BRISTOL STRATEGY

FUNDRAISING DOWN THE DRAIN

The Leaky Bucket Benchmarking Study of Effective Fundraising 2024

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INTRODUCTION

Ever wonder why a nonprofit struggles to raise enough funds? Well, one reason is that many donors don't stick around. Experts say that donor retention rates have ranged around 40-45%, and sometimes even worse, since 2006. But is this the only reason behind not-so-great fundraising outcomes?

Data from our Leaky Bucket Assessment says it is definitely not.

For years, we've been trying to figure out why fundraising doesn't always meet our goals. This has been a problem for many nonprofits, especially the ones that are not very big, those whose annual income ranges from under $1 million to $20 million or less from donations. This struggle to raise enough money often leads to conflicts and exhaustion among the people working for these organizations.

Instead of studying how donors behave and perform, we look into how the fundraising team is led. We want to know if they have clear expectations for their performance. Do they use dependable criteria, especially ones beyond just looking at how much money someone has? And are they given the best technological tools and support?

And finally, how well do the top leaders and the governing board grasp what their fundraising team is doing? Does leadership have the right insights, understanding, reporting and other ways to support their teams to guarantee consistent excellence in performance?

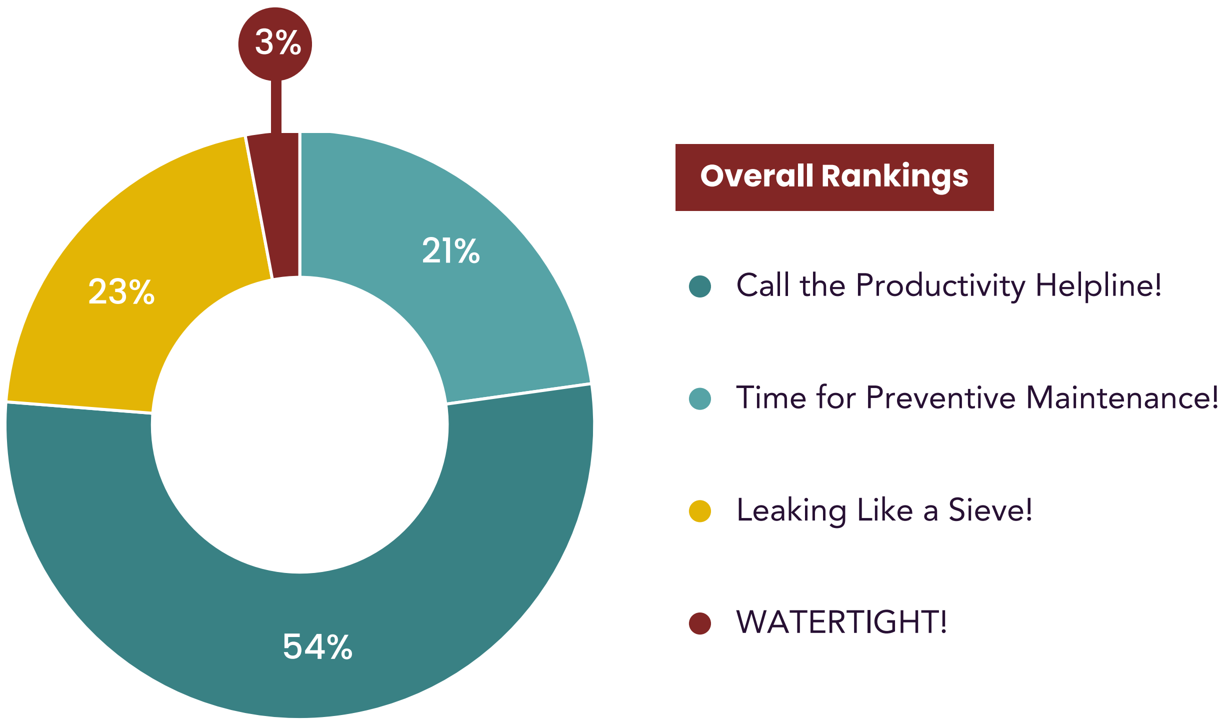
The Leaky Bucket Lite, the free version of our Leaky Bucket Assessments, uncovers all of these insights and even more.

SECTION I

Why the Leaky Bucket is Important

In section I, we look at the overall effects of the Leaky Bucket scores, talk about three challenges that nonprofit organizations deal with, and offer three suggestions for senior leadership, including founders, governing boards, and CEOs. In Section II, we examine the data for each statement in the assessment.

The Leaky Bucket results have been very **consistent** since the initial compilation in 2011, when we had just 70 responses. Now, with 1,531 responses, the distribution of scores appears quite similar.



Only **3%** of respondents scored their organizations at the highest level of productivity, Watertight, while 77% scored below the midpoint.

In other words, most respondents score somewhere between a D+ and a C- if we were using letter grades. Not great.

The Effects are easy to describe:

- Fundraising is a ‘shot in the dark,’ an afterthought, something nobody can control.
- Nonprofit organizations avoid investing in useful tools and services since there’s never enough money to go around.
- Tenure of fundraising professionals is shockingly short – only about 16 months – and the costs of replacement and lost opportunity, are enormous
- The board gets frustrated and demands counter-productive activities like more fundraising events, fires the development director, or even de-funds the position.
- Donor retention remains depressingly low, averaging 40 5 to 45 percent ever since 2006.

It’s all about the way we **manage** our fundraising, NOT the way we do it.

Over our many years of observing and participating in fundraising teams, we observe three common challenges faced by nonprofits when planning, implementing, and managing fundraising. In addition, we offer three recommendations to overcome these challenges

Challenge #1:

Most nonprofits lack sufficient funding to achieve mission impact.

