The Goettler Series
To Advance
The Business of Philanthropy

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The Marketplace Perspective

A New Approach to the Development of Institutions

GOETTLER ASSOCIATES, INC.
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The Goettler Series

This article is one of a series on what we at Goettler Associates consider to be the essential elements of fund raising and institutional development today.

We have developed this series in response to interest expressed by our clients and our colleagues in the field.

One must, however, always exercise caution in writing an article as a guide or "how-to" piece. While the article addresses general principles, each philanthropic institution finds itself in different circumstances.

We like to think that one of the qualities that distinguishes Goettler Associates in the fund-raising field is our recognition of this fact: that each institution, each campaign, each situation is different, and that each requires the experience and skills of a team of professionals to listen, learn, analyze and interpret — and then to organize and carry out the strategy appropriate to the specific circumstances.

On the other hand, we also recognize the need to increase awareness of the time-tested principles of successful fund raising and to advance the "state of the art," so to speak. We intend this series to be an important contribution in this respect.

This series may also help you understand how we think and how we approach fund development and advancing our philanthropic sector. We hope that it will provoke questions — and that you'll call us for answers.

The Marketplace Perspective

A New Approach to the Development of Institutions

In the past, many of our institutions of social good have operated on the assumption that the greater their *need* — and the more they talked about it — the stronger their case for support would be, and the more money they would raise.

The message to the philanthropist was essentially this: "It's up to you to keep us going — and if we have to close down, you'll be responsible."

Some institutions still believe this is the best way to build support. But it doesn't work as well any more.

The fact is that, in the future, the *less* an institution talks about its own "needs," the more successful it will become. Many of our institutions are already realizing this.

These institutions have a new message for the philanthropist: "We're here to help you realize *your own aspirations*, to provide opportunities and to deliver benefits. And with your support, we can do even more than we're doing today."

The difference between the old way and the new way is the difference between selling and marketing.

Whose "Needs" Are Important?

One of the nation's leading resident community theatres used the old way until very recently. When the theatre asked for money, it made its appeal on the basis of its own internal needs. The theatre knew it could count on the traditional generosity of the city's theatre lovers to keep the doors open and the curtain up.

Then the institution realized that if it was ever going to expand its constituency beyond this "family" of insiders, it would have to begin to present itself differently. The theatre began to look at the priorities of community leaders and to consider which ones the institution was in a position to help achieve.

Leading individuals and businesses in the city were concerned with building civic pride and improving the city's image nationally and internationally. As it happened, the theatre's facilities were located in the central city, and had been for more than 80 years. And not only did the theatre enjoy an international reputation, its name incorporated the name of the city.

Therefore, a new fund-raising strategy was adopted. For the first time in years, the

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theatre didn't ask for help to avoid a deficit. Instead, it presented itself as a community asset that carried the city's name worldwide. The theatre portrayed itself as an enterprise in which those who cared about the city could invest.

The new strategy was successful. One of the results was that the theatre was able to complete its season without conducting its usual "spring beg." Another was that leading citizens who had never before been involved with the theatre became enthusiastic donors and volunteers — and they still are today.

Institutions Have No Needs

This theatre has adopted the marketplace perspective. It has realized that the center of its universe is not the institution, but the marketplace — the donor constituency.

Consciously or not, the most effective fund raising has always sprung from a marketplace orientation.

The transition from "begging" to marketing is one of the most profound changes in the philanthropic field in recent years. It is the reason that we're no longer hearing from so many "needy" institutions.

For, from the standpoint of the marketplace, *institutions have no needs.*

Institutions have *opportunities* to offer. They provide solutions; they offer donors an opportunity to realize *their* own goals and aspirations.

Marketing: A New Way of Thinking

In the near future, marketing will take its place as the key discipline in the enterprise of fund raising and development. The purpose of this article is to begin to rethink — in light of this phenomenon — some of our basic assumptions about philanthropy.

