VOLUME 3

Trends and Challenges Identified by Practitioners

RELATIONSHIP FUNDRAISING

WHERE DO WE GO FROM HERE?

IAN MACQUILLIN

Relationship Fundraising: where do we go from here?

Volume 1 – review of theory from relationship marketing

Volume 2 – review of theory from social psychology

➤ Volume 3 – trends and challenges identified by practitioners

Volume 4 – summary report

Pursuant.com/RelationshipFundraising

MacQuillin, I. (2016). Relationship Fundraising: where do we go from here? Volume 3 – Trends and challenges identified by practitioners. Plymouth: Centre for Sustainable Philanthropy, Plymouth University

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Foreword

Jay Love, founder and ceo, Bloomerang

Bloomerang is extremely proud to be the co-sponsor of Rogare's first relationship fundraising project. Being able to fund breakthrough research, which impacts the core concepts of fundraising, is a golden opportunity we embraced to the fullest.

A key reason for our pride is the fact that Bloomerang's mission is to improve donor retention in the nonprofit world, which is why we built our product based on best practices from leading fundraising experts.

Donor retention is all about building relationships. With his breakthrough book *Relationship Fundraising*, Ken Burnett put a spotlight on why donor retention is vital to fundraising success and how to impact retention rates going forward. He paved the way by articulating the methods on how to build long-term relationships.

There could not be a more perfect primer to revisit in order to provide modern and solid advice to fundraisers all over the world on improving donor retention.

All of us at Bloomerang cannot wait to see if Ken's methods have truly stood the test of time, or if new relationship-building concepts emerge. Either outcome could be game changing for the nonprofit world, and the four volumes of this review provide the foundation for planning relationship fundraising's next stage of development.

Ross Miller, chief operations office, Pursuant

The fundamentals of human relationships have not changed much since Ken Burnett coined the idea of Relationship Fundraising in 1992, but in the subsequent two decades technology has made an unprecedented impact on how those relationships are first formed. When the opportunity arose to re-examine the principles of relationship fundraising with fresh perspective, Pursuant could not have been more excited to co-sponsor Rogare's discoveries. As a company dedicated to innovation in the nonprofit space, what better way to shore up that commitment than for Pursuant to support such groundbreaking work?

Fundraising principles are still fundamentally about people connecting with people. However, the relational dimension of our work continues to become more complex as our respective bases of support grow.

The challenges facing fundraisers today require us to think differently in our approach to a practice that is both an art and a science. How we find, begin, manage, and grow those relationships can seem like an impossible task at times. Compiling the collective expertise of senior practitioners in relationship management and social psychology, this study seeks to join what we've always known about the nature of human relationships with fresh insights from the science of how we make decisions.

We must continue to discover and implement the very best disciplines if we hope to improve as effective fundraisers today, and in the future. We at Pursuant are confident that the results of this study offer tangible and actionable observations about how these principles have evolved.

About this project

This research forms part of a project that has been conducted by Rogare – the fundraising think tank at Plymouth University's Centre for Sustainable Philanthropy – to review and refashion relationship fundraising. It should be read in conduction with the two literature reviews of relevant theory from relationship marketing (Sargeant 2016) and social psychology (MacQuilllin, Sargeant and Shang 2016).

Since Ken Burnett outlined the principles of relationship fundraising in his 1992 book *Relationship Fundraising*, the idea has spread throughout the fundraising community to become, at least in the English-speaking world, one of the dominant modes of thought about fundraising.

Yet there is still little agreement among practitioners about what relationship fundraising actually is, and what a relationship approach might practically mean for the way in which we steward our relationships with donors. Fundraisers certainly have a general sense of what it might mean as a guiding philosophy, but little idea of the theories, tools or frameworks that could be guiding their approach, nor the results that might be achieved if they did so.

Our project aims to review and refashion relationship fundraising by incorporating ideas from psychology and relationship marketing to provide its theoretical foundation.

The project has six stages:

1. Canvass the views of senior practitioners on the advisory panel on the definition, scope and current success of relationship fundraising techniques.

2. Collate evidence of what is currently considered best practice and collect case studies of success.

3. Conduct a review of the domain of 'relationship management' in psychology and social psychology to identify theories, frameworks and ideas that might be used to inform fundraising practice.

4. Conduct a review of the academic and practitioner literature to identify theories, frameworks and ideas from the domain of relationship marketing that might be applied to fundraising.

5. Based on the two literature reviews, assess the views of senior practitioners on the project's advisory panel about the direction that relationship fundraising will take in the future and the challenges it must overcome.

6. Compile a final report that summarizes the learning from steps one to five and outlines the future direction that relationship fundraising might take.

We are enormously grateful for the support of Bloomerang and Pursuant, who have jointly funded this review.

Introduction

As part of our project to review and 'refashion' relationship fundraising, we wanted to get a sense of how relationship fundraising practitioners viewed their current practice, what they saw as relationship fundraising's strengths and weakness, and what challenges it would face in the future. We assembled an advisory group of 41 fundraisers (from charities, fundraising agencies and consultancies) from around the world (the full group is listed in the appendix).

Members of the advisory group were asked to complete a written questionnaire responding to the following seven questions.

1. How do you define 'relationship fundraising' and what do you consider the goal of relationship fundraising to be?
2. For what and how do you employ relationship fundraising principles in your work?
3. What do you think are the strengths of relationship fundraising?
4. What do you think are the weaknesses with relationship fundraising?
5. If not covered in questions 3 and 4, what are the issues relating to relationship fundraising that you are currently wrestling with?
6. Considering the thinking you have engaged in to deal with the issues arising from questions 3, 4, and 5, what lessons have accrued from this?
7. How do you see relationship fundraising developing in future, if at all?

Thirty-three members of the advisory group returned completed questionnaires.

We then employed grounded theory to analyze the answers and draw out concepts and themes that are inherent in the data (Howell 2013, pp131-153).

Most of the responses came from fundraisers based in the UK, and the USA and Canada, with a handful from fundraisers from the rest of the world. As Canadian and US fundraisers show broad similarities in many of their responses, selected quotes are attributed to British nonprofit fundraisers or consultants, North American nonprofit fundraisers or consultants, and rest of the world nonprofit fundraisers.

Rather than present our analysis on a question-by-question basis, we draw out the key themes that emerge from the all the data, many of which are evident across the questions. These key themes are:

Different American and British 'schools'

There appears to be a difference in how relationship fundraising is viewed in the USA and UK, with both traditions that refer to themselves as 'relationship fundraising' having developed independently. Responses suggest that American relationship fundraising applies mainly to major gift fundraising and focuses most strongly on the relationship, sometimes to the point of discounting the donation, at least when it comes to defining the concept. British relationship fundraising applies equally to direct marketing fundraising and major gift (and corporate, legacy and trust fundraising) and is strongly focused on maximizing sustainable long-term income, to the point of eschewing relationship fundraising principles if they do not achieve this end.

Donorcentrism

This research has highlighted many ideas about what entails ‘donorcentrism’ in fundraising. These include:

- Understand donors
- Connect donors to a cause
- Focus on the cause, not the organization
- Build a ‘deeper’ relationship with donors
- Developing genuine two-way communications

The last bullet point points to a future development of relationship fundraising in co-opting some ideas from academic public relations theory, which looks at how organizations manage their organization-public relationships (OPRs) by developing genuine two-way symmetric communications with stakeholders or ‘co-creating’ meaning with their stakeholders.

Failed intra-organizational relationships and the need for an organizational ‘culture of philanthropy’

Many survey respondents highlighted their problematic relationships with senior colleagues at nonprofits, often manifested as a short-term approach that demanded immediate returns on investment. This short-termist culture among the senior management team and board made it difficult to secure the long-term support needed to make relationship fundraising work. The proposed solution is to establish a ‘culture of philanthropy’ at organizations.

Evidence, measurement, data and technology

Respondents called for more robust and consistent benchmarks and metrics by which to measure the success of relationship fundraising, focusing on factors such as retention and donor satisfaction rather than simple short-term monetary targets.

