University of Nebraska at Omaha
DigitalCommons@UNO

Student Work

11-1-1989

A Descriptive Study in Fund-Raising: Theory versus Actual Practice

Michaela S. Wright
University of Nebraska at Omaha

Follow this and additional works at: https://digitalcommons.unomaha.edu/studentwork
Please take our feedback survey at: https://unomaha.az1.qualtrics.com/jfe/form/SV_8cchtFmpDyGfBLE

Recommended Citation

Wright, Michaela S., "A Descriptive Study in Fund-Raising: Theory versus Actual Practice" (1989). *Student Work*. 1555.
https://digitalcommons.unomaha.edu/studentwork/1555

This Thesis is brought to you for free and open access by DigitalCommons@UNO. It has been accepted for inclusion in Student Work by an authorized administrator of DigitalCommons@UNO. For more information, please contact unodigitalcommons@unomaha.edu.

A DESCRIPTIVE STUDY IN FUND-RAISING: THEORY VERSUS ACTUAL PRACTICE

A Thesis

Presented to the

Department of Communication

and the

Faculty of the Graduate College

University of Nebraska

In Partial Fulfillment

of the Requirements for the Degree

Master of Arts

University of Nebraska at Omaha

by

Michaela S. Wright

November, 1989

UMI Number: EP73495

All rights reserved

INFORMATION TO ALL USERS
The quality of this reproduction is dependent upon the quality of the copy submitted.

In the unlikely event that the author did not send a complete manuscript
and there are missing pages, these will be noted. Also, if material had to be removed,
a note will indicate the deletion.



UMI EP73495

Published by ProQuest LLC (2015). Copyright in the Dissertation held by the Author.

Microform Edition © ProQuest LLC.
All rights reserved. This work is protected against
unauthorized copying under Title 17, United States Code



ProQuest LLC.
789 East Eisenhower Parkway
P.O. Box 1346
Ann Arbor, MI 48106 - 1346

THESIS ACCEPTANCE

Acceptance for the faculty of the Graduate College, University of Nebraska, in partial fulfillment of the requirements for the degree Master of Arts, University of Nebraska at Omaha.

Committee

Name	Department
[illegible]	Communication
Sheila Bruce	Public Administration
Hugh P. Cowdin	Communication
[illegible]	Chairman
11-28-89	Date

THESIS ABSTRACT

Philanthrophy has become a serious business throughout the world, and nowhere more so than in the United States. Even though Americans donate more than $74 billion each year to charity (and this dollar amount continues to climb each year), little to no scholarly research has been done in the area of fund-raising.

The purpose of this study is to compare and contrast fund-raising theory to actual fund-raising practices utilized by five non-profit organizations based in Omaha, Nebraska.

A 22-point questionnaire, created purposely for this study, was administered via a face-to-face interview with those people who are actually responsible for fund-raising activities conducted by their respective non-profit organizations.

Their responses to these questions were compared and contrasted to what fund-raising theory suggests.

ACKNOWLEDGEMENTS

I want to thank committee members Dr. John Wanzenried, Dr. Hugh Cowdin, and Dr. Willa Bruce for contributing their time and expertise to this thesis. A special thank you is extended to Dr. Wanzenried for the many hours he has devoted toward this thesis. His help has been invaluable.

In addition, I'd also like to thank my parents, Richard and Frances Wright, for all the love and encouragement they have given me.

TABLE OF CONTENTS

		Page
LIST OF CHARTS		vi
Chapter		
I	INTRODUCTION, SURVEY OF LITERATURE, AND STATEMENT OF PURPOSE	1
	Introduction	1
	Compliance Principles	2
	Fund-Raising Strategies	15
	Statement of Purpose	25
II	METHODOLOGY	28
III	RESULTS	35
IV	DISCUSSION	69
V	LIMITATIONS OF STUDY AND IMPLICATIONS FOR FUTURE RESEARCH	79
REFERENCES		82
APPENDIXES		84
Appendix A:	Questionnaire	84

LIST OF CHARTS

CHART		Page
I	Chart showing various fund-raising strategies used by each non-profit organization.....	36
II	Chart showing methods by which fund-raising strategies are decided.....	38
III	Chart showing frequency in which fund-raising methods are reviewed.....	40
IV	Pie-chart showing what percentage of total dollars raised can be attributed to specific fund-raising strategies (American Heart Association).....	41
V	Pie-chart showing what percentage of total dollars raised can be attributed to specific fund-raising strategies (American Lung Association).....	42
VI	Pie-chart showing what percentage of total dollars raised can be attributed to specific fund-raising strategies (Boys Town).....	43
VII	Pie-chart showing what percentage of total dollars raised can be attributed to specific fund-raising strategies (Omaha Symphony Association).....	44
VIII	Pie-chart showing what percentage of total dollars raised can be attributed to specific fund-raising strategies (University of Nebraska Foundation).....	45
IX	Chart ranking fund-raising methods based on number of dollars raised.....	47
X	Chart showing fund-raising methods which give the greatest return per dollar spent...	49
XI	Chart showing fund-raising methods which have been added.....	50
XII	Chart showing fund-raising methods which have been changed/deleted.....	52

XIII Chart showing which non-profit organizations have offered a premium..... 56

XIV Chart showing which non-profit organizations mention to previous donors that they have contributed before..... 57

XV Chart showing which non-profit organizations publish who their donors are..... 58

XVI Chart showing which non-profit organizations have used authority endorsements..... 60

XVII Chart showing which non-profit organizations incorporate a feeling of urgency..... 61

XVIII Chart showing which non-profit organizations try to build a personal relationship with donors..... 62

XIX Chart showing which non-profit organizations test their mail pieces on a small scale..... 64

CHAPTER I

INTRODUCTION, LITERATURE SURVEY, AND STATEMENT OF PURPOSE

Each year in the United States alone, people respond to fund-raisers' pleas by donating more than $200 million dollars a day to the charities of their choice. These dollars, which add up to about $74 billion annually (Broce, 1982), aid institutions of higher learning, hospitals, churches, international agencies, research, and the arts in attaining their goals and, in turn, benefiting the publics they serve.

While the field of fund-raising is a dynamic one which greatly impacts our society, it is also a field in which little to no scholarly research has been done (Broce, 1982). Perhaps, judging from the billions of dollars which are raised each year, it appears the field of fund-raising is doing just fine without the benefit of a formal body of literature behind it. But those people who fund-raise for a living are the first to come forth and say that a more thorough knowledge of fund-raising techniques is essential to help the fund-raising industry better cope with a rapidly changing economy (Grasty & Sheinkopf, 1982).

Up until 1979, philanthropic giving had kept pace with

the rate of inflation. With the dawning of the 1980's, however, the task of raising funds became increasingly more difficult. This can be attributed, in part, to the public's skepticism about non-profit organizations due to publicized abuse by some fraudulent fund raisers, the rising costs of conducting fund-raising campaigns (Grasty & Sheinkopf, 1982), as well as changes in tax laws.

The purpose of this study is to compare compliance principles and fund-raising strategies suggested by the literature to actual practices utilized by five non-profit organizations based in Omaha, Nebraska, to see what similarities and differences exist between theory and practice.

This study is valuable because, to date, little research has been conducted in the area of fund-raising. Considering the strong impact fund-raising can make on society, formal research dealing with fund-raising appears to be long overdue.

SURVEY OF LITERATURE

Compliance Principles

Cialdini (1988), devoted almost three years of his life conducting experimental research on the psychology of compliance, specifically the psychological force which causes one person to yield to the wishes or demands of

another person.

Cialdini argues that everyone, to some extent, uses compliance techniques in their everyday life. All of us, to some degree, employ as well as fall victim to compliance techniques, sometimes without even realizing it.

Rather than focus on "amateurish" usages of these compliance techniques, Cialdini concentrated his research efforts on those people who incorporate compliance techniques on a professional level. In other words, Cialdini turned to those individuals, such as fund-raisers, advertisers, and sales people, who must employ compliance techniques in their sales pitches if they are to be successful in their respective endeavors.

Through his research, Cialdini concluded that there are literally thousands of different tactics that compliance practitioners rely on in order to produce their desired end result. These thousands of tactics all fall into one of six basic categories. "Each of these categories is governed by a fundamental psychological principle that directs human behavior and, in doing so, gives the tactics their power" (Cialdini, 1988, preface).

Cialdini collectively calls these six categories of compliance techniques -- reciprocation, commitment and consistency, social proof, liking, authority, and scarcity -- weapons of influence. When properly employed, these techniques aid the compliance professional in securing

donations, concessions, votes, or sales (preface).

The rule of reciprocation says that "we should try to repay, in kind, what another person has provided us (p. 21). Cialdini points out that by virtue of the reciprocity rule, we are obligated to the future repayment of favors, gifts, invitations, and the like.

The power of the reciprocity rule is so strong, in fact, that Gouldner (cited in Cialdini, p. 22), along with other sociologists, report that all human societies subscribe to this rule. It appears that a developed system of indebtedness is a unique property of human culture.

The research team of Tiger and Fox (cited in Cialdini) contend that the "web of indebtedness", which is core to the reciprocity rule, "is a unique adaptive mechanism of human beings, allowing for the division of labor, the exchange of diverse forms of goods and different services (making possible the development of experts), and the creation of interdependencies that bind individuals together into highly efficient units" (p. 22).

Cialdini points out that because human societies derive a truly significant competitive advantage from the reciprocity rule, they make sure society members are trained to believe in, and comply with, the rule of reciprocation. Due to the general negative connotations associated with the labels "moocher" or "welsher", people will go to great lengths to avoid being labeled as such,

and in the process be taken advantage of by individuals who stand to gain from one's indebtedness.

Cialdini points out that the implications of this rule can be great when properly utilized. People we might ordinarily dislike -- such as an obnoxious sales person, or a representative of an unpopular non-profit organization-- can greatly increase the chance that we will purchase or donate merely by providing us with a small favor prior to making a request of us.

Fund-raising tactics used by the Hare Krishna Society precisely illustrate this point. The Hare Krishna Society is a centuries-old Eastern religious sect. Cialdini reports that during the 1970's, the sect experienced tremendous growth, not only in followers but also in wealth. The economic growth was funded through a variety of activities, the principal method being society members requesting donations from passers-by in public places.

Early on in the Krishna's fund-raising campaign, groups of Krishna devotees, often with shaved heads and wearing robes, beads and bells, would canvass a city street, chanting and bobbing in unison while begging for donations. While this practice brought a lot of attention to the Krishnas, it did not work well for fund-raising. The average American considered the Krishnas odd and was reluctant to support them. It quickly became clear to the

Krishna Society that they were experiencing a public relations problem.

Cialdini reports that the people being solicited for donations did not like the way the Krishna members looked, dressed, or acted. Because the Krishnas are a religious sect, the way members look, dress and act are tied to religious factors, and therefore could not be changed (p. 26).

Utilizing the rule of reciprocation, the Krishnas were able to raise an abundance of funds in spite of their poor public image. With their new strategy, the Krishnas continued to solicit contributions in public places with heavy pedestrian traffic. But before a donation was requested, the target person was given a "gift" -- usually a book or magazine about the Hare Krishna Society, or a flower. Once the gift was in the targeted person's hands, under no circumstances did the solicitor allow the targeted person to return the gift.

"Only after the Krishna member had brought the force of the reciprocation rule to bear on the situation was the targeted person asked to provide a contribution to the society. This benefactor-before-beggar strategy has been widely successful for the Hare Krishna Society, producing large-scale economic gains and funding ownership of temples, businesses, houses, and property in 108 centers in the United States and abroad" (p. 26).

