

# **The Future of Fundraising in Italy**

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## **The fundraiser with their hands tied**

It almost appears that the fundraiser has been forced into a corner of a boxing ring. The fundraising professional finds him/herself facing up to four equally powerful forces from all four sides.

From one side comes the ‘difficulty of the profession’. This is inherent, given its intrinsic complexity, but also derives from a lack of guidance. From another side, the fundraiser has to cope with the ‘demands of the client’, that is of nonprofit organisations that always demand more and in a manner always more pressing, which is not equal to the organisations’ investment. From the third side of the ring, the fundraiser is greatly influenced by the expectations of the donors that always insist on more transparency and accountability. Lastly, from the fourth side, he or she has to consider the closed ‘labour market’, into which access is arduous, not to say oligopolistic.

## **The difficulties of the profession**

Today, the Italian fundraising profession does not enjoy much visibility, classification or protection.<sup>1</sup> The fundraiser is left alone, as a result of there being no points of reference or standard recognition. The situation is very different in other countries, in particular Anglo-Saxon countries, where by now the profession has asserted itself and is widely recognised. However, the profession is complex, the skills required are varied and the operational methods change hugely depending on each individual project. There are vastly complicated projects that are mainly organisational and that restructure the nonprofit organisation, or others that are pure and simple operations of calculating possible returns between newly acquired and existing donors. Different fund raising strategies (e.g. for major donors or for community-wide fund raising drives) in many ways require the same pace, temperament, vehicle and logic, but in several important ways they can also be unique.

## **The demands of the clients**

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<sup>1</sup> V. Melandri, G. Vittadini, *Il fundraiser: professionista o missionario? Storia e futuro di una figura chiave del nonprofit*, (Milano, Guerini e Associati, 2004).

Many nonprofit organisations do not foster a real culture of fund raising and there are many that still think of it as just a word and a superfluous practice, despite the realisation that funds are severely limited. It is extremely complicated to make the overwhelming majority of nonprofit organisations understand the culture of investment and the concept of ‘renewable assets’, that is goods which give repeated benefit in terms of business economics.

It seems that in Italian nonprofit organisations there only exists the ‘cost’ and in particular only the ‘direct outlays of the project’, namely the cost that is not directly needed to buy an extra meal in a canteen for the poor, or to purchase an extra vaccine for a baby in a developing country. For the majority of nonprofit organisations this is not a ‘cost’, but a ‘waste’. Out-of-pocket expenses, or rather, the costs that do not produce anything, are costs to be ‘tolerated’, just a mere accident in an organisation’s life. It is, as if in order to achieve their mission, every nonprofit organisation had to make sacrifices and to ‘also’ support the direct expenses of the organisation, of the office, telephone, and even of the fund raising. Their short-sightedness is astonishing.

These same nonprofit organisations that do not hesitate to spend all that they have (and many also spend what they do *not* have) in order to be able to satisfy ‘one more need’ of the cause they pursue: one more patient cured (one more meal for a homeless person, one more disabled person admitted into a care home) are not willing to invest anything, or hardly anything, into fund raising. However, they expect the professional fundraiser to deliver personalised solutions, attentive service, emotive and cultural empathy and (possibly) to also be geographically at hand.

In a vast number of cases such expectations arrive at a point of suggesting (and in many instances, imposing) that fundraisers be paid as a percentage of collections. Such a practice often receives only the most minimal remonstrations<sup>2</sup> and, alas, is one which is exercised widely in today’s Italy. This has endangered the very philosophy of fund raising, a philosophy which aims to create positive relationships and not just to obtain money.

Payment by percentage is a practice that requires a rapid analysis. We have always believed<sup>3</sup> that those who operate in the capacity of fundraiser should accept that the main goal of a nonprofit organisation is to deliver on its mission, not to give an income to its fundraisers. If the practice of payment by percentage is accepted, the nonprofit organisation’s mission risks becoming secondary to personal profit, which could provide incentives for personal gain to prevail over the interests of the

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<sup>2</sup> Payment by percentage is only ‘discouraged’ in ASSIF’s code of ethics (Rule II.5) and everyone knows the difference between ‘prohibition’ and ‘discouragement’.