North American and British ‘schools’

Relationship fundraising is a long-term process of sustainably maximizing donated income. Almost every British respondent to the survey included in their answer to question 1 some reference to net income, life time value (LTV) or some other monetary metric:

> *It’s about commitment to building sustainable, mutually beneficial, long-term relationships that deliver lifetime value to both donor and cause.*
> - British consultant

> *It's about doing whatever strengthens the relationship between the donor and your cause in the belief that this approach will bring in more money.*
> - British charity fundraiser

> *To ensure donors give to an organization on a repeated basis, to maximize the lifetime value of their giving.*
> - British consultant

> *The end goal has to be the outcome for the beneficiaries, which in terms of fundraising will mean net money over time.*
> - British charity fundraiser

> *Ultimately RF is about maximizing lifetime value through providing an outstanding donor experience.*
> - British charity fundraiser

For British-tradition fundraisers, there was a dual emphasis on the relationship and the money raised, with both ends being given more or less equal emphasis e.g.:

> *Ultimately the aim of good relationship fundraising is to develop and grow meaningful relationships with supporters so they have a worthwhile and valuable experience while supporting the charity, and this can be developed and maintained for as long as possible to deliver the best retention, lifetime value and growing [a] profitable supporter base for the charity.*
> - British charity fundraiser

> *Theoretically relationship fundraising is about meeting the needs of donors to enable an organization to maximize the relationship both financially and in other forms of engagement.*
> - British consultant

> *When we acquire a new donor face to face or we meet with a potential corporate donor the very goal is not a transaction (a donation) but to create a long-term relationship that will yield eventually a repeated gift, a larger donation and overall be more valuable over time than the single one-off transaction.*
> - Rest of world nonprofit fundraiser

Some North Americans also adopted this approach:

> *The ultimate goal is raise as much money as possible from the person, but to do that in a long-term, strategic way that builds trust and commitment over time.*
> - North American consultant

> *To me, the "holy grail of fundraising" is loyalty. And LTV is the lodestar.*
> - North American consultant

However, most North American respondents, and those following the North American tradition – in describing the purpose of relationship fundraising – focused on the relationship with the donor and satisfying the donor's needs from the relationship, downplaying, discounting or even eschewing the donation. The gift is seen as secondary to the relationship. In many instances, no mention of a donation was made at all.

> *I define relationship fundraising as a donor-based approach to raising charitable contributions with the goal of creating stronger, longer-lasting relationships between donors and the organizations they give through in order to achieve their goals. The donor and what he/she seeks to achieve through giving is the focus, not the organization and its needs.*
> - North American nonprofit fundraiser

> *Relationship fundraising is approaching the acquisition, retention and cultivation of donors with the goal of building a long-term relationship based on shared values and personal connections. Our goal in relationship fundraising is to allow donors to express their values and make a difference in the world by partnering with us.*
> - Rest of world nonprofit fundraiser

> *First, let me share my definition of success in fundraising: Helping donors make well-informed decisions. You will notice this differs significantly from the most widely accepted definitions throughout the charitable sector: Getting the gift…My unwavering emphasis is on the donor. Not the charity. Not the gift. Not the project.*
> - North American consultant

> *Relationship fundraising is an approach to fundraising that emphasizes the special relationship between the nonprofit and the donor. The goal of relationship fundraising is to engage the donor uniquely in order to ensure a positive philanthropic experience for him or her, while increasing funding support for the nonprofit.*
> - North American nonprofit fundraiser

Some North Americans were at pains to point out that relationship fundraising was 'not about asking for money', and that as a practice it stood in opposition to what was collectively referred to as 'transactional' fundraising, which was often described in quite pejorative terms.

> *It's not about the money, it's about the relationship. It replaces transactional thinking (ask for a gift, and get a gift).*
> - North American nonprofit fundraiser

Relationship fundraising aims to build lifetime donor loyalty. This is not done through sales pitches. It's done by getting to know your donors so well that you know what they need and want.
- North American consultant

Others will continue to experience the allure of the counterfeit while raising money by texting in a political campaign, or social media fads like the ALS Ice Bucket Challenge. These anomalies, while appearing successful, are just a big flash in the pan but no real philanthropy actually occurred.
- North American consultant

Relationship fundraising is about people and values and mission more than merely about transactions and money. Money is definitely a defining point, what makes this relationship intentional. But it's more than hit-and-run charity mugging.
- North American consultant

Relationship fundraising is the infectious spreading of a joyous passion for your mission. It frees everyone in your organization to share from the heart with no artifice or ulterior motives.
- Rest of world nonprofit fundraiser

Relationship fundraising aims to build lifetime donor loyalty. This is not done through sales pitches. It's done by getting to know your donors so well that you know what they need and want.
- North American consultant

It takes you away from the mercenary "all we care about is your money" perception that's often created by generic appeals that seem to be saying little more than "please send money".
- North American consultant

This is not to say that British-tradition fundraisers were not also critical of the transactional approach. However, they were far less pejorative about it, instead referring to its problems as one of a short-termist approach rather than there being something inherently wrong with 'transactional' fundraising .

We also recognise that there are other ways to raise money. Some of these can undoubtedly be successful. For example, we know of many charities that have raised millions of pounds by pursuing a very transactional, incentive-led direct marketing programme.
- British charity fundraiser

There is no a *priori* reason why fundraising that focuses on short-term transactions need be a 'counterfeit sales pitch' or 'mercenary hit-and-run charity mugging' that is driven by 'artificial' or 'ulterior' motives, where 'artificial' and 'ulterior' appear to refer to the motive to secure donations.

What accounts for the different approaches to relationship fundraising on either side of the Atlantic – which stood out very clearly in our analysis?

One explanation could be that the responses we obtained suggest that North Americans think that relationship fundraising applies generally to the domain of major gift fundraising, whereas British fundraisers apply relationship fundraising as much to direct marketing as they do to major gift fundraising[1]. Most of the North American fundraisers who applied to be part of the advisory group worked in the domain of major gifts/high net worth individuals (HNWI). So this division of approaches may be due simply to the types of fundraisers who joined our advisory group for this project and there may be many US and Canadian direct marketing fundraisers who employ relationship principles. However, we asked for people who had views on relationship fundraising to join the advisory group. There was nothing to prevent direct marketing relationship fundraisers to put themselves forward from the USA and Canada the same way that relationship major gift fundraisers did.

Combine this with the philanthropic culture that exists in USA (although we acknowledge that for the purpose of this research, American and Canadian fundraisers were grouped together), where there is a greater expectation that HNWIs will be asked to donate and the tax benefits that accrue as a result, and it is possible that the North American fundraisers somehow took for granted that the point of building relationships with their donor prospects was to ask for a donation: it was so obvious that the point of the relationship is to ask for money that it just doesn't need explicitly stating.

However, two factors count against this. First, a number of North American fundraisers specifically stated that relationship fundraising was not about asking for a donation, as described above. Second there is the highly critical tone used to describe 'transactional' fundraising: 'mugging', 'sales pitch', 'mercenary' etc. Why were North American relationship fundraisers so scathing about transactional fundraising, which many seem to regard as the antithesis of how they think fundraising should be carried out?

It is plausible that although the term relationship fundraising is used on both sides of the Atlantic, they actually refer to two separate traditions of fundraising practice that have developed separately and independently.

American consultant Kay Sprinkel Grace outlined ideas of "fundraising based on values exchange and relationships" in an essay in 1991 (Grace 1991, p192). In 1998, US Academic Kathleen S Kelly of the University of Florida published a "normative theory of fundraising" (Kelly 1998, p156) that defined fundraising as:

"Fundraising is the management of relationships between a charitable organization and its donor publics" (ibid, p8).

Kelly goes on to say (p9) that: *"The purpose of fundraising is not to raise money, but to help charitable organizations manage their interdependencies with donor publics who share mutual goals and objectives."*

Note that she is not saying that the primary purpose of fundraising is not to raise money – but it might be one of its secondary purposes; or that fundraising is not just about raising money. She actually says the purpose of fundraising is not to raise money. A different way of saying this with the same meanings is that: It is not the purpose of fundraising to raise money.

1 Survey responses confirm this, although for reasons of space we have chosen not to present any supporting quotes – doing so would merely show that many North Americans were talking in terms of major gifts when they provided their answers to our questions without adding much further insight.

Instead, the purpose of fundraising is managing relationships. Presumably any money raised is a happy byproduct of those relationships but – as the definition says – not the purpose of the activity.

Her normative theory of fundraising borrows from academic theories of public relations by basing the relationship on two-way communications with donors (ibid, p156). She says that "a few current educators and 'reflective practitioners'" have defined this approach and throughout her book she cites various luminaries of US fundraising who espoused a relationship approach to fundraising, including Gene Temple, Robert Payton and Hank Rosso, as well as Kay Sprinkel Grace.

However, there isn't a single mention of Ken Burnett who coined the term 'relationship fundraising' as the title of his influential book that was published six years previously (Burnett 1992, 2002). The first edition of *Relationship Fundraising* is very clearly a book about direct marketing fundraising, with sections and case studies on direct mail, newsletters and magazines, thank you letters etc. It has a section on 'creative use of the phone' (p227), whereas Kelly labels the entire practice of telephone fundraising as "unethical" and says it should not be considered to be part of the fundraising profession and that telephone fundraising agencies should be barred from membership of professional organisations (Kelly 1998, p278-279). In fact, Kelly excludes form her definition of fundraising almost all the direct marketing activities that Burnett says relationship fundraising can apply to.

