

## Writing Great Grants - Fundraising – An M.J. Murdock Charitable Trust Podcast

Colby Reade: Welcome to the M.J. Murdock Charitable Trust Podcast on Writing Great Grants. We are a private nonprofit foundation serving the Pacific Northwest. Over more than 44 years, we've awarded more than one billion dollars in grants to organizations that serve and support our local communities. On this podcast we want to share insights and information to help nonprofits flourish and thrive in order to serve the common good. On today's episode, our [00:00:30] host Steve Moore, the executive director of the Murdock Trust sits down with Jill Lemke and John Franklin to discuss fundraising.

Jill comes from a background in the sciences, earning a bachelor's and a master's in biology from Texas Tech, and then completing extensive graduate study in counseling and psychology at Western Michigan University. She invested the first chapter of her career as an educator working with high school and college students on a variety of STEM subjects before she joined the Trust as a program director more than one decade ago.

In addition to her work with grantees during [00:01:00] her time with the Trust, she also oversaw the Partners in Science program for our organization for a number of years. John also comes from a background focused on helping grow and develop young people. Prior to joining the Trust in 2012, John invested more than 30 years in various leadership roles for Young Life. A graduate of the University of Oregon, John earned his master's from Fuller Theological Seminary and is actively involved with a number of nonprofits around the region.

In addition to his hands-on work supporting nonprofits through the Murdock Trust grant application process, John has helped [00:01:30] lead some of our enrichment programs as well, including the Essentials of Development program. Enjoy the conversation.

Steve Moore: So Jill and John, it's great to have you guys here today.

Jill Lemke: Thank you.

Steve Moore: We want to start with a high level kind of a view of fundraising. You all have seen a lot of different organizations in your review of proposals and your review of applications. And part of what we want to do is help people [00:02:00] understand the strategy that's needed and how an organization builds into their work effective fundraising.

So can you talk a little bit about what fundraising might look like in the early stages of a nonprofit versus how it will evolve? John, why don't you kick us off?

John Franklin: Well, I've often used the analogy of beginning an organization, starting an organization is a lot like starting a business. You have to go find venture capital. [00:02:30] And I think that's really what it feels like when you're launching your own organization. My son started his organization and I said the same thing to him. And it really starts with the founder's friends and contacts.

And then it moves from there to really trying to leverage the contacts and friends and associates of your board members. And then from there it's developing referrals from your current supporters. And then from there it's looking at... I think the next [00:03:00] logical move is creating point of entry events where we can invite people that we don't necessarily know that we're trying to engage with our organization, to win their interest first and then win their funding.

So that could be everything from small group events to, perhaps even moving to a large gala once a year where we invite a large number of people trying to bring them kind of entry level into our organization. So that's what I've seen in terms of the beginning steps and that could take several years to really leverage and develop that type of funding.

Steve Moore: [00:03:30] That's great, John. That's a great introduction. I wonder if you could talk a little bit more about the different stakeholders that have a role in a nonprofit organization's support and their fundraising. How does a leader manage and plan knowing that there's a variety of stakeholders? And then we'll get Jill to weigh in on that too.

John Franklin: Well, a few that come to my mind right out of the gate would be your board members. I think when you're an organization that's [00:04:00] just beginning your development effort, the board members need to be very hands-on and really in partnership with the executive director and building that donor base, actively involved with not only bringing their contacts to the table, but even meeting with individuals out in the community as well. So that's critical.

And then from there I think of your donors as stakeholders. I think that what we try to communicate is that our donors need to be seen not as donors, but as partners. [00:04:30] So if we can really increase their sense of ownership at the organization, then they'll partner with us in the whole area of development as well.

And then lastly, I strongly believe that those that we serve are stakeholders as well. I think for a lot of executive directors, they can almost see fundraising as a necessary evil, which I would argue it's not. It's really another area of where we serve, we serve people that support us. But I think if nothing else when you're an executive director, you need to realize that I need to [00:05:00] follow through on the promise that we've made to those that we serve. And that's why it's critically important that I'm out in the community meeting with people.

Steve Moore: Yeah. Just like we expect them to fulfill their promise that they've made with the mission that they hold.

John Franklin: Exactly.

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Steve Moore: In that way. Jill, what word would you have to say about stakeholders? And I know that we always say we want a 100% of the board members to support the organization.

Jill Lemke: Right.

Steve Moore: Say a word more about what you look for when you're [00:05:30] looking at an organization about stakeholders and the ways that they're involved.