Marketing is more than a technology. It is a *perspective* that both management and trustees of institutions will be cultivating if their institutions are to prosper in the future.

A staff person at every major institution will eventually be tagged with the responsibility for marketing, if not the title. But the present period of transition is a time for everyone associated with our institutions to begin developing a marketing *orientation*, a marketing sense.

In fact, some of our most successful development officers have been using marketing ideas and techniques — without being aware, in most cases, that these techniques are part of an integrated system that is available to them.

Consciously or not, the most effective fund raising has always sprung from a marketing orientation. It has always presumed that if a prospect is interested in sports, for example, you don't try to persuade him to contribute to the science labs.

Raising funds in a competitive marketplace is like competing for a good job. The most successful candidates, although they may not necessarily be aware of the marketing approach, tend to be those who think of themselves in terms of what they do for the employer — rather than what the employer can do for them.

The vivid reality the applicant experiences — that he or she needs the money — is not much of a motivator for the employer. Likewise, an institution's professed "needs" are not very persuasive for the prospective donor.

Getting a job — or a contribution — in a competitive situation demands that the one who is seeking show the one who can provide how it's *in the provider's own best interest* to make a commitment. This is the essence of marketing.

Put Marketing First

When you're planning a development program or mobilizing for a campaign, marketing is the first step — well ahead of themes and brochures. You'll want to have a well thought out marketing strategy in place *before* turning to the writing of your case for support.

Without a strategy based on knowledge of the marketplace, there will be only random ideas without a guiding purpose. As the philosopher Seneca wrote, "When a man does not know what harbor he is making for, no wind is the right wind."

As a case in point, without the marketing approach, a certain Midwestern college might have been indistinguishable from a hundred other small colleges worthy of support. The administration, when asked what was different about their college, answered that they had a good, friendly, supportive environment, where all faculty members were involved with the informal counselling of students.

The problem was that this kind of amorphous claim, however valid, is difficult to document — and besides, many institutions say this kind of thing, especially when they can think of nothing better to say. In this case, a warm, supportive environment did not interest outsiders as much as another benefit the college had to offer.

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This college placed a special emphasis on educating its students, and professionals from the surrounding region as well, in the workings of our economic system. The college also tried to apply free-enterprise principles to its own operations so that the college was run in a businesslike manner.

These claims reinforced each other. They could be documented. And they struck a responsive chord in the donors, who shared the free-enterprise philosophy and were pleased to have an opportunity to invest in its future.

This college had a *distinctive competency* — one that mattered to the donors more than the warm and supportive environment. Strategically, the free-enterprise focus would prove to be a compelling case.

How Does Marketing Work?

The process of marketing for the non-profit sector can be broken down into at least seven major steps — using as a reference point an actual marketing plan for a campaign on behalf of a major zoo.

1. *Listen to your constituency.* The most important single step you can take is simply to stop focusing on internal issues long enough to go *outside the institution* and ask people what they think of it and what they want from it. This need not be a formal market survey, although it should be done in a systematic fashion. Simply putting the right questions to a few community leaders can generate a wealth of valuable input — if you're *really listening.*

2. *Define and segment your market.* You can learn something about your institution's potential market by looking at its existing donor constituency. Who supports the institution, and why? What benefits do they seek? What other groups might be interested in the same benefits? What additional benefits can the institution offer?

The market can be broken down into identifiable and manageable parts according to the interests, desires, and preferences of each group. The interests of the donor can then be matched to the benefits the institution can provide.

In the case of the zoo, there were four basic market segments. They consisted of those who were interested primarily in (1) animal conservation, (2) education, (3) recreation and (4) the zoo as a community asset.

3. *Strategically target those segments with the highest potential.* Each group was interested in the zoo for different reasons, and each had varying abilities to affect the ultimate success of the campaign.

