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How senior leaders can bring about change for your donors

Project 15. The role of Trustee boards and senior managers

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The original brief

As in a small number of other professions, public comfort and confidence in fundraising depends upon donors. Fundraising's evolving future will inevitably have profound implications for volunteer boards and senior management teams. This project will help them to understand the changes in their roles and to prepare for, contribute to and respond to fundraising's new agenda.

For senior management and Trustee boards, this project will::

- Highlight their role in improving, and taking ownership of, the donor experience.
- Show why they need to take a key role in creating the right culture for donor-focused fundraising to flourish.
- Ensure that fundraising is seen as an organisation wide responsibility.
- Encourage them to take an active role in front line fundraising activities, such as attending events, thanking donors and listening to calls with donors.

For donors, this project will:

- Build trust by showing that the entire organisation cares about their contribution.
- Reassure donors that senior management and Trustees are serious about improving their experience of giving.

Summary guidance

What should the role of a Trustee entail?

Trustees play a vital role in leading charities, as they often give up their time freely to volunteer for the myriad of good causes in the UK. Good Trustees are vital to the success of any charity. They provide governance, accountability and oversee the way in which the charity is led. They help to keep everyone focussed on delivering the charity's mission. In addition, they support the CEO and SMTs by determining the strategy and direction of travel for the organisation by acting as a 'critical friend' and, when necessary, providing constructive challenges.

Today's boards must be informed and engaged, both in order to fulfil their legal obligations and to leverage their time and talent to advise management. The governing body of a not-for-profit organisation must enable the charity to carry out its purpose, and to make sure that they are delivering the best possible benefit to the people that the charity is set up to help, in addition to recognising those who enable the delivery of the mission through their donations – the donors.

However, what is evident is that the understanding of what a Trustee role entails is variable. Too often, boards lack a diversity of skills, experience and people. It is also very apparent that too many Trustees have little understanding of what fundraising is, and the significant role that donors play. If organisations are to flourish, this mind-set must change. It is clear is that charities that implement successful fundraising models do so when organisational values are evident throughout their fundraising, and when their fundraising offers are audience-led and are of benefit to both donors and beneficiaries.

What should the role of senior management entail?

Complex organisations require strong, knowledgeable executive leadership to get everyone pulling in the same direction. Senior managers should be focused on the implementation, management and reporting of organisational performance in relation to the strategy. They are required to make difficult choices about what can and cannot be funded; therefore, it should be the role of the CEO and senior managers to lead and champion fundraising. In too many charities, in which a large proportion of income comes from statutory sources, too little focus is on fundraising. Too often, and in all charities, it falls off the agenda and, whilst the financial figures may be reviewed regularly, very little time is spent on understanding 'how' an organisation fundraises and the pivotal part that donors play in this. When fundraising is given its rightful prominence as an activity, it is too often at the expense of the donors who give.

CEO and SMTs must educate Trustees about fundraising, what it entails and why it is necessary. SMTs should provide the board well-documented analyses and recommendations to help the board strike the right balance when mission and financial realities come into conflict. SMTs should also ensure that Trustees are provided with information about the donor experience by sharing examples of both excellent and poor practice from within their organisations. Both Trustees and SMTs should commit to 'owning' the donor experience and ensure that it is a rewarding relationship, both for the donor and their organisation.

Governance and Fundraising

It is essential that the roles of governance and management are clearly understood and kept distinct. The media criticism in recent months has pointed to a lack of ownership and governance of fundraising strategies at board level.