The second edition of *Relationship Fundraising*, published in 2002, is still very much a direct marketing fundraising book, with sections on using radio and TV to keep in touch with donors and retaining the section on 'creative use of the phone'. However, it contains no reference to Kelly's ideas, nor to any of the American fundraisers who developed 'relationship-based' fundraising in that country, such as Tempel, Payton, Rosso or Grace.

Grace's own book – *High Impact Philanthropy*, co-written with Alan Wendroff – contrasts a 'transactional' paradigm in major gift philanthropy in US higher education fundraising (which focused only on a obtaining a single gift with little stewardship for further gifts) with her recommended, relationship-driven 'transformational' paradigm:

"In traditional major giving, the emphasis was on the transaction *(emphasis in original). It was an internally driven process with the donor as the outside part of the equation. To meet ambitious goals, major gifts officers were instructed to focus on the transaction, and the activities leading up to it, and the best major gifts officers were experts in these transactions. The focus on the transaction, rather than on the values exchange, mission link and potential impact of the gift on both the donor and the institution, diminished the opportunities for donor connection and stewardship that would lead to long-term relationships and repeated gifts." (Grace and Wendroff 2001, p14.)*

Grace's and Wendroff's book, incidentally, does not cite Burnett's *Relationship Fundraising*.

So we have a case for there being two traditions of 'relationship fundraising'.

The American tradition focuses on major gift fundraising. It includes notions that fundraising is 'not about raising money' – which is possibly influenced by Kelly's normative theory, or Kelly's normative theory drew on ideas prevalent among US fundraisers in the 1990s. The American tradition puts most emphasis on serving the donor rather than obtaining the gift and is highly critical of 'transactional' fundraising, which it views as only interested in raising money for the organization.

The British school of relationship fundraising stems from Ken Burnett's 1992 book *Relationship Fundraising* and sits squarely in the direct marketing, relationship marketing tradition, although Burnett did not directly draw on relationship marketing principles and theories but rather co-opted the name [2]. British relationship fundraising gives equal weight to serving the donor's needs and raising money.

This is not a purely academic distinction, since our literature review of relevant theories in relationship marketing concludes that there is very little evidence that relationship marketing works in business-to-consumer markets and little evidence that the conditions required for successful relationship marketing would be found in the markets for cash and monthly giving (Sargeant 2016, p28-29). Instead, a relationship marketing approach might derive greater utility in domains that facilitate a high degree of donor involvement, not just major gifts but also corporate, legacies and trust fundraising (ibid).

But in terms of the bulk of donors who constitute charity databases: "Employing the relationship analogy to deliver that base standard of care seems unnecessary when what is needed is merely good professionally conducted marketing."

This was a point that was made by one of our survey respondents, ironically, a North American:

> *When I see fundraisers trying to employ relationship fundraising, what I see is fundraisers trying to employ better marketing principles. Good marketing is about understanding your target audience and developing an offer to them that is based on a value exchange – both parties, the nonprofit and the donor, are getting something out of the exchange.*
> - North American consultant

Some of the respondents to the survey cited Ken Burnett's original definition of relationship fundraising, which we reproduce here, and perhaps has never been bettered (2002, p38):

Relationship fundraising is an approach to the marketing of a cause that centres on the unique and special relationship between a nonprofit and each supporter. Its overriding consideration is to care for and develop that bond and to do nothing that might damage or jeopardize it. Every activity is therefore geared toward making sure donors know they are important, valued, and considered, which has the effect of maximizing funds per donor in the long term.

A second reason why this might be an important consideration is that a common weakness of relationship fundraising indicated by research participants was a failure or reluctance to ask for a donation. Some fundraisers, it is contended, focus on the relationship building aspect as an excuse or reason to avoid asking for a donation.

> *I have seen some fundraisers use relationship building as an excuse for not asking for a gift and making comments such as, "it wasn't the right time" or "it felt better to leave it to our next meeting". This may be right but it may just be poor fundraising and using relationship fundraising as an excuse!*
> - British charity fundraiser

2 Personal conversation, April 2014.

The biggest weakness I encounter is focusing too much on "relationship" and neglecting "fundraising". I constantly run into nonprofit professionals worried that asking people for money will ruin a friendship or make people feel used. This shows that they were too involved in the erroneous "friend raising" and are putting the funding of their mission at risk.
- North American consultant

There is a lot of misunderstanding about relationship fundraising and its practical applications in the field of major donor fundraising. I have witnessed people undertaking what appears to be great cultivation but not moving forward to make ask for the gift.
- British consultant

There may also be a fault in that some appear to have assumed that RF allows for the abandoning of targets and a generally softer, fuzzier approach to funds raised. I've always been quite adamant in speaking out against those who would seek to dress up or excuse under-performance as somehow connected with relationship fundraising.
- British consultant

One primary weakness of relationship fundraising occurs when too much emphasis is placed on the relationship and too little is placed on the fundraising. Frontline fundraisers, major gift officers, and any other staff or volunteers responsible for maintaining a portfolio of donors would be smart to maintain a healthy balance of relationship nurturing and fund development activities to ensure they avoid becoming "professional visitors" whose philanthropic revenue productivity falls short of meeting crucial organizational goals.
- North American consultant

Fundraising is sometimes interpreted by fundraising professionals as focusing on the relationship (i.e., "cultivating"), rather than on the fundraising ("asking"). Sometimes we are more comfortable in engaging in a relationship with a donor, eliciting their feedback, building their interest, keeping them informed…but never asking for the next gift. Building the relationship is not intended to replace the ask, but to strengthen it.
- North American nonprofit fundraiser

It seems an unavoidable conclusion that such a situation follows from the fact that some fundraisers follow Kelly in considering the role of fundraising to be about managing the relationship and not about raising money.

Perhaps a solution to this would be to end the civil war against 'transactional' fundraising. One respondent described fundraising thus:

Fundraising isn't a simple process of asking for money, it is about transferring the importance of the cause to the donor. It keeps donors for longer.
- British consultant

Perhaps the most important word in this is 'simple'. Fundraising isn't a simple process, it's a complex process. Is the antipathy directed at 'transactional' forms of fundraising less about the fact that they are 'transactional' and more because they are too 'simple'?

Donorcentrism

Donorcentrism is a collection of ideas that all share the common theme of: ‘Putting the donor at the heart of charity communications’.

> *Essentially, this is about placing the donor, or prospective supporter, at the heart of all your activities; planning and executing your fundraising according to what is most likely to strengthen your relationship with them, according to their preferences, rather than what you, the fundraiser, may simply assume will be most beneficial for your charity.*
> - British charity fundraiser

> *Goal: To acquire and retain donors based on “them” not “us”.*
> - North American consultant

Penelope Burk (2003, p10) – who coined the phrase ‘donor-centred fundraising’, says the three fundamental tenets of this approach are:

- Prompt and personalised acknowledgement of a gift
- Use gift as intended
- Convey impact of gift.

Almost every respondent to the survey spoke in terms of donor-centred principles, the most common themes being set out in the following sections. We have only highlighted those themes that we think make a contribution to the debate. So we haven’t, for example, included quotes from respondents that talk about the need to thank donors appropriately, as this is considered to be standard relationship fundraising best practice. Therefore this volume has little to say about donor care and good customer service, which we take as a fundamental of any customer or donor relationship.

Understand donors

A key theme that emerged across a number of questions was that fundraisers need to genuinely understand their donors and take the time and whatever steps are necessary to do so. Respondents used phrases such as “standing in your donors shoes”.

> *I began to think from my donors’ perspective. I considered what experiences might delight them. My boss started to call me the “Director of Donor Experiences”. So I tell development staff their mission is to understand their donors. To get inside their donors’ heads. And to really enjoy being philanthropy guides and facilitators.*
> - North American consultant

> *I continually encourage my fundraising teams to put themselves in the donor’s shoes in order to help them think through how the communications they are creating might be received and therefore what information and language might motivate or inspire the recipient of those communications. I encourage staff to think about the charities that they personally support and their motivations for doing so, to help them think from our supporters’ points of view.*
> - British charity fundraiser

It helps you stop and put yourself in the shoes of the donor for a moment. That perspective can give you insights you will not see if you are always standing in the shoes of a fundraiser.
- British charity fundraiser

In my mind it's really about being intentional about connecting with your donors on a very personal level, getting to know them, understanding their motivations, and considering them partners in your mission and organization.
- North American nonprofit fundraiser

Connect donors to a cause

This last quote segues into the reason for understanding donors – in order to connect them better to your cause, through your organization. This was another key theme to arise from the research, emerging in responses to many of the survey's seven questions.