<sup>3</sup> V. Melandri, *Accountability per aziende nonprofit*, (Milano, Guerini e Associati, 2004).

donors,<sup>4</sup> thus irrevocably damaging the donor's trust.<sup>5</sup> In addition, percentage payment, however it is managed, could produce a reward without merit.<sup>6</sup> It is therefore somewhat obvious that, in general, percentage payment could encourage abuse, jeopardise the integrity of the nonprofit sector and undermine from its base the very values on which it is established.<sup>7</sup>

### **The expectations of the donors**

The greater part of nonprofit organisations rely on a large amount of their revenue coming from voluntary donations, to which there is no comparison in the for-profit world. In an economic transaction of equivalent goods (i.e. a business transaction) the tangible value passes directly from one party to the other for a fixed price. In a transaction between a nonprofit organisation and a donor the value that is exchanged is the promise (to which the donor has implicitly made a contract) that the service will be provided by the organisation. Its recipient is society, a community or an individual/group (and frequently unidentified) that is unknown to the donor. The donor's conviction that the organisation will (effectively and efficiently) utilise the contribution for the mission is the basis on which the exchange is founded.

It is for this reason that the expectations of the donor are very high. They expect reliability, reporting and transparency, in a word, 'accountability'. This theme is by now important to the world of public services<sup>8</sup> and even more so to the nonprofit sector.<sup>9</sup> The fundraiser is the spokesperson for the nonprofit organisation, who shares the mission and shoulders the moral responsibility. Professional ethics, therefore, are of prime importance.

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<sup>4</sup> The behaviour of the donor could be irreparably damaged due to reactions to unjust pressures and by the consciousness that a percentage of their donation will be paid to the fundraiser, thus compromising the trust of the organisation on which the gift was based.

<sup>5</sup> Fund raising is a continual process of individualisation and cultivation of the donor. Individuals develop an affinity with an organisation's mission and wish to further it through donations. One of the principal reasons for success is that an organisation is strengthened when its volunteers are actively involved in this process. The role of a fundraiser should comprehend the establishment of a group of volunteers, who are always more committed, enthusiastic and capable. Calculating a fundraiser's payment depending on the amount collected could discourage this activity.

<sup>6</sup> Examples of what could happen: (1) The organisation receives unexpected or unsolicited donations, often as bequests, sometimes from formerly unknown donors. These fortuitous donations can provide an unrealistic, very high and effectively unearned base, from which the percentage payment is calculated. (2) Written pledges, lifetime annuities and insurance contracts, and other similar gifts, can lead to a value of unpaid contributions which the recompensed fundraiser could include in the calculations of his/her percentage payment.

<sup>7</sup> The trust of the donors is of the utmost importance. In order to gain and maintain this trust, every aspect of nonprofit activity has to be absolutely ethical and nowhere else is ethical behaviour more essential or its absence more damaging, than in fund raising. To be ethical, fund raising must be closely linked to the mission, based on the organisation, driven by volunteers and supported by professionals and in an environment free of improper motivations, exorbitant remuneration or unethical conduct.

<sup>8</sup> F. Farneti, *Accountability per gli enti pubblici*, (Milano, Franco Angeli, 2003).

<sup>9</sup> V. Melandri, *Accountability per aziende nonprofit*, (Milano, Guerini e Associati, 2004).

## **The oligopolistic market**

Having identified the difficulties that exist today in the fundraiser profession, one must examine the situation of the labour market in which Italian fundraisers operate.

Even at a first glance, it is evident that today's fund raising market is held in the grip of a restricted group of professionals who, lacking an ethical approach, exchange relations with a 'limited' capacity for self-criticism and consideration for their own profession. It is these same people that control fund raising (and often without any direct experience of this activity, just having dealt with it at an organisational or communicative level). They also "self-groom" professionally and thus effectively cause the exclusion of young, capable, motivated, ethical and often very qualified people.

