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How Does Your (Fundraising) Garden Grow?

By Bernard Ross and Paula Birnbaum Guillet

*If it's overrun with the weeds of fear and stale thinking,
it's time to sow some seeds of innovation.*

You've almost certainly had the meeting. You know, the one about how to survive the crunch, the crisis, the catastrophe — or whatever you want to call it. The meeting where you probably were uncertain about what to do and even about what the impact might be on your organization. Maybe the only thing everyone agreed on was that it's a difficult situation in fundraising at the moment with few clear answers on how to survive.

But there are some things you do know: You don't have as big an investment budget as the Sierra Club, or as attractive a brand as the American Red Cross, or as loyal a supporter base as the American Cancer Society. You also know that "business as usual" won't help you survive and thrive in a radically changed financial and social environment. And you probably see and hear evidence all around that beneficiary needs actually are growing.

So the real question can't be simply about how to survive the crisis. The questions have to be how to grow your fundraising income. What can your competitive advantage be if it's not as compelling as some of the big brands above? How do you address increased and changing beneficiary needs?

The answer, for an increasing number of charities in the U.S. and worldwide, is innovation. The conclusion is the same in the commercial world, where marketing guru Philip Kotler calls innovation the only sustainable competitive advantage.

Yet, while almost everyone — in both the commercial and charitable worlds — agrees that innovation is important, only a small number of charities really are embracing it in a systematic way. This report explores how some leading-edge charities are tackling it and what you can learn from them. It focuses on how to create a systematic approach to fundraising innovation as a value chain.

(By the way, if you're looking for anecdotal evidence of this reluctance by fundraisers to tackle innovation, read through the programs for recent fundraising conferences both in the U.S. and abroad. Many of them read more like the schedule for a history-of-fundraising convention — full of sessions on ideas that used to work, delivered by many of the same faces, to audiences keen

on tried-and-tested answers. Where are the innovation tracks?)

Luckily, there are some notable exceptions to this “innophobia.” Internationally, UNICEF and Greenpeace International, once seen as sleeping fundraising giants, now are reinventing themselves through innovation programs. (See case study sidebars.)

In the U.K., the National Society for the Prevention of Cruelty to Children, under the visionary leadership of Director of Appeals Giles Pegram, is an innovation exemplar with a 10-year record of sustained new thinking. (See case study sidebar.)

But it’s not just big charities. If you’re looking for North American inspiration, try the tiny Lake Simcoe Conservation Foundation in Canada — one of the fastest-growing and most successful nonprofits around. Its innovative executive director, Kimberley MacKenzie, recently won an award from the Association of Fundraising Professionals Canada for some of her programs. To find out about the cool stuff she’s doing in a three-person shop, try her blog at kimberleymackenzie.blogspot.com.

In each case, these organizations are not just working on innovation as an approach or added extra, but they’re putting it at the very center of their strategies. They want to be innovative 24/7 rather than simply chase one good, new idea for a quick fix.

A systematic process

The key challenge to innovative fundraising is that few charities have a systematic process to create, integrate and exploit innovation. Those that do, like the examples above, seem to view the crunch, or crisis, or catastrophe, as a fabulous opportunity.

The Management Centre has developed a model, based on some original Harvard University research, that argues that innovation is a value-adding process with six distinct stages. Monitoring your progress at each stage ensures you move from simple creativity (coming up with lots of ideas) to identifying potential (spotting and supporting ideas that may have benefits) to enjoying genuine payoffs (implementing the ideas and raising money from them).

The arrow diagram at the bottom of this page illustrates this process as a clearly flowing series of stages.

At each stage in the process, an organization can be strong or weak. The list below asks questions to help you assess yourself in terms of the challenges you face and the consequences — or symptoms — if you are less than effective in this.

Stage one: In-house idea generation Challenges

- Do you come up with enough new fundraising ideas internally?
- Does your organizational culture support this approach?

Consequences

You need lots of ideas to develop real, creative momentum. If not, you'll always be running to catch up with other fundraisers.

Stage two: Cross-pollination Challenges

- Are ideas exchanged between branches or departments, among regions, or between headquarters and regional offices?
- Do you have systematic processes to ensure that this happens?

