

# DEVELOPMENT PLANS & FUNDRAISING PERFORMANCE

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## FOREWORD

It started with a tweet that came through my feed asking if there was a correlation between development plans and fundraising success. The only reference I had ever seen was one question in the *Individual Donor Benchmark Report* conducted by Third Space Studio back in 2015/16. Survey participants noted a correlation between having a development plan and being more successful in their fundraising.

That tweet got me thinking. We have so much anecdotal evidence how intentionally planning fundraising for a fiscal year creates a stronger vision for success. But can we concretely support the anecdotes with data?

So, Windmill Hill Consulting partnered with Bloomerang, DonorSearch, and Matt Beem of Hartsook to commission the Institute for Sustainable Philanthropy to find out. This global study is the first of its kind analyzing feedback from nonprofits around the world.

What this research learned was that the majority of nonprofits surveyed did use a plan as their roadmap for fundraising activities and strategies. But having the written plan of goals, timelines, and tactics is simply not enough. A nonprofit whose fundraising thrives—especially during difficult times—also has an organizational mindset toward fundraising, senior leadership buy-in to this culture, team ownership, and defined and tracked metrics and accountability standards.

In a time when donor and staff retention are urgent needs in the nonprofit sector globally—now is the time for all leaders to look at how they can build these conditions for success into their own organizations.

We are grateful for Adrian Sargeant and his team at the Institute for Sustainable Philanthropy for the expertise they brought to this study. And particular thanks go to Steven Shattuck and Jay Love at Bloomerang, Sarah and Bill Tedesco at DonorSearch, and Matt Beem of Hartsook for partnering with us to delve deeper into how to help nonprofits fundraise more effectively.

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# INTRODUCTION

In the Spring of 2020, the Institute for Sustainable Philanthropy was commissioned to conduct a survey on the topic of fundraising planning. The goal was to determine the extent to which nonprofits had adopted a formal/informal planning process and explore the implications of this for their fundraising success. We were also interested in identifying what planning tools were in use and what specifically fundraisers had in mind when they were developing and writing “fundraising strategy.”

## RESEARCH OBJECTIVES

The specific objectives of our research were as follows:

1. To identify the link (if any) between the adoption of formal/informal planning processes and fundraising success.
2. To identify the forms of planning currently undertaken by the sector and the components that are typically addressed in each.
3. To identify whether both internal and external audits are conducted as part of any planning process and (if they are) the elements that typically form the focus of this analysis.
4. To identify the key strategic issues that fundraisers consider and the analytical tools (if any) that they use to reflect on these issues.
5. To identify how plans are implemented and the regimes in place for monitoring and controlling that implementation.
6. To identify the impact (if any) of organizational culture on the successful adoption and implementation of planning processes.
7. To identify the extent to which boards and executive leadership are currently involved in managing or providing oversight of the planning process and/or outcomes.
8. To identify the extent to which fundraisers and fundraising leaders are held accountable for the implementation of the resultant plans.
9. To identify the utility (or lack thereof) that fundraising leaders perceive accrue from their fundraising planning processes.

10. To identify moderators of any potential relationship between the adoption of fundraising planning processes and fundraising success.

We operationalized fundraising performance as revenue growth, donor retention (first year and subsequent), and fundraiser confidence in respect of their ability to achieve their fundraising objectives.

## SO, WHAT DO WE ALREADY KNOW?

Most research into effective organizational planning in the for-profit and public sectors centers around formal strategic planning. The for-profit sector has largely driven the development of strategic planning concepts, procedures, tools and practices. Such planning can occur at the organization level, within organization teams, and in organizational networks working towards a common goal (Bryson et al, 2018). In short, strategic planning is one of the most popular managerial approaches in the world (see George et al, 2019).

Bryson (2010, s257) defines formal strategic planning as a:

*'deliberative, disciplined effort to produce fundamental decisions and actions that shape and guide what an organization (or other entity) is, what it does, and why'.*

George et al. (2019) suggest that:

*"Strategic planning should include an informed process during which the internal and external environment is analyzed, clear strategies and goals are defined based on this analysis, and different courses of action are generated and carefully considered before making final decisions."*

In other words, strategic planning guides an organization to make the "right" decisions. But the process of planning can yield other benefits. In the public sector, for example, authors have argued that a strategic planning process should:

1. Aim to identify and respond to the pressing issues faced by the organization.
2. Outline the purpose and values of the organization/plan.
3. Assess the external factors that could affect the organization's mission.
4. Consider the views of internal and external stakeholders.

5. Rely heavily on senior-level management involvement
6. Build commitment to the plan in key participants.
7. Outline appropriate action to reach the goals.
8. Consider how the plan positions the organization favorably in the future.

*Source: Poister and Streib (1999); in Cepiku et al (2018).*

It is this range of benefits that has led some authors to conclude that the process of planning can be more important than the production of a documented plan per se (Sargeant and Shang, 2010).

Other authors have focused on the components of strategic planning, including: developing vision, mission and value statements; identifying issues; setting goals, measurable objectives, and goal achievement strategies; identifying partners; considering available resources; and timeline specification (e.g., Bryson and Alston 2011; Lee et al, 2018). There are echoes of all these components in the suggestions from the fundraising sector as to what a fundraising plan should contain (e.g., Sargeant and Jay, 2010; Sargeant and Shang, 2010; Gallagher et al, 2012).

Proponents argue that strategic planning is essential to ensure organizational effectiveness (e.g., profit, market share) and target achievement (Bryson et al, 2018). In the past decade, academic research has linked strategic planning with objective achievement (e.g., Elbanna et al, 2016; George et al, 2019; Johnsen, 2018; Walker and Andrews, 2013), increased productivity (Poister et al, 2013a) and increased quality of public services (e.g., Lee et al, 2018; Walker et al, 2010).

Strategic planning also correlates with non-financial gains. One study has linked strategic planning on homelessness by 208 US county governments with the number of beds available to the homeless (Lee et al, 2018). The authors found that simply having a strategic plan is associated with dozens more available beds. They also found that the more robust the government's strategic plan was (quantified by the number of traditional components such as mission statement, measurable objectives; Bryson and Alston, 2011), the greater the number of beds that would be made available to the homeless (Lee et al, 2018). There may therefore be many benefits that can accrue from a formal planning process.

Other less formal approaches to strategic management are of course possible. Organizations can, for example, adopt a more incremental approach to planning

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where decisions are taken reacting to daily events rather than mapping out in advance the actions that will be taken. This kind of incrementalism is sometimes adopted in turbulent environments or where there is a high degree of complexity, for example when different stakeholders have conflicting objectives and a difference in opinion of how to prioritize these (Bryson et al, 2018).

Incrementalism is defined as follows:

*“It is conscious, purposeful, proactive, good management... It helps the executive achieve cohesion and identity with new directions. It allows them to deal with power relationships and individual behavioral needs, and permits them to use the best possible informational and analytical inputs in choosing major courses of action.”* (Quinn, 1980; p. 52).

Incrementalism requires that an organization have a broad sense of where it wants to be and then a series of logical decisions are taken that reflect that desired direction (Bryson et al, 2018; Quinn, 1980). Of course, a blended approach is also possible where strategic planning charts the direction and strategy to get there, but the detail of exactly how this will be implemented is developed incrementally (Poister et al, 2013b).

So which approach is best?

The academic literature suggests that strategic planning should be preferred to incrementalism in all but the most turbulent environments. Poister et al (2013a), for example, found that public service organizations using incremental planning are less effective (measured by number of people using services) and productive than those using strategic planning or blended approaches. Similarly, Andrews et al (2009) found that both having no plan and adopting a logical incremental approach, negatively impacted organization performance.

It is important to note, though, that the research comparing incremental and strategic planning approaches comes from the for-profit and public sectors. Although a handful of papers have addressed planning in nonprofit contexts, these do not take the form of comparisons in the manner described above. There have also been no studies of fundraising planning per se, although fundraising textbooks do generally support the adoption of a strategic planning perspective (e.g., Sargeant and Jay, 2010; Sargeant and Shang, 2010).



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# WHAT INFLUENCES THE RELATIONSHIP BETWEEN PLANNING AND SUCCESS?

A variety of studies have examined the factors that might impact on the relationship between planning and fundraising performance. Peter Drucker is credited with having said “culture eats strategy for breakfast” and so it is perhaps not surprising that culture would be top of this list. If senior management set a plan that is inconsistent with “how we do things around here” it will be doomed to failure from the outset. The academic literature on culture is extensive, but for our purposes there has been a particular focus on business or strategic “orientation”.

An organization’s strategic orientation is important because it shapes the strategy it will implement to create the behaviors necessary to sustain or enhance its overall performance (Gatignon and Xuereb, 1997; Slater et al, 2006). So unsurprisingly there has been considerable academic and professional interest in different strategic orientations and how these in turn might help develop differing levels of performance.

Notable orientations include:

**Product Orientation** — organizations that are product oriented would focus their attention on the design of efficient products and services. Boards are therefore dominated by the production function. Customer needs are considered unimportant because demand is typically high. So, the route to enhanced profitability lies in producing more output.

**Sales Orientation** — organizations with a sales orientation are keen to sell their goods and services to customers. Again, they care little for the genuine needs of their customers, they simply want to convince customers to buy what they are producing.

**Market Orientation** — organizations with a market orientation have customer needs embedded at the heart of the organization. Everything they do begins and ends with the satisfaction of customer needs and the whole organization understands why this is important and the role everyone can play in delivering this value.

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Although the notion of a market orientation or market culture originated in the commercial world, academics have studied the impact of a market orientation in the nonprofit context. In particular, the degree of market orientation has been linked to growth in fundraising revenue (e.g. Bennett, 1998; Caruana et al, 1998).

