

# The Role of Fundraising Counsel to Support Development Staff

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No matter how skilled and talented your development staff is, if you're headed into a major campaign it's highly likely that you will raise more funds and create more lasting donor relations if you choose to integrate that work with professional fundraising counsel. Fundraising experience shows that those nonprofits that engage counsel have deeper and more sustained donor giving. This is especially true when conducting a major capital campaign, but also applies when trying to nurture your annual fund to higher performance.

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Only a few executives and Board volunteers have previous experience in managing a capital campaign, and those who have been through this process know that it is very difficult for an organization to reach its campaign goals when it relies on the time and talents of existing staff and volunteer committees.

Securing the assistance of outside counsel is both a wise financial decision and a prudent management decision. An organization will often realize significant benefits from the guidance and advice of outside counsel, but it is important to ask yourselves some key questions at the outset.

Choosing outside fundraising counsel is a task that first requires an understanding of what such firms do, how they go about the process of organizing and managing a campaign, and how they charge for their services. There are several criteria that should be considered when selecting a firm for outside campaign counsel.

This article is a primer on fundraising counsel. Included are what you may expect when working with fundraising counsel, the benefits of fundraising counsel, why paying a fundraiser a percentage is viewed as unethical, costs associated with professionally directed capital campaigns, the importance of fundraising strategy, and the option of out-posting (residency counsel).

## **Role of Fundraising Counsel**

Consulting Firms – Fundraising firms usually provide the most comprehensive consulting services for major campaigns because they have a diverse senior staff who is able to ramp-up and down, and who are trained to have a laser focus on long-term strategy. Development staffers often get bogged down in day-to-day business and lose sight of the big picture. Higher-level strategy is often overlooked and underappreciated, until, of course, it produces a huge donation. With fundraising counsel in place, strategic services range from having senior executives do periodic consultations (a service usually reserved for major institutional clients such as hospitals and universities) to full-time resident (on-site) out-posted counsel. Resident counsel, usually a younger person who works under the direct supervision of a senior executive, moves to your city and works full-time at your organization. It's an old fashioned name, residency counsel, referring to the fact that the

fundraiser provides counsel on best practices and strategy, and they are in-residence at your office, as opposed to being off-site.

Most consulting firms charge a flat-fee based on the time and services provided. Almost none work on a percentage basis. The more services required, the higher the fee. In almost every circumstance, a resident director firm will cost more than an executive consultant firm. There are relative strengths and weaknesses to each. Be certain to interview EVERYONE on the team who you'll be working with – not just the executive making the sales presentation.

Consulting firms teach, train, motivate, and orient organizations to succeed in fundraising. Like any consulting arrangement, volunteer and staff leaders must be very involved and active in the campaign for it to succeed.

Consulting firms will almost always use a "team approach", thereby increasing the quality and amount of advice and guidance provided. Further, we facilitate an ongoing "working group" or "campaign council" so as to continually seek engagement and connection between all parties.

In retaining a consulting firm, should you think that the team leader or one of the team members is lacking in skills or is just not a right fit for your organization, you can talk to the firm about possibly making a staff change; whereas if you had chosen to work with an independent consultant, should it turn out that you lose confidence in him or her, chances are your campaign will be delayed and possibly jeopardized.

It is also important to establish an overall "campaign budget," especially if you can anticipate printing costs, special event costs, and part-time secretarial and/or bookkeeping expenses. If yours is a capital project, you will have architectural costs, engineering costs, and a variety of other expense items that must be anticipated. In such a budget, the fee for the fundraising firm is only one line item among others. Fundraising firms should offer to draft this budget at the start of the contract so that a projection can be known of what lays ahead. Of note, the goal for the fundraising drive/campaign should include the development costs so that your organization is made whole at the end of the work.

### **How To Measure Success**

Ultimately, success in fundraising means increasing the maximum number of faithful contributors as well as generating new dollars. Success is also measured in terms of how much your staff has learned and the professional skills they have developed during the campaign implementation process. This is called "building organizational capacity," and it should be an important component of any campaign plan.