Relationship fundraising positions the donor at the centre of its fundraising. Fundraisers link the donor with the cause, through the charity. As a result, donors have a much better experience, and are therefore motivated to give again, and again.
- British consultant

Without really knowing your donors and their goals and motivations, you can't possibly understand what is meaningful to them. So to me, the strength of relationship fundraising is that is provides fundraising practitioners with a framework for our organizations to connect with donors around our common goals and dreams, bring donors closer to our work, and facilitate the change they desire to see.
- North American nonprofit fundraiser

I tell directors of development they are "Engagement Sherpas" – taking donors on a journey that includes a range of experiences (beyond the giving of money) that draw them closer and closer to the organization's mission.
- North American consultant

Relationship fundraising is about building a person's connection to a cause, usually in a variety of ways, so they ultimately feel like supporting the cause is just as natural as supporting people in their own network, such as friends or family.
- North American consultant

We see them as stakeholders and share-holders in our organization and the outcomes we achieve together. We are bold in letting them know that we still need them and make it clear why.
- British charity fundraiser

[Relationship fundraising] build[s] a donor base that is connected and committed to a cause. Purely transactional fundraising tends to build tepid, apathetic donor bases. Relationship fundraising develops donor bases more passionate about a cause. When social, political or financial circumstances threaten the cause, a passionate donor base is more likely to lend advocacy and financial support in meaningful ways.
- North American consultant

Relationship fundraising is about people. It's linking into a person's values and the needs that meet those values. What do they hope to achieve by investing into your organization?
- North American consultant

And it forces the nonprofit to think like the donor, what their interests are, what they value.
- North American consultant

Focus on cause, not organization

To connect donors to the cause means that they need to go through the nonprofit, but the focus of the relationship should be on the cause and/or beneficiaries, not the organisation itself. The fundraiser should be an "invisible" conduit.

It's about putting the organization and the donor together, the employee or fundraiser being the conduit, almost a shadow in the background.
- North American nonprofit fundraiser

We turned our thinking through 90º from "Our charity is awesome. – We helped 100,000 children last year. Thank you for your help" to "You are awesome. You changed a child's life last year. Would you like to change another child's life today?"…Effective fundraising is not about your excellence. It is about your donors, and what they can achieve through you.
- British consultant

In theory, relationship fundraising intends to establish and nurture a meaningful connection between a charity and its donors. But some charities over time come to view themselves as the beneficiary of donors' philanthropy, rather than a service delivery partner or financial conduit flowing donor's philanthropy to community beneficiaries.
- North American nonprofit fundraiser

[In major gifts] more than in any other form of fundraising the fundraiser, particularly if out-sourced, must be the "unseen conduit". This means that the role is often one of coach/trainer – working with the other staff to teach them the skills of the information exchange, learn to recognize cues and read body language.
- British consultant

A deeper relationship

Connecting donors to the cause by putting them at the heart of a nonprofit's fundraising communications leads to a deeper relationship based on shared values that also delivers emotional rewards to the donor.

The strength of this approach is that "relationship fundraising" builds a bond between a donor and an organization. A bond is hard to break without just cause and binds the donor to the organization long term. This means there are more donations including, if sought, a legacy gift which could eclipse the financial value of living gifts altogether.
- British consultant

In short, relationship fundraising's goal is to identify those donors who care about an organization or cause, then engage and empower to deepen those relationships in a mutually beneficial way to increase philanthropic investments, which support mission advancement.
- North American consultant

During the interactions both parties build up a better picture of each other and their strengths and maybe weaknesses. This will enable the optimum ask for both sides to be presented and an increased likelihood of a positive response due to the donor having a deeper understanding and closer relationship with the cause.
- British charity fundraiser

By ensuring they feel as engaged, informed, and motivated as possible, so too will the likelihood grow of them supporting the charity to the best of their ability, for the longest possible period.
- British charity fundraiser

This deeper relationship creates needs in donors (or it meets pre-existing needs) that fundraisers need to fulfil.

Create their 'need and reward' cycle for their donors – what emotions do donors need before and after giving to feel appropriately about their gifts and relationships so they need/want to come back time and time again.
- British consultant

It aims to give them credit and make them feel valued for the difference they are making (not just paying for); putting them at the heart of the solution and allowing them to 'own' the good work of the charity.
- British charity fundraiser

Establish two-way communications

To maintain a deep, mutually-rewarding relationship based on shared values, charities need to develop communications that motivate and inspire their donors and "reinforce their decisions to give". This much is not new and will not come as any surprise to anyone invested in relationship fundraising, or even high quality marketing. The insight that we think we can draw from this piece of research is the number of times respondents spoke about developing two-way communications that allowed fundraisers to engage and interact with donors (which lead to two-way relationships), and, on one occasion to "co-create" with donors. A relationship based on shared values or an "exchange" of values cannot exist without the communications processes that allow such sharing or exchange to take place.

Relationship fundraising aims to deepen the commitment of donors to the charity or cause it represents. It implies transparency, appropriate ongoing communication with and to donors, and sound stewardship of gifted funds. As well, it is underpinned by a model of open bi-lateral, ongoing communication…via individual donor discovery, stewardship, and solicitation meetings.
- North American nonprofit fundraiser

[Part of the definition of relationship fundraising is]…A two way communications process.
- British consultant

Relationship fundraising is a communication strategy and journey that offers a value share between the organization and the supporter.
- British charity fundraiser

The value exchange it provides between supporters and the charity they chose to support. It helps to debunk the fallacy that giving to charity is a one-way street and replaces this with a valuable socially responsible activity that rewards and enriches both sides.
- British charity fundraiser

Donors today want to be more than silent partners. They want to have input. They want lots of feedback. They want to stay apprised of their philanthropic investment. If you don't offer these benefits to donors they won't stick around.
- North American consultant

My most meaningful relationship fundraising takes place with major donors. To access the level of money available from major donors takes proper two-way relationships between donors and the relevant individual at my charity (usually me). Not only do I communicate news of my charity to major donors (particularly case studies of people who've benefited as a result of the donor's support), but I also ask the donor for their news. For example about their work, their family and…their faith. Such relationships happen over multiple "platforms": face-to-face contact being the most important, but also phone, email and letter. Whatever works best for the donor. All interactions are highly personalized.
- British charity fundraiser

A relationship implies two way dialogue, rather than a transaction – "We send you an ask, you send us a donation".
- British charity fundraiser

In encouraging the donor's views to be heard, the organization must undertake to listen and act accordingly. That is not to say that any donor view must be seen as the right one but it is important that all staff and trustees go into such an exchange with an open mind, ready to consider adaptation.
- British consultant

In major gift work, owing to the order of magnitude of potential gifts, charities tend(ed) to pay more attention to the interests and inclinations of their potential donors; worked to establish a direct bi-lateral communications channel; and tailored communication and solicitation activities as circumstances dictated. These are some of the guiding philosophies now evident in the emergent relationship fundraising model.
- North American nonprofit fundraiser

This process has a long stage of information exchange, commonly known as cultivation: the fundraiser shares information about a program and listens for feedback before engaging again – each time adapting the approach in line with feedback from the previous encounters (different program, different focus, change timings, unsure about this detail or that). It is through this information exchange that the relationship is created and built. You speak, I listen and respond; you listen to my response, react and come back. The purpose of this exchange, with all of its ongoing reactions and adaptations, is to ensure that when the donor is asked for a significant gift that the answer will be yes because that donor feels like s/he has shaped the work, been involved and is therefore already invested in progress.
- British consultant

As well, from the outset the donor is well-equipped and informed in a way that helps them understand the specific role they are playing in advancing a charitable, community, or societal priority or cause. From that point forward the charity structures its programs, communications and activities to continue to engage the donors' interest in the cause, and to build their loyalty to the charity.
- North American nonprofit fundraiser

This approach to relationship fundraising, with its talk of two-way or bi-lateral communications, draws – albeit probably unconsciously – from academic public relationship theory.

Public relations features the word 'relations' in its title. But it wasn't until Mary Ann Ferguson, now of the University of Florida, called for organization-public relationships (OPRs) to be the central feature of public relations theory – at a seminal conference presentation in 1984 – that the academic branch of the profession started to really focus on its operative word (Grunig and Huang 2000, p23).

