingly, a sizeable portion of groups (53 percent) also report a increase in membership fees and small donations. Table 3 shows the percent of organizations reporting changes in specific funding sources between 2004 and 2006-2007.

Larger Organizational Budgets

Overall, our results suggest that organizational budgets for western environmental groups are growing. Evidence of growth can be found by comparing organizational budget size in our 2002, 2004, and 2006-2007 surveys (Table 4). The comparison reveals a steady decrease

Table 2. Reported Change in Organizational Budget (N=95)

CHANGE IN FUNDING	NUMBER	PERCENT	MEDIAN CHANGE (%)
Increase in Budget	45	62	15
No Change	21	28	—
Decrease in Budget	7	10	11

Table 3. Percent of Organizations Reporting Changes in Funding Sources

SOURCE OF FUNDING	Percent of Organizations Reporting Budget			TOTAL
	INCREASE	NO CHANGE	DECREASE	
Major donor gifts	64	21	15	100
Foundations	58	23	19	100
Membership fees or small gifts	53	24	24	100
Events	50	37	13	100
Corporations	46	46	8	100
Fee for service	27	63	10	100
Legacy gifts	23	67	10	100
Workplace giving	19	73	9	100
Government	16	71	14	100
Product sales	12	76	12	100
Other	26	75	--	100

in groups with budgets of less than \$250,000 (dropping from 63 percent of respondents in 2002 to 30 percent in 2004 and only 19 percent in 2006-2007). In 2002, just 24 percent of groups had budgets of more than \$500,000; by 2006-2007, 54 percent of respondents had budgets greater than \$500,000.

Operating Reserves

Another measure of financial stability is the presence of operating reserves (in excess of one month of operating cash); our survey finds that a significant percentage of organizations have such funds on hand. In fact, as shown in Table 5, more than one-third of the organizations (38 percent) had enough funds to cover between one and three months of costs, while nearly half (49 percent) had sufficient reserves to cover between four and twelve months of operations. Particularly for smaller non-profits, just raising enough funds to cover the current year's budget can be a monumental and exhausting task. Raising enough funds to establish an operating reserve that could carry them during a slower fundraising period (as may occur during the upcoming 2008 political campaigns in the U.S.) helps keep the organization viable and allows it to take a longer view in planning its work. Not least, it gives the fundraising staff — particularly the executive director and development director — more resilience and fosters greater job satisfaction.

More Fundraising Staff

Nearly one-third of organizations (32 percent) reported that they had increased the number of full-time fundraising staff over the last two years, while only 14 percent decreased fundraising staff. Groups reported an average of 1.5 full-time fundraising staff and close to two other personnel working part-time on fundraising. These results likely reflect the larger budgets (hence, capacity) of the majority of survey respondents. However, as Table 6 shows, smaller organizations continue to have fewer people devoted to fundraising, increasing the pressure on staff in these organizations to produce the needed funds. At the highest organizational budgets, the number of fundraising staff declines, perhaps indicating economies of scale.

The increase in full-time fundraising staff also correlates with changes in how much time executive directors spend on fundraising. Between 2004 and 2006-2007 there was a decrease in the amount of time executive directors spent exclusively on fundraising — with more executive directors spending less time on fundraising in 2006-2007 than in 2004 (see Table 7).

Table 4. Budgets of Responding Organizations, 2002, 2004, and 2006–2007

BUDGET CATEGORY	PERCENT OF ORGANIZATIONS		
	2002	2004	2006–2007
Less than \$250,000	63	30	19
\$250,001 to \$500,000	13	27	27
\$500,001 to \$1 Million	14	24	29
More than \$1 Million	10	19	25
Total	100	100	100

Table 5. Months of Reserve/Operating Cash, by Number and Percent of Organizations (N=80)

NUMBER OF MONTHS	NUMBER	PERCENT*
Zero	2	3
Less than 1 month	4	5
1 to 3 months	30	38
4 to 5 months	17	21
6 to 12 months	22	28
More than 12 months	5	6
Total	80	101