Leaky Bucket and Statista Research Department (2023) data suggest that few nonprofits, other than the largest universities and hospital systems, have sufficient financial resources to sustain and grow their missions. Some of the key findings include:

- The increasing costs to operate a nonprofit organization.
- Recessions and inflation in the United States, as well as the worldwide economic impact of the Covid pandemic
- The lack of adequate funding revenue streams
- Significant decrease in number of households making charitable gifts

Economic recession impacts nonprofit organizations in many ways, by increasing the number of clients needing services while decreasing available human and financial resources. Recessions cause fundraising to become a lower priority for nonprofits because during these times, leadership tends to focus on sustaining and maintaining their operations. --

-- while donors tend to become more conservative with their giving. The unprecedented impact of the Covid-19 epidemic, from 2020 to 2022, has had long-lasting negative economic impacts for many nonprofits, especially smaller organizations.

Inflation and other major financial challenges encourage spending cuts at many levels. Paradoxically, many nonprofits reduce or eliminate their fundraising spending, with a negative impact on income. As the cost of living increases, many donors lower their philanthropic giving. Governments, from municipal to federal, may limit the funding they provide.

Cuts in Medicare reimbursements for hospitals and human services organizations impact staffing, always downward. New rules and changes in taxation for nonprofits also contribute to the funding problem. A decrease in federal funding can cause nonprofit organizations to limit their operations and services by as much as a third. While technology can ameliorate the staffing challenge to some extent, it cannot entirely overcome the declining number of people whose job is to create relationships with donors and other funders. To make matters worse, many organizations relying on government funding struggle with the expectations and regulations tied to government contracts and grants. The protocols mandated by the government are difficult for many organizations to manage, adding uncompensated time and effort to the equation, often at the expense of those served. Sometimes, the government does not fulfill its portion of the agreement or changes direction without notice.

Finally, the majority of nonprofits do not receive government funding in the first place, so they must seek other funding opportunities. Many of these organizations are startups, small and understaffed organizations, and all-volunteer organizations, which tend not to be proficient or confident about raising money.

By limiting their programs and services, the clientele served by nonprofit organizations, especially those in the human and social services sectors, will be the most impacted.

Recommendation #1

Nonprofit organizations must assess their fundraising operations regularly to ensure they are “watertight.”

Nonprofit organizations that assess their fundraising team’s performance regularly are more likely to raise the money they need. Here’s why:

- Teams with clear performance expectations perform better than those who lack them.
- Teams who are managed well are more engaged, and less likely to quit, reducing turnover and raising donor engagement.
- With the right management practices in place, it becomes easier to report progress to board and senior leadership, for greater alignment.
- With management practices based on the continuous-improvement model, more opportunities for innovation tend to arise.

Challenge #2:

Nonprofit organizations lack adequate infrastructure and resources to fundraise efficiently and effectively.

It should come as no surprise that the majority of nonprofits lack adequate infrastructure, technology, and skills; they lack the time and the money. But as long ago as 2009, academic researchers identified the need for small to mid-sized nonprofits to find more time, money, and people to implement effective fundraising. We have also observed that fundraising is a lower priority for many nonprofits. Their leadership may believe that operations and programming take precedence over raising money. Many organizations are so stressed with daily tasks and other demands they limit the time they spend on fundraising efforts.

These challenges have not disappeared over time.

Nonprofit organizations encounter many reasons for lacking the right resources to fund fundraising programs. First most small nonprofits, especially those raising less than $250,000/year, lack the experience and knowledge to fundraise effectively and efficiently. These organizations tend to rely on grants, mass mailings, social media, and fundraising events. They often do not know how to identify prospective donors and avoid direct solicitations out of fear of rejection. These organizations may not have the skills to create effective strategic plans, development plans, or financial plans, methods designed to simplify the setting of fundraising goals, clarify organizational needs, and define desired results.

These are also the organizations most likely to lack technology platforms that could aid fundraising efforts, since so many of them have difficulty deciding how to spend their money. Should they spend it on fundraising, on programs, on staff?

Finallly, and of greatest interest to us, is that fundraisers lack the support of their leadership. and boards of directors. This lack was recognized in academic research as far bask as 2003 and has been substantiated by our Leaky Bucket data. The data consistently shows wide discrepancies between the roles of various respondents. Board members and senior leaders tend to give answers that differ substantially from answers given by members of the fundraising team.

Recommendation #2

Nonprofit leaders must provide their staff with the right tools and resources to be successful in their jobs.

Some of the most pertinent tools that leadership can support to ensure successful fundraising results include the following:

- Documented ideal-funder profiles including funder motivations, so the fundraising team can figure out which prospects justify the investment of more time and effort.
- Documented success targets (how much, how many, how often) for funder acquisition, retention and upgrading, so the fundraising team know what's expected of them.
- Methods to measure and manage the donor pipeline regardless of the source of income (major philanthropic gifts, corporatesponsorships, and grants), so leadership can evaluate progress and correct course where needed.
- Strategic methods for handling the situation when fundraising results fall below desired results, to avoid tactical frenzies and the indiscriminate use of ever-more fundraising events.
- Better ways to report fundraising progress to the governing board and leadership, including forecasting, data showing numbers of donors acquired, retained, and upgraded, and similar insights, thus maintaining alignment and enhanced cooperation

Once these tools and resources are put into action, the fundraising team can:

- Know what’s expected of them and develop appropriate targets to ensure they stay on task.

- Continuously check for improvements to ensure they are on track to meet their fundraising performance, targets, and timelines.

- Determine which donors to pursue and why.

- Maintain understanding and collegiality with senior leadership and the governing board

Challenge #3:

Nonprofit organizations struggle to attract and retain the necessary fundraising staff to raise funds to support their operations.

Many nonprofit organizations are overstretched. They don't or can't raise enough money to be sustainable. They often pay more attention to service delivery than to raising money, because they think it's more "honorable." Some organizations avoid investing in qualified fundraising staff and technology, relying on volunteers, who may be well-intentioned but don't really get it.

