# STRATEGICALLY PLANNING FOR RESOURCE DEVELOPMENT

(Date)

## WHAT IS RESOURCE DEVELOPMENT PLANNING?

Resource Development planning is the deliberate process to prepare for your nonprofit's future. It defines the process by which a nonprofit engages with its stakeholders and community. It involves how your nonprofit develops and maintains internal and external relationships important to its mission and program success. It involves developing your nonprofit board in understanding and complying with its responsibility to ensure adequate resources for your nonprofit, cultivating professional development among staff to understand and engage in resource development, and developing external collaborative partnerships with stakeholders in your community. Resource Development is a process. Fundraising is that part of resource development that involves actions to generate revenues from a variety of sources.

## WHY PLAN?

Without planning, your nonprofit often must "react" to funding problems, shortfalls or crisis. Without planning your nonprofit will face difficulties with sustaining program delivery and cannot expand or scale its programs. Planning allows for diversity in funding sources which produces more opportunities and stability. Diversity in funding sources reduces dependency on single sources. Planning builds internal and external relationships important to your nonprofit's success. Resource development planning allows your nonprofit to intentionally align its programs, fundraising, and communications for efficiency and impact.

## THE PLANNING PROCESS

### Build Your Team

Don't fly solo when developing your plan for development. Most nonprofit leaders are too busy to develop, much less implement, a Development Plan on their own. Further, having more of your tribe involved ensures more buy-in meaning better commitment to implementation.

Leadership: Your team should have a capable leader who can think strategically, create and maintain focus and can weave the pieces together. Your team leader could be your Executive Director, your Development Director, or even a private consultant.

Build Team: Planning teams need to have the skills, knowledge and often even the decision-making authority to develop and implement the plan. When building your team focus on a team that will share ownership and responsibility for the plan. Focus also on stability by choosing team members that are committed for the longer term.

When choosing team members look at your own staff for skills and experience that will benefit the planning process. Examples of skills you are looking for are organization, planning, research, communication, and writing. Choosing staff members for your team also provides them with opportunities for professional development.

Your team can include volunteers such as board members, program members and other stakeholders with the necessary skill set. If your nonprofit has a board fund development committee, involve them.
Don't overlook outside consultants to help with specific tasks especially facilitation of the process.

**Assign Roles**

Clarifying roles and expectations is critical if you want the planning process to move forward. Plus, you don't want to surprise anyone about the commitment involved. Assigning roles also allows each team member to understand that they are an important part of the process.

Leaders: This is the person or people with decision making authority and who provide direction. Leaders can pull together various pieces of the puzzle into a coherent whole.

Cat herders: These are the folks that keep the planning on track. They can coordinate and facilitate meetings, ensure deadlines are met, keep other team members updated and ensure follow through on all tasks.

Communicators: These folks ensure that communications between the planning team and the rest of the nonprofit and stakeholders remain open as necessary. This role promotes motivation as well. Sometimes during planning it can feel like nothing is happening to indicate progress, success, etc. Therefore, the communicators stay in touch with the planning team and advises important others of the progress being made by the team. This can even be promoted as small celebrations along the way.

Actors: Every member of the team is also an actor. At every step of the way there are tasks / activities that will need to be performed that have an outcome. The focus, then, is on outcomes of activities and not on the process.

Once roles are assigned its best to get them in writing. Depending on the size of your team and how you structure your planning process you may want to write up job descriptions, so expectations are clear.

**Allocate Time, Materials, Space and Money**

Time: Think ahead. Effective planning takes time. This shouldn't be an occasional "do it when we can" type of process. This process needs to be written into the calendars of every team member. Let's just say that six months is not unreasonable if your team has otherwise busy schedules. Some organizations allot a full year to this process.

Materials and Space: You will need a space that is quiet. At times you and your team will be working separately and other times you will need a space to meet with your team. Whenever you are in planning mode, make sure your space is free from distractions. Determine if you need supplies such as flip charts, markers, etc. You may decide to provide snacks when you meet.

Money: When your budget includes funds for the planning process your nonprofit is demonstrating the importance of the process. Include funds for materials in your budget. You may need funds to purchase information and skills, such as hiring a consultant to help with the process, joining professional associations, purchasing books or grant databases.

