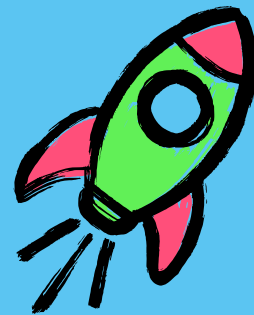


Fundraising

A Short Introduction



Who is this guide for?

This guide is an introduction to the basics of fundraising. It is intended for individuals, organisations and movements in the not-for-profit sector that have none or little knowledge about fundraising. If you are curious to know more about basic terminologies, the fundraising cycle and fundraising techniques, it is designed for you. The aim is to provide a concise, easy to read guide with practical tips, tools and resources to optimize your fundraising activities and help you identify any capacity building needs to reach financial sustainability. While the guide covers the basics of fundraising and its principles are somewhat universal, aspects of this guide will be specific to Swiss-based causes, associations and foundations.

What is fundraising?

The Cambridge English dictionary provides two definitions for fundraising. The first pertains to the finance sector where there is a return on investment:

1. fundraising is the process of getting money from investors to invest in particular companies, projects, etc.¹

The second relates to politics and social responsibility where no equivalent material return on investment is expected:

2. fundraising is the act of collecting or producing money for a particular purpose, especially for a charity.²

Traditionally not-for-profit organisations have focused their funding models on donations with no material return expected.

This said, **impact investing** is increasingly considered as a funding source available to not-for-profits and social entrepreneurs.

Impact investing bridges purpose and financial return: it is a type of sustainable investing strategy where an investor seeks financial returns as well as a measurable and positive impact on society or the environment. For more details visit the [Stanford Social Innovation Review](#).

Tax deductibility to bolster donations

In effect, when organisations are seeking donations from institutions, private foundations, corporations and individuals, there should be no equivalent return on the money, time or resources allocated.

On the other hand, donors can deduct their donation from their taxes ([read more here](#)), if the organisation they have supported is recognized as a public utility and has received tax exemption status which can be obtained at Cantonal level through application.

Tax exemption is an important incentive, although not the only motivation why people and organisations contribute to causes. For more information about the application process: [Administration Fiscale Cantonale de Genève guide \(In French\)](#).

Is it important to build fundraising capacity?

Over the years fundraising has professionalized. Funders have high expectations when it comes to soliciting funds. They expect organisations to be able to clearly communicate their mission, methodology, solutions and measure their impact in a way that is relevant, convincing and appealing. With increasing competition to acquire the interest and support of funders, it is important to build fundraising capacity and commit to

¹ Cambridge English dictionary ([online](#))

² Cambridge English dictionary ([online](#))

ongoing training. Sharing best practice with partners and within networks is valuable and a source of creativity and collective solutions.

Resources:

For certified and more long term courses there are a number of opportunities in Switzerland : [CAS Recherche de Fonds](#), Haute École de Gestion, [DAS Strategic and Operational Philanthropy](#), University of Geneva, [Fundraising Operations](#), [Fundraising Strategies und Fundraising Leadership](#), ZHAW school of management and Law.

There are a number of organisations offering capacity building and continued learning in fundraising. A few examples: [One Planet Lab](#), [Jinx!](#), UNIGE (video 11 : How to finance your project?). [a.Community - Fundraising Bootcamp 2.0](#)

Switzerland: a history of giving, a major asset!

Philanthropy is part of Swiss culture, although more predominant in certain cantons. Individuals, institutions, and private foundations are committed to making the world a better place, therefore your fundraising efforts are enshrined in fertile ground.

The Swiss population donated 10% more in the year of the coronavirus than in the previous year, totaling over CHF 1 billion.³

³ Fondation Zewo, [Statistiques des dons 2020](#)

⁴ Eckhardt, B., Jakob, D. and von Schnurbein, G., 2020. *Rapport sur les fondations en*

There are 13,293 charitable foundations in Switzerland, managing a total of CHF 97.4 billion in assets. In fact, almost 70% of public benefit foundations have been set up in the last 30 years. The five cantons with the highest number of foundations are: Zurich (2,219), Vaud (1,377), Bern (1,366), Geneva (1,248) and Basel-City (877) accounting for 53.3% of all foundations in Switzerland. It is interesting to note that 43% of environmental foundations were established in the last decade⁴.

