

PA 747
Developing Nonprofit Financial Resources
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Course Description

This course is about how nonprofit organizations secure and “retain” financial resources. In this course, we will learn about the different sources of financial resources for nonprofits— individuals and institutions--and the traditional and not-so traditional vehicles of securing resources for nonprofits. More importantly we will explore how the paradigms of fund development are changing in the 21st century and moving away from a eliciting “donations” perspective to “developing sustainability through partnerships.” Drawing upon academic readings, how-to fund development literature, and the real experiences of “successful” organizations, we’ll tackle “real” fund development challenges experienced by Bay Area organizations that have agreed to partner with our class this semester.

In focusing on the processes of developing partnerships between nonprofit organizations and other community organizations, both individuals and institutions, we’ll move away from the concepts of scarcity and move to a perspective of “sufficiency.” A “sufficiency mindset” focuses on the resources that nonprofit organizations have to bring to any relationship and how to leverage these resources to create value for the organization. As Lynne Twist of the Community Leadership Association writes:

"We each have the choice in any setting to step back and let go of the mind-set of scarcity. Once we let go of scarcity, we discover the surprising truth of sufficiency. By sufficiency, I don't mean a quantity of anything. Sufficiency isn't two steps up from poverty or one step short of abundance. It isn't a measure of barely enough or more than enough. Sufficiency isn't an amount at all. It is an experience, a context we generate, a declaration, a knowing that there is enough, and that we are enough." ~Lynne Twist . The Community Leadership Association. Fall 2003. www.communityleadership.org

What this class isn't—

- This class is not an introduction to the nonprofit sector. Although there are no prerequisites, if you are not familiar with the legal definitions and requirements of a nonprofit organization and basic management concepts, you should first take PA 744 or PA 745 (Fall 2007/Spring 2008).
- This class is not a grant writing course, although we'll discuss the grant writing process. There are many grant writing courses offered in the community.
- This class is not a lecture class -it is a hands-on application of “theory” to real issues facing real organizations.

Expectations:

- Attendance at all sessions is required. If you are not able to attend all sessions for the full day, then you should take this course during another semester.

- You must come to class prepared -having read the materials and ready to participate in class discussions of the readings and cases.

Meeting Dates and Times:

The class will be run very much in a workshop format. Each Saturday will be a full day of mini-lectures, class discussion, case analysis, speakers, and group meeting time. Very little of the day will be spent on traditional lectures. By the time that class meetings end in late February, you will begin to work on a group project that addresses a particular “financing” problem for a selected nonprofit.

Dates:

1/27
2/3
2/10
2/17
2/24

Typical Saturday:

9-10:30 Mini-lecture and class discussion of key readings
10:30-10:45: Break
10:45-12:00: Morning Speakers
12:00-12:30: Lunch
12:30-1:45: Case Discussion: Small Group
2:00-3:00: Afternoon Speaker
3:15-5:00: Group Work

Resources:

Required Resources:

Rosso, Hank. 2003. *Achieving Excellence in Fund Raising*. 2nd ed. San Francisco: Jossey Bass, Inc. (on order with the book store—may be purchased through Amazon.com). ISBN: 0-7879-6256-2

Sagawa, Segal, Kanter. 2000. *Common Interest, Common Good: Creating Value Through Business and Social Sector Partnerships*. Harvard Business School Press. ISBN: 0875848486

Young, Dennis, ed. 2006. *Financing Nonprofits: Putting Theory into Practice*. New York: Altamira Press.

Supplemental resources: Other resources that you might find useful include:

Klein, Kim. 2000. *Fund Raising for Social Change*. 4th ed. San Francisco: Jossey-Bass Publishing. ISBN: 0787961744 (this is a very practical “how to book”)

Robinson, Andy. 2002. *Selling Social Change (Without Selling Out): Earned Income Strategies for Nonprofits*. San Francisco: Jossey-Bass. ISBN: 0787962163

Seltzer, Michael. 2001. *Securing Your Organization’s Future*. The Foundation Center. (this book must be ordered directly from the Foundation Center. It cannot be purchased from the SFSU bookstore).

Seller, Tim. *Developing Your Case for Support*. Center on Philanthropy. Indiana University.