Most recently authors have examined other forms of culture specific to the nonprofit context. Sargeant and Bryant (2018), for example, advocate for a philanthropic orientation, which they define as:

*“An organization with a high degree of philanthropic orientation will be very receptive to, and welcoming of, a variety of philanthropic sources of income. It is also an organization that recognizes the unique nature of philanthropy and the central role that whole-organization stewardship can play in developing that philanthropy and the wellbeing of those who might offer it.”*

The authors identify that organizations that can evidence the following factors, experience a higher level of fundraising growth and enhanced donor retention and loyalty:

- a) a higher degree of donor-centricity,
- b) the celebration of philanthropy embedded at their core,
- c) a strong case for support and
- d) a high degree of board engagement/involvement

There has also been work conducted looking at the characteristics of organizations that have successfully doubled, tripled or quadrupled their fundraising income (Sargeant and Shang, 2013). Such organizations engage (or build) level five leadership and those leaders focus the majority of their time on managing the culture of their organization to allow fundraising to be successful. They spend only a minority of their time managing the fundraising function per se. They also problem-solve in a manner consistent with a systems approach to thinking, both personally and within their teams. Outstanding fundraising leaders also focused their organizations on the ‘why’ question, crafting a case for support that reflected the answer to that question rather than the details of the ‘what’ or ‘how?’

So, there is a substantive body of literature that suggests culture might influence the relationship between planning and performance. The literature also suggests that a range of other factors might be in play. These include:

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**Strategic Perspective or Stance** — Organizations that consistently drive innovation in a sector may find planning more helpful than those that simply react to the actions of others, or are slow to react at all (Andrews et al, 2006; Walker et al, 2010).

**Accountability** — Organizations that hold managers accountable for the implementation of their plan and the achievement of its objectives, may find that the resultant plans deliver more utility. Similarly, those organizations that regularly track their fundraising performance so that managers can take any corrective action that might be necessary, may garner more utility from a formal plan (Bryson, 2004; Elbanna, 2016)

**Commitment to the Plan** — Intuitively, one might expect that if a team lack commitment to a plan, it will have significantly less likelihood of implementation. By contrast, plans that the whole team can get behind and believe in, will have a significantly higher likelihood of implementation and success (Wheelan and Hunger, 2012; George et al, 2018).

**Team Spirit** — Cohesive teams that share a family like bond care more about the performance of the group. This enhanced focus on team achievement would make it more likely that the objectives in the plan would be delivered. The team cares about the team's success (Jaworski and Kohli, 1993).

**Senior Management and Board Involvement** — Plans that are able to secure the involvement of senior management and/or the board, would be significantly more likely to deliver enhanced performance (Yasai-Ardekani and Haug, 1997; Freeman, 1989).

All these factors sound intuitive, but to our knowledge there has to date been no substantive research examining these relationships in the context of fundraising planning. This study will address this gap in the literature and provide guidance for fundraisers about the characteristics of fundraising planning processes that appear most strongly linked to success.

# PROFILE OF RESPONDENTS

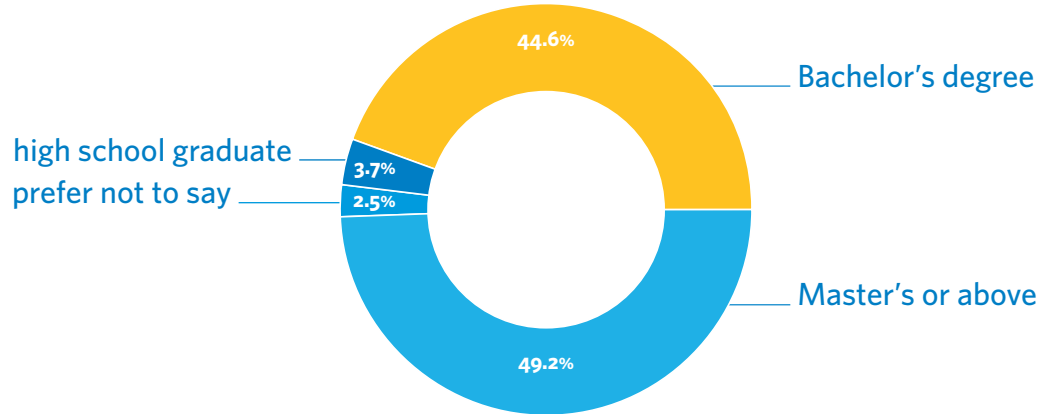
A digital questionnaire was developed and distributed through multiple professional fundraising networks during the period April—June 2020. A total of 325 fully completed questionnaires were received.

Respondents were:



In respect of education, Table 1 indicates that respondents were generally well educated with almost 50% holding a Masters Degree or above.

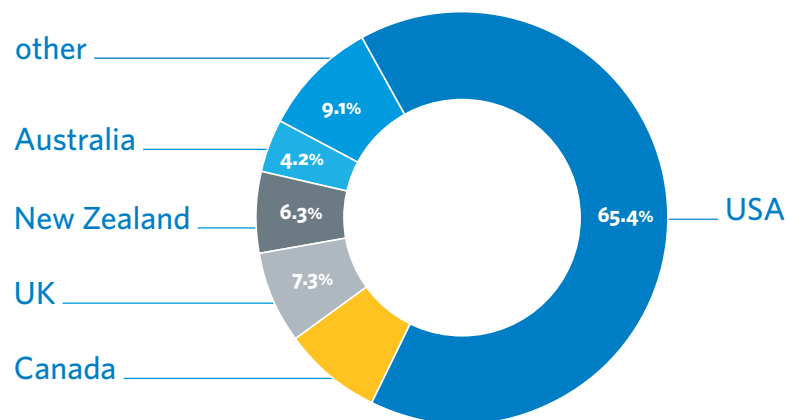
**Table 1: Highest Educational Attainment**



Respondents had been working at their current nonprofit for a mean period of 5.3 years. The median was lower at 3 years. Respondents had been working as a fundraiser for a substantively longer period. The mean was found to be 13.8 years and the median 12.

Almost three quarters of respondents were based in the USA and Canada.

**Table 2: Location of Respondents**



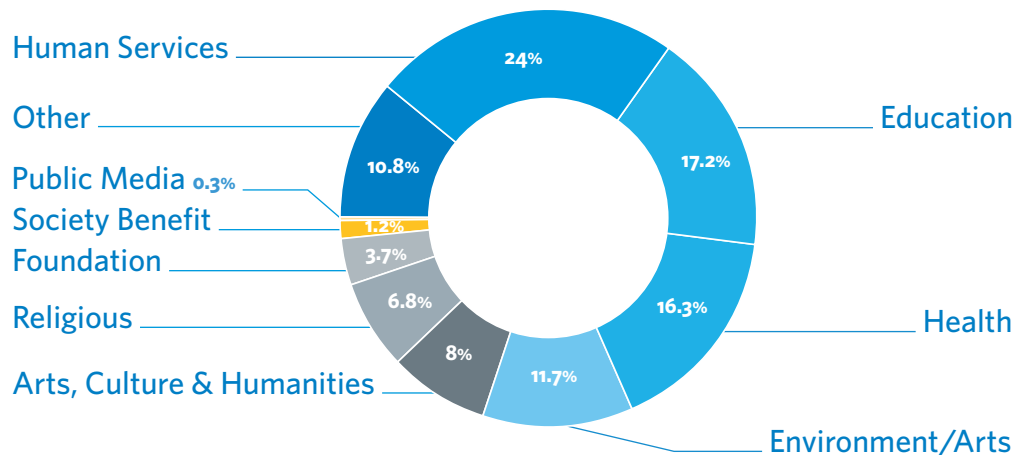
In respect of the organizations they are working for, small and medium sized nonprofits appear to predominate. The details of this analysis are presented in Table 3.

**Table 3: Income Category of Respondent Organizations**

INCOME CATEGORY (\$)	FREQUENCY	% OF RESPONDENTS
0 - 499,999	89	27.4
500,000 - 999,999	39	12.0
1,000,000 - 4,999,999	106	32.6
5,000,000 - 9,999,999	30	9.2
10,000,000 - 14,999,999	15	4.6
15,000,000 - 19,999,999	5	1.5
20,000,000 - 29,999,999	9	2.8
30,000,000 - 49,999,999	9	2.8
50,000,000 - 74,999,999	5	1.5
75,000,000 - 99,999,999	4	1.2
100M+	14	4.3

The categories of cause represented in our sample are presented in Table 4.

**Table 4: Causes**



# PLANNING APPROACH

The questionnaire began by asking respondents to characterize their organization's current approach to planning. Seven-point semantic differential scales were constructed with adjectives that described an informal approach and a formal approach.

So, the scales were constructed using:

1 = Ad Hoc and 7 = Scheduled

1 = Reactive and 7 = Proactive

1 = Informal and 7 = Formal

and

1 = Ongoing and 7 = Annual

The results for each item are listed in Table 5 below. Remembering that 4.0 will be neutral on a 7-point scale, we can conclude that a majority of respondents have a formal approach to planning and at the very least a planning process that is formally scheduled.

**Table 5: Formality in Planning Approach**

	INFORMAL	NEUTRAL	FORMAL	MEAN
Ad hoc; Scheduled	17.5%	8.3%	74.2%	5.07
Reactive; Proactive	20.9%	14.5%	64.6%	4.85
Informal; Formal	21.5%	15.4%	63.1%	4.79
Ongoing; Annual	35.1%	13.9%	51.1%	4.29

Given the results in Table 5 it is unsurprising that when asked whether they have a written fundraising plan (and/or strategy), 72% of respondents indicated that they had such a document.