The standard definition of public relations, contained in the standard text book (Cutlip et al 2006, p9) is:

"The management function that establishes and maintains mutually beneficial relationships between an organisation and its publics on whom its success or failure depends."

Prior to the shift to a focus on OPRs, PR was more about sending messages from the organization to the public. In 1984, two academics – James Grunig and Todd Hunt – identified four models of how PR had been, and still was, practiced in the USA over the previous 130 years (Grunig 1992, p 18; and Grunig & Grunig 1992, pp285-326). These were:

Press agentry – uses persuasion and manipulation to influence people to act as the organization wants them to. Truth is secondary to gaining favorable publicity.

Public information – disseminates accurate and truthful information about the organization through press release, reports etc.

Two-way asymmetrical – this model uses scientific research to understand public behavior and use that to structure the organization's communications to better influence the public to do what it wants them to do. Grunig and Hunt called it "scientific persuasion".

Two-way symmetrical – instead of trying to persuade, much less manipulate, people, public relations is the mediator that negotiates with the public to resolve conflict and promote mutual understanding and respect between the organization and its stakeholders. In the two-way symmetrical model, all parties benefit, not just the organization.

The first three models are described as 'asymmetric' because communication is entirely one-way – from organization to public (the 'two-way' in the two way asymmetrical model refers to the fact that PR practitioners are first using information from the public in the form or research before communicating back to them – the communication is thus 'imbalanced').

Only the two-way symmetrical model features balanced two-way communication between an organisation and its publics.

Over the subsequent 10 years, James Grunig assembled a group of PR scholars to develop the 'Excellence Theory of Public Relations' (Grunig 1992) under a program commissioned by the Research Foundation of the International Association of Business Communicators. Not only does the excellence theory make the two-way symmetrical model synonymous with excellence in PR, it also elevates it from a descriptive to a normative theory of PR – in other words, it proclaims that it is the way PR ought to be practiced (Grunig and White 1992, pp55-56).

At the heart of symmetrical ideas about public relations is the 'co-creational perspective', which sees *"publics as co-creators of meaning, and communications as what makes it possible to agree on shared meanings, interpretations and goals"* (Botan and Taylor 2004). This requires a dialogic approach to communication with stakeholders. PR scholars Carl Botan and Maureen Taylor (ibid) say that "traditional approaches to public relations relegate publics to a secondary role, making them instruments for meeting organizational policy or marketing needs; whereas dialogue elevates publics to the status of communication equal with the organization".

Grunig and Hunt's four-fold classification of historical US public relations practice has already been co-opted to describe fundraising by Kathleen Kelly, who bases her entire theory of normative fundraising on precisely the same categorization: Kelly claims that fundraising in the USA passed through its own press agentry, public information, two-way asymmetric and two-way symmetric models and, as of 1998, she claimed that all four were practiced concurrently to some degree (Kelly 1998, pp155-192). However, Kelly claims that only two-way symmetric fundraising could be considered a theory of normative fundraising – in other words, how fundraising ought to be practiced [3].

While respondents to this survey described the necessity for two-way symmetric communications in their fundraising (although they did not use that terminology), many also described the risk of not using this, and becoming mired in what are basically asymmetric models:

> *It is not an information exchange – the potential donor is getting a lot of information. S/he is giving feedback that is largely ignored. Further information about the same program or perhaps a different program is then shared. This loop continues: there is no progression. This fault in the progression can sit with a poorly-trained fundraiser who thinks that relationship building is the same as information sharing.*
> - British consultant

3 It is now apparent how much Kelly's definition of fundraising – "Fundraising is the management of relationships between a charitable organization and its donor publics" (Kelly 1998, p8) – is aligned with Cutlip and Center's definition of public relations.

Sadly, communications, especially in larger charities, are not fully co-ordinated and may submerse the prospective supporter in a multitude of possibly conflicting messages.
- British charity fundraiser

While we clearly hope that more feedback, involvement and knowledge of our work leads to greater loyalty and it is (and must be) a genuine effort to develop meaningful relationships where supporters become a fundamental and important part of our team, rather than this being a strategy to offer good customer service only in order to get the next transaction.
- British charity fundraiser

As relationship fundraising develops in the future to refine and finesse its two-way symmetric communication – and perhaps co-creation – with donors, then we think there is much synergy with public relations theory and much that relationship fundraising could learn as it adopts the function of managing a nonprofit's organization-public relations. We therefore feel a literature review of the type we conducted for relationship marketing (Sargeant 2016) and social psychology (MacQuillin, Sargeant and Shang 2016) would be hugely beneficial to the further development of relationship fundraising.

Failed intra-organizational relationships and a ‘culture of philanthropy’

The whole issue was neatly summed up by one respondent to the survey:

> *1) Fundraisers are briefed from the top with a simple: ‘We need more money, go and get it.’*
> *2) The only way to break through this is education in fundraising for trustees and executive teams, across all departments.*
> *3) Without (2) Relationship Fundraising does not stand a chance of even being tested, never mind rolled out.*
>
> \- British consultant

This encapsulates a situation that was reported time and again in the research, on both sides of the Atlantic and across the world. Many respondents described a series of relationships that had essentially ‘failed’: relationships with trustees, comms teams, ceos and other SMT members, which are characterized as a short-term approach that demands an immediate return on investment (and therefore won’t release resources to fund long-term stewardship and donor care) and undervalues the fundraising function – the fabled ‘necessary evil’.

> *One major weakness of relationship fundraising is that the governing board and leadership volunteers are not sufficiently engaged in the process. Most times, the fundraising process is invisible to the board until there is a shortfall of funds. Often relationship fundraising is left mostly for staff to fulfill and failures are aligned with them even though they are responsible for the financial health of the organization. More effort should be placed on keeping fundraising efforts high on an organization’s board agenda. Embracing a relationship fundraising process adds more visibility to fundraising.*
>
> \- North American consultant

> *Trustees look at cash received on a monthly basis. They are not being convinced that they should be looking at long-term income, via donor satisfaction. This creates a great tension in the mind of the Appeals Director, who wants to pursue a philosophy of relationship fundraising.*
>
> \- British consultant

> *Few organisations have the patience to stick out and observe the impact over the long term (by long term I only mean a few years which is not very long at all but beyond the one year planning time frame most organisations are pressured to deliver in).*
>
> \- British charity fundraiser

There are still far too many instances of short-term, transactional gain, taking priority over long-term investment in both the supporter and the charity. The high-volume, mass engagement models often place quantity over quality, stressing the need for a relatively rapid return on high acquisition costs…The challenge that fundraising directors must endure on a day to day basis is whether they can stick to their principles in the face of the acute pressures to meet monthly and annual targets.
- British charity fundraiser

Fundraising organizations are governed by volunteer boards concerned with bottom line results. Typically, these boards have director terms ranging from three to five years. Against this backdrop, fundraising staff members have difficulty making the case that precious financial resources need to be invested, for the long term, in helping the operation develop and manage donor relationships, rather than on immediate gift acquisition. Boards are often looking for fast bottom line results, the lowest possible cost of fundraising, and they don't have an appetite for perceived risk.
- North American nonprofit fundraiser

The problem in recent years, exasperated by the recession, is finance has risen as the controlling power and direct RoI for each area of fundraising is put under scrutiny. Ironically this has led [us] to do the very activities we should do less of and less of the activities we should do more of.
- British charity fundraiser

Another challenge is a lack of dedication to 'the long haul' by fundraising leaders, both volunteer and professional. There is the occasional over emphasis on the short-term return on investment – we want what we want when we want it.
- North American consultant

It is still hard to obtain and justify budget for good supporter stewardship and relationship marketing, as the immediate returns may not be obvious. As we rarely have enough budget to max out on our revenue / net contribution generating activities then it can be hard to move available funds from profit-making activity to this type of stewardship activity.
- British charity fundraiser

How to get CEOs, COOs, CFOs, and trustees away from just looking at the performance on a monthly cash basis, and start to look at satisfaction, and LTV? How to get Trustees to think of fundraising as an investment (in competition with bonds or shares), not an overhead (in competition with services)? How do we stop CEOs cutting 10 per cent off all budgets without thinking that the expenditure on fundraising is what drives income?
- British consultant

The solution proposed by research participants is to engage with or educate said stakeholders as part of a 'culture of philanthropy' that embraces the entire nonprofit organization. This is sometimes described as the idea that 'everyone' is a fundraiser. The consensus is that relationship fundraising, because it focuses on the long-term and cannot deliver the short-term results that 'transactional' fundraising can deliver, requires buy in and support from a nonprofit's leadership.