A growing interest in the science of giving: understand your donors' motivations and objectives

It is important to consider your donors' motivations for giving and this will require extensive research. This information will be readily available in some cases, for example, certain private foundations provide a wealth of information, while others will only provide their mission, the name of the board members and a postal address. Furthermore, when it comes to individual donors it will take several interactions, some questioning as well as trial and error to find out what makes your donors tick.

Understanding donor motivation is of growing interest and universities are increasingly studying the science of giving. As a fundraiser it is important to keep in mind that your efforts should lead you to identify supporters with whom you can bridge your mission and their purpose for giving. Successful fundraising happens at the crossroad.

Suisse 2020. Centre d'études de la philanthropie en Suisse (CEPS), Université de Bâle.

Tips:

Seek interactions and feedback from your donors to better understand their expectations and what motivates their support.

Further reading:

Whillans, A.V., 2016. *A brief introduction to the science of fundraising*.

Council for Advancement and Support of Education.

Tieffenbach, E., 2019. *LA SCIENCE DU DON Le warm glow feeling, une théorie de l'altruisme impur*. Expert Focus, 3(5)

Creating a fundraising strategy

Developing a fundraising strategy is an important step in achieving financial sustainability. Many organisations begin their fundraising activities organically, without a long-term outlook. Often it is due to a combination of factors such as urgency to secure funds, lack of tools and in-house expertise or lack of time or human resources available to dedicate time to planning these activities. A few simple steps listed below can help formulate a simple strategy that will guide your fundraising activities:

1. In line with your organisational strategy determine your financial objectives for a specific timeframe*.
2. Assess your strengths and weaknesses (SWOT).
3. Identify your funding sources.
4. Identify and define the key strategic components for each funding

category (Key questions: where will I find my donors? Who can help me? What time and resources do I need to cultivate, solicit and steward the relationship?).

5. Create targeted marketing material and tailor your communication accordingly.
6. Create a calendar, a roadmap and define responsibilities (Note: this is a key to your success).
7. Choose and monitor key performance indicators specific to your fundraising campaign.
8. Evaluate your activities and identify improvements you can make to your fundraising strategy in the future.

**Note: If you already have fundraising activities beginning with 1) reviewing your current fundraising processes and the results of past campaigns, 2) decide what you will improve, stop, or continue doing.*

Fundraising is everyone's business!

It is important to understand that fundraising is the concern of everyone within the organisation. Whether you have a dedicated fundraiser or not, it is impossible to deliver successfully and sustainably without taking into consideration your fundraising ecosystem as seen in the diagram below.

Programmes and services should be linked to your fundraising activities as they are the reason people support your cause. With well thought processes and tools, fundraising can become cost-effective and efficient. Finally, to deliver the best results, adequate time, human resources and funds should be allocated to achieving the set objectives.

Essentially, the fundraiser will bring together different organisational departments as well as the board to help build a solid case for support. Involving board members and successfully managing relationships with volunteers, partners, committees and networks will provide valuable endorsements and referrals that can boost your fundraising activities and organisational credibility.

In an article published by the Stanford Social Innovation Review addressing how traditional fundraising models are being transformed in light of the digital age, it is highlighted that:

«Organizations need to recognize that they are not their best messengers anymore,» says Katya Andresen, chief strategy officer at Network for Good. «When you rank the potential forces on a donor’s decision to give, family, friends, and peers rank higher than anything.» Fundraising professionals and organizations, accustomed to operating according to one-dimensional models that do not

account for the variable nature of peer-to-peer influence, are at a significant disadvantage.