**Assess organization**

Some nonprofits skip the assessment stage because it takes some time and they don't understand the importance. However, overlooking this step means you won't lay the proper foundation for Resource Development for your nonprofit. Knowing where you have been and where you are, both internally and externally, provides you with an accurate picture for development of funding opportunities. It also allows you to play to your strengths and reduce or eliminate your weaknesses.

Internal Assessment: If you have enough folks on your team you can cut down on the time involved in this step by dividing these tasks into two distinct areas:

1. Money Stuff
2. Other Stuff

In the Money Stuff category your team will be looking at your funding sources for at least the last five years. This team will be exploring not only the income and expenses related to each funding source but will also learn to look at those sources based on their autonomy and reliability. They will also look at these funding sources in big picture categories such as sustainability, growth, and expansion. Finally, this team will look at risk associated with your funding mix.

The Other Stuff team will be exploring your vision, mission, and goals. The Other Stuff folks will be looking at strengths, weaknesses and alignment of fundraising with other areas of your organization.

Other Stuff Internal Assessment:

Review of Founding Principles: Review your nonprofit's vision, mission and strategic plan for goals, objectives and strategies for obtaining your goals. If your organization hasn't done this in a while you may need to re-visit these very important guidance documents for relevancy to your current environment. You will be developing a Case Statement when you develop your Resource Development Plan that will draw upon your vision, mission, and goals. Review of your vision, mission and goals will also allow your team to remind itself of the shared understanding of why your nonprofit exists and it prevents "mission drift" as you work through your planning.

Assessment of Strengths and Weaknesses:
Strengths: Think about everything that allows your nonprofit to accomplish its great work. You will be looking at the quality of leadership, staff skills, volunteers including board members' skills and competencies, motivation of staff and volunteers, current systems and processes, programs, supporters, and communications. These strengths enhance your

nonprofit's performance. Taking time with this level of evaluation produces material for later fundraising appeals, as well.

Weaknesses: Most nonprofits will list the obvious such as lack of funds, staff and time. Other weak areas might be weak leadership, low motivation, lack of skills, and even poor understanding of resource development. Another common weak area may be the board's lack of understanding of its fundraising role. Understanding your nonprofit's weak areas will help you to overcome them and lessen their impact on your planning process.

Alignment: Your Other Stuff folks should review your annual budget to understand the relationship between resource development and the overall budget. Determine whether resource development efforts are included in your budget. In other words, direct expenses such as running a major gift campaign, sending direct mailing pieces, grant databases, consultants, materials, appreciation events and other expenses need to be included in your budget. Additionally, you should be dividing up staff time by percentages of time they spend in development, even if it is something as simple as data entry into your donor management database. These percentages will be used on your 990 each year.

Other areas of alignment to review are between resource development and programs and communications. For instance, how and to whom are you communicating about your programs? If you have a strategic communications plan and have identified specific audiences that are aligned with certain of your programs, do your fundraising efforts include communicating about those programs? This might include consideration of staff time it takes to communicate about your programs or might include direct expenses related to marketing, your website, etc. Have you segmented donors by programs they support so you can more easily target your communications to them when you are seeking funds for specific programs? Obviously, your grants program will include grants for specific programs but look to see which programs have received funds from which foundations or donors. You are taking a deeper look at your funding in relationship to both programs and communications.

Money Stuff Internal Assessment: It is impossible to plan for the future, or even next year, if you don't have historical data to justify the next year's revenue goals. Deciding you would like to bring in $100,000 from individual donors makes no sense and will result in failure if that goal isn't based on what you raised in the last several years from individual donors.

Here are the stages of assessment for the Money Stuff:

1.Find all funds received over the last five years and enter those funds into an Excel sheet by type of funds. Here are suggested categories:

- Individual Donations:
  - Annual Appeal
  - Annual face to face campaign
  - Re-occurring Gifts
  - Giving Tuesday
  - Other
- Grants:
  - Private Foundations
  - Family Foundations

Public / Government
Board Contributions
Fee for Service
Planned Giving / Bequests
Events:
Main annual event
Other events
Business Buddies / Corp. Sponsors
Employee Giving Programs
Membership Dues
Other

For each category of revenue include the direct expenses associated with each category. This will aid in evaluation of the cost effectiveness of each category of revenue. Events often take tons of staff time so in that category you may want to include the indirect expense of staff time in the equation.