And some have a tendency to overload the staff they have. Somehow the director of development ends up writing grant applications, running events, finding items for the auction, managing the donor database, reporting to the board, and managing major donors. Capacity, anyone?

If you or your board has ever entertained the idea of de-funding the fundraising department, or even a single position, please think again. When the fundraising function is ineffectual, it's time to review your management practices.

Recommendation #3

Nonprofit organizations must empower the fundraising team to do their best work.

Empowering the fundraising team relies on solid management disciplines. Practices proven to work in high-performing nonprofits, as well as high-performing corporate sales teams, include:

- Effective support from the team's direct supervisors, its senior leadership, and its governing board. Our data tends to show broad discrepancies between what the fundraising team thinks they are doing, and what management and the board think they are doing.
- Clear, up-to-to-date, documented value proposition and ideal-funder profiles and personas. These classic marketing techniques tend to be MIA (missing in action) in the majority of our respondents.
- ·Documented performance expectations, including Key Performance Indicators (KPI's) including success targets.
- ·Emphasis on "leading indicators," which allow the team to correct course at the beginning of the process, when problems are easier and less costly to resolve.
- ·Great reporting with an emphasis on forecasting, essential for board understanding and engagement.

Practices like these are surprisingly easy to implement and make a measurable, beneficial impact on the fundraising team's results. They keep your team engaged, reducing turnover and its associated costs. They improve employee engagement, so your good, well-trained and motivated people stick with you for years.

And the relationships between fundraising, senior leadership, and the board improve.

The result? More income with less effort.

SECTION II

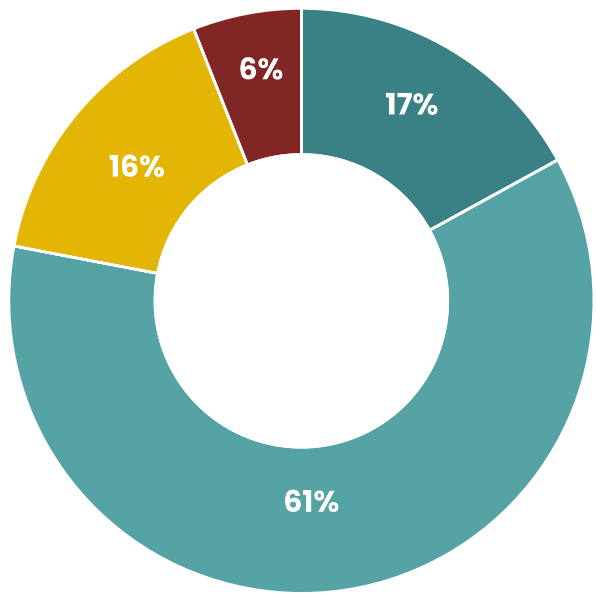
The 9 Leaky Bucket
Statements

In section II, we review data for each of the nine Leaky Bucket statements. Each statement represents a fundraising-management principle. Embracing these principles can have a positive effect on the reliability and consistency of income generation for your nonprofit organization.

Statement One

Guidelines for Identifying and Qualifying Potential Supporters

Seventy-seven percent of respondents lack documented criteria for prospect identification and selection. Thus, the fundraising team is at a loss when attempting to qualify prospective funders. Which ones are going to be worth the investment of their time?



How You Qualify Prospects

- No standards; we just go after what looks good to us.
- Preferences but no documented standards; we go after grants whose granting guidelines match our needs.
- We have profiles for each funding category based on their capacity to give, grant guidelines or giving history.
- We have documented profiles for each funding category; they include donor motivation and preferences as well as the standard facts.

When fundraising staff lacks ideal-funder profiles, we set them up to fail, to waste unrecoverable time and energy running after prospects who lack the motivation to give, the capacity to give, or both. Without such guidelines, your fundraising team spends its time shooting in the dark.

The effort necessary to develop such profiles is modest, especially when compared to the costs of lacking such profiles.

As a result, organizations may compete for the same funding source, even though their value propositions may differ widely. Perhaps they don’t need to compete in the first place. Clarity about the value proposition and ideal funder profiles underlies effective marketing, from website content to social media posts. In fundraising, the ways you make your organization visible to others is the first meaningful step to building a high-capacity donor base.

Great Management Practice:

Create and record profiles for the perfect major donor, major corporate sponsor, and significant grant-maker. Ensure that your messaging reflects the giving motivations and interests of these ideal funders. And make sure your major gift officers or grant-writers pursue only those major prospects who align with these profiles.

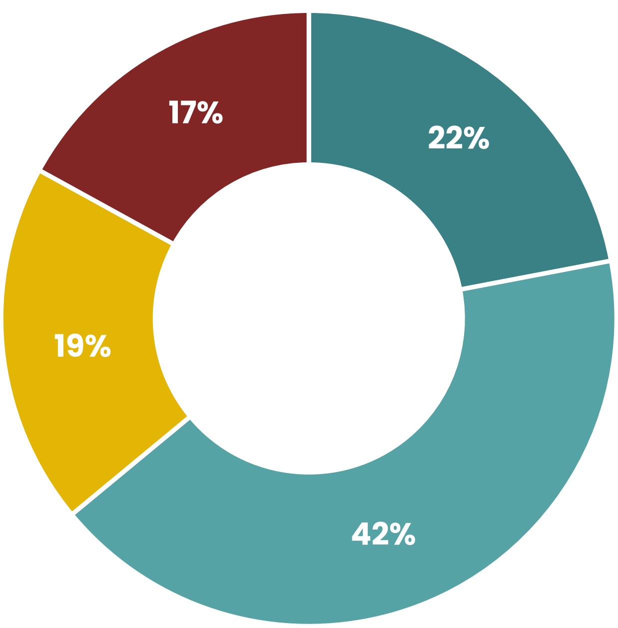
Statement Two

Guidelines for Funder Acquisition

It's impossible to achieve significant growth without adding funding sources every year, replacing those lost through attrition, and expanding the total funding base.

