Tool 1: Fundraising vs Development

You may hear the words "fundraising" and "fund development" (or "resource development") bandied about. Sometimes they seem interchangeable. But are they? Fundraising and development are both aimed at bringing money into your organization to support your mission.

But there is an important difference: fundraising focuses on dollars, and development focuses on cultivating relationships. Here is an example.

FUNDRAISING APPROACH:

A Friends Group plans and hosts an event series every summer. Every Sunday afternoon for eight weeks, the group hosts a beautiful dinner event outdoors in a garden setting. A local chef prepares dinner for 50 guests, and a local winery donates wine.

All the food is donated; board members and volunteers set up and serve each meal. Party rentals cost about $1,000 per dinner.

Tickets are $150 each; each dinner has a $2,500 corporate sponsor. Ticket sales plus sponsorships yield $10,000 per dinner, or $80,000 over the series; a special appeal at each dinner brings in anywhere from $500 to $5,000. Less the cost of party rentals, the net ranges from $75,000 to $90,000.

DEVELOPMENT APPROACH:

If this organization dropped half of these dinner events, and instead spent its board and staff members' time cultivating relationships with its best individual donor prospects, it would come out ahead in the long run. Most of the dinner guests see their ticket purchase as their main "donation."

As popular as they are, these dinner events do not provide sustainable revenue for the organization and its work. Committed individual donors do. People who are connected to the organization and loyal to its mission will give year after year – like a group of good friends who stick by you through thick and thin. Friends Groups need more friends!

Cultivating just ten donors at $10,000 each would exceed the dinners' current net.

Clearly, focusing on just the dollars raised doesn't tell the whole story. The dinner events in the example above are focused on the immediate money raised; they are pure "fundraising" activities. To build a sustainable, reliable revenue source for the future, this nonprofit needs to shift its focus away from "fundraising" and toward *development.* Developing long-term relationships with donors who will be generous and loyal is the path toward organizational sustainability.