It is against this backdrop, which could rationally be defined as 'oligopolistic' that the fundraiser (above all, the young in the market) struggles to enter, struggles to resist, struggles to grow and struggles, in many case , to survive. The fundraiser's future relies on the capacity to provide clear responses to these four problems, without pretending to solve each of them individually.

## **The current context of fund raising in Italy**

What is, therefore, the context in which Italian fundraisers have to operate? How do these professionals actually work? What are the practices and significant trends? What are the approaches most common to fund raising? We can identify certain underlying trends that we list here, without any pretence to entirety and without having ascertained their 'importance' or 'frequency'.<sup>10</sup>

- Today in Italy there is a strong prevalence of two specialisations for fundraisers: 'communication' and 'event organisation', both leading to the further specialisation of 'public relations'.
- The vehicles specific to fund raising (direct mail, telephone fund raising, bequests, sponsoring, etc.) are applied with varying degrees of effectiveness, but sometimes they prove to be very successful, even when they are very isolated from their context. However, in many cases, fund raising is applied in a purely theoretical way, without any flexibility.

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<sup>10</sup> We are convinced, however, that such an analysis (a focus group held over two days in February, 2007 and involving approximately twenty notable - and less notable - fundraisers working in Italy today), while certainly not exhaustive, is an excellent point from which to start.

- There is an evident lack of phased planning, especially strategic planning. Conversely, there is a use (in many cases a very improper use) of feasibility, or rather of preliminary studies that are often only generic and ineffective.

- Few fundraisers realise that their profession has much to do with the reorganisation and redefinition of the nonprofit organisation. All too often there is little organisational competence, therefore little capacity (or interest) to nurture individual ability to raise funds. Therefore, some organisations tend to resort to consultants indefinitely, without developing the capacity to raise funds in-house (the idea being that “I will not teach you how to fish, but I will lend you my fishing rod”).

- As mentioned before, there is a strong use of lobbying mechanisms and political affiliation to control the market. We are in an almost oligopolistic system.

- There is a tendency to create tightly knit circles and to impede the access of new professionals. This will have to be confronted, sooner or later, should one choose to exercise the profession freely and extensively. There is a select group of professionals that hold the key positions and little attention is paid to a real and lasting value for the nonprofit organisation. With this comes the general opacity of a professional environment which is closed and often without guidance.

- More attention is given to the economic elements of collaboration than to the ethical contents.

- Consultancy proposals made to nonprofit organisations are charged at a fixed rate regardless of the results, which produces irresponsible fund raising.

- A restricted group of people have easy access to the media and frequently ‘speak on behalf of the fundraiser profession’. This group, however, merely feigns representation.

- It is evident that fund raising is principally performed by large organisations, regardless of their experience in the field.

This is a brief summary of the ‘fund raising market’ since 2000 and it is within this situation that young Italian fundraisers have to position themselves. The question that one now needs to ask is, what is the right approach? What should one do according to the picture that we have painted thus far? Which direction should Italian fund raising take in the coming years?

From the problems that we have described above, it is obvious that in order to develop, the fundraising profession must manoeuvre itself in the opposite direction to that which we are heading today. The fundraiser of the future will clearly have to combine specialisations and versatility, marrying a scientific/technical base with organisational and operational skills. The movement of fundraisers, in general, will have to be able to: impose its presence in the community, favour its own cultural and

professional growth, provide stability and diffusion, and create a cohesive professional image for fundraisers, thus increasing everyone's input. The exact opposite of what is happening today.

It is also evident that organisational choices based on such call for an 'open' model of development: transparency and informality in relationships; a movement towards continual growth and betterment; an inbuilt mechanism to verify that objectives are being achieved and a harmonious structure that enjoys networking rather than a hierarchy. This growth model can acquire even more value if others (individuals, professionals, academics, nonprofit organisations and the government) are involved, and if a number of points of reference (standards, tariffs, codes, procedures etc.) are established to the benefit of the fundraiser movement.

Lastly, there exists a problem today that still requires a solution: the fundraiser profession, while clearly operational, also has close links with the political and cultural spheres. Whereas formal and informal vehicles and networks have started to be employed to control the operational front, the cultural side is totally neglected and nothing is done to tackle the political front. The future calls for these aspects to be addressed.