* Exceeds 100% due to rounding

Table 6: Full-Time and Part-Time Fundraising Staff by Organizational Budget

BUDGET SIZE	AVERAGE NUMBER FULL-TIME FUNDRAISING STAFF	AVERAGE NUMBER PART-TIME FUNDRAISING STAFF
Under \$250,000	.5	1.3
\$250,001–\$500,000	1.1	2.0
\$500,001–\$1 Million	1.5	1.9
\$1 Million–\$2 Million	2.5	3.5
\$2 Million–\$3.5 Million	4.4	3.4
Over \$3.5 Million	2.6	2.4

Not surprisingly, development directors continue to spend almost all of their time exclusively on fundraising. In both 2004 and 2006-2007, 64 percent of development directors reported spending between 76 percent and 100 percent of their time on this task. What is of particular concern in this year's results, however, is the smaller percentage of development directors whose work is exclusively focused on fundraising — down from 32 percent in 2004 to only 14 percent in 2006-2007. This finding suggests that development directors are being stretched to cover additional organizational functions not normally within their purview — a disturbing trend that may signal lack of respect and recognition of the critical nature of a development director's job.

Moves to Diversify Income Sources

When asked to rate their effort at strengthening a variety of fundraising functions over the last three years, survey-takers report mixed results. As Table 8 reveals, respondents have been working most assiduously to diversify their income sources. On the other hand, legacy (planned) giving appears to continue to be largely neglected, and groups report only modest results in decreasing their reliance on foundation funding.

In an open-ended question, more than one-quarter of respondents (28 percent) reported that the need to identify more donors, and particularly to increase major donations from individuals, was their greatest recent fundraising challenge. In response to the question, "What has been your greatest fundraising challenge over the last two years?" typical comments include the following:

- “Finding major donors to approach”
- “Finding prospects to move into giving”
- “Attracting more major donors to diversify our funding base”

Table 7. Time Exclusively Devoted to Fundraising

STAFF MEMBER	PERCENT OF TIME SPENT ON FUNDRAISING							
	25% or less		26% to 75%		76% to 99%		100%	
	2004	2006-07	2004	2006-07	2004	2006-07	2004	2006-07
Executive Director	36	50	59	44	6	6	—	—
Development Director	3	—	34	36	32	50	32	14

Table 8. Ratings of Fundraising Strategies

1.0 = “Strongly Disagree” and 5.0 = “Strongly Agree”

OVER THE LAST THREE YEARS MY ORGANIZATION...	AVERAGE RATING
Has been working diligently to diversify its income sources.	3.8
Has significantly strengthened its individual giving program.	3.3
Has significantly strengthened its major donor program.	3.2
Has significantly decreased its reliance on foundation funding.	2.8
Has significantly strengthened its planned giving program.	2.0

Legacy Giving

By “legacy gifts,” we mean the broad category of bequests and other planned gifts, in concert with the national “leave a legacy” public awareness efforts that encourage people from all walks of life to leave a legacy by including charitable gifts in their estate planning. Although there are many nonprofit and commercial financial vehicles with charitable components, in fact most gifts related to estate planning (more than 90 percent) come in the form of bequests. This straightforward gift, whether in a will or the designation of a charitable beneficiary for a retirement plan, is also the most likely kind of gift for a small or intermediate-size conservation group to receive.

Extensive research estimates the value of wealth that will be transferred among generations in the next two decades at more than \$41 trillion. The choices about what charities might receive an important portion of this transfer are being made now and over the next few years, as evidenced by reports in this survey that about one-third of organizations have board members who have told them they have included their organizations in their estate plans.

Eligible groups can learn more about how to work with donors around legacy planning through TREC's legacy gifts training series.

Strategic Plans

Another sign of organizational health is the presence of strategic plans among a majority of groups. Thoughtful planning processes (and well-prepared documents) signal to funding partners that an organization has both a clear focus and strong momentum for its work. Three-quarters of those taking our survey have strategic plans. As presented in Table 9, half have shared those plans with foundation funders, and more than half have provided copies to donors or prospects. The stronger financial positions and larger budgets of the groups responding to the 2006-2007 survey may be evidence of a clearer focus provided by a strategic plan and an indication of better outcomes that can be attained by using it.

Stagnation in source of income

Since shifting sources of income is a long-term strategy, it will take time before there is a noticeable difference in how organizations are funded across the sector. Moreover, foundation funding will always account for a significant share of a nonprofit's budget. Given these factors, it is not surprising that the percentage of funds raised from foundations has not changed markedly from our 2004 survey. Nonetheless, efforts to diversify may be behind the moderate increase in individual giving from 31 percent in 2004 to 37 percent in 2006-2007. Table 10 shows the average composition of organizational budgets reported in both 2004 and 2006-2007.

