Great Fundraising

FULL REPORT

A UK based report
commissioned by Clayton Burnett Limited
to answer the question:

What Makes Fundraising Truly Great?

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Executive Summary

In summer 2012, we were commissioned by Clayton, Burnett and Associates to conduct research on “Great Fundraising”. The aim of the project was to identify how and under what circumstances truly great fundraising is able to flourish. We approached twenty of the sectors leading thinkers (directors of fundraising and senior fundraising consultants) for their views on the organizations and individuals they most respected and admired. They identified five organizations that in their view had conducted (or were conducting) outstanding fundraising. These were Cancer Research UK, British Red Cross, NSPCC, Save The Children and the Royal British Legion.

We then approached individuals from these five organizations to analyze how their teams had attained their success. A ‘Decoding the Discipline’ approach was adopted for this purpose (Pace and Middendorf, 2004). Rather than focusing on the detail of their fundraising we focused instead on the greatest challenges that in their view needed to be overcome and how they had done so.

Our results indicate that exceptional fundraising directors exhibit the characteristics of level 5 leaders. They manage their teams and achieve desired change through a combination of will and personal humility. We also found that they devote considerable attention to what they regard as the critical building blocks of success, namely building an exceptional team, structure(s) and culture. In the first section of our report we combine data from our interviews with current thinking and research to provide a series of practical recommendations for how organizations might best manage these dimensions.

In our view, however, what seemed to us to elevate good fundraising to outstanding fundraising was the quality of the thinking each leader was able to generate. Neither the ideas nor the considerable experience of our directors alone could have given rise to the fundraising success they created. The real difference these leaders were able to make occurred as a consequence of the way in which they understood and coped with the complexities of everyday decision making.

We therefore examine how these outstanding leaders prioritize the issues they will tackle, define and redefine these issues and the process that they then undertake to generate appropriate solutions. This stage in our report focuses on process and uses the academic language of systems thinking to examine how our focal directors think about complex problems. In the second component of our report we are therefore not in a position to map out specific actions that organizations should take to achieve greatness per se; rather we explain the thinking processes they should adopt when wrestling with their own complex real world problems. It is the quality of thought that underlies action that gives rise to greatness, not the actions themselves.

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1.0 Introduction

In summer 2012, we were commissioned by Clayton, Burnett and Associates to conduct research on “Great Fundraising”. The aim of the project was to identify how and under what circumstances truly great fundraising is able to flourish. Initially, we intended to examine factors common to specific campaigns, but we quickly came to realize that outstanding fundraising wasn’t always associated with a specific campaign and that actually it was just as likely to manifest across the full range of an organization’s activities as a consequence of the leadership of a particularly visionary and talented individual.

Having recognized that the focus of our study had to be broader than campaigns, our second issue lay in the selection of appropriately outstanding fundraising to focus on. How does one measure greatness in this context and how, having done that, should one proceed to select specific examples? Since fundraising can take many different forms with a diversity of different goals in mind, the derivation of an ‘objective’ set of criteria capable of measuring success was problematic. We therefore decided to delegate the task of selection to others, approaching twenty of the sectors leading thinkers (directors of fundraising and senior fundraising consultants) for their views on the organizations and individuals they most respected and admired.

Participants in this initial study were asked 1) what organizations they considered as having conducted truly outstanding fundraising, and 2) how they defined outstanding performance. We found a surprising degree of agreement and were therefore able to tally the ‘votes’ for each organization (leader and team) and utilize the thinking articulated behind each vote to help shape the direction of the interviews that would follow. The five most frequently mentioned organizations were:

- Cancer Research UK
- British Red Cross
- NSPCC
- Save the Children
- Royal British Legion

In the second stage of our research, we approached individuals from these five organizations to analyze how their teams had attained their success. Up to five individuals were interviewed for each of the cases listed above. These began with the directors of fundraising and moved on to include their team leaders, team members/campaign managers, peers in other organizational functions (e.g. directors of communication or brand managers), agency collaborators (e.g. creative directors and account managers) and mentors or mentees (who may or may not work with them any more).

A purposive approach was taken to the selection of specific individuals to interview, based on our understanding of each case and the actors best placed to provide the insight we sought. During this stage of the research, we employed an interview technique known as ‘decoding the discipline’ (Pace and Middendorf, 2004). Rather than have interviewees focus on the detail of their fundraising we focused on the greatest challenges that in their view had to be overcome. This allowed us to delineate the implicit thinking processes adopted by these individuals as they took critical decisions and interacted with important internal or external stakeholders in order to bring about change.

In this research we are therefore less interested in the fundraising campaigns or activities themselves. Descriptions of the work of these organizations and detailed case study descriptions of successful practice are available elsewhere. Rather, we focus on the thinking, either individual or collective, that gave rise to great fundraising in our five focal organizations. In doing so our goal is to provide the reader with a framework that may be used to understand and interpret that thinking, so that they can apply the resultant principles to develop their own great fundraising even though they may be facing very different situations and challenges.

With this goal in mind, in the final stage of our research, we analyzed and synthesized the findings from our interviews utilizing the academic framework of systems thinking (Checkland, 1999; Mingers and White, 2010; Jackson, 2001, Serge 1993, Ulrich, 2012, Panagiotidis and Edwards, 2001; Staniton, 1984). This seemed to us to be the most suitable theoretical language available in the academy that one could use to describe the process through which individuals and the minds they surround themselves with, create great fundraising. We found that they do so (either consciously or unconsciously), by engaging in systems thinking.

In the report that follows we will detail our findings, beginning with an exploration of definitions and moving on to look at what our interviewees regarded as the critical building blocks of success. We will then extend our analysis using an adaptation of the language of systems thinking and evaluate the thinking processes of our outstanding fundraising leaders. We will conclude by offering wider recommendations for fundraising practice.

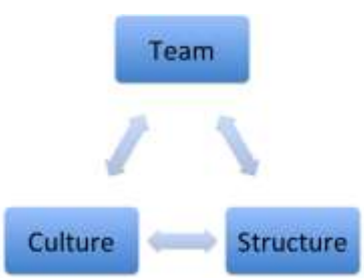
2.0 What Does It Mean To Be Great?