Like the rest of Cialdini's weapons of power, the commitment and consistency rule lies deep within a person, directing his or her actions with quiet power.

The commitment and consistency rule says that "humans have a nearly obsessive desire to be, and to appear, consistent with what they have already done. Once we make a choice or take a stand, we will encounter personal and interpersonal pressures to behave consistently with that commitment. Those pressures will cause us to respond in ways that justify our earlier decision" (p. 59).

Psychologists have long understood the power of the consistency principle in directing human action. Festinger (1957), Heider (1946), and Newcomb (1953), (cited in Cialdini, p. 61) have viewed the desire for consistency as a central motivator of our behavior. Studies conducted by Allegier and others (1979), (cited in Cialdini, p. 61), showed that inconsistency is commonly thought to be an undesirable personality trait, while a high degree of consistency is normally associated with personal and intellectual strength.

Cialdini points out that the drive to be and to look consistent constitutes a highly potent weapon of social influence, often causing us to act in ways that are clearly contrary to our own best interest.

With this compliance principle, commitment and consistency work together. In order for the powerful force

of consistency to be engaged, there must first be a commitment. Once a stand is taken, there is a natural tendency to behave in ways that are stubbornly consistent with the stand.

Sherman (1980), (cited in Cialdini, p. 69), confirmed this principle by conducting a research study on Bloomington, Indiana, residents.

Sherman phoned a sample of residents as part of a survey he was conducting. He asked these residents to predict what they would say if they were asked to spend three hours volunteering their time collecting money for the American Cancer Society. Many of these people said they would volunteer their time. The consequence of this subtle commitment procedure was a 700 percent increase in volunteers when, a few days later, an actual representative of the American Cancer Society did call and ask for neighborhood canvassers.

Social proof, Cialdini's third compliance principle, states that humans "determine what is correct by finding out what other people think is correct. This principle applies especially to the way we decide what constitutes correct behavior" (p. 110). The more often we see others performing a certain behavior, the more correct we assume the behavior to be. Cialdini points out that the tendency to see an action as appropriate when others are doing it works quite well most of the time. "As a rule, we will

make fewer mistakes by acting in accord with social evidence than by acting contrary to it" (p. 111).

This feature of the social proof principle is simultaneously its major strength and its major weakness. Like all of Cialdini's weapons of influence, "the social proof principle provides a convenient shortcut for determining the way to behave but, at the same time, makes the person who uses the shortcut vulnerable to attacks" (p. 111).

Cialdini points out a variety of ways in which our assumption that an action is correct if others are doing it is exploited. Consider, for example, bartenders who "salt" their tip jars with a few dollar bills at the beginning of their work shift to simulate tips left by prior customers, and thereby give the impression that tipping with bills as opposed to coins is proper barroom behavior. In a similar situation, church ushers sometimes salt collection baskets much the same way as the tip jar, and experience the same positive effects with proceeds (p. 112).

The producers of a charity telethon are utilizing the social proof principle when they devote inordinate amounts of time to the incessant listing of viewers who have already pledged contributions. The message that comes across to those who haven't given is clear: "Look at all the people who have decided to give. It must be the correct thing to do."

Phillips (1974), (cited in Cialdini, p. 138), demonstrated how influencial the social proof principle can be. Phillips' research showed "that, immediately following a front-page suicide story, the suicide rate increases dramatically in those geographical areas where the story has been highly publicized" (p. 138). By examining suicide rates from 1947 through 1969, Phillips reports that within a two-month time frame following the publication of a front-page suicide story, an average of 58 more people than usual kill themselves in the area where such a story is published.

Cialdini's fourth compliance principle, liking, states that we "most prefer to say yes to the requests of people we know and like" (p. 157).

While on the surface this principle seems straight-forward, Cialdini notes that even the liking principle can be manipulated by people who are total strangers to you in such a way that you will still comply with their requests.

To illustrate this example, Cialdini turns to the Tupperware party. The real success of the Tupperware party comes from a particular arrangement that trades on the liking rule. Despite the persuasive selling skills of the Tupperware Lady, the true request to purchase Tupperware products comes not from the professional sales person employed by Tupperware Home Parties Corporation, but instead from the party's hostess, who is the friend of

every guest in the room (p. 158).

By structuring Tupperware parties in this manner, "the attraction, warmth, security and obligation of friendship are brought to bear on the sales setting, and results have been remarkable. It is estimated that in 1986, Tupperware sales exceeded two million dollars a day" (p. 158).

The principle of authority says that there is a "deep-seated sense of duty to authority" in all of us (p. 203). This principle was beautifully illustrated with the Milgram study (1974), (cited in Cialdini, pp. 199-205).

Milgram conducted a laboratory experiment in which subjects in a teacher role were asked to deliver continued, intense, and dangerous levels of electric shock to a confederate playing the role of learner.

The participant acting as teacher was instructed by Milgram to administer a jolt of electricity every time the learner responded incorrectly to a question asked of him. With each incorrect response, the voltage of the shock increased.

The confederate, playing the role of the learner, would begin to groan and cry out in pain as the experiment progressed. Eventually, the learner would beg the teacher to stop administering the shocks. Milgram, however, would urge the teacher to ignore the learner's request and continue administering the shocks.

Throughout the entire experiment the subject

fulfilling the role of teacher really believed the learner was actually receiving electric shocks, although in reality the confederate-learner was not.

The results of this experiment were alarming. Almost two-thirds of the subjects playing the role of the teacher pulled every one of the 30 shock switches in front of them, and continued to engage even the last switch of 450 volts until the researcher ended the experiment (p. 201).

Milgram attributes the teachers' behavior to their deep-seated sense of duty to authority. According to Milgram, the real culprit in the experiments was his subjects' inability to defy the wishes of the lab-coated researcher, viewed as the boss, who urged and if necessary directed the subjects to perform their duties, despite the emotional and physical pain they were supposedly causing (p. 203).

Cialdini points out that a multilayered and widely accepted system of authority confers an immense advantage upon a society. "It allows the development of sophisticated structures for production of resources, trade, defense, expansion, and social control that would otherwise be impossible" (p. 206). Cialdini warns that it is easy to allow ourselves the convenience of automatic obedience to authority. It is the existence of this automatic obedience, in fact, that allows professional users of compliance techniques to profit.

Consider, for example, the television commercial which featured actor Robert Young warning viewers against the dangers of caffeine and recommeding caffeine-free Sanka brand coffee. The commercial was highly successful, selling so much Sanka that several versions of the commercial ran for years (p. 209).

The success behind the commercial was its ability to use the principle of authority without even producing a real authority figure. Viewers associated Robert Young, the actor, with the character of Marcus Welby, M.D., a role Young played in a long-running television series. For viewers, the mere appearance of authority was enough to stir them to act in the manner desired.

Cialdini's sixth compliance principle is scarcity. According to the scarcity principle, "people assign more value to opportunities (and tangible objects) when they are less available" (p. 255). The power behind the scarcity principle comes from two different sources. The first is that the scarcity principle trades on people's weakness for shortcuts. Cialdini explains that humans come to learn that things that are difficult to obtain are typically better than those things that are easy to obtain. Therefore, we rely on an item's availability to help us quickly and correctly decide on its quality (p. 232).

The second power operating behind the scarcity principle is "that as opportunities become less available,

we lose freedoms" (p. 232). Brehm (1966) (cited in Cialdini, p. 232), developed the psychological reactance theory, which states that "whenever free choice is limited or threatened, the need to retain our freedoms makes us want them (as well as the goods and services associated with them) significantly more than we previously did" (S.S. Brehm & J.W. Brehm, 1981), (cited in Cialdini, p. 232). "Therefore, when increasing scarcity interferes with our prior access to a particular item, we will react against the interference by wanting and trying to possess the item more than we did before" (p.232).

The scarcity principle is applied often in our daily lives, and provides a great boost to sales people because it creates in people a great sense of urgency to act. But the effects of the scarcity principle extend beyond ringing up sales at the cash register. The psychology behind the scarcity principle applies also to the restriction, or censoring, of information. Studies show that our reponse to banned information is "to want to receive that information to a greater extent and to become more favorable toward it than we were before it was banned". (Ashmore, Ramchandra, & Jones, 1971; Wicklund, 1974; Worchel & Arnold, 1973; Worchel, Arnold, & Baker, 1975), (cited in Cialdini, p. 239).

To illustrate this point, consider a study conducted at the University of North Carolina. Students learned that

a speech opposing coed dormitories on campus would be banned, and they became more opposed to the idea of having coed dorms (Worchel, Arnold, & Baker, 1975) (cited in Cialdini, p. 240). So without even hearing the speech, the students became more sympathetic to its argument.

Cialdini points out that the scarcity principle, used in this manner, raises the worrisome possibility that "clever individuals holding a weak or unpopular position on an issue can get the public to agree with their position by simply arranging to have their message restricted" (p. 240).

Fund Raising Strategies

While there is little to no scholarly information written about fund-raising, those people who fund-raise for a living seem to agree that, in order to bring in donations in the future, the strategies and methods employed by fund-raisers need to be examined and updated.

Myerberg (1989) states that for as long as there has been charitable fund-raising, donors have been solicited for gifts on the basis of the charity's good work and what it needed from its contributors to help it carry on. "The message has been, and continues to be, that the charity needs more and more funds in order to carry out its mission, and it depends on its contributors to increase their gifts for its support."

Myerberg feels that because charities continue to

conduct fund-raising campaigns in this manner, "varying in their donor recognition programs but rarely inquiring into the financial, economic, estate and tax needs of their benefactors, it is no wonder that all too many charitable organizations are finding that their annual campaigns end flat each year, or just barely increase donations enough to compensate for inflation and nominal increases for services and administration."

Hansler (1986) adopts the philosophy that fund-raising organizations must become more market-driven, due to the many trends that are causing changes in the giving public.

Hansler points out that recent federal tax laws, various economic problems, a shrinking middle class and fierce competition are all impacting the fund-raiser's bottom line.

Hansler feels that fund-raisers, if they are to survive in the midst of these changes, must respond accordingly by positioning their charitable organization so it is not viewed as one of the crowd. Rather, organizations should have their own unique niche in the marketplace that sets them apart from all other non-profit orgaizations.

McKee (1986) contends that probably the least used tool in the fund-raising operation is planning. McKee believes that planning provides a fund-raising campaign with structure that can serve as a guide for making

day-to-day decisions, and that planning is an invaluable tool for enhancing the success of every campaign.

McKee feels that each fund-raising strategic plan should encompass the six following steps: (1) Determining the personal goals and objectives of the organization; (2) studying the external environment; (3) studying the internal environment; (4) establishing a mission statement; (5) setting goals and objectives for the organization; (6) establishing the fund-raising mix strategy.

McKee feels that possibly no other effort made on behalf of the fund-raising practitioner will have as great an impact on the success of a fund-raising campaign as the strategic plan.

Demographics seem to be a significant factor affecting an organization's ability to raise funds. Francese (1989) points out three demographic trends which have implications for how much money benefactors will donate: (1) Slowing population and household growth; (2) an aging society; (3) rising levels of education.

The United States population is growing at just under 1 percent per year, and each year the rate of growth diminishes slightly. As a result, the American population is aging because the number of young adults is falling, while at the same time the number of middle-aged and older people is rising at a rapid pace.