With regard to fundraising, Trustees play a very specific role; they must ensure that the organisation's financial planning is conducted in a robust manner. Without fundraising income, many charities would lose their independence and would simply become the nodding dog of the government. Once CEOs, SMTs and Trustees understand fundraising better, they should be better placed to change the focus from the short-term, in-year planning, to a long-term focus that looks three to five years ahead. This, in turn, will reduce the emphasis and pressure on short-term income numbers and lead to a closer examination of the positive long-term impact of enhancing the donor experience. Trustees must have a greater understanding of how fundraising works and, in doing so, become ambassadors for fundraising. Trustees can and should mentor fundraising teams and support them with plans to invest and deliver future income growth, thus enabling the charity to deliver on its mission. As donors themselves, Trustees should champion a donor-centred fundraising approach for their organisation. The remit of the board must ensure that all fundraising is monitored to ensure that it is carried out in line with organisational values.

Principles of creating a donor-focused Trustee board and senior management

Below are some of the key principles and action to create an effective donor-focused organisation.

Your organisation should be able to act on some of these straight away:

Principle 1

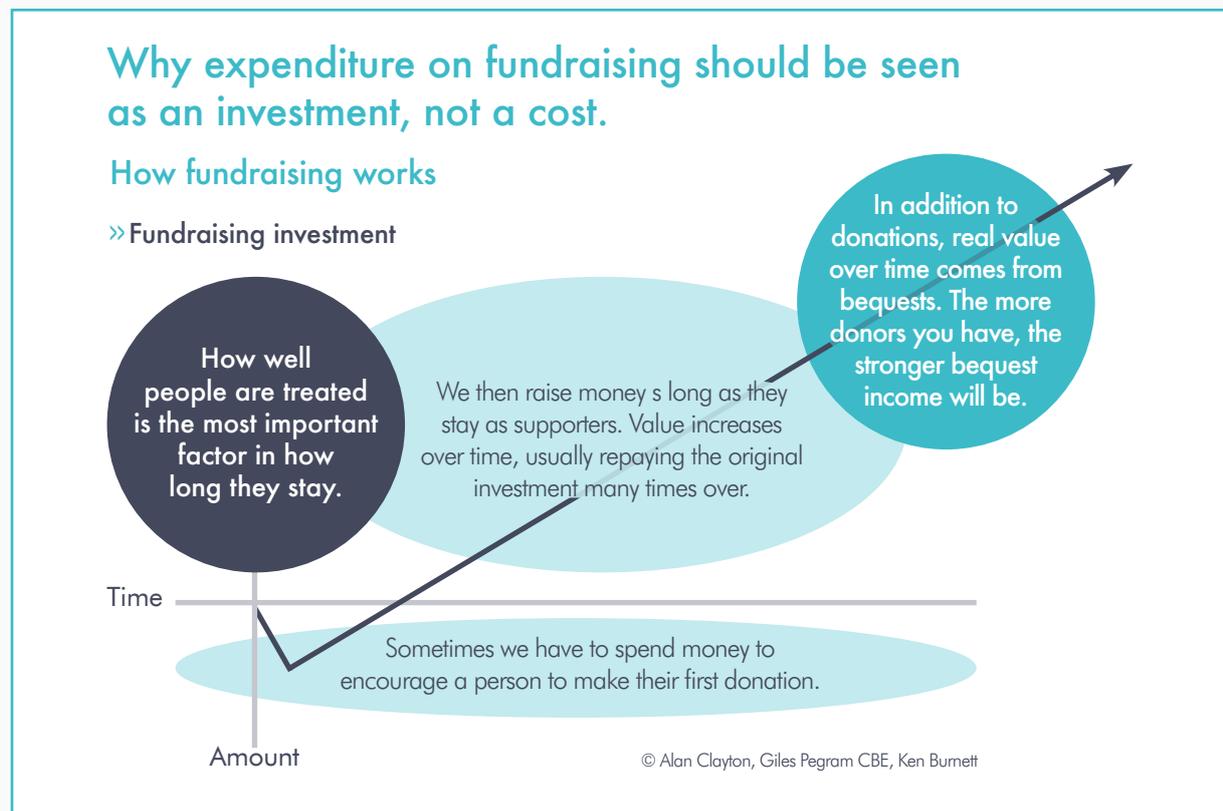
CEOs and boards play a key role in creating a culture within their charity whereby the donor experience, its importance, its measurement and its contribution to the long-term financial health of the charity is paramount. Actions for Trustees and CEOs:

Action for Trustees and CEOs:

- CEOs should work with their Trustee chairs to embed this thinking into boards, and their measurement and working. CEOs should build a board with a diversity of fundraising skills, experience and people. This will require organisations to undertake a skills audit to identify any gaps. Having a Trustee on the board who are specifically focused on fundraising is enormously helpful, particularly when this Trustee is also a donor.
- Chairs and CEOs should recruit Trustees who are engaged and committed to the cause. Specifically, when recruiting Trustees, consideration should be given to their skills, attitudes, motivations and mind-sets, particularly with a view to their ability to inspire and delight donors.
- All Trustees and CEOs must visit the project work in order to tell the story of their organisation, as well as to understand the difference that fundraising makes in delivering the mission. Ideally, they should be able to deliver the fundraising 'elevator pitch'. They should also offer their skills, expertise and contacts to guide fundraising approaches towards new sources of income. They should spread the word about their charity's work and, ideally, even take part in some fundraising activities.
- Boards should set aside time to develop the skills needed for fundraising governance. The Chair or Board Development committee should consider induction processes for new members, ensuring that the fundraising environment and the internal fundraising context is understood. They should be encouraged to meet donors and to understand the impact that they have. Trustees should believe passionately in their cause and understand how their roles can advance their cause, and that the role entails both responsibility and benefit. They should see it as their role to inspire staff and colleagues about their cause.

Specifically, every Trustee induction should deliver the following understanding:

1. That fundraising is about building long-term, committed relationships, not short-term donations.
2. How fundraising investment works (See CDE project 20 *Fundraising investment*).



3. Legal and compliance requirements, and how these must be met.
4. The specific fundraising nuances of their charity; for example, what they have in terms of policies, a donor compact and so on (see *The 6Ps Promise to donors*). The Commission believes that all fundraisers will be able to make a detailed, inspirational compact with their donors and adhere to it in future. This will enable donors to understand and appreciate their role in supporting the causes that matter to them, what they can expect from the causes they support, and that the solutions they provide together will be entirely consistent with what donors believe in and want.

Principle 1

The myth that fundraising is simply an activity that is done to people must be dispelled, as it is about inspiring donors and providing them with a great experience. Responsibility for this must lie jointly with the Fundraising Director and the CEO.

Actions for Trustees:

- To ensure that Trustees comprehend how fundraising works, they must be trained to understand how fundraising takes place, they must shift the focus from having little involvement with fundraising to ensuring that the fundraising strategy is set and approved in accordance with the organisational strategy to ensure that the two are aligned. Trustees should have a clear vision of what it should be like to be a donor and what the donor experience should be.
- Ensure that your fundraising programme reflects your organisational values. All fundraising must begin and end with the donors' perspective. Values are a key building block as, when charity values align with potential donors' values, there is a natural fit. Well-articulated values can inform fundraising practice and messaging. Fundraising is all too often seen as a set of activities that are carried out to generate funds. However, good fundraising is about building long-term, inspiring relationships with donors by understanding donors' motivations, listening to, and meeting their needs and their aspirations. The focus must shift from short-term targets to building long-term, rewarding relationships that offer alternative ways to support and engage other than via financial means. It is vital that fundraising is sufficiently well-resourced (in terms of staffing, volunteers, budgets and so on) to deliver this.

Actions for senior management:

- Fundraising Directors need to work with their CEO, SMTs and with staff across the charity to create a donor-experience focused strategy. Fundraising Directors should be positioned as leaders of this process and should be involved in early meetings with Trustee chairs. Trustees then must hold the CEO and SMTs to account in terms of delivering this strategy.
- There must be sufficient monitoring of fundraising activity to ensure compliance with the law, as well as risk management, be this reputational or fiscal. It would be sensible to undertake an immediate review of CC20 and key Codes of Fundraising Practice to identify any gaps in your policy and protocols for fundraising. For example, do you have a statement of values, a policy for raising money from vulnerable people (see CDE project 02 *Fundraising and vulnerability*) a fundraising framework, a current strategy backed up by appropriate resources, a reporting and monitoring framework and a scheme of delegation? This should include ensuring that the charity meets all legal requirements and makes its own decisions about best practice, as well as about acceptable and unacceptable behaviours.

