



**The Link between Organizational Excellence and Fundraising Success:  
An Introduction  
Melarbit Partners, Inc.  
April, 2011**

**The Opportunity**

The following information is intended to provide a strategic framework in which to think about fund development and income generation. It seeks to extend the traditional focus of fundraising techniques and tactics by linking fundraising success to broader organizational dynamics related to readiness, capacity and impact. In so doing we hope to open up new possibilities and opportunities for organizational growth and sustainability.

The perspective presented in this article is based on more than 20 years of direct professional fundraising, marketing and nonprofit management experience in a variety of organizational settings. It is presented as a part of Melarbit's commitment to leveraging points of transition such as the one brought about by the current economic downturn, in order to support meaningful change initiatives.

Note: Given the 'clutter' of terms that pervade our vocabulary, you will find a list of fundraising and management definitions for terms referenced in this article, at the end of this document.

**The Issue(s)**

Fundraising is a core management function and essential to the successful operation of a nonprofit or social enterprise. It also is one of the most misunderstood.

Indeed the subject is most often approached as a series of 'how to' tactics and 'techniques' - how to recruit volunteers as fundraisers; the 'fundraising house party,' etc. – completely isolated from broader organizational strategy and sustainability.

There are many reasons for this. Fund development is frequently dictated by short-term needs and not used to realize more long-term, strategic opportunities. Additionally, there is often a disconnect between the fundraising function and the rest of the organization. If there is a formal fundraising department, the responsibility is often placed on one person or team – totally separate from the rest of the organization.

But these are symptoms of a larger problem – the reluctance of most supporters to acknowledge fundraising as a legitimate management function – and thus an unwillingness to pay for it. The result is that fundraising gets fragmented and pushed underground.

Making things worse is the lack of any real literature on the subject. While there has been a proliferation of materials about the importance of investing in organizational capacity building and nonprofit performance the link between organizational excellence and

## **The Link between Organizational Excellence and Fundraising Success: An Introduction**

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**Page 2**

fundraising success remains elusive. The more we recognize – and leverage - the inherent connection between fund development and organizational effectiveness – the better we can start positioning ourselves for fundraising success and impact.

### **Making the Connection: Organizational Excellence and Fundraising Success**

This is not to suggest that more funding is always the answer. Quite the contrary. By looking at fund development through the broader lens of organizational sustainability it becomes clear that good fundraising is about more than just money. This realization actually forces us to rethink our understanding of money. In so doing we come to see that money is only a vehicle. Its real value is in the lasting change it helps to catalyze and thus leave behind.

Admittedly, it is a complicated relationship. As the [TCC Group](#) acknowledges, there is no clear cause and effect relationship. But it is time that we start to explore this further by acknowledging some fundamental truths.

First and foremost, successful fundraising is built on the foundation of an effective, impactful organization. Philanthropic supporters are 'buying' an organization's ability to produce some type of result or impact. Health care supporters want to eradicate disease; funders to the arts are committed to advancing different forms of art and culture; and social justice activists seek to build a more equitable society and alleviate poverty. The more effective an organization is at addressing these issues, the better able they will be to position themselves for support.

Second, fundraising methodology is a vital capacity building tool. The essential components of the fundraising process - building strong leadership, articulating a bold vision, and developing strategic relationships - creates essential organizational capacity. It is very important that organizational leaders understand and leverage this interrelationship as they seek to strengthen their organization's effectiveness and long term sustainability.

### **Final Thoughts**

I hope it is clear how the fundraising process presents a strategic opportunity to further your organization's growth and impact. While fundraising is and always will be the process of attracting financial support to worthwhile organizations and causes, we can expand our understanding and come to see how the rigors of fundraising can help an organization think through its plans, build internal capacity and ultimately develop a strategy for growth that is realistic, achievable and sustainable. In this way the fundraising process extends beyond revenue generation and becomes a key capacity building tool that can help strengthen long-term effectiveness and sustainability.

Look for additional information on this and other related issues in the weeks and months ahead. For additional resources on this and other related topics, visit [the Valuable Resources](#) page of our website. Send comments and inquiries to [bruce@melarbit.com](mailto:bruce@melarbit.com).

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**Terms and Definitions**

According to the [TCC Group](#) 'capacity building' are those activities that strengthen an organization and help it fulfill its mission. Capacity building efforts relate to just about every aspect of an organization's work including but not limited to improved governance, programs, operations, human resources, finance, marketing/communications and fund development. Training, consulting, coaching, planning, development of strategic alliances are a few of the more common capacity building activities.

Organizational Readiness refers to how prepared an organization is for growth. For the purpose of this article, we will be speaking about it in the context of an organization's ability to take on (new) fund development and income generating activities.

Organizational Effectiveness is about how close an organization comes to achieving its stated goals, as articulated in its mission.

Organizational Impact is about the direct effect your organization has on its intended beneficiaries (i.e. poverty alleviation, reduction in homelessness, lives saved etc.). Effective organizations are better able to deliver impact.

Organizational Sustainability – will your organization be around for the long-term?

Fundraising Success – beyond dollars raised, we use additional indicators in order to measure an organization's ability to attract financial support, including the reach of your volunteer leadership and donor data base; strength of your case for support; and return on investment.