### **Standards in the fundraiser profession: real opportunities or dreams?**

According to the operational profile above, it would appear that the current context of Italian fund raising lacks the ability to 'bring together' effective and recognised (at least by most, if not by all) methodologies of raising funds.

More precisely there are three objectives that the profession should pursue:

- The creation of professional guidelines.
- The creation of standard operative procedures.
- The certification of the fundraisers' competence.

To better understand these preoccupations one can return to a definition of fund raising, 'an activity that develops and implements sustainable projects of growth for nonprofit organisations'.

The concept of sustainable growth requires further examination. This development includes not just fund raising, but also: the organisations' strategies, internal organisation, human resources and marketing. Amongst others, the above aspects are all closely tied to fund raising. The sustainability is not solely money, but also depends on: human resources, the cause, reputation and visibility, all following an intricate alchemy, which is hardly predictable. Sustainability, therefore, is a complex process that develops in the medium term and touches on many aspects of the nonprofit organisation's activities: thus its outcome is connected to many other activities

Sustainable development widens the concept of fund raising. From the collection of resources, in a broad sense, one passes to the identification of an entire course of action: analysis of the need > location > management > reporting. But is this a consolidated and accepted approach in Italy today? Is there sensitivity and attention to this subject? Are there the necessary skills to execute such an approach? Is there sensitivity and attention to the project? The answer is clear: at this moment in Italy, the concept of sustainable development in fund raising does not exist.

Starting from sustainable development, the fundraisers need to define standards of work that serve to:

- Increase effectiveness of work
- Increase efficiency
- Satisfy the client
- Offer a good quality/price relationship

Furthermore, standards help to protect ethical aspects, act as a guide to the younger in the profession, help to make the professionals known and distinguish the professionals from the non professionals. It is not by chance that the largest European association of fund raising, the Institute of Fundraising, has established a set of Codes of Fundraising<sup>11</sup> that regulates every fund raising vehicle (direct mail, Internet, events, telephone fund raising, etc.). This is the first point of call for fundraisers that defines the best practices and standards according to which they can and must work, one which can obviously be used by an association that gathers the majority of people in that field. In Italy these definitions of standards are recognised by the sole fundraiser association, but sadly it has too few members to enforce them.

The certification of fundraisers<sup>12</sup> is also common in Europe, just as in the United States, which for years has had the Association of certified Fund Raising Executives (CFRE).<sup>13</sup> Such certification guarantees that a professional has the specific knowledge required to work at a particular level.

### **The development of fund raising in the future: the third way**

What is the logical approach to fund raising? How can it be clearly described? Perhaps, if we wanted to define it in a few words, comprehensible even to a novice, we would say that fund raising consists of three important factors: the 'case' (or more generally, the cause) for which one should ask

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<sup>11</sup> Available from, [www.institute-of-fundraising.org.uk/codes/Full%20copy%20Codes%20Sept%202006.pdf](http://www.institute-of-fundraising.org.uk/codes/Full%20copy%20Codes%20Sept%202006.pdf)

<sup>12</sup> See [www.efa-net.eu/english/menue/efacert.htm](http://www.efa-net.eu/english/menue/efacert.htm)

<sup>13</sup> See [www.cfre.org](http://www.cfre.org)

for donations; the ‘target’ (the market), to which one turns in order to receive donations; and the ‘vehicle’ (the instrument) which one uses to let the ‘case’ and ‘target’ be known. Taken one step further, these three elements (‘case’, ‘target’ and ‘vehicle’) could be simplified according to a classic strategic model: what, who, how:

- The case = what
- The target = who
- The vehicle = how

In short, one could say that there are always three elements on which one bases a fund raising drive: the ‘case’ (i.e. why do I ask? What do I ask for? The object of collection, the need of the nonprofit organisation, etc.); the ‘target’ (who do I ask?: individuals, businesses, foundations, clubs, the government); and the ‘vehicle’ (the instrument with which I present the ‘case’ to the selected ‘target’: direct mail, phone drive, events, word of mouth, face to face, text messages, email, etc.).

