

Should Your Nonprofit Create a Director of Development Position?

The question “How big should your nonprofit be before you create a director of development position?” was posted by a member of our Nonprofit ED/CEO LinkedIn community. Here are selected answers to this question from the conversation, which share various perspectives on the right time to hire and what organizations should consider before bringing someone on board.

Marcy, ED

I think it depends on your goals: If you primarily need someone to implement and manage the grants proposal and reporting process, that's a function easily outsourced. Generally, the consultant is retained on a contract or project basis. It's clean, keeps your head count the same, and comes without the expense to provide work space and employee benefits. If you can't afford full time, this may be the way to go: You retain a lot of control over scope and term, seasonality of work, and can be nimble if they are not effective. Once they are an employee, you do not have that flexibility to the same degree.

In regards to size: Once the portfolio of active grants you are managing grows beyond 25 to 30, and as you need to continually prospect for more, the work load can become too much for program and executive staff (often just you!) to handle. That's the time to consider help.

If you are also considering implementing a major gifts, capital or individual campaign, that may trigger an internal hire. But don't be too hasty. Even those can be hired on an as-needed basis.

The level of expertise and autonomy required for an in-house development director to be effective may preclude straight hourly. Generally, this position is a salaried member of the executive team (even if that's just you, the ED). I'm not a fan of bonuses/straight performance pay.

Good results from a competent hire may not yield immediate results, as there is lot of work required to get fundraising efforts on track, and proposals and cultivation take time. The pipeline for new proposals can be a long one - as much as a year with some funders - and if deadlines are annual only, you have to wait for them to come around again if missed.

Neil, CEO

I would look at it like you might any other investment. The right point in time is when you believe the investment will has significant return. So if you see a lot more potential fundraising opportunity for the organization, but don't currently have the time or expertise to devote, then it is time for the investment in a development director. I guess my main caveat is that the fundraising may take time and so your anticipated payback period needs to be considered. Do you have a source of funds to build that organizational capacity?

Boston

535 Boylston St., 10th Floor
Boston, MA 02116
T. 617.572.2833
F. 617.572.2834

New York

112 West 34th St., Suite 1510
New York, NY 10120
T. 646.562.8900
F. 646.562.8901

San Francisco

465 California St., 11th Floor
San Francisco, CA 94104
T. 415.627.1100
F. 415.627.4575

Laura, Consultant/Interim ED

My first thought was, "How big (in terms of impact) do you want to be?" The problem with having an existing staff member (save for the executive director who should always have some role in fundraising) take on the development tasks is that they likely won't have the time, experience, or inclination. Among other things, that can make for an unhappy employee (although I'm a big fan of cross training and providing new opportunities, so sometimes this situation can work). If your organization doesn't currently have the financial resources to support a dedicated development person, try to find the money, at least for a part-time position.

Outsourcing is certainly an option but not necessarily a less-expensive one. Sure, you won't have to pay benefits or find office space, but a consultant's hourly rates (at least anyone worth their salt) is likely to match or exceed a salaried staff person.

As Marcy pointed out, fundraising efforts and cultivating relationships take time. You really won't be able to measure your ROI for perhaps a year.

Be visionary. Look to the future of what you hope to accomplish. Don't wait to be a specific size to get moving. Big is relative: There are relatively small nonprofits in terms of staff size, office space and budget but that have great impact.

Finally, as a reminder, no reputable consultant would ask to be compensated based on a percentage of contributions. That is considered unethical. Regarding bonuses: The Association of Fundraising Professionals Code of Ethics clearly states that "members may accept performance-based compensation, such as bonuses, provided such bonuses are in accord with prevailing practices within the members' own organizations and are not based on a percentage of contributions." Paying a salaried individual based on a percentage of contributions is not ethical either.

Rebel, ED

I agree with Laura. I think you should consider where you want to be, how much you want to grow, and how that position is going to take you there. I always thought that if the person you bring in is really good at what they do they'll know how to secure funding for the organization that definitely includes enough to pay them their salary. What's to lose if the person has the ability to earn their salary, and others? Finding that right person and selling to them why they should work with your organization might be a different story.

Kate, ED

We are an affiliate of a national organization and have two part-time fund development consultants. One is primarily responsible for grant writing and the other for donor development. They both manage different fundraising events for the organization. I would suggest you look for someone who has real experience in fund development, not just good writing skills. There is a WORLD OF DIFFERENCE between the two! As you start interviewing this will become obvious.

My question would be, "Can you afford NOT to hire a fund development person at this time?"

Jennifer, ED

Kate makes a salient point and is asking the right question. The growth that your organization is experiencing makes it even more important for the community's investment in your organizations success and the value that it brings to those you serve to increase in proportion,

in a meaningful way.

The depth of the commitment and involvement you and your board members are willing and able to make is key to how successful this new position will be within your organization. You can determine the type of financial commitment you can make; I agree with several of our colleagues that this is really a long-term investment and your expectations should be clearly defined with your fund development person.

It is the commitment to the mission and embracing the philosophical approach to creating a culture of philanthropy is the deeper issue.

I encourage you to learn more about the role of the fund development position because sometimes organizations really don't understand the true nature of the position and the roles of the executive director and board members, who are ultimately accountable. As the saying goes "it take a village to raise a child," well, it takes an entire team to run a truly successful and fully accountable charity and everyone must be motivated to pull their weight. Be sure to refer to your mission statement and when decisions need to be made or complex ideas are to be shared, as yourself "Why are we all here?"

I am suggesting a book for you and it is an excellent resource tool for creating a stronger organization.

Link: <http://marketplace.foundationcenter.org/Publications/Nonprofit-Management/The-Board-Members-Book-Making-A-Difference-in-Vol-Organizations-3rd-Ed>