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Leading Edge Special Edition

January 2013

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A Global View of Fundraising in 2013: What to Watch for

With all the economic turmoil and uncertainty in the news, what lies ahead for fundraising in 2013? We spoke with four fundraising experts from around the world to find out what fundraisers should be looking out for, how they can prepare for it, and why professional credentials matter more than ever.

The Fundraising Forecast for 2013

Overall, our experts expressed guarded optimism for fundraising in 2013, despite the lingering effects of the global recession. In the coming year, our experts say, the watchwords will be boosting donor confidence, finding partnerships, and expanding programmes into new areas.



That's not to say that nonprofits don't face serious challenges ahead. "The bottom line is that the effect [of the recession] has been profound," explains **Tim Edge** (pictured left), Development Director at [King's College School, Wimbledon](#) and newly elected Chair of the [Institute of Development Professionals in Education \(IDPE\)](#). "From my perspective, there's no doubt that it's had an effect on fundraising yield. People are still giving, but they're giving less."

As a result, despite the gradual recovery that many economies are experiencing, giving is expected to continue to be relatively flat worldwide. In the United States, for example, uncertainty over changes to the tax laws could cause individual giving to remain level or possibly even dip slightly in 2013, while corporate giving will likely continue to be restrained as a result of lower profits, according to **Bob Carter**, CFRE,

President and CEO of the [Bob Carter Companies LLC](#) and the chair of the [Association of Fundraising Professionals \(AFP\)](#).

"The impact on individual giving principally will have the largest impact on fundraising in 2013," says Carter. "My feeling is that it will be relatively flat." Though Carter doesn't doubt an eventual recovery, he doesn't believe that we'll see it everywhere in 2013; in Europe, for example, a rebound is at least two or three years away according to Carter. And while the United States is likely to recover faster than many other nations because of its large economy, the biggest challenge there -- as elsewhere -- will be getting donors to overcome their hesitation and begin giving again. "Uncertainty is the enemy of fundraising," says Carter.

Clive Pedley, CFRE, Managing Director of [Xponential Philanthropy \(NZ\) Ltd.](#) and the outgoing President of [Fundraising Institute of New Zealand \(FINZ\)](#), agrees. "My view is that donor behaviour is likely to follow consumer behaviour more than economic trends, but donor behaviour has been affected by economic trends," explains Pedley. While New Zealand's economy has fared better than that of many other countries, people there too are saving more and spending less -- which means they're likely to continue giving less, too. "I'm not expecting any major lift in donor behavior in the next 12 months," says Pedley.

In order to overcome donor hesitation, Pedley (pictured right) says, nonprofits will have to focus increasingly on drawing donors out of their shells in 2013. "Organisations that focus on quality donor relationships seem to be faring better," he says. "Donor-centric communications, stewardship, and transparency -- all of those classic things are going to be increasingly important."

Declines in foundation grantmaking, government spending, and corporate giving will increasingly drive nonprofits to seek partnerships,



collaborations, and even outright mergers in 2013. The trend is particularly pronounced in New Zealand, which has four times the number of charities per capita than does the UK. Pedley expects to see many nonprofits establish partnerships with companies that have strong connections to their management, staff, and customer base.

One of the few areas of expected growth in 2013 is in online giving. In New Zealand, for example, the success of online giving has depended on the use of peers and advocates to spread the word about giving opportunities. "Direct conversation is the most effective," says Pedley. "You need to provide your best advocates and supporters with key messages so they can directly and succinctly advocate for you."

The situation in neighboring Australia is somewhat better, and suggests some strategies for success that nonprofits around the world can emulate. "In Australia, the indications from a survey of major appeals and the financial reports of major charities are that there has been steady growth in giving during 2012," says **Brian Holmes**, FFIA, CFRE, the Managing Director of **Xponential Philanthropy** and chair of the **Fundraising Institute Australia**. "I understand that giving is more influenced by donor confidence than it is by economic recovery," adds Holmes. "With this in mind, I believe that on a whole fundraising in 2013 will see better results than 2012."

