

A guide for nonprofits

Understanding the Fundraising Cycle

Why Many Nonprofits Fail to
Maximize Donations

Executive Summary

The thought of asking for money can strike fear into the hearts of even the most outgoing leaders. Everyone has a different reason for resisting or postponing the very important task of fundraising for their critical mission.

“I don’t want to seem like I’m begging.”
“I’m afraid I’ll get ‘no’ for an answer.”
“I don’t know the right way to make the ask.”

These, along with countless other worries can sabotage self-confidence and hinder necessary conversations from happening. But what if there was a way to reframe your thinking and maybe even enjoy the process of fundraising?

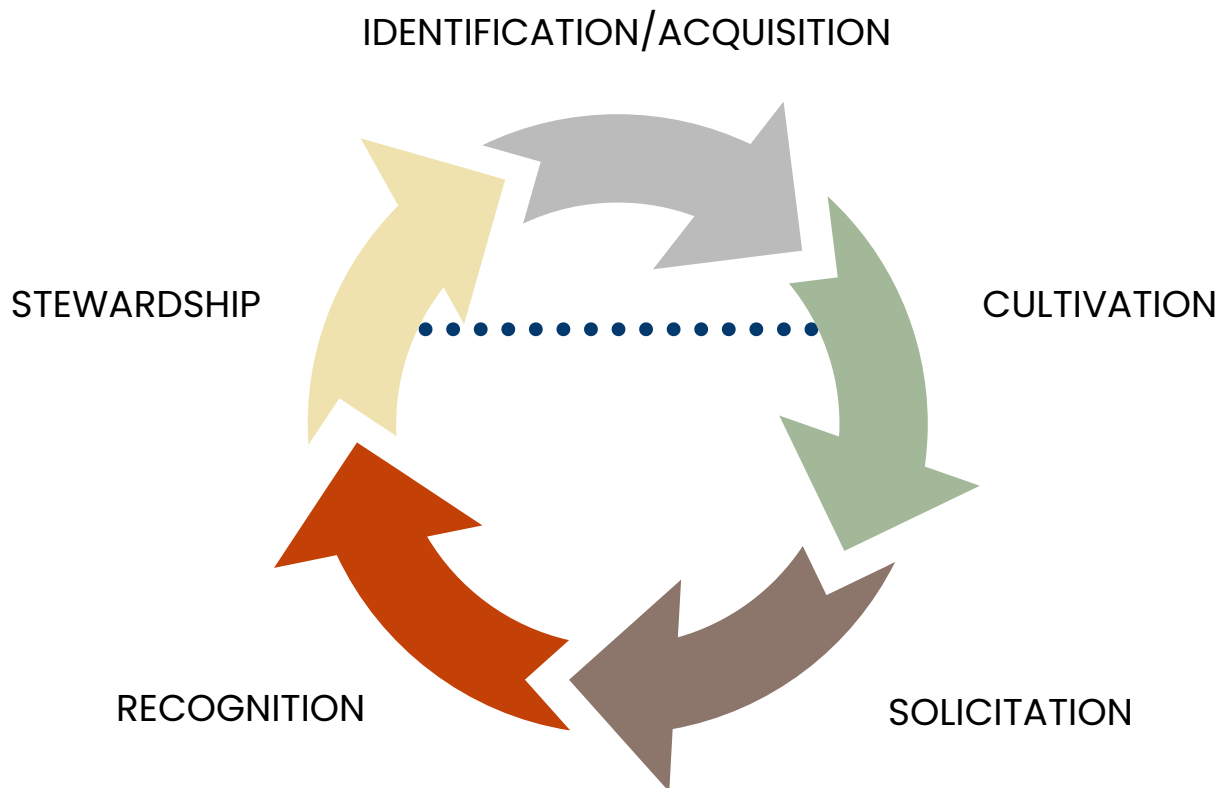
What you may not realize is that the steps to get to “the ask” are part of a very standard process that places the focus primarily on the relationship, not the transaction.