Consequences

If not, you'll be missing out on chances to work in a collaborative way.

Stage three: External sourcing Challenges

- Do you consistently scan the environment — commercial and noncommercial — for new fundraising approaches and ideas you can adapt?
- Is there a “not-invented-here” syndrome at play in your organization?

Consequences

You might be allowing others to gain the first-mover advantage.

Stage four: selection Challenges

- Do you have a systematic process for identifying high-potential/high-payoff ideas?
- Is this process rigorous but open?

Consequences

You might be developing ideas but not choosing the high payoffs or only choosing ones that fit with current thinking.

Stage five: Development Challenges

- How are ideas assessed and progressed?
- What metrics do you use to establish what has real fundraising potential and what isn't going to make it?

Consequences

If you don't have a rigorous development process, you could waste time and energy on low payoffs.

Stage six: Diffusion and Returns Challenges

- How well are ideas rolled out to donors?
- What expectations of financial return do you have? And over what period?

Consequences

If you have too short-term an approach, ideas will never succeed. If you wait too long for results, the opportunity window might have closed.

The Management Centre has developed an online tool that allows staff members to complete a confidential questionnaire to assess themselves against each stage in this process.

In the case of UNICEF, staff members quickly identified that they were being held back by two big challenges.

UNICEF was very good at coming up with ideas and scored high on stages one and two of the value chain. (Interestingly, research suggests that most charities are actually quite creative.) So what were the problems?

Challenge one was, in fact, that there were so many ideas that they got clogged in the system. A good idea could take a long time to get support, losing momentum and sometimes even a time-specific window. Successful local ideas would not be systematically picked up, adapted and spread.

The solution here was to offer fast and flexible support for ideas that were at a country level and run a small innovation hothouse at the organization's world headquarters for fundraising in Geneva under a newly formed development and innovation unit. This latter initiative would choose ideas with high international potential, and develop and nurture them to enable widespread implementation and maximum returns.

A second challenge was creating a widespread culture of fundraising innovation across the globe. The thinking here was to utilize the competitive advantage of more than 50 fundraising offices around the world that had daily contact with the donors and other market actors who trigger and guide ideas, rather than requiring that everything go through the Geneva headquarters. To support this, UNICEF worked with The Management Centre to create a sophisticated, online "innovation tool box" full of techniques to generate, identify and progress ideas at a national or local level. This included a series of workshops to create a worldwide team of innovation champions located in individual UNICEF countries, encouraging cross-fertilization, which ironically was a perceived weakness in this

global and heterogeneous organization. The result: a Web-lined “neural network” of fundraising innovators all collaborating to create a multinational culture of innovation.

UNICEF’s approach was informed initially by a global survey identifying how it was doing against each of the key value-chain stages. The chart below shows the average score for a basket of 10 U.S. fundraising charities when they were surveyed at the AFP conference in San Diego in 2008 in terms of how they were doing against the six stages. It’s important to emphasize that this is a self-assessment.

These results suggest that, in terms of fundraising innovation, our 10 U.S. fundraising charities:

- Are weak overall — no charity scored above 60 percent. As a point of reference, most European charities score 65 percent and higher in stages one and two. This is a depressing result compared to our basket of commercial organizations and international charities.
- Are reasonably good at coming up with ideas and external sourcing of new approaches.
- Are average at picking up on others’ ideas but then poor overall at choosing good ideas to progress.
- Are desperately poor (29 percent!) at monetizing their ideas, getting them to market and securing financial returns — which is the point of fundraising!

How do you score on the six stages? (To take an online questionnaire that benchmarks your organization against other national and international fundraising charities, go to www.managementcentre.co.uk/iaudit)

There also are simple, practical strategies to improve performance in each of these areas. Some of these include:

Stage one: In-house Idea Generation

- Have weird “away days.” Show a movie like “Ocean’s Eleven,” and seek inspiration from it.
- Create a stimulating environment — play music or kids games before the staff meeting.

Stage two: Cross-pollination

- The “away days” strategy also works here.
- Organize workshops between different departments and teams.

Stage three: External sourcing

- Visit commercial companies you admire, and learn from them.
- Benchmark yourself against other charities.
- Take the Management Centre's innovation test.

