



# Fundraising Success Factors and Ingredients for Success

What is required to create and sustain an effective approach to managing philanthropic engagement and fundraising programs?

At Nigel Harris & Associates, we have identified five Fundraising Success Factors, based on market evidence and research. Establishing a robust and sustainable business model for philanthropic engagement and effective fundraising practice is determined by the following five Fundraising Success Factors and shaped by a further five Ingredients for Success.

These Fundraising Success Factors are presented in order of importance, based on the impact that each step has on the next. That said, all are critical in creating an environment for effective philanthropic engagement and optimal fundraising outcomes. We believe that there can be no compromise around any of these factors being addressed as a complete body of work when serving purpose is a primary organisational focus.

We have also identified a further five non-negotiable Ingredients for Success in Fundraising. Having addressed the five Fundraising Success Factors, there are additional elements that are equally important in building a sustainable fundraising program with long-term efficacy.

These Ingredients for Success are framed as non-negotiable as each is vital in fundraising program planning, execution and progression. As with the Fundraising Success Factors, they should be viewed as a composite set in order to accomplish optimal outcomes in philanthropic engagement and serving purpose.

## Five Fundraising Success Factors

### 1. Philanthropic constituency

- A core success factor is identifying your current and potential donor market and understanding the pathways needed to reach supporter audiences.
- There can be a tendency for organisations to assume greater market relevance than that which actually exists, and to make assumptions about the reasons people do and may give.



- Critical examination is warranted in identifying and testing donor markets across various modalities of support. Attention also needs to be directed to understanding why people give and what circumstances influence giving.
- Understanding the drivers of philanthropy and the ways in which donors are initially engaged and relationships are sustained will shape effective and efficient practice. This understanding needs to exist at a functional and leadership level in order for a cogent strategy to be developed and sustained.
- Healthcare philanthropy is commonly underpinned through gratitude and the response from patients and families to care they have received. Facilitating this pathway will be a core element in building a supporter constituency in healthcare philanthropy.

## **2. Framing a vision for change**

- Donors are most likely to give to organisations when they can clearly see the outcomes realised and change created as a result of the support they are giving.
- Organisations that articulate what they change rather than what they do will present a more compelling philanthropic proposition.
- The challenge for organisations seeking philanthropic support is to clearly articulate outcomes and impact and communicate with donors in ways that prioritise the role of the donors over the needs of the organisation.

## **3. Leadership engagement**

- Leadership is a critical determinant of fundraising effectiveness, and the responsibility sits across functional, management, executive and governance roles.
- Institutional leadership at all levels will play a critical role in creating the environment for philanthropic engagement and shaping the experience offered by the organisation.
- Leadership of the fundraising function is an obvious success factor. However, where such leadership is not fit for purpose or supported at a broader organisational level, fundraising outcomes will almost certainly be constrained.
- Organisational executive leadership will play a central role in positioning, resourcing and enabling the fundraising function. High performing organisations in fundraising have clear evidence of executive sponsorship and advocacy.
- Board leadership will influence culture and strategy in regard to philanthropy, and also play a key role in advocacy and connection within supporter constituencies. Demonstrable Board engagement in and understanding of philanthropy is also commonly identified in high performing organisations.



#### **4. Organisational connection and buy-in**

- An identified point of failure in fundraising lies in the marginalisation or isolation of the function within a broader organisational environment. A common reason for this is framing fundraising as a transactional process which in turn leads to discomfort and even fear of fundraising.
- A culture of philanthropy will position fundraising as a natural and comfortable process within an organisation and highlight the relationship between philanthropy and purpose.
- Framing an organisational culture of philanthropy means shaping an environment where philanthropy is naturally aligned to serving purpose. This influences engagement and advocacy across the organisation and opens up multiple channels of connection for people to identify their place in offering support to initiatives that are important to them.
- Ultimately, it is people who shape the experience that is offered by an organisation. Organisational connection and buy-in to philanthropy creates an environment where that experience is aligned to engaging people in serving a shared purpose.