Yet 64% of our respondents have no standards or metrics for the number of funders acquired. Combine this lack with the scarcity of qualifying criteria, and it's no wonder so many nonprofits struggle to fund their operations adequately.

How You Acquire Funders



- No standard practices or targets; we just try as hard as we can every year.
- We encourage acquiring new funders but don't set specific targets.
- We set targets for acquiring new-donor gifts and grants, based on income only.
- We set targets for number of new donors per funding category as well as amount of dollars raised from new sources.

Research conducted by the Gallup Organization shows a powerful correlation between a team's ability to perform well, and the extent to which that team's expectations are made clear. This observation applies equally well to Statement #2, about acquiring funders, Statement #3, regarding funder retention, and Statement #4, regarding upgrading funders. Leaky Bucket data shows a significant lack of clear expectations for all three of these disciplines.

Please note that the emphasis here is on numbers of funding sources, and NOT on the amount of money they provide. That information is valuable as well, but it is a trailing indicator, something that only appears when the process is complete.

Great Management Practice:

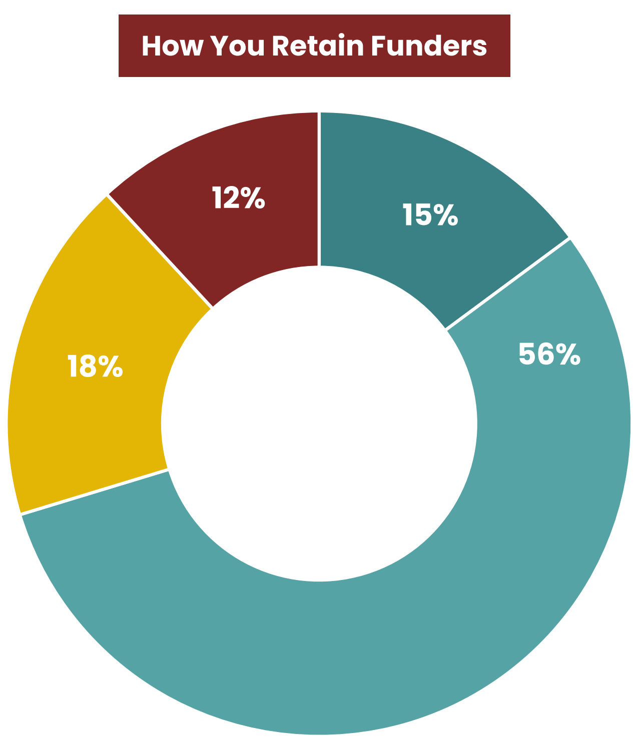
Great Management Practice: Establish and document goals for the number of new funding sources to acquire each year, as well as the amount of income (in total or by funding category). Monitor your progress consistently. If uncertain about the target amount, make an informed estimate. It may take a year or more to become proficient at determining accurate targets. This practice helps to avoid the often unacknowledged hope (prayer) that someone is going to give you some magically huge donation so you just won't need to worry about raising money again.

Statement Three

Guidelines for Retaining Current Funders

Funder retention is notoriously poor in the nonprofit sector. The Fundraising Effectiveness Project, first launched November 2006, has shown undesirable levels of retention every year since, with many years in the negative numbers.

Leaky Bucket data says the majority of respondents have no documented retention standards at all. Low donor retention rates make it tougher to reach the break-even point year after year. It costs more time and money to acquire a new donor than it does to get another gift from that same donor. While there are many techniques for stewardship, the simplest, easiest, and perhaps most powerful thing to do is to assign funder-retention targets to your team.

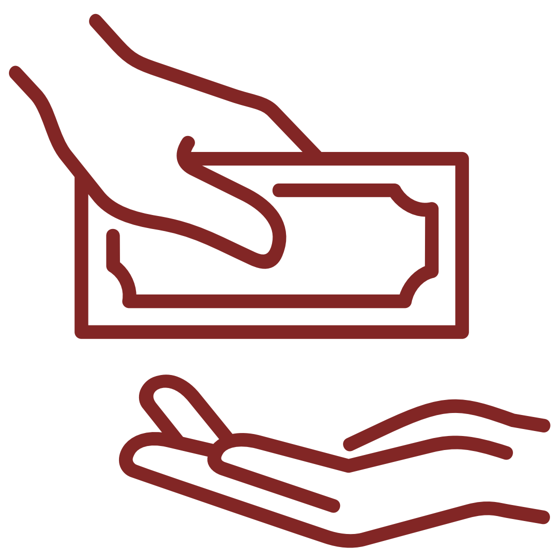


- Our organization has no standard practices or targets for retaining donors or renewing grants.
- Our organization encourages donor/grantor retention but does not assign specific targets for doing so.
- Our organization sets specific performance targets for retaining donors and grantors.
- Our organization has standard, documented practices for retaining current donors that include total dollars raised from current donors, and number of donors retained from prior years.

Low funder retention has a second, and perhaps more important problem. It will take the team longer and longer to reach the break-even point when the level of retention is low. When you keep it high, through means as simple as assigning a Key Performance Indicator for retention, you raise more money and maintain income levels with greater ease.

Great Management Practice:

Assign specific retention targets to the fundraising team, with a success target for number of donors or other funders, and a related success target for amount of income retained. Establish targets for every major income stream applicable, including individual and major donors,corporate sponsors, and foundations. If you want to avoid a funding crisis, work on your retention rates.