So what do we mean by great fundraising? None of our participants defined greatness in terms of the absolute (£) amounts raised, they defined greatness in terms of delivering growth and substantive growth at that. Outstanding fundraising enables an organization's fundraising income to double, triple or even quadruple so that the charity climbs dramatically up the league table of charities as ranked by voluntary income.

Growth though was not a goal in and of itself. None of our interviewees defined fundraising greatness without mentioning the impact that the enhanced income would have on the mission of the organization. A passion for the work and daring to believe in what might be achieved was considered paramount. On occasion the success had taken the focal organization by surprise with some interviewees reporting that so much additional income had been generated that the organization was compelled to reinvent their programs to ensure that the monies were properly spent. Equally, others mentioned that in order to create a compelling ongoing case for support, they had needed to work closely with their program team to ensure that any new objectives were meaningful for donors. Fundraising greatness thus delivers the kind of growth that is transformational for the organization and its programs either in scale or in content so that the organization can multiply its societal impact.

So if we now know what greatness is, how then does a fundraising leader achieve that greatness? Our interviewees identified that there were three core components that had to be considered and managed. These are illustrated below.

Figure 1: Building Blocks of Success



Becoming great in fundraising was viewed as requiring the creation of a great fundraising team, a great fundraising structure and a great fundraising culture. All this, as we shall demonstrate below, was held together with the 'glue' of great communication. The perspective illustrated in Figure 1 does not necessarily mean that our interviewees view team, structure and culture as independent systems. They might, but more usually, they perceived the interrelationship between all three as a system, that required careful management.

As we begin to unpack the factors that drive excellence in fundraising below, we will first explore the role of team, structure and culture independently. Here we will blend data from our interviews with current academic thinking and research (Robbins and Judge, 2012; Osland and Turner, 2011) to identify the critical issues in each broad category. As we will demonstrate the organizations in our sample provide substantive evidence of practices that are currently considered to be optimal. Mirroring these will therefore allow readers to improve the fundraising performance of their own nonprofits.

That said, most of what we introduce in this section is not new to air. Many of the factors one might consider have been well established in other management contexts. The real contribution of this work is introduced in the subsequent sections which adopt a system perspective on these three building blocks, recognizing how they interact with each other and with other systems both within the organization and beyond.

In our view truly great fundraising is created when leaders understand the complex relationship between these various systems and adopt thinking approaches that allow them to conceptualize and manage this complexity in a meaningful way (Senge, 2011). In this subsequent section of the report we will use the academic language of systems theory to explain how the quality of thinking by the leader ***and*** collectively by their team, is really the key to greatness.

3.0 The Building Blocks of Success

Every one of the directors of fundraising we interviewed had had a successful track record as a manager, either within the fundraising profession or in another sector. They therefore had a strong sense of the basic issues that had to be managed to produce success. We discuss these in detail below.

3.1 Construct the right team:

All stressed the importance of appointing the right team to assist them in their task, both team leaders and team members. Neither could succeed without the other (Yukl, 2010). Our interviewees reported receiving the early trust of their CEO and/or Board to make the changes to the team that were appropriate and the requisite resources to make this a reality. Typically our interviewees sought individuals who 'thought' in the same way as they did and were also able, ambitious and determined to succeed (Smith, Oosten and Boyatzis, 2011). They needed to have good technical skills, but it was also necessary that they be good 'team players' willing to help others as necessary (Hertel, Konradt and Voss, 2006).

These individuals did not need to have the same appetite for risk as their director, so long as they were open to experience and willing to discuss the potential offered by various solutions (Barrick, Stewart, Neubert and ount, 1998). They also did not need to embed their lives in their roles to quite the same degree as the fundraising director, or have the same readiness to take on challenges at quite the same scale (Collins, 2011). However, they did need a passionate commitment to the cause and a belief in (and enthusiasm for) new fundraising approaches.

Not surprisingly, extant academic research has shown that hiring new team members with a high ability level enhances the overall performance of the team (LePine 2003). However, team performance is not necessarily limited by the weakest link in ability (Jackson and LePine, 2003). It is more important that team members be homogeneously conscientious, a quality that is more difficult to detect in traditional selection procedures such as interviews (Humphrey, Hollenbeck, Meyer and Ilgen, 2007). In order to maximize the efficiency of building such a team, many fundraising directors therefore appoint people they have worked with previously or know of through their professional networks that they believe they could work well with.

Some interviewees had chosen to hire new team members immediately upon their arrival while others waited until after they had strengthened the existing team, working on the collective 'belief' that it was possible to succeed, by helping them create early successes. These successes did not have to be exceptional so long as they were significantly better than the status quo. The improvement in confidence and morale was self sustaining as individuals began to recognize their own potential to succeed (LePine, 2003). The ‘belief’ we refer to could therefore either be bought in, or developed within the existing talent pool (Guttman, 2008).

With the hiring of new team members, sometimes existing team members decided to exit or needed to be made redundant. In many of our cases the teams were substantively overhauled. Our interviewees reflected that the people who left or were made redundant were usually either not up to the task or did not demonstrate the level of passion and commitment necessary for the new fundraising approach.

A further critical factor to consider was the leadership and development of the assembled teams. In this respect all our fundraising directors demonstrated the characteristics of level 5 leaders. That is they “build enduring greatness through a paradoxical blend of personal humility and professional will” (Collins, 2011). The characteristics of these level 5 leaders are summarized in Table 1.

Table 1: Characteristics of Level 5 Leaders

Professional Will	Personal Humility
Creates superb results, a clear catalyst in the transition from good to great.	Demonstrates a compelling modesty, shunning public adulation; never boastful.
Demonstrates an unwavering resolve to do whatever must be done to produce the best long-term results, no matter how difficult.	Acts with quiet, calm determination; relies principally on inspired standards, not inspiring charisma, to motivate.
Sets the standard of building an enduring great organization; will settle for nothing less.	Channels ambition into the organization, not the self;
Looks in the mirror, not out the window, to apportion responsibility for poor results, never blaming other people, external factors, or bad luck.	Looks out the window, not in the mirror, to apportion credit for the success of the organization – to other people, external factors, and good luck.