#### **5. Fundraising team and program capacity, capability and consistency**

- Having shaped an organisational environment that is set up for fundraising success, attention needs to be given to creating a fit for purpose fundraising staff team and identifying an appropriate suite of fundraising programs.
- Fundraising team capability and capacity is essential to realising effective outcomes. This includes an evidenced based approach to fundraising practice, appropriate functional structures, and an informed balance of resourcing, expectations and measurement.
- Effective fundraising is shaped by undertaking a mix of fundraising activities that work in harmony to support philanthropic engagement. Organisations demonstrating consistent success in fundraising have a common factor in managing fundraising as a suite of programs rather than undertaking fundraising as a series of separate activities.
- Consistency and continuity in staffing, relationship management and program execution is also an evident success factor in organisations with high performing fundraising functions.



## Non-Negotiable Ingredients for Fundraising Success

### Investment

- An effective fundraising function is based on informed and measurable investment in people, fundraising programs and systems. This is a consistent feature of organisations that achieve long-term success in fundraising.
- Market evidence also demonstrates that a lack of investment erodes capability and capacity and ultimately creates inefficiencies and limited effectiveness.
- Considered investment is not simply a case of spending money on fundraising. It must be based on sound program selection that fits the organisation and its constituency, appropriate staffing structures, recruitment and support, and fit for purpose systems functionality.
- Metrics that address long-term program progression and focus on drivers of return above outputs are also critical to managing return on investment.

### Data and Systems

- Functional and cogent data systems are a critical ingredient in managing relationship-based programs for long-term return.
- Systems that focus primarily on transactional functions, lack integration, offer limited analytical capacity, or are difficult to use, will reduce efficient and effective decision making.
- Data governance and security is a broader market issue, however it presents a particular issue in fundraising systems applications where personal and financial information is being managed.

### Time

- Philanthropic engagement, exercised through fundraising, volunteering and advocacy, is relationship based and driven by trust and confidence.
- Optimal relationships are formed and developed over time and market evidence identifies successful fundraising programs as those that are based on long-term and consistent engagement practices.
- Adopting a long-term approach to managing fundraising programs also aligns to serving purpose, which for most organisations is also a long-term focus.



## Measurement

- Fundraising metrics and associated reporting tools are most relevant when they are framed around data that relates to the drivers of activity and a relationship continuum.
- Adopting cogent, long-term and actionable metrics and reporting will shape decision making and provide informed insights around program focus and investment.
- Measurement and reporting approaches based on short-term financial tools will provide limited meaningful data on fundraising efficacy when used in isolation.

## Discipline

- Contemporary fundraising practice is informed by a body of knowledge which is supported by an increasing base of research and literature. This should shape approaches to staffing and programs
- Program selection, planning and execution should be framed by evidence and informed market reference.
- Staff recruitment, assignment and development should also be shaped by accessible practice frameworks. There are many credible sector professional development offerings in market as well as access to formal qualifications and credentials with specific and broad reference to fundraising practice.
- Adopting professional practices in program and personnel management will be central to maintaining a disciplined, long-term approach to fundraising program management to realise optimal outcomes.



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**About the author: Nigel Harris AM MBA CFRE GAICD FFIA**

Nigel Harris is Managing Director of Nigel Harris & Associates Pty Ltd, an advisory practice specialising in philanthropy and fundraising leadership.

In a 40-year career, Nigel has held several executive leadership roles in non-profit organisations, most notably Chief Executive Officer of Mater Foundation (Queensland) for 24 years. Under Nigel's leadership, Mater Foundation's annual fundraising revenue grew from \$2m to \$73m, becoming one of Australia's largest health charities and a major funder of medical research and clinical services.

Holding an MBA as well as qualifications in Public Relations and Marketing, Nigel is also a Certified Fundraising Executive (CFRE) and a Graduate of the Australian Institute of Company Directors (GAICD). In 2012 he was recognised as the Arthur Venn Australian Fundraising Professional of the Year and has also been recognised through other non-profit management awards.

Currently Chair of Act for Kids and a director of Leukaemia Foundation Australia, Nigel also serves on the Board of the Institute for Sustainable Philanthropy and the Management Committee of Braille House. He is a Fellow and Past Chair of Fundraising Institute Australia, a Fellow of the Institute of Managers and Leaders and Certified CEO through the CEO Institute. He has been active in community and sporting organisations for over four decades.

In June 2022, Nigel was appointed a Member of the Order of Australia (AM) in recognition of his contribution to the non-profit sector and the broader community.