> ***The most important single step you can take is to ask people outside the institution what they think of it, what they want from it.***

Generally, the animal lovers tended to have limited resources which were already committed fully. Those interested only in education or recreation could become good prospects when appealed to in terms of their own interests. Within the fourth group, however — those interested in the zoo as a community asset — were the people who were most capable of making the campaign a success.

4. *Position the institution relative to others.* Your institution is in competition not only with others in its own field, but with any philanthropic institution seeking dollars from the same prospects.

In this case, the zoo was located in a city well known for philanthropy, but was less developed as a community asset than most of the city's other major institutions. This apparent disadvantage actually enabled the zoo to offer investors a "ground floor" opportunity to participate in the growth of an up-and-coming institution.

5. *Write the marketing plan.* Based on the first four steps, commit yourself in writing to a strategic plan of action.

6. *Communicate the special opportunity the campaign presents in terms that matter to the target groups.* The fact that the zoo was an "underdeveloped" institution could have been a weakness in the campaign. But when viewed from the standpoint of the prospects and their desires — to stimulate growth and be identified with it — the zoo's lack of development became a strength and an opportunity.

> *Withsin your basic marketing strategy, you will be able to focus your approach to address individual goals and aspirations.*

7. Finally, use the technology of marketing to persuade donors to invest in your institution. You will develop a set of tools designed for the use of the people who will seek the investments — and who will win your campaign.

Different Ways of Viewing Your Market

There is more than one way to segment your market — that is, to break down your potential donor constituency into manageable parts.

The segmentation of the zoo's donor markets in the above case history is an example of the newest way to look at the marketplace — in *psychographic* terms. Psychographics attempts to group people according to their ideas, attitudes, interests and lifestyles. In the case of the zoo, the donor market happened to fall into four major groups based on interest.

The market can also be analyzed in *demographic* terms — that is, on the basis of age, sex, income, residence and other more traditional marketing parameters. For example, it might be most useful to conceptualize the donor constituency of an urban university by segmenting it into local, regional and national markets.

The most obvious breakdown, for those of us who operate in the philanthropic marketplace, is to classify prospects according to their *capacity to give*. We may also assign them *individual, corporate or foundation status.*

Beyond these basic divisions, however, we can further refine and focus our marketing efforts by creating subdivisions — for example, an art museum might be dealing with individuals of "old wealth" and "new wealth"; a university might look at alumni according to their year of graduation as a predictor of income; or a hospital might consider foundations with a history of emphasis on health care and human service.

However you segment your market, the central thrust of your marketing strategy will be aimed at those who have the power to make the campaign a success. Within that strategy, you will be able to adjust and focus your approach to address the goals and aspirations of other groups — and even individuals within each group.

Is Marketing the Same as Selling?

It's sometimes said that "marketing is just a fancy word for selling." But the selling mentality is rooted inside the institution; its objective is to convince people to buy what you have on the shelf. The marketing mentality, on the other hand, is based outside the institution — in the marketplace. Its objective is to find out what people already want and put it on the shelf.

Prospects will be more likely to contribute if they recognize that the institution mirrors their own deepest desires and values.

When an advertisement tries to persuade us to buy something in which we have no interest, we're usually not very receptive. If it invades our private lives (the way television and direct mail often do), we might even be angered by the intrusion.

But when the offer is for something we genuinely desire, we listen. We're pleased that someone has brought to the marketplace something we truly want.

Many institutions still think of fund raising as a selling process. They train a "sales force" and put them in the field with sales objectives, quotas and promotional materials. They try to get the prospects to take what the institution has on its shelves. But the major prospects — those who have been contributing large sums for a long time — have become hardened to aggressive, manipulative selling.

Businesses have found — and institutions are also beginning to discover — that if marketing is done first, then the "sale" comes easier. The "salesman" becomes an order-taker who helps the consumer make decisions and take delivery. His or her job is not to change a nay-sayer into a yea-sayer, but to increase an order or upgrade it.

"The aim of marketing is to make selling superfluous," writes management consultant Peter Drucker. "The aim of marketing is to understand the customer so well that the product or service fits him and sells itself."