The “Fundraising Cycle” is a tested and proven method to rally and engage your supporter base, create a culture of philanthropy in your organization, and drive critical funds to your programs. Once you incorporate this plan into your nonprofit’s fundraising efforts, the ask will seem so much easier (and you may find, as we have, that the money just flows in without even making a request!).



What's the magic formula?

By definition, the fundraising cycle is a process used by nonprofit organizations to create a strong base of support. Utilizing the cycle allows fundraisers to find new contributors and keep current donors involved by tracking and engaging their potential, participation, and giving. There are five key steps, which savvy fundraisers, boards, and nonprofit leaders incorporate to maximize engagement and revenue.



Step 1: Acquisition/Identification

In order to begin the cycle, you first need to find “your tribe” — that group of people who are passionate about your mission and want to get involved.

Acquisition is paramount and it's an ongoing process. You'll always be in the acquisition phase, as you raise awareness about what you do and bring new donors into the fold. Here are a few ways to find the right people:

- A periodic newsletter is a great way to acquire new followers and inform them (and current fans) of your work. The newsletter list can then be utilized for outreach to individuals and groups.
- Events, whether online or in person, offer opportunities to gather like-minded people to your cause. It's important to capitalize on the energy events generate by engaging attendees after the activity.
- Wealth screening platforms such as [Donor Search](#), [iWave](#), [Windfall](#), and [Wealth Engine](#) can screen your current follower and donor lists to help identify those with the greatest potential for major gifts or annual contributions.



Step 2: Cultivation

During this phase, you will spend time connecting with your followers and supporters, sharing the good work and successes of your organization and highlighting how much of a difference you're making in the world.

With individual high-capacity donors, phone conversations, in-person meetings, and individually-tailored emails can drive engagement and support and result in new or increased giving to your nonprofit, often without even making an ask. This is truly the sweet spot of the cycle, where much of the magic happens.

Step 3: Solicitation

Whether via mass email, direct mail, or individual ask, solicitation is where the rubber meets the road. Crafting the message doesn't need to be challenging– the best fundraising propositions come from the heart and relay:

- The very real impact your organization is having in the world – be specific here!
- How the work your nonprofit does would not be possible without the support of its invaluable community members
- A simple, honest request for donations & funding

Individual asks involve a bit more research and planning, but still incorporate the same overall outline. And remember, once you make the ask: pause, wait, and give space for the response. The research, planning, and actual solicitation are all in your control, but once that work is done, it's important to let go and listen. Regardless of the answer, you will learn more about your donors and their philanthropic wishes and interests.

Step 4: Recognition

Once you've secured the gift, a thank you is in order. Because your donor's contribution is tax deductible, be sure to also send them a tax receipt.

! Important! Contributions given via Donor Advised Funds (DAF) do not require a tax receipt, as the donor has already been receipted by the Fund. Only a thank you call, email, or note is needed.



- For larger gifts, a phone call (or very personalized email) is the perfect addition to a mailed receipt and thank you. This gives you a chance to get to know the donor better and makes them feel appreciated and valued.
- Many online donation platforms have auto-thank you's/receipts – make sure to update the template to include your own branding, language, and impact statements.
- For gifts that are mailed in, you may choose to combine a thank you and tax receipt into one letter. Be sure to include the amount and date of the gift, as well as applicable statements including your federal EIN and the deductibility of their donation.

Step 5: Stewardship

Stewarding donors is deeply gratifying work and can involve:

- Keeping them updated on the impact of their gift via periodic emails, calls, and visits.
- Inviting them to special events and programs.
- Sharing once or twice-yearly impact briefs on organizational activities made possible by their donation.
- A yearly annual report.

The end of the cycle, Stewardship, usually blends into Cultivation of your supporters and the cycle begins again! Each of your constituents and donors will be in one of these five distinct phases throughout the year. Depending on your organizational budget and goals, you will want to actively track those giving \$1,000, \$2,500, or \$5,000 and above to ensure proper individual attention, stewardship, and future giving.



Incorporation of a simple, streamlined process such as the Fundraising Cycle can dramatically increase both engagement and support.

Give it a try, and happy fundraising!

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