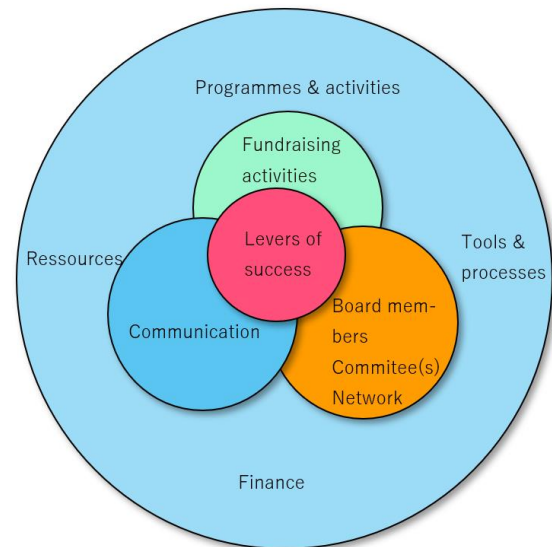
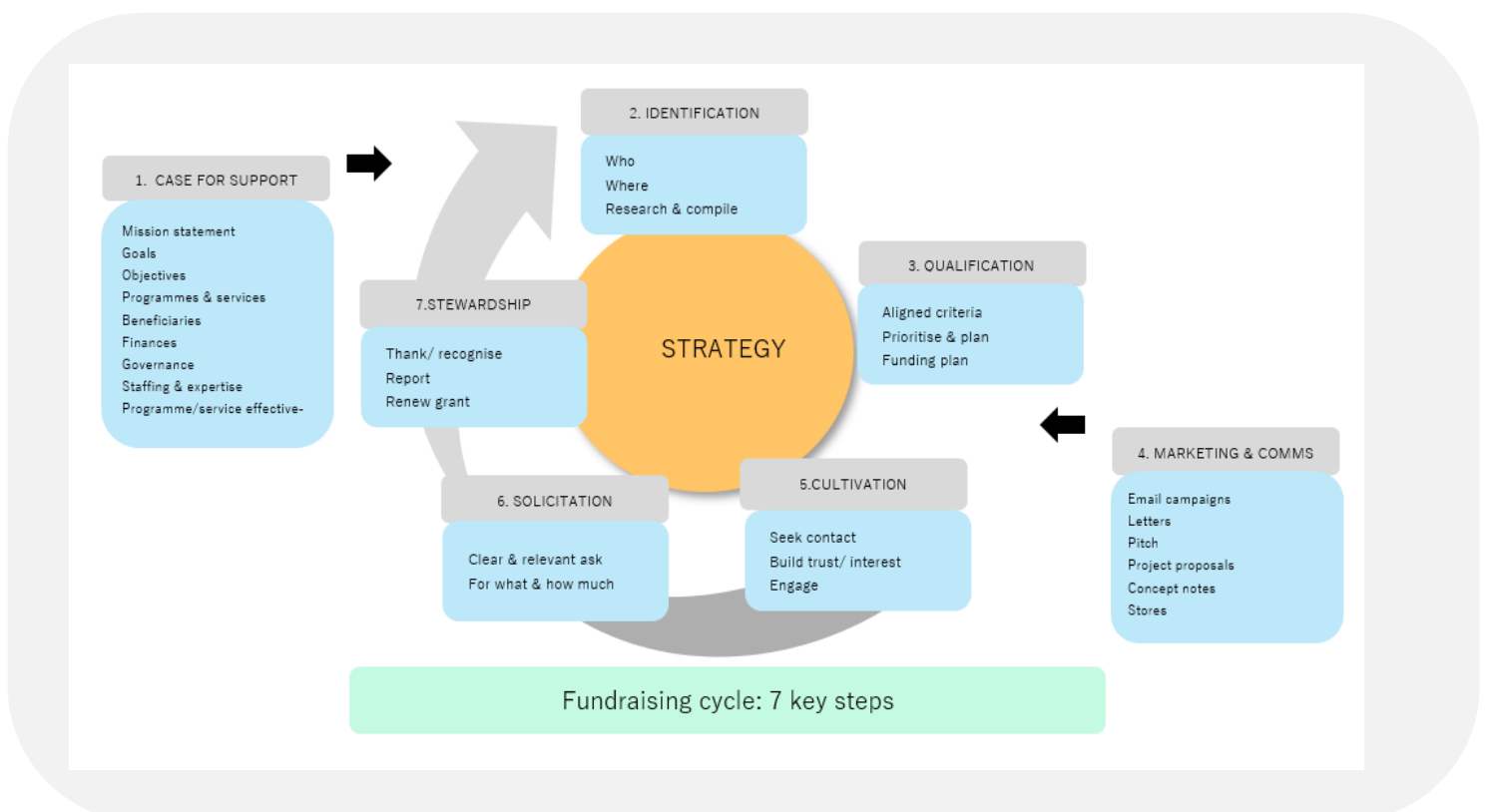


