Practitioners' Guide

Fund Raising When the Weather is Foul: Are There Limits to Fund Raising During Times of Trouble?

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Introduction

Query: Is hope a fund-raising strategy? Are there limits to fund raising or can more fund raising remedy every situation and solve every problem? Is it possible to raise money in times of trouble? What do you think?

Answer: Hope is not an effective fund-raising strategy. There are, unequivocally, limits to fund raising. And it *is* possible to raise money in times of trouble.

There is an old saying that the first sale is always to you.¹ Confidence is important. Hope is great and often our attitude is 90 percent of the solution when facing problems and how we react. Still, having hope alone as a primary

fund-raising strategy is ill-advised. It's like expecting to be in the starting line-up for a professional sports team at age 60, even with the help of performance-enhancing medications.

The Limits to Fund Raising in Educational Advancement²

More and more often today, one of the top selection criteria for new college or university presidents is prodigious fund-raising skills. While fund-raising skills is an important selection criterion for new presidents, in some ways any undue focus in this area can be a signal or warning flag that real or impending financial challenges are at hand.

Mounting financial pressure over the years, in both the public and private education sectors, have accelerated the demand for funds and fund raising. Plainly stated, today there are many organizations that are struggling financially and looking to donors as the primary or exclusive solution to their problems.

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Persistently seeking to balance an operating or capital budget with ever-increasing donor gifts or capital campaigns is both an uphill battle and slippery slope. Traditionally, donors were looked to first as the way to fill the gap in an unbalanced budget. Frankly, today many donors perceive higher education as big business. Donors want to see growth in programs, improved operating efficiency, and tough choices made to solve problems or balance budgets prior to giving their hard-earned money.

Inability on an organization's part to balance its budgets, especially its operating budget, is not a confidence builder with directors, trustees, and donors. Often, donors expect regular fiscal responsibility before being fully on board with their giving. There are, unequivocally, limits to fund raising.

Reality-based Fund Raising When the Weather is Foul: What Donors Will and Won't Do

Experience shows that top donors want to give whole-heartedly to vision, vitality, success, and innovation. They have a special affinity for making capital gifts to fund new programs, funding new physical plant additions like equipment and buildings with their name out front, and funding new people with money for targeted faculty and scholarship additions. We all like being connected to "winners."

There is a distinct aversion on the part of many donors to being involved in any way with the drama of financial crisis. Indeed, most donors avoid like the plague funding dysfunction or deficits, whether it is current operating losses, accumulated debts, an encroached endowment, financial fraud, or just plain bad management.

Types of Fund-raising Storms

Any number of storms can precipitate times of trouble for fund raising. They include financial crisis, flawed strategies or strategic plans, changing markets, being a tradition-bound organization in an age of change, old-fashioned fraud, decision gridlock, ineffective leadership by the board or key members of the executive team, a CEO missing in action or retired on the job, a failed presidency, and persistent unrealistic giving goals.

Danger: Avoid Crisis Appeals

Commit this to memory. Crisis fund raising appeals are risky business, almost never produce good results, and ought to be considered in the special category of a one-shot doomsday device. Especially as regards financial crisis that has developed over a period of time, public crisis fund-raising appeals by organizations in financial trouble seldom work. If used, they have often been known to accelerate the demise or closure of the organization.

There are rare notable exceptions where crisis fund raising appeals work. Typically these involve natural disaster. A prominent American university suffered a freak and devastating tornado and there was an overwhelming response to their call for help. And of course, the world remains in awe of both the terribly tragic December 26, 2004 tsunami, and the overwhelming response to appeals for help.

What the President, Board, and Donors Need from Advancement Professionals in Times of Trouble

In times of trouble the organization's key parties need to hear careful, consistent, and clear messages. First, they need to hear the basics. Honesty, integrity, and truthfulness are required ingredients. They

need the straight story or they will lock up and lock you out from their giving. Remember, even the most loyal of donors can find reasons not to give if they do not believe what they are hearing. If you know that “something is rotten in the state of Denmark,” organizationally speaking, you must have the temerity to speak up and say “this stinks.” You must protect both your donors’ and the organization’s integrity. All key players have a right to know where the landmines are. Ignoring this reality will result in serious causalities or costs along the road to recovery.

Second, in order to gain ground with donors they need to hear and have from you several important items. The straight story they hear needs to be a compelling story and it must be linked to a simple and believable strategy for moving forward. Importantly, if the organization lacks a straight compelling story and a simple believable strategy for the future you must be the organizational conscience that takes a stand to protect the donors until your compelling story and believable strategy are in place.

Third, in times of trouble it is vital that the key parties know specifically how they can best help. This requires serious dialog and great clarity on what you are asking each individual or class of individuals among your constituents to say or do. Brief scripted position papers or talking points work well in this scenario. Basically, boards and loyal donors in tough times want to know how they can best help and what they should do, and have guidance on what to say and not say. It is a priority that you as the educational advancement officer ensure that key parties are being utilized in tough times to the highest and best use of their skill set. This implies that you know your key parties well,

including their biases, hot buttons, and abilities.

Fourth, success with fund raising during times of trouble mandates that the educational advancement officer lead with clarity, candor, courage, compassion, confidence, and competence. Charisma helps if you have it, and character is imperative. If you find yourself short on charisma or character, then simply focus on commitment. Why focus on commitment? Because your strong commitment in the face of crisis or adversity will grow your character, build confidence in others as they watch your character lived out, and produce measurable results in due season. Few people in times of crisis are better positioned or more qualified to lead by example and coach others through the storm than members of the educational advancement team.

Some Closing Thoughts on Trouble, Crisis, and Change

If you ever find yourself facing fund raising during times of trouble, remember these thoughts: generally, you don’t get in these situations overnight and you don’t get out of these situations overnight; almost all progress starts with telling the truth; failing organizations specialize in hiding the truth; financial exigency predictably shows up when cash runs out. Seldom is cash flow “crisis” a true surprise or the real problem. What is the real problem and the truth you are facing?

Real problems in higher education include declining enrollment, stagnant academic programs, disappearing markets, failure to grasp new educational opportunities, high costs, excessive debt, deep discounting or simply “that’s not how we do it here.” These are just some of the real problems that show up as cash flow crisis. Conveying a clear and candid

message of the real problem is essential for communicating with donors. Addressing the core problem is the truth required to achieve a permanent solution.

I am pleased to report that, as you have likely observed, most organizations do survive crisis and continue fund raising during times of trouble, even if the majority of gifts must lie fallow for a period of time. Indeed, often a crisis becomes the catalyst for self-examination, critical change, transformation, renewal, and rebirth. Interestingly, my experience has been that just as storms can produce strong trees, crisis can forge even stronger bonds with key donors if they are well treated by the organization and its leadership during times of testing.

In times of trouble and crisis it is important to note that real change is painful. Real change is possible. Real

change is imperative. Real change often requires an outside influence or a new pair of eyes.

It is a special privilege to say that in the many engagements where I have been involved with fund raising during times of trouble, the educational advancement officers have without exception performed outstanding leadership roles for the entire organization in identifying the problems and crafting successful solutions. To study one shining example of such outstanding leadership and results during times of trouble, read the companion Case Study: Fund Raising in a Financial Crisis on page 347. Press on!

References

1. The author first heard this from consultant Alan Weiss.
2. For more on this topic see H. E. Riggs (1996) "The limits of fund raising", *The Chronicle of Higher Education*, pull-out section 2, 3 May.