Specifically, in 2004, 31 percent of organizations' budgets came from individuals (in the form of membership fees, major donor gifts, and income from events), while 45 percent were from foundation grants. In 2006-2007, the percentage from individuals grew moderately, to 37 percent, with a slight increase in both small gifts and major donations. Foundation funding, however, has remained virtually unchanged at an average of 46 percent of budgets.

About the Fundraisers

Survey respondents were generally positive about their work, and development directors were aware of the strong role executive directors play in fundraising.

Job Satisfaction

Job satisfaction among both executive directors and development directors was high: respondents rated their satisfaction, on average, as 4.3 and 4.1, respectively, on a scale of 5.

Table 9. Stakeholders Receiving Copies of Strategic Plans (N=87)*

NUMBER OF MONTHS	NUMBER	PERCENT*
Foundation funders	44	51
Major donors	33	38
Individual donors (members & small donors)	20	23
Major donor prospects	16	18
Corporate givers	10	12

* Respondents were able to select multiple answers.

Table 10. Comparison of Average Percent of Organizational Budget from Different Sources

SOURCE OF FUNDING	Average Percent	
	2004	2006-2007
Foundations*	45	46
Individuals	31	37
Major donor gifts	13	15
Membership fees or small gifts (e.g. fees, renewals, appeals)	15	17
Events	3	5
Government	8	5
Fee for service	7	4
Legacy gifts (e.g. bequests, trusts)	NA	1
Corporations (e.g. grants, sponsorship, matching gifts)	3	3
Special fees	NA	<1
Workplace giving (e.g. Earthshare, United Way)	<1	1
Product sales	1	1
Other	4	2

* Foundations may include some unstaffed foundations that are essentially vehicles for individual giving; therefore, individual major donors may be underrepresented here.

Nearly half (36) of the 79 respondents to this question said that what they like most about their job is working on something they care about and spending their time on an important mission. Nearly one-third (32 percent) also indicated job challenges to be the stresses of the job, including feeling both overworked and at times overwhelmed. Nonetheless, more than half of the respondents try to keep up their fundraising skills by reading books and journals, taking advantage of TREC's services, or working with individual consultants.

Contributions of the Executive Director

When asked what fundraising skills among executive directors were most valuable, the top reply from development directors was maintaining good relationships with the foundation community and writing grant proposals (13 out of 44 responses, or 30 percent). Among the responses are the following:

“Approaches foundations assertively, arguing when foundation staff are mistaken. Doesn’t back down.”

“He does a good job at grantwriting and building relationships with foundations.”

“She has excellent relationships with the foundation community.”

A number of other valuable traits were also mentioned, including the following:

“Charismatic leadership that opens doors.”

“An excellent sales person for the organization.”

“Writes the text for special appeals to members.”

“Takes the time to help personalize our contact with members/donors through personal notes on renewal letters, personal notes on thank you letters, and making phone calls.”

“Very good at articulating vision and goals, an excellent fundraiser when he has the time.”

So while the amount of time executive directors spend on fundraising has decreased, the value of their involvement remains critical. For face-to-face contact — not only with foundation personnel but also with potential or committed major and legacy donors — there is no underestimating the importance of the executive director's presence, conveying the message that this prospect, this donor, or this foundation is of utmost importance to the organization.

What Is Influencing Fundraising Success

Beyond the value of the executive director's participation in fundraising, survey respondents noted both internal and external challenges that affect their ability to raise funds. The following challenges were mentioned most often:

Internal Impediments

- Deficiencies in infrastructure, particularly poor database programs, lack of staff, and staff turnover
- Lack of board involvement

External Influences

- Declining interest in environmental issues (other than global warming)
- Shifts in foundation interests and priorities
- Competition from other interests that divert donors' attention, including natural disasters and the 2006 midterm U.S. electoral campaigns

DIRECTIONS FOR EXPANDING FUNDRAISING SUCCESS

Survey responses point to two areas in which additional attention could improve fundraising success: 1) identifying and cultivating major and legacy donors, and 2) increasing the fundraising involvement of willing board members.

