



The Next 25 Years

A Final Report

May 4, 2015

Introduction

Last year at the conclusion of celebrating the Association Foundation Groups 25th anniversary milestone, the organization, under the leadership of its president-elect, R. Barkley Payne, implemented a special initiative, *AFG: The Next 25 Years*. The project was designed to identify the unique opportunities and challenges facing the association foundations for the next 25 years, with a particular focus on the next 3-5 years.

In 2014, the project was launched with a survey to its membership, followed by a Town Hall Meeting at the AFG 13th Annual National Conference on Association Foundations & Fundraising. The purpose of the survey and conference discussion was to engage AFG members and other key stakeholders in strategic conversations about the future of association foundation fundraising. These discussions are also intended to assist the AFG Board of Directors in the development of its next strategic plan; the current plan concluded in 2014.

The next component of this initiative was to engage association and association foundation executives as a group of thought leaders to consider the outcomes of the member survey and Town Hall meeting, and deliberate on the following questions:

- *What are the organizational/governance/leadership issues that will have a positive (or negative) impact on association foundations in the next 3- 5 years? How can AFG help you better navigate these related issues in the future?*
- *What are some of the changing demographics/donor trends that will have a positive (or negative) impact on association foundations in the next 3- 5 years? How can AFG help you better navigate these changes?*
- *What communications/marketing strategies will have a positive (or negative) impact on association foundations in the next 3- 5 years? How can AFG help you raise more awareness for your association foundations?*
- *What technology advances will have a positive (or negative) impact on association foundations in the next 3- 5 years? How can AFG help you better navigate these technological advances?*
- *What data/metrics/benchmarking information do you need to help further advance your association foundation and its fundraising? How can AFG better assist you in this regard?*
- *How can AFG more effectively serve its members?*

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Following in this report are the questions considered by the thought leadership group and highlights of their discussions with regard to identifying the unique opportunities and challenges facing the association foundations for the next 25 years, with particular focus on the next 3-5 years.

Organizational Leadership & Governance

What are the organizational governance and leadership issues that will have a positive (or negative) impact on association foundations in the next 3- 5 years?

It has long since been acknowledged that **strong and strategic governance** is the core of any organization that is sustainable, so it will continue to be a goal for association and association foundations. We should look to the recently released *Performance Imperative* which details 7 pillars of a well-managed organization, and how we can implement them in our unique niche.¹ A good mission is not enough to sustain our programs and funding; we must strive for organizational excellence.

Foundation and fundraising **visibility and awareness** – among the association board, senior association executives, internal staff, members, and other stakeholders – are critical for success. Implementing a culture of philanthropy across both organizations is essential to elevating the importance of visibility and awareness for association foundations. Obtaining consensus support for a culture of philanthropy will only help build relationships with key stakeholders, prospects and donors. Creating such a culture involves educating and engaging non-fundraising staff and board members about philanthropy.

¹ <http://leapofreason.org/performance-imperative/>

Greater alignment between the association's and related foundation's strategic priorities and messaging is needed to further leverage the success of both organizations. The challenge to this reality will be eliminating, or at the very least, reducing competing priorities. Governance models that have a blended/shared leadership should be considered, as they help foster collaboration. Alignment efforts should not begin and end with leadership, but permeate amongst all staff, and then cascade out to the membership base, donors and other key stakeholders in the form of unified and consistent messaging.

How can AFG help you better navigate these related issues in the future?

1. Present case studies on the types of blended leadership models that lead to alignment.
2. Highlight success stories of visibility leading to larger or more gifts.
3. Continuing education that is focused on developing strong association fundraising leaders who understand the fundamentals of good governance.

Demographic and Donor Trends

What are some of the changing demographics and donor trends that will have a positive (or negative) impact on association foundations in the next 3- 5 years?

Volunteers are a huge stakeholder group for associations, and the most ready pool of donors for association foundations. As leaders, we have noticed the following **shifts in volunteer engagement**:

- There is increased competition for volunteers' time in our uber-connected world, making recruiting and retaining strong volunteer leadership challenging.
- Volunteers want a variety of engagement opportunities that they can pick and choose to fit their current lifestyle demands. There is no defined pathway anymore from new volunteer to committee chair to board leadership – at least not in the volunteer's mind. We need to craft volunteer options that range from crowdfunding to slacktivism to traditional leadership roles.
- Micro-volunteerism (time limited, clearly defined task) is here to stay, and gaining more ground as millennials find these opportunities attractive. We need to find ways to engage micro-volunteers, as they can be a very vocal group of advocates.