Jill Lemke: Well, I would say one thing is to think about stakeholders in a lot of different levels. I mean, John mentioned the board, the people that are served, and then the donors and I think your staff is a stakeholder. There are a lot of people. Anyone that is speaking into or helping to support the mission or being a recipient of the mission and therefore may be paying forward on the mission or whatever that looks like.

But just to [00:06:00] think in terms of all the different layers of stakeholders. And then in terms of the board, one of the key things that we look for when we're on a site visit or in follow up conversations, or even in the—what in a part of our application they get to talk about—in the written part of our application is, what is board governance? What does this look like? And we'll talk about the leadership of an organization in another episode of this podcast.

But the board understanding [00:06:30] that they should be the leaders in any sort of support for the organization, both in terms of verbal support, financial support, whatever that looks like. But the board—that's one of the key roles of the board is to support the organizational mission.

Steve Moore: And we like to say that whenever you're writing a great grant, it's very clear that you have the constituency's support—that may be the community— [00:07:00] but particularly the people that have a vested interest in the organization, are actively involved in supporting and engaging with the organization.

John, how does an organization know if they're ready for a development person? Because oftentimes an executive director's dream is, "Let me hire a development person and turn all this over to them so I can get on with the real work."

John Franklin: That's a really good question. It's so important, actually, that we have blogs on our [00:07:30] website, and this is one of the blogs that I wrote: "How do I know we're ready to hire a development director?" And I think a big mistake a lot of organizations make, and you kind of alluded to it, Steve, is that they think that the hiring of a development director is kind of the silver bullet. It's going to solve all of our fundraising problems.

And if that's your perspective, I think that might be a sign that perhaps you're not ready. Because really, I think personally that you'll know you're ready to hire

a development director when you have an executive director [00:08:00] that's highly involved in fundraising themselves. They're sort of the de facto development director until you're ready to hire. Where the board members, like I alluded to earlier, are involved in fundraising, and where there's a momentum with fundraising such that, "We can't really, with the staffing we have right now, keep up with it ourselves. We need to hire... We're ready to hire a professional now to join us to manage and accelerate the momentum we've already developed."

So I think that's my measuring stick. [00:08:30] A development director—and that's the classic first hire, that's why I refer to that—is now really going to lead the charge. And I think a wise executive director knows that when they hire a development director, it's not that they're going to be spending less time in development. They might even be spending more time. It's just that it's going to be more focused and directed and perhaps maybe they can now focus their energies exclusively on major donor development.

Steve Moore: That can be shocking news for an executive director who's hoping to just hand all this off.

John Franklin: Right. Yeah.

Steve Moore: And yet really [00:09:00] it's true. The development person can be the manager but then they have to deploy people in the ways that give people a chance to really engage with constituents in a way that fits the organization and to communicate the mission and the needs of the organization.

John Franklin: And I'd have to say too that when we're doing site visits and interviewing organizations that are coming to us for some development staff, that's one of the things we're looking for. Is this the way [00:09:30] of just dumping it or are they at the point now where they need a professional to come in and help manage and take to the next level what's already going on within their organization?

Steve Moore: And Jill, you've seen this as well in the grants that are applying for development or for expanding in some way. What do you think are some of the things that indicate an organization might be ready or important things they need to consider when they're trying to discern [00:10:00] whether they're ready?

Jill Lemke: Right. I would say one of the things in looking at readiness is maybe examples of what readiness doesn't look like. And one example is when an organization has really high levels of earned revenue, and as often as earned revenues it's tied to a program. And it just doesn't give a lot of wiggle room for any creative thinking, innovation. And so the executive director says, "It's time now to increase [00:10:30] our contributed revenues because we want to have a little more flexible revenue stream. So let's hire a development person, bring him or her in and let's get this thing going."

And that's when you say, "Okay, wait, what is in place already?" If you have no contributed revenues, there's a false thinking that if you bring in a professional, that professional comes in with a Rolodex, with all the local contacts and with all [00:11:00] the big money, just getting ready to pour in.

And so looking at an organization, what is already in place? Is there a language of philanthropy, of giving a financial support? Not just at the executive director's dream, but the board. If there's no contributed revenues, that's a signal that this organization doesn't know how to do philanthropy and a hired gun [00:11:30] is not going to find success.

Steve Moore: Yeah. We've seen that many times, haven't we?

Jill Lemke: Mm-hmm (affirmative).