The first goal [of relationship fundraising] is to foster a culture in the charities that everything an organization does (not only a fundraiser) aims to create and steward a relationship with a donor, from day one.
- Rest of world nonprofit fundraiser

Maybe that is what we need to spend more time focusing on: creating the platform on which successful relationship fundraising can occur?
- North American nonprofit fundraiser

We need to spend more time educating the leadership in nonprofit organizations about the impact of donorcentricity, investing in the development of relationships with donors, and making RF a priority.
- North American nonprofit fundraiser

Executed correctly, RF approach can help to reduce "silo mentality". Because a donor's relationship with an organization can naturally lead them to involvement in several different "products", then if staff are oriented to RF it is easier to ensure that internal organization boundaries don't prevent this.
- Rest of world nonprofit fundraiser

I believe successful relationship fundraising should begin by engaging the board of directors in the process to set the pace. Their appreciation of the relationship fundraising process filters through the organization.
- North American consultant

We have a culture of philanthropy throughout the organization. We have a tag line within the organization 'everyone is a fundraiser', and we follow through with training for all, from our receptionist to the manager of our coffee shop in the organization. Everyone in our organization has gone through some donor relations training, whether through one of the association groups such as AFP, or internal training by our philanthropy team.
- North American nonprofit fundraiser

My consulting practice focuses on change: changing organizational culture to embrace the culture of philanthropy, systems thinking and learning organization theories, process and critical thinking. My approach is to build understanding and ownership of fundamental principles; and promote respect for and acknowledgement of research, body of knowledge, and expertise. I work with clients to develop systems and processes, strategies and tactics in all angles of relationship building.
- North American consultant

The expectation that a good fundraiser somehow walks in the door with access to truckloads of cash is wrong – and far too common. For many organizations a systemic culture shift may be required. The entire staff and board within an organization must see beyond themselves. The personal and professional egos need to be set aside and everyone must understand that they are stewards, working on behalf of the donors and beneficiaries.
- North American consultant

I have learned that education of relationship fundraising to my organization's leadership is essential to the success of the practice as a major gifts officer. There must be a mutual understanding in order to be properly reviewed and to meet my own job satisfaction needs with my employer.
- North American nonprofit fundraiser

Retention v acquisition

Establishing a culture of philanthropy and ending the culture of short-termism will also allow fundraisers to overcome another bone of contention that emerged from the research – the tensions between acquisition and retention – which probably explains some of the antipathy shown towards 'transactional' fundraising (which is concerned only with the acquisition of a new gift or a new donor with little regard about how they will be stewarded subsequently). Respondents noted that acquisition was often driven by short-term targets. An emphasis on relationship fundraising techniques would, almost by definition, shift the balance towards a focus on retention, or, to phrase it differently, form 'quantity' to 'quality', especially if extra resources had been made available under the new culture of philanthropy.

In classic strategy terms, rather than trying to develop a differentiated strategy, fundraisers have consistently sought the low cost option, where there is a constant drive to lower costs, to standardise our approaches and to sacrifice donors who don't neatly fit into pre-defined boxes. When the costs of donor acquisition are low, then the low-cost approach is the easiest, short-term approach to take. However, as the market matures (as is the case in the USA and UK) this approach becomes less sustainable as the price of donor acquisition increases. I believe we are close to the point where a low-cost strategy will no longer be viable apart to the top 10 or 20 fundraising charities in a market. Everyone else is going to have to differentiate and improve their donor experiences to achieve long-term growth.
- British charity fundraiser

RF [has] succeeded [in] shift[ing] the focus of many fundraising techniques (from face-to-face to DM) on the value instead of the volume. With increased competition and higher costs of acquisition, looking at donor retention and loyalty is essential to decide which channel and what kind of resources dedicated by any fundraising departments or specialists.
- Rest of word nonprofit fundraiser

As acquisition becomes ever more expensive and volume becomes less available, gaining maximum (mutual) benefit from warm files will become essential. When this becomes the #1 priority of organisations, RF will become the norm. This will take at least a decade.
- British consultant

On a more general level, we have seen the benefits of applying relationship fundraising principles and strategies related to the retention rates of our annual fund donors – as well as the results of failing to do so.
- North American nonprofit fundraiser

There are still far too many instances of short-term, transactional gain taking priority over long-term investment in both the supporter and the charity. The high-volume, mass engagement models often place quantity over quality, stressing the need for a relatively rapid return on high acquisition costs.
- British charity fundraiser

And I'm concerned that too few nonprofits make a serious organization-wide commitment to donor retention. One way is to take the The Donor-Centric Pledge, a recommendation from Simone Joyaux and Tom Ahern found in their 2008 book, Keep Your Donors: The Guide to Better Communications and Stronger Relationships. I would love to see more nonprofits formalize their commitment to a donor-centered practice into written policies and procedures.
- North American consultant

As it's getting harder and harder for charities to make the low level regular giving model work, new models may well emerge at higher price points, but based on creating fewer, deeper donor relationships. Quality, not quantity. I know of several charities beginning to experiment with this approach.
- British charity fundraiser

Most nonprofits I talk to don't even know what their retention rate is. How can you improve if you don't even know you need to? We have the AFP Fundraising Effectiveness Project. We have Donor Centered Fundraising, and all the research by Penelope Burk. And we have the work of Adrian Sargeant showing, among other things, that it typically costs nonprofits two to three times more to recruit a donor than a donor will give by way of a first donation. Donors aren't even profitable until they're retained at least 12 to 18 months. We also know the commercial sector manages to retain 94% of their customers. So there's evidence that focusing on retention works! So I struggle with why the nonprofit sector doesn't place more of a priority on building donor loyalty. Why aren't we bending over backwards to put the lion's share of resources into retention when we know retention is the name of the game?
- North American consultant

Retention is the door to the future of fundraising. With acquisition becoming more and more expensive, retention is the only way forward. And the most significant thing we can do to improve satisfaction, which we are in charge of, to measure it and improve it.
- British consultant

Total relationship fundraising

The previous section on donorcentrism – and indeed the existing professional literature from books such as Ken Burnett's classic (1992/2000) and Roger Craver's *Retention Fundraising* to the blogs of the likes The Agitators, Simone Joyaux, Matt Sherrington and many others – highlight the utmost importance that fundraisers place on their relationships with donors. The relationship with the donor is the sole dimension of relationship fundraising.

However, that's not the only relationship that fundraisers need to service in order to initiate, maintain and improve their donor relationships. They need to build relationships internally to build the culture of philanthropy that will allow relationship fundraising to germinate and flourish. As this research indicates, many of these relationships do not work.

This entire project set out with the idea to review and 'refashion' relationship fundraising. One such refashioning could be to bring within relationship fundraising's purview management of all relationships required to deliver excellent service to donors with the objective of maximizing sustainable long term net income.

The relationships that relationship fundraisers would need to manage would not just include internal ones but external relationships with fundraising agencies – as events in the UK following the death of Olive Cooke have shown, the donor experience can suffer because charities have dysfunctional relationships with their contracted fundraising agencies (MacQuillin 2016). It is also conceivable that relationship fundraisers would also need to manage relationships with the media, regulators and recruitment agencies to ensure that staff with the rights skills were being hired (see below).

Essentially, relationship fundraising would do well to adapt the idea of 'total relationship marketing' developed by Swedish marketing academic Evert Gummesson – a question that is mooted in Volume 1 of this review (Sargeant 2016, p28).

Gummesson (1999, pp19-24) identifies 30 distinct relationships that 'total relationship marketers' need to contend with in their marketing strategies – including those with other parties such as customers, supply chain, regulators, media, umbrella bodies; and with intangible factors such as environmental friendliness, employee recruitment market etc. The 30 relationship types are grouped into four categories:

Classic market relationships – the three 'classic' networks of supplier-customer dyad, supplier-customer-competitor triad, and distribution channels.

Special market relationships – aspects of the classic relationships, such as dissatisfied customers, digital relationships etc.

Mega relationships – which exist above market relationships and establish the conditions the market relationships exist in, focusing on the domains of public opinion, lobbying, and political power.

Nano relationships – operate below market relationships within the organization (intra-organizational relationships), for example, internal markets, relationships between departments etc.

These four categories of relationships are arranged in a concentric Russian doll manner known as the 'relationship doll', with nano relationships at the center, enclosed successively first by classic market relationships, then special market relationships, and finally mega relationships.

The insight is that fundraisers cannot maintain a narrow focus on the donor if the relationships they neglect (such as with their agencies, or colleagues who hold the 'necessary evil' mindset about fundraising) result in, or contribute to, a diminished donor experience.