The **rise of the Millennials** in the work place, as volunteers, and donors has already begun to impact our organizations. How do we address the now largest generation's² demands for more balance, engagement, and transparency – especially when it comes to volunteerism, governance, and fundraising? Millennials are volunteering at rates higher than previous generations did at the same age³, and 87% give to charity⁴. We must strategically think about how to invest resources in developing this generation into staff and volunteer leaders, as well as donors.

Engaged **donors and volunteers want us to embrace change and be transparent**. As our stakeholders grow used to the constantly evolving tech world, they expect the same innovative change from the causes they care about. And even as the nonprofit sector battles the overhead myth, we need to embrace transparency as a way to prove to donors their gifts are well stewarded.

The prevailing culture of an association and its members is a leading indicator of the organization's ability to execute and embrace change, as well as be an environment in which philanthropy can thrive. If

² <http://www.pewresearch.org/fact-tank/2015/01/16/this-year-millennials-will-overtake-baby-boomers/>

³ http://www.huffingtonpost.com/2014/12/29/millennials-volunteering_n_6390446.html

⁴ http://cdn.trustedpartner.com/docs/library/AchieveMCON2013/MIR_2014.pdf

a culture change is needed, it can be a slow and arduous process which could jeopardize the quality of volunteers and dollars raised.

How can AFG help you better navigate these changes?

1. Serve as a clearinghouse for best practices on volunteer engagement (e.g. examples of job descriptions (traditional & micro), onboard training manuals, task group charters, etc).
2. Curate and disseminate content on the impact of millennials and share relevant data with members (no need to replicate the work of others).
3. Champion a culture of philanthropy as a building block for success in association fundraising; a discussion we touch upon the previous section on governance and leadership.

Communications & Marketing Strategies

What evolving communications and marketing strategies will have a positive (or negative) impact on association foundations in the next 3- 5 years?

It is time to **embrace going mobile**. Responsive website design is a must-have functionality that provides optimal user experience whether your website is accessed via mobile, tablet or desktop, plus it tells people that you're current and relevant. With 88% of people now reading their emails on smartphones, having mobile-responsive messaging has never been more urgent for nonprofits.⁵ In fact, 80% of mobile users delete emails that don't display properly because they aren't optimized for the mobile screen.⁶ And now Google Search will no longer feature your site in search results if it is not mobile friendly and the person is conducting the search from a mobile device.⁷ If donors can't easily digest our emails or make a donation, chances are they'll move on.

Association and association foundation executives need to **know our audience**, and be willing to engage them on their terms whether that is through email, social media, or traditional face-to-face. With all the tools available we must constantly evaluate which are best suited for their audiences. Segmentation will be key to our success. The increase in number of social media outlets allows us to more readily reach our audiences, however, it requires us to know where our audience is networking online to prevent over-extension of staff time. While it's unknown what the next emerging communications vehicle/social network will be, association foundation executives have to keep watching the radar to discover, embrace and harness the next Instagram.

Content is king. Content marketing continues to grow in the nonprofit sector. According to a recent Content Marketing Institute survey, 61% of nonprofit professionals are using content marketing through social media, blogging, email and video. Of those respondents, 65% are producing more content than they were a year ago.⁸ With this upsurge in content marketing, organizations are realizing that the quickest way to their audience's heart is through valuable content. Association foundations are challenged to keep up with this trend with limited human and financial resources with only 35% of the respondents on that same survey reporting their organizations as effective at content marketing. Two challenges we see to effective content marketing for association foundations are:

- Developing the metrics that measure impact of content marketing, and help inform strategy.
- Understanding how our donor segments prefer to receive content.

⁵ <http://www.pewinternet.org/2015/04/01/us-smartphone-use-in-2015/>

⁶ <https://litmus.com/blog/the-how-to-guide-to-responsive-email-design-infographic>

⁷ <http://www.cnet.com/news/google-search-will-now-favor-mobile-friendly-sites/>

⁸ <http://contentmarketinginstitute.com/2014/11/nonprofit-2015-content-marketing-research/>

Authenticity is the new currency for brand marketing. We need to be proactive in sharing important documents (IRS 990 form, independent audits, etc.) which will help create a voice that your audience views as authentic and transparent.