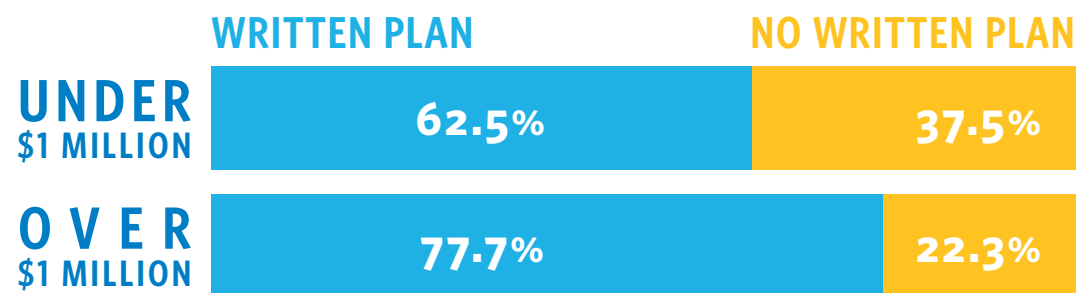
We found an interesting nuance in the data though. Fundraisers who have been working in the sector for longer periods were found to be significantly more likely to have a formal plan. The mean years of experience of fundraisers with a plan was 15 and the mean without a plan was 12. ( $B = 2.86, p = .014$ ). The median values paint a similar picture. The analysis is presented in Table 6

**Table 6: Years Working As A Fundraiser For Plan and No Plan Scenarios**

	MEAN	MEDIAN	STANDARD DEVIATION
Written Plan	14.62	13.00	9.17
No Plan	11.76	8.50	9.82

We also found differences by size of organization, with larger organizations being more likely to develop a formal plan (those with written plans have 109% higher odds of having income over 1 million -  $OR = 2.09, p = .003$ ). So reflecting on the results above it is possible that more experienced fundraisers end up working in larger nonprofits and that it is the size of the nonprofit that is behind the previous difference (See Table 7).

**Table 7: Size of Nonprofit for Plan and No Plan Scenarios**





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The survey also asked people who didn't have a plan, why there was no formal plan. There were a multiplicity of different responses, but our analysis indicates four broad themes are in play; leadership issues, lack of time, perceptions that the charity is too small for a plan, and a lack of planning expertise.

The following quotes are illustrative.

"Director refuses to make a written plan—we just 'do what we did last year.'"

"Department head doesn't seem to believe we need one."

"Disorganized leadership."

"In the midst of a campaign, new to role, and literally no time to plan."

"It seems I am always on the go and not enough time to sit and concentrate."

"It's intimidating and overwhelming!"

"Lack of available staff time to do it."

"Not sure where to start or what to do."

"Lack of experience."

"Wasn't considered a priority."

"We are a small organisation and have a limited number of funding sources which we go back to annually."

"We are a small shop and so we have a plan, and anticipated timing, but not a fully written-out plan."

"We are an all-volunteer org. with two board volunteers fundraising—very informal."

## EXTERNAL ANALYSIS

Respondents were next asked whether they routinely conduct an analysis of the external context or environment. Some 58.5% of respondents indicated that this was the case. Although this is a solid majority it still indicates that over 40% of nonprofits do not make the time to do this.

We found a marginal effect here of whether organizations generated a written plan. Those with a formal plan were significantly more likely to conduct an

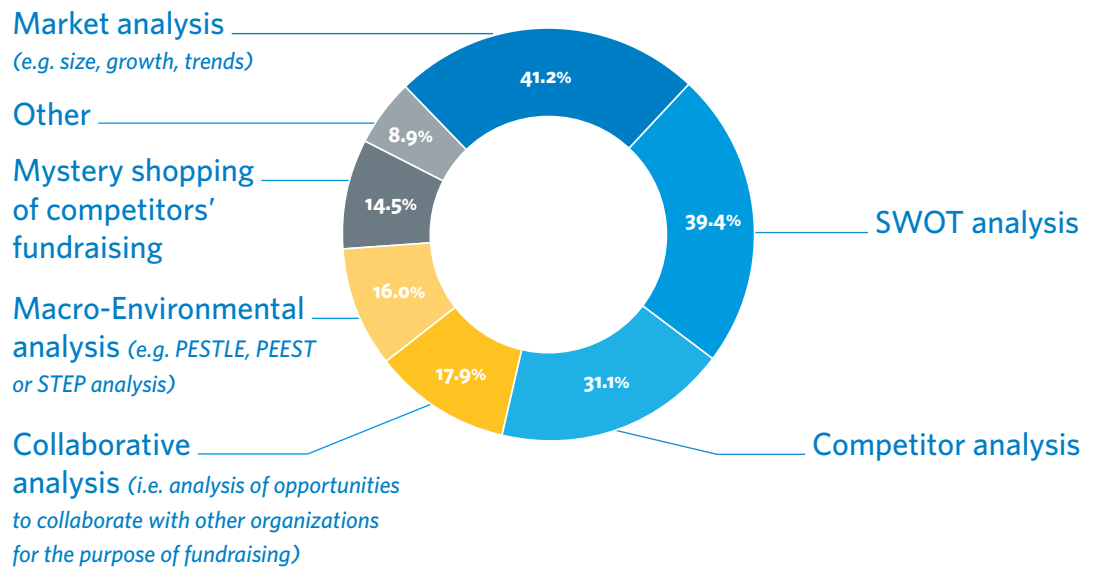
analysis of the external environment (OR = 1.52, p = .091). Table 8 contains the detail of this analysis.

**Table 8: Analysis of External Environment by Presence of a Written Plan**

	NO EXTERNAL ANALYSIS	YES EXTERNAL ANALYSIS
Written Plan	38.6%	61.4%
No Plan	48.9%	51.1%

Respondents were then asked to indicate the categories of analysis that they conduct of the external environment. It seems clear that market analyses and competitor analyses predominate, although take up is still quite low. The results appear in Table 9.

**Table 9: Category of External Analysis Undertaken**



Some interesting differences emerged between those with a formal plan and those without. The detail of this analysis is reported in Table 10. The figures asterixed indicate a statistically significant difference between the two groups. Those with formal plans were significantly more likely to undertake all the activities marked in this way.

**Table 10: Category of External Analysis by Presence of a Formal Plan**

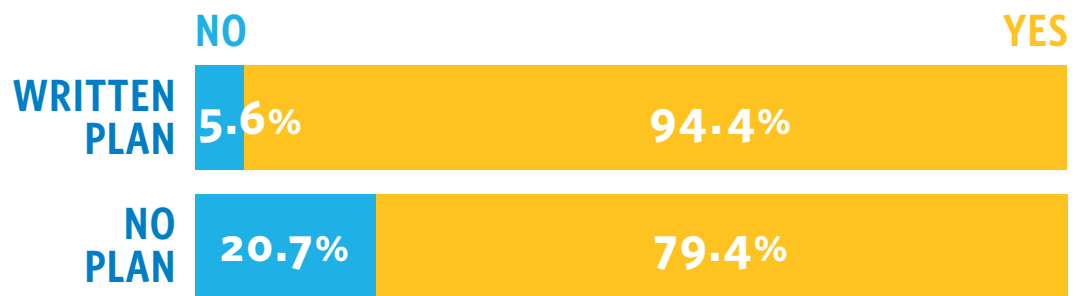
CATEGORY	FORMAL PLAN %	NO PLAN %
Market analysis	47.2*	26.1*
SWOT analysis	42.5*	31.5*
Competitor analysis	33.5	25.0
Collaborative Analysis <i>(i.e. analysis of opportunities to collaborate with other organizations for the purpose of fundraising)</i>	20.2*	12.0*
Macro-Environmental analysis <i>(e.g. PESTLE, PEEST or STEP analysis)</i>	18.5*	9.8*
Mystery shopping of competitors' fundraising	15.5	12.0
Other	9.0	8.7

\* = significant difference between the two groups

# INTERNAL ANALYSIS

Turning to internal analysis we found that 90.2% of respondents claim to conduct an analysis of their own past performance. While this figure is impressively large, it is still worth noting that almost 10% of our nonprofits do not conduct such an analysis. As Table 11 indicates, the odds of those with written plans conducting past performance analyses are 4.4 times higher than those who do not have a written plan (OR = 4.40,  $p < .001$ ).

**Table 11: Conduct of Internal Analysis by Presence of a Formal Plan**



Respondents then indicated the categories of analysis they conduct. The historic performance of each form of fundraising is the most common analysis employed, but almost two thirds of respondents also assess their fundraising systems. Only around half of respondents look at the performance of discrete segments of donors, although it should be remembered that many of our respondent organizations are quite small, which might explain the relatively low take-up. Table 12 contains the detail of the analysis.

**Table 12: Categories of Internal Analysis Undertaken**

CATEGORY	% OF RESPONDENTS
Past performance of each form of fundraising or channel	83.1
Past performance of fundraising systems <i>(e.g. processes for welcoming or thanking donors)</i>	63.7
Past performance of different segments of donors	54.2
Fundraising team structure	45.5
Health of the donor pipeline	43.7
Health of the fundraising portfolio	37.9
Other	8.3

Again, some interesting differences could be identified between organizations that had a formal plan and those that did not. The detail of this additional analysis is reported in Table 13. As above, the asterix indicates a significant difference between the two groups. Those without a plan are significantly less likely to engage in all the activities listed.

**Table 13: Categories of Internal Analysis and Presence of a Formal Plan**

ANALYSIS	FORMAL PLAN %	NO FORMAL PLAN %
Past performance of each form of fundraising or channel	87.1*	72.8*
Past performance of fundraising systems <i>(e.g. processes for welcoming or thanking donors)</i>	67.4*	54.4*
Past performance of different segments of donors	60.1*	39.1*
Fundraising team structure	48.1	39.1
Health of the donor pipeline	49.4*	29.4*
Health of the fundraising portfolio	44.2*	21.7*
Other	9.0	6.5

\* = significant difference between the two groups

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## PLAN CONTENT

Respondents that had a formal plan were then asked about the characteristics of that plan.

**62%** of respondents had development SMART fundraising objectives

**90%** developed a plan for the strategies/tactics that would be followed

**76%** had procedures in place to ensure that the fundraising was properly implemented and controlled

**76%** indicated that the plan is revised regularly and updated to reflect new circumstances

**74%** indicated that fundraising planning is integrated with the organizational budgeting process

**58%** indicated that resources are allocated to fundraising based on what the fundraising plan says can be achieved

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# FUNDRAISING STRATEGY

Respondents were then asked to focus on fundraising strategy. Specifically, they were asked an open-ended question. When you plan your fundraising, what issues or topics do you consider under the heading 'fundraising strategy'? They were given five opportunities to input data.