Enter all income from all sources, along with costs associated with each revenue stream, into an Excel spread sheet.

2.Next, you are going to evaluate each revenue stream by autonomy and reliability. Autonomy asks if there are strings attached to the funds. The more autonomy you have the more control you have over how the funds are spent. Government funding, for instance, often requires permission for even small deviations from the budget you submitted. Another way to look at autonomy is by restricted versus unrestricted. Make sure you include this in your evaluation of autonomy.

Reliability is the next indicator you will review and evaluate. Reliability is the degree to which you can continue to count on these funds every year. If your nonprofit has investments, especially endowments, you can probably count that interest income as "reliable." Or, if you rent out part of your building to others, that is considered "reliable." Fee for Services might be considered "reliable," depending on the length of time you have offered the service and predictability that it will continue to be productive.

3.Next you will evaluate your funds based on sustainability, growth and expansion. This evaluation helps you to determine whether your Resource Development Plan should focus on program sustainability, program growth or program expansion.

**Program Sustainability**. These are funds that sustain your current programs and services. These funds keep the doors open. For program sustainability your focus would be on generating reliable and consistent revenues.

**Program Growth**: This focus assumes you have reliable and consistent revenues to grow existing programs but want to provide them to a larger audience. Your planning team then needs to take into consideration the desire for growth of the program.

**Program Expansion**: This focus represents a desire to develop new programs needing additional infrastructure.

Each program focus requires commitment of resources. It is likely, then, that you will choose to focus your planning on one of these areas to narrow your focus to one that might be more realistic.

4.Assess risk: This typically means to look at the diversity of funding you have received over the last five years. For folks with a biology background this is akin to when the you destroy the biodiversity of say, a prairie, to plant a single crop. That single crop becomes more vulnerable to damage and destruction. The same often holds true for money. If you are dependent on a single source or a couple of sources, your nonprofit becomes more vulnerable if that source dries up. Therefore, make sure to include an evaluation of the diversity of your revenue streams over the last five years.

However, other risk factors to consider are the amount of your nonprofit's debt, assets and equity.

5. Assess Needs: This is an organization wide review of your annual costs. Review your budgets over the last five years. Add all of your nonprofit's costs over five years to an Excel sheet by category so you can see your increases, such as the cost of insurance, salaries, facilities, etc. Include all program and services costs as well. If this is unwieldy, try adding similar costs into similar categories such as for separate programs as a total for each program.

6.The final stage for your Internal Assessment is to summarize all findings. Once all findings are summarized, they are presented at a full team meeting. At this meeting you will begin to prioritize where you need to focus your resource development energy. You may have discovered that your prior annual event is costing your more than it is worth in terms of staff time so you might look at other event models or structure your current event differently, so you are using more volunteers. You may have learned that your direct mail annual appeal isn't netting as much of an increase year after year as you think it should so when you establish your goals you may decide to become more intentional in how to increase your net donations.

You may decide to focus on changing your funding mix for more reliable funds or you might need more diversity in your funding. You will decide whether to focus on program sustainability, growth or expansion. You will also decide on priorities based upon reducing weaknesses that the Other Stuff folks discovered. For instance, it might have been determined that board development training is needed about the board's legal obligations and how those are expressed in roles and responsibilities including to fundraise.

Write up your findings of this section as they will be used in your Plan.

Depending on your findings you might decide to address internal factors over some set time period. Resource Development planning, like strategic planning should be adaptive, which means after the initial planning, developing and implanting you will want to re-convene to evaluate each and every year how your Plan is going and what changes might need to be made. Your planning will also be influenced by the external assessment.

<u>External Assessment:</u> Many nonprofits still use a SWOT tool for both their internal and external assessment. Others are moving into a scenario type of planning tool. LaPiana uses

scenario planning in his "Nonprofit Strategy Revolution." SWOT only focuses on your current environment. Scenario planning allows your nonprofit to consider what might happen in the future that you can plan for now. To use scenario planning you will need to design a series of "what if" type of questions. This allows you to plan for what might happen next year or five years down the road and is based on current trends.