How can AFG help you raise more awareness for your association foundations?

1. Diversify the background of continuing education presenters to include communications and marketing professionals.
2. Invest in growing the IdeaBank and make it a more rich and robust resource for association foundation executives to monitor communication and marketing trends.

Technological Advances

What technology advances will have a positive (or negative) impact on association foundations in the next 3- 5 years?

It's uncertain if **digital currency** will overtake cash in the next 3-5 years, however, it is an issue association executives should actively monitor. With the rise of Apple pay, more and more people are using their digital device as a wallet. By 2019, mobile payments' market share will grow 184% to \$142 billion domestically⁹. While associations may not have the bandwidth to create mobile payments just yet, we need to keep this issue on our horizon.

Speaking of the increasing use of mobile devices, apps will continue to grow in utilization. But, **apps occupy valuable "real estate"** on our devices, and unless a user has a task with your organization they need to accomplish on a regular basis, websites will continue to dominate in terms of electronic connectivity for association foundations. But remember – they need to go mobile to be effective!

Finally, **virtual meetings** will create unique opportunities to engage and foster a community of donors that is widespread geographically. As the software and technology that enables virtual meetings becomes more accessible, association foundations should aggressively implement innovative ways to connect us, our programs, and donors.

How can AFG help you better navigate these technological advances?

1. Invest in growing the IdeaBank and make it a more rich and robust resource for association foundation executives to monitor technology trends.
2. Convene more adhoc thought groups that survey the horizon of technology and its implications for association foundations.

Leveraging Analytics

What data/metrics/benchmarking information do you need to help further advance your association foundation and its fundraising?

While the recent 2014 AFG Benchmarking Survey provided excellent data for association foundation executives, there is interest in "drilling down" further to identify how fundraising success correlates to

⁹ http://bits.blogs.nytimes.com/2014/11/17/u-s-mobile-payments-market-to-boom-by-2019-research-firm-says/?_r=0

specific variables in the association foundation world. **Leveraging more detailed analytics** to understand the causations of fundraising success is the next step, and it includes performance linked to:

- Type of structure (foundation vs. association development office)
- Type of revenue stream (annual vs. major vs. planned vs. event vs. etc.)
- Age of organization, and age of fundraising operation at the organization
- Size of membership
- Type of membership base (professional vs. trade vs. corporate)

Additionally, we need to do a better job of defining what it means to be a successful association foundation. For example, should we be striving for a certain percentage of members giving? And once we define success, actively search out and **share success stories** with our colleagues.

Finally, the 2014 Benchmarking Survey presents an opportunity. The survey highlighted an average donor retention rate of 85% in association foundations. The industry standard for nonprofits is 43%.¹⁰ With this in mind, it would be great to further explore how association foundations are achieving this great success, and **gain recognition in the wider fundraising professional community for our best practices** that are leading to this.

How can AFG better assist you in this regard?

1. Continue to build upon the foundation of the 2014 Benchmarking Survey and conduct additional research.
2. Identify success stories in the next Benchmarking Survey and conduct deep dive case studies on these organizations to include in the report.
3. Be our voice in the wider community (AFP, ASAE, etc).

AFG Member Services

How Can AFG More Effectively Serve Its Members?

A combination of the previous sections, as well as additions:

- Conduct additional research on association fundraising.
- More adhoc thought groups that proactively assess the association foundation landscape to identify challenges, opportunities, and changing trends.
- Share successful best practices/models/programs through case studies.
- Provide a leadership development program specifically for association foundation CEOs and volunteer leadership.
- AFG can further invest in developing its IdeaBank and make it a more rich and robust resource for association foundation executives.
- Diversify the background of continuing education presenters to explore professional expertise that impact association foundations (e.g. this has worked with by bringing in legal professionals).
- Per the 2013 UnderDeveloped¹¹ study, develop an educational course for association executives that helps them understand how to establish and grow a culture of philanthropy, hire and evaluate fundraising professionals, and effectively measure fundraising success.
- Elevate AFG's role as a thought leader and content clearinghouse for association fundraising.

¹⁰ <https://bloomerang.co/blog/infographic-2014-fundraising-effectiveness-project-survey-report/>

¹¹ <https://www.compasspoint.org/underdeveloped>