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**NATIONAL STUDY SOUNDS ALARM ABOUT NONPROFIT FUNDRAISING**

San Francisco CA – A new national study reveals that nonprofit organizations are stuck in a vicious cycle that threatens their ability to raise the resources they need to succeed. A joint project of CompassPoint and the Evelyn and Walter Haas, Jr. Fund, the study found high levels of turnover and lengthy vacancies in development director positions throughout the sector. More significantly, the study points to deeper issues that contribute to instability in the development director role, including a lack of basic fundraising systems and inadequate attention to fund development among key board and staff leaders.

“It turns out that the fundraising problems facing nonprofit organizations are more extensive and more entrenched than anyone imagined,” said Jeanne Bell, CEO of CompassPoint and coauthor of the study. “This study shows that nonprofits can’t just hire their way out of these challenges. As a sector, we need to think differently about how to help organizations create the conditions for long-term fundraising success.”

With guidance and input from a national advisory group of fund development experts, CompassPoint surveyed more than 2,700 executive directors and development directors across the country. The research effort also included 11 focus groups with executive directors, development directors and nonprofit board members.

The participants’ organizations were notably diverse in their budget and staff sizes, mission types and geographic locations. The one critical thing that the nonprofits had in common was a senior-level development staff position, even if that position was vacant at the time of the study.

**Key Findings**

The report, *UnderDeveloped: A National Study of Challenges Facing Nonprofit Fundraising*, describes three main challenges that surfaced in the results:

**REVOLVING DOOR.** Organizations are struggling with high turnover and long vacancies in the development director post.

- Executive directors at organizations where the development director position was vacant said the posts had been open for an average of 6 months. Almost half (46%) reported vacancies even longer than that.

- Half of development directors said they expect to leave their current jobs in two years or less; and the rate was even higher for smaller organizations.
- Forty percent of development directors aren't committed to careers in development.

**HELP WANTED.** Organizations aren't finding enough qualified candidates for development director jobs. Executives also report performance problems and a lack of basic fundraising skills among key development staff.

- Asked about the last time they tried to hire a new development director, more than half of executives (53%) said the search produced an insufficient number of candidates with the right mix of skills and experience.
- Nearly one in three executives are lukewarm about, or dissatisfied with, the performance of their current development directors. One in four reported that their previous development director was fired.
- One in four executive directors (24%) said their development directors have no experience or are novice at "current and prospective donor research." Among the smallest nonprofits, the number was 32%. When it comes to securing gifts, executives report that 26% of development directors overall—and 38% among the smallest nonprofits—have no experience or are novice.

**IT'S ABOUT MORE THAN ONE PERSON.** Beyond creating a development director position and hiring someone who is qualified for the job, organizations and their leaders need to build the capacity, the systems, and the culture to support fundraising success. The findings indicate that many nonprofits aren't doing this.

- Almost one in four nonprofits (23%)—and 31% of organizations with operating budgets of under \$1 million—have no fundraising plan in place. In addition, 21% of organizations overall—and 32% of organizations with operating budgets of under \$1 million—have no fundraising database.
- Three out of four executive directors (75%)—and 82% of executives among organizations with operating budgets of under \$1 million—say that board members are not doing enough to support fundraising.
- Twenty-six percent of executives identified themselves as having no competency or being a novice at fundraising. Further, among executives who said that asking for contributions was one of their main duties, 18% said they dislike it.
- Just 41% of development directors said the partnership between them and their executives on fund development work is strong, compared with 53% of executive directors.
- A majority of development directors reported only little or moderate influence on key activities such as getting other staff involved in fundraising or developing organizational budgets.
- Significant numbers of development directors questioned the effectiveness of their organizations' fundraising efforts.

### **Breaking the Cycle: Calls to Action**

*UnderDeveloped* concludes by offering a set of urgent calls to action for the nonprofit sector, citing key steps that nonprofits and their supporters should consider as they set out to address the challenges detailed in the report.

Authors Jeanne Bell and Marla Cornelius suggest that nonprofits, their funders and capacity-building organizations in the sector must adopt “a profoundly different stance towards fundraising.” The ultimate goal: an approach that elevates the importance of fund development, invests in a stronger talent pool, and strengthens the ability of nonprofits to develop the systems and the leadership that enable fundraising success.

Linda Wood, Senior Director of Leadership and Grantmaking with the Haas, Jr. Fund, said she hopes the study becomes the spark for a national conversation about how to create thriving nonprofits that are able to raise the funds they need year in and year out to broaden their impact.

“This study should be a wake-up call for all of us who care about building and sustaining a thriving and effective nonprofit sector, Wood said. “Our hope is that it will sharpen the field’s understanding of the urgency of the fundraising challenges nonprofits face, and how to overcome these challenges in the months and years ahead.”

CompassPoint and the Haas, Jr. Fund will be convening leaders across the country in a webinar series this Spring to discuss the calls to action, generate ideas and develop an action guide that they will share with the sector later in the year.

For more information about the webinar and to add your name to the mailing list send an email to Marla Cornelius: [marlac@compasspoint.org](mailto:marlac@compasspoint.org).

The full report is available at [www.compasspoint.org/underdeveloped](http://www.compasspoint.org/underdeveloped)