Source: Adapted from Collins (2011), in Osland and Turner Ed. The Organizational Behavior Reader, Page, 461.

Level-5 leaders have a high level of confidence in themselves, derived from their successful experience and personal reflections on how they became successful. This confidence is motivational for their team members, not because of the charisma of the leader, but through the setting of inspiring (yet specific, measurable, achievable, relevant and time-scaled goals) goals and standards (Collins, 2001). The leader ensures that both the individual team members and the team(s) as a whole are accountable both for personal goals and for the goals of the team as a whole (DeMatteo, Eby and Sundstrom, 1998; Johnson, Hollenbeck, Humphrey, Ilgen, Jundt and Meyer, 2006).

We also found evidence that in goal setting, our outstanding leaders aligned their organizational metrics with the longer term drivers of donor value. Their objectives were couched not in the short-term minutia that typically pervade our sector, but in the standards and behaviours they knew would add value for supporters and thus pay-back in the longer term. Their appraisal and reward systems were similarly aligned, to focus team member ambitions on the things that mattered most to longer term growth.

In addition, these leaders excel at creating shared mental models – i.e. organized mental representations of the key elements within a team's environment that are shared across its membership. These mental representations might include the attitudes and behaviours that are most valued and professional standards for how the team should interact with others in the organization and key external stakeholder groups, notably donors. In the latter case, the mental model might include a definition of what it means to be 'donor-centric' and the philosophy that will be adopted to make this a reality. Academic research indicates that teams with shared mental models engage in more frequent interactions with one another, are more motivated, have more positive attitudes toward their work, and have higher levels of objectively rated performance (DeChurch and Mesmer-Magnus, 2010).

Although shared mental models are widely regarded as a positive for team performance, they can provide a heightened risk of Groupthink occurring, where the team shares so much in common that there is little debate or reality testing and irrational or sub-optimal decisions are taken as a consequence. Our level 5 leaders deal with this issue by deliberately encouraging a degree of task conflict.

Task conflict is defined as a perception of disagreement among group members about the content of their decisions and involving differences in viewpoints, ideas and opinions. Task conflict is a constructive form of conflict that improves decision making because many different views are deliberately aired (Farh, Lee and Farh, 2010). The mental models developed by our level 5 leaders thus emphasized the value of original thinking and provided an environment where it was expected that ideas would be routinely and critically debated with no reflection on the originator, per se. Such supportive environments can be particularly important at the initiation stage of a campaign, the launching of new fundraising products or the creation of new fundraising initiatives. The introduction of task conflict is particularly helpful where teams are highly cohesive, conscientious and 'open to experience' (O'Neill and Allen, 2011).

Finally, successful fundraising is largely generated by experienced teams. Over time experienced teams perform better because team members learn to trust each other more, communicate more effectively, and learn to blend each other's diverse skills, strengths and weaknesses (Dirks, 2000; Williams, 2001). None of the organizations we interviewed, after the right team had been built, suffered from the high turnover rates that otherwise pervade our sector. Being a part of a successful team appears to engender high levels of loyalty. It was also interesting to note that those who defined their team more broadly, to include external agency personnel also exhibited a high degree of loyalty to that agency. Some were maintaining relationships with suppliers that had existed for over a decade.

3.2 Design And Utilize A Successful Organizational Structure

Most organizations we studied adopted a structure based on function, including for example, fundraising, finance, marketing, public relations, campaigning and program management. The advantage of such a structure is that it pools all specialists together to create economies of scale, minimizes the duplication of personnel/equipment and employees can speak “the same language as their peers.” This structure also reinforces a clear line in command and control (Burns and Wholey, 1993). The disadvantage of this structure is that functional departments can become competitors who engage in a power struggle for organizational power and resources (Sy and D’Annunzio, 2005).

In order to maximize the success of intra- team or inter-team coordination and cooperation, the fundraising directors we interviewed “managed upward” working with their peers at the director level to rework the institutional reward systems to encourage cooperative efforts rather than competition. They also actively sought out opportunities for enhancing coordination and cooperation by working jointly on projects and seeding expertise as necessary in various institutional initiatives.

All our interviewees had made changes to the structure of their individual teams, although most noted that their capacity to introduce such change had been initially limited. As a consequence they tended to focus from the outset on two key things: building new functional teams for specific forms of fundraising (or relationships) and again, setting up an appropriate reward systems to support outstanding performance. Team level reward included but was not limited to promotions, salary increases, job enrichment and other subtler forms of recognition. Team members were also supported through the provision of career development or training in areas such as leadership, problem solving, communication, negotiation, conflict-management, and coaching. All this is consistent with best practice (Lawler, 2011; Smith Oostena and Boyatzis)

Great systems are often more important than great people. A well-designed system filled with ordinary – but well-trained – people can, according to academic research, consistently achieve well above average performance (Pfeffer and Sutton, 2011). As much as we emphasize the importance of finding the right people, it is a focus on the building of team efficacy (i.e. developing the supporting system) that consistently produces great fundraising. Since talent can be created through training and development, it is more important to have a system in place to grow it than constantly trying to source the right talent externally. Our interviewees were typically less interested in formal training than they were in less formal forms of development such as mentoring or coaching, but in most cases they recognized the contribution of both.

3.3 Creating An Organizational Learning Culture

Schein (1992) perceived organizational culture as a pattern of basic assumptions – invented, discovered or developed by a given group as it learns to cope with its problems of external adaptation and internal integration. Such a pattern has worked well enough to be considered valuable and, therefore, to be taught to new members as the correct way to perceive, think and feel in relation to those problems. Most researchers of organizational culture agree that shared values are a key element in the definition of culture (Weiner 1988).

Organizational culture has many dimensions and variations. The competing values framework (CVF) categorizes them in a two dimensional space (Denison & Spreitzer, 1991) as shown in Figure 2.