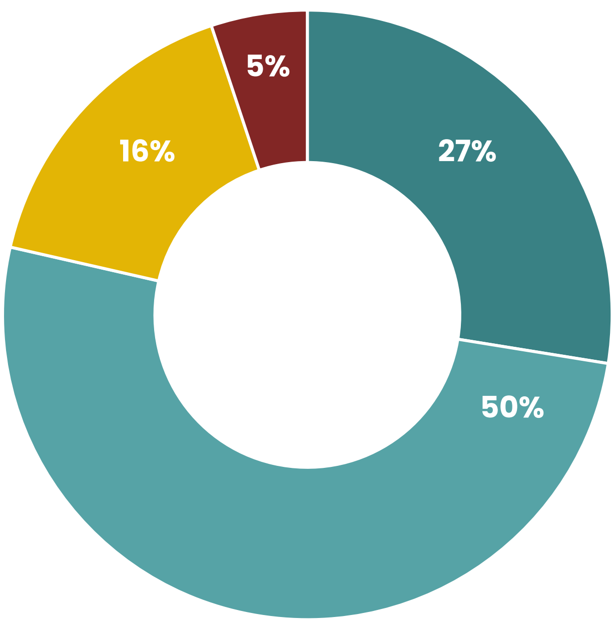


Statement Four

Guidelines for Upgrading Funders

Upgrading funders simply means asking them to give you more money this year than they did in earlier years. It is no surprise that the percentage of respondents reported paying little formal attention to this important discipline.

If we reach the break-even point faster by simply retaining funders, we could reach it even faster by upgrading at least some of those retained funders to a higher level of giving Cash reserves, anyone?



How you upgrade funders

- We have no standard practices for upgrading funders
- We encourage upgrading funders but have no documented practices
- We have targets for increasing the size of gifts, grants, etc.
- We have targets for upgrading funders, plus targeted marketing campaigns

Great Management Practice:

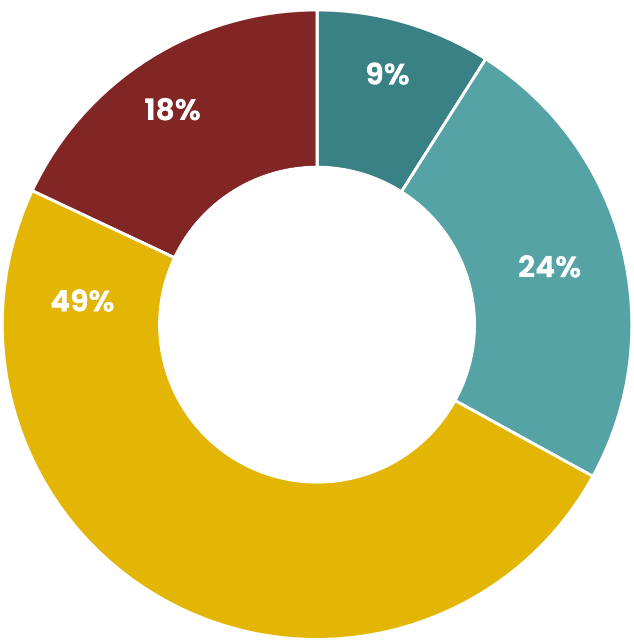
Assign targets for upgrading a proportion or number of current funders to higher levelsof giving every year. Provideappropriate digital PR, campaigns, programs, and other triggers to make the fundraising team's job easier.

Statement Five

Guidelines for Diversifying Your Funding Stream

Most high-performing nonprofits avail themselves of a variety of funding streams, as well as a variety of individual donors. Our respondents trended toward "various sources, not well balanced." This choice is intriguing, because it leaves open the question of whether the organization is overly dependent on a small number of large funders. When that is the case, losing a single funding source could be catastrophic.

How Well You Diversify Funding Sources



- Most of our funding comes from a small number of sources, especially state or local agencies. We don't think about funding diversification very much.
- Most of our funding comes from one category, like grants. We only have a few other types of funders (corporate sponsors, individual donors), and need to work on this.
- We get funding from a variety of sources, although the level of funding diversity is still not balanced well.
- Our funding is well balanced among a variety of funding sources, with no single funder accounting for more than a defined proportion of total income.

Quite a few of our respondents rely on one or just a few funding sources. Whether the major source is a government contract, a foundation grant, or a major individual donor, the organization is extremely vulnerable. Once a major source is lost, recovery will be slow or even impossible, meaning a reduction or cessation of client services and a loss of jobs.

> Never have more than 10% of your **profits** stemming from one customer, and 25% from one group of customers.

High-performing sales organizations pay careful attention to the number of clients they have. They want to avoid being overly dependent on one or a few clients who make up the largest percentage of the company's income. They follow the old motto "don't put all your eggs in one basket.

If you rely on a small number of donors who make up more than half your income, your nonprofit is financially vulnerable.

Consider setting a business rule something like this: “no more than 10% of our nonprofit’s income can come from any single funder, and nor more than 25% from any one group of funders.”

Except for the largest, most well-established organizations, we suspect few mid-sized nonprofits are able to reach the the 10% mark, but it’s well worth the effort of trying.

Great Management Practice:

Monitor the level of funding diversification carefullyover the life of the organization. Establish a target for the maximum percentage of income you are willing to accept from a single funder. Your nonprofit can recover from the loss of a funder providing 8 to 10 percent of your annual income. But how can you recover from a 60 or 75 percent loss?