This affects the success of fund-raising campaigns

because people's willingness to donate to organizations depends on which age group they fall into.

From a fund-raising point of view, the nation's eighteen to twenty-four year olds are the least important target group. According to the Bureau of Labor Statistics Consumer Expenditure Survey (cited by Franchese, 1989), the average household in this age group contributes just $89.20 a year to various charities, religious and educational organizations, and political groups. Their annual contribution of $89.20 is the smallest amount of any age group and represents a mere 2 percent of the aggregate of all contributions by households.

Young baby-boomers, defined as those people ranging in age from 25 to 34, are not particularly big givers either. They contribute only $214.45 a year, which is about half of the national average of $405.84 a year. However, because of the large number of young baby-boomers in the United States today, this target market accounts for $1 out of every $8 contributed.

Older baby-boomers, those people falling into the 35 to 44 age group, contribute more than the national average, with their annual donations averaging $478.22.

People in the 55 to 64 age group appear to be the most generous givers, donating $667.15 per household per year. They currently account for 32 percent of all giving.

Among households of 65 to 74 years old, there is also

above-average giving, but there is no growth potential in this age group in the next decade.

Francese feels that fund-raisers will benefit from the higher education levels baby-boomers have achieved. One out of every four baby-boomers has a college degree, and clearly the higher education levels among baby-boomers make them more likely to contribute money, as well as volunteer their time to charitable causes. As a result, Francese feels the 1990's "will be the golden years for charitable giving and volunteering, as huge numbers of college-educated baby-boomers move into middle-age".

Non-profit organizations can benefit from this fact, according to Francese, if they provide more information about who they are, what unique services they are providing, and how they are using contributors' donations to do good. This information, Francese feels, will be vital in winning over donations from baby-boomers, who most likely will be the source of at least 50 percent of all donations in the 1990's.

Hansler (1986) agrees with Francese that baby-boomers will have the greatest impact on fund-raising campaigns in the years to come. Hansler quotes a study conducted by Yankelovich, Skelly and White, Inc., which stated that individuals under age 35 give an average of just 1.7 percent of their pretaxed income to charity, compared to 2.4 percent for adults overall.

According to Hansler, if fund-raising campaigns are to be successful with these baby boomers, fund raisers will need to "appeal to the idiom of this generation."

Meredith (1986) feels that the main impetus behind people's donations is their belief in the cause itself, along with the fact that donating makes the contributor feel good about himself. Meredith says that if a donor cannot realize or even conceptualize a tangible result, chances are the act of charity won't happen or at least a repeat financial gift will not happen.

The 80/20 rule is a familiar rule to those people who make a living in the field of fund-raising. The 80/20 rule states that 80 percent of a fund-raising campaign's income will be contributed by 20 percent of the donor base.

Keeping this rule in mind, Katz (1988) warns that the fund-raiser must match the right donor with the appropriate cause in order to release the major gift. Katz notes that individuals make significant contributions to a fund-raising campaign for a variety of reasons, and that ten particular reasons for giving tend to reoccur. These are: (1) Belief in a vision; (2) desire for commitment; (3) recognition and esteem of peers; (4) self-esteem; (5) desire for immortality; (6) covenant with God; (7) social value; (8) business purposes; (9) love; (10) personal enrichment.

Fund-raising may be greatly impacted by legislation at

both the federal and state levels. According to Hopkins (1988), an attorney specializing in tax-exempt law, 1988 threatened the fund-raising industry in the form of additional law and enforcement, although "most of the difficulties expected for non-profit organizations from the U.S. Congress in 1988 did not materialize."

Hopkins predicts that "major legislation affecting non-profit organizations is coming. The best guess is that it will arrive within the next five to ten years. In the meantime, there will be new laws, regulations, and other rules of lesser scope." Hopkins says that in his opinion, "the next two to three years will not bring radical changes in the law as it pertains to tax exemption and charitable giving."

Hopkins also points out that if Congress enacts a tax-increase during 1989-1990, non-profit organizations will be impacted. According to Hopkins, "as tax rates go up, so too does the economic value of the charitable deduction. There may be a surtax on the more wealthy and/or a third higher (tax) bracket introduced. In these instances...the charitable deduction will be 'worth more' to the major donors."

Hopkins also comments that if tax revenues are raised by means of the repeal and/or reduction of tax deductions and credits, non-itemizers are created. "When that happens, of course, taxpayers lose the tax incentive for

charitable giving." Hopkins points out that the ranks of itemizers are relatively small now, and tax reform is likely to shrink that group even further, "with disturbing implications for the charitable contribution deduction."

According to Hopkins, the current trend of more regulation of fund-raising at the state level will continue. "For some reason, the states have become very active in this area of regulation again, and no letup is in sight. This is the case, despite the regulators' loss in the U.S. Supreme Court on the issue of fund-raising cost percentages and point of solicitation disclosure."

Professional fund-raisers go about soliciting funds in a variety of ways. Perhaps one of the most common methods is direct mail. According to Huntsinger (1987) direct-mail fund-raising has worked through the years mostly because it was cheap. In 1962, the cost to produce and mail a fund-raising plea cost $85 per thousand pieces. The return was typically 1 percent, with an average donation of $12.50. Total funds raised were $125 per each thousand mail pieces that were sent out.

Today it would cost $325 per thousand to mail that same fund-raising package, while often averaging the same 1962 response rate of $125 per thousand pieces. As a result, fund-raising efforts have had to become more and more like traditional consumer marketing. Mays (cited in

Bencivenga, 1989) makes the point that fund-raisers "cannot afford to take a scatter-shot approach to their mailings. They have to zero in on good prospects, and targeted lists help them do just that."

Mays comments that often the easiest way to isolate generous donors is to examine the organizations to which they are contributing. "Political files, for example, generally include more lucrative prospects than non-profit lists." A $15 to $25 donation would be about average for someone whose name appears on a non-profit donor list, while some political files consist of names of donors who give, on the average, close to $100 per pledge.

Mays says smart fund-raisers are not averse to using donor lists from unrelated causes to attract new contributors. For example, "a fund-raiser working for an evangelical group should consider that a majority of his contributors are Republicans, and he would most likely benefit from mailing to a Republican political file."

The most important factor for fund-raisers to keep in mind when choosing a list to mail to is recency in giving. Mays suggests fund-raisers should mail to lists where the donors have made a contribution within the last twelve months.

The use of premiums in direct mail campaigns is a popular fund-raising technique which seems to aid in securing donations. Hart (1988) claims the use of premiums

has made a significant contribution in raising the Disabled American Veterans fund-raising gross revenue from $26 million to $43 million in a five-year time span.

McBrearty (1988) studied the impact of telemarketing on charitable contributions and found that contributors respond to telemarketing appeals at amazing rates. A full 56 percent of those people surveyed said they did make a donation in response to the most recent solicitation call they received. It is interesting to note that the majority of those called made a donation in spite of the fact that they viewed the telemarketing method of fund-raising in an unfavorable light.

Of the 56 percent of those people who pledged, 43 percent of them said they would not have done so if they had not received the solicitation call.

The study showed that, in addition to raising funds, telemarketing calls can also affect the relationship the donor or prospective donor has with the organization. By a margin of three to one, participants felt their relationship with the organization was the same or better as a result of the solicitation call.

Huntsinger (1987) feels that in order to be successful in fund-raising, it is essential to test ideas and techniques, in spite of the fact that testing can significantly add to the overall cost of fund-raising. Huntsinger feels that the testing portion of fund-raising

campaigns is being overlooked more and more, due to its expense. It is his belief, though, that "organizations would greatly benefit by spending money on research and development, in testing formats and programs, in building the kind of donor list they need for the future, and in developing a database of names that will provide both current and long-term donations."

STATEMENT OF PURPOSE

Philanthropy has become a serious business throughout the world, and especially in the United States. Ever since the early 1900's when systematic solitication methods were first being used on the general public through the 1980's, there has been a growing awareness of the need for, as well as the availability of, private funds to help nonprofit organizations meet their operational and capital costs.

In many instances, religious organizations, institutions of higher learning, hospitals, social service groups like the Red Cross, and civic organizations would not be able to serve and benefit society in the manner they are now if it were not for philanthropic giving. It is a fact of our era that fund-raising programs are becoming more and more central to the operations of educational, medical, research, service, social, and religious organizations and institutions. The arts and humanities

also benefit from the financial relief provided by fund-raising campaigns.

The relationship between donor and nonprofit organization is really one of give-and-take. Donors, in return for their dollars, receive, in the broadest sense, a better world to live in. For example, through donations nonprofit organizations are able to conduct research to find cures and treatments for diseases. Donors' gifts can also help maintain museums, fund the symphony, ballet and theatre. There are numerous ways in which solicited gifts give something back to the donor, and in the process enrich his life as well as advance society as a whole.

According to Broce (1982), the American people, as individuals, foundations, and corporations, are responding to the needs of nonprofit organizations, giving more money to charitable causes today than at any other time in our history. By the mid-1980's, Americans made more than 230 million contributions to charitable causes in one year, totaling more than $74 billion, and this figure continues to climb at a regular and significant rate each year.

It is unfortunate that the profession of fund raising, unlike other professions, lacks a formal "body of knowledge" which practitioners can turn to for information. As recently as 1986, no formal course in fund-raising methods was included in the curriculum of any American university or college, even though educators in

both business and education schools say they believe that training in fund-raising techniques should be a natural part of their programs.

The literature which does exist on the topic of fund-raising is limited in both scope and content (Broce, 1982). Books and magazine articles dealing with how to conduct a successful bake sale or how to organize a raffle are available. But there have been only a few attempts to offer fund-raising professionals detailed guidance on the major aspects of fund-raising -- attitudes, process, methods, techniques and tools.

As a result, the profession of fund raising, which is a sophisticated endeavor demanding its practitioners be skilled in psychology, effective planning, organization, management, and marketing, is still taught by the apprentice method.

This study, which examines fund-raising theory and compares and contrasts it to actual practice, is a much needed study for two reasons. First, because fund-raising can make such a strong impact on society and society members' quality of life. And second, because there is little formal literature on the subject of fund-raising, and what little information has been published on the topic lacks both scope and content.

CHAPTER II

METHODOLOGY

In order to compare and contrast fund-raising theory to actual fund-raising practices utilized by nonprofit organizations, two steps had to be taken.

First, it was necessary to research the psychology of compliance and discover what information exists dealing with successful fund-raising campaigns -- tools, techniques, and strategies.

Second, it was necessary to uncover what techniques and methods are being used by fund-raising practitioners.

In this study, the former step was completed via a critical review of the literature dealing with those topics mentioned. The latter step was completed via long face-to-face interviews with people who are responsible for the fund-raising function for various nonprofit organizations in Omaha, Nebraska.

The method of face-to-face interviews was chosen for a number of reasons. McCracken (1988) calls the long interview a "sharply focused, rapid, highly intensive interview process that seeks to diminish the indeterminacy and redundancy that accompanies more unstructured research processes" (p. 7). The long interview, then, is designed

to give the investigator a highly efficient, productive, stream-lined instrument of inquiry.

Because this study is qualitative in nature, it is even more appropriate that the long interview is utilized in the data gathering process. According to McCracken, the long interview is one of the most powerful methods available in conducting qualitative research. "The long interview has the ability to take us into the mental world of an individual, to glimpse the categories and logic by which he or she sees the world" (p. 9). It is the long interview, McCracken contends, which gives us the opportunity "to step into the mind of another person, and to see and experience the world as they do themselves" (p. 9).