Figure. 2. The competing values framework (Denison & Spreitzer, 1991; McDermott & Stock, 1999).

Each axis represents contrasting orientations. The first dimension is a flexibility vs. control orientation. The second dimension describes a focus on activities occurring within or outside the organization. The combination of both dimensions defines four types of organizational culture: group, developmental, hierarchical, and rational.

Group culture emphasizes flexibility and change and a focus on the internal organization.

Developmental culture also emphasizes flexibility, but is externally focused.

Rational culture is externally oriented, but focused on control.

Hierarchical culture emphasizes stability; however, the focus is on the internal organization.

The characteristics of all four types of cultures are represented in Fig. 2 and are further described in Denison and Spreitzer (1991) and Prajogo and McDermott (2005).

An important assumption of CVF is that each type of culture is an ideal type. The culture in an organization is a combination of different culture orientations, although usually one type is more dominant than the others. Unfortunately while there is a consensus that organizational culture is critical in any change initiative, no such consensus exists as to what type of organizational culture best supports transformation and innovation.

There does though, seem to be a link between these characteristics and organizational learning. Organizational learning is a complex process that refers to the development of new knowledge that has the potential to change behavior (Huber, 1991; Slater & Narver, 1995). Firms that have developed a strong learning culture are good at creating, acquiring and transferring knowledge, as well as at modifying behavior to reflect new knowledge and insight. Hence, organizations stressing organizational learning culture (OLC) must first acquire information, interpret it to fully understand its meaning and transform it into knowledge. At the same time, they must not forget the most important part – to implement behavioral and cognitive changes – in order to convert words into action.

Like organizational culture, organizational learning is also a very elusive concept due to the variety of perspectives that come under scrutiny in the academic literature. Senge (1990) defined organizational learning as ‘‘a continuous testing of experience and its transformation into knowledge available to the whole organization” (p. 6). Jones (2000) emphasizes the importance of organizational learning for organizational performance. He defines it as ‘‘a process through which managers try to increase organizational members’ capabilities in order to better understand and manage the organization and its environment” (Jones, 2000,

p. 472). We define it as a process of information acquisition, information interpretation and resulting behavioral and cognitive changes which should, in turn, have an impact on innovativeness.

OLC predominantly covers developmental and group culture. In its essence, OLC is a flexible culture that acknowledges both internal and external environments. The flexibility is complemented with some elements of the control dimension that provide the clarity, structure and formal reference framework needed for the firm's successful functioning (Škerlavaj et al., 2007). The development of an organizational learning culture was deemed critical to the development of exceptional fundraising.

In all cases, the leaders we interviewed made it clear that the organizational culture when they took up their appointment was far removed from the ideal we articulate above. In most cases a fundamental cultural shift needed to occur at the level of the organization (not just at the level of the fundraising team). Even basic assumptions and norms about how the organization operated frequently had to be challenged and changed, either by the CEO or the fundraising director and their peers. In a number of cases, for example, the organization had been failing to meet its fundraising targets for several years and thus it was now assumed that the target would not be met *and* that it was acceptable not to meet it. Such assumptions were unacceptable.

Having achieved a base level of change, interviewees were also clear about the need to instill an organizational learning culture. In part they were able to diffuse this into their fundraising team by supplementing or replacing existing team members with new personnel as necessary. As we noted above these individuals were selected for their particular skill set; they were people who could think quickly (and well) when they worked alone on problems, but who also knew the limits of their knowledge, asked for help when they needed it and who were tenacious about guiding and helping colleagues. This latter quality is probably more important for the success of an organization's fundraising practice since it helps inculcate a supportive culture that encourages individual team members to learn from each other and to be genuinely open to challenges derived from the perspectives of others.

The directors we interviewed also encouraged a greater degree of flexibility and risk taking on the part of their teams providing the prevailing culture with more of a development focus (as in Figure 2). Failure was redefined as the failure to learn from experience if something did not work out as anticipated, rather than the failure of a particular strategy or individual per se. As long as the team learned from the experience to inform future activity, all experiences, both good and bad could contribute to organizational learning.

We also noted the strong efforts made by our interviewees to broaden the perspective of the members of their team. Some of them provide their team members (at all levels) the opportunity to experience first-hand the impact of the organization on the beneficiary group. They do so by sending their team members to the field, letting them work side-by-side with program officers and then assigning them the task of retelling the story of their personal experience in their fundraising materials.

Others provide opportunities for junior members of their team to sit in on senior director or board level meetings. These junior members can then become advocates for any top-down initiatives that the fundraising director would like to implement with the team, because they can then better understand the rationale and design of these initiatives and communicate this to their peers. Both types of opportunities enable these team members to take alternative perspectives, and to translate these perspectives into better fundraising practice within their assigned responsibilities. Our fundraising directors and their team members both describe the impact of these perspective-taking exercises as being transformative and vitally instrumental in creating great fundraising and in their personal career development. They enrich their careers and their lives while creating great fundraising.

Arrangements for personal support and mentoring were also offered and extended beyond the organization to draw on significant talent elsewhere. In addition team members were encouraged to take on wider roles within the profession (serving on committees, participating in working groups etc) so that they could learn from the experiences of others and draw on best practices and ideas from across the sector.

Procedures were also put in place for that experience and knowledge to be shared internally and to be drawn on to inform future planning and new fundraising innovation. All this activity is consistent with best practice in the development of an organizational learning culture.

3.4 Effective Communication

Most our interviewees considered themselves as being naturally good communicators, even when they categorized themselves as introverts. In their descriptions of what or why they communicate they interestingly didn’t mention many of the functions a typical textbook might outline, including controlling their team members’ behavior, motivating them, or expressing emotion for social needs (Robbins and Judge, 2012). More often, they talked of communication as a method of exerting influence and power in and for their team, driving structural changes, resolving conflict within their department or between departments and negotiating on behalf of their team. These activities were foremost in their minds.

