FUNDRAISING CONSULTANT

Helping you build and grow your fundraising consultancy for good

An interview with

Sheila Dwyer Schwartz

Founder and principal, Dwyer Philanthopy

7 Billing Strategies that Keep Clients and Get You Paid

4 Steps To Identify Your **Ideal Client**

Plus: a market smart **success story**

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ABOUT marketsmart

MarketSmart is a ridiculously effective software and service firm that helps hundreds of nonprofits around the world raise more money more efficiently. We also help hundreds of fundraising consultants (at no cost):

- Grow their consultancies
- Stay on the cutting edge
- Garner better results for their clients
- Elongate engagements with their clients
- Smooth-out the lumpy peaks and valleys of traditional contract work
- Coach their clients to success using the strategies, tools and technologies we provide

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Investing in a pipeline for major gifts key to meeting fundraising goals, study finds

A study of charitable organizations across the U.S. has found that just 43 percent of organizations met their major gift fundraising goals in 2019, with about a third of participants saying they are satisfied with their organization's pipeline for developing major gift prospects. Of those organizations with no processes to identify major gift prospects, 61 percent solicited zero to ten major gifts over the year.

The 2019 study is the second – following another benchmark study in 2016 – to be commissioned by MarketSmart, a planned and major gift marketing software and services firm based in Maryland (and the publisher of *Fundraising Consultant*). The study surveyed 580 charitable organizations of various sizes, primarily in the U.S., with a small sample in Canada.

"We found that organizations that are able to essentially devote more resources to major gift prospect identification are more likely to meet their fundraising goals," said Melissa Brown, the principal researcher for the study. "For consultants, this really means helping non-profit organizations learn how to use the tools and how to use them efficiently."

Putting a number on 'major gift'

Non-profit organizations define 'major gift' differently depending on their size. The $1,000 to $2,500 range was the most common definition across the board. Higher education institutions defined major gifts at the top end at $20,000. Among organizations raising a substantial amount of funds – $10 million or more – 20 percent considered "major gift" to be something less than $5,000.

On the differences between the benchmark studies in 2016 and 2019, "We didn't find many," Brown said. "That's sort of disappointing over three years where we've had robust economic indicators. Organizations in this survey were still working, most of them, with $1,000 to $2,500 as their definition of a major gift."

About half of non-profit organizations surveyed said they would like new methods for identifying prospects in a 2019 benchmark study of major gifts fundraising.

Time spent on major gifts

Less than a quarter of organizations reported spending 60 percent of their time on major gifts, and of those, 90 percent reported meeting their fundraising goals. "Unsurprisingly, a high percentage of study participants said they do not consistently have time for major gift fundraising tasks," the study notes.

Improving major gift fundraising

"Nearly half (48 percent) of study participants said they would like new methods for identifying prospects" when asked what would most benefit major gifts fundraising, according to the study.

Pipelines for major gifts "make sure that there are always people who are in a stage of being identified," Brown said. "The process, we found this in this study, in most organizations takes one to two years, from the time that a potential donor is identified as somebody who might be interested in the organization to the point when the organization can actually negotiate and close a major gap."

Smaller organizations often struggle with basic training when it comes to building a pipeline, Brown said. "How does that cultivation process work, and what does it mean to cultivate

KEY FINDINGS

Use of technology for major gifts

86 percent using five+ technology resources met or got close to goals
49 percent using one or two
25 percent using none.

82 percent using five+ sources solicited 11 or more major gifts in 2019
60 percent using one or two
35 percent using none

Use of human knowledge for major gifts

73 percent using five+ human-based sources of knowledge met or got close to goals
45 percent using one to two
25 percent using none

Nearly three-quarters (74 percent) used development/advancement staff knowledge of potential donors.

Another 6 in 10 engaged board or committee members.

Half (50 percent) had an individual who does prospect research (collect, review, and summarize information about potential major gift donors).

somebody? Smaller-sized charities are often staffed by people who are very passionate about the work and sometimes forget that not everybody knows as much about it as they do."

On the other hand, larger organizations grapple more with information sharing, Brown said. "They have so many resources and so much going on that consultants might help organizations think about how everything's integrated. How is information shared, how are prospects shared across major gifts and planned gifts staff? Who's going to do the actual asking – is it the CEO, is it another donor, what is the plan for each individual donor?"