Those individuals who were interviewed for this study are those people who have the responsibility for directing fund-raising functions for the following nonprofit organizations: (1) American Heart Association -- Nebraska Affiliate; (2) American Lung Association of Nebraska; (3) Boys Town; (4) Omaha Symphony Association; (5) University of Nebraska Foundation.

The job titles of those people interviewed for this study who are responsible for fund-raising activities at their respective non-profit organizations varied widely. The title of the respondent for the American Heart Association was the Field Services/Development Director.

The spokesperson for the American Lung Association was the Special Campaigns Director. The Director of External Affairs spoke on behalf of Boys Town. The Omaha Symphony Association was represented by the Director of Development, and the spokesperson for the University of Nebraska Foundation was the Vice President/Director.

A great deal of time and thought was put into deciding which non-profit organizations should be surveyed for this study. Initially, it was decided to include those non-profit organizations based in the Omaha area that raised the most money through fund-raising activities during the 1988 calendar year. The reason for wanting to target non-profit groups in this manner is because the purpose of fund-raising, by definition, is to raise funds, and therefore it was reasoned the more money an organization raises, the more successful it must be at applying fund-raising techniques.

After checking with approximately twenty references, no listing of non-profit groups and the amount of money each group had raised had been located. As a result, the criterion for deciding how to choose which non-profit organizations to include in this study were changed. It was then decided to select organizations based upon the nature of their cause.

These five nonprofit organizations were chosen because of their diverse natures. While each of these

organizations actively solicits donations, their reasons for doing so vary greatly. It is important to look at the fund-raising practices of a variety of different types of non-profit organizations in order to obtain a broad perspective of how non-profit groups in general go about raising funds, as opposed to looking at how one particular type of nonprofit organization (for example, civic organizations or religious organizations) goes about soliciting funds.

The American Heart Association is a national voluntary health agency which was organized to fight heart diseases and diseases which affect the blood vessels. The American Heart Association sponsors research, community services, and professional and public education dealing with heart disease. The association has approximately 55 affiliates, and nearly 2,000 local subdivisions.

The American Lung Association is the oldest nationwide voluntary public health agency in the United States. It was originally founded in 1904 to combat tuberculosis. Today, the 140 state and local affiliates of the American Lung Association work to control and prevent lung diseases and some of their related causes such as smoking and air pollution. The agency provides public health education programs and it supports medical research and awards grants to encourage young medical professionals to specialize in lung health.

Established in 1917, Boys Town is a private institution for homeless, abused, neglected, and handicapped children of every race and religion. Based near Omaha, Nebraska, Boys Town also operates centers for youth development in campus sites around the United States as well as an institute in Omaha that cares for children with communication disorders.

The Omaha Symphony Association was formed to support, maintain and operate a symphony orchestra of the highest quality for the City of Omaha and the Midwest region. The Omaha Symphony Association is Nebraska's only regional and touring orchestra.

The University of Nebraska Foundation functions to raise funds for the University of Nebraska at Lincoln, the University of Nebraska at Omaha, and the University of Nebraska Medical Center. These funds go toward endowed faculty support, graduate student assistance, research and doctoral fellowships, research equipment, library improvements, innovative research, and matching funds to obtain new contracts and grants.

McCracken points out that, with quantitative studies, it is necessary to construct a sample of the necessary size and type in order to be able to generalize to the population at large. However, the purpose of the qualitative study is not one of generalizability. According to McCracken, the purpose of the qualitative

interview is not to discover how many, and what kinds of people share a particular characteristic. Rather the purpose of the qualitative study is "to gain access to the cultural categories and assumptions according to which one culture construes the world" (p. 17). With qualitative studies, it is the categories and assumptions themselves that are focused upon, and not how many people and what types of people hold these categories and assumptions.

When conducting the long interview with each representative from the five chosen nonprofit organizations, a questionnaire specifically designed for this study was utilized. The questionnaire solicited information dealing with types of fund-raising campaigns used, their success rate, the incorporation of compliance techniques within a fund-raising campaign, changes made in fund raising strategies in the past few years, which audiences are targeted for a campaign, the impact of legislation on fund-raising, and fund-raising trends.

According to Brenner (1985) (cited in McCracken, p. 24), the use of the questionnaire is indispensable in order to fulfill the purpose of the long qualitative interview. McCracken points out that the questionnaire has several functions. Mainly, the questionnaire ensures that the interviewer covers all of the terrain in the same order for each respondent. In a rough way, this preserves the conversational context of each interview.

A second function of the questionnaire is that it establishes channels for the direction and scope of discourse. The use of a questionnaire also frees the interviewer and allows him or her to give his/her attention to the respondent's testimony. McCracken also feels the use of a questionnaire protects the larger structure and objectives of the interview, so that the interviewer can attend to immediate tasks at hand (pp. 24 - 25).

While the use of a questionnaire provides structure to an interview, it does so without preempting the open-ended nature of the qualitative interview. Within each question, the opportunity for exploratory, unstructured responses remains (Merton, Fiske, and Kendall, 1956) (cited in McCracken, p. 25).

All five interviews for this study were conducted in the respondents' offices, and took place within a one week period. All five interviews were tape-recorded with permission of the respondents, in addition to notes being taken.

The data collected from the long interviews was analyzed to see how actual fund-raising practices utilized by nonprofit organizations compare and contrast to fund-raising theory. Similarities between practice and theory were explored, as well as any differences which exist between the two.

CHAPTER III

RESULTS

The 22-point questionnaire created purposely for this study was administered separately to five individuals, each one responsible for fund-raising activities conducted by his/her respective non-profit organization.

The first question on the questionnaire asked the respondents to list all of the various fund-raising strategies their organization used, or was planning to use, in the 1989 calendar year.

Results of this question (see chart on page 36) show that all five non-profit organizations utilize direct mail in their fund-raising endeavors. Four of the five organizations conduct special events. Three of the five organizations use planned giving, phone-a-thons, and personal contact as part of their fund-raising activities. Memorials, sponsor gifts, and membership in the United Way are utilized by two of the five organizations. Residential door-to-door soliciting, corporate gifts, grants, and affinity credit cards are methods which are unique to one each of the five organizations and are not used by the remaining four organizations.

Question two asked respondents how it is decided which

Results of Question 1

ORGANIZATION	DIRECT MAIL	SPECIAL EVENTS	PLANNED GIVING	MEMOR-IALS	PHONE ATHON	SPONSOR GIFTS	DOOR-TO-DOOR	UNITED WAY	CORP. GIFTS	GRANTS	AFFINITY CREDIT CARD	FACE-TO-FACE
American Heart Association	✓	✓	✓	✓			✓	✓	✓			
American Lung Association	✓	✓	✓	✓	✓	✓		✓		✓	✓	
Boys Town	✓		✓									✓
Omaha Symphony Association	✓	✓			✓	✓						✓
University of Nebr Foundation	✓	✓			✓							✓

fund-raising strategies will be used by their organization. Results of this question (see chart on page 38) show that with all five non-profit organizations, the decision regarding which fund-raising strategies will be used is never a one-person decision. In all five instances, suggestions are made by some type of board or committee, or by staff members, and these suggestions are either accepted, rejected or modified prior to implementation by those people responsible for fund-raising activities.

Question three asked respondents to give specific reasons why their organization has decided to use the particular strategies they use for fund-raising. Three respondents, the American Lung Association, Boys Town, and the University of Nebraska Foundation, mentioned that they decided on their own particular strategies due to the past success they've each experienced with those methods. The American Heart Association and the Omaha Symphony Association replied that they choose their particular methods of fund-raising from a marketing perspective. These two organizations ask themselves "Who makes up our target market?" After defining their audience, they ask themselves "What is the best way to approach our audience?" The American Heart Association mentioned that they are aware that many types of people make up their target audience, and as a result, the American Heart Association relies on a variety of fund-raising strategies in an

Results of Question 2

ORGANIZATION	METHODS BY WHICH FUND RAISING STRATEGIES ARE DECIDED
American Heart Association	Suggestions provided by National Committee. Reviewed by director and staff. Free to accept, reject or modify ideas.
American Lung Association	Suggestions provided by National Association. Final decision made by staff, Board of Directors, and volunteers.
Boys Town	Decided by Department of External Affairs via input from staff.
Omaha Symphony Association	Suggestions by Development and Board Committees. Latter has final say.
University of Nebr Foundation	Board of Directors offer suggestions to Executive Committee. Latter has final say.

attempt to reach everyone in their audience.

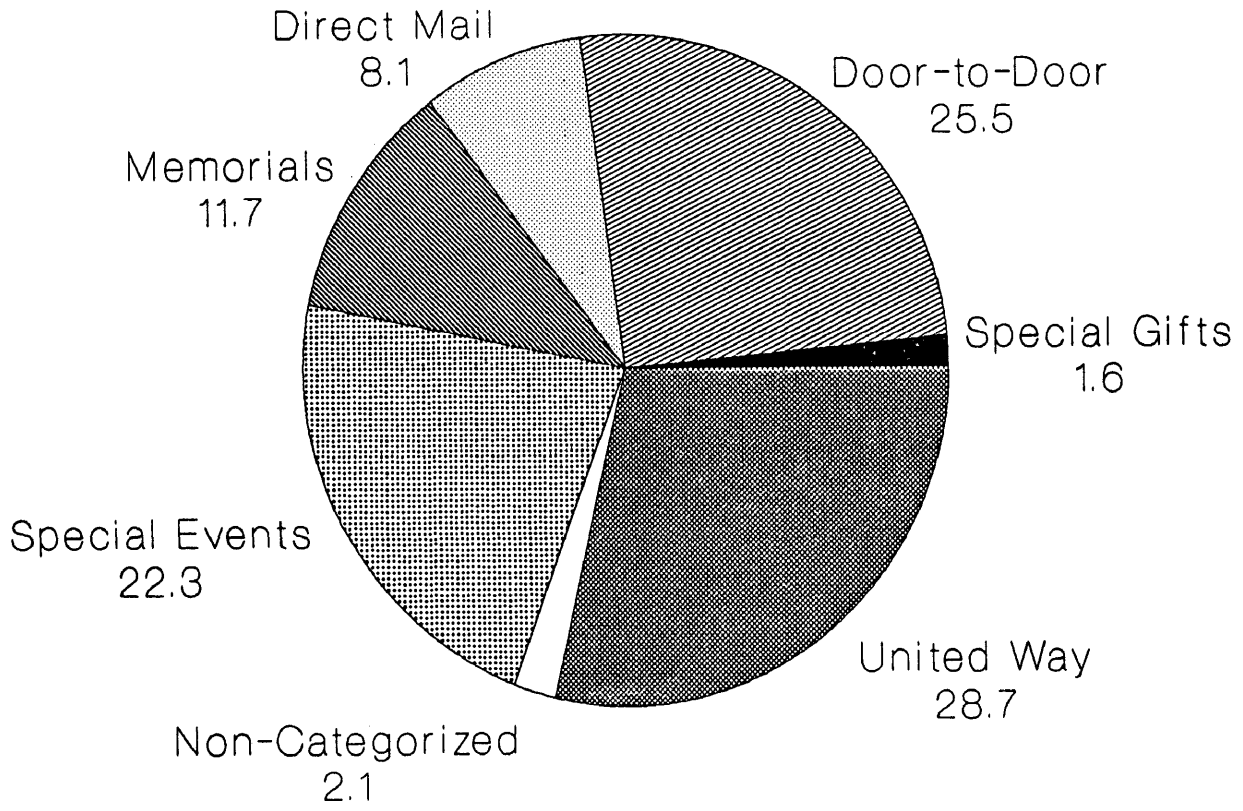
Question four asked respondents if their organization reviews their fund-raising methods on a regular basis. All five organizations responded yes (see chart on page 40), although the frequency that they review methods differs. Two of the respondents (the American Heart Association and the Omaha Symphony Association) mentioned that their organizations review their organization's methods constantly in an informal way, coupled with formal evaluations less often. The American Lung Association reviews its methods during weekly and monthly meetings, as well as at the completion of each special event it holds. Boys Town reviews its fund-raising methods while campaigns are running, as well as at their completion. The University of Nebraska Foundation reviews its fund-raising methods every other month, in addition to an annual review.