Steve Moore: And that's such an important thing. And it's important in part because organizations are so busy trying to fulfill their mission that it's hard for them to take the time to plan and the intentionality and that's part of what we hope our process will do, including our site visit. It gives a chance to pause and to plan purposefully and to have a chance [00:12:00] to reflect on key questions with everybody in the room, board and executive staff and others that can help as they seek to identify this plan.

Talk about two or three ways that you've seen consultants be helpful and maybe one or two that they're not helpful.

Jill Lemke: Yeah.

John Franklin: The first thing I like to say to organizations when they're considering hiring a consultant is that not all consultants are [00:12:30] created equal. So a really good first move is to call some of your peer organizations to get recommendations of somebody that's worked with them that's really effective. I think it's kind of obvious, but I want to bring that up.

I would mention that—and I think a lot of organizations don't think this way—but a great time to engage with the consultants is before you actually hire that first development person. Because I really think it's really important that if you're going to effectively onboard or hire a development person that you've created the kind of culture they can thrive in.

Oftentimes the failure [00:13:00] of a development director is not that they weren't a quality professional, but that we weren't ready for them.

Steve Moore: Yeah. And we even tell organizations, "We can't give you specific names, but feel free to call any of the folks who've received a grant from the Murdock Trust and talk with them about someone that they use."

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John Franklin: Exactly.

Steve Moore: And then that way they could get input on that.

Jill Lemke: And another thing is our nonprofit support organizations often have either a list or somebody that [00:13:30] they can talk to. So look at your state nonprofit support organizations and see what resources they have available.

Steve Moore: Yeah. That's a great one. Other things that you can think of that are important in selecting one or things to avoid whenever you're evaluating whether to hire someone.

John Franklin: I think you better have figured out how you're going to use them and exactly what you're asking them to do. And what I was just alluding to you earlier I think that [00:14:00] a key time to do that is before you hire. That they can make sure that the executive director is prepared to partner with the end lead, that development person. Make sure the board is prepared to partner with and be used and deployed by a development director. Make sure that we really are going to have the development director doing the right things within the organization, get them out in front of people, not just bury them in the office working on spreadsheets.

And also take a look at our finances and make sure [00:14:30] that we're thinking right in terms of where we need to be more balanced and we're not just thinking about going out and hiring somebody to write grants for us but we're really thinking in terms of the right balance of the different type of contributed income.

So a lot of it, I think, is incumbent on the organization really thinking through why they want to hire a development director, not just to come and fix the problem we have and help us find the right person and then we can walk away from it.

Steve Moore: But what if someone is feeling they don't [00:15:00] know exactly the right questions to ask to decide whether or not they need a development director or need a consultant? Are there resources that you all have found particularly helpful to organizations that—two or three things you'd say, “Be sure and look at that.” Like I think of the writing of Jerold Panas as a great one. But are there others that come to your mind?

Jill Lemke: Are there authors? One thing that came to my mind would be, well, [00:15:30] Peter Drucker does a lot of really great work in leadership and organizational structure and that sort of thing.

Steve Moore: Asking great questions.

Jill Lemke: Exactly. One of the thing I think about is the first conversation should be... Because we consider a development person, whatever that looks like—and John alluded to a development director, there's also managers and coordinators, different levels of engagement, and also sometimes just a grant writer.

And for your organization [00:16:00] to have a conversation about internal capacity building: “What is the next best step for our organization?” And sometimes it's not even a development person. Sometimes if the executive director has zero time to do any development work, but is interested, then maybe the next step is to get some help for the executive director to offload some of those responsibilities that then could free up some time to work [00:16:30] in the development arena.

So part of it I think is just a strategic planning of, “Here we are as an organization. What's working well? What's not so great? And then where do we want to be? And what's the next best step to get there?” And then have a three-to five-year plan on “First, we'll do this, then we'll do that.” But I think sometimes it helps to have those outside resources coming in and maybe somebody help you walk through a strategic planning process to help you assess what is [00:17:00] a good next step.

Steve Moore: Yeah. John, anything come to your mind that you would add to that?

John Franklin: Well, I think that you've mentioned earlier about or asked earlier about who can help in terms of finding the right consultant or at the right time. And I think, again, the nonprofit associations, support organizations, this is an area where they can really help. And I think also just talking to, again, a peer organization that has engaged with a consultant and maybe now has a development person. Just meet with them and then [00:17:30] ask them, “How did you know you were ready? How did you find the right consultant? Are we ready?”