They also reported engaging in active listening to help develop, adjust and integrate individual members of their team (Rogers and Farson, 2011). They listened "actively" because they had clear objectives during these communications and sought out facts and feelings in what they heard. They also listened "sensitively" as a way to change individual team member perspectives and/or develop team cohesion and productivity.

As a result of this communication, they were able to grow into better leaders because their listening "provides them with more information about people than any other activity, builds deep, positive relationships and tends to alter constructively the attitude of the listeners" (P. 243, Rogers and Farson, 2011). Team members exposed to this technique also benefit "tending to listen to themselves with more care and make clear exactly what they are feeling and thinking. Team members also tend to listen more to each other, become less argumentative and more ready to incorporate other points of view" (P. 242, Rogers and Farson, 2011). In other words, after they make sure they recruit the right team members, our directors then built the cohesiveness of their teams through effective communication.

We found that the primary power for them to change others' behavior, in upward and lateral communication was personal. They exert power in these situations by virtue of charisma, subject expertise in fundraising, expertise in communication and by developing referent power by garnering admiration. As they embedded themselves in their organization they became someone that peers depended on in order to succeed personally and their CEO or Boards depended on in order to advance the organizational mission. The obtainment of this level of dependence (i.e. power) then enabled these fundraising directors to drive structural change within the organization for the creation of great fundraising. All of our fundraising directors created their great fundraising by winning unprecedented resources, both financial and human. They won them through active listening, exerting influence and securing expert and referent power in the ways we outline above.

Our interviewees also articulated situations where conflict had to be managed and the role that communications might play in that scenario. They used the same communication methods as they might use in problem solving situations with a heavy reliance again on active listening. They also reported engaging in frequent and informal chats with relevant parties where they would gather more information and facts (Eisenhardt, Kahwajy and Bourgeois, 2011). When they entered the negotiation, they could then focus on those facts, develop multiple alternatives to enrich the discussion and maximize the possibility that common goals might be created. In addition, some of our interviewees would inject humor into the process as a way of diffusing anxiety and maintaining a balance in the power structure.

4.0 Systems Thinking

So far in this report we have indicated how the fundraising leaders we interviewed tackled the basic building blocks and managed the change necessary to create success. Our approach thus far has also been firmly grounded in the scientific method (summarized by Popper as the three Rs: reduction, repeatability and refutation) which increases our knowledge by breaking things down into their constituent parts and exploring the properties of these parts. Hence our separate focus on team, structure, culture and communication.

To deepen our understanding we must now engage in what is termed Systems Thinking. Systems thinking is actually quite an old idea in that it originated in the 1920s out of the disciplines of biology and engineering. While the scientific method breaks down what fundraising leaders do into its component parts for study, systems thinkers explore what happens once the parts have been combined into a whole.

There are four fundamental types of systems:

Natural systems, e.g. a biological organism

Designed physical systems, e.g. a building

Designed abstract systems, e.g. a mathematical equation, and

Human activity systems, e.g. a team engaged on a task, or a nonprofit organisation.

The last is seen as crucially different from the former three (Checkland, 1994) in that while the others can be described objectively and can be no other than they are, human activity systems are understood differently by the various 'human actors' involved in them. When viewed through the theoretical lens of systems thinking, an organization is usually "made up of systems and problematic areas that exist ***in the mind of the observer"*** (Panagiotidis and Edwards, 2001, P. 137). What is considered part of the system and how the system is perceived as operating is therefore subjective and construed by the observer.

What was distinctive about the approach of the leaders we interviewed was their ability to discern complex systems at play within their organizations and consciously manage those systems to achieve the outstanding fundraising they sought to create. Thus, while we acknowledge the technical skills of our interviewees, what seemed to us to be unique to this group was an ability to think and think clearly about themselves, what they could offer the organization and how organizational systems could be managed to create the environment for fundraising to flourish. We explain how they engage in this thinking process below.

4.1 Individuals as System Thinkers.

In order to improve our understanding of how our interviewees think, we need to first step back and take a look at who they are. The first thing we know about them is that they are all professional managers, individuals making a living, by applying their skills, knowledge, abilities and networks to **solving complex problems**. For none of them was fundraising merely a means of paying their bills. In every case they were personally passionate about the profession of fundraising, the cause they were working for and how they might best contribute to improving the lives of their beneficiaries. Crucially, to achieve this, they saw the need not only to embed their fundraising expertise in their chosen organization, but rather to embed themselves as a 'whole' individual.

> *"I didn't wake up this morning and just think: I want be a fundraiser. I joined a specific cause that I feel really passionately about and my way to make a contribution to it is to raise money and support. So fundraising is the expertise that I've been able to bring, but I think I can bring other contributions into the organization as well, and to be honest, I think I can say this about Save the Children, I see that from other directors as well."*

> *"I'm absolutely in love and besotted with the cause... I do love fundraising, I love the chase, I love the accumulation of wealth in that sense, I like the process. "*

> *" I was told to prepare myself personally for it (a fundraising campaign), family wise, energy wise, fitness wise, clear my distractions, take away everything that I am not going to need, because it's just going to be difficult, and it was, long long hours work."*

They thus embed their whole person into the service of the cause, making a commitment well beyond the confines of their contract of employment. In the language of system thinking they embed their intellectual, emotional and social ***system*** of activity to serve the ***system*** of the organizational whole for its' organizational ***purpose***.

As they embedded themselves in their organization they first needed to understand themselves and the benefits that their intellectual, emotional and social system of activity could deliver for their organization. In essence they needed to design the interface between their individual system and the system of their organization, looking for the optimal mix of contributions that could be made to further the purpose of the charity. They then needed to develop a similar approach to the management of their fundraising team, again understanding and designing the interface their team would have with other organizational systems, e.g. service provision, marketing, finance, etc. They also needed to understand them in such a way that each of these systems could be perceived as a whole in its own right, but also simultaneously as part of a greater organizational whole (Koestler, 1967, 1978). All our interviewees were then able to pose the question '**how might all these existing systems be transformed systematically such that great fundraising may be created?'** In our view, what makes a fundraising leader truly great, is how they think about answering that question.