Weeden, Curt, Paul Newman, Peter Lynch. 1998. *Corporate Social Investing: The Breakthrough Strategy for Giving and Getting Corporate Contributions*. Berrett-Koehler Pub. ISBN: 1576750450

Zukowski, Linda. 1998. *Fistfuls of Dollars: Fact and Fantasy About Corporate Charitable Giving*. EarthWrites. ISBN: 0966131428

Journals:

- *Nonprofit and Voluntary Sector Quarterly* (Foundation Center and available through SFSU Document Delivery Service)
- *Nonprofit Management and Leadership* (Wiley Interscience)
- *New Directions for Philanthropic Fundraising* (Wiley Interscience)
- Chronicle of Philanthropy: <http://www.philanthropy.com/>
- Grassroots Fundraising Journal. <http://www.grassrootsfundraising.org/>

On-line resources:

Association for Fund Raising Professionals: <http://www.afpnet.org/index.cfm>

Foundation Center <http://foundationcenter.org/sanfrancisco/> (also check out their classes, many of which are free).

New Philanthropy Capital: <http://www.philanthropycapital.org/index.php>

Assignments:

Participation: Class attendance and contribution to class discussion and activities (10 pts)

Assignment 1: Good Resource Development Practices of "Successful" Organizations (25 pts)

1. Identify an organization that you feel has been successful in developing resources for their organization; gather data about this organization and their practices; and analyze the "keys" to their success.
2. Prepare a 10 page paper that discusses the practices of your organization and applies "fund development" readings to understand how these practices have led to their success.
3. Prepare a ten minute presentation for the class re: your findings.

Assignment 2: Good Practices in Resource Development (15 pts)

1. Review the findings of other students.
2. Synthesize those findings.
3. Prepare a five page report that identifies good practices in fund development.

Assignment 3: Analysis and Recommendations for a resource development problem/issue facing a community partner agency (50 pts)

During the month of February, you will select/be assigned to a group, which will tackle a resource development issue for a San Francisco Bay Area nonprofit organization. We will form teams based upon class members' skills, experiences, and interests. Two final products will result from this assignment: group analysis and recommendations for the organization on how to best address their current resource challenges and an individual assessment of your group project.

Components of the written project will include:

1. Executive summary
2. A description of the organization: including history, mission, services, financial characteristics

3. A description of the problem or issue that you have been asked to address
4. A description of the methods and procedures that you used to research this problem/issue
5. A description of your analysis of the resource issue you addressed, including tables, charts etc. used to summarize data.
6. Specific recommendations
7. Conclusion

Assignment	Due Date
Assignment 1: Organizational Analysis	2/24
Assignment 2: Good Practices in Resource Development	3/31
Assignment 3: Consultation Project	
• Name of NP Org & Team Members	2/10
• Agreement Between group and organization	2/24
• Tasks & Timeline	3/14
• Final Product	5/4

Course Schedule

Session I: Introduction to the Class January 27

- **Class Introduction**
- **Class resources**
 - texts
 - using iLearn
 - Library resources
- **Class Assignments?**
- **The current world of resource development**
 - Changing context & trends
 - Philosophies of stewardship and sufficiency
 - The Blurring of NP/FP "Philanthropy" -The Birth of "Philanthrocapitalism"
- **Basics of Nonprofit finance**
 - Operating support versus capital
 - Financial health of nonprofits
 - Complexities of nonprofit finance
- **General Principles of Resource Development**
 - Resource acquisition as a process of organizational development and planning
 - The components of a fund development plan
 - The ethics of resource development
 - The costs of resource development
- **Researching Nonprofit Organizations**
 - Foundation Center
 - Guidestar
 - NCCS

Readings:

Rosso: Ch 1-2,
Young: Ch 1

"Doing Well and Doing Good" The Economist. 7/29/2004.

http://www.economist.com/displaystory.cfm?story_id=2963247

The Economist. "The Business of Doing Giving."

http://www.economist.com/surveys/displaystory.cfm?story_id=5517605

**Session II: Individual Donors: Vehicles & Principles
February 3**

Vehicles of Individual Fund raising:

- Special events,
- Direct mail,
- face to face,
- membership campaigns
- internet solicitation

Developing relationships with individuals

- Who are potential individual donors and how do you ask them?
- Who gives? And why?
 - Identifying "constituents"
 - Giving in communities of color?
 - How do you keep your donors?
- Developing a donor profile
 - What is the new model of engaged philanthropy?
 - Developing a message to reach individuals

Required Readings:

Rosso: *Chpts*: 13,16-22.