Holmes believes that the growth in donor confidence -- and the efforts of the nonprofit sector to respond to that -- will encourage organisations to expand existing programmes and undertake new ones. "I think 2013 will be a year when professional fundraisers will be hungry for new ideas and for honing strategies for their existing programmes," says Holmes.

Edge agrees. "If we were smart, we would be aiming our fire, as it were, at those parts of the world that have been less affected by the recession," he says, noting that colleagues have reported having success raising funds in Russia and Asia. Mexico, too, has a robust and growing economy that is ripe for the attention of nonprofits, according to Carter. "The national leadership is optimistic, and they're making all the right noises about offering strong support for charities," Carter says. "The U.S. media is focused on the drug scenario, but the economy is strong and there is a growing middle class with disposable income. And that's where the new philanthropy happens."

Trends to Watch

Our experts identified several interesting emerging trends in fundraising and philanthropy that fundraisers should keep their eyes on in the coming year. Clive Pedley, for example, believes that more nonprofits will recognize the value of communicating with donors from their perspective, as a way to break through the noise. "Many organisations still want to get their messages out without thinking about the donor's point of view," says Pedley. "But all of your donors are being bombarded every day with messages, so you need to take the time to think about what your messages sound and look like from the donor's perspective."

Pedley also sees a growing role for face-to-face fundraising on the street as a tool for signing up donors who give monthly and annually. Face-to-face fundraising is just gearing up in New Zealand, but it is a well-established and effective technique in Australia, the UK, and throughout Europe. However, Pedley warns, fundraisers need to address public concerns that face-to-face fundraising is too intrusive or else face the risk that local governments will vote to limit or even ban it outright. "I think the only thing that could change the success of face-to-face fundraising is if the sector is unable to provide the management and assurance that the [local governments] are looking for," says Pedley.



Brian Holmes (pictured left) predicts a greater use of "multi-channel" campaigns that integrate campaigns across various media. "Everyone is trying to figure out how to develop donors out of social media," says Holmes. "Now that we understand that social media still has some way to go to become an effective fundraising opportunity, I'm hoping that the use of social media in conjunction with standard fundraising strategies will see some really creative fundraising campaigns," he says.

Along similar lines, Holmes is optimistic that in 2013 fundraisers will begin to see a breakout in smartphone-based fundraising. "Again, it will take some highly creative campaigns to break this barrier, but once the door is open, giving via smartphone and building donor loyalty via apps could be the next big thing," says Holmes. He believes app-based

fundraising will be especially important in countries that tend to be "early adapters" of new technology, such as Australia.

Tim Edge goes even further. "As fundraisers, we should always assume that all of our donors are operating on mobile platforms and using social media," he says. "One of the trends we have to keep up

with is the boom in traffic via mobile platforms." He notes that fundraising has begun adapting to meet this, for example, through the adaptation of quick-donation systems that allow donors to store payment data and make one-click donations to multiple charities all from a single website.

Edge also predicts that, of all the trends in social media, one in particular -- the ability to rate and rank products and services -- is poised to dramatically affect fundraising. While third-party sites such as Charity Navigator and GuideStar assess the fiscal and administrative health of nonprofits using tax filings and other documentation, Edge foresees a time when beneficiaries and donors themselves will rank nonprofits on their leadership, efficiency, and stewardship. Edge argues that the sector should actively embrace this trend. "I think we should all ask people to rate what they think of us," says Edge. "Let's allow donors to rate the gift experience, for example. I think this is a necessary development because it will make us work smarter."

Bob Carter also encourages fundraisers to be better tuned in to opportunities for online giving through the web and social media. "Personal, relational fundraising is here to stay, but digital philanthropy and social network related philanthropy have a real presence," Carter says. "For fundraisers to be on their game, they need to be using all of the available tools."