It is worth emphasizing that we have just experienced a perspective shift on the part of our interviewees. In their first analysis above, the interviewees embed themselves in the organizational whole (i.e. conceptualizing individual purposes serving organizational purposes), in their second analysis, the individuals embed the fundraising function in the organization for the creation of great fundraising (i.e. other organizational purposes serving fundraising success).

It is hard to over state the significance of this shift in perspective, because in thinking this way fundraising greatness is at the center of an organization's purpose. **Good fundraising might be perceived as a function of a successful charity. Great fundraising is at its core**. This shift offers truly great fundraisers the pride, the confidence and the focus they need to transform good fundraising into outstanding fundraising. Our interviewees, all became change initiators and leaders at an organizational level. None of them, in creating great fundraising, felt that they could create it within the current organizational system. Rather, all of them believed they must transform the organization in order to create great fundraising.

4.2 A Systems Thinking Approach to Individual Problem Solving

What seemed to us distinctive about how great fundraising leaders think was that they perceive problem solving as at the core of their management. They solved problems by taking the **broadest** possible look at the problem situation (Jackson, 2001) before focusing down on specific systems they might use or draw information from, to help them define and address the focal issue. We also identified that our interviewees were particularly good at keeping this process under review, constantly examining whether they were accessing the right systems and critically evaluating the extent to which the data gathered might actually illuminate the problem at hand. We explore each of these dimensions below.

4.2.1 Define the Broad Context

The first step in problem formulation is to take the **broadest** possible critical look at the problem situation (Jackson, 2001). By this we mean two things:

1) Our fundraising leaders were able to identify the "bigger picture" and thus all aspects of the environment that might be relevant for securing improvement in fundraising, rather than allowing organizational constraints (budgets, established patterns of behaviour, etc.) to dictate the problem definition"

2) They are able to think about this bigger picture at a sufficient level of complexity (Ulrich and Reynolds, 2010). In other words, they know both "what" to think about fundraising and "how" to think about fundraising.
To illustrate let's examine how one of our interviewees described their individual role using systems thinking.

> *"Like any director role, which is what I always say: fifty percent of your job is about your functional responsibilities and fifty percent of your job is about your responsibility as a director of the organization."*

This director didn't define her job based on the titles within a given structure, but rather on the bundles of responsibility her role entailed. In addition, she focuses not just on the role she herself plays, but on how her role relates to those of her peers. This level of abstraction and generalization is an important sign of systems thinking. In thinking in this way she broadens her analysis of the role beyond the particular organization she is currently employed in. This allows her to set up the reference frame for her role in its broadest sense (Jackson, 2001).

The broadening of perspective is important, because this realization opens the door for her to tap into the broader intellectual or social capital she may have access to in order to create outstanding fundraising. This includes drawing on her past colleagues, past and current agencies, mentees, mentors and any other connections she might have that could be helpful. Also through this level of thinking, she is able to transfer skills or knowledge that she may have accumulated in a previous role and use them to design programs to improve performance in her current organization:

> In the charity sector, "*there's very little investment in people's personal or management development, particularly in comparison with the private sector where I was very lucky to receive a great deal of it. So I guess I had a perspective of where it may help.*
>
> *So a charity will say, yes, go on that direct marketing course, but very often they're unlikely to say, go on that coaching and conflict course or I want you to learn about influencing skills or;*
>
> *So it just felt like something was missing that was actually affecting our ability to work collectively. And it also affected our ability, and it affected people's confidence in their ability to work with colleagues in the organisation.*
>
> *So in an NGO you have lots of very smart people, particularly, certainly in fundraising, but most definitely in policy, advocacy, communications, and as a fundraiser you need quite a lot of confidence to argue your corner on how you might want to portray a child, how you might want to portray an issue and in a weird way this was also about building people's confidence to do that.*"

4.2.2 Critical Choices within the Broadest Context

As the above example also illustrates, after setting up the broad context, the next step is to gradually focus down on those dimensions most crucial to the purpose – in our case creating outstanding fundraising. Creativity is important in this process because it helps our interviewees to focus on unusual sources that might identify unconventional solutions for a given problem or situation. It also helps them to tailor ideas taken from other contexts to make them work in the new one. As we will establish below, the process is non-linear. Systems thinkers constantly iterate between their broadest context and their specific focus continually isolating relevant material and 'testing' in their minds the solutions it might offer.

4.2.3 Continuous Reflection

The process of iteration is what some systems thinking theorists refer to as critical and active reflection (Ulrich, 2012, P.5). The active reflection takes place on the nature of the problem, defining and redefining it, on how the broad context is defined and also the narrow foci that are selected from that broad context. What distinguished our exceptional fundraisers was an ability to continually iterate between these various stages, continually searching out new ideas and solutions, as they sought to isolate critical problems to address and identify creative solutions. As systems thinkers go through multiple iterations of this active reflection process they refine their problem definition to reflect any additional learning that helps them to adopt a different perspective. They also begin to think of potential solutions, not in terms of the specific actions that must be taken, but in terms of systems of actions that must be influenced, recognizing how each individual system might interact with others.

> *"So, my functional responsibility is fundraising, and that is really about raising as much money and support as possible for children, and I tend to view my role as: absolutely I need to know how we are going to fundraise over the next twelve to eighteen months, but I try to look out to the three and five year horizon so that anything that we're doing is leading to that, or is going to be contributing to that. And that helps me hugely in terms of where I spend my time, but also in terms of prioritization of what we 're doing.*

In the latter description, our interviewee is viewing her role in two time-horizons, one short-term and one medium-term, and she prioritized them differently. In systems thinking language, what this means is that she views these two time-scales as being separate wholes, and she therefore takes special care to attend to each. At the same time, she views them as an integral part of the design of the other. Thus while the she focuses on the short term as a route to the medium term, she also recognizes that the medium term needs to be considered in designing short-term operations.

Figure 3a demonstrates graphically how this way of thinking might be different from a linear way of thinking. In linear thinking, one might represent the short-term and the medium term goals as below. In this representation, each goal is its own separate whole, and the team progress linearly from one goal to the next to the next. As the goals themselves are designed in a progressive way, the nature of the progression is not a key part of the representation. At each point in time one simply does what is necessary to achieve the next goal.