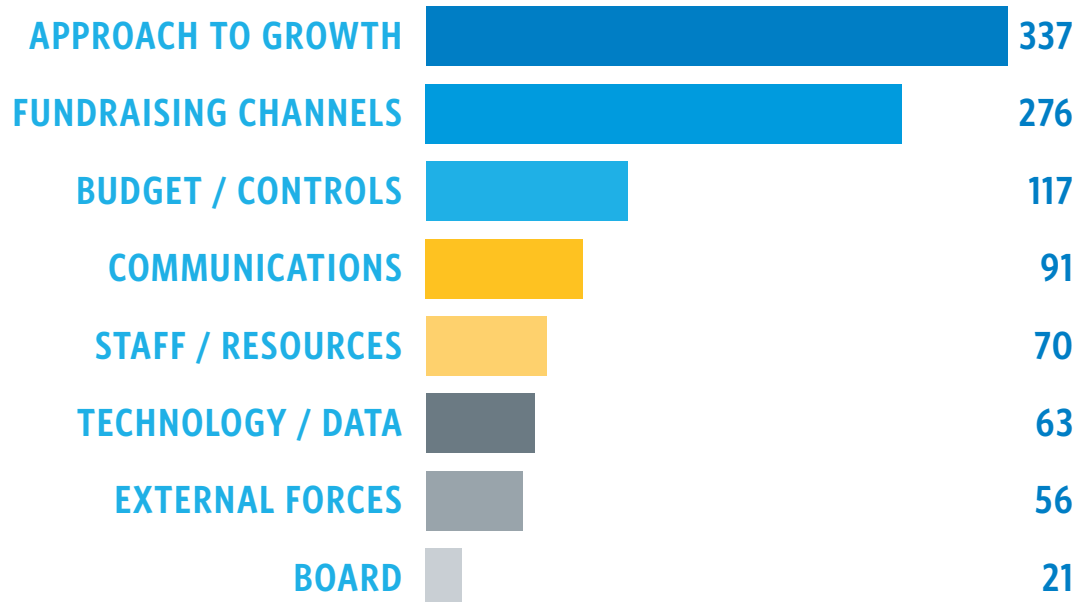
Eight broad themes emerged from our analysis. Respondents would articulate strategy as:

- 1) A Broad Approach to Growth - which includes long-term and short-term plans for growth / expansion, the mission of the organisation, strategy for acquisition, plans for retention, stewardship strategy.
- 2) Fundraising Channels - Methods by which organizations raise money, including: events, annual giving, online or digital giving, foundations, grants, major gifts, planned giving, monthly giving, matched funding, institutional fundraising, membership, capital campaign, sponsorship.
- 3) Budget and Associated Controls - Includes KPI's, where to get money for specific projects, financial planning for the future, issues from past performance review.
- 4) Communications - design / theme, how often we ask, how the ask is presented, timing of communications, strength of the proposition or message, frequency of communications.
- 5) Staff / Resources - Includes staff capacity, the structure of teams within the organization, training of staff, management effectiveness, overheads of day-to-day operations.
- 6) Technology / Use of Data - donor demographics, utilization of database, strength / health of database, ways to grow the database, use of social media.
- 7) External Forces - opportunities in the market, trends, research, competitors, economic impact, regulations, risk management.
- 8) Board - Includes Board engagement, involvement, support of fundraising, the willingness for the Board to donate, board development and learning.



In the table below we provide counts of the number of times each issue was mentioned. Note, there were five opportunities to enter strategic issues, so each category may have been mentioned more than once by a respondent.

**Table 14: Strategic Issues**



As we noted above respondents could each enter up to 5 strategic issues. Those with written plans input an average of 4, while those without a plan input an average of 3.5. This was a statistically significant difference ( $B = 0.42, p = .027$ )

We could discern no differences between the two groups in terms of the issues considered strategic.

Respondents were then asked what tools they used to assist them in developing strategy. As the data in Table 15 indicates, very few models/tools are employed. Only the relatively simple tool of the SWOT analysis gains any real traction. Nonprofits without a plan were significantly less likely to conduct a lifecycle analysis ( $B = 0.10, p = .029$ ) or to employ risk modelling ( $B = 0.11, p = .004$ ). They were also significantly more likely to say “none” ( $B = -0.14, p = .018$ ).

**Table 15: Application of Strategic Models**

MODEL	%OF RESPONDENTS
SWOT Analysis	48.3
Life-cycle Model	15.7
PESTLE/PEST/PEESTLE Analysis	14.5
Risk Models	11.4
Ansoff Matrix	3.4
Boston Box	2.2
Sensitivity Analysis	1.9
Sargeant Matrix	0.9
General Electric 9 Cell Matrix	0.6
None	38.8

## STRATEGIC BEHAVIOR

Having now examined the process of planning we move on to examine a range of factors that have been shown to impact on successful implementation. The first of these is the strategic stance adopted by the organization. The Miles-Snow typology is one of the most popular classifications in management science (Miles and Snow, 1978). Beginning in the early 1970s and continuing through the mid-1980s, Miles and Snow explored the strategies of hundreds of companies in numerous industries. Over time, they recognized distinct patterns or categories of behavior which were associated with success. We included three of their original categories in our survey and profile them briefly below.

### Prospector

Prospectors continually search for product and market opportunities, and regularly experiment with potential responses to emerging environmental trends. They often pioneer the development of new ideas and are the creators of change and uncertainty to which competitors must respond. However, given their focus on innovation, they are not typically efficient. Prospector characteristics include a

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diverse product line, multiple technologies, and a product based or divisional structure. A prospector distributes power across different parts of the organization to encourage flexible and innovative behavior that will allow it to locate and exploit opportunities for new ventures.

## Defender

Defenders don't continually prospect for new business. They focus on improving the efficiency of existing operations. Defender characteristics include a limited product line, a functional structure, and skills in efficiency, process engineering, and cost control. Defenders take a conservative view of new product development, seeking to maintain the same, limited product line with an emphasis on high volume and low cost. Since defenders aim to maximize the efficiency of internal procedures, Miles and Snow argued that they address administrative problems by providing management with the ability to centrally control all organizational operations. A defender thus resembles a classic bureaucracy in which only top-level executives have the necessary information and the proper vantage point to control operations.

## Reactors

Reactors are organizations in which top managers perceive high levels of environmental uncertainty but lack any consistent strategy for responding to this. Miles and Snow describe reactors as seldom making adjustments of any sort until forced to do so by environmental pressures. Unlike defenders or prospectors, reactors have no predictable organizational structure; some may be centralized, whereas others are decentralized. They do not possess a set of mechanisms that would allow them to respond consistently to their environment.

In our questionnaire we posed a series of questions designed to categorize respondent organizations into one of these three categories. Tables 16-18 provide the detail of our analysis.

In interpreting the tables, it is important to understand that we originally employed seven-point scales where:

1 = strongly disagree — 7 = strongly agree

In the table below we provide the original mean score for each item (ranging from 1-7) and we condense the seven-point scale to disagree, neutral and agree, to make the numbers easier to interpret. Mean scores for the prospector stance are generally ambivalent, although it does appear that fundraising priorities are regularly reviewed, and organizations are actively looking for new opportunities. It was interesting to note that those with written plans had a significantly higher prospector stance ( $B = .48, p < .001$ ).

**Table 16: Prospector**

PROSPECTOR CHARACTERISTICS	% DISAGREE	% NEUTRAL	% AGREE	MEAN SCORE
We continually evaluate our fundraising priorities	23.4	10.8	65.9	4.78
We seek to be the first to identify new modes of fundraising	56.6	20.3	23.1	3.20
Searching for new opportunities is a major part of our fundraising strategy	23.4	8.3	68.3	4.79
We often change our focus to new areas of fundraising	58.2	17.2	24.6	3.32
Total scale (prospector)	45.2	6.8	48.0	4.02

In Table 17 (below) the mean scores indicate a general level of agreement with each statement, remembering that a score of 4.0 would be “neutral” in our original scale. In particular, there is a high level of agreement that the organization focuses on maintaining stable fundraising priorities. It is interesting to note that those with written plans are marginally more likely to have a defender stance ( $B = .17, p = .099$ ).

**Table 17: Defender**

DEFENDER CHARACTERISTICS	% DISAGREE	% NEUTRAL	% AGREE	MEAN SCORE
We seek to maintain stable fundraising priorities	6.8	7.4	85.8	5.47
We focus heavily on the efficiency of our fundraising	28.9	16.3	54.8	4.47
We usually just focus on our core fundraising activities	26.5	8.3	65.2	4.65
Total scale (defender)	9.2	7.1	83.7	4.86
Total scale (prospector)	45.2	6.8	48.0	4.02

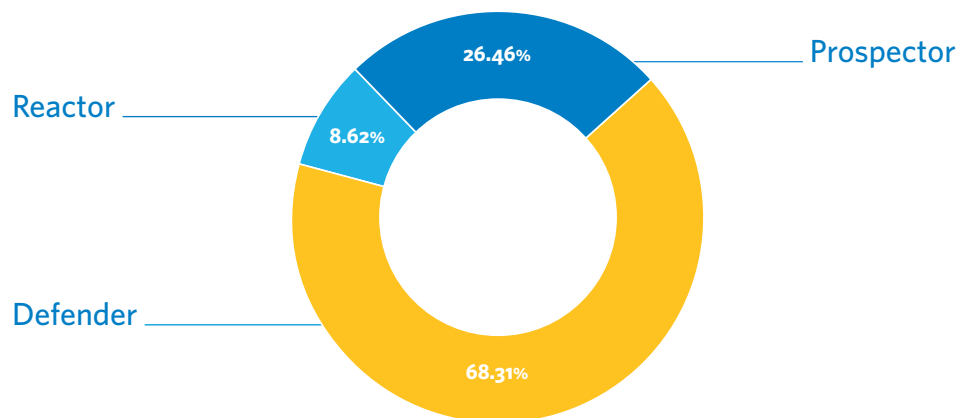
We would expect the mean scores in Table 18 (below) to be lower since Reactor organizations give little attention to new opportunities and find it difficult to establish appropriate priorities. It is interesting to note though, that almost 50% of the sample view their organization as having no consistent response to changes in the market. It was also interesting to note that those WITHOUT written plans are more likely to adopt a reactor stance ( $B = -.98, p < .001$ ).