And also I think that there's a lot of consultants out there that would have a complimentary initial conversation with you to see if they... They don't want to waste their time with you either if they're good, unless you're really ready and you're asking the right questions and they're really going to be able to help you.

Steve Moore: Yeah, those are great tips. And we just can't overstate the importance of learning to lean into your peers and learn from your peers.

John Franklin: Right.

Steve Moore: And be willing [00:18:00] to ask those questions, what can we learn from those around us? Well, what about the role of major donors? That's always one—Everybody's hoping for that major donor that comes in, gives them a gigantic gift and it solves all the problems for... Is that a realistic thing, John?

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John Franklin: Well, again, that's another silver bullet, right. If we can just get Phil Knight from Nike engaged with our organization. So certainly major donors is a key strategy but also right out of the gate what is [00:18:30] a major donor to one organization is not to the other. A major donor for a brand new organization could be somebody that gives \$2,000 or more.

So a few things I want to say about major donors that are really important is to take the long view approach. We're not just going to go out and try to build a corral of major donors and milk them for all their worth and then lose them. Because that's what'll happen if you're just engaging with people for their money, their wallet. Everybody's doing that. But the long view approach is, "How are we going to build partners, [00:19:00] not just donors?"

And that really requires moving a little bit slower. We don't meet with them just to ask for money, but we meet... We're cultivating relationships. In fact, the ratio that we use in our Essentials of Development training is three personal contacts per year, but only one time to talk about money.

The other time is to find out their interest in the organization, inform their interest, engage them in their interests. And after we've done that, then we can begin to talk about them actually giving a gift. I mean, the goal would be that they all of a sudden use the word "we" [00:19:30] when they're talking about your organization.

Steve Moore: Yeah. That's a great illustration of that. It reminds me of a resource that I ran across many years ago called Growing Giver's Hearts that basically says, "You don't even always worry about them giving to your organization, but help them to be good stewards of deploying their resources in the places that really matter to them as well."

John Franklin: Having an abundance mentality, right. Exactly.

Steve Moore: Jill, anything else come to your mind as you think about major donors and [00:20:00] things that organizations should really be thinking about?

Jill Lemke: Kind of piggybacking what John said, it's part of a long-term strategy that also includes moving people up from an introductory level donor who's just giving at this small level, which is great, we need lots of those too. But then over time, as you get to know them, the personal touches that you're talking about, [00:20:30] moving them up and creating, developing major donors instead of seeking them.

Steve Moore: That's great.

John Franklin: Yeah.

Steve Moore: So you want to add something to that, John?



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- John Franklin: I just have a real practical application of that too. When we coach organizations, we talk about building a segmented donor list. Everybody has a donor list, but a segmented donor list where you actually are identifying who your potential major donors are, your mid-level donors, and everybody else.
- And oftentimes an organization will have people that are giving at even an entry-level amount that [00:21:00] really should be major donors if we just engaged them more, if we had more cultivation calls and developed them. So you might start your organization with just a handful of major donors, but look at all the people that are giving to your organization and who, just as Jill said, if you invested more time with would actually grow into a major donor.
- Steve Moore: Yeah. That's a great example. Now let's just ask this question. If you were evaluating an application, a proposal that someone had submitted to the Murdock Trust, what [00:21:30] would be two or three things that you would look for in their application as you think, "Are they ready for this grant to help them do that?"
- Jill Lemke: Okay. So I'm assuming you're specifically talking about a development person [crosstalk 00:21:45].
- Steve Moore: Development grant, yeah.
- Jill Lemke: Yeah. Okay. So looking at a few things. You've got to have some natural resources at play in your organization, and that means things like, as John was saying, the segmented donor list. At least know who your donors are and what their giving history has [00:22:00] been, at what level, and when do they give? That sort of thing. What does that look like?
- Do you have any sort of a software? How are you tracking this? Is it an Excel spreadsheet? Is it Little Green Light? Is it Raiser's Edge? What development software or other type of thing do you have as a tool? Tools are really important in this kind of work? Those are my two. How about you, John?
- John Franklin: Well, I think that also based on their... One of the things, actually, that we'd like to see is a [00:22:30] donor list. To see how robust it is and...
- Steve Moore: How realistic it is?
- John Franklin: Yeah, that's right. And then based on that, what are their projections in terms of growth over the three years of the project and then even the fourth or fifth year going out so that our trustees can see, to what extent is net... What's going to be the net growth, the net return on investment of this position? If it's going to barely pay for itself by year three, based on the work of the development director, that's not necessarily a good sign in terms of a strong proposal.
- Steve Moore: When you say net return, [00:23:00] what does that mean?