In terms of the philanthropic marketplace, this means that prospects will be more likely to contribute if:

* They recognize that the institution mirrors *their own* deepest desires, values and aspirations.

* The institution demonstrates a capacity to solve the problems and address the opportunities that *prospects themselves* consider most pressing.

Aldous Huxley put it simply: "It's not very difficult to persuade people to do what they already long to do."

The reverse should be equally obvious: If prospects are not already interested in what you have to offer, you aren't very likely to change their minds.

What Do Donors Want?

When people contribute to a philanthropic organization they are, in effect, making a purchase. They are buying something with their money. Hence, organizations, like businesses, must meet the test of the marketplace; they must provide satisfactions. Simply being "for the social good" is no longer good enough.

Why does a person buy a Chevrolet? Because he or she feels a responsibility to contribute to the well-being of General Motors? Or because it provides certain benefits: safety, mobility, comfort, economy, status or self-esteem?

Whether one is in the market for a car or an organization, it's obvious which product is more attractive — it's the one that provides satisfaction.

Phillip Kotler, in his book *Marketing for Nonprofit Organizations*, characterizes marketing as a process of "exchange." People give in order to get. They don't want to feel that they are "giving away" their money. They want to feel that they are investing it in something they care about — something that offers them a return on their investment.

People give in order to get. They don't want to feel they are giving away their money. They want to feel they are investing *it.*

An independent school in Houston, for example, focuses its development efforts on its ability to shape the lives of children who will become the city's leaders in the 21st century. When put this way, potential donors can see a more tangible reward for their investment.

Why people contribute is a subject for another article. For now, here's the key point.

The needy institution, like the needy loan applicant at a bank, will find that its ability to attract major funds is limited. Dire need has never been known to inspire a major loan from a banker. Rather, it is said, the bank prefers to loan money to people who don't need it, when they don't need it. So make your case on strength, not weakness.

Should You Use Outside Counsel?

The marketplace perspective is an attitude that many institutions are already working to develop in their organizations. To facilitate this process, they often engage outside counsel.

Here are some reasons why you may or may not seek professional campaign management services:

• The leading professional fund-raising firms make it their business to come into constant contact with a wide range of business and civic leaders. This provides them with ongoing opportunities to query members of the donor community, gauge the response to numerous cases for support and keep an ear to the ground for shifts in public opinion.

• Counsel is independent of the social and political network that connects the various groups associated with the institution. Counsel's only stake in the institution and the community is to bring about the success of the campaign and to lay the foundation for long-range development.

• Professional counsel brings to the campaign an objectivity which can be difficult to maintain if the effort is conducted from within the institution. Counsel provides an effective counterweight to the natural tendency of any institution to develop an internal orientation.

The real purpose of the campaign materials is to persuade the prospects to invest - not to "tell the story" of the institution.

• Some counselling firms can bring to the institution and the campaign the discipline of a systematic marketing technology such as the seven-step process described above. In this way, counsel can help to ensure that the right things are done, in the right order, at the right time, by the right people, for the right reasons. It is important, for example, for counsel to target the most promising segments of your market before deciding how to communicate your "message."

• It is the business of outside counsel to guide the development of campaign materials specifically designed to motivate the philanthropic act. It's too easy for those inside the organization to fall prey to the temptation to use these materials to "tell the story" of the institution — forgetting that the real goal is to persuade the prospect to invest. The best way to stay focused on this goal is to work with a firm that can offer marketing and creative skills, as well as fund-raising expertise.

When you maintain a marketplace perspevtive, you cannot fail to impress upon the donor the importance of the campaign.

Marketing: The Competitive Edge

As competition for a limited number of philanthropic dollars grows more intense, the success of your development program will depend increasingly upon your ability to apply marketing dynamics and technology to your own situation. The winning campaign will be the one that is marketed in terms of the opportunities it can offer to the donor constituency — not in terms of the needs of the institution.