You start with current trends that might influence your nonprofit's future. Let's say you are an arts nonprofit and know that the legislature is going to cut back on funding for the arts. That's a trend you can prepare for. Or, what if you service the homeless and have received funds from your city and state but the trend is to cut back on this funding. In a conservation organization that maintains nature preserves, fire can be a real possibility.

The process of scenario planning is to a) look for trends that are currently influencing or could influence your nonprofit b) explore which trends are predictable and foreseeable and which trends are less so c) create scenarios ("what if" questions with answers) that represent the trends you have identified d) create stories of the most compelling and plausible alternative futures and e) develop strategies that would best enable you to meet your future successfully.

In (d) you are creating stories about alternative futures. In other words, you should develop a story that reflects different results such as 1) the predictable "business as usual" future, 2) the good news/best case future 3) the worst-case future. Then, you should craft strategies based on all three possibilities. For instance, for that arts foundation the worst-case scenario would be losing the legislative funding. Possible strategies, then, might be to develop a lobbying group to advocate at the legislature, or to look for resources elsewhere, or to join with another arts nonprofit in some manner.

An External Assessment could include opportunities such as for collaborative partnerships with other nonprofits, businesses or governmental agencies. Partnerships can increase visibility and the potential for new funding sources. Collaborative partnerships can promote broader goals and outcomes, but a complete evaluation of the advisability and feasibility of a partnership is not needed at this stage. (If a decision to merge with another nonprofit will be considered, please hire a consultant to help you evaluate this possibility.

Your External Assessment should also include a survey of other organizations that deliver similar services with whom you probably compete for funding. In LaPiana's strategic planning model, he suggests nonprofits aim at creating and sustaining a competitive advantage. In the corporate world competitive advantage means a strategy that makes it difficult for competitors to enter or remain in the market. In the nonprofit world it means that your strategies directly advance the organization's mission better than those with similar missions by having more impact, being more efficient and/or effective.

When exploring other organizations with similar missions or programs, make sure to look at their program delivery and their communications. Can you determine how your impact compares to theirs? Make sure your assessment includes a summary of your survey of similar organizations.

<u>Summarize your External Assessment:</u> Summarize all of your findings and present at a meeting with your full team just as you did with your Internal Assessment. Write up your findings from your External Assessment.

You can combine the meetings to summarize the findings of the internal and external assessments depending on the amount of time you have set aside for these meetings.

**Establishing Priorities and Direction**

Once both assessments are completed your team is ready to bring together the information from both assessments to see if they are consistent or not. For example, maybe your internal assessment suggested pursuing federal funding, but the external assessment identified trends suggesting little confidence in this source of funding.

The findings of both assessments will aid you in establishing priorities and making decisions. For instance, your survey of other organizations may indicate that you need to grow or expand your programs to maintain a competitive advantage. However, growth might not be realistic so your priority may be to sustain current programing but diversify funding while you strategically plan for growth in the future.

To decide on priorities and direction you will make decisions on program sustainability, growth and expansion. You will make decisions on funding mix and diversity. You will make decisions based upon your costs to keep the doors open and all other findings of your internal and external assessments. If you are finding it difficult to come to a shared understanding of priorities and direction, it might be beneficial to hire a professional facilitator to attain agreement.

Your assessment work is completed when you reach an agreement about priorities and direction from which you will develop goals and objectives for your plan. The strategies to implement your goals and objectives will be the meat of your Resource Development Plan.

**Develop Goals and Objectives**

Developing your goals and objectives should be a facilitated process, much like you might have used for your strategic planning. You can add others to your team for this part of the process. In fact, any staff that might be involved in implementation of the completed Resource Development Plan should be involved. In the major gift campaign portion of your Resource Development Plan, you will be using volunteers, including your board members. Therefore, you will want to include them in this part of the planning process.

Begin by providing your assembled team the summary of your organizational assessments. Then, provide an explanation of the difference between Goals and Objectives.