Specifically, the board should set a vision regarding the way in which the charity should treat donors – in effect, the principles of fundraising. This would include:

- Defining the desired donor experience;
- Setting up a Donor Promise, or 'inspirational compact' (see The 6Ps *Promise to donors*)
- Having a policy on fundraising from vulnerable people; (see CDE project 02 *Fundraising and vulnerability*)
- Having a policy for working with suppliers; (see CDE project 21 *Working with suppliers*)
- Legal requirements and compliance – and going above and beyond these.

Principle 3

There should be a change in the culture of the charity to one that is focused on the donor experience; this must be led by Trustees.

Actions for Trustees and CEOs:

- Understand that, as fundraising is central to the organisation and its mission, fundraising must be an organisational priority; the entire organisation should be aware that it is everyone's job to fundraise. Fundraising, specifically the donor experience and supporter care, must feature on the agenda at board and relevant sub-committee meetings on a regular basis. You can do this by having the 'donor experience' as a standing agenda item. Each meeting could be opened by sharing a beneficiary and donor story, which will ensure that the mission and the impact of fundraising remain in focus. Every board member must discuss and agree on the fundraising strategy (which includes the 'donor experience'). At an agreed frequency, it might be helpful to hear from fundraising and supporter care staff. Introduce an annual report that focuses on the donor experience, to be delivered to the board by Fundraising Directors. Please see Appendix 1 for two great examples of charities that are already doing this.
- Whether you are a Trustee or a CEO, you should lead by example, be interested in and support your fundraisers. Ensure donors know that fundraising is important to your charity. All Trustees and SMT members should be encouraged to get to know Fundraisers and support them. Ensure that all staff never forget the donors' power to 'switch off'.
- Meet donors at receptions, events, meetings of local groups, focus groups of donors, by attending the London Marathon, meeting Trustees of the most significant trusts and the key top people of corporate supporters, for example.
- CEOs and Trustees should allocate a significant proportion of their time to donors. They should be 'sheep-dipped' by Fundraising Directors into the world of donors. They should see a major part of their role being to inspire donors, explain their thinking, and connect donors to the cause. They should, for example, meet the CEOs of the top corporate partners, meet key Trustees of trust and foundation supporters, have sandwich lunches with small groups of the most significant donors and attend meetings of local fundraising groups.
- CEOs should consider whether every donor, above a certain level, should receive a letter signed personally from them; above a higher level donors might receive a phone call. (This is not fanciful. It is rooted in actual practice.) This will enable the CEO to nurture donors and to provide them with a great donor experience.

It will also keep CEOs in touch with donors daily and enable them address any feedback.

Principle 4

Putting the donor at the heart of the charity is the responsibility of all members of the SMT and their staff, not just the Fundraising Director and Fundraisers.

Actions for Trustees:

- Review planning processes: Is your organisational strategy strong enough for your fundraising strategy to flow straight from your cause, programmes and ambitions? Are you clearly able to go beyond 'raise more' to 'raise more because...', rooting your fundraising in your cause and the needs of your beneficiaries in ways that will inspire your donors?