**Table 18: Reactor**

REACTOR CHARACTERISTICS	% DISAGREE	% NEUTRAL	% AGREE	MEAN SCORE
We have no definite fundraising priorities	81.5	4.9	13.5	2.33
We give little attention to new opportunities	78.8	6.8	14.5	2.70
We explore new opportunities only when our income falls	66.8	8.9	24.3	2.99
We have no consistent response to changes in the market	46.2	14.8	39.1	3.81
Total scale (reactor)	78.8	4.3	16.9	2.96

We calculated mean scores for each respondent across all twelve items and allocated them to each strategic group based on their highest mean score. The results of our analysis are reported in Table 19 and indicate that defenders are the most common strategic group in our sample.

**Table 19: Strategic Stance**



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# TRACKING FUNDRAISING PERFORMANCE

The survey also gathered data on the tracking of fundraising performance. The data in Table 20 indicate that performance is tracked by our respondent organizations, but largely against internal benchmarks. External benchmarking is markedly less common.

It is encouraging to note the involvement of senior management and/or the Board, a topic we will return to below.

Those with written plans are more likely to track their performance ( $B = 1.08, p < .001$ ).

**Table 20: Performance Tracking**

STATEMENT	% DISAGREE	% NEUTRAL	% AGREE	MEAN SCORE
We routinely track the performance of our fundraising	8.6	4.3	87.1	5.70
Any deviation from expected performance is quickly identified	32.6	9.2	58.2	4.50
We routinely benchmark our performance against that of others in the sector	50.8	11.4	37.8	3.64
Performance measures associated with our fundraising are reported to the senior management team and/or Board on a regular basis	10.2	5.9	84.0	5.66
There is an agreed set of metrics that will be used to assess the performance of each form of fundraising or channel	36.6	10.5	52.9	4.27
Scale total (performance tracking)	24.6	5.5	69.9	4.76



# PLAN UTILITY

Respondents were then asked to indicate what utility they saw in planning. Table 21 presents the results of our analysis. Almost all respondents felt that fundraising planning was an immensely valuable process that would enhance their effectiveness.

**Table 21: Utility of Planning**

STATEMENT	% DISAGREE	% NEUTRAL	% AGREE	MEAN SCORE
I believe fundraising planning is an immensely valuable process	0.9	4.0	95.1	6.25
I regularly refer to the fundraising planning document in taking everyday decisions	33.9	13.2	52.9	4.37
In our organization, the fundraising planning process is more important than the plan itself	31.1	27.1	41.8	4.19
Implementing a formal fundraising plan increases our effectiveness	3.7	6.8	89.5	5.90
Plan Utility (Scale)	6.5	6.2	87.4	5.18

# ACCOUNTABILITY

Those that had a plan were also asked about the extent to which they were held accountable for its performance and implementation. The data in Table 22 indicate that almost a third of fundraisers are not held accountable to the plan in their annual appraisal (although they are held accountable in a more general sense for the achievement of objectives).

It is also disappointing that an appreciation of the need for a focus on organizational learning isn't more prevalent.

**Table 22: Accountability**

STATEMENT	% DISAGREE	% NEUTRAL	% AGREE	MEAN SCORE
Progress against the fundraising plan is a factor in my annual appraisal	17.6	14.2	68.2	5.06
The extent to which we learned from the implementation of the fundraising plan to improve our approach is a factor in my annual appraisal	26.6	21.9	51.5	4.42
The Board/Senior Management hold me accountable for the achievement of our fundraising objectives	12.5	8.2	79.4	5.42
The Board/Senior management routinely assess the implementation of the fundraising plan	36.9	12.5	50.6	4.24
Accountability (scale)	23.2	5.2	71.7	4.79

# COMMITMENT TO THE PLAN

The survey also captured information on the perceived commitment of the development team to the plan. Overall, the results in Table 23 indicate a very high level of commitment, although it seems clear that the content of the plan doesn't always align with the personal priorities of members of the team.

**Table 23: Commitment**

STATEMENT	% DISAGREE	% NEUTRAL	% AGREE	MEAN SCORE
Development team members were very committed to implementing the fundraising plan	6.4	11.2	82.4	5.51
The fundraising plan was closely aligned with the personal priorities of members of the team	20.6	16.7	62.7	4.76
Development team members felt that the fundraising plan contained the best possible approach	9.4	14.2	76.4	5.32
Commitment (scale)	11.2	6.4	82.4	5.20

# TEAM SPIRIT

The questionnaire then gathered data on team spirit and the extent to which that might be present in the fundraising team. The results in Table 24 indicate a generally high level of team spirit, although it is worth noting that 15% of our respondents indicated there was no team spirit in their organization. It was interesting to note that team spirit is significantly higher when there is a plan in place ( $B = 0.86, p < .001$ ).

**Table 24: Team Spirit**

STATEMENT	% DISAGREE	% NEUTRAL	% AGREE	MEAN SCORE
A team spirit pervades everyone in the fundraising team	14.5	10.5	75.1	5.23
Working for the fundraising team is like being a part of a big family	15.7	17.9	66.5	5.02
People in the fundraising team feel like they are 'in it together'	10.8	10.5	78.8	5.40
Team Spirit (scale)	15.1	7.7	77.2	5.22

# SENIOR MANAGEMENT INVOLVEMENT IN THE PLAN

Other work has found that widespread managerial involvement in strategic planning is beneficial. Elbanna et al. (2016), for example, in the public sector found that how much top, middle, and operation managers are involved in developing the strategic plan mediates the effect of better strategic planning on successful strategy implementation. In other words, the better the strategic plan, the more management participation, which will result in more successful strategic implementation.

For those with a written plan, our results in Table 25 indicate a high level of involvement from the development team and senior management, but rather less involvement from the Board.

**Table 25: Involvement With the Plan**

STAKEHOLDER	% DISAGREE	% NEUTRAL	% AGREE	MEAN SCORE
Senior management team	21.9	3.0	75.1	5.20
The board	44.6	10.7	44.6	3.70
The development team	6.9	5.6	87.6	5.94
Plan Involvement (Scale)	21.0	6.4	72.5	4.95

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# ORGANIZATIONAL CULTURE

The questionnaire then turned to the issue of culture and specifically the degree to which a philanthropic orientation was present in respondent organizations. We conceptualized a philanthropic orientation as having six key elements and our results are depicted below.

**Donor Centricity.** Just as a market orientation focuses on the needs of customers, a philanthropic orientation requires that organizations orient around the needs of their donors. The results in this regard are presented in Table 26. Remember that as previously, our original scales ranged from 1 = strongly disagree to 7 = strongly agree. The mean scores are provided in the Table and we also collapse our scale to disagree, neutral and agree, to make the percentages easier to interpret. The results show a generally high level of donor centricity, although it is disappointing that almost a quarter of respondents are not actively planning to make their donors feel good when they read their communications.

It was interesting to note that donor centricity is significantly higher when there is a plan in place ( $B = 0.71, p < .001$ ).

**Table 26: Donor Centricity**

ITEM	% DISAGREE	% NEUTRAL	% AGREE	MEAN SCORE
We give close attention to the quality of service we provide to our donors	10.8	8.0	81.2	5.60
When we plan our communications, we deliberately plan for how we will make our donors feel when they read those communications	14.5	7.1	78.5	5.40
We take every possible opportunity to thank donors for their generosity	10.2	5.5	84.3	5.65
We are always seeking opportunities to help donors to become more meaningfully engaged in our organization <i>(e.g., volunteer opportunities, service on committees, invitations to events)</i>	21.9	10.8	67.4	4.93
Donor centricity (scale)	12.0	4.3	83.7	5.39

**Philanthropic Core.** This dimension relates to the extent to which philanthropy is seen as a core value of the organization and that consequentially, all members of staff and volunteers understand their role in its facilitation and stewardship. The results in Table 27 are disappointing. In general members of staff cannot articulate a case for support and are uncertain as to the role that they might play in supporting fundraising.

It was interesting to note that the philanthropic core of an organization is higher when there is a plan in place ( $B = 0.71, p < .001$ ).

**Table 27: Philanthropic Core**

ITEM	% DISAGREE	% NEUTRAL	% AGREE	MEAN SCORE
Outside of the fundraising team, all members of staff in our organization could clearly articulate our case for support	46.5	12.9	40.6	3.72
Philanthropy is embedded at the core of our organization	41.9	9.9	48.3	4.13
In our organization, donor stewardship is seen as everyone's responsibility	42.8	9.5	47.7	4.16
Everyone in my organization understands the key role that they can play in supporting our fundraising	47.4	9.2	43.4	3.81
Philanthropic core (scale)	47.4	6.5	46.2	3.95



**Board Support of Fundraising.** Organizations with a high degree of philanthropic orientation enjoy meaningful support from their boards through help to raise money from others and giving of their own. The mean scores in Table 28 indicate that only around half of our respondents receive the support they should be receiving from their Board.

It was interesting to note that board support is significantly higher when there is a plan in place ( $B = 0.54, p = .007$ ).

**Table 28: Board Support**

ITEM	% DISAGREE	% NEUTRAL	% AGREE	MEAN SCORE
All our Board members have made meaningful gifts in the past year to support the work of the organization	45.2	9.9	44.9	3.86
We make it clear to new Board members on recruitment & during their orientation, that they will be expected to make gifts to support the mission of the organization	40.6	11.4	48.0	4.09
We have a process in place for tracking and holding accountable Board members and their support of the mission	54.5	10.8	34.8	3.46
Our fundraisers would say that our Board are highly supportive of them	27.4	15.4	57.2	4.46
Board support (scale)	48.6	4.3	47.1	3.97

**Fundraising as a profession.** To achieve a high degree of philanthropic orientation organizations must view fundraising as a profession and afford it equal status to other professions hired to perform daily operations. They should also provide opportunities for training and development within that profession. The results in Table 29 show that around a fifth of our respondents feel they are not viewed as professionals. We also identified that around a third do not have access to a dedicated training/development budget.

