

FOUNDATIONS OF CREDIBILITY

A donor-centric approach to lifting the funding attractiveness of not-for-profits

Working definition of 'donor-centric': *"An approach to fundraising whereby for-purpose organisations genuinely strive to understand their donors and meet their needs - usually, but not exclusively, through relational marketing approaches and the use of two-way communications - in order to maximise sustainable voluntary income."*

Ian MacQuillin, Director, Rogare

“Foundations of Credibility”

Internal factors

External factors



Foundations of Credibility- Rationale

Rationale

- ▶ A not-for-profit's ability to attract funding is directly related to how 'attractive' they appear to the potential donor/funder in terms of 'credibility'.
- ▶ After conducting hundreds of interviews with high-net-worth individuals, Donorcentricity Pty Ltd has developed a good understanding about what 'sophisticated' philanthropists usually consider as important selection criteria.
- ▶ The most important selection criteria, 'relevance to the donor's interests' can be removed from the equation when considering 'Foundations of Credibility'.
- ▶ If a not-for-profit can lift its 'credibility', then it will be more likely to attract philanthropic support. In fact, with very strong foundations of credibility in place, philanthropic support is 'naturally attracted'.

Foundations of Credibility - Criteria

Key criteria	Description
Strong board / CEO/ governance	Board includes respected members with a mix of relevant business skills, mission-relevant skills, and other desirable characteristics (e.g. gender, age). There are no structurally inherent 'conflicts-of-interest'.
Strong and effective alliances / partnerships (hubs)	The NFP works with relevant and credible organisations to provide a 'collective impact' solutions to a social problem, i.e. they do not build barriers to cooperative effort. Beneficiaries can access a 'total solution' (e.g. similar to a 'hub' integrating relevant services).
Strong relationships with funding sources (govt and philanthropic)	The NFP adopts a 'donor-centric' focus by seeking to deepen relationships with funding sources by understanding their needs and motivations, developing two way communication and engagement strategies, etc
Urgent community need requiring support	The NFP works to address social or environmental issues that are considered urgent and important, and has relevant programs

Foundations of Credibility - Criteria (cont..)

Key criteria	Description
Respected Patrons, Ambassadors, Advocates, Campaign leaders	Respected community and business leaders have lent their name to the NFP. This is crucial to build the 'Foundations of Credibility' because with the public association of a well-respected figure(s), all other credibility factors are assumed by the donor to have been addressed or are in the process of being addressed.
Good PR, strong brand	HNWIs identify lack of brand recognition and awareness as a major weakness in many NFPs, especially with small to medium sized organisations.
Strategic plans developed with input from internal and external stakeholders	Some NFPs consult with their internal and external stakeholders (including current and potential donors/funders). Most do not and adopt an "Ivory tower" approach to planning. There is no better way to respect and engage with HNWIs than by seeking their input to the strategic planning process.
Good financial mgt and reporting, Sustainable income sources; Robust fundraising model with donor-centric programs	HNWIs want to know how their donations are being spent. A financial management and reporting system that provides a window to the donor would be advantageous. The HNWI also expects the organisation has a sustainable future and effective donor-centric fundraising programs.

Foundations of Credibility - Criteria (cont..)

Key criteria	Description
Worthwhile, “tested” programs delivering “measurable” beneficial social impact	HNWIs are interested in supporting programs that are considered “worthwhile” (e.g. offering “realistic” solutions to “important” issues) and which have a measurable benefit. NFPs which have had social impact studies proving the value of programs are more likely to be supported than those without evidence, although this is not always the case (e.g. exploratory medical research).
Convincing/inspiring vision	HNWIs are generally not interested in funding the mediocre. The Vision needs to be bold and inspiring. However, many NFPs (especially small/medium sized entities) are too timid in setting their vision, and most NFPs fail to test their vision and supporting key messages with the philanthropic community.
“Mentally fit” organisation	NFPs suffer from a lack of healthy work cultures, just as much as in any other industry. Perhaps more so, because NFPs are notorious for under-investment in staff training and education (leading to poor business and people management skills); and for offering relatively low pay with the expectation of total commitment and long working hours.