The CEO Is the Chief Fundraiser: A Role That Should Never Be Delegated

By [Laurence Pagnoni]

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Well, isn't it obvious that the CEO is the nonprofit organization's chief fundraiser? Not really. Not when you observe the behavior of nonprofit CEOs, as I have over the past four decades.

I've observed that nonprofit CEOs often restrict their fundraising to the parts of the process they're most familiar and comfortable with. If they know grants, they tend to focus on that. If they know individual donor solicitation, that's what they focus on. What they generally don't do is ask themselves what revenue sources are most pertinent to their mission and programs.

Here's an example: Rachel Carson, Inc. is a fictitious name for a real national organization based in Washington, D.C. Their mission is to help corporations become more environmentally responsible. The CEO of this nonprofit is knowledgeable about corporate giving. He's done very well in this revenue area, but for 10 years, he's overlooked private

foundation giving and individual donor support, as well as earnings that could be generated by fees-for-service aimed at providing corporate staff training in environmental responsibility.
This is a $2 million organization that could easily triple its budget if resources were invested in developing these three additional revenue streams. Instead, it remains on a plateau—all because of how the CEO thinks about their dilemma. Yet, I've seen CEOs break out of plateaus by challenging organizational assumptions, knowing how their fundraising leadership is different than their chief development officers and by using coaching. Allow me to explain.

CEOs and What They Do

A short definition of a CEO is he or she who makes decisions. The kinds of decisions I'm referring to are the big ones: Course direction decisions ... decisions such as those made by the captain of a ship: We're heading north, but the weather ahead suggests we should turn south. Turn around now.

Usually, three decisions in this order of magnitude face the nonprofit CEO each year:

• Do I have the right people on my team?

• Do we have enough capital to accomplish what we want to accomplish?

• Do we have the right idea about who we are and what we're doing?

To make these kinds of decisions, you need data. You need to know your ROI from present revenue streams and your expected return from potential new revenue streams. What amount of capital must be invested to generate a reasonable return? What's the forecasted return from an incipient grants program or a major gifts initiative? Knowing this higher-level analysis is how the CEO integrates being the "fundraiser-in-chief" into his or her work. For example, during one of my four tours as a CEO, I contemplated a direct mail campaign. I expected that the initial mailing would pay for itself, but I reached out to three direct marketing experts to corroborate this assumption. I learned that a first mailing usually doesn't recoup the investment; you should be committed to mailings two, three and four before the effort pays for itself. If I hadn't checked my assumptions, I would have made a grave mistake. My chief development officer helped me with that research, but it was my job as the CEO to ask the right questions and not act until I had the information to make the best decision.

All staff should have a mandate to recommend high-octane decisions, but it's the CEO who makes them, and necessarily, the CEO must test the assumptions behind the decision and guide the staff through the process of checking their own assumptions.

CEOs and Development Directors

But doesn't the foregoing undermine the chief development officer, you might ask. The possibility is always there, but both parties need to have the emotional IQ to work out the yin and yang of their relationship. The CEO can't disempower the development director and must know when to leave the latter alone. On the other hand, the development director must know when to bring in the CEO to close out a major gift or help obtain major elements of government support. Both should understand that the CEO has the gravitas and prestige often required to seal a deal. Fundraising is a relationship-building process, and the mere idea of an organization seeking a social impact may be too abstract for donors and stakeholders to relate to. Instead, major donors and stakeholders should have a real relationship with a real CEO.

It is in the contrast of the roles of the executive director and development director that the position as chief fundraiser becomes crystal clear. The CEO is also chief strategic thinker, thought leader of the organization and thoughtful advocate for the organizational vision of a better world. The CEO manages, inspires and excites board, staff and donors about the mission and the work. Captain Jean-Luc Picard in "Star Trek" dramatized the CEO as the iconic leader who says, "Make it so."

Everyone else, including the development director, is involved in the making—the implementation of the strategic fundraising plan. The CEO lives and breathes the bigger picture daily and raises the larger questions, such as: How do we position ourselves to secure a $75,000 award instead of a $30,000 gift? What no longer works in our annual fund? How can we allocate our resources better to raise more funds?

The Secret Sauce

The secret to what really works to help us CEOs embrace our role as chief fundraiser is to engage a coach—fundraising counsel—to work us. No more effective measure can be taken. I've had half a dozen significant coaches in my career, including the famous Peter Drucker. Each one of them helped me advance as a fundraising executive. The great gift of coaching is to regain perspective after having lost it. Drucker taught me that "leadership is doing. It isn't just thinking great thoughts; it isn't just charisma; it isn't play-acting. It is doing." And if you roll that proposition over in your mind, I think you'll easily see why the CEO's role as chief fundraiser should never be delegated.

Contact Laurence at www.lapafundraising.com or 212.932.2466