Major and Legacy Gifts

Organizations are increasingly aware of the importance of major and legacy gifts. Answers to questions about specific fundraising strategies, the skills fundraising staff most value in their executive directors, and what executive directors need to do more of all center on the importance of major donor fundraising. In addition, nearly half of the respondents mentioned that they would like to learn more about cultivating and soliciting major gifts and about planned (legacy) giving (which is another form of major giving), as in the following responses to the question, “What type of training or consulting, if any, would help in your work?”:

“Concentrated help creating an effective major donor program.”

“Closing deals with donors.”

“Major donor recruitment”

“Major donor training — the kind with practice and help with materials development.”

“Training in major donor solicitation.”

To obtain a better understanding of how fundraisers were diversifying their sources of income, we first asked survey-takers to identify those fundraising tools or strategies they had used over the last two years. As shown in Table 11, most groups are employing personal solicitation, supplemented by direct mail and events.

Next, we asked an open-ended question about what fundraising techniques have been the most successful for their organization. Sixty-two percent of respondents cited personal, face-to-face solicitation as the most successful strategy, including through major donor campaigns, capital campaigns, and house parties.

Further, when asked what single thing the lead development staff member needs to do more of to help the organization’s fundraising, one-third of the responses focused on soliciting major gifts, with comments such as the following:

“Finding more donors”

“Improving the major donor program”

“We need to create a productive major donor program”

“Manage and cultivate individual and major donors”

Table 11. Tools and Strategies Used in Fundraising, by Number and Percent of Groups*

TOOL / STRATEGY	NUMBER	PERCENT
Personal solicitation of major donors (in person)	73	77
Direct mail	67	71
Events	67	71
E-fundraising	41	43
Product sales	28	29
Contract donor research	8	8
Podcasts	3	3

** Respondents were able to select multiple answers.*

Likewise, development directors noted the critical importance of their executive director's involvement in cultivating and asking donors for major gifts. When asked what was the most important thing their executive director did for the organization's fundraising, half of the 44 respondents to the question focused on asking for gifts. Representative quotes describing the executive director's role in major gift solicitation include the following:

"Actively solicits funds from friends, donors, board members, and others."

"Calls on donors and isn't afraid to ask for money!"

"He gets out of the office and meets with major donor prospects."

"Maintains ties with our major donors through personal visits, notes and letters, phone calls."

"She is willing to meet one-on-one with donors and prospects, and does a terrific job when meetings are scheduled."

When asked what the executive director could do more of to help with fundraising, again most of the 41 respondents commenting focused on directly asking for gifts or meeting with donors to cultivate relationships:

"He needs to help create individual ask plans for each of our major donors and then, make the ask."

"More follow-up on contact with major donor and foundation officers."

"Needs to get out of the office more and meet with major donor prospects."

Given these findings, it should be no surprise, then, that when asked to identify their "greatest fundraising challenge over the last two years," 15 of the 76 responses (20 percent) related to finding or cultivating major donors.

In order to increase their success with major gifts, executive directors and development directors will need to feel more comfortable in this sphere. Although respondents told us they had a great deal of fundraising experience (a median of 10 years for executive directors and 8 years for development directors), neither executive directors nor development directors seem to feel entirely comfortable with personal solicitation.

As seen in Table 12, executive directors give themselves only mid-dling ratings for nearly all fundraising domains. This fact suggests that despite fundraising's importance to organizational viability and their own significant involvement in it, executive directors are generally uncomfortable with this aspect of their job. When it comes to soliciting major gifts, even development directors rate themselves in the middle of the scale, while executive directors rate themselves even lower.

Thus, developing the ability to identify prospects for major gifts, solicit gifts through face-to-face asks, create major donor programs to retain and upgrade major donors, and move major donors into planned giving are all avenues for greater fundraising success. Fundraisers at environmental organizations are aware of the need to strengthen this aspect of their skills and their programs.