"We found a national break in the data where organizations that raised less than $3 million function differently from organizations that raised more than $3 million," Brown said. The study notes that engaging three or more staff, volunteers or donors in the major gift process "is more likely to result in meeting major gift goals – except among small organizations (raising less than $3 million). It is possible that 'too many cooks' in a smaller organization created a challenge for major gift fundraising."

Harnessing technology and human relationships

Organizations' use of technology such as analysis of their database, wealth screening and engagement tracking are "slightly more closely associated with positive outcomes than are human knowledge," the study found. But the research also affirmed the importance of human insight and using a combination of approaches.

"Technology is surfacing people we never would have found. We just could not have identified that this person gives us $25 a year actually has a capacity of a million," Brown said, "but conversely, without the human side, we don't know about the donor having really strong loyalty somewhere else, or life circumstances that make this the right time to give."

Brown added that another significant conclusion of the study was that success in major gift fundraising is not solely reserved for larger organizations.

"Many small non-profits will say we don't have prospects or we don't know how to do this, or we don't have staff time," Brown said. "This study shows that consultants can find ways to help small non-profit charities stretch their resources … to take really important steps that are associated with greater success and major gift fundraising."

FEATURED CONSULTANT

Q&A with

Sheila Dwyer Schwartz

Founder and principal, Dwyer Philanthopy

"What I've found is that I've become a mentor to presidents and executive directors who are indirectly responsible for fundraising for their organizations"

> "There's a transfer of wealth that's happening with baby boomers passing. So, how do you as an organization become more efficient and focused on fewer critical, deeper relationships that are more meaningful?"

"The belly don't lie," says Sheila Dwyer Schwartz. It's a piece of advice passed on by a mentor that has served her well. With more than 35 years of fundraising experience under her belt, Ms. Schwartz has honed her instincts to identify the right client and contractual partners for her consultancy, Dwyer Philanthopy. Her clients are primarily mid-level, non-profit organizations looking to assess and improve their internal fundraising and capital development.

Prior to starting her own practice, Ms. Schwartz was the chief philanthropic officer for Opportunity International, and before that she worked for ProMedica, a multi-billion dollar healthcare system. In this interview, Ms. Schwartz discusses the art and science of fundraising, how she carved out a niche, overcoming growing pains in her start-up, and trends in non-profit fundraising.

Why did you start your consultancy?

SDS Part of the reason that I transitioned from chief philanthropic officer within a large health system to focusing on mid-level organizations was losing the feeling of impact. I was paid a great salary, but I just didn't feel the impact of the work, which was a significant reason I went into fundraising versus sales. I went to Africa and did some micro loans for impoverished men and women in third-world countries for a year and a half, and that was truly impactful. That's when I decided to open up my consulting practice with a focus on mid-level organizations.

Was there a reason you wanted to focus on that niche?

SDS I do take on a few pro bono, smaller start-ups, but my niche is certainly mid-level organizations. That's because, typically, they're mature enough to have the foundational structure to implement some key strategies, but they're not large enough to have deep intellectual resources in fundraising.

I've really focused on non-profits that are aligned with my own personal mission vision in life. I also evaluate their board engagement structure, as well as the executive director or president. I do this from a fit and commitment perspective to implement some, what I consider not 'brain-surgery' strategies, for significant impact and long-term sustainability.

What early struggles did you have starting your practice, and how did you overcome them?

SDS Going out and developing clients through my existing network was the easy part for me, because that's what drew me to fundraising to begin with. So I did "speed dating" for two months, and I had one client when I started my practice. I would host people for drinks twice a day: key influencers within the communities that I wanted to work in to create awareness of my new consultancy. So that was the easy part, which is usually the hard part for folks.

The challenging part was developing the business plan. For instance, just recently I created some documents that I should have created on the front-end of my practice to protect my intellectual property. I don't intend to add a whole bunch of consultants to my practice; I have contracts with partners. I learned the hard way, having some transitions with people that were working with me. I trusted the process, as opposed to really focusing on building stronger contracts for my client partners, as well as my contractual partners. That's a common mistake: people just jump into it, doing the consulting without really building a solid foundation.