Question five asked respondents what percentage of total dollars raised can be attributed to each individual fund-raising strategy used. Results of this question varied widely (see pie-charts on page 41 through page 45). The majority of the American Heart Association's funds are generated through United Way, with their residential door-to-door solicitation campaign coming in second. The American Lung Association raises most of its fund-raising dollars through their direct mail campaign, with monies raised through service fees (such as money raised from

Results of Question 4

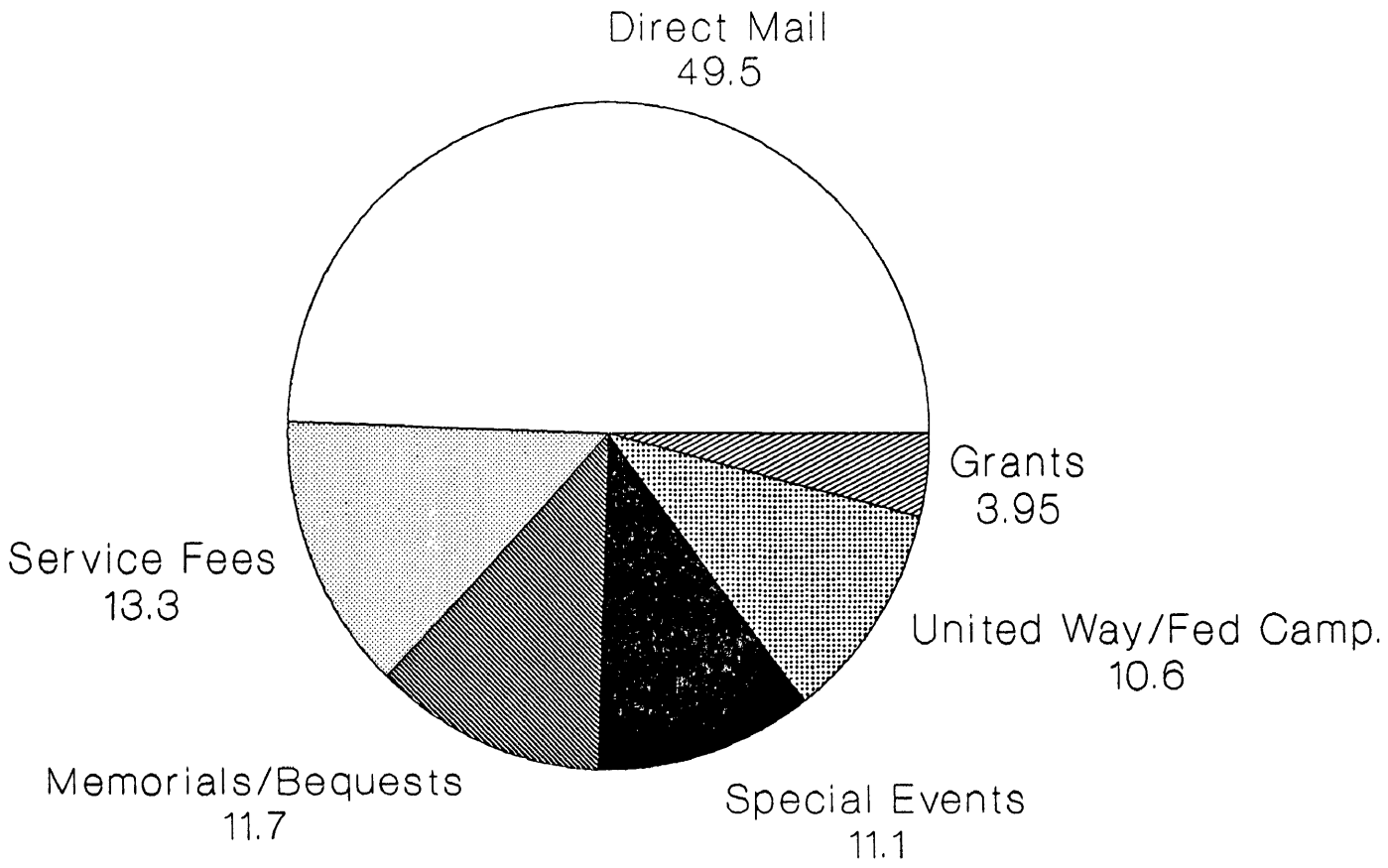
ORGANIZATION	REVIEW REGULARLY?	FREQUENCY
American Heart Association	Yes	• Informally -- ongoing • 3 Year Plan reviewed annually • Committee meets quarterly
American Lung Association	Yes	• Weekly/Monthly meetings • Special Events evaluated at completion
Boys Town	Yes	• During/After campaigns
Omaha Symphony Association	Yes	• Informally -- daily • Formally -- annually
University of Nebr Foundation	Yes	• Every other month and annually