### **What Size is Right?**

The large fundraising firms might seem the logical choice. These are usually the "full service" firms with the depth and staffing to handle every need and situation. However,

smaller firms may offer more efficient and personal service. Their smaller size allows for direct involvement by the firm's "principal," the chief executive and operational officer or the "partners" who provide oversight of all the firm's contracts. In this sense, the name and reputation of the firm's owners are on the line with you.

## **Solicitation Firms**

Unlike fundraising counsel, there are companies, usually telemarketing firms that will call or otherwise contact thousands of people to seek support for your cause. They usually charge a percentage of the funds raised - oftentimes taking much of the income. Most fundraising professionals consider this type of arrangement to be unethical, so consulting firms exclude this approach.

### **Fees: A Percentage of Funds Raised? How Much Will a Campaign Cost?**

As stated above, most fundraising consulting firms charge a flat-fee based on time and services provided. A monthly retainer is set, and the contract is ongoing until one or the other party agrees that the engagement is complete. Most firms will not accept assignment on a contingency or percentage basis.

*Consulting firms do this for three specific reasons:*

Ethics. Virtually every major association or professional organization associated with fundraising prohibits consulting firms from charging a percentage of the funds raised. This is consistent with the Code of Ethics of the Association of Fundraising Professionals (AFP), the international association to which all reputable fundraising executives in the nonprofit world belong. See <http://www.afpnet.org/>

Clients' Best Interest. Organizations need to realize, especially small- and medium-size groups with little experience, that there is simply no way a charity can hire someone to "do" their fundraising. A major campaign requires the cooperation of the Board of Directors, senior staff, community volunteers and professional fundraisers. When a consultant charges on a percentage basis, oftentimes volunteers are less motivated to follow the advice of counsel. The focus of the campaign too easily becomes "Well, of course you want me to make that visit - you'll make money," instead of a teamwork approach that will further the mission of the group.

Additionally, a percentage fee will often lead a client to pay much, much more than necessary for a successful campaign. Generally a small- or medium-size campaign should have total fundraising costs between 5 and 15 percent of the goal. In a successful campaign (one that raises more than the goal), the relative costs are lower. At the same time, the motivation of volunteers to be involved and committed to the campaign increases. A large campaign runs from 36 to 60 months.

Long-Term View. Fundraising counsel is usually focused on long-term fundraising needs, though the nonprofit's immediate goals can also be considered. Counsel can focus on the

nonprofit's short-term cash needs and/or build the long-term donor programs and cultivation vehicles necessary to insure successful fundraising in the future. However, it's important to acknowledge that development is called that for a reason. It's a developmental process, and quick results are often contrary to its processes and rarely forthcoming.

Lastly, with a consulting firm the nonprofit has the ability to add-on services like planned giving expertise, development audits, improved communications messaging, new audience development, and/or increased grants capacity to expand the client's fundraising program. Since the firm has come to know the client by that point, it retains a great deal of knowledge about the organization which can be put to good use.

The best consulting contract is a "partnership" and even the best of fundraising firms cannot move forward efficiently with a Scope of Work if internal tasks are not being accomplished. During intensive cultivation and solicitation periods, weekly meetings may be required, but normally a bi-weekly meeting schedule is sufficient. Indeed, you will discover that this kind of accountability calendar is one of the chief benefits of having outside counsel involved in your project.

Those clients that have gotten the most out of a consultant will tell you the most important thing you can do to "get your money's worth" is to listen to "the voice of counsel." Good fundraising consultants know what works and what doesn't. They have heard of every shortcut possible, and have heard excuses that you wouldn't believe, and they are candid with their clients to ensure that decisions are reached that are in your best interest. They can also be invaluable in helping you to deal with the "latest" ideas that come out of left field, when these "best ideas" tend to derail the central campaign plan by diverting time and attention from the key things that matter.

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