Actions for senior management:

- Consider your planning process and whether it is fit for fundraising purposes in the new environment. If you are still largely focused on a plan based on the financial year, consider changing to a rolling three-year plan along with a robust policy for the use of reserves (see CDE project 20 *Fundraising investment*) that gives fundraising teams the time to build longer-term relationships with donors. The Fundraising Director must engage with the Finance Director and explain long-term planning and the impact short-termism has on the ability to grow income and the charity's long-term financial health. Since the Finance Director will be rooted in facts and figures, discuss the new measures you are using for measuring the donor experience (see below).
- The Fundraising Director must collaborate with the Services Director. Their work is dependent on donor income. Service staff job descriptions should include engaging with, explaining to and inspiring donors in order to deliver the best experience to them. Their salaries are paid by donors.
- Fundraising Directors must be held accountable for delivering the best experience for donors by the SMT. When building and approving fundraising strategy and reporting on it, consider 'what does success look like?' The financials are, of course, important. But what are the non-financial success indicators your board is seeking? The measures need to be appropriate to your charity, but may include donor satisfaction, loyalty, complaint handling, brand metrics, use of a supporter panel or mystery shopping. See CDE project 03 *Satisfaction and commitment*. Develop these with your fundraising leadership team and supporter relations function. Fundraising is about relationships, not just the ask.
- The Fundraising Director should not be the only member of SMT who is thinking about donors. Since donors are the lifeblood of the charity, their experience should be considered by the entire SMT and Trustees. Trustees and the SMT should spend time meeting frontline fundraisers and fundraising operational staff in order to understand how different methods of fundraising operate and the skills required to do the job. It is important that everyone recognises that it is only because of the donor that they can meet organisational objectives.

Specifically, they should endeavour to:

1. Go out and take part in fundraising on the front line; for example, attending events, street collections and so on.
2. Spend time thanking donors; for example, take part in a thankathon, or telephone a few (not necessarily major) donors in the early evening to discuss the impact of their gifts.
3. Spend half a day in 'supporter services', reading incoming mail, looking at appeal responses and listening to inbound telephone calls.
4. CEOs should be the place of last resort for all complaints about fundraising. Any donor, if dissatisfied with the response via the usual channels, should be able to be escalated to the CEO. This will help to change the culture of an organisation, as it shows that the CEO is personally willing to address complaints.

5. Develop a donor promise, an inspirational compact, which enshrines your charity values: See the 6Ps.
6. Explain to donors from the beginning what supporting your charity will feel like from a communications perspective. Be clear about how your charity treats its donors, and reassure them about what you do not do. See CDE project *20 Fundraising*.
7. Set out to create engaging donor journeys focused on what your donors are interested in and offer them choices wherever you can.

Principle 5

Fundraising Directors must change the culture, training and focus of their staff.

Actions for senior management:

- Create a donor-focussed plan, in consultation with your fundraising management team, and have it approved by the SMT.
- Consider the relevant summaries in the Commission's report.
- Use job specifications to focus on the right motivation, skills, attitude and mind-set of your staff. Provide robust knowledge and training programmes that include an induction to the cause, donors and fundraising.
- Make creating a great donor experience real, and reward those staff who do it well.
- Appraise staff based on the non-financial measures you set.

Conclusion

In conclusion, if fundraising is going to continue to thrive, UK charities must reframe their thinking to become truly donor-centred.

For too long, we have talked about 'putting the donor at the heart of the organisation' but, everyday internal pressures have made this difficult. Fundraisers face challenges pertaining to focus on short-term income targets, poor understanding of budgeting/investment and the need to look beyond year 1, lack of internal resources, insufficient donor care programmes, poor data management systems, lack of service information to prove the difference your cause makes, and unsupportive fundraising cultures, amongst others. If a donor-centred approach is to succeed, it must come from the top down and be disseminated throughout the entire culture of your organisation. Merely providing lip service will no longer be enough; neither will it be sufficient to assume that 'fundraising' is the sole domain of fundraisers and need not concern anyone else in your organisation. You will need to recruit and retain the best fundraisers and support them to be effective in their roles. Success requires a team effort that champions the impact of donors and their financial support in every part of your organisation!

Going forward, those organisations that have Trustees and senior managers who advocate donor-centred fundraising will prosper and, in doing so, they will provide donor experiences that go above and beyond donors' expectations.