Results of Question 5

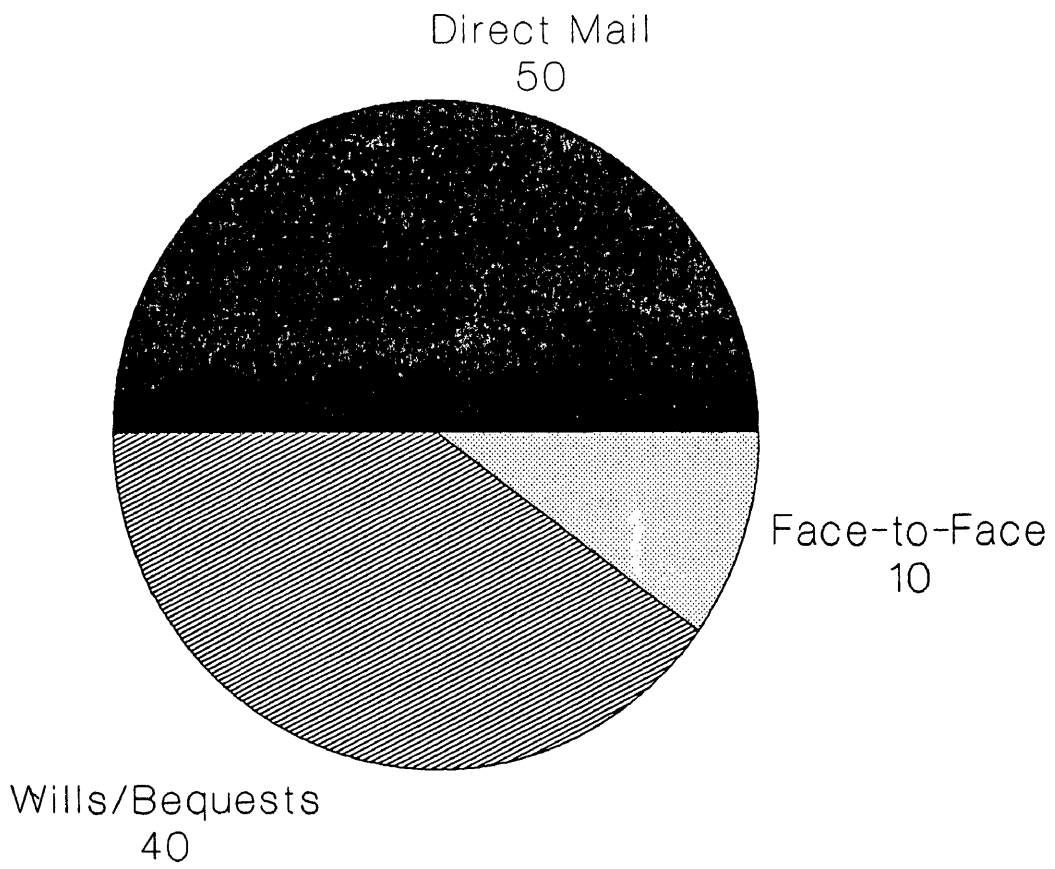


American Heart Association

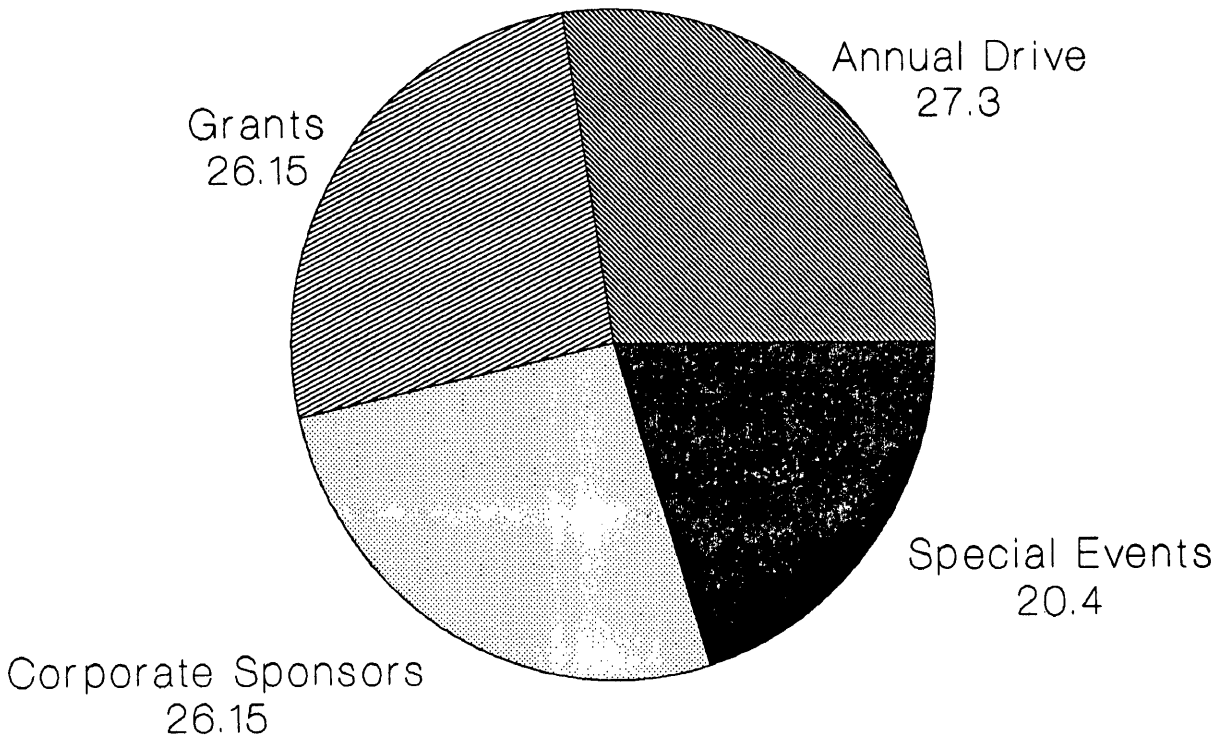
Results of Question 5



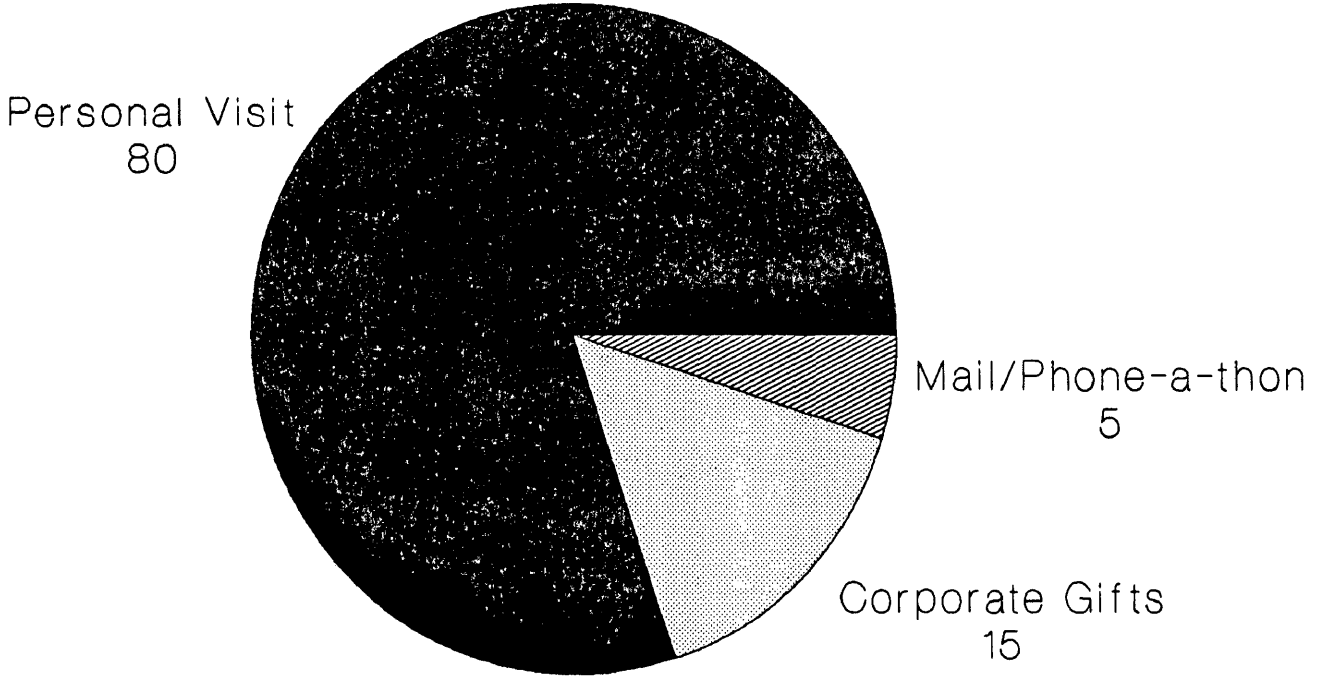
Results of Question 5



Results of Question 5



Results of Question 5



conducting a self-help seminar on how to quit smoking) ranking in second place. Fifty percent of Boys Town's funds are generated through direct mail, with planned giving generating an additional forty percent of Boys Town's fund-raising income. The Omaha Symphony Association's Annual Drive, which consists of direct mail, phone-a-thon, and face-to-face solicitation, is its greatest source of fund-raising dollars, with grants and corporate sponsorships tying for second place. The University of Nebraska Foundation generates the majority of its fund-raising dollars through personal contact or face-to-face solicitation, with corporate gifts ranking second.

Question six asked respondents to rank each fund-raising method used by their organization, based on the number of dollars each method brings in. Answers provided to this question mirrored each organization's response from question five (see chart on page 47). Direct mail was the top-ranking fund-raising method for the American Lung Association and Boys Town, with participation in United Way being the top-ranking method for the American Heart Association, the annual drive being most beneficial for the Omaha Symphony Association, and personal contact ranking first for the University of Nebraska Foundation.

Question seven asked respondents which single fund-raising method gives their organization the greatest

Results of Question 6

METHOD	American Heart Assoc.	American Lung Assoc.	Boys Town	Omaha Symphony Assoc.	Univ of NE Found
Direct Mail	5	1	1		3
Door-to-Door	2				
Memorials	4	3			
Special Events	3	4		4	
United Way	1	5			
Special Gifts	7		3		
Planned Giving			2		
Grants		6		3	
Corporate Gifts				3	2
Personal Contact					1
Annual Drive				1	
Service Fees		2			
Non-Categorized	6				

return for each dollar they spend. With the exception of the American Heart Association and Boys Town, no two organizations supplied the same answer (see chart on page 49). Both the American Heart Association and Boys Town stated planned giving as the fund-raising method which provides their organizations with the greatest return per dollar spent. The American Heart Association noted that they do not spend any money soliciting planned gifts, so any money they receive from this method is done without incurring any expense whatsoever. The American Lung Association listed special events as the method which provides it with the greatest return for each dollar spent, while grants were most beneficial for the Omaha Symphony Association and personal contact ranked first for the University of Nebraska Foundation.

Question eight asked respondents if their organizations were using any fund-raising strategies that they were not using five years ago. Three of the five organizations (the American Heart Association, the American Lung Association, and the Omaha Symphony Association) said yes they had added new fund-raising strategies within the last five years (see chart on page 50). Of the three organizations which said they have added new methods within the past five years, all of them mentioned the addition of new special events. Other new methods which have been been added in the last five years include membership into United

Results of Question 7

ORGANIZATION	METHOD WHICH GIVES GREATEST RETURN PER DOLLAR SPENT
American Heart Association	Planned Giving
American Lung Association	Special Events
Boys Town	Planned Giving
Omaha Symphony Association	Grants
University of Nebr. Foundation	Personal Contact

Results of Question 8

ORGANIZATION	USING NEW METHODS?	NEW METHODS USED
American Heart Association	Yes	1. Inclusion in United Way 2. More renewal mailings 3. New special events 4. More personal contact
American Lung Association	Yes	1. More special events 2. More personal contact 3. More grant writing
Boys Town	No	
Omaha Symphony Association	Yes	1. New special events 2. Corporate sponsorships
University of Nebr Foundation	No	

Way, more mailings to previous donors, more personal contact with donors, more grant writing, and the addition of corporate sponsorships.

Question nine asked respondents if their organization had stopped conducting any particular methods of fund-raising in the past five years. Again, three of the five organizations (the American Heart Association, the American Lung Association, and Boys Town) responded that they had stopped using some particular type of fund-raising method. Methods which have been deleted from use include certain special events as well as the use of special events altogether, testimonial dinners, and less use of direct mail (see chart on page 52).

Question 10 asked respondents which target audiences their organization solicits with each particular fund-raising strategy, in terms of demographics and psychographics.

The American Heart Association said that with direct mail, it makes a point to mail to people who have given before, and they also do some new-acquires mailings. All mailings for the American Heart Association -- Nebraska Affiliate is done by the national center, and therefore no information regarding demographics or psychographics were available. With residential door-to-door soliciting, every home with a combined family income above $15,000 is targeted. Special gifts, defined as donations of $25 or

Results of Question 9

ORGANIZATION	DROPPED METHODS?	CHANGES IN METHODS USED
American Heart Association	Yes	1. Deletion of certain special events
American Lung Association	Yes	1. Less direct mail 2. Deletion of testimonial dinners
Boys Town	Yes	1. No longer conducting special events
Omaha Symphony Association	No	
University of Nebr Foundation	No	

more from individuals, are solicited from homes with a $40,000 combined family income. Planned giving, though not a fund-raising method actively used by the American Heart Association, produces gifts from females, aged 55 or older who are generally widowed with no heirs. Special events are targeted to a variety of different audiences, depending upon the event itself.

The American Lung Association tailors its direct mail pieces to different audiences, based on direction provided by the National American Lung Association. No specific information regarding demographics or psychographics was available. The American Lung Association relies heavily on special events for fund-raising, and it tries to match each particular event with people who have an interest in that event. For example, the American Lung Association sponsors the Omaha Corporate Cup Run, and it gears this event toward business people of all ages who have an interest in running or jogging.

Boys Town targets "empty-nesters" for its direct mail campaigns. Empty-nesters are married couples, aged 55 or older with grown children, who are financially secure and have an above-average education. Boys Town's planned gifts flow out of the same target audience as their direct mail campaigns.

The Omaha Symphony Association's target audience is generally the same from one fund-raising strategy to the

next. They target people in the Omaha area who fall into the 55 and older age bracket, who are well educated and affluent in the community.

The University of Nebraska Foundation solicits its alumni base, which is mostly concentrated in the state of Nebraska. Their target audience is comprised of college educated people of all ages.

Question 11 asked respondents how their organization decides which target audiences it will solicit with each various fund-raising strategy.

The American Heart Association said it does not have a particular method it uses to decide which audience to target with each fund-raising strategy. It is more concerned about getting the strategy up and running and actually receiving donations than it is about hitting a particular target audience.

The American Lung Association relies on brainstorming to decide which audiences to target with each individual fund-raising strategy. Staff members ask themselves "Who would this strategy appeal to?"

Boys Town surveys its direct mail contributors every two years to find out who they are and what their interests are. They use this information to decide who else they should solicit.

The Omaha Symphony Association looks at all the types of people who are potential donors, and then it offers a

variety of special events hoping that at least one of these events will match the interest of each potential donor.

The University of Nebraska Foundation looks to its trustees located throughout the United States for opportunities as to who else in addition to its alumni base it can target for donations.

Question 12 asked respondents if their organization ever offers a premium in return for a donation. Two of the five organizations (Boys Town and the Omaha Symphony Association) said yes, they either have offered or do offer premiums for donations (see chart on page 56). The remaining three organizations said they have never used premiums in their solicitations.

Question 13 asked respondents if, when soliciting previous donors, they incorporate the fact that the donor has given to their cause before. All five organizations mentioned that they always include this information in their solicitations (see chart on page 57).

Question 14 asked respondents if their organization ever publishes who its donors are. Again, all five organizations responded yes to this question (see chart on page 58). Lists of donors are often published in newsletters which are mailed to donors and potential donors. In some instances, names are engraved on buildings associated with the organization or on plaques which hang on walls within the organization's headquarters.

Results of Question 12

ORGANIZATION	HAVE YOU EVER OFFERED A PREMIUM IN RETURN FOR A DONATION?
American Heart Association	No
American Lung Association	No
Boys Town	Yes
Omaha Symphony Association	Yes
University of Nebr. Foundation	No

Results of Question 13

ORGANIZATION	WHEN SOLICITING PREVIOUS DONORS DO YOU MENTION THEY'VE GIVEN BEFORE?
American Heart Association	Yes
American Lung Association	Yes
Boys Town	Yes
Omaha Symphony Association	Yes
University of Nebr. Foundation	Yes

Results of Question 14

ORGANIZATION	DO YOU PUBLISH WHO YOUR DONORS ARE?
American Heart Association	Yes
American Lung Association	Yes
Boys Town	Yes
Omaha Symphony Association	Yes
University of Nebr. Foundation	Yes

Question 15 asked respondents if their organization has ever included any type of endorsement by an authority figure in favor of its cause. All five organizations mentioned that they have utilized "authority figures" in past solicitations (see chart on page 60). Some "authority figures" which have been used include Mitzi Gaynor by the American Heart Association, U.S. Senator Bob Kerrey by the American Lung Association, and various college professors and deans by the University of Nebraska Foundation.