It was interesting to note that fundraising is more likely to be viewed as a profession when there is a formal plan in place ( $B = 0.87, p < .001$ ).

**Table 29: Fundraising As A Profession**

ITEM	% DISAGREE	% NEUTRAL	% AGREE	MEAN SCORE
Our fundraisers have regular access to professional development activities	19.1	7.4	73.5	5.13
In our organization, fundraising is seen as a profession	19.7	9.5	70.8	5.05
We have a dedicated budget to allow our fundraisers to attend professional development activities (e.g., sector conferences and events)	28.0	6.2	65.9	4.74
In my organization, employees who make an effort to learn new things earn appreciation and respect	15.7	11.4	72.9	5.16
Fundraising profession (scale)	19.7	4.0	76.3	5.02

**Case for Support.** Organizations with a high score on this factor have a strong, unique, compelling and emotional proposition, based on why the organization exists. The results in Table 30 indicate that almost three quarters of respondents claim to have a strong and compelling case for support, although other results in the table suggest it isn't always either emotional or based on the "why" question.

Once again it is interesting to note that the case for support is perceived to be marginally stronger when the organization has a formal plan ( $B = 0.30, p = .054$ ).

**Table 30: Case for Support**

ITEM	% DISAGREE	% NEUTRAL	% AGREE	MEAN SCORE
I feel we have a strong and compelling case for support	16.9	12.0	71.1	5.21
Our case for support doesn't focus on what we do, it focuses on why we do it	24.9	17.2	57.9	4.64
In our sector, our case for support is unique	26.8	18.2	55.1	4.54
Our overall case for support is deeply emotional	27.7	12.6	59.7	4.69
Case for support (scale)	24.0	7.7	68.3	4.77

**Innovation Orientation.** Organizations with a higher degree of philanthropic orientation have innovation at the core of their organization and culture. The data in Table 31 indicates that around half the sample believe this to be true of their organization, while the other half do not. There is clearly some variability in this respect.

It was interesting to note that those with a formal plan tended to have a marginally stronger innovation orientation ( $B = 0.32, p = .089$ ).

**Table 31: Innovation Orientation**

ITEM	% DISAGREE	% NEUTRAL	% AGREE	MEAN SCORE
Innovation is part of our underlying culture and not just a word	38.2	14.8	47.1	4.03
There is a coherent set of innovation goals and objectives that have been articulated for fundraising	52.9	15.1	32.0	3.47
Innovation is a core value in this organization	33.2	17.5	49.2	4.21
Innovation (scale)	45.5	7.7	46.8	3.90

# FUNDRAISING CONFIDENCE

The questionnaire closed by gathering data related to performance. Firstly, given the timing of our survey fundraisers were asked how confident they had been about meeting their fundraising targets for the year, before the COVID-19 emergency hit. The results in Table 32 indicate that three-quarters of our sample were confident of being able to do so.

**Table 32. Pre-Pandemic Confidence**

	UNCONFIDENT	NEUTRAL	CONFIDENT	MEAN
Confidence Meeting Targets	13.9	11.7	74.5	5.22
Confidence Exceeding Targets	22.8	23.1	54.2	4.59

Respondents were then asked how confident they felt “today.” As the results in Table 33 clearly show, confidence in hitting targets has dropped by 62% and exceeding targets by 69%.

**Table 33: Post-Pandemic Confidence**

	UNCONFIDENT	NEUTRAL	CONFIDENT	MEAN
Confidence Meeting Targets	48.0	24.0	28.0	3.54
Confidence Exceeding Targets	61.9	21.5	16.6	3.04

## FUNDRAISING PERFORMANCE

We also gathered data on first and subsequent year donor retention. Table 34 contains the detail of this analysis. Median first year retention is 41% while subsequent year retention is 50%. What is perhaps most striking about our results is the number of respondents who were unsure of these numbers.

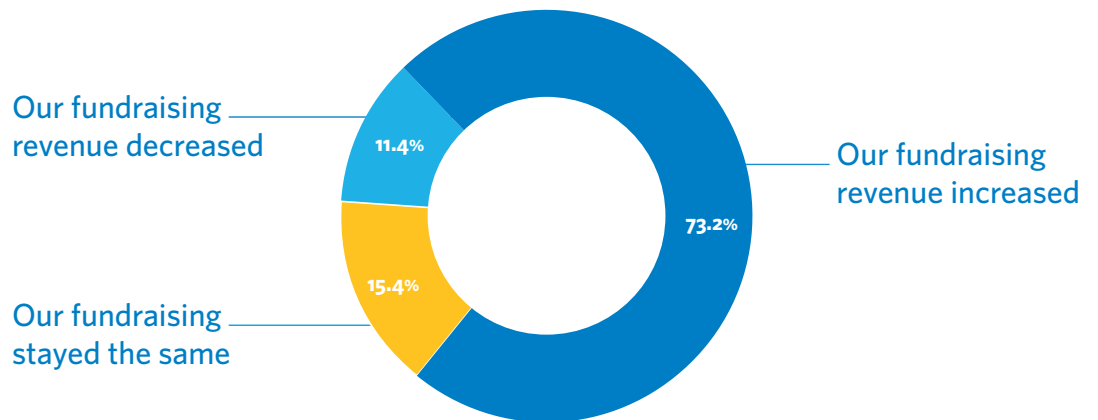
Those with written plans have higher subsequent year retention. (B = 11.65, p = .011).

**Table 34: Donor Retention**

	MEAN	MEDIAN	SD	NUMBER UNSURE
First Year Retention	42.34	41.00	18.62	186
Subsequent Year Retention	49.08	50.00	20.34	209

We then asked respondents to compare their fundraising revenue reported in the past two financial years. We asked them whether revenue had increased, remained the same or decreased. Table 35 indicates that for most respondents fundraising revenue had increased. Only around 11% of our sample had experienced a decrease.

**Table 35: Change in Revenue in Past 2 Years**



Those with written plans are more likely to have increased income than those with no plan (OR = 2.17,  $p = .018$ ). They are also less likely to have experienced decreasing income (OR = 2.48,  $p = .013$ ).

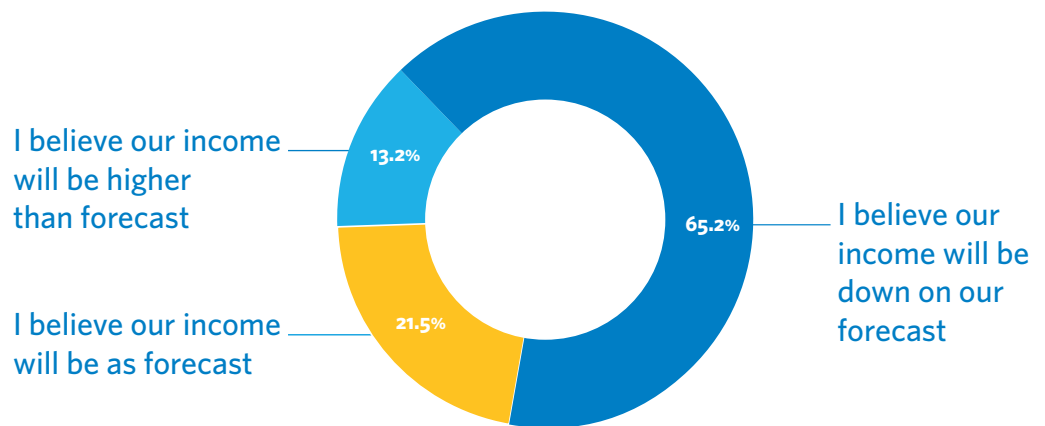
Respondents were also asked by how much revenue had either increased or decreased. Table 36 reports the results of this analysis.

**Table 36: Magnitude of Increase/Decrease**

	MEAN	MEDIAN	SD
% Increase	18.60	10.00	19.89
% Decrease	-14.73	-10.00	11.34

Finally, respondents were asked what they felt the impact of COVID-19 would be on their future fundraising. Table 37 makes it clear that two-thirds of our respondents anticipate a negative impact while around 13% anticipate doing better than forecast.

**Table 37: Impact of COVID-19**



In Table 38 we quantify these effects. So those respondents who were anticipating a loss of income, were expecting an average (median) decline of 20%. Those few organization that were expecting an increase, were expecting an increase of 10%. We prefer to take the median responses here because of the nature of the distribution. There was considerable variation in response.

Those with written plans predict a lower reduction in their income (B = 9.53,  $p < .001$ ).

**Table 39: Magnitude of Change**

IMPACT	MEAN	MEDIAN	SD
% Increase	19.90	10.00	46.77
% Decrease	-22.56	-20.00	16.62



# FACTORS ASSOCIATED WITH ENHANCED PERFORMANCE

We are now in a position to explore the answers to some of the questions we posed in the original objectives for this study. What planning related variables impact on our measures of fundraising performance? In the analysis that follows we explore the relationship between each of our independent variables (in turn) and a range of performance variables. Only significant results are reported.

## WHAT IMPACTS FIRST-YEAR DONOR RETENTION?

The more formal the planning process, and the more the fundraising plan is integrated with an organization’s annual budgeting process the higher will be the first-year donor retention. We also found links between the degree of philanthropic orientation achieved and first year donor retention. The details of this analysis are reported in Table 40.

**Table 40: Factors Related to First Year Retention**

INDEPENDENT VARIABLE	B	P-VALUE	COMMENTARY
Is fundraising planning integrated with the organizational budgeting process?*	8.72	0.016	If fundraising planning is integrated with the budgeting process, retention is 9% higher.
Formality in planning approach	2.60	0.032	For every unit increase in the scale, retention increases 3%.
Accountability*	3.06	0.014	For every unit increase in the scale, retention increases 3%.
Philanthropic Orientation	3.97	0.011	For every unit increase in the scale, retention increases 4%.