Carter expects the trend of corporate social responsibility (CSR) to continue in 2013. "CSR is almost a mandate now," explains Carter. "People tend to buy from companies that are either philanthropic and green, or ideally both, so there's a profit motive for companies to develop good CSR programmes." Nonprofits can take advantage of this growing trend by ensuring they are listed on corporations' rosters of eligible charities, and by making sure employees know about them and their mission.

Professional Development in Tough Times

Fundraisers can best prepare themselves for the future by seeking out a wide variety of formal and informal educational opportunities, according to our experts. Bob Carter recommends that fundraisers become well-versed in global philanthropy trends. "An understanding of public policy and tax law is essential," he says. "The tax implications of fundraising will be more important in the future as the partnership with public funding grows." Carter argues that the better a fundraiser understands policy, the more effective he or she will be at advocating legislators on behalf of the sector. "How do you mobilize your board and your supporters to help protect what, in the United States, is widely seen as a relatively weak constituency [i.e., nonprofits]?" Carter asks rhetorically. The question of effective advocacy is so important to Carter, in fact, that it is a plank in his platform as the new chair of AFP's board of directors.

Even in this technological age, successful professional development still relies on a fundraiser's ability to make personal connections of all kinds. "Fundraisers need to engage with others within the profession," says Brian Holmes. "They should be seeking opportunities to spend quality time with the leaders in the profession." The key, says Holmes, is to be able to identify leaders who are willing and able to mentor up-and-coming fundraisers. "All too often, new fundraisers can find themselves being coached by a person whose only claim to fame is that they have been fundraising for 50 years, and think they have seen it all and, therefore, know it all," says Holmes. "However, that person may have been doing, at best, an adequate job for 50 years rather than staying on the leading edge."

Fundraisers should also continue to seek out and establish relationships with the donors who support their organisations, says Clive Pedley. In his own case, he says, getting to know donors personally has been an essential part of his continuing professional development. "Meeting with a broad range of donors and understanding what drives them has taught me more about fundraising than almost anything else I've done," he explains. "It teaches you so much about why they start giving, why they stop, and what's important to them. It's so easy to miss those important messages if you're not getting them from the donors themselves."

With the proliferation of degree programmes in fundraising and nonprofit management, many fundraisers have a greater opportunity to complement their informal education with a formal degree. However, this can be a challenge in those parts of the world where there are few or -- in the case of New Zealand -- no advanced degree programmes. That's where professional certifications like the CFRE can play a vital role in helping fundraisers to fill the education gap.

Even so, certification has been slow to catch on in some places, though this is likely to continue changing in 2013, if Tim Edge is any example. "I've seen no evidence that there's a great hunger for people to get qualified here in the UK," he says, noting that the vast majority of fundraisers in the UK do not yet have professional qualifications. However, he expects that this will change in response to trendsetting by the U.S. fundraising community, which insists on professional qualifications for its practitioners. "We should be getting qualified," admits Edge, who adds, "I personally have seen the light and will be pursuing the CFRE in 2013."

The Role of Professional Credentials

Because the availability of advanced degree programmes and opportunities for professional development can and do vary so widely from country to country, our experts were unanimous in their belief that professional credentials such as the CFRE effectively level the playing field for fundraisers around the world by establishing a common body of knowledge. The challenge, they say, is to convince others in the nonprofit sector of the importance of certification.

"I think the CFRE has a very important role in New Zealand," says Clive Pedley. "Certainly it is held up as the lead qualification in our sector. FINZ actively promotes them as speakers and mentors." However, Pedley notes, the CFRE credential is not well understood by boards. This will change, he believes, as the number of newly certified and recertified fundraisers continues to grow. Pedley estimates that, of the 500 or so members of the Fundraising Institute of New Zealand, over 20 are currently certified or recertified CFREs -- a healthy percentage that he expects will increase in 2013.