Question 16 asked respondents if their organization ever incorporates a feeling of urgency when asking for donations. Three of the five organizations (the American Heart Association, the Omaha Symphony Association, and the University of Nebraska Foundation) responded that they have incorporated a feeling of urgency in their solicitations (see chart on page 61). The remaining two organizations have never created the feeling of urgency for funds in their fund-raising campaigns.

Question 17 asked respondents if their organization tries to build a one-on-one relationship with donors, particularly with major contributors. All five organizations polled responded that they do try to build personal one-on-one relationships with their major donors (see chart on page 62).

Question 18 asked respondents if their organization

Results of Question 15

ORGANIZATION	HAVE YOU EVER INCLUDED AUTHORITY ENDORSEMENTS IN SOLICITATIONS?
American Heart Association	Yes
American Lung Association	Yes
Boys Town	Yes
Omaha Symphony Association	Yes
University of Nebr. Foundation	Yes

Results of Question 16

ORGANIZATION	WHEN SOLICITING, DO YOU EVER INCORPORATE A FEELING OF URGENCY?
American Heart Association	Yes
American Lung Association	No
Boys Town	No
Omaha Symphony Association	Yes
University of Nebr. Foundation	Yes

Results of Question 17

ORGANIZATION	DO YOU TRY TO BUILD A PERSONAL RELATIONSHIP WITH DONORS?
American Heart Association	Yes
American Lung Association	Yes
Boys Town	Yes
Omaha Symphony Association	Yes
University of Nebr. Foundation	Yes

ever tests a mail piece's effectiveness on a small portion of its list before doing a mass mailing. Two of the five organizations (the American Lung Association and Boys Town) do test the effectiveness of a mail piece before mailing on a large scale (see chart on page 64). Two of the remaining five organizations (the Omaha Symphony Association and the University of Nebraska Foundation) do not conduct tests on their mail pieces prior to mailing on a large scale. The fifth organization, the American Heart Association, was not sure if its mail pieces were tested for effectiveness due to the fact that all mailings are done through their national center and not through the Nebraska affiliate office.

Question 19 asked respondents how fund-raising has been impacted by federal and/or state legislation in the past few years from both the organization's perspective and from the perspective of its donor base.

The American Heart Association and Boys Town replied that neither federal nor state legislation has had any impact on their fund-raising activities or on their ability to raise funds. Even the federal law regarding the elimination of deductible charitable contributions for non-itemizing tax payers has not had a noticeable impact on either of these two non-profit organizations.

Respondents from both the American Lung Association and the Omaha Symphony Association said the only impact

Results of Question 18

ORGANIZATION	DO YOU EVER TEST A MAILPIECE'S EFFECTIVENESS ON A SMALL SCALE?
American Heart Association	Not Sure
American Lung Association	Yes
Boys Town	Yes
Omaha Symphony Association	No
University of Nebr. Foundation	No

their organizations have experienced due to recent legislation is that they now are required to inform donors what percentage of donor gifts are tax deductible. If a donor receives anything in return for his donation, such as free admittance to a reception where wine and cheese is served following a symphony concert, or if in exchange for a $25 donation a donor is supplied with the American Lung Association's Golf Privilege Card, it is up to the non-profit organization to inform donors of the value of these items. By law, the donor can only deduct the amount of money he or she has contributed to the organization, minus the value of any premiums or gifts he or she has received.

The University of Nebraska Foundation replied that its fund-raising efforts have been enhanced by the passage of LB775 by the state legislature. This law encourages the growth of industry in the state of Nebraska, and in order to achieve this growth the need for well-educated employees was recognized by the state legislature as well. Consequently, Governor Orr established a $20 million challenge grant to the University system to be executed over a five-year period. This challenge grant, according to the respondent at the University of Nebraska Foundation, has been beneficial in the Foundation's ability to raise donations.

Question 20 asked respondents what trends they had

observed in fund-raising strategies over the past few years.

The American Heart Association said non-profit organizations are getting more personally involved with their donor base and are trying to nurture personal relationships with major contributors.

Both the American Lung Association and Boys Town mentioned higher competition for dollars among non-profit groups. The American Lung Association also mentioned an increase in special events fund-raising and a decrease in the use of direct mail.

The Omaha Symphony Association replied that telemarketing has made quite an impact on fund-raising in the past few years. In addition to this, the Omaha Symphony Association mentioned that fund-raisers are taking on characteristics of marketers, and incorporating marketing strategies into their fund-raising campaigns.

The University of Nebraska Foundation noted an increase in the amount of attention fund-raising practitioners are giving to planned gifts and planned giving.

Question 21 asked respondents what economic trends they see influencing fund-raising strategies in the past few years.

The American Heart Association replied that for the Nebraska affiliate office, the economic attitude held by

the state's farmers sets the tone for all Nebraska residents. So if economic opportunities are bad for farmers, non-farmers feel that economic opportunities are bad for them as well.

The American Lung Association noted that when people feel hardship the greatest, as in the case of the recent Southern California earthquake, they are the most generous with their contributions.

Boys Town observed that with today's baby boomers, specifically those people who fall into the 30 to 45 age bracket, there is some doubt as to whether this market segment will have sufficient savings to be able to contribute to non-profit organizations when they reach their 70's at the same rate today's 70 years olds are contributing. Also, today's baby boomers are contributing less than past groups of people in the 30 to 45 age bracket.

Question 22 asked respondents what they see as future strategies for fund-raising.

The American Heart Association mentioned that planned giving offers non-profit groups the greatest area of growth in fund-raising. In addition to this, the American Heart Association feels greater concentration will be placed on special events and telemarketing in the future.

The American Lung Association feels that affinity credit cards will become more widely used by non-profit organizations, and that non-profit groups will band

together and do cooperative fund-raising campaigns in the future.

Both Boys Town and the Univeristy of Nebraska Foundation mentioned that if fund-raisers want to be successful in the future, they will need to keep their donor base updated on the organization's mission and exactly how the donor's dollars are being spent. These two points are becoming more critical to donors, as donors want to be assured that their dollars are making a positive impact.

Citing the increase in competition for donor pledges, the Omaha Symphony Association mentioned that in order for non-profit organizations to be successful in the future, they are going to have to increase the number of fund-raising campaigns they conduct, as well as conduct them better.

CHAPTER IV

DISCUSSION

As the literature review of fund-raising strategies pointed out, proper planning and regular examinations of fund-raising practices are essential in order for fund-raising campaigns to be successful.

Based on the responses of all five non-profit organizations surveyed for this study, they all understand the importance of planning and examining their fund-raising methods on a regular basis.

All five non-profit groups rely on committee or board input in deciding which particular fund-raising strategies will be implemented by their organizations. Utilizing this method draws ideas from a variety of people, and can strengthen the overall fund-raising strategic plan.

In addition to deciding upon fund-raising strategies via committee, all five respondents for the non-profit organizations mentioned that their fund-raising campaigns are reviewed on a regular basis, although some of the non-profit groups evaluate their strategies more formally and/or more regularly than others.

The literature also pointed out that in addition to examining fund-raising methods on a regular basis,

fund-raising strategies need to be updated regularly as well. Based on the data gathered, all of the organizations surveyed except the University of Nebraska Foundation have changed the fund-raising methods they use within the past five years. The American Heart Association and the American Lung Association have both added as well as deleted certain methods of fund-raising from their strategies in the last five years. The Omaha Symphony Association has also introduced new fund-raising methods into its strategy, although it has never deleted any of the methods it has used. Boys Town, while not including any new methods in its fund-raising strategy, has deleted testimonial dinners from its overall strategy due to the dinners' lack of success.

The literature revealed that the cost of direct mail, perhaps once the most commonly-used method of fund-raising, has increased dramatically over the past 25 to 30 years. While all five non-profit organizations utilize direct mail in order to raise funds, only two of these organizations (the American Lung Association and Boys Town) listed direct mail as their number one source of fund-raising dollars. The Omaha Symphony Association's most successful fund-raising campaign is its Annual Drive, and direct mail is one of three components of this drive.

It is interesting to note that even while the American Lung Association still raises half of its donations

through direct mail campaigns, it is using the direct mail method of fund-raising less each year due to cost, and is investing more of its fund-raising resources in special events.

The survey of literature also pointed out the importance of testing fund-raising techniques and ideas before implementing them on a large scale. The questionnaire asked respondents if their organizations test the effectiveness of a mail piece before undergoing a mass mailing. Only two of the five organizations (the American Lung Association and Boys Town) actually do test a mail piece's effectiveness before mailing it on a large scale. The respondent from the American Heart Association speculated that its organization does test a mail piece's effectiveness before executing a large scale mailing, but he could not say for sure since all campaign mailings are handled by the national center and are outside of his control. Neither the Omaha Symphony Association nor the University of Nebraska Foundation tests their mail pieces' response rates before mailing on a large scale, but respondents from both organizations mentioned that their respective donor bases are relatively small, and it would not be cost-effective to conduct such tests.

The survey of litertature also looked at the positive impact telemarketing has had on fund-raising campaigns. Of the five non-profit organizations polled in this study,

three of the five (the American Lung Association, the Omaha Symphony Association and the University of Nebraska Foundation) utilize phone-a-thons as a fund-raising strategy. Phone-a-thons, combined with direct mail and face-to-face solicitation, make up the Omaha Symphony Association's Annual Drive. It is its Annual Drive which generates the Omaha Symphony Association's greatest amount of dollars pledged.

Telemarketing, or phone-a-thons, currently play only a small role in the number of dollars raised by both the American Lung Association and the University of Nebraska Foundation. Dollars raised via telemarketing were not even reported separately by the American Lung Association, although the American Lung Association feels telemarketing will gain greater attention and use by fund-raisers in the years ahead. Phone-a-thons, coupled with direct mail, brings in only 5% of the University of Nebraska Foundation's fund-raising dollars.

The literature dealing with fund-raising strategies mentioned that people in the 55 to 64 age group are our nation's most generous givers, donating $667.15 per household per year to charity. Both Boys Town and the Omaha Symphony Association specifically target people in this age group with their fund-raising strategies. The University of Nebraska Foundation targets its alumni base, which is composed of adults of all ages. The American

Heart Association segments their target markets by income level rather than by age, and the American Lung Association did not have any specific information available about who it targets, except to say that it tries to match its special events with people who have an interest in those events.

The literature also pointed out that people in the 18 to 24 age bracket are our nation's worse donors, followed by young baby boomers, or those people in the 25 to 34 age group. Neither Boys Town nor the Omaha Symphony Association specifically targets people in either of these age brackets. The respondent at the American Heart Association also mentioned that his organization has not been successful in reaching people in these age groups, particularly those people under age 30, and consequently the American Heart Association does not specifically target people in these age groups.

The literature stressed the importance that planned giving has on the fund-raising industry in general, and three of the five organizations surveyed (the American Heart Association, the American Lung Association, and Boys Town) also mentioned the strong impact planned giving will have on the future of non-profit organizations.

It's interesting to note that while the American Heart Association recognizes the impact of planned giving, they currently do not solicit donors using this fund-raising approach.