Figure 1: Diagram: Fundraising Ecosystem

Understanding the 7 stages of the fundraising cycle to build your strategy



Step 1: Building a Case for Support

A case for support is the general argument for why a non-profit deserves gift (financial) support. The case statement focuses on or highlights critical factors important in arguing for the gift (financial) support. Not every reason is included in the case statement.⁵

It is essential to take the time to gather your mission statement, your goals, and objectives in achieving your mission. List all your programmes and services and who they will benefit. A detailed budget of your expenses relating to delivering your programmes and services should be articulated from the outset with clarity on programme related expenses and your operation costs.

Step 2: Identification

Having articulated your funding needs and the «why» your organisation is seeking funds, it is time to **identify all the possible funding sources available to achieve your goals**. The main options available to not-for-profit organisations are donations from: individuals, private foundations, corporations and public institutions, memberships, sponsorship, impact investment and revenue generating activities.

The fundraising cycle focuses on the process of acquiring donations. It is important to understand the difference in donor profiles, communication preferences and techniques to solicit support to prioritize your research actions.

Table 1 provides insight on the differences relating to each donor type.

For example, your organisation may decide to approach private foundations, corporations, and small donors. For each donor category you should question whether you have the

resources, expertise, and connections to identify, communicate and solicit funds in a way that is adapted to the identified donors.

Tips:

1. Ensure you have a database (CRM or a well-designed excel sheet) to collect relevant information.
2. Be clear on the type of donors you wish to target (suitable for your organisation).
3. Have several and diverse sources to find new prospects.
4. Always have sufficient prospects in your pipeline.
5. Allocate sufficient time to searching for your prospects, it takes time!
6. Optimize website with newsletter subscriptions: to attract individual supporters and grow your database.

Step 3: Qualification

Identification stage is like a large funnel where all the potential funding options are compiled. Qualification is the act of selecting, among all the prospects identified, the prospective donors who are best aligned with your mission based on the information you have researched and compiled.

Concrete opportunities are short listed with anticipated ask amounts based on the donor capacity. From this you will create a funding plan

⁵Tempel, E. R., Seller, T., and Aldrich, E. E., 2011. *Achieving fundraising excellence 3rd edition* (p.98-99).

listing all the funding sources and the amounts, which should balance out with your budget needs.

Tips:

1. Allocate sufficient time, it is time consuming!
2. Research information that will let you know about the donors' preferences, giving amounts, geographical outreach, deadlines, past giving etc.
3. Narrow down your prospects to prioritize the ones that are most aligned with your mission.
4. Allocate the prospects to the best-suited projects or a general organisation support.
5. Ensure you have sufficient prospects in the pipeline to increase your chance of fully funding your projects: mix of cold and direct contacts if possible.
6. Create a clear funding plan.

Step 4: Marketing and Communication

In the fundraising ecosystem, communication is an essential component of a successful fundraising strategy. Through extensive research about your prospective donors, you will have a better idea of 1) the **type** of communication material you will need to produce to cultivate and solicit funds and 2) the **tone** and format that is most appropriate for the donor type (e.g., individual donors are more sensitive to storytelling, impact and an informal captivating content versus formal and contractual approach for public institutions. The case for support will have

already outlined the main elements in favor of philanthropic support. This stage is about producing relevant marketing material and planning communication campaigns (emails, newsletters) that are adapted to each donor type.

Tips:

1. It is a team effort.
2. Adapt your communication to your donor type.
3. Create a communication plan that is linked to your fundraising action plan.
4. Use language that is donor-centric, reserve technical terms for experts.
5. Use testimonies and stories.
6. Articulate the «need» and impact convincingly.
7. Create at least one donor-centric page on your website with a visible donate / call to action (of course).