You mentioned that forming those early relationships really came naturally to you. How then did you decide what services you would offer?

SDS That's a great question. There are three key words: educate, develop, and sustain. I decided that any

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services I was going to provide were going to branch out of those three elements. Even though I started my consultancy right away, for three months I didn't put up my website or announce that I had opened up my practice until I fully developed what I thought I wanted to offer. I knew I wanted to do capital campaign planning, because I have a lot of experience in that over 30 years.

When I started to put together my business plan, I knew that executive directors and presidents weren't going to be the primary people that hire me. It's board members who sort of see something and go, 'we could be more.' So I was able to really focus on building those relationships.

I thought I'd be working with the development offices, but what I've found is that I've become a mentor to presidents and executive directors who are indirectly responsible for fundraising for their organizations, and don't know how to hold staff accountable or how they play a role in fundraising. That's been equally critical in the services I offer, which I didn't think of in the beginning.

Quite honestly, I think I have a leg up on my competition because I partner with people who are way better than what I could ever afford to hire. So, for instance, the design company I partner with is incredible. For me to hire that level of talent would not be efficient based on the number of clients I have. We have a contractual partnership. I don't mark up the cost I offer directly to my clients, but I look really good, because I'm delivering solid pieces that are way better than the client has ever developed.

You've been in fundraising for more than 35 years. What has changed?

SDS Everything. You know, way back when, it was more of an art. There wasn't the science to go alongside it to be more prescriptive: How do you identify people who are willing and able or inclined, and have the ability to give? Now you can use analytic algorithms to research what types of people are most philanthropic so that you can focus your efforts and resources more effectively on developing those relationships.

> "That's a common mistake: people just jump into it, doing the consulting without really building a solid foundation."

When did you break even? And do you have any tips on how consultants can come up with their financial model?

SDS So, I made money my first year. I understood early on that the less overhead that I had, the better from a net revenue perspective, and the fewer people I had responsibility for, the more efficient I would be. I developed strategic partnerships so that when I'm busy, they're busy, but if I'm not, I'm not financially responsible for them.

I knew really quickly that I didn't need an office because I was going to be very client-centric and go to where my clients are. I didn't spend money on marketing but rather used social media and my own network of people to promote who I was and what my services were. I got a smart accountant to help me put the foundational structure in place to be financially successful.

That's where partners like MarketSmart and DonorSearch come in line to really be the experts. I work alongside organizations like them so that I can offer tools to my clients. I am just dumbfounded in relation to how many mid-levels, which are nil, are using those tools, and that even larger nonprofits aren't optimizing those types of tools.

I've been using MarketSmart since I became a professional consultant. The benefit of having that partnership is to align yourself with leaders that play in that space. I believe that they're promoting relational types of tools that help further engage donors to be financially more effective, ignition and deliver impact. That type of alignment is who I am that may not match up with other consulting practices that are really more interested in churn and burn.

Here's another thing consultants grapple with: how do you stay on after you're hired and build trust?

SDS Yeah, that's a big thing. It's that old adage of, it's much easier to keep a customer than to get a new one. I'm going on five years with some of my clients. It's, number one, developing a trusting, respectful relationship, which means finding clients that are aligned with me. I've made some mistakes of taking on some clients that I should have never taken on just because they weren't aligned with the way I do work.

As far as the trusting piece, I tell you, I will roll up my sleeves. So, for instance, I have one organization that was in the middle of a capital campaign and the CEO and the vice-president of development both left. This is a $5 million organization — no money, no mission, no government subsidies. We can't hire a vice-president for development until we get a CEO and it's a national search. That's taking six months to a year, so I am contractually running their fund development division, $5 million a year, with the board.

I'm now in the thick of it; I came up with their communication strategy. And I'm not billing them the way a larger consulting firm would, like: 'well, if you want that service that would be in here as a proposal.' I've been a partner with them for four and a half years, so I'm very connected. This isn't just a business plan for me. I know in the long term, I will be their partner because I've jumped in at a crucial time to keep them on the track. It doesn't mean that I'm not making money on this client, but I'm not nickel-and-dime-ing them.