When you maintain a marketplace perspective, you cannot fail to impress upon the volunteer fund raiser and the donor the importance and urgency of the campaign. You will be able to show them your institution's capacity to address the opportunities and satisfy the needs that the prospects themselves consider the most pressing. And in the end, it is they who will win your campaign and make your development program a success.

The Tools of Marketing

Is Marketing Worth the Cost?

In order for your institution to succeed, there must be a climate of positive public opinion. First, in order to mount a campaign, your institution needs a willing public. And then, as a result of a successful campaign, your institution will have a still more willing public — because you will have proved that you are a winning organization. You will have the basis for successful long-range development.

Marketing can place you in this enviable position. At few times in your history will you have a better opportunity to advance the public's opinion of you. Marketing can lay the groundwork. You don't get many days in the sun — so take advantage of the opportunity a campaign presents to capture and hold people's attention.

Shaping the Marketing Tools: Five Principles

1. **Design for people.** Campaigns are not won solely on the strength of your marketing materials. They are won by your people — the campaign leadership, volunteers and donors.

Consequently, the materials used in marketing the campaign are only tools for the people who will raise money, and should be designed for their use.

2. **Focus on volunteers.** The purpose of your materials is not so much to convince the prospect, but to support the efforts of the volunteer solicitor — to build the volunteer's enthusiasm and confidence so that his or her attitude and behavior will convince the prospect.

3. **Plan for responses.** Each item in the marketing plan is response-oriented. It is designed with one goal in mind: to present stimulation that will evoke a positive response from the volunteer and potential donor. Facts and figures are supplied, but because the philanthropic act is as much emotional as rational, more attention is paid to evoking action — as opposed to merely providing information.

4. **Keep it simple.** People are most effectively moved when they are able to internalize one simple, coherent idea. Providing them with more data only causes the organization to appear unsure of its purpose and direction. Just as the most convincing advertising doesn't try to tell you every reason why you should buy, your marketing approach should be based on only one central and convincing argument if you expect to keep people's attention and move them to action.

5. **Aim outside.** It matters little what business the institution thinks it's in. What counts are the perceptions of the donor constituency. To develop a useful marketing perspective, it is necessary to base your process in that constituency.

Marketing Tools: A Checklist

This checklist is intended to be very general and flexible. As the institution's marketing situation is analyzed and the campaign strategy developed, some projects could be dropped, added or modified.

PRINTED MATERIALS

☐ *The marketing plan* provides you a strategic framework and outlines the thinking behind your marketing approach. It also lists the marketing tools and assigns responsibility for their implementation.

☐ *The case for support* is a written tool of persuasion which is designed to convince donors and volunteers that supporting the campaign is in their own self-interest.

☐ *The case summary* is a one-page synopsis of the case for support. Like the case, it is written from the perspective of the donor, rather than that of the institution.

☐ *The fact sheet* provides additional information about the institution. It is designed to supplement the case for support.

* The logo and the theme provide a shorthand and a standard identity for the campaign. The logo is a visual symbol; the theme may be a slogan or simply the name given to the campaign.

* A generic proposal can be developed for three different markets: foundations, corporations and individuals. Each proposal is then customized to fit the prospect.

The Prospect's Kit

☐ *The major brochure* is a visual "popularization" of the case for support, designed as a working tool for volunteers.

☐ *The commemorative opportunities* folder is a listing of the various building projects and endowment possibilities offered as "named gifts."

☐ *A "ways to give" folder* lists various types of philanthropic investments and their tax advantages.

The Volunteer's Kit

☐ *The volunteer portfolio* is a folder or envelope that organizes materials needed by the volunteers for calls. It includes a number of prospect's kits.

☐ *The solicitor's guide* describes various campaign solicitation techniques.

☐ *Report envelopes* are used for recording signed pledge cards before being returned to the campaign office.