The crossroads where these three variables meet produces many situations and often much confusion. Bearing in mind these variables, there exist an innumerable number of fund raising avenues, and here are a few examples.

One could ask for donations for a hospital (the ‘case’ = health), through a letter (the ‘vehicle’ = direct mail), to ex-patients (the ‘target’ = individuals). Alternatively, one could require donations for a theatre (the ‘case’ = culture), through a gala dinner (the ‘vehicle’ = an event), held for entrepreneurs and local businesses (the ‘target’ = legal persons), and so on. However, it becomes immediately evident, even from so few examples that it is extremely difficult to tackle every single avenue. For example, how is it possible to broach, with reasonable certainty, the case of raising funds for theatres or hospitals, or for a disabled persons’ home or even for a political party? Is there a methodology to perform such fund raising in an optimal and uniform manner? Are there any common denominators to fund raising?

It is from this simple analysis, from this experience, that one needs to start pondering the directions fund raising in Italy is taking. The answer largely depends on the type of responses that would be given to the questions that we asked at the beginning of this paper. The purpose of this final chapter, as already mentioned, is to respond to the question: what is the future of fund raising in Italy? We have already, in part, sketched out some responses by observing the trends of training (often indicated by the needs of the profession and the practice of teaching, and thus, the real situation of the ‘fundraising market’) and we conclude with the possible answers.

There is a twofold tendency in the world of fund raising training. There are those who think that the whole of fund raising is the same, that the logic is fundamentally identical for every cause and every sector and that one should concentrate on the instruments and vehicles. In order to raise funds

this logic becomes moulded thus: ‘to send a direct mail one certainly needs to know the cause, but there are no substantial differences between the direct mail techniques for an environmental association and a foundation dedicated to assisting the disabled; the letter remains the same’. According to this approach, - which one has to admit, has many advantages – direct mail is direct mail, just as an annual campaign is an annual campaign and telephone fund raising is telephone fund raising, and in such a way the same instruments are used regardless of the sector.

Certain techniques, certain instruments and vehicles or certain strategies are indeed identical for all the sectors in which philanthropic funds are raised. Many advocates of this methodology come from across the ocean and in particular from Indiana University, the university that first launched fund raising as an academic discipline. Henry Rosso,<sup>14</sup> in planning the education of fundraisers, had identified a series of training courses on principles and techniques<sup>15</sup> that did not focus at all on the sectors in which they would be applied. ‘The important thing’, this appears to be the philosophy of the Fund Raising School, ‘is to have complete knowledge of the instrument and vehicle: the fundraiser will think how to apply it to one sector rather than another’. The fundraiser’s task, therefore, will be to adapt the instruments (the vehicle = how) to the cases (the case = the sector) and to the cause that the organisation supports.

Is this the future of fund raising? Is it heading in this direction? In reality, Italy uses other training methods and practices. It is a methodology that disregards the instruments’ and vehicles’ direct interests and instead wants to be greatly influenced by the sector. According to this school of thought, fund raising works better (i.e. provides a more solid methodology) if it is differentiated according to the sectors (following the equation “case = sector”). With this approach, there is a separate method of fund raising for culture, healthcare, politics,<sup>16</sup> religion,<sup>17</sup> social cooperation,<sup>18</sup> schools etc. One can witness today a proliferation of ‘personalised’ courses, tailor-made for the sector (therefore the case) and not for the training of careful management of the vehicle or instrument.

This approach, naturally has some advantages for the marketing of training courses (stating that you can teach fund raising for a given case definitely has greater appeal), but in reality it rests on a mistake that sooner or later is destined to be unveiled. Indeed, by delving deeper one discovers that the

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<sup>14</sup> The founder of The Fund Raising School of Indiana University in Indianapolis.

<sup>15</sup> One notes the titles of the courses offered by The Fund Raising School of Indiana University: Developing Annual Sustainability (annual campaigns); Capital Campaign; Interpersonal Communications (personal relations techniques for face to face fund raising); Major Gifts (the large donors); Planned Giving (hereditary funds – bequests); Principles & Techniques of Fund Raising; and Proposal Writing; Purposeful Boards, Powerful Fund Raising (fund raising and administrative advice). These courses, save minor formal adjustments, have practically remained unchanged for over twenty years and have always enjoyed great success.