Goals are broad statements of the long-term change you seek to achieve when your Resource Development Plan is fully implemented. Samples of Goals:

- 100% of board members will contribute to our nonprofit, signing a yearly pledge form.
- Develop (or increase) our cash reserves to 20% of our annual budget
- Achieve 20% increase from our individual donor programs
- Diversify our funding mix to include an annual event (or some other revenue stream you currently don't include in your revenue streams)

Objectives are shorter term means of achieving your goals and should be SMART. (Specific, Measurable, Achievable, Realistic, have a deadline). Samples of Objectives:

- By December 1, 2019, a pledge form will be provided to the board chair who will meet individually with each board member to discuss their yearly pledge amount and have each board member sign a pledge form by January 1, 2020.
- By June 1, 2019 we will develop investment policies that include different purposes, such as investments to develop an endowment and investments to create an unrestricted cash reserve fund. By December 1, 2019 we will begin a monthly investing program whereby we will invest 1% of our unrestricted income into an investment to create a cash reserve.
- By January of 2020 we will implement a major gift campaign to solicit funds from our current donors with a goal of increasing their prior year gift by 10%.
- By August of 2019 we will begin steps to merge our Giving Tuesday campaign and Annual Appeal resulting in an increase of 10% from individual donors over the prior year.
- By June of 2019 we will decide upon an annual event to hold in 2020; create an event committee and establish Excel calendar of all tasks required over an 11-month period culminating in the event.

Your Goals and Objectives will cover all aspects of resource development uncovered in your assessments and can include items that aren't as obvious, such as engaging in an updated strategic planning process, researching nontraditional funding sources, or board development training.

## CREATE YOUR RESOURCE DEVELOPMENT PLAN

Your Resource Development Plan represents the strategies you will use to meet the goals you have set. The Plan will include separate goals for each revenue stream, directions for implementation of each revenue stream, methods for measuring or evaluating your strategies, timelines and will assign folks to implementation tasks. Your plan will utilize information gathered in your assessments.

Keep in mind that the "audience" for your Resource Development Plan is internal. This document will be shared with your board, staff and other volunteers who participated in planning. However, on occasion, a foundation may ask if you have this plan and ask to see it. Therefore, you will need to choose the folks who are the most skilled writers to make your final edits.

## POST DEVELOPMENT OF RESOURCE DEVELOPMENT PLAN

You will need to manage implementation of your plan. You have invested time and other resources in the process, so you need to ensure ongoing implementation. Your implementation process will include 1) scheduled meeting time to report on progress 2) a process to manage change 3) celebration of successes.

<u>Implementation Meetings:</u> As soon as you have completed the drafting of your Plan, decide on frequency of implementation meetings. It is suggested these meetings occur monthly for the first 3 – 4 months and then quarterly after that if all is going as planned. Decide on who will attend these meetings. You should include all the original members of the team, if possible.

Decide also on what will be covered in these meetings and by whom so that the team knows what will be expected from them. For instance, you will want these meetings to serve the purpose of reporting on the progress of implementation, including any problems that have come up. So, if someone was tasked with overseeing aspects of the major gift campaign and others oversaw the event details, then whoever attends these implementation meetings will need to gather information from all those involved in the various aspects of plan implementation so they can accurately report on progress.

<u>Adaptive Management or managing change:</u> More times than we would like, issues come up that change the reality of implementation in one aspect or another. You may lose the staff member in charge of certain implementation tasks or you might find that a formerly reliable funder has dropped out of the mix. Any number of things might send you back to look at goals, objectives, strategies or timelines. Most often, it might just be a matter of adjusting your timeline. In order to manage change, follow these steps: 1) describe the need for change 2) develop an alternate strategy 3) get agreement on the new strategy 4) implement and monitor the new strategy.

<u>Celebrate Success:</u> In many aspects this is as important as stewarding your donors. Your entire nonprofit has been involved in this process to some extent. You want to recognize the contributions everyone has made. In our busy nonprofit world this is the easiest step to forget. But don't. Put it on your calendar, even if it is once every six months and even if it is just donuts and coffee. This is a time to recognize the hard work of your team. It enhances motivation and commitment as well as strengthens internal relationships.