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- John Franklin: So I'm saying, if it's going to cost \$100,000 a year to have this person, when you take not just their salary, of course, but all of their expenses—and by year three, then we project that this person will have generated more like \$200,000 of new income, then that's a \$100,000 net return.
- Steve Moore: More than cover on their own costs there.
- John Franklin: Exactly. I think another thing—this is interesting too—that you need to be prepared as organization is to explain what we're going to do with this new revenue. Sometimes [00:23:30] you'll see an organization's applying for a development director and really the point is we just know we can raise more money.
- Jill Lemke: Right.
- John Franklin: But I don't think that really is impressive to trustees. They want to know that—Jill alluded to strategic plan earlier—that they really have a plan and there's a need for these additional funds and they're going to put them work.
- Steve Moore: Yeah. And that realistic list of potential donors is one of the real important pieces because we've seen applications where they say, “We're going to get \$10 million from the Colby Reade Foundation. [00:24:00] And we know that the Colby Reade Foundation doesn't give out a lot of \$10 million grants.
- John Franklin: Well, the most reliable donor list are one where donors are currently giving to their organization, of course, right?
- Steve Moore: There's a proven history or a proven relationship there. That's great.
- Jill Lemke: One of the things I always want to hear when we're at a site visit talking about the why of this grant is, again, the strategic direction of the organization. If they can articulate what is going to be [00:24:30] the net result, not just in terms of dollars, but... And John, you mentioned that, you alluded to that. But I think as I'm listening I want to hear the, “So what?”
- John Franklin: Mm-hmm (affirmative). Right.
- Jill Lemke: The why. Why are you wanting to do this? And if your projections show that you can just... “We can keep this person on staff.” No, I want to know what you're going to do with that extra money that you... If you're not going to do something with it, just keep the staff that you have in place and just keep doing what you're doing.
- Steve Moore: Yeah. [00:25:00] That's a great point, Jill. And it really strikes at the heart of our whole mission is to help build the capacity of organizations so they can better and more effectively fulfill their mission. So if it's adding a staff person or expanding their space or some other thing that will help them better fulfill,

more effectively fulfill that mission, that's ultimately what we're about because we want to see them do that and to see communities thrive. That's [00:25:30] why we're... Oh John, do you have one more thing?

John Franklin: Well, one other thing that just came to my mind, too, that I think shows good planning in a request for a development person, is that the experience that we're looking for is commensurate with the salary that we're offering. So a lot of times you'll see an organization that's offering quite a modest salary for the market that they're in but they're looking for somebody five or six years of development experience. The likelihood of that happening is challenging.

[00:26:00] But they've thought through, therefore, "We're looking for somebody, perhaps, that might be a second career person, that's already been in business and they don't have development experience, but they know about our organization. Maybe they're even a current supporter or maybe even a former board member. And they're looking for kind of that last career. And we can train them. We can find somebody that can help develop them."

The transferable skills from sales and business to development are pretty similar. So [00:26:30] they just thought through the strategy for getting the experience that they're looking for based on the salary.

Steve Moore: And someone who really believes in the mission of the organization.

John Franklin: Exactly. Yeah.

Steve Moore: Yeah. That's just right on target. And I would say that it's fair to say that we've all been on the side of writing grants. And so we know how important this is. And then, now, that we work in partnership with nonprofit groups, we see even more the [00:27:00] importance and the way in which this helps to write a great grant.

And so that's why these things are so integral: board leadership, organizational development, and finding the resources and sustaining the resources so that the organization could thrive. And that's why we're doing these podcasts. So thank you, John and Jill.

Colby Reade: And that wraps up this episode of the M.J. Murdock Charitable Trust [00:27:30] Podcast. For more information on Writing Great Grants, as well as resources on fundraising, board development, leadership, team management, and a variety of other topics in the nonprofit space, please visit our website, [murdocktrust.org](http://murdocktrust.org). This episode of the M.J. Murdock Charitable Trust Podcast was recorded at the Luis Palau [00:27:47] Association Studios in Beaverton, Oregon. Episode produced by Colby Reade with sound engineering by Doug Steward and special thanks to Kaedyn House [00:27:55]. Music by Lobo Loco via the Free Music Archive. Copyright M.J. Murdock Charitable Trust, 2020. [00:28:00] All rights reserved.