Table 12. Level of Experience with Aspects of Fundraising

1.0 = "No Experience" and 5.0 = "Significant Experience"

SKILL / ACTIVITY	EXECUTIVE DIRECTOR	DEVELOPMENT DIRECTOR
Soliciting foundation grants	3.7	4.0
Member recruitment, renewals, and appeals	3.6	4.1
Building and stewarding donor relationships	3.2	4.0
Administering membership programs	3.2	4.1
Soliciting major gifts	2.7	3.5
Launching/maintaining monthly donor programs	2.4	3.0
Soliciting corporate gifts	2.2	3.1
Fundraising using the Internet/email	1.8	2.8
Conducting endowment/capital campaigns	1.6	2.3
Soliciting legacy gifts	1.5	2.1

** Respondents were able to select multiple answers.*

Board Involvement in Fundraising

Although a very modest 11 percent of the organizations we heard from rated their board of directors as a fundraising asset, only seven respondents stated that their board did nothing to assist in fundraising. Thus, it appears that boards are neither as engaged as they might be nor are they completely absent from the fundraising operation.

But when asked, “What single thing does your board do that is most helpful in your organization’s fundraising efforts?” 79 respondents gave specific examples of board members’ involvement in fundraising, from board members making their own gifts (“One board member gave a one-time \$1 million gift”!) to identifying prospects and soliciting gifts, generating contacts, holding house parties, selling raffle tickets, and filling tables at events. Moreover, most of the groups responding to the survey (86 percent) stated that the overwhelming majority of board members (83 percent on average) make contributions. Perhaps equally important, nearly one-third of the organizations (32 percent) know of board members who had included the organization in their estate plans.

When asked what boards could do to help, an equal number of respondents identified needs for more board involvement. Two themes, in particular, emerged:

- Introduce potential contacts and donors, do more cultivation and recruitment (nearly one-half of responses), in comments such as the following:
 - “Continue expanding contacts with foundations and major donors, including planned gifts from major donors.”
 - “Tell development staff who to call, mention donating to us to their friends and colleagues.”
 - “Introduce the staff to more of their friends, and then accompany us to ask them for money.”
 - “Make personal contacts and share information about potential donors with fundraising staff.”
- Ask for gifts (one-third of responses):
 - “Learn how to be comfortable asking for gifts.”
 - “Become involved in donor cultivation and solicitation.”
 - “I want them to feel comfortable talking to friends and colleagues about our organization without feeling like they are strong-arming their friends.”

Other suggestions for board members include the following:

- Write personal notes on membership and appeal letters
- Solicit business and other sponsors for events or items for auctions, raffles
- Network with foundations, help write grant proposals
- Rally other board members to be involved in fundraising
- Promote programs to the community
- Help set up an endowment
- Engage in planning for fundraising



Suggestions for Foundations

Survey-takers were asked how foundations could “help bolster revenues for the conservation community.” Suggestions related to three critical areas of funding:

- Core support
- Multiyear support
- Capacity building

Examples of comments on the topic of core support include:

“More support for core operations.”

“Be less project-focused and provide more core funding support.”

“Be careful not to eliminate unrestricted grants since that money is necessary to support the staff efforts that build membership, donors, grant-writing, and community-building activities not tied to a specific campaign.”

Related to core support, but mentioned specifically, was a desire for foundations to provide grants that covered longer periods of time so groups could have consistency and security of support within which to move their programs:

“Long-term grants (3–5 years) rather than short-term project grants.”

“Give us a sense of long-term security. Provide multiple-year grants and some sense that focus won’t change every few years.”

“Changes to issues will take many years to accomplish.”

“[Fund] fewer issues and for the long haul, rather than lots of issues/organizations for a short period in a manner guaranteed to lose.”

A number of respondents also requested help from foundations with specific fundraising methods, including technology-based fundraising (e-fundraising, web-based fundraising) and “improving message” to reach more potential members. On the latter point, respondents wrote about the following areas of need:

“Finding a way to bring the environmental mission home to everyone... blue-collar community, religious community, etc. showing how they can relate.”

“Help with developing appropriate fundraising materials, including compelling language.”

“Help with developing fundraising campaigns to targeted audiences tailored to our specific work.”

“Support grassroots actions that will produce a larger base of donors at the local community level.”



APPENDIX

TREC'S ENVIRONMENTAL FUNDRAISERS' SURVEY – 2007

We need your help! Training Resources for the Environmental Community is conducting its second environmental fundraising survey. Please take this opportunity to share your honest and candid opinions with us. Your responses are completely confidential.

TREC is a nonprofit training and consulting organization serving environmental organizations dedicated to the protection of critical habitat throughout western North America. You can learn more about us at our website: www.trec.org.

