First Things *First*

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from the frozen-no-more Texas desk of
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Navigating Greener Pastures in Challenging Times

Despite the pandemic, development officers continue to leave relatively secure positions to take on new chief development roles, amidst the upheaval in the institutions they are joining. Over the past few months, several colleagues and friends have reached out for advice on how to navigate such an important life change, wanting to make sure they're as successful as possible given the increased pressure on fundraising in these unusual times.

Even in stable circumstances, accepting such an important new role can be challenging, both for the hiring CEO or director and for the development officers themselves, evidenced by the continued high turnover rate among new development directors. Several factors contribute to why new chief development officers often stay such as short time, leading both the development officers and organizations into a cycle of frustration and disappointment.

By focusing on three key ideas, both candidates and their organizations are likely to find more productive success over the long-term during these challenging times.

Common Expectations. Development professionals take new jobs for a variety of reasons – more money, additional responsibility, prestige, or sometimes just to leave an unpleasant situation. Organizations hire new development directors with great expectations, often with the idea that a new person is going to somehow boost the institution's fundraising overnight or meet unreachable goals by doing things a new way. Between the new employee's ambition and desire to do a good job without complaining and the organization's unrealistic expectations, the new staff member is often cast prematurely into a no-win situation, even before they've had time to understand the challenges and opportunities of the job. Clear and open communication about expectations from the beginning is the key to success, both for the person taking on a new position and the one hiring.

Appropriate Acclimation. To be successful, a new chief development officer must have time to understand the organization's mission, budget, culture, and development operation. This acclimation that would usually take place naturally around the water cooler or other casual interactions around the office are even more elusive in this era of working from home and meetings by Zoom. Despite the financial pressures to immediately produce, new staff should expect and be given the opportunity to get to know their new organization's nuances and opportunities and to onboard through a deliberate, thoughtful process to be successful over the long-term, without just stepping into the expectation of immediate results.

Build the Plan – Work the Plan. This may be the most important reminder for new development directors and hiring CEOs alike. Development is a disciplined, systematic process that engages an organization's current and prospective donors in providing financial support, both in the short-term and over the long haul. As such, a new development director must have the time to both develop and gain consensus on a strong strategy and plan to accomplish these goals. Effective fundraising is more than a series of ad hoc tactics – it's the establishment of a solid plan that is well executed and modified along the way. Especially in these times of heightened expectations for fundraising, this principle should continue to guide new chief development officers and their organizations, rather than a knee-jerk reaction to current circumstances.

Given the important financial challenges that have emerged over the past year, recruiting and maintaining effective chief development officers will become even more valuable for hiring organizations and those seeking greener pastures. For both, this can be an exciting time for new beginnings and the opportunity to create new fundraising strategies responsive to our post-pandemic environment. Perhaps this can be the moment we break the cycle of such rapid turnover in the development field? As always, all of us at Alexander Haas welcome the opportunity to help your organization should you find yourself in such an important time of transition.

News You Should Know

5 Economic Indicators Point to a Brighter Year for Nonprofits.

Experts say five key indicators can help nonprofits forecast their fiscal health this year on both the revenue and spending side of the ledger. And those indicators generally point to an improved outlook after a very tough year for nonprofits.

Here are the key points

1. **The GDP grew** by 4.3% in the fourth quarter of 2020, many economists expect it to easily eclipse that mark this year. This broad measure of economic output is considered by many economists to be the most important measurement of the health of the economy, and it's looking good.
2. For many small nonprofits, **regional indicators may be more important than national measures.** Regional indicators in the South and Midwest suggest donors are more confident about the economy than donors in other parts. These areas have been more resistant to shutting down businesses amid the pandemic, so donors in those regions may feel more confident about the economy than donors in other parts of the country.
3. **The stock market has been relatively unscathed** by the pandemic, and the S&P 500 Index has been near an all-time high, at 3,971. The stock-market performance is particularly important in predicting giving by private foundations, individuals, and corporations.

4. **Government stimulus packages have benefits for nonprofits.** The new stimulus law includes expanded eligibility for forgivable Paycheck Protection Program loans, a program that has been crucial for keeping many nonprofits afloat. And Congress may not be done yet. Some prominent Democratic lawmakers are pushing a bill that would provide an additional $50 billion to help nonprofits boost hiring and weather increased demand for services.
5. **Unemployment rates are declining.** February's jobless rate was 6.2%, well down from its pandemic-era peak of nearly 15%. High demand for services had been stretching budgets of many nonprofits.

You should read it all for yourself **here.** *COP, 3-30*

Online Giving Exploded While Overall Giving Ticked Up Slightly

Donations to charities increased 2% in 2020, while gifts made online grew 21% over 2019, according to **Blackbaud Institute**'s latest annual report on charitable giving, released Tuesday.

Donations to big organizations, those that raise $10 million or more a year, were up 5.3% in 2020. Medium-size nonprofits, those with total annual donations of $1 million to $10 million, saw a 1.2% increase. But small nonprofits, those that raise less than $1 million, saw a 7.2% decrease in contributions.

The picture was rosier for digital giving, with small groups faring far better than other nonprofits. Large organizations saw a 15% increase in online fundraising hauls in 2020 compared with the year before. Midsize nonprofits saw online fundraising increase nearly 25%. Small groups expanded their online fundraising by 22.3%.

As donors turned to digital donations, the share of total charitable revenue from online giving jumped sharply, from less than 10% in 2019 to roughly 13% in 2020. In another sign of how digital fundraising is shifting, more donors are using their smartphones to make gifts. The report estimates 28% of all contributions made online were from mobile devices.

K-12 Educational Institutions Data

- The **average donation** amount to K-12 institutions was **$1278.**
- This sector received **13.5%** of their total fundraising from **online giving.**
- In the past 12 months ending in December 2020, K-12 institutions experienced a **4.6% decrease** in **overall fundraising** and a **8.7% increase in online** fundraising.
- The largest months for gifts to K-12 institutions: **22.3% of gifts in December**, followed by **13.5% in June.**

Go **here to read the report.**

News You Should Know

2 Years of Strong Fundraising Returns Projected

A recent report from the **Lilly Family School of Philanthropy** suggests a period of "broad philanthropic growth" is on the horizon for nonprofits over the next two years as the economy rebounds after the Covid-19 pandemic.

The report forecasts a 4.1% increase in total giving in 2021 and a 5.7% increase in 2022. For individual and household giving, the report forecasts a year-over-year rise of 6% in 2021 and 3.9% in 2022. Meanwhile, giving by all types of foundations is predicted to dip by 1% in 2021 but then jump by 8.8% in 2022. The report also projects giving from estates will grow 1.1% in 2021 and 12% in 2022, while giving by corporations is predicted to rise 4.3% in 2021 and 6.4% in 2022.

Other Findings

- Estimated increase in the number of charitable donations in 2020: 10.6%
- Share of charities that expect to see a decline in fundraising in 2021: 43%
- Share of foundations that plan to stick permanently with loosened restrictions on grantees: 56%
- Proportion of people who donate regularly who plan to give to again this year: 87%

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