Figure 3a: A Linear Progression of Goals

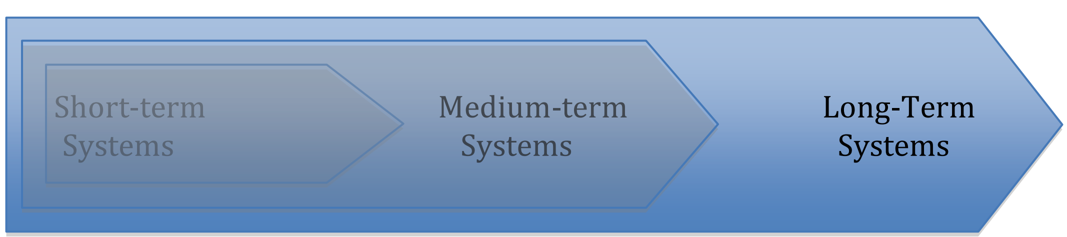


Figure 3b: A Systems Approach

In a systems way of thinking, by contrast, the representation is as shown in Figure 3b. Here we no longer talk about goals. Instead each point in time is regarded as a system. Each system comprises objectives and the processes, relationships, structures etc. that will be used to achieve them. Each stage is thus a separate point in time and a holistic system in its own right. What distinguishes this type of thinking is an understanding that the short term system does not exist in a vacuum and that if the medium and longer term systems are to be created, actions must be taken now to put the building blocks in place. The manager is considering not only the optimal system for today, but how they can deliver this while locating it within the system that will be necessary tomorrow. Systems thinking is typically evidenced by the extent of the integration and the sophistication of the system being created at each stage.

Further complexity in our example above, is added by the nature of the fundraising director's role. She describes her functional responsibility as accounting for only 50% of her time. She must simultaneously consider the short, medium and long term systems that together comprise her role as a *director* of the organization and thus continually reflect on the consequences of the actions taken in the context of one system for the others she is a party to too.

In order to be effective in creating fundraising success, our interviewees demonstrated high levels of fluidity in their ability to engage in different steps and different levels of thinking. For example, when a short-term system needed immediate action they could temporarily block medium-term implications in order to act in a timely way. This fluidity is what enables system thinkers to become the kind of mangers who "think globally" yet "act locally (Senge and Sterman, 1992)" as situations demand it.

4.3 Systems Thinking and Teams

Each individual system thinker is constantly building the broadest context and making critical choices through active reflection on their actions. This process is depicted in Figure 4. When a group of individual thinkers are put together in a functional team to fulfill certain organizational purposes, such as raising funds, increasing brand awareness or saving children, they then need to engage in communications with each other. For the team as a whole to engage in systems thinking they must adopt a systems thinking approach to communication.

Figure 4: Individual Systems Thinking

System thinkers when put into the same functional team or the same problem solving team, share the same purpose. However it is unlikely they will share the same perspective on the broad context for their work and decisions. Nor will they make the same critical choices when they focus on relevant issues or ideas.

In order to communicate effectively, they must not only say what they think, but provide others with a window on how they arrived at their broad context and made their selections within it. Equally, they must listen not only to what others might be saying, but to the context and focus that led to that point. In short they must develop a capacity for viewing communication from the perspective of others.

When all members of the team engage in this kind of communication, then the whole team becomes a team capable of engaging in team-level systems thinking. They are primed to think about other broad contexts and experience different rationales for the selection of relevant thoughts and ideas (See Figure 5). They are also encouraged to deepen their active reflection. The decisions that result are much less subject to group-decision-making biases than other types of decision-making processes. This is because of the enhanced focus on thinking processes.

Figure 5: Systems Thinking Teams

Through this communication, the team then becomes exponentially more effective in solving problems through systems thinking. All of the directors we interviewed spoke in glowing terms of the quality of thinking the teams they had created had been able to generate.

Of course not every team member will be capable of this level of thinking and systems thinking teams were typically referred to in the context of senior (fundraising) management teams only. That said, we did find evidence that the directors we interviewed applied systems thinking principles to the management of all their personnel. This is reflected in the quote below.

> *"My approach is very much about talking to people, talking and listening, so even though I have a team of about two hundred my first six or nine months in post were spent talking with them. I took the time, just half an hour, to speak to every single member of staff."*
>
> *"Because if you can understand first of all what motivates; well first of all you get to know who they are, because with a team of two hundred, you could come into work every day and probably not even know who half of them are. So having the opportunity to sit down and have a dialogue with them means that at least you can say hello to them in the morning and you know who you are saying hello to and what they do so that's a primary motivator."*

The reason for her communication is not necessarily that she has a problem situation to resolve or that she has specific tasks that she wants accomplish. Rather, this communication is part of her "setting up the broadest context" in understanding the situation of her team. In addition, what she is interested in is not necessarily the technical skills that individuals possess and how they match to the specific tasks that they complete. Rather, she is interested in what motivates them. In other words, she tries to understand how her team members think about their actions and the consequences of those actions. For example, she reflected that:

> *"I think that people take a different approach; some people find it slightly intimidating that their director wants to talk to them, while other people just open up completely."*

What this illustrates is that as a system thinker, she is trying to understand how her team member thinks. This understanding then allows her to derive commonality between their respective ways of thinking, identifying differences, and translating her own way of thinking into language that might be more easily understood or acted upon by her team.

The process delivers other benefits too.

> *"You find out some really interesting things, and things that you would never get to hear from your managers, believe me."*

> *"And actually they (these conversations) are a really good litmus test of what is really going on in terms of the interface with donors, in terms of internal politics and gives you a sense of where the problems are actually, and tells you about some problems that you had no idea about"*

What she gained additionally is not only insights she would not normally be able to gather, but rather information that helps her understand how both her managers and her team members think.