\* This was asked only when respondents had a written fundraising plan

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## WHAT IMPACTS SUBSEQUENT YEAR RETENTION?

The extent to which fundraising planning is integrated with the organizational budgeting process, again plays a role. So too does Philanthropic Orientation, the degree of formality in planning and the presence of a written plan. It is also interesting to note that the number of strategic issues individuals were considering and the degree to which senior management were involved in the creation of the plan are also related to subsequent year retention. The detail of the analysis is reported in Table 41.

**Table 41: Factors Associated with Subsequent Year Retention**

INDEPENDENT VARIABLE	B	P-VALUE	NOTES
Is fundraising planning integrated with the organizational budgeting process?*	18.83	0.000	If fundraising planning is integrated with the budgeting process, subsequent retention is 19% higher.
Formality in planning approach	4.44	0.006	For every unit increase in the scale, subsequent retention is 4% higher.
Number of strategic issues considered in the fundraising strategy	2.52	0.024	For every additional issue considered, subsequent retention is 3% higher.
Performance tracking	3.44	0.035	For every unit increase in the scale, subsequent retention is 3% higher.
Team spirit	4.27	0.002	For every unit increase in the scale, subsequent retention is 4% higher.
Involvement with the plan (senior management, board members, development team)*	3.71	0.035	For every unit increase in the scale, retention increases 4%.
Philanthropic orientation	5.63	0.004	For every unit increase in the scale, subsequent retention increases 6%.
Income (over or under \$1 million)	11.01	0.006	Subsequent retention is 11% higher when income is over \$1 million.
Written plan	11.65	0.011	Subsequent retention is 12% higher when there is a written plan.
Reactor strategic behavior	-16.56	0.036	Subsequent retention is 17% lower in reactors than those with other strategic behavior.

\* This was asked only when respondents had a written fundraising plan.

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## WHAT IMPACTS CONFIDENCE IN ACHIEVING TARGETS PRIOR TO THE COVID-19 EMERGENCY?

As Table 42 indicates, if there is a written plan, confidence will be higher. It will also be higher the more formal the planning process. If the organization analyses its past performance, then the higher the confidence. The more analyses the organization performs on its past performance and the more external analyses the organization completes, then the higher the confidence. When organizations have a prospector or a defender planning style compared to reactor, they will also experience higher confidence.

If the organization has an income of over \$1million, then the higher the confidence. If the organization tracks fundraising performance, then the higher the confidence. Also, the higher the team spirit, then the higher the confidence.

The higher the degree of philanthropic orientation attained, then the higher the confidence.

When there is a formal written plan in place, if the fundraising plan generates a set of strategies/tactics, if it is implemented and monitored, if it is integrated with the organizational budget, if resources are allocated to it, then the higher the confidence. Also, the more the senior management are involved, then the higher the confidence. The more that the fundraisers are held accountable for the plan and the more committed the team members are to the plan then the higher the confidence.

**Table 42: Factors Associated with Confidence Pre-COVID-19**

INDEPENDENT VARIABLE	B	P-VALUE	NOTES
Does the fundraising plan generate a set of strategies/tactics for achieving the stated objectives?*	0.68	0.026	If fundraising planning is integrated with the budgeting process, subsequent retention is 19% higher.
Do you have procedures in place to ensure that the fundraising plan is properly implemented and monitored?*	0.69	0.001	When a fundraising plan is monitored, confidence is 14% higher.
Is fundraising planning integrated with the organizational budgeting process?*	0.52	0.013	If fundraising planning is integrated with the budgeting process, confidence is 10% higher.
Are resources allocated to fundraising based on what the fundraising plan says can be achieved?*	0.46	0.014	When resources are allocated based on the fundraising plan, confidence is 9% higher.
Level of involvement of senior management	0.19	0.000	For every unit increase in the scale, subsequent retention is 4% higher.
Written plan	0.63	0.000	Having a written fundraising plan increases confidence by 13%.
Formality in planning approach	0.31	0.000	For every unit increase on the scale, the average person's confidence increases by 6%.
When you plan your fundraising, do you routinely conduct an analysis of your own past performance?	1.12	0.000	When analyses on past performance are performed, confidence increases by 26%.
Number of analyses on past performance performed	0.21	0.000	For every additional analysis on past performance performed, confidence increases 4%.

INDEPENDENT VARIABLE	B	P-VALUE	NOTES
Number of external analyses performed	0.13	0.003	For every additional external analysis performed, confidence increases 3%.
Performance tracking	0.35	0.000	For every unit increase on the scale, the average person's confidence increases by 7%.
Accountability*	0.27	0.000	For every unit increase on the scale, the average person's confidence increases by 5%.
Commitment to the plan*	0.27	0.002	For every unit increase on the scale, the average person's confidence increases by 5%.
Team spirit	0.23	0.000	For every unit increase on the scale, the average person's confidence increases by 4%.
Involvement with the plan (senior management, board members, development team)*	0.29	0.000	For every unit increase on the scale, the average person's confidence increases by 5%.
Philanthropic orientation	0.49	0.000	For every unit increase on the scale, the average person's confidence increases by 9%.
Income (over or under \$1 million)	0.46	0.006	When the organisation has an income of over \$1 million, confidence is 9% higher.
Reactor strategic behavior	-1.30	0.000	Confidence is 32% lower in reactors than those with other strategic behavior

\* This was asked only when respondents had a written fundraising plan.

## WHAT IMPACTS CONFIDENCE IN ACHIEVING TARGETS POST-COVID-19?

Table 43 contains the detail of this analysis. If the organization tracks fundraising performance, then the higher will be the confidence.

When organizations have a prospector or a defender planning style they will have higher confidence relative to reactors.

The higher the degree of team spirit and philanthropic orientation achieved, the higher will be the confidence.

When there is a formal written plan in place, if it is implemented and monitored, if the plan is regularly updated, if it is integrated with the organizational budget, then the higher the confidence. Also, the more the senior management, the board, and the development team are involved, the higher will be the confidence. The more that the fundraisers are held accountable for the plan and the more committed the team members are to the plan then the higher the confidence.

**Table 43: Factors Associated with Confidence Post-COVID-19**

INDEPENDENT VARIABLE	B	P-VALUE	NOTES
Do you have procedures in place to ensure that the fundraising plan is properly implemented and monitored?*	0.90	0.001	When a fundraising plan is monitored, confidence is 31% higher.
Is the fundraising plan revised regularly and updated to reflect new circumstances?*	0.63	0.017	When the fundraising plan is regularly updated, confidence is 20% higher.
Is fundraising planning integrated with the organizational budgeting process?*	0.77	0.002	If fundraising planning is integrated with the budgeting process, confidence is 25% higher.

INDEPENDENT VARIABLE	B	P-VALUE	NOTES
Performance tracking	0.19	0.014	For every unit increase on the scale, the average person's confidence increases by 5%.
Accountability*	0.25	0.005	For every unit increase on the scale, the average person's confidence increases by 7%.
Commitment to the plan*	0.27	0.011	For every unit increase on the scale, the average person's confidence increases by 8%.
Team spirit	0.21	0.001	For every unit increase on the scale, the average person's confidence increases by 6%.
Involvement with the plan (senior management, board members, development team)	0.32	0.001	For every unit increase on the scale, the average person's confidence increases by 9%.
Philanthropic orientation	0.47	0.000	For every unit increase on the scale, the average person's confidence increases by 13%.
Reactor strategic behavior	-0.83	0.014	Confidence is 30% lower in reactors than those with other strategic behavior.

\* This was asked only when respondents had a written fundraising plan.



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## WHAT IMPACTS REVENUE CHANGES COMPARING THE PAST TWO FINANCIAL YEARS?

### Selecting 'increased' income compared to 'decreased' income

If there is a written plan in place and if organizations are prospectors or defenders (compared to reactors), then the more likely organizations are to experience growth.

If organizations measure and analyze their performance, the more likely they are to experience growth. The more external context analyses they perform and the more analyses of their past performance they conduct, then the more likely they are to experience growth.

If the organization has an income of over \$1 million, then the more likely the organization is to experience growth.

The higher the team spirit and the higher the degree of philanthropic orientation attained then the more likely the organization is to experience growth.

When there is a formal written plan in place, if board members are involved in the planning and if fundraisers are held accountable for plan performance, the more likely it is that the organization experienced growth.

Table 44 contains the detail of this analysis.

**Table 44: Factors Associated with Increased Revenue**

INDEPENDENT VARIABLE	ODDS RATIO	P-VALUE	NOTES
Level of Board Involvement*	1.33	0.032	With every unit increase on the scale, the odds of selecting increased revenue compared to decreased revenue are 33% higher.
Do you routinely conduct an analysis of your own past performance?	4.460	0.001	If people analyse their past performance, the odds of selecting increased revenue compared to decreased revenue are 346% higher.
Number of external analyses performed	1.300	0.023	Each additional external analysis performed, increases the odds of selecting increased revenue compared to decreased revenue by 30%.
Number of analyses on past performance performed	1.467	0.000	With every extra analysis on past performance performed, the odds of selecting increased revenue compared to decreased revenue are 47% higher.
Performance tracking	1.584	0.002	With every unit increase on the scale, the odds of selecting increased revenue compared to decreased revenue are 58% higher.
Accountability*	1.554	0.014	With every unit increase on the scale, the odds of selecting increased revenue compared to decreased revenue are 55% higher.
Team spirit	1.390	0.003	With every unit increase on the scale, the odds of selecting increased revenue compared to decreased revenue are 9% higher.
Philanthropic orientation	1.896	0.000	With every unit increase on the scale, the odds of selecting increased revenue compared to decreased revenue are 90% higher.