Stage four: selection

- Organize an "American Idol"/"Dragons' Den"-type contest with external judges for the ideas. ("Dragons' Den" is an internationally aired television program that consists of entrepreneurs pitching their ideas to get investment finances from business experts.)
- Develop a set of clear and specific metrics for success — and failure.

Stage five: Development

- Create a team that acts as gardeners or developers who nurture ideas to launch. (See the "Innovation Roles for Fundraising Managers" sidebar.)
- Delegate responsibility for idea nurturing to all team leaders. Give them an idea target.

Stage six: Diffusion and Returns

- Create a separate internal "launch" team that acts as salespeople for ideas it didn't invent.
- Be clear on what the return metrics are — invest fully but reasonably.

Given some thought, most organizations can easily come up with additional ideas that will be useful. But remember, the key is to focus where you need to improve — that's where the innovation-chain approach and benchmarking are useful.

Innovation matters — and not just to help your organization deal with the crunch/crisis/catastrophe. It also helps you thrive as you come up with new ideas in fundraising; it helps you to persuade existing supporters, staff and even board members that you're committed to really stepping up to the mark. And it also matters if you are to attract good, new people — staff and donors — to your cause.

Innovation is no longer an added extra; it's a survival strategy. As Bill Gates said, echoing Kotler, in his book "Business @ the Speed of Thought," "In three years, every product my company makes will be obsolete. The only question is whether we'll make them obsolete or if someone else will."

Now, that's a commitment to innovation! *FS*

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Below is a matrix, developed by The Management Centre, that outlines seven innovation approaches used by a number of charities. Most of the examples are European, but you probably can identify how they might apply to you.

No one approach is ideal for any organization. And an organization might go through a series of these approaches as it develops. (See the Greenpeace International case study sidebar.)

Structure: Pirates

Characteristics: Create a small team that works away from the headquarters to develop high-risk/high-potential projects. The team acts like pirates, taking ideas from anywhere without having to report back to headquarters. It returns when it's come up with "loot" — any idea that might work.

Structure: Skunk Works

Characteristics: Organize time-limited, cross-functional project teams to generate ideas in response to specific challenges, and work them through. As a part of this, it's common to bring in outsiders to stimulate thinking. So an organization's new strategic plan is being developed, for example, over three weekends by a group of 50 percent insiders and 50 percent outsiders.

Structure: Revolutionaries

Characteristics: Train a small group in innovation techniques. Members return to their normal roles empowered to stimulate innovation among others. NSPCC chose a team of 50 creativity coaches who had been trained in creativity and innovation techniques to encourage others to have great ideas. (They're not innovators themselves, but people who help others to be.)

Structure: Prodigies

Characteristics: Encourage ideas from everywhere through prizes and awards that anyone can apply for. This approach involves reducing bureaucracy and the dreaded "ideas committee." (Doesn't that just seem like an oxymoron?) One person assesses the ideas, and there are various levels of prizes and awards to stimulate participation. Prizes involve time off to develop your idea.

Structure: Dragons' Den

Characteristics: Create a formal "American Idol"-style system to select ideas. Innovations are assessed by a group that has an investment budget. The Dragons' Den involves staff bringing ideas into the fierce heat of critical thinking. The dragons' job is to weed out ideas that won't make it. (You need a process to stimulate ideas to this stage. And make it clear: It's tough!)

Structure: Open Source

Characteristics: Pose problems online, and ask users, donors, supporters and customers to solve them. This is the newest of the innovation approaches; it is used by Procter & Gamble to develop new projects and was adapted by Greenpeace International to ask supporters how to raise funds.

Structure: Functionalize

Characteristics: Create a team whose job is to come up with innovative ideas. Sometimes you need to create a team of people whose sole focus is generating ideas and then selling them to another part of the organization to deliver — more like a conventional research-and-development operation. At Cancer Research UK, the team focuses on high-value ideas that will create more than \$10 million a year.

You might like to reflect on which of these approaches would fit most neatly in your organizational culture. And notice that the story of Greenpeace is one of choosing different structures as the situation changes.

Experience shows that even a systematic model isn't enough. There are a number of roles managers can play in stimulating fundraising innovation. What does your organization need you to be?