<sup>16</sup> Courses on this subject are available from Aiccon in Forlì: [www.aiccon.it](http://www.aiccon.it)

<sup>17</sup> See The Talenti School for Religious Bodies in Veneto: [www.dimensioneetica.it/talenti](http://www.dimensioneetica.it/talenti)

<sup>18</sup> See The Fund Raising School of Rome: [www.scuolafundraising.it](http://www.scuolafundraising.it)

nonprofit healthcare sector is so diverse that many organisations have nothing in common to the sector or to each other. This type of approach has imitated the much more homogenous sectors of the business world (the footwear sector, the steelworks industry, etc.) which are more or less uniform in terms of problems and solutions, but is difficult to apply to the nonprofit world. It is clear to see that, indeed, there is a huge difference between a large nonprofit hospital and a small cooperative that provides healthcare services (although they both belong to the health sector), or between a large religious body that undertakes activities in developing countries and a small parish (and yet they both belong to the same religious sector). On which side of the fence does the person sit who owns both a religious body and a hospital - with the other religious bodies or the healthcare sector? It is clear that this approach can be useful in a training textbook, but it does not reflect the reality of the market, which indicates enormous differences between one organisation and another from the same sector, to the extent that it greatly overshadows the traits in common. It is impossible to place side by side the Fondazione Teatro alla Scala di Milano (The Scala Theatre Foundation of Milan) and the Fondazione Teatro San Carlo di Napoli (The San Carlo Theatre Foundation of Naples) (with its debts of over €30 million), and these two large historic theatres cannot compare with the Compagnia Teatro dell'Arca (The Arca Theatre Company) in the province of a small town such as Forlì. The only thing they have in common is their being theatres and cultural organisations, but in reality there is no parity: the differences vastly outweigh the similarities.

But the other approach (based on the indications of other countries where fund raising is well developed compared to Italy), despite its long term success, also presents a number of disadvantages. A nonprofit organisation may know perfectly well the techniques to manage 'major donors' or the exact methods to implement a capital campaign; however, if it does not have the organisational or managerial capacity to execute these campaigns, or it operates in a context where there are no major donors, or has weak cause (at least communicatively, in need strengthening through being well conveyed), it may not have the economic or staff resources to launch one.

It therefore becomes obvious that neither the first nor the second analysis appear to be suited to the Italian reality, which is so diverse and unstructured. In our opinion, the future of fund raising needs to set out on a third way, one that is not exclusively tied to the instruments or the markets, but linked to the strategy of the nonprofit organization. It must also be a way that is capable of truly reflecting the 'life' of the organisation. Fund raising should be literally 'tailor made' to the characteristics of nonprofit organisations in the most effective manner possible, heeding the close link between the

theoretical bases of fund raising, the known vehicles and the markets. Before anything else, however, the nonprofit organisation must be driven by its strategic/organisational dimensions.<sup>19</sup>

The strategic/organisational approach contributes to creating the context for a whole range of instruments that otherwise risk becoming separate and uncoordinated. There could be (and indeed, there are) different organisations in sectors that are worlds apart (environment and charity? Culture and sport?), but that also have many similarities and present the same problems of fund raising.

What remains, therefore, is a great cultural battle: the Italian way, which has inappropriately focused on instruments (vehicles), and the ‘easy’ way of ‘fund raising by sector’. It should be replaced by an entirely new methodology, which is guided by a strategic/organisational analysis that can help build an ‘each to their own type of fund raising’ (and this should be much more than an effective slogan to sell more training courses).

There is a need for a number of organised bodies that in unison dedicate themselves to this objective. This is, for the immediate future, perhaps the simplest way to change the peculiarities of the Italian fund raising world.

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<sup>19</sup> The first Italian author to discuss fund raising’s strategic approach was Coen Cagli, *Manuale di fund raising*, (Roma, Carocci, 1998). He contrasts the minimal approach (based on donor guilt) and the maximal approach (focussing on marketing).