ORGANIZATION DEMOGRAPHICS

1. What is your organization's name: (To remain confidential) _____
2. Are you a local chapter of a national organization?
 No Yes (Which one? _____)
If you are a local chapter of a national organization, please provide information that pertains only to your local chapter:

3. State/Province/Territory your organization/local chapter is located in: _____
4. When was your organization/local chapter founded (year)? _____
5. What is your organization/local chapter's annual budget? United States currency Canadian currency
 Under \$250,000 \$250,001 to \$500,000 \$500,001 to \$1 Million
 \$1 Million to \$2 Million \$2,000,001 to \$3,500,000 \$3,500,001 or more
6. Does your organization have a current strategic plan?
 Yes No If you answered "Yes" please indicate which of the following groups, if any, you have shared the plan with?
 Individual Donors (members, small donors) Major Donors
 Major Donor Prospects Foundation Funders Corporate Givers

ORGANIZATION BUDGET

7. What percentage of your organization/local chapter's operating budget comes from the following sources (please be sure that the total adds to 100 percent). Only include monetary sources, not in-kind donations, and use a zero if you receive no money from that source.
_____ Foundations
_____ Corporations (e.g. grants, sponsorship, matching-gifts)
_____ Work-place giving (e.g. Earthshare, United Way, Combined Federal Campaign)
_____ Product sales
_____ Fee for service
_____ Major donor gifts
_____ Legacy gifts (e.g. bequests, trusts)
_____ Membership fees or small gifts (e.g. fees, renewals, appeals, web contributions)
_____ Events
_____ Government
_____ Special fees (please specify) _____
_____ Other (please specify) _____
100% total
8. How many months of reserve or operating cash does your organization currently have?
 None Less than 1 month 1 to 3 months 4 to 5 months 6 to 12 months More than 12 months

22. Please indicate with a + (for increase) or – (decrease) how the following sources of funding changed in 2006 compared to 2005.

- _____ Foundations
- _____ Corporations (e.g. grants, sponsorship, matching-gifts)
- _____ Work-place giving (e.g. Earthshare, United Way, Combined Federal Campaign)
- _____ Product sales
- _____ Fee for service
- _____ Major donor gifts
- _____ Legacy gifts (e.g. bequests, trusts)
- _____ Membership fees or small gifts (e.g. fees, renewals, appeals, web contributions)
- _____ Events
- _____ Government
- _____ Special fees (please specify) _____

23. Which of the following has your organization used as a fundraising tool or strategy in the last two years? Please check all that apply.

- Direct mail
- E-fundraising
- Personal solicitation of major donors (in-person asks)
- Events
- Product sales
- Podcasts
- Contract donor research

24. What fundraising techniques have been most successful for your organization over the last two years?

25. What fundraising techniques have been least successful over the last two years? In other words, what techniques have been most disappointing?

26. What has been your organization/local chapter's greatest fundraising challenge over the last two years?

27. What national or international trends/issues do you think are most responsible for any fundraising challenges your organization/local chapter faces?

INTERNAL FACTORS AFFECTING FUNDRAISING

28. What are your organization three greatest assets/resources in raising money? (Check only 3.)

- Board of directors
- Executive director
- Urban location/high population area
- Loyal members/small donors
- High profile
- Strong relationships with foundation funders
- No competition (only organization in the region doing this work)
- Other: _____
- Staff
- Mission/"hot issue"
- Significant, visible victories
- Integrated and consistent message
- Consistent high-end donors
- Strategic plan and follow-through

29. How adequate is your fundraising budget?

INADEQUATE					ADEQUATE
1	2	3	4	5	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

30. What one thing would most make your job easier? (Excluding more funding.) _____

ABOUT YOU

31. How many years of direct fundraising experience do you have? (Experience can be gained as an Executive Director, Development Director, volunteer, or Board Member.) _____ Years

32. What is your exact job title? _____

33. How much of your time is devoted exclusively to fundraising?

- 25% or less
- Between 26% and 75%
- Between 76% and 99%
- 100%

42. What type of training or consulting, if any, would help in your work?

43. What suggestions do you have for foundations as they aim to bolster revenues for the conservation community (e.g. research on the future of direct mail, the testing of new fundraising tools)? Please be as specific as you can.

44. What else would you like us to know about fundraising or your experiences as a fundraiser?

Thank you for your help!