



Funding Strategies and Resources

Development Defined

In its simplest form, development is raising money to support the basic operations and initiatives of your nonprofit organization. While they're used interchangeably, the term "development" is often preferred over "fundraising," because, as you'll see below, the success of the process depends largely on developing relationships.

While nonprofits often prefer general support or unrestricted gifts because they can be deployed to wherever the need is greatest, or even used to pay salaries and rent, grant making organizations often prefer to make programmatic (e.g., a children's bereavement program) gifts.

Funding Sources

Where can you find funding for your pediatric initiatives? Three primary sources are:

1. **Individuals**, the largest source of funding for nonprofit organizations. Individual giving to nonprofits reached almost \$200 million in 2005.
2. **Companies**, which often give in order to get — exposure, publicity, community respect, and market share. Most prefer to fund specific programs or projects related in some way to their business interests.
3. **Foundations**, which come in various sizes and types.

[Private foundations](#) are nonprofit organizations whose funds come from one source, whether it is an individual, a family, or a corporation.

Independent private foundations typically have large endowments and are governed by an independent board. These foundations are highly professionalized with carefully developed grant making strategies and criteria.

[Corporate foundations](#) are also private foundations, but their boards are often made up of corporate officers and their funding comes primarily from one company with which they're closely aligned.

[Family Foundations](#) are also private foundations that receive endowments from and are usually governed by one family or a few individuals.

[Community foundations](#) pool the assets of many donors and serve a specific geographic community.

Why Is All This Important?

As you're developing relationships, it helps to know who the decision-makers are in each area and how closely connected they are to the source of the funding. Motive matters and you might find it easier to make headway with the board member of a family foundation who has a personal interest in pediatrics than with a program officer at a major independent foundation that funds pediatrics initiatives as part of a larger portfolio.

Fundraising strategies usually fall into five categories:

1. **Direct mail** (appeals to donors of all levels via mailings);
2. **Major gifts** (from individuals);
3. **Events**;
4. **Corporate gifts**; and
5. **Foundation grants**

Each is described below. As you read through the list, remember that development is not begging and it is not difficult. In fact, it's quite honorable. Think about how good you feel when you give a gift or help someone out. Keep in mind that as a fundraiser you are providing people with opportunities to feel good by sharing their resources with organizations in which they believe.

Funding Strategies

- **Individuals**

Individual giving holds tremendous potential for underwriting your pediatric initiatives. According to The Independent Sector, a group that studies trends in giving and volunteering, individual donors provide 75.6 percent of charitable contributions annually. More than 80 percent of these individual contributions come from families with an annual income of less than \$60,000. Studies show that seven out of every 10 Americans (70 percent!) give to one or more charitable causes every year.

While there are a number of strategies for developing income from individuals, the most accessible strategies are direct mail, face-to-face requests, and program fees. As with any strategy, one may lead to the next. Someone who attends a program may decide to make a donation after receiving a direct mail request. Later, you might approach them in person for a gift. This individual may then become a major donor. As with all fundraising, the relationship you build with this person becomes the key.

Consider all of the following strategies as important aspects of your fundraising plan.

Direct Mail

Direct mail enables you to tell your story to hundreds or thousands of people and ask for their financial support. Your goal is to connect with recipients in a meaningful way and move them to send money to support your good work. Done effectively, direct mail is a significant fundraising strategy that can put your group on the road to great donor relationships.

People connected with you in some way will produce the highest return rate, varying anywhere from five percent to 50 percent, depending on the individual's connection. Direct mail to this group will also help you identify willing donors. If you decide to rent or purchase mailing lists for direct mail, your letter will need a more fine-tuned design. With rented lists, you can expect a return rate of one percent to three percent. If you chose this strategy, be sure to consult a fund development professional for advice on selecting lists and writing the appeal.

Major Gifts (from individual donors)

Meeting face to face with donors to ask for a major gift is perhaps the single most significant fundraising strategy you can adopt. While it may seem daunting at first, it is the best way to convey your passion, tell your stories, respond to questions, and sense how the individual's interests fit with your goals. Face-to-face meetings enable you to customize your approach to the individual. Most importantly, face-to-face meetings enable you to ask questions and listen to your donor's ideas about effective community engagement and impact.

- Begin with a letter thanking the individual for past support and letting them know you'll call to set up an appointment.
- Next, make a phone call to set up a time to meet.
- Finally, meet face to face.

For every 10 letters you send out, you may get three meetings. However, these three meetings are your opportunity to request significant funding for your important pediatrics work.

Event/Program Fees

Program fees for participants offer another way to obtain funding for your pediatric initiatives. Do not overlook this strategy in developing your funding plan. Program fees, especially those collected in advance, commit participants to your event. They raise expectations and communicate value. In addition, they generate much needed income to help underwrite community outreach efforts.

