



Talent Strategy Vantage Points

Fundraising Talent Strategy in 2023 and Beyond

As the saying goes, you need money to have a mission. Whether through in-kind donations or the receipt of funds from public or private sources, most nonprofit organizations rely to some degree on philanthropy to obtain the funds needed to sustain their mission.

For some nonprofits, the fundraising professionals vital to this process are considered the lifeblood of the organization, and the loss of key talent often means a loss of momentum and/or continuity in donor relationships. In today's environment, these organizations are also faced with the decline of both governmental and non-governmental funding sources and, in the wake of the Tax Cuts and Jobs Act (which doubled the standard deduction and resulted in fewer itemized returns through which tax-deductible donations are claimed), a reduced incentive to donate. Attracting and retaining talent with the critical fundraising skill set has become arduous as nonprofit organizations face these realities, along with costs of replacing talent as high as 100% of salary in as often as every 18 months.

In developing a fundraising talent strategy for this year and beyond, consider proactive strategies to attract and retain high-performing and high-potential professionals, while also enhancing the capabilities of existing staff.

IMMEDIATE EFFORTS SHOULD FOCUS ON:

Auditing the skills and capabilities of the existing team

Complete a skills assessment to ensure the development office includes the types and number of staff necessary to achieve its goals. These types of assessments often reveal the need for:

- Different or additional leadership with the ability to cultivate meaningful relationships among donors and the leadership skills to grow and develop talent. Accomplished fundraising professionals will be drawn to and remain at an organization where leadership in this area is strongest.

- Innovative donor research capabilities and advanced donor analytics to ensure effective data mining. These skill sets can be developed in-house or outsourced.
- Advanced social media expertise. Branding and marketing in the era of social media presents increasingly sophisticated and unique ways to share the organization’s mission with potential donors. Ensure the right resources are in place to keep pace with the market.

Evaluating and expanding recruiting practices

Changes may not be needed for organizations that have identified proven strategies to attract top fundraising talent who stay for more than three years. However, it is worth considering that a tighter labor market for fundraising professionals may require a different approach to sourcing talent:

- For larger organizations, the market for top fundraising executives is primarily national in scope. Other fundraising positions are commonly recruited locally or regionally, though the market segments from which talent are drawn appears to be evolving.
 - Universities that have historically looked only to higher education to draw talent are now recruiting fundraising staff from large health systems. Large health systems, in turn, are now including universities and other organizations—such as large charities—in the search for talent.

Evaluating the effectiveness of the compensation program

This is an important consideration, particularly in an environment where certain organizations have become increasingly aggressive in their efforts to recruit and retain high-caliber fundraising professionals.

An important first step in the evaluation of the program is to identify a compensation strategy that will support the organization’s current and anticipated recruitment, retention and performance objectives. Advanced compensation vehicles such as retention plans and/ or deferred compensation arrangements may be needed to maintain a competitive edge in today’s market. Implementing such changes may represent a shift in culture and practice that will need additional socialization and buy-in from key stakeholders.

Providing performance-based pay in the form of incentives is legally permissible and more prevalent than ever. Organizations that offer incentives find that these programs can help to:

- Motivate people and teams to meet or exceed fundraising targets. This often requires a “both/and” approach of increasing revenue through effective fundraising strategies and operating more efficiently to reduce costs.
- Improve teamwork and collaboration. In some cases, the introduction of incentives brings a new discipline around fundraising that engages more staff in the development of strategies for securing new donors.
- Limit the amount of fixed costs. Since incentives are paid only when goals are met or exceeded, including incentives in the mix of pay provides a self-funding feature. From an

optics perspective, the organization promotes a performance-based culture and demonstrates the sound management of fixed costs. Incentives are no longer considered lavish or unusual. Rather, they are a necessary component of a well-designed compensation strategy.

- Reinforce a culture of performance and accountability. The plan will be most effective when all team members are held to rigorous goals, develop strategies and operating plans by which to meet them, and work together to accomplish results.
- Address gaps in performance areas. After conducting a performance benchmarking study to identify gaps that may exist with respect to various fundraising targets (e.g., total funds raised, number of donors, transformational gifts received, cost per dollar raised), incentives can redirect efforts to fill those gaps.

Increase the focus on – and funding of – talent development strategies

Many organizations provide only basic opportunities for growth and limit talent development budgets in the spirit of cost-saving. By increasing the dollars allocated to skills building and the professional development of fundraising talent, the return on investment can be multifold and differentiate an organization in the minds of prospective and current development staff.

A thoughtful and disciplined approach to the activities outlined above can lead to dramatically improved attraction and retention in a highly competitive market for fundraising talent. When deploying any new strategy, the key to a successful outcome lies in the design, implementation and communication efforts surrounding the strategy. In advance of proposing modifications to a current approach, traditional wisdom applies: include key stakeholders in the process, consider both current- and future-state needs as plans are developed, and assess the impact of any anticipated program changes.

Ultimately, a program that successfully attracts and retains fundraising talent is one that is **market-competitive, cost-effective, engaging and reinforced as a strategic differentiator for talent** both inside and outside of the organization.

About C3 Nonprofit Consulting Group

C3 Nonprofit Consulting Group is an advisory services firm focused exclusively on helping nonprofit organizations unleash the full potential of their people. We partner with nonprofits to design competitive compensation and rewards programs, build equitable workplace strategies, and implement talent programs designed to propel their missions forward. C3 is here to help your workforce thrive.

Visit www.c3nonprofitconsulting.com for more information.

CONTACT US:

info@c3nonprofitconsulting.com