Collateral Materials

☐ *Letterheads, second sheets and matching envelopes* (with printed logo) establish a separate design identity for all the printed materials. They serve as a constant reminder to the volunteer that the campaign is not "business as usual."

☐ *Bulletinheads* are used to convey information to volunteers and report progress of the campaign in order to sustain and build its momentum.

☐ *Labels* are printed for mailing and for identification of volunteer materials.

☐ *Pledge cards* are used to formalize the financial agreement between the donor and the institution.

☐ *Acknowledgements and "thank you" letters* are sent upon receipt of contributions, with a personally typed letter going to the major contributors.

☐ *Reminder notices* are used to bill for pledges.

AUDIO-VISUAL MATERIALS

☐ *Videotapes, slide presentations and view-cards* are the most dramatic and inspirational renditions of the case for support. These may be adapted for different markets.

THE NEWS MEDIA

Marketing activities directed toward the mass media generally receive less attention than the printed and audio-visual tools. But when broad-based support is sought, the following avenues may be developed through a public relations plan:

☐ *Newspapers* — news articles, feature stories and editorials.

☐ *Radio and television* — news stories, public service announcements, talk shows and editorial endorsements.

☐ *Others* — special events, rallies, displays, speaking appearances.

An effective case for support can be your most potent marketing tool. We have developed an article on the subject, "Building the Case for Support," which you're invited to request.

About the Firm

Goettler Associates was founded by Ralph H. Goettler in 1965 to serve the nation's nonprofit organizations. The firm brought together a group of highly qualified professionals to serve the total funding and marketing requirements of clients' major fund-raising initiatives. Since 1965, we have helped more than 1,500 non-profit entities raise over $1 billion to fund capital projects, build endowment, or facilitate special projects.

Services

Goettler Associates is a full-service, client-oriented firm. We tailor a program to the special circumstances of each client. This often requires a combination of several essential elements, including capital, annual, and deferred giving; and marketing and public relations. We take pride in the quality of counsel that we can provide in all of these areas.

We have helped our clients conduct successful capital campaigns, increase annual operating support, establish planned giving programs, and strengthen their endowments through our services:

Studies and Assessments

› Campaign Planning Studies
› Development Assessments
› Strategic Planning

Donor Cultivation and Campaign Positioning

› Leadership Awareness Programs
› Case for Support Development
› Campaign Identity and Marketing
› Writing, Print Design, and Video Production

Development Support

› Prospect Research
› Endowment Management
› Executive Search

Campaign Management

› Resident Campaign Direction
› Periodic Campaign Consulting
› Consultation on Annual and Deferred Giving Programs

The Team

The Goettler Associates team of fund-raising professionals draws upon a wealth of experience and is supported by extensive human and information resources. Our consultants average more than fifteen years of experience in institutional advancement.

Building on Trust

Our Mission is to assist nonprofit organizations in achieving challenging fund-raising goals by:

› strengthening the client's image and awareness;
› recruiting, training, and motivating volunteers; and
› attracting significant philanthropic support.

We guide our clients toward their financial goals through:

› the integrity and high performance standards of our employees;
› effective and honest relationships; and
› the quality of our work in achieving success.

Let’s Talk About Your Situation

Fund-raising campaigns have been won without implementing all the principles and strategies discussed in this article. Often, in the course of planning and executing a particular campaign, we find that the best way to achieve success is to “invent” new tools and approaches to replace the standard ones. We at Goettler Associates strive to apply the principles of fund raising in a flexible way that is appropriate to the needs and circumstances of each individual client.

There are certain constants, however. Our experience shows that the campaign which is properly conceived, planned, and executed—with the assistance of professional counsel—is the campaign which invariably enjoys success.

We’d enjoy talking with you informally about these ideas. Or, better yet, we’d like to learn about *your* situation and discuss with you how we can apply our experience and talents to further your success.We would welcome the opportunity—without cost or obligation—to learn more about the current status of your advancement program. This includes your development objectives, the challenges you face, and the resources you have for achieving your goals.

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