The experience of Tim Edge in the UK is similar. "I think the great thing about the CFRE from my perspective is that it appears to have the best name in the marketplace," he says. "The challenge is to persuade the major decision-makers in nonprofits that the quality of knowledge that you get from having a CFRE is demonstrably stronger than from someone who doesn't have it."

In the United States, Bob Carter (pictured right) -- who was among the first crop of fundraisers to seek the CFRE credential -- believes that fundraisers need to market the CFRE better to overcome the awareness gap among fundraisers and the nonprofit sector as a whole. The selling point, he says, is that it raises the credibility of the profession as a whole. "I would love more nonprofit CEOs to understand what that credential means," says Carter. "The CFRE is the credential for the industry, and until you start measuring the body of knowledge of the profession, you don't have a profession. We also have to be looking at the international credentialing needs."



Carter is optimistic that the CFRE credential will continue to evolve in 2013 and beyond to further embrace new competencies, such as the use of social media and the mastery of policy. He also foresees the eventual intersection of the credential with academic degree programmes in philanthropy and nonprofit management, and he encourages the profession to seek opportunities to open dialogues with those programmes sooner rather than later.

In the meantime, as fundraising practice continues to evolve around the world, in 2013 the CFRE credential will remain the benchmark by which fundraisers can assess their professional qualifications irrespective of the vagaries of their particular country. "Professional credentials are increasingly important as organisations gain confidence and expand their fundraising programmes," says Brian Holmes in Australia. "The search will be on to find those professional fundraisers committed to reach and stay at the top of their profession. CFRE credentials are a flag of that commitment."

"If you want grow in the profession, to be at the forefront of new ideas, and to gain sound advice on fundraising strategies, you will only get it from someone who is actively pursuing their own professional development," says Holmes. "And while sitting for and passing the CFRE exam is proof of fundamental knowledge, the requirement of ongoing professional development points ensures that someone with the CFRE credential is active in the profession and committed to being a leader."

Biographies

Bob Carter, CFRE

Bob Carter has significant expertise in local, national and international fundraising counsel and board governance. Bob established Of Counsel Philanthropy in 2010 and is now President and CEO of Bob Carter Companies LLC. Bob's experience includes a 26-year career with Ketchum (including 15 years as President), one of the largest firms in the fundraising industry, and serving as Senior Advisor to Changing Our World and Omnicom Nonprofit Group. He assumes Chairmanship of AFP International in 2013.

Tim Edge

After spells in the defence industry and the not-for-profit sector, Tim Edge has spent the majority of his career in educational development in the UK at leading schools such as St. Edward's Oxford, Charterhouse and, most recently, King's College School, Wimbledon. Tim lives in London and was appointed Chairman of the Institute of Development Professionals in Education (IDPE) in January 2013.

Brian Holmes, CFRE, FFIA



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Brian is Managing Director of Xponential Philanthropy, Australia and New Zealand's leading 'big gifts' fundraising consultancy. The Xponential team includes seven CFRE's. After almost 20 years of fundraising experience, Brian still gets a kick out of working with amazing people, organisations and causes in raising millions of dollars each year. He also enjoys helping successful people become significant people by expanding their philanthropic experience. Chairman of Fundraising Institute Australia, Brian is also a Fellow of the Institute. A five time winner of fundraising industry Awards for Excellence, Brian believes there is nothing more satisfying than bringing together generous people with great institutions.

Clive Pedley, CFRE

Clive Pedley has worked throughout New Zealand and Australia as a fundraising consultant since 2000 servicing not-for-profit clients in the education (tertiary and secondary, public and private), social services, community, cultural, sporting and health sectors. Clive has been the Managing Director of Xponential Philanthropy in New Zealand since 2008. Clive has been a member of the Fundraising Institute of New Zealand (FINZ) national council since May 2009. In May 2010, Clive was elected by his peers to the position of President of FINZ, a position he was re-elected to in May 2011 and May 2012.

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