Young: Ch 2: Patrick Rooney "Individual Giving" ; Ch 8: Anne Preston "Volunteer Resources"; Ch 6: Rich Steinberg: "Membership Income" ; Ch 10: Charles Gray "Gifts-in-Kind"

Heath, Chip. "Loud and Clear: Crafting Messages that Stick". Stanford Social Innovation Review.

Additional Resources:

Sargent: Managing Donor Defection: Why should Donors Stop Giving.?" *NDPF* 32. 59-74.

Sargeant: "Returns on Fundraising Expenditures in the Voluntary Sector." *NML*. 10.1.: 5-19

Schervish, Paul. "Major Donors; Major Motives: The People and Purposes Behind Major Gifts" ." *NDPF* 47 (Spring 2005).

Winkler, "A Horse of a Different Color" *Critical Issues in Fundraising*: Chapter 11: 178-198.

On-line Fundraising Manual from GroundSpring (Blackboard)

Session III: Institutional Relationships: Vehicles and Principles
February 10

Trends in Institutional Support for Nonprofits

- Engaged philanthropy
- “commercialization” of philanthropy

Sources of Institutional Support

- Institutional Philanthropic Organizations
- Government Funding
- Collaboration & Barter
- Banks & investment Organizations

Developing and maintaining institutional relationships

- How do you develop and maintain relationships with institutional partners?
- What are the forms of institutional relationships: philanthropic/marketing/operational?
- What are the limitations of engaged philanthropy?

Readings:

Young: Ch 3: Cordes & Sansign. “Institutional Philanthropy”; Ch 4: Rushton & Brooks “Government Funding” ; Ch 9: Renee Irvin “Collaboration & Barter” ;

Sagawa, Segal, Kanter. 2000. *Common Interest, Common Good*.

Rosso: Ch 14,15

Bradley, Bill; Paul Jansen and Les Silverman. 2003. The Nonprofit Sector’s \$100 B opportunity.” *Harvard Business Review*.

Burlingame and Smith. 1999. “The Future of Corporate Giving.”
New Directions for Philanthropic Fund Raising. 26 (winter).

Letts, Christine W.; Ryan, William. “[Virtuous Capital: What Foundations Can Learn from Venture Capitalists](#)” .*Harvard Business Review*. Mar/Apr97. 75 (2).

Additional Resources:

Weeden, Curt, Paul Newman, Peter Lynch. 1998. *Corporate Social Investing: The Breakthrough Strategy for Giving and Getting Corporate Contributions*.

Zukowski, Linda M. *Fistful of Dollars*

Seltzer: Part B: Ch 15-21

Session IV: Earned Revenues & Commercial Markets
February 17

Types of commercial revenue

- Earned income : fee income & social enterprise
- Special events
- Cause related marketing
- Investment Income
- Borrowing & Debt

Developing sources of earned revenue**Managing earned income****Readings:**

Young: Ch 5: James & Young. "Fee Income & Commercial Ventures" ; Ch 13: Kearns. "Income Portfolios" (review); Ch 11: Yetman. "Borrowing & Debt"

Emerson, Jed. Lessons Learned from REDF (note: there are numerous publications available on the REDF website. Select a few that interest you most)

<http://www.redf.org/publications-boxset.htm>

Juma Enterprises. *Changing Lives, Changing Times*. 2003 (available on-line for free or for \$5

http://www.jumaventures.org/pages/news_pubs.html)

Ryan. "Nonprofit Capital." www.community-wealth.org/_pdfs/articles-publications/pris/paper-ryan.pdf

Additional Resources:

Robinson: *Selling Social Change without Selling Out. Earned Income Strategies for Nonprofits.*

Case: REDF: Social Enterprise

Session V: Resource Development as an Organizational Process
February 24

Managing the Resource Development Process**Readings :**

Rosso: Ch 4-12,28-31

Young: Ch 12: Bowman. "Managing Endowment & Other Assets" ; Ch 13: Kearns. "Income Portfolios" ; Ch 14: Greenlee & Tuckman. "Financial Health" ; Ch 15: Young. "Toward a Normative Theory of Nonprofit Finance"

Case(s): Can't Give their Money Away?? : the Case of the SF Strippers

Class Activity: "Good Practices in NP Fund Development": Sharing our findings