Statement Six

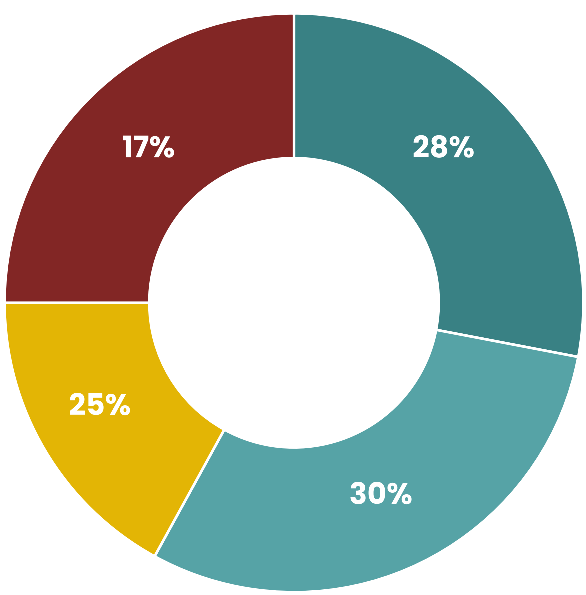
Staffing Levels

There is a direct correlation between the size of the fundraising team and the organization’s likelihood of reaching its fundraising goals. Yet 57% of our respondents reported no staff or just one person plus the ED.

According to the Nonprofit Research Collaborative, the smallest shops are only able to reach their fundraising goal about 39% of the time. In 2022, Statista Research Department stated that 37% of nonprofit organizations reported staffing shortages of all fundraising positions between 5% and 14%, underscoring the number of professionals leaving the social sector. Adding to the problem is the extremely high level of turnover in fundraising jobs; these days average tenure in any position is about 16 months.

So the issue isn't just the size of one's shop. It's attracting good people and retaining them with great management practices.

How You Staff the Fundraising Shop



- We have no fundraising staff, and rely on our Executive Director to do all fundraising, operational and program work OR our board handles all fundraising.
- We have at least one fundraising staff person (or contractor) full-time or part-time, in addition to the Executive Director.
- We have two or more staff members or contractors who do fundraising work and also support fundraising efforts of our ED, and board members.
- We have a development director plus staff dedicated to fundraising. Our board and ED are also involved.

When the Executive Director oversees fundraising as well as everything else, they will have far too much to do and still be able to do it all well.

While volunteers may act as a stop-gap for small or emerging nonprofits and for capital campaigns, overall reliance on an all-volunteer situation is risky. Just try to fire a volunteer.

Since raising money is mission-critical, it behooves senior leadership to think long and hard about the value, and return on investment, of well-trained and supported fundraising staff.

Great Management Practice:

There really is no substitute for a deeply engaged fundraising team, even if it's only a team of one. Raising money is labor-intensive, and so important to mission impact, it is not practical to do without. The executive director has their hands full managing marketing, reporting to the board, ensuring programs and services are delivered properly and so on, to be your only line of defense for raising money. Invest in qualified fundraising professionals as soon as you possibly can. Then provide them with the types of management support, processes, and performance expectations that keep them engaged.

Statement Seven

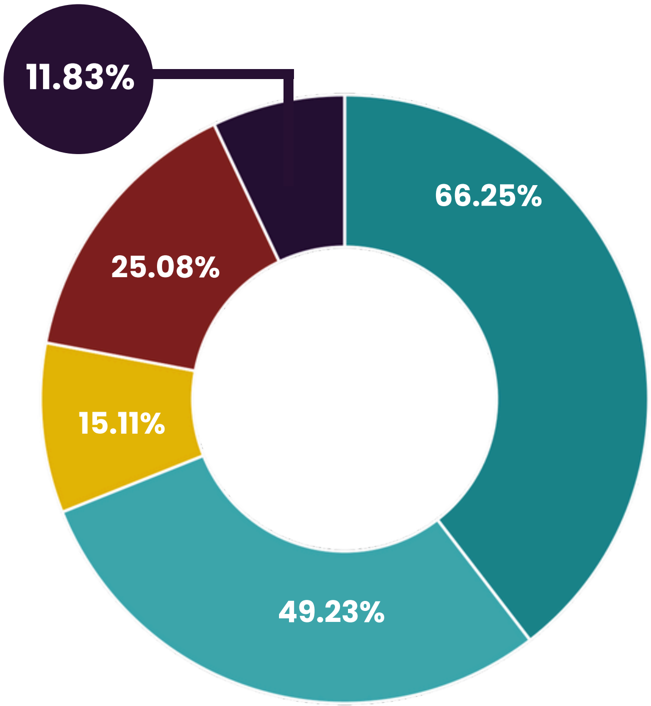
Evaluating Your Fundraising Performance

"You can't manage it if you can't measure it." And you can't improve it if you can't measure it. Leaky Bucket data has consistently shown a lack of methods for measuring performance. There have always been a modest percentage who don't measure anything. But the majority of those who measure something rely strongly on "dollars in the door," or total income.

Income does not show up until the end of the process. It is a trailing indicator. If the only thing you measure happens after the process is complete, you cannot learn much about the process itself. Since fundraising performance is mission-critical, we are frankly disturbed about the lack of leading indicators used to evaluate fundraising performance.

Leading indicators are things you can observe and therefore measure at the beginning and in the middle of the process. When you have such measurements in place, you are able to see where the process is veering off course early, when it is easier, and less costly, to correct course. For example, your gift officer spends dozens of hours with a donor who isn't a close match to your ideal-donor profile. The donor eventually makes a token gift, or even worse, no gift at all.

The problem isn't the donor, and it isn't the gift officer. It's the lack of an ideal donor profile. If the gift officer had one, they would have saved many of those otherwise wasted - and costly - hours.



How You Measure Fundraising Performance

- Overall income, compared to our fundraising goal.
- Income for each funding category, compared to our goal for that category.
- Number of times we visit with donors, corporate sponsors, etc.
- Number of grant applications or donor proposals we produce.
- None of the above.

The best leading indicators for the fundraising process are often referred to as "Moves Management," a familiar concept based on a set of steps to reach the point of solicitation. We included two common "moves" in the Leaky Bucket survey, namely number of visits with donors and number of grant applications or donor proposals produced. These are considered leading indicators.