Any predictions with respect to the nonprofit sector or fundraising in the next 10 years?

SDS There's a transfer of wealth that's happening with baby boomers passing. So, how do you as an organization become more efficient and focused on fewer critical, deeper relationships that are more meaningful? The trend is that this is no longer a quid pro quo. When I started in fundraising, the strategy was to get the big guy in town. And it was always a guy, right, who's well connected. 'You give to my charity, I give to yours, and we'll complete this capital campaign.' There's still some people out there who do fundraising that way.

But today, you're seeing the transition of women in philanthropy, as well as younger people in philanthropy, who are saying,'no, that's not working for me. I want to see what impact not that I'm giving to you.' Because they're so sensitive to impact, 'don't tell me your financials, right, show me impact.' And you cannot communicate impact with 100,000 donors. So I'm telling the organizations on the mid-level side, okay, you have 10,000 people in your database. Let's focus on, with analytics and tools that MarketSmart uses like surveying, figuring out who are the people who really love us and are most interested, and then have the ability — and let's further deepen those relationships.

What's your biggest piece of advice for fundraising consultants?

SDS The belly don't lie. I was trying to make a career decision, and I went to Steve Hickman — he's forever a mentor of mine — for some strategic advice. And he said, 'okay, so now you have two seconds to answer this question. What is your gut telling you, don't think about it. There's your answer.'

I have gone against my gut check on taking on a few clients. I was like, 'oh, but my daughter lives in that city. I'll get to see her more often. I'll just take it on. It'll be fine.' And it was a nightmare. It's not like it's a bad person or a bad organization. It's just who are the right partners?

So I'll get a request for proposal, and if in fact they're not willing to spend an hour with me so that we can dialogue about where they're going other than what's on paper, they're not going to be a good partner for me, because that's not the way I work. I'm not here to do transactional fundraising. I'm here to develop longer-term partnerships. I'm in it to effect change with these non-profits so that they can be more sustainable and have IMPACT on the communities they serve!

How to identify your ideal client

When starting out, don't be tempted to take every consulting opportunity. Instead, think strategically about where you add the most value.

It's tempting for consultants who are just starting out to roll with any and every client who offers paid work. But this non-strategic approach could end up being a lose-lose situation for both the client and the consultant.

Consultants who jump at every opportunity open themselves up to doing a poor job and harming their reputation. They also delay what should be inevitable as the consultancy develops: a focus on core offerings and specialties. In fact, many of the consultants who MarketSmart interviewed say they wish they focused on their strong suit earlier. [Online Throw Icon: **Listen to How I Built My Fundraising Consultancy by MarketSmart on Apple Podcasts**]

When starting out, it makes sense for consultants to identify a specific area of the non-profit sector they prefer to operate in, along with areas of deep expertise, interest and ultimately areas in which they can offer the most value to clients. This strategic step is key to retaining clients and offering high return-on-investment in your services. Taking the time to identify a niche at the beginning of a start-up is also important as consultants develop marketing material to promote their new business.

Read more: Sheila Dwyer-Schwatz, founder of Dwyer Philanthopy, talks about choosing the right clients on pp. 8-11.

Try completing the following exercise to get a handle on who you would best serve:

From this list of common non-profit sectors, cross out the ones you prefer not to work with. Circle the ones that you love (remember, it is possible to work in areas that you really love, so identify them).

- Health Services
- Education
- Social & Legal Services
- Civic & Environmental Advocacy
- International Relations & Development
- Arts & Culture

What is the profile of someone in a non-profit that you feel you could bring a lot of value to? List out a few and state how you could add value to them.

- Title
- Department
- Needs
- Size of organization

Expertise and services you provide: What do you like to do? What are you best at doing? In what areas are you most experienced?

- Direct Marketing
- Annual Giving
- Capital Campaigns
- Planned Giving
- Corporate Fundraising
- Community and Events

Now take the pieces above and see if you can construct a profile of your ideal client.

7 billing strategies that keep clients and get you paid on time

Maintaining a high level of integrity and efficiency with your invoicing process pays off in more ways than one.