The literature mentioned that if non-profit organizations are to be successful in the years ahead, they will need to be more market-driven . All respondents in this study mentioned at one time or another during their interview this exact same need. All five organizations are becoming more market-driven than they have been in the past, and all of the organizations are highly aware of their competition. Two organizations (Boys Town and the University of Nebraska Foundation) specifically mentioned that organizations need to keep their donors updated on how their contributions are being spent, because this is important to donors today. This same point was also mentioned in the literature.

While the literature suggests that the fund-raising industry can be seriously impacted by legislation, none of the five respondents in this study felt that legislation was a significant factor impeding their ability to raise funds, nor is it a factor affecting donors' gifts.

Results of this study showed that of Cialdini's six compliance techniques -- reciprocation, commitment and consistency, social proof, liking, authority, and scarcity -- four of these compliance techniques are used by all five non-profit organizations and the other two techniques are used by some of them.

The commitment and consistency principle is utilized by all five non-profit organizations. Each of these

organizations makes it a point when soliciting past donors to remind them that they've given to this particular cause before. Respondents from all five non-profit groups mentioned that once someone has made a contribution to their cause, this fact is always incorporated in subsequent fund-raising pleas. All respondents mentioned that it is easier to keep current donors contributing to their cause than it is to create new donors.

The principle of social proof is another one of Cialdini's compliance techniques that is used by all five of the non-profit organizations surveyed. In one form or another, all five organizations publish the names of people who have made contributions to their respective causes, and these names are seen by donors and non-donors alike.

In most cases, donors' names are printed in some type of newsletter or annual report which is mailed to current and former donors, as well as supplied to people seeking information about the non-profit organization.

All of the organizations surveyed for this study with the exception of the Omaha Symphony Association mentioned that their organizations have some type of "donor wall" where names of those people who have made major contributions to the organization are displayed. In addition to this, both Boys Town and the University of Nebraska Foundation have named buildings after some of their major contributors.

All five organizations also make use of Cialdini's liking principle by trying to advance the relationships the organizations have with their major donors, and to bring these relationships from an impersonal level to a more personal level.

The University of Nebraska Foundation in particular relies on the liking principle in its fund-raising campaigns. Of all dollars raised by the University of Nebraska Foundation, 80% of those dollars are raised via personal contact. The Foundation believes in building long-lasting friendships with donors. These friendships are cultivated by a high degree of trust, integrity, and honesty between the Foundation and its donors.

The American Heart Association mentioned that relationship-building is one area of fund-raising that it had, until recently, overlooked. It is, however, currently placing greater emphasis on this area.

Cialdini's authority principle was another compliance technique that has been utilized by all five of the organizations at some time. Currently, only three of the organizations surveyed (the American Lung Association, the Omaha Symphony Association, and the University of Nebraska Foundation) are currently including endorsements in support of their organization by an authority figure or celebrity. Both the American Heart Association and Boys Town have tried celebrity endorsements in the past, but have

discontinued the practice due to a lack of significant results in the form of contributions.

Cialdini's reciprocation principle is currently utilized by only the Omaha Symphony Association in the form of offering potential donors a premium in return for a contribution. Boys Town on occasion has also offered premiums in return for donations, but its experience has shown that offering premiums is not an effective fund-raising method for Boys Town, and this holds true regardless of the type of premium it offers.

Neither the American Lung Association, the University of Nebraska Foundation, nor the American Heart Association has offered premiums to potential donors, although the American Heart Association is currently considering trying this technique.

The general feeling of those organizations which do not offer premiums to their donors is that "if you live by the premium, then you will also die by the premium." In other words, these organizations feel that if someone makes a contribution in return for a premium, his/her monetary gifts to the organization will only continue so long as the organization continues to offer premiums. In this scenario, no long-lasting "bond" is created between the donor and the organization.

Cialdini's scarcity principle is one that is used by three of the five organizations (the American Heart

Association, the Omaha Symphony Association, and the University of Nebraska Foundation). Neither the American Lung Association nor Boys Town incorporates a feeling of urgency for funds in their solicitations.

Both the American Lung Association and Boys Town avoid making use of the scarcity principle because they feel it would be unethical to do so. The American Lung Association is very budget-oriented, and a percentage of fund-raising dollars are reserved for emergency situations. Boys Town, like the American Lung Association, is budget-conscious with long-term plans. When Boys Town solicits donors, it tries to state as clearly as possible where those dollars will be spent in the future.

CHAPTER V

LIMITATIONS OF STUDY AND IMPLICATIONS FOR FUTURE RESEARCH

One thing all non-profit groups have in common today is increased competition for donations. All five of the organizations surveyed for this study readily admitted that they are seeing more competition for donors' dollars. The literature dealing with fund-raising strategies and techniques warns that in the future, it will be even more difficult for non-profit groups to raise funds due to this increase in competition.

Because this fierce competition for fund-raising dollars does exist, it is necessary for non-profit organizations to become more market-driven and as sophisticated as possible in their appeals.

Cialdini has presented six compliance techniques which, if properly employed, can make a strong positive impact on the amount of dollars raised by non-profit groups.

All five of the non-profit organizations surveyed for this study are employing some of Cialdini's compliance principles in their fund-raising campaigns. Only one of those organizations surveyed (the Omaha Symphony Association) utilizes all six of Cialdini's compliance

principles in their solicitation efforts. The other four non-profit groups are not taking full advantage of Cialdini's compliance techniques. As a result, these organizations' fund-raising campaigns could probably be more successful than they currently are.

All non-profit groups that fund-raise would be wise to consider incorporating Cialdini's compliance principles into their fund-raising strategies. These six principles, properly adapted to blend in with each organization's fund-raising campaigns, should prove to be a benefit to the organization's fund-raising goals. Considering that the fund-raising industry has increasingly more obstacles to overcome each year, non-profit organizations owe it to themselves to be aware of these compliance techniques, and should seriously consider utilizing these techniques to maximize their fund-raising efforts.

This study looked at a variety of non-profit organizations in order to obtain a broad perspective on how non-profit groups in general go about fund-raising.

Because this was the approach adopted for choosing non-profit organizations for this study, this study only looked at the relationship between how each organization's fund-raising techniques compare and contrast to suggested practices.

Future research dealing with fund-raising strategies may want to take this study one step further by comparing

and contrasting fund-raising techniques used to suggested fund-raising techniques (as this study did), then examining each organization's success at raising money to see how actual dollars raised correlate with fund-raising practices used compared to fund-raising practices suggested by professionals.

A study of this type would be worthwhile because it would provide data which would either support the advice of professional fund-raisers regarding which fund-raising strategies are the most successful strategies to use, or the study would dispute the professionals' advice regarding the best way to fund-raise based on findings.

REFERENCES

Bencivenga, D. (1989, February). The fine art of fund-raising lists. Target Marketing. p. 34.

Broce, T.E. (1986). Fund-Raising: The guide to raising money from private sources. (2nd ed.). Norman, OK.: University of Oklahoma Press.

Cialdini, R.B. (1988). Influence science and practice. (2nd ed.). Glenview, IL.: Scott Foresman and Company.

Francese, P.K. (1989, May). Heading into the 1990's. Fund-Raising Management, pp. 26-29.

Gouldner, A.W. (1960). The norm of reciprocity: A preliminary statement. American Sociological Review, 25, 161-175.

Grasty, W.K. & Sheinkopf, K.G. (1982). Successful Fund-Raising. New York: Charles Scribner's Sons.

Hansler, D.F. (1986, December). Must non-profits be market driven? Fund-Raising Management, pp. 78-79.

Harrison, R. P. (1984). Fund-raising by formula: Steps to make people give. Hartsdale, NY.: Public Service Materials Center.

Hart, M.L. (1988, July). How premiums can help your organization. Fund-Raising Management, pp. 32-38.

Hartley, D. (1989, May). Are the wealthy really generous? Fund-Raising Management, pp. 40-58.

Hopkins, B. (1988, December). Fund-raising and the law. Fund-Raising Management, pp. 54-56.

Huntsinger, J. (1987, December). Predictions for 1988: The worst is yet to come. Fund-Raising Management, pp. 46-51.

Katz, L. (1988, August). Motivating the major gift. Fund-Raising Management, pp. 36-88.

McBrearty, B.R. (1988, March). The impact of telemarketing on charitable contributors. Fund-Raising Management, pp. 40-110.

McCracken, G. (1988). The Long Interview. Newbury Park, CA.: Sage Publications.

McKee, D.T. (1986, October). Fund-raising for success. Fund-Raising Management, pp. 30-31.

Myerberg, N. (1989, February). What do donors want? Fund-Raising Management, pp. 36-53.

O'Connell, B. (1989, March). America's well-to-do are not generous. Fund-Raising Management, pp. 60-62.

Phillips, D.P. (1974). The influence of suggestion on suicide: Substantive and theoretical implications of the Werther effect. American Sociological Review, 39, 340-354.

Semple, R.F. (1989, May). The fund-raising plan: Getting started. Fund-Raising Management, pp. 41-73.

Tiger, L. & Fox, R. (1971). The Imperial Animal. New YorK: Holt, Rinehart & Winston.

Wicklund, R.A. (1974). Freedom and Reactance. Hillsdale, NJ: Lawrence Erlbaum Associates.

Worchel, S., Arnold, S.E., & Baker, M. (1975). The effect of censorship on attitude change: The influence of censor and communicator characteristics. Journal of Applied Social Psychology, 5, 222-239.

APPENDIX A

1. Please list all of the various fund-raising strategies (such as direct mail campaigns, telethons, and special events) you used, or are planning to use, in the 1989 calendar year.

2. How is it decided (i.e. local committee, national organization, etc.) which fund-raising strategies will be used by your organization?

3. Give specific reasons why your organization has decided to use these strategies for fund-raising.

4. Does your organization review your fund-raising methods on a regular basis?
   If Yes: How often?
   If No: Why not?

5. Keeping all of the various methods of fund-raising utilized by your organization in mind, what percentage of total dollars raised can be attributed to each individual strategy?

6. Please rank each fund-raising method your organization uses, based on the number of dollars each method brings in. (Rank in order of most-dollars raised through least-dollars raised.)

7. Of all the various fund-raising strategies you use, which single method gives you the greatest return for each dollar you spend?

8. Is your organization using any fund-raising strategies that they were not using five years ago?
   If Yes: What method(s) and why?

9. Has your organization stopped conducting any particular method(s) of fund-raising in the past five years?
   If Yes: What method(s) and why?

10. In terms of demographics and psychographics, which target audiences does your organization solicit with each of its various fund-raising strategies?

11. How does your organization decide which target audiences it will solicit with each various fund-raising strategy?

12. When soliciting funds, do you ever offer a premium in return for a donation?

13. When soliciting previous donors, do you ever incorporate the fact that they've given to your cause before?

14. Do you ever publish (via annual report, verbally during a telethon, etc.) who your donors are?

15. Have you ever included in your solicitations any type of endorsement for your cause by an authority figure (i.e. someone people would recognize and associate with your organzation)?

16. When asking for donations, do you ever incorporate a feeling of urgency for funds?

17. Do you try to build a personal one-on-one relationship with your donors, particularly with your major contributors?

18. Before doing a direct-mail campaign on a large scale, do you ever first test the mail piece's effectiveness on a small portion of your list?

19. How has fund-raising been impacted by federal and/or state legislation in the past five years, taking into account how your organization has been impacted as well as how donors and potential donors have been impacted?

20. What trends, if any, have you observed in fund-raising strategies over the past few years?

21. What economic trends do you see influencing fund-raising strategies currently in use?

22. What do you see as future strategies for fund-raising?