INDEPENDENT VARIABLE	ODDS RATIO	P-VALUE	NOTES
Income (over or under \$1 million)	2.197	0.028	When the organization income is over \$1million a year, the odds of selecting increased revenue compared to decreased revenue are 120% higher.
Written plan	2.476	0.013	Having a written plan, the odds of selecting increased revenue compared to decreased revenue are 148% higher.
Reactor strategic behavior	3.733	0.009	When organizations are classed as reactors, the odds of selecting decreased revenue compared to increased revenue are 273% higher.

\* This was asked only when respondents had a written fundraising plan.

## WHAT IMPACTS AVERAGE TENURE AT AN ORGANIZATION?

The average tenure of fundraisers at our focal organizations was found to be 5 years.

If the planning style is prospector or reactor compared to defender, the higher the average tenure in the organization. The more analyses the organization performs on its past performance, the higher the average tenure in the organization. Also, the more the team see utility in the plan, the higher the average tenure in the organization.

The higher the degree of philanthropic orientation attained, the higher the average tenure in the organization.

When there is a formal written plan in place and the more the board is involved in the planning, the higher the average tenure in the organization.

Those working with religious causes have higher tenure.

Table 45 contains the detail of this analysis.

**Table 45: Factors Associated with Fundraiser Tenure**

INDEPENDENT VARIABLE	B	P-VALUE	COMMENTARY
Level of Board involvement	0.514	0.041	For every unit increase on the scale, the average person's tenure increases by 10%.
Number of analyses on past performance	0.560	0.002	For every additional analysis of past performance performed, the average person's tenure increases by 11%.
Plan utility	0.984	0.013	For every unit increase on the scale, the average person's tenure increases by 20%.
Philanthropic orientation	0.758	0.027	For every unit increase on the scale, the average person's tenure increases by 15%.
Religious sector	3.492	0.011	Those in the religious sector have 74% higher tenure.
Defender strategic behavior	-1.995	0.009	When people are defenders compared to other strategic behaviors, they have 46% lower tenure.

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# CONCLUSIONS

A key objective of this research was to determine the link between the adoption of fundraising planning and fundraising success. Our results indicate a strong relationship between the degree of formality adopted in fundraising planning and all the measures of fundraising performance we allude to above. In addition, the presence of a formal fundraising plan was found to be related to all performance measures with the exceptions of first year retention, confidence post-COVID-19 and fundraiser tenure. 72% of our respondents had such a plan with larger organizations being significantly more likely to have drafted one.

Those who did not have a plan were asked why that was the case. Our analysis revealed that four broad themes were in play; leadership issues, lack of time, perceptions that the charity is too small for a plan and a lack of planning expertise.

In respect of approaches to planning, we found that 58.5% of our respondents had undertaken an analysis of their external environment. Typically, this included a market analysis, competitor analysis and SWOT analysis. Only 16% of respondents were conducting an analysis of the macro-environment (i.e a PEEEST or PESTLE analysis). Overall, the numbers we presented in this section should be a significant cause for concern as fewer than 50% of our respondents were conducting any of the forms of analysis we listed.

Internal analyses, by contrast, were more common. Around 90% of our respondents claimed to conduct such an analysis. Most were found to be assessing the past performance of each form of fundraising (or channel) and the health of their fundraising systems (e.g. thanking). Beyond that, take-up of additional analyses (such as the health of the fundraising portfolio) was patchy.

We were also able to identify what fundraisers consider to be key strategic issues. Eight broad themes emerged from our analysis and hence when writing their “fundraising strategy” these are what our respondents would typically be talking about. These were the broad approach to delivering growth, fundraising channels, KPIs/budgeting/controls, issues with communications (such as the quality of the case for support), staff/resource issues, technology issues, external forces and issues relating to board engagement and development. We found that issues relating to the achievement of longer-term growth were the most frequently cited

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category, but it was interesting to note that the second most cited category was fundraising channels. So, when fundraisers conceptualize strategy they are reflecting, in part, on the optimal approach to managing each key channel. Most textbooks would see the management of a fundraising portfolio (e.g. where to direct investment) as strategic, while the detail of how each channel would be managed as tactical. This difference in perception is interesting.

The most commonly used strategic model was the SWOT analysis with 48% of respondents indicating that they employed the technique to develop strategy. Other models commonly referred to in textbooks were used only by a minority of respondents. Models that allow reflection on the overall health of the fundraising portfolio were employed by fewer than 1% of respondents.

In respect of plan implementation, 87% of respondents claimed to track the success of their fundraising and 84% were obliged to report these figures to the senior management team and/or Board. It seemed clear from our analysis that performance was commonly tracked against internal benchmarks, but there was less evidence of external benchmarking against sector norms and wider patterns of performance.

We also examined the issue of organizational culture exploring the degree to which organizations had adopted a philanthropic orientation. This we operationalized this as the extent to which an organization had achieved each of the following six elements:

- 1) a high degree of donor centricity
- 2) a philanthropic core to its value base
- 3) significant Board support for fundraising
- 4) respect for fundraising as a profession
- 5) an emotional and compelling case for support
- 6) an innovation orientation

The highest overall scores were achieved for the dimension of donor centricity with most respondents claiming to give close attention to donor needs, including the need to be thanked. Lower scores were reported for the extent to which the organization might seek ways (other than giving) for supporters to engage with the cause.

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Scores for philanthropic core were found to be markedly lower. It was disappointing to note that around half of respondents did not feel adequately supported by their organizations. Only 40% of respondents indicated that all members of staff in their nonprofit could clearly articulate their case for support.

Board support and engagement was similarly lacking. Although 57% of our sample felt that their board were supportive a more granular analysis revealed significant weaknesses. Fewer than half of our respondents, for example, reported that all the members of their Board had made a gift in the past year.

Around three-quarters of our sample were satisfied with the extent to which their organization viewed them as professionals and it was encouraging to see the level of respect that was generally afforded. However, almost a third of respondents indicated that they did not have access to appropriate professional development activities to deepen their knowledge base and acquire new skills.

Respondents were typically satisfied with the quality of their case for support. Mean scores for the items measuring the quality of the case were generally around 5 on our seven-point scales. But alongside this good news a more detailed analysis indicated that although fundraisers were satisfied with their case, many of them were not regarded as distinctive, compelling or emotional. Best practice and the science of philanthropic psychology tells us that the strongest cases have all these characteristics.

The level of innovation orientation was also disappointing with over half of our respondents indicating that there were no innovation goals or objectives articulated for fundraising. Research from the Great Fundraising project (Sargeant and Shang, 2013) revealed that organizations achieving substantive growth in income, did so in part, through innovation. We also know that levels of donor satisfaction with the quality of service provided by the fundraising team is poor, so innovation is long overdue to enhance the quality of the donor experience (Sargeant and Shang, 2018). Fewer than half our sample agreed that innovation was a core value in their nonprofit.

This overall pattern of response against these six elements of culture is highly significant since philanthropic orientation was found to play a crucial role in driving performance. It (or elements of it) was significantly related to all the measures of performance we allude to in this study. The development of a philanthropic culture

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should therefore be an immediate priority for any organization looking to markedly increase its fundraising income. The degree of donor centricity and the quality of the case for support are particularly important for donor retention, while factors such as Board support and the extent to which fundraising is viewed as a profession are important in driving fundraiser confidence.

In respect of other factors, the degree of involvement that the senior management team, fundraising team and board have in the development of the fundraising plan was significantly related to most of the measures of performance we allude to in this study. Generally, the higher the level of involvement the greater the success in fundraising the organization was able to achieve. 88% report the involvement of the fundraising team, 75% report the involvement of the senior management team, but only 45% report the involvement of the Board. We suspect that many Boards do not see fundraising as a strategic issue and this is certainly reflected in the work we've just reviewed above, on philanthropic orientation.

In respect of accountability we find that 79% of our respondents are held accountable for the achievement of their fundraising goals, yet only 68% indicated that progress against the fundraising plan was a factor in their appraisal. Oversight of the implementation of the fundraising plan appears to happen at senior management team level. Only 50% of respondents felt that oversight was provided by the Board. The overall level of accountability was found to be significantly related to all but two of the measures of performance included in this study. It is therefore a highly significant issue for nonprofits to address.

In respect of the perceived utility of fundraising planning we found that around 90% of our sample saw planning as an immensely valuable process. A similar figure also felt that planning increases overall effectiveness. We also found that fundraiser tenure is longer in organizations where the plan is considered to offer higher utility. It is possible that fundraisers are more comfortable working for employers who have a clearer sense of where they want to be and the route they will take to get there.

Our sample size did not permit us to examine moderators of the relationship between the adoption of formal planning processes and fundraising success, at least in a statistical sense. But it is clear that all the factors we hypothesized as impacting on planning outcomes do indeed have such an association. Factors



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such as team spirit, commitment to the plan and the strategic stance adopted by the organization all have their hypothesized impact.

In conclusion, ours is the first study to examine in detail how planning is undertaken in the fundraising sector. Our results indicate that most organizations would appear to adopt a formal process of some kind. It turns out that this is important because those organizations that have a written plan tend to outperform those that do not. The plan document and the process of planning convey tangible benefits, a finding consistent with our review of the strategic planning literature. Fundraising, it would seem, is no different from other contexts. Planning does make a difference.

Many factors appear to have the potential to impact on the relationship between planning and performance, with culture the most notable. The extent to which an organization has adopted a philanthropic culture is hugely significant in driving the success of planning related activities and critically, it is one element that our study highlights as having significant room for improvement. We could be performing hugely better in that regard than we currently are. Our mean scores reveal that a culture of philanthropy is not widespread, and it needs to become so.

Our report provides evidence for the first time of how planning can impact on success and the issues that need to be considered to make that success a reality. Fundraisers can therefore compare their performance against the performance of organizations in our study and prioritize their efforts with the factors most strongly associated with performance. Our report also provides guidance to fundraising educators about where the sector is in its thinking and in particular what issues are considered strategic and what tools are considered helpful in guiding the overall approach.

In aggregate our results indicate that a significant amount of planning does take place in our sector, but that there is still significant scope for improvement in terms of how it is implemented. Plans and the processes associated with those plans are strongly associated with enhanced fundraising performance, so getting it right is well worth the effort.

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