Mentor: The mentor adopts individuals or even ideas, ensuring they achieve their full potential. He or she cuts through bureaucracy to ensure innovation wins through and is recognized at the top. Mentors can agree to specific support and organize connections with key decision makers. Does your organization need you to be a mentor? Who or what should you mentor?

Gardener: The gardener ensures that the organizational culture (the garden) sustains experimental ideas (plants). The gardener can nurture ideas in their early stages, but there also comes a time when ideas have to grow by themselves. Is your organization an "innovation garden"? What would you change to make it so?

Talent scout: The talent scout, like the mentor, focuses on individuals. But the key is seeking talent from outside — new employees, temps, interns, secondees or even consultants. Organizational energy is created through an influx of fresh blood. Does your organization need talent? And if so, what kind?

Catalyst: In science, a catalyst produces radical change in a normally stable substance. In innovation, it's someone who brings together diverse elements — teams or individuals — to create a reaction. (Note that once you create the reaction, you can't control it.) Who could you bring together to create a dramatic reaction — donors and beneficiaries, perhaps? Who could work on a problem in a radical, new way?

Ethnographer: An ethnographer studies human behavior across cultures and generations. In an innovation sense, he or she searches for needs not yet met or even fully expressed by the organization's donors and tracks how donors use the Web site, then changes it to meet this need. Which donors might you study to gain some insights into how to change your work?

Venture intellectual capitalist: This is a budget-holder with a free rein and the ability to spot longshots. He or she sustains a portfolio with fast-return and high-ROI projects. It's important to allow the VIC to be judged across a whole portfolio over time rather than on a case-by-case basis. Could you get your hands on a budget? And if you could, what would you support with it?

Mash-up artist: In music, a mash-up artist mixes sounds to create something new. An innovation mash-up artist combines and controls in an organizational sense. He or she tears down silos, links unlikely ideas and brings in oddball outsiders to challenge current thinking. Unlike the catalyst, he or she directs the process. Are you a mash-up artist capable of choosing elements and combining them in unusual ways?

Case Study: Innovation at NSPCC

In 2007, the U.K.'s National Society for the Prevention of Cruelty to Children finally succeeded in its extra-ordinary Full Stop campaign, which has been widely regarded as the most successful fundraising campaign in Europe in the last 10 years. (For details on the campaign, you can read a press release on the organization's Web site at tinyurl.com/dedwcw)

But did the organization actually come up with any brilliant, new ideas in doing it?

"A few," says Director of Appeals Giles Pegram. But, he maintains, "the chief quality that contributed to our success was resilience — the ability to learn from mistakes."

Pegram isn't shy about acknowledging that the organization made at least 10 major mistakes during the campaign, ranging from choosing the wrong structure to wrongly anticipating the number of \$2 million-plus gifts. But because of its resilience, NSPCC was able to succeed nonetheless.

But the organization isn't content to rest on its laurels. Pegram is clear: "NSPCC sees itself as innovative, but that means we have to constantly reinvent our cause and our work."

So even before Full Stop came to a full stop, NSPCC began a systematic process of reinventing itself by restructuring and developing a new fundraising strategy.

To support the process, the organization has been embedding innovation practice in a number of ways, including:

- Selecting a team of more than 50 innovation champions from across NSPCC.

- Developing an online creativity and innovation toolbox to support the team.
- Establishing an awards program to encourage team members.
- Holding a conference for the team, with top-level leadership support, commercial case studies, and even stand-up comedians to inspire members and shake up their thinking.

Case Study: Innovation at UNICEF

As a market leader in the field, with many recent innovations in its fundraising portfolio, UNICEF takes no success for granted and recognizes that innovation doesn't just happen. So the organization created a special global unit to give innovation the attention it needs to flourish.

The organization realized it needed something special to take people out of the box and allow the free flow of ideas to kick off its innovation initiative. An avant garde arts center in Geneva, offered by a UNICEF supporter, served as an unusual but perfect venue for the initial, exploratory phase of UNICEF's innovation journey. The launch event at the arts center involved:

- Gathering a mixed group of international fundraisers, policy experts and campaigners for an intensive cross-fertilization workshop.
- Listening to input on society trends from sociologists, including jaw-dropping insights into how Pringles develops new snacks by studying consumer behavior.
- Mixing in creative challenges and inspiration, filling breaks with painting, music and culinary surprises.
- Developing a set of key trends UNICEF must respond to and building a series of fundraising ideas based around these trends.
- Having each idea evaluated and videotaped in an idea-assessment event judged by a consultant, a commercial marketer and the center's arts manager.