Step 5: Cultivation

Based on your priority list you will engage with individuals and organisations with common interests to build a relationship of trust, to demonstrate your impact and provide opportunities for them to connect with the cause. This stage is also a time to understand their motivations and aspirations.

Cultivation techniques will vary in style and length. For example, certain private foundations may not wish to interact with applicants before the submission. Whereas with major donors, the cultivation phase can be a long and rewarding process that leads to long term commitment.

Tips

1. When possible, try to make a personal contact.
2. Mobilize your network, your board, volunteers, and staff members to make introductions.
3. Create a convincing pitch.
4. Use this opportunity to understand the donors' objectives.
5. Provide different ways for prospective donors to engage with your organisation (online and offline).
6. Be creative!

Step 6: Solicitation

The time has come to make your ask! Through diligent qualification and cultivation, you will know enough about your donors to make an adapted ask for money, support, or influence to advance your organisation, cause, and projects. Solicitation techniques vary depending on donor types; these may range from formal applications, calls for proposals issued by foundations and public institutions, or fundraising campaigns aimed at individual donors.

Tips

1. Solicit funds in a way that is adapted to your donor type.
2. Make sure you strictly follow the funder's requirements for the application when the information is available.
3. For project-based application, have a clear funding plan - institutional funders often expect co-funding.
4. For individual donations solicit support after a thorough cultivation phase.
5. Make sure you ask for an amount that is appropriate and relevant to the capacity of the funder.
6. Define donation values for individual donors: they want to know how their support will make a difference.
7. Optimize your website to make online payments easy, create several donation options and show case your impact (consider monthly recurring donations).

Further reading (In French):

Aide mémoire pour l'établissement de demande de soutien, Swissfoundations, Office fédérale de la cultures, Migros Kulturprozent, Promotionculturelle.ch
https://www.swissfoundations.ch/wp-content/uploads/2019/07/Aide_memoire_soutien.pdf

(Useful information on how to constitute a funding dossier for institutions and foundations, available only in French).

Step 7: Stewardship

After a process that can take anything from three to eighteen months, donations have been secured. Many organisations fall short at this point. Stewardship is the act of thanking and recognizing donors as well as informing and reporting on how their contributions have been used. Through planned actions organisations and causes seek to reinforce the relationship with donors and renew their commitment, while reinforcing their credibility through the demonstration of impact and authentic and ethical attribution of funds. Investing in the stewardship of your donors 1) demonstrates your appreciation for their support, 2) increases the chances of repeat support, and 3) is cost-effective: it takes more time and resources to identify new prospective donors and convert them to supporters, than to nurture existing donors.

There is always attrition of donors on a yearly basis, therefore a healthy and cost-effective balance should be struck between new and repeat donors.

Tips

1. Define a donor stewardship plan per donor type outlining key actions to thank, recognize and report impact.
2. Make sure you thank and recognize
3. in a timely and appropriate manner.
4. Involve members of your team to thank donors.
5. Ensure you fulfil all the aspects of the funding agreement (when it is grant based).
6. Respect reporting deadlines.
7. Allocate resources to stewardship and reporting.
8. Be transparent with your donors, even when you're facing challenges.
9. Cultivate donors all over again!

Diversification and Financial Sustainability

Diversification of funding sources is the deliberate and strategic act of identifying and securing various funding sources and ensuring a healthy distribution of funds per individual funding source. The main point being, that many organisations start off with few donors, which is not unusual. The major risk is to have one or two donors funding most of a budget, putting the organisation or cause at risk if they terminate their support.

A second point relating to diversification of funding sources pertains to the fact that funders (particularly foundations and institutions) want organisations and causes to demonstrate that they have identified other funders to support projects and the organization.

On a very practical level, sustainability relies on the capacity to diversify funding sources while maintaining a healthy pipeline of prospective donors to replace lapsed donors or to grow. But on a macro level, organisations and causes must ensure that the organisation's governance, operations, strategy and processes take into consideration fundraising priorities and that there is a culture that supports fundraising activities.