Such a refashioning of relationship fundraising to a relationship management role of 'total relationship fundraising' – i.e. it sits at the center of many organization-public relationships (OPRs) – brings fundraising closer to Kelly's definition of *"help[ing] charitable organizations manage their interdependencies with donor publics who share mutual goals and objectives"* (Kelly 1998, p9), and even closer to Cutlip and Center's definition of public relations as: *"The management function that establishes and maintains* *mutually beneficial relationships between an organization and its publics on whom its success or failure depends"* (Cutlip et al 2006, p9). It again points to how beneficial a review of how organizations manage their OPRs in the academic public relations literature would be for relationship fundraising.

Fundraising staff turnover

One further issue regarding the culture of philanthropy relates to the quality of the fundraising staff and, especially, the high turnover of fundraising staff.

> *A further weakness of major donor relationship fundraising is that when the individual managing the relationship leaves, the caseload needs to be picked up by someone else, inevitably damaging (maybe demolishing) the relationship*
> - British charity fundraiser

> *Turnover in development staff is a huge impediment to successful relationship fundraising.*
> - North American nonprofit fundraiser

> *When a key volunteer or staff person leaves an organization the donor relationship weakens the potential of the donor investment.*
> - North American consultant

> *Turnover of development staff is a huge issue when it comes to maintaining donor relationships. The issue is not likely to go away, so I think it becomes all the more important that organizational leadership is linked with major donors as well. And that means more of our CEOs, boards and staff need to understand the basics of relationship fundraising and the important role they play in it.*
> - North American nonprofit fundraiser

> *RF also depends on consistency particularly at the beginning of the relationship, where if a charity has a constant swinging door (staff retention problem) then they will have more difficulty in forming concrete donor relationships.*
> - North American nonprofit fundraiser

> *Most nonprofits don't hire people for their high emotional intelligence. Yet relationship fundraising depends upon this ability to monitor one's own and other people's emotions, to discriminate between different emotions and label them appropriately, and to use emotional information to guide thinking and behavior. Rather, people are hired based on their ability to present well in an interview and their years of development experience reflected on their resume. They may have high IQ; that's not the same as high EQ.*
> - North American nonprofit fundraiser

> *Another failing is assigning people to build a donor relationship without consulting them or giving them a choice or not preparing them appropriately for their role.*
> - North American nonprofit fundraiser

> *We need a different kind of fundraiser, more raised on the skills of passionate emotional storytelling and less on spreadsheets and fundraising behind a desk. All, of course, need to be consummate communicators and adept large volume inspirers across all media and markets.*
> - British consultant

We make no recommendations in this report about how staff turnover could be improved but we do note that this has recently been raised as a concern (Pudelek 2014) and suggest this is a subject that this project's advisory group might consider. We suggest also that Adrian Sargeant and Jen Shang's (2012) work on great fundraising leadership – which identified the qualities and attributes of fundraising directors who had quadrupled income – will have a bearing on any refashioning of relationship fundraising into 'total relationship fundraising': not only is it likely that the establishment of a culture of philanthropy and the building of relationships with colleagues will need to be led and driven by forward-thinking 'level 5' leaders, as identified in their research, but these fundraising leaders were also adept at selecting people with the right mix of skills and attributes for their roles. Generally speaking however, this is a topic that is wider than the confines of this project.

Evidence, measurement, data and technology

The importance of accurate data, metrics and measurement emerged very clearly as a key issue, but so did the lack of evidence to support relationship fundraising's key claims. This section highlights some of the key issues that arose from the research.

Loyalty, trust, commitment and satisfaction

The vital importance of trust and satisfaction in driving loyalty and commitment, and ultimately donations, is explained in Volume 1 (Sargeant 2016) and Volume 2 (MacQuillin, Sargeant and Shang 2016). Fundraisers understand these connections.

> *As a consultant, I promote and proselytize donorcentrism, loyalty, and LTV as fundamental to – and the foundation and framework of – fundraising. I summarize all those fundamentals as "relationship fundraising".*
> - North American consultant

> *The tactics used to support the philosophy of relationship fundraising will be different depending on the channel. These are only some ways I know of to build the trust and loyalty of your donor base. Building the trust and loyalty will always result in increased revenue.*
> - North American consultant

> *This is sometimes a foreign concept to staff who are evaluated based on the dollars they bring in rather than the emotions and joy they arouse. So I explain how going solely after the money is a short-term focus that won't build long-term loyalty*
> - North American consultant

> *Donor satisfaction is the best surrogate marker of how effective donors feel about our work.*
> - British consultant

Lack of evidence

Even though many respondents articulated the relationship between satisfaction and commitment, a few highlighted their concerns about the paucity of evidence that overwhelmingly proved the case for relationship fundraising, often because relationship fundraising is difficult to measure. Others caveated their answers with phrases indicating that they "believed" or "understood" or "thought" relationship fundraising resulted in certain outcomes, rather than that they 'know' or are 'certain' that particular outcomes result.

> *The weakness to relationship fundraising is its measurability as a return on investment. Since relationship fundraising centers on the donor, it is difficult for the organization to track, predict, and measure outcomes. Instead of the organization guiding the gift officer's actions, it is the donor's interests and behavior that leads him or her. This makes the fundraising pipeline unpredictable for planning and evaluation purposes.*
> - North American nonprofit fundraiser

Fundraisers like it. It feels right, better, the thing we should do. Donors, we presume like it too, though there's shockingly little evidence to back this claim…So its primary strength is, it raises more money in the long run. I'd love it if someone would prove that, once and for all.
- British consultant

As there currently seems to be little conclusive proof that this will generate better long-term retention and returns then it can sometimes be an uphill struggle to justify and obtain the investment to continue with it.
- British charity fundraiser

My main issue today with RF is the way it is translated and applied into practical tools to measure and drive fundraising. How is a relationship defined and measured? LTV for instance that should be the key indicator has so many definitions and formulas. But the main point for me is how we measure the relationship, provided that the RFM or the transactional part of the donor behavior doesn't tell us why donor gives or why they stop giving.
- Rest of world nonprofit fundraiser

I now think there is a body of research, from both the non-profit and commercial sectors, that confirms the validity of the theory of relationship fundraising.
- British charity fundraiser

In a sector that employs more than 10 million people in the US alone, we have a component to our work, which is conspicuously absent – though found in other sectors. That missing, critical piece? Research and Development. Testing, experimentation, and developing theories which can later be applied to practice are shortcomings of the nonprofit sector.
- North American consultant

A hard hitting appeal that breaks the principles of RF, or techniques that focus on extracting more money out of me, will be seen to be getting a better response than using an approach designed to strengthen the relationship. That's because these direct, non RF, techniques are just easier to measure and in the short term seem to bring in more money.
- British charity fundraiser

The usual weakness is lack of metrics. If you don't test, you don't know. That said, every time I've applied the principles of relationship fundraising through my copywriting, we've raised more money. I've stopped defending it. It works.
- North American consultant

What to measure

Respondents highlighted the lack of consistency in what metrics relationship fundraising should be judged by, and that to demonstrate relationship fundraising's success and make a case for the culture of philanthropy and to change the short-termist approach of senior colleagues, such a set of metrics, including, for example, donor satisfaction levels and retention rates, but eschewing total reliance on immediate monetary targets, must be devised.

The fundamental weakness of the RF is not having elaborated rigorous benchmarks and tools recognized by the sector. While many if not all fundraisers recognize and substantially agree with the RF theory, in practice they found difficult to apply the principles in practice and translate them into measurable KPIs or to attribute to costs and income.
- Rest of world nonprofit fundraiser

The biggest issue related to relationship fundraising today revolves around how best to leverage available data and new technologies to enhance the focus on more meaningful and personalized communication and engagement strategies. This is a new paradigm that ironically could turn the nonprofit sector's current "business as usual" practices and structures upside down in an effort to get back to focusing on the human element of organized philanthropy.
- North American consultant

Hopefully, in 10 years, we will judge fundraising by a different set of metrics, which focuses on satisfaction, loyalty and LTV, not appeal by appeal, while recognising the need for annual cash budgets. It isn't either/or, it's both/and.
- British consultant

Because RF generates benefits that include intangibles which can't be easily measured (donor fulfilment of wants and needs), quantifiable approaches such as cost-benefit analysis cannot fully measure all benefits. Life time value analysis goes a long way, but has its own assumptions and uncertainties.
- Rest of world nonprofit fundraiser

The importance of donor retention is not universally agreed upon among executive directors, development directors and communications directors. There is also not agreement on what really helps to build a relationship in both the short term and long term.
- North American consultant

We have to change our metrics for how we recognize success – celebrating significant investment by donors through relationships, rather than just celebrating the biggest party in town or what we deem to be a successful big event.
- North American consultant

In practice, it has proved hard to carry out randomized control tests to compare the RF approach with "control". Because it is an holistic approach, an organization cannot easily "treat" one donor group applying RF principles, and another as "control". Therefore evidence for RF effectiveness needs to be from methods such as matched case studies or "before and after", or from a priori argument about donor motivations or behaviors.
- Rest of world nonprofit fundraiser

If we want to argue that RF is…a measurable beneficial approach to fundraising then we need to create robust metrics and financial evidence.
- British charity fundraiser

We need to find new ways to measure. Measures that encourage engagement. Measures that recognise and encourage how supporters can influence their network to attract funds, which could be from other sources. We need to show how RF impacts across a fundraising programme.
- British charity fundraiser

We have started to invest in (trying to) collate feedback, supporter satisfaction and better long-term metrics to inform our decisions and make it easier to justify this part of our programme.
- British charity fundraiser

Need for systems and technology

Having identified the difficulty of setting consistent benchmarking and metrics to robustly measure relationship fundraising, but acknowledging that any future measurements must accommodate the link between satisfaction and loyalty, participants identified having appropriate systems to manage the data as a key issue that relationship fundraising needs to get to grips with. First, management processes must be in place that facilitate and support data analysis. Second, technology needs to be appropriate to analyzing and interpreting the new relationship fundraising metrics.