Notice that both of these options received low rankings.

Great Management Practice:

Trailing indicators are valuable, but they simply cannot show you whether your fundraising efforts are costing you unrecoverable time, effort, and money. To ensure great fundraising results, you must provide your team with leading indicators such as:

- Number of prospects identified who match the ideal donor profile
- Number of prospects sharing an interest in or passion for your mission
- Number of prospects willing to consider making a contribution

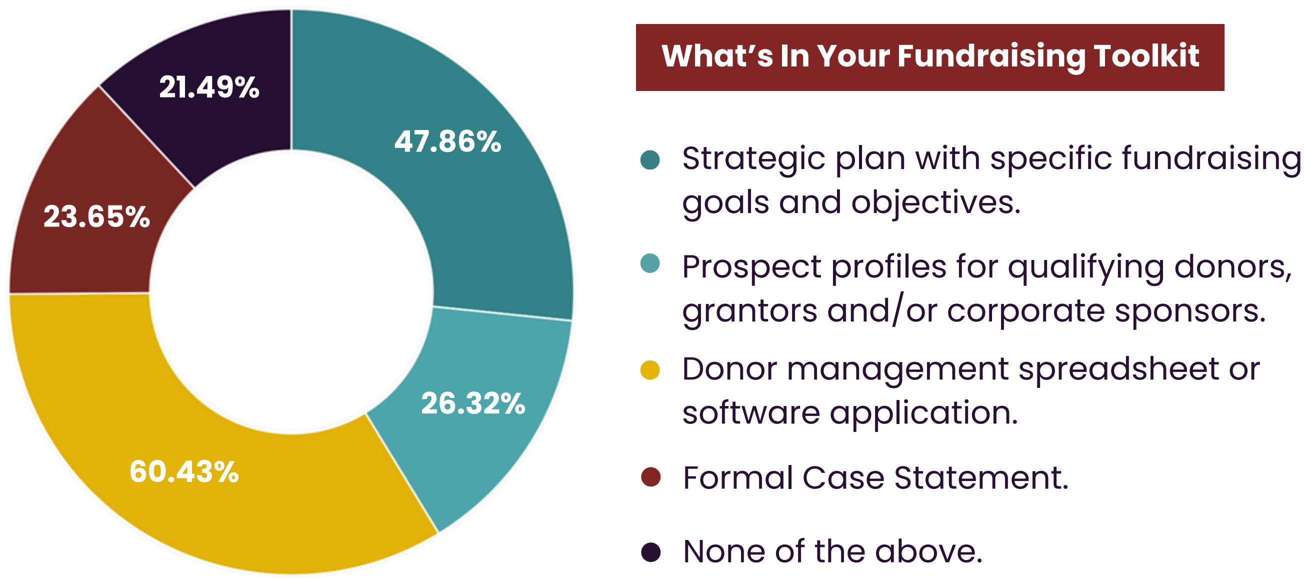
Each of these concepts and several others can become Key Performance Indicators, with success targets (metrics) showing the number of times per month/quarter/year necessary to convert a prospect into a satisfied donor.

Statement Eight

What's In Your Fundraising Toolkit?

Great management exists primarily to remove obstacles to the team's success. The fundraising toolkit itself contains the technology, tools, metrics, qualifying criteria, and other methods supporting the fundraising team. These elements are designed to give the team guidance and support, paving the way to their success.

Scores for this statement have been consistently low since 2011. While an increasing number of organizations acquire technology-assisted tools to manage their fundraising, things do not look good on the planning side of the equation. Only about 48% of respondents say they have a strategic plan, thus 52% do not. About 60% have donor-management software or spreadsheets, thus 40% do not. Only about 26% have documented prospect profiles, meaning 74% do not; and less than one quarter (23.6%) lack a formal, up-to-date case for support.



The lack of tools may also contribute to high **turnover** rates.

Besides making a difficult job more difficult, the lack of these tools may also contribute to high turnover rates.

Currently, the average tenure for fundraising staff is only 16 months. The hard costs of replacing fundraising staff are staggering, ranging from a low of 1.2 times to nine times annual salary, depending on the seniority of the person being replaced. Then there are additional costs too difficult to measure: length of time for the new employee to ramp up; discomfort among major donors because of frequent changes in their assigned development officer, and the cost of lost opportunity. How many nonprofits can afford such costs? Wouldn’t it make more sense to strive for employee retention and engagement?

Updated research from the Journal of Philanthropy and Marketing - We found that the study participants had current mean job tenures of 3.6 years (median = 2 years) and mean tenures across their fundraising jobs of 3.9 years (median = 3 years). Twenty percent intended to leave their organization and seven percent intended to leave fundraising within the next year. Of the tested variables, salary consistently had the largest effect and was the most significant. Older and more experienced fundraisers had longer tenures. This is the author's final manuscript of the final article

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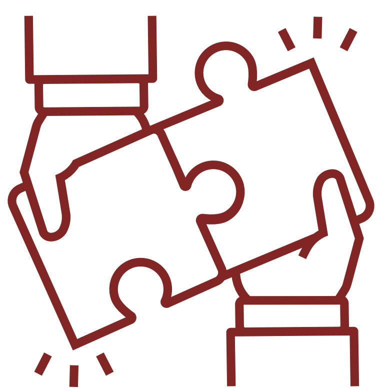
Shaker, G. G., Rooney, P. M., Nathan, S. K., Bergdoll, J., & Tempel, E. R. (2022). Turnover intention and job tenure of U. S. fundraisers. Journal of Philanthropy and Marketing, e1742. https://doi.org/10.1002/nvsm.1742

Great Management Practice:

Provide your team with the tools they need to do the job right, starting with the strategic plan. Clarify their performance expectations. Train them, coach them, and make professional development part of your nonprofit's culture. And be careful to avoid over-burdening fundraising staff with extraneous tasks, a recipe for burnout.