Recognizing the importance of speed and sharing, the group created a wiki of the entire event, including videos of the idea presentations. It was accessible to UNICEF staff within 24 hours so members could share in the results.

This exploratory event marked the starting point, creating initial ideas, feedback and understanding for how to drive innovation at UNICEF globally. It was followed by an analytical phase, carrying out a survey among fundraisers worldwide using the value-chain model outlined on Page 22. UNICEF discovered the key challenges were in stages two and five. There was no lack of ideas, but the survey showed a need to become better and faster at sharing them across the complex, multinational organization.

Case Study: Innovation at Greenpeace International

Greenpeace has gone through two phases in developing its approach to innovation, in addition to an Eye of the Storm phase that happens at the beginning of most new ventures. (See “Organizational Structures for Innovation” sidebar.)

Eye of the Storm

In 2004, Greenpeace appointed a coordinator for international innovation, Marcelo Iniarra, a high-performing employee who had developed some of Greenpeace’s online work in Argentina. He worked from Greenpeace’s headquarters in Amsterdam, the Netherlands, to organize an innovation program focusing on online initiatives. This was considered the Eye of the Storm phase because lots of things were happening, but there was an unnatural stillness at the center.

The plan wasn’t entirely effective. Working at the international headquarters provided access to power, but it actually constrained some initiatives since there were definite views on what was possible and what constituted a risk. Being close to the CEO isn’t always an advantage if you want to pursue a radical agenda. He or she is responsible to a range of stakeholders and has to reflect that rounded view.

Pirates

After a year, Iniarra asked to work away from headquarters, specifically in Argentina. This distance allowed him to experiment. This was considered the Pirate phase because Iniarra had a small team, a budget and the chance to try any tactic without the need for extensive reporting to headquarters.

One result was an amazing virtual march in 2005 when 250,000 people worldwide sent pictures from their mobile phones to a Web site to register their concerns about Japanese whaling practices. These pictures were projected on the edifice of the hotel where the International Whaling Commission was meeting in South Korea, and the mobile campaigners subsequently were approached to become donors.

Open Source

Finally, Greenpeace decided to open the challenge of how to raise funds — and successfully campaign for an end to whale slaughter — by moving to the Open Source phase. Essentially, this involved asking supporters for ideas. This is a technique pioneered by Procter & Gamble, which accepts formulations for new cosmetics and care products from the public. Companies like Microsoft are involving the public in open-source communications when they ask if you want to submit those error messages you get while trying to work in Office.

One other part of the principle idea was to convert these supporters to donors. This model seems to sit well with Greenpeace’s activist approach. Iniarra has since moved on from Greenpeace, but the process continues ...

A Cure for Innovation Panic Syndrome

Innophoria is an online game meant to encourage the use of innovation within social organizations. The brainchild of international consultancy marceloiniarra.com, it pushes “social organizations out of the rut of outdated policies and campaigning techniques and along the path to innovation,” according to a recent press release.

Innophoria follows the adventures of social-sector staffers Lucy and Joe as they journey along the road to Innophoria, where they discover novel ways to employ innovative ideas into their jobs and try to persuade their colleagues and organizations to become more innovative.

“The social sector is suffering from a terrible case of IPS, ‘Innovation Panic Syndrome,’” Marcelo Iniarra, tribe chief at marceloiniarra.com, is quoted as saying. “It’s a very creative community, but it’s hard to transform creative, and sometimes disruptive, ideas into real projects.”

In an attempt to make the game as relevant as possible to all branches of the social sector, visitors were invited over the past few months to submit their experiences regarding innovation, which then were used to create playing cards for the game to challenge players’ innovative spirits.

“Using an open source innovation model, we [gave] every staff member and volunteer from social organizations around the world the chance to share their experiences,” Iniarra is quoted as saying.

The game is expected to launch this month. You can check it out at www.innophoria.com.