To most effectively execute relationship fundraising principles, strong and efficient systems must be built to manage major processes throughout any charity – strong infrastructures including efficient and accurate research, data management, stewardship and recognition. These will underpin the success of any charity that espouses relationship fundraising principles and acts on them. Similarly the individual giving field will require exceptional segmentation and systemisation to ensure that the donor feels he or she is receiving as bespoke and personal a service as possible. Though practically, we cannot ever contemplate managing tens of thousands of smaller donors in the same manner as we might co-ordinate a small portfolio of élite prospects, the principles remain the same. Distinct supporter journeys are the best route to making communication as relevant as possible and to ensure seamless cultivation.
- British charity fundraiser

We work with clients to develop their case for support, design their fundraising campaigns, step change performance etc. I train them in asking, to improve their data analytics and design stewardship programmes – every aspect of fundraising.
- British consultant

I am a huge advocate of the marrying of the art of relationships with the science of testing and data analysis. However it is incredibly difficult and time consuming to try and map different [supporter/donor] journeys.
- British charity fundraiser

Charities are operating with CRM systems which do not have the capabilities required. I think the concept that we strive for some perfect order in our interaction is flawed and wastes time; we should strive for a mix of elements. Life changes, the environment around us changes and donors will inevitably therefore have journeys that will change.
- British charity fundraiser

Technology can support our efforts but often is a hindrance (thinking of all of the badly set up and poorly utilized databases that have often been cast aside in favor of several spreadsheets).
- British consultant

The way CRM tools are built for charities can make it harder to take a donor-centred relationship approach to contacts on the database. [Some databases] I've…worked with…have an owner/gatekeeper approach per contact which can lead to fundraisers feeling a sense of protectiveness over "their" contacts. Even the language of owner or gatekeeper is unhelpful.
- British charity fundraiser

Key to RF is ensuring consistency in data, so that all staff enter data in the same way using similar language so that anyone can pick up from another solicitor and follow the relationship plan.
- North American nonprofit fundraiser

It seems clear from this research that two major challenges for relationship fundraising are to develop robust metrics and benchmarks against which to measure relationship fundraising's success and to develop the databases with which to analyze, interpret and implement these metrics. Fundraisers are asking for tools that combine satisfaction, loyalty and commitment measurements with long-term markers of success.

We make no suggestions in this report as to how these might be developed. However, it is a question that we trust this project's advisory group will consider.

General predictions for the future

The seventh and final questions in the research asked fundraisers how they saw relationship fundraising developing in future, if at all. Here we present selected responses to that question.

I believe that those charities that are not engaged in RF will find it more difficult to raise the dollars they need to continue their missions…RF will become more mainstream, we will see more investment into education around the ethics of RF and how to develop listening skills and asking the right open-ended questions.
- North American nonprofit fundraiser

I hope that eventually we don't have a special term for it. Calling it relationship fundraising implies that there is another way to raise money, like maybe "entitled fundraising" or "arrogant fundraising". It would be wonderful if the future of our profession just had one way to connect donors with their passion. Delivering our budgets by being authentic, passionate, driven human beings who operate in the service of philanthropy. If we did that – we wouldn't need the phrase "Relationship Fundraising".
- North American consultant

Charities will shift their thinking away from trying to get everyone to give, and instead will focus on finding those donors most likely to truly care, who will support the cause over the longer term.
- North American nonprofit fundraiser

In essence, I see organisations developing to embrace the principles of relationship fundraising, rather than relationship fundraising developing.
- British charity fundraiser

Charities wanting to raise funds will be expected to be more accountable to donors. The next generation of donors is a good example. They will not be afraid to ask for accountability and are more discerning about the recipients of their funds.
- North American consultant

More success in bringing together an optimal mix of two clusters of skills and orientation among staff: 1) staff motivations for cause and orientation to relationship quality, with 2) analytical, numerical, program design, time management and strategic planning skills. I see that one of our biggest shortcomings in the sector is that most staff have lots of one of these clusters, but not enough of both.
- Rest of the world nonprofit fundraiser

I believe it will become more normal to treat supporters in a more mutually-beneficial value-exchange way, where they are more involved and in control of their donations, what they achieve, how they are communicated with, how they engage with us and how they feel about their support. I believe supporters will continue to be seen as, and treated more like 'shareholders' in the organization, where they have greater input and a greater stake in the

end results and outputs of the charity. I believe as more people do this and normalize good supporter relationship marketing, the easier it will be to justify and get investment in it. This will help to improve the learning, professionalism and quality of relationship fundraising and make the general standard improve across the sector.
- British charity fundraiser

Relationship fundraising will become an essential element of a board members' orientation to the non-profit organization and will include a monitoring of relationship building commitments.
- North American nonprofit fundraiser

In the future, relationship fundraising will develop quite successfully for those who actually implement it. Once they give it a try they will never go back to their old approach. It requires a shift taking place in two organizational cultures: the boardroom, and the executive suite.
- North American consultant

Appendix – Advisory Group

United States

Nonprofit organizations

Brad de la Cruz, regional major gifts office, Sutter Health
Ann Hale, chief development office, Anchorage Museum of Art and History
Bill Littlejohn, ceo, Sharp Healthcare

Consultants and suppliers

Tom Ahern
Claire Axelrad
Gary Cole, Pursuant (project sponsor)
Roger Craver
Simone Joyaux, Joyaux Associates
Jay Love, Bloomerang (project sponsor)
Kivi Leroux Miller, Consultant
Gail Perry
Marc A Pitman
Kent Stroman, Stroman Associates

United Kingdom

Nonprofit organizations

Lucy Caldecott, director of fundraising, CLIC Sargeant
Catherine Cottrell, deputy executive director, Fundraising, UNICEF UK
Alex Hyde-Smith, Head of individual giving, Marie Curie Cancer Care
Craig Linton, Amnesty International
George Overton, Director of fundraising and communications, HCPAT - The Pilgrimage Trust
Sayyed Salam, philanthropy director, Save The Children Fund
Paul Stein, MQ: The Mental Health Charity
Richard Turner, chief fundraiser, SolarAid

United Kingdom (cont.)

Consultants and suppliers

Ken Burnett, Revolutionise
Alan Clayton, Revolutionise
Alan Freeman, Freestyle Marketing
Scott Gray, Rapidata (Rogare Associate Member)
Susie Hills, Graham Pelton Consulting
Giles Pegram
Mark Philips, Bluefrog (Rogare Associate Member)
Beth Upton, Consultant
Dominic Will, HOME Fundraising (Rogare Associate Member)

Other countries

Nonprofit organizations

Franceso Ambrogetti, Fundraising adviser, UN Population Fund, Thailand
Maeve Byrne, president, Nanaimo & District Hospital Foundation, Canada
Denisa Casement, Merchant's Quay, Ireland
Leif Wien Jensen, Fundraising manager, Norwegian Association of the Blind and Partially Sighted, Norway
Douglas Tanton, Director of Global Resource Development and Fundraising, CARE International, Switzerland
Jane Vickers, VP development and alumni, Warwick University, Bermuda
Roewen Wishart, Foundation Director, Neuroscience Research Australia, Australia

Consultants and suppliers

Kimberley McKenzie, Canada
Anne Melanson, Bloom Nonprofit Consulting Group, Canada
Pamela Simmons, Corniche Consulting, Canada
Sean Triner, MD, Pareto, Australia

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