

A Strong Culture of Philanthropy = Financial Success

Nonprofits with strong giving cultures are more likely to succeed.

You know you have a strong culture of philanthropy when the athletic director says his top priority is funding the science building. Or when local CEOs who have never given to your nonprofit step up to contribute multiple transformational gifts in succession.

It's what happened to Lori Redfearn, California State's former assistant vice chancellor for systemwide advancement, and Devorah Lieberman, past president of University of La Verne.

While many nonprofits can't easily define what a culture of philanthropy is, there are certain fundamentals that nonprofits can follow to reap incredible financial rewards, as witnessed by Redfearn and Lieberman's experiences.

Redfearn says the athletic director knew the university's goal was to build its reputation as a first-choice institution, and that to do so, an outstanding science building was needed. "If it's the president's priority, it's my priority," he said. "When you get areas of the university that traditionally feel like fundraising competitors to support each other in common goals ... that is a true culture of philanthropy."

Lieberman's success in attracting local, successful business leaders and elected officials who had never before donated was all about authentic relationship-building, living the institution's mission, and embracing the power of philanthropy. One donor, Randall Lewis, was so moved by the university's values and mission, he named three multi-million-dollar centers.



Lori Redfearn,
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Build nonprofits that embrace a philanthropic
mindset that positively impacts the bottom line.

Nonprofit board members can follow these fundamentals



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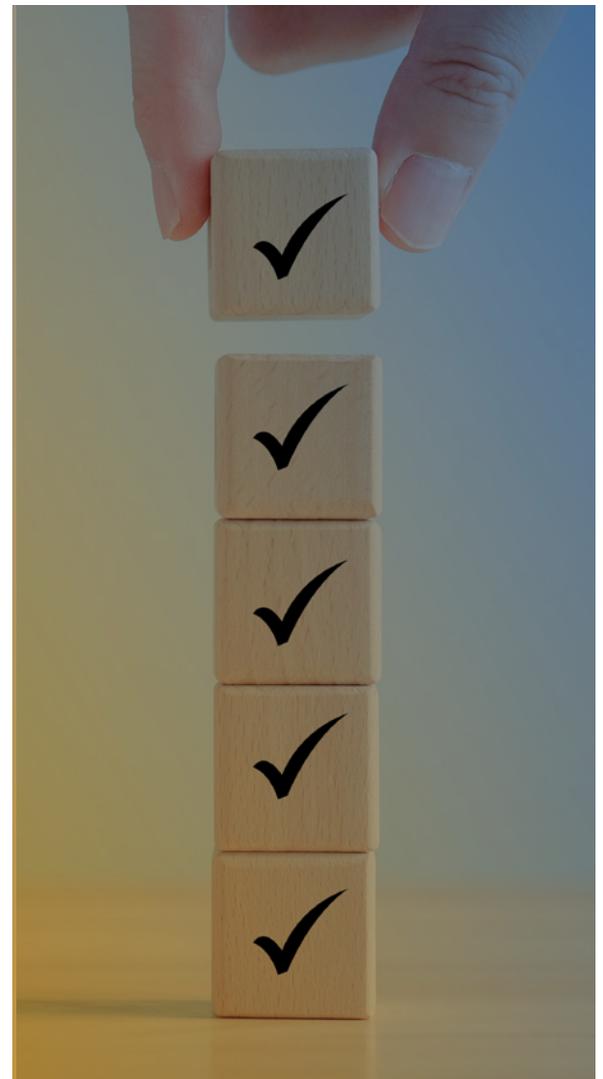
Fundamentals to follow to build nonprofits that embrace a philanthropic mindset:

1 Weave philanthropy into the nonprofit's values, goals, objectives and strategic plans. Philanthropy is more than simple numbers on a spreadsheet or revenue generation. It's about aligning fundraising goals with the nonprofit's strategy and spirit. It is not a plug-the-holes solution for institutions strapped for cash and needing to fill financial gaps. At the University of La Verne, Lieberman focused on the value of creating a community where everyone felt 'this is where I belong,' regardless of faith, gender, socioeconomic background or ethnicity. That values-based goal, embraced by faculty, staff, students and the community, attracted a donor with shared vision and resulted in a new physical space that welcomed *everyone* – from the football player and chemistry major to choir members, faculty and community members.

2 Treat everyone as a stakeholder and, ideally, as a potential donor. Nonprofits whose leadership and staff treat new introductions as if they are stakeholders are often the most successful. Stakeholders, after all, have a stake in the institution: the individuals served by it, the board and volunteers, and the broader community. But what if new introductions were also treated as potential donors? Nonprofits can open themselves up to even greater investments.

3 Ensure everyone in the organization is a fundraiser and donor. Why would anyone external to a nonprofit invest if its own people don't? When asking the public to make an investment, employees and board members should be first in line at whatever level is appropriate. Under Lieberman's tenure, the board of trustees agreed to a first-ever, minimum annual giving policy, and nearly 80% contributed to the university's capital campaign.

4 Include advancement staff at the leadership table – always. "At California State, the vice president for advancement is part of the president's council," says Redfearn. "It's truly important to be there to talk about the activities of advancement, but also to understand what the critical needs are of the university and how advancement can play a role in solving those critical needs."





It Takes Money to Make Money

In high-performing nonprofits with strong philanthropic cultures, fundraising is treated as an integral part of the budgeting process and projections – as a viable source of revenue, and as a line-item worth budgeting for.

“We invested financially in a very good advancement office,” says Lieberman. “I needed experts to partner with me to share the mission.”



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Devorah Lieberman, Senior Consultant
The Phoenix Philanthropy Group

Redfearn agrees. She used empirical data to gain budgeting support. “We determined we needed an additional metric regarding our return on investment,” she says, “to show that advancement was not a cost center – that it was an investment center.” She assessed fundraising expenditures and compared them against gift commitments within the system’s 23 universities and their advancement teams. The findings: a 500% return on investment.

That data, Redfearn says, showed the business office that advancement staff were raising external funds which became meaningful investments back into the university and were worth budgeting for, even during dips in the budget cycle.

That’s what a strong culture of philanthropy does – it increases fundraising effectiveness, raises more money, and helps solve our world’s most pressing societal issues.

The Multiplier Effect

Why do organizations with strong giving cultures share their philanthropic successes with the community?

Because doing so leads to trust – the public’s understanding that “this nonprofit is an accountable, proactive organization dealing with important issues.” When a significant gift is announced or a milestone met, it creates community buzz. And more buzz has a multiplier effect on donations.

In building a new culture of philanthropy, the University of La Verne exceeded its campaign goal of \$100 million – raising \$128 million, one year ahead of schedule.

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