Statement Nine

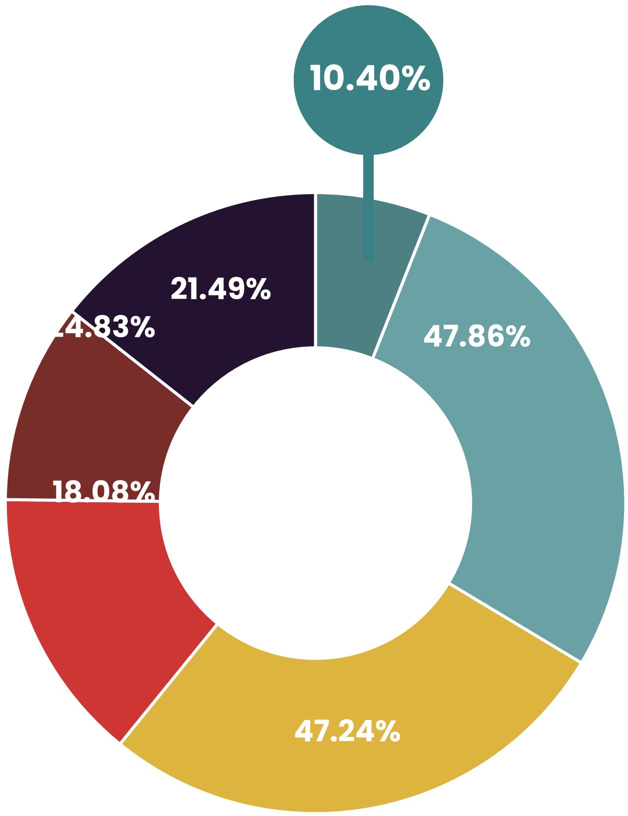
Handling Unfavorable Outcomes

The litmus test of leadership and management is the way they respond to unfavorable results. This Leaky Bucket Statement reveals a serious shortcoming in nonprofit management. The percentages have not changed materially since 2011.

Leaky Bucket research shows a strong preference for holding more events and writing more grant applications. Unfortunately, when fundraising results are less than desirable, these choices are a Hail Mary pass. Events, particularly rushed or poorly planned, can cost more in money and fatigue than they produce. Grant applications are troublesome; they eat up more of the team's scarce time and the pay-off is uncertain.

The most successful leaders and managers welcome undesirable results. They use them to discover opportunities for improvement and innovation. They create the kinds of management disciplines – the qualifying benchmarks, the KPIs and success targets, and other "reportable" data. Tracking these types of data requires easy access to good reporting. When such reports are available, management and senior leadership will provide the support your fundraising team needs to do its best work.

The discipline is often referred to as "continuous improvement." It has been in consistent use in the for-profit sector for more than 60 years and has proven its merits many times over. Nonprofit organizations would do well to adopt its use and prevent the types of undesirable results we see in this graph.



How You React To Undesirable Results

- Fire our development director.
- Increase number of fundraising activities or events.
- Write more grant applications.
- Provide staff/board solicitor training.
- Improve, update our Case Statement
- None of the above.

Great Management Practice:

Embrace the facts, even if they are brutal. When fundraising results are below desired levels, investigate the underlying reasons or root causes that led to those results. It's highly probable that the root cause is situated further "upstream," at a stage in the process where deficiencies or issues can be prevented with much lower costs in terms of time, money, and effort.

FINAL REMARKS

A recap of the discourse

The nonprofit sector employs about 10 percent of all employed persons in the United States. It represents two percent of the Gross Domestic Product.

In general, nonprofit organizations provide a vast array of human or social services including education from kindergarten through graduate school, protecting people from abuse and trafficking, helping us deal with climate change, and offering many other programs and services that neither corporations nor government agencies can, will, or even should provide.

Since these organizations are so vital to the U.S. economy, and to the welfare of its people, it is hard to understand why the sector has so far failed to embrace the kinds of management disciplines surveyed in the Leaky Bucket Assessment. We are, on the whole, working hard. Very hard. But we are not working smart.

While more and more exciting new technologies have entered the sector since 2011, our respondents suggest that there is still a long way to go to professionalize the sector as a whole. Starting with the adoption of great management practices.

- Great management costs little.
- Mediocre management costs a lot.
- Bad management destroys organizations.

ABOUT THE AUTHORS

(From left to right; Ellen Bristrol, Courtney Laddusaw)

Ellen Bristol founded Bristol Strategy Group in 1995. She is the designer of the Leaky Bucket Lite, and the recently released Leaky Bucket Professional Edition, the best-known assessments of fundraising-team performance in the nonprofit sector. Ellen spent twenty years in corporate sales before launching her firm. She developed a fascination with the nonprofit sector, recognizing its potential for improvement by adapting the disciplines of high-performing sales teams while maintaining the philanthropic heart and soul of the sector. She is also the developer of a trademarked methodology for fundraising strategy and management, Fundraising the SMART Way™, a process based on the idea of “plugging the leaks” in the fundraising initiative by establishing the practices of continuous-improvement.

Courtney Laddusaw is the Lead Consultant for Bristol Strategy Group, which she joined as an intern in 2021. She has thirteen years experience as a fundraising professional, working in both small and large nonprofits. Courtney has a doctorate in nonprofit leadership and management from Pepperdine University. She is an expert researcher and shares Ellen's fascination with performance management and data analytics. She is also responsible for collating the data graphics in this report.

BRISTOL STRATEGY

FUNDRAISING DOWN THE DRAIN

The Leaky Bucket Benchmarking Study of Effective Fundraising 2024

The first platform for survey, nonprofit benchmarking, and in-depth analytical and statistical research - all in a single, easy-to-use platform, specifically designed for nonprofits and associations.

By Ellen Bristol

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