



## Fundraising, Development, and Your Financial Model

Development encompasses a wide range of activities designed to generate the revenues an organization needs to carry out its mission. Depending on the nature of the organization, membership recruitment, subscriptions to publications, annual meetings, annual giving, major gifts, project grants, related business activities are ways an organization can generate revenue.

The chart below summarizes some of the differing purposes for revenue and the skills needed for different kinds of development activities.

<i>Development Activity</i>	<i>Purpose(s)</i>	<i>Skills</i>
<b>Membership growth</b>	<ol style="list-style-type: none"> <li>1. Generate general purpose funds to support and expand core programs.</li> </ol>	<ol style="list-style-type: none"> <li>1. Marketing benefits of membership to individuals and/or organizations.</li> <li>2. Developing attractive membership benefits packages.</li> </ol>
<b>Publication Subscription Growth</b>	<ol style="list-style-type: none"> <li>1. Generate increased funding for publications program.</li> <li>2. Generate increased profits to be used for general support, support of other programs, and/or to increase unrestricted reserve fund.</li> </ol>	<ol style="list-style-type: none"> <li>1. Improving, expanding, adding quality publications.</li> <li>2. Marketing publications to individuals, libraries, and institutions of higher education, corporations, and other targeted audiences.</li> </ol>
<b>Selling advertising space in publications.</b>	<ol style="list-style-type: none"> <li>1. Generate revenue to help support publications.</li> <li>2. Generate general purpose funding.</li> <li>3. Increase unrestricted reserve fund.</li> </ol>	<ol style="list-style-type: none"> <li>1. Selling advertising.</li> </ol>
<b>Increase revenue from annual meetings</b> through larger attendance, more income from exhibits, more support from corporations and/or foundations.	<ol style="list-style-type: none"> <li>1. Funding for added attractions at annual meetings.</li> <li>2. Increase profits from annual meetings to provide general support/increase unrestricted reserve fund.</li> </ol>	<ol style="list-style-type: none"> <li>1. Offering an attractive program and well-run meeting.</li> <li>2. Promoting the meeting in general and special events at the meeting.</li> <li>3. Selling exhibit space.</li> <li>4. Selling advertising for meeting program</li> </ol>

		5. Attracting corporate support. 6. Writing grants
<b>Secure grants and/or contracts for projects</b>	1. Support activities related to but beyond the organization's core program.	1. Knowledge of foundations and other funding sources. 2. Grant and contract writing
<b>Annual giving</b>	1. General operating funds	1. Conducting annual giving campaigns
<b>Major gifts</b>	1. General operating funds 2. Special projects 3. Unrestricted reserves	1. Conducting major gifts campaigns
<b>Mission-related business activities</b>	1. Increase unrestricted revenues (from profits) to support general operating costs, special projects and/or increase unrestricted reserve fund	1. Developing businesses 2. Knowledge of related businesses

Each of these activities (with some overlap) requires different skills and experiences. Securing major gifts, running annual giving campaigns, writing grants, building membership, developing business deals are very different undertakings. No single "development" officer is likely to have the experience or the skills (or desire) to excel in all those activities.

Therefore, in hiring a development staff, an organization must be clear about the kind(s) of development activities it will pursue. That choice is driven by 1) the purposes for which it is seeking to increase its revenue, and 2) the kind(s) activities most likely to succeed in generating the desired revenue.

For example, a membership organization with publications wants to generate additional \$450,000 a year for the following purposes:

1. \$100,000 a year to offset rising publishing costs.
2. \$150,000 a year to fund an advocacy program.
3. \$100,000 a year to build its unrestricted reserve fund
4. \$100,000 a year to improve staff salaries and benefits.

Those needs mean that the organization is looking for 1) unrestricted revenues, and 2) for ways to generate additional revenue on a continuing or renewable basis. Seeking grants for projects will not be a major part of this particular development effort.

The organization might set the following kinds of revenue development goals. By the end of three years, it will increase net income from

Membership dues by \$20,000 a year.  
Subscriptions by \$20,000 a year.  
Annual meeting attendance by \$10,000 a year.  
Corporate support for the annual meeting, by \$50,000 a year.  
Annual meeting exhibits by \$10,000 a year.  
Advertising by \$20,000 a year.  
Income from added member services by \$50,000 a year.  
Business-related activities by \$200,000.  
Major gifts by \$50,000  
Annual giving by \$20,000.

Some of those efforts can be handled by existing staff; some will require additional staff with special expertise (full time and/or consultants).

Also, because it costs money to raise money, the organization will have to budget to meet the costs of its development activities. If the organization in example above does not have the financial and/or staff resources to undertake all the additional development activities at the same time, the organization will have to decide which efforts to focus on in what order. It may have to start by securing expertise it does not have through consulting arrangements rather than by bringing on full time staff.