To conclude

Every organisation or cause should have a dedicated person who will lead the fundraising activities. But as organisations grow, it is important to invest in your fundraising activities as they are the fuel of the organisation. Cultivate a culture where fundraising is everyone's business because fundraising will be the bridge between these stakeholders.

Fundraising is an expertise: learning, experimenting and adjusting are key to success. Organisations and causes should also consider mutualising resources and supporting each other through the sharing of best practices and opportunities to collaborate in their fundraising and programmatic efforts.

Glossary

Committee	A group of volunteers recruited by an organisation or cause who are committed to provide expertise, time, influence, network and/or funds to help advance your mission.
Donation	Contribution in cash or in-kind to an organisation or cause of public utility without expecting an equivalent return.
Donor	An individual who has made a monetary or in-kind contribution to an organisation or cause.
Donor reactivation	Actions to reactivate lapsed donors and reactivate the donor relationship in view of obtaining a donation.
Grant	A sum of money given by a public institution or foundation for a particular purpose.
Lapsed donor	An individual who used to make a monetary or in-kind contribution to your organisation or cause and who has not donated within a specific timeframe (12 months).
Prospect	An individual or organisation who has never made a contribution to your organisation or cause but that is considered to be likely to do so in the future.
Repeat donor	An individual who has made more than one monetary or in-kind contribution to your organisation or cause.
Sponsorship	An individual or organisation that covers the cost of an activity, action, position or event in return for visibility / advertising.
Gift	Contribution in cash to an organisation or cause of public utility without expecting an equivalent return. Also referred to as a donation.

Funding Sources Overview:

Table 1: Overview of the main donor types, profiles, and examples of fundraising techniques: funding sources for not-for-profit organisations and causes.

Donor Type	Short description identification	Type of relationship	Type of contribution	Examples of fundraising techniques	Useful marketing and communication material
Small donor	Individuals who donate personal funds.	Intimate and engaging relationship through one-to-many interactions. → many-to-one can be resources intensive depending on volume.	Donations Volunteering Membership** (associations) Influence (social media)	Direct mail Crowdfunding Street marketing Website campaigns Peer-to-peer fundraising	Newsletters Solicitation letters Pitch Videos Social media posts Fundraiser kit (online) ...
Large / major donors	Donor giving criteria determined based on research, marketing research network, peer-to-peer introductions partnerships and events.	Personalised relationship and communications. → Time intensive and personal.	Donations Influence Pro bono Host events Committee members Influence (network)	Personalised correspondence (email, letter etc.) Solicitation meetings Gala dinners Online auctions Field visits Peer-to-peer fundraising	Newsletters Solicitation letters Pitch Videos Concept notes Briefings
Private Foundations	Individuals or families registered of public utility with clear purpose and grant giving criteria (and procedures). Prospects can be found through online directories, benchmarking, referrals, and research.	Formal solicitation process with clear eligibility criteria. → Moderate to high time investment.	Grants Capacity building	Calls for proposals Formal applications	Project proposal + detailed budget Concept note Organisational strategy
Companies	Companies committed to Corporate Social Responsibility.	Marketing approach, win-win partnership Formal procedure through corporate foundation (see private foundations)	Donation Sponsorship Pro bono In-kind donation Brand association Sale of products / services	Sponsorship offers CSR initiatives with staff Funding proposal	Pitch deck Sponsorship offer Pitch Videos Staff engagement brochure ...

		Purpose and criteria often available. Corporate listing available.	→ Moderate time investment		
Public Institutions	Institutions such as the governments, Fédération, Canton and communes with clear grant making criteria and procedures.	Formal application process with clear eligibility criteria.	Grants → High to very high time investment.	Calls for proposals Formal applications	Project proposal Concept note Organisational strategy ...
	Prospects can be found through online directories, benchmarking, and research.				

** Associations can have paying members who constitute the General Assembly. Membership is not tax deductible, and most times has advantages in return for a yearly fee.

Note: Certain organisations and causes may identify revenue generating activities that can be used as a source of funding.

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