It is a mistake to think about billing and invoicing as just another administrative task that one should put off as far as possible and avoid dealing with until the last minute. Being strategic and maintaining a high level of integrity and efficiency with your billing and invoicing process is actually an important lever for profitability in any fundraising consultancy. How you do your invoicing and billing has a huge influence on the financial health of your business.

Good billing strategies can also help you retain clients. Here are 7 tips that will make a difference in running your practice.

Send invoices on time – Don't delay in collecting money that is owed to you.

Offer incentives for upfront payments – For example, offer a 10% discount to clients who pay a project fee in advance. Payment upfront has many benefits including security to pay future bills and avoiding exposure to chances of clients defaulting on future payments for any reason. Note: When you receive upfront payment for larger projects, be sure to manage how you deploy those funds so that they last you for the duration of the project.

Move to shorter payment terms – Instead of the typical net-30 payment terms, which often mean you don't receive cash in the bank until 45 days or later, consider reducing the terms to net-10 or even "payment due on receipt" and follow up with friendly reminders after a week or two.

Accept online payments – Many consultants try to save money by avoiding the 2-3% in fees charged by online payment processors and only accepting payment offline. Think about the value of your time taken up by going to the bank every two weeks to deposit your cheques; this is probably way more than what you saved in credit card fees.

Online payments are the norm today, so why not automate it and make it easy? Some clients will even allow a direct debit arrangement to streamline the process, which is great for cash flow and also convenient for the client. Research by FreshBooks suggests you could get paid 11 days faster when you accept credit cards online. Note that accepting wire transfers is also an option to consider accepting from your clients as bank charges tend to be less than credit card fees on larger transactions.

Track your accounts receivable closely – Try to minimize turnaround time for fee payments. Track this regularly through your accounting software, calendar or spreadsheet.

Use Cloud Accounting Software with payment reminders – Use software that automatically reminds clients to pay their invoices so you don't have to deal with those awkward communications.

Absorb petty expenses into your pricing – While it is perfectly reasonable to bill a customer for expenses incurred on a project, if you have setup a fixed fee arrangement that is based on value created for the client, it is best practice to absorb smaller incidental expenses into your fees. In other words, don't add a line item for things like postage stamps on a fixed fee invoice—this will seem petty and irritate your client (and could even lead to delayed payment).

Bonus exercise: Look at your past three months' worth of invoices. Create a spreadsheet and log each invoice in a table along with: date of invoice, date sent to client, date full payment was received, invoice amount, payment terms (number of days), number of days for completion of payment (from the invoice date to the date of full payment). Go through the list of items above one by one and see how you can adjust your current billing processes to reduce the time to receive your payments.

How The Ohio State University qualified legacy giving prospects

OSU partnered with MarketSmart to launch a pilot email campaign for alumni without stressing the development team.

The challenge

With more than 500,000 living alumni in the world, The Ohio State University has an enviable challenge: qualifying hundreds of thousands of prospects to identify who their limited staff should be engaging with about leaving a legacy with their alma mater.

The solution

As with many other universities, OSU's development team was looking to identify and qualify more prospects without increasing their limited staff size. This led OSU to partner with MarketSmart to implement technology-enabled donor discovery through a donor survey.

The results

A pilot of the donor survey was sent to an initial cohort of 5,533 targeted alumni who had not been allocated to gift officer portfolios. The results were compelling. By piloting the survey to a small group of alumni (1% of the total universe), the development team was kept from feeling overwhelmed, while also supplying them with highly qualified and prioritized leads. Overtime, the development team ultimately engaged close to 25,000 alumni.

The alumni engagement campaign had a 7.3%, response rate, found 152 new legacy gifts and generated 698 qualified leads. Through the tech-enabled donor discovery, MarketSmart was able to help uncover many previously undisclosed planned gifts, and dozens of highly qualified legacy giving prospects.

"As with any new idea, I wasn't 100% certain about working with MarketSmart, but the results from the initial test have been amazing and we are looking forward to continuing our roll out," said John Woods, Assistant Vice President, Estate and Gift Planning, at OSU.

"By the numbers"

Sector: Higher education
Target audience: 24,536 alumni
Solution used: MarketSmart Pilot System
Response rate 7.3%
Legacy gifts found 152
Qualified leads generated 698

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AD TO COME