- **Companies**

Companies can provide various types of resources for your pediatrics work including in-kind support, financial support, and event underwriting. Companies, like individual contributors, often start in one place and grow in support as your relationship develops.

Begin by listening carefully for what the company offers and what it's seeking in return (visibility, opportunities for employee engagement, etc). Be sure to discuss internally what's doable and realistic on a PR or employee engagement front — being careful not to over promise and under deliver on the company's wishes.

Even if the company can't make a financial contribution this year, it may be able to provide in-kind support. In that case, discuss the in-kind support, explain why it would be good for the company (if it wants visibility, how will you ensure that happens?), and find out if financial support might be possible during the following year. Explore what it would take to get included in next year's budget and follow up as suggested by the company.

When working with companies, you'll need to make a case for funding. This will likely include not only a face-to-face meeting, but also preparing a written proposal that describes your request. With your contact as an advocate, the written request will then move up an internal chain of command to the ultimate decision-maker(s).

If you do need to submit a written proposal, ask the company if it has a template or other guidelines; many do. Follow the instructions carefully, as organizations that fail to do so are often precluded from receiving funding.

Each type of corporate donation has its own benefits and limitations. Keep all three in mind as you begin to form your fundraising plan with organizations.

In-Kind Donations

In-kind donations are non-cash items such as goods, services, and space. They can range from providing a meeting venue or food for an event to designing and printing materials to offering ongoing use of an office.

When you ask for an in-kind donation, remember that ultimately, it is a donation. Think strategically about when you ask and how frequently you ask. Thank your donor promptly and follow through on any donor recognition you promise. Track the value of your in-kind support.

Finally, remember that sometimes an organization cannot provide the donation you request in-kind, but might be able to offer it at a discount or at cost. Remain open to the options and accept if it seems to be a good fit.

Event Underwriting

Many corporations and institutions have marketing, public relations, or education budgets that will provide money to help support engagement and education efforts. In designing events, think about pursuing underwriting opportunities to cover the clear costs of publicity, speakers, materials, refreshments, space and so on, and also for the time it takes to create, organize, and promote the event.

Keep in mind that events can also generate money. Some organizations cover the full cost of events with corporate sponsors and use any event fees from participants as income to fund other engagement efforts.

Event sponsors are also your donors. Be sure each sponsor is thoughtfully recognized, publicized, and thanked. These sponsorships can be a natural starting place for larger, long-term relationships with corporate donors.

Financial Contributions (Grants)

Most companies provide financial contributions to help support community work, though funding will depend on the type of company and its alignment with your mission. An obvious place to start is with companies that manufacture or sell children's products. Look on their websites under "community" or "philanthropy" for funding priorities and guidelines, and search the databases listed in the reference section below.

- **Foundations**

A private foundation's principal purpose is to make grants to unrelated organizations, institutions, or individuals for scientific, educational, cultural, religious, or other charitable purposes. Unless you are working with a unique population or creating a demonstration project, it is wise to focus your grant writing efforts on local and regional foundations.

The key again is creating relationships. Get to know foundation officers and leaders. Meet with them and explore their priorities just as you meet with corporate leaders and major donors. Before funding is granted, a proposal will almost always be required. Follow their guidelines and deadlines carefully and completely. And remember to say thank you and to follow up with the results of your pediatrics initiatives.

Resources

- National and State Foundation Information
The Foundation Center
www.fdncenter.org or call
212/620-4230
- Big Online America
<http://www.bigdatabase.com/>
- Regional and Local Foundation Locators
Regional Associations of Grantmakers
http://www.givingforum.org/s_forum/sec.asp?CID=575&DID=2625
- Community Foundation Locator
<http://www.cof.org/Locator/>
- About Fundraising
The Foundation Center
www.fdncenter.org
- Center on Philanthropy at Indiana University
<http://www.philanthropy.iupui.edu/TheFundRaisingSchool/PrecourseReadings/TFRSbibliography.pdf>
- "Asking: A 59-Minute Guide to Everything Board Members, Volunteers, and Staff Must Know to Secure the Gift," by Jerold Panas. Emerson & Church Publishers, P.O. Box 338, Medfield, MA 02052. 2002.
- "Big Gifts for Small Groups: A Board Member's 1-Hour Guide to Securing Gifts of \$500 to \$5000," by Andy Robinson. Emerson & Church Publishers, P.O. Box 338, Medfield, MA 02052. 2004.
- The Chronicle of Philanthropy
www.philanthropy.com or call
202/466-1000
- Proposal Writing
Point K Learning Center
<http://www.innonet.org/>
- Michigan State University
<http://www.lib.msu.edu/harris23/grants/4fcel.ec.htm>