The one additional interesting design factor in how this director structures her communication is that she intentionally communicates with those who are going through the same reflection process to understand the organization context:

> *"So although it was a big chunk of time, I do the same thing for new starters as well, so I will make half an hour in my diary to sort of catch up with them. Preferably after they've been here about three months actually. I find that to be the ideal time, because earlier you're not going to get a great deal from them apart from perhaps who they are and what they've done previously and what attracted them to the organisation and the job. But three months in I find that tends to be the tipping point when they are still quite open eyed about 'oh my goodness they do things that way: I know a much better way of doing it, or this is really odd' where they want to do it a different way, before they get consumed into that 'oh that's the way we do it' and that becomes the norm."*

This director's focus on transition is a testimony to her sensitivity in understanding not only what people do, but how people think about what they do. This understanding then enables her to more effectively change organizational systems drawing on her **and their** broad contexts. She effects change not by imposing her view per se, but by effectively finding ways to allow her view to be influenced by the perspectives of others.

4.4 A Systems Approach to Organizational Learning

What characterized all the campaigns we examined was a high level of systems thinking, not only by the fundraising director, but also by the team of minds they surrounded themselves with. This pattern of thinking seemed to us to facilitate the emergence of an organizational learning culture, certainly within the fundraising function. The directors we interviewed were personally focused on creating a learning culture and actively hired or promoted individuals who could play their own part in making that a reality

> *"… it is a culture of change, it's about describing the existing culture and it's building a narrative towards what it might look like. So, whether that's a hill to climb an enemy to beat, you know, you've got to have a vision if you like, for how things can be different, so that people will come with you on that journey. You need to do that with the people below you, so that they feel enthusiastic and get behind you; but you also need to do that with the people in front of you and above you, in order to get their buy in, to give you the tools, the investment, and not to put barriers in the way that would prevent you from doing that."*

> *"We just started to change the culture into a culture that moved much quicker. I remember one meeting of the finance committee when we were going too slowly when John the treasurer who was very much behind us, he stood up and said, 'if you can't do this. You can't do it. But I am not going to chair any more finance committees until you've done it. So either you change the culture of the organization and get it to the culture of Goldman Sachs or I'm out of here'. And that sent a shock wave to the people in the meeting."*

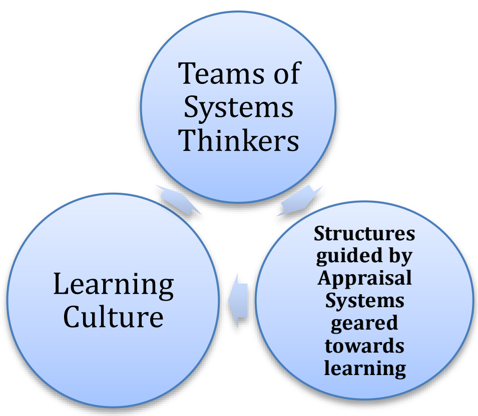
> *"I think people that are able to work in a setting that is quite fast paced, they're comfortable with a fairly high degree of change. They enjoy being a part of it. It's not just that they're subject to it. They want a high degree of personal autonomy or want empowerment, will take some risks and are usually energetic, just personally energetic. I recruit people who have got a sense of where they might like to be in say three or five, well usually five*

years time. An idea of where you're going; it doesn't have to be definitive, but its just about establishing people's aspirations and thought processes, keen to know what they want from me."

As Figure 6 illustrates the development of a team of systems thinkers is a necessary but not sufficient step for the creation of an organizational learning culture. At the structural level an appraisal and rewards system must be adopted such that when system thinkers are recruited, they know their individual and collaborative thinking will be rewarded and they know their enthusiasm and appetite for individual and collective learning will be fueled (Ulrich, 2012).

As an organization achieves a higher and higher proportion of its employees capable of systems thinking a tipping point will be achieved where individual and collective learning becomes the norm and an organizational learning culture is finally created. All three components in Figure 6 now contribute to the mutually reinforcing process of transforming the organization from good to great.

Figure 6: A Systems Perspective on the Critical Issues for Successful Fundraising



The result of the emergence of learning organizations allowed our focal organizations to become inventors or early adopters of the latest industry best practice. In fact, most of our interviewees reflected that they had led practices in the fundraising community in integrated communication, relationship marketing, large-scale volunteer-led capital campaigns, regular giving, face-to-face fundraising and remembrance. Here are some examples.

> "*Full Stop was the first. It was the scale of the aspiration and the scale of fundraising.*"

> "*We were the first fundraising team to adopt relationship marketing... We had a whole issue of putting donor relationships into practice and that meant a complete restructuring of the organization around groups of donors rather than techniques. That*

was a major task, a leadership task, because that was completely reorganizing the organization."

"*The Full Stop appeal and the other thing that we did was when regular giving came on the scene. I think Oxfam were the first to really invest in it. But we were either second or third. We were very quick on it to invest very heavily"*

"That makes sense. I suppose in the early stages it was getting the various strands of activity, particularly the strands that you might loosely label as marketing activities on side, so I'd include fundraising activities within that; to integrate, to come together, to recognise the benefits of an integrated approach; not just the kind of high level integration of the logo being the same, in the same place, but actually an integration at the level of planning, execution and evaluation. Getting people to buy into that notion in the beginning was quite challenging, quite difficult….

It's funny, having this conversation now, because at the time, that kind of approach was very rare within the voluntary sector, and it wasn't that common in other sectors to be honest. The drive towards a more integrated approach was something that lots of marketers were trying to push in their organisation, and it was still very new. Now of course, it's just what people do, or try to do. There is very little dissent from the view that integrated marketing planning is a good thing, it's just what people do. But it was quite new at the time."

"*We then got our own in house face to face team; we saw the market shrinking before our eyes some years ago and realised that access to market was the key, and if we couldn't buy it from agencies we'd make it ourselves. Within eighteen months, from nothing we now have the biggest face to face team in the country. So when we go for something, we go for it at scale; we use a lot of science and testing, and we've convinced the organisation to love their fundraisers, spend money on them, lead from the front, be brave and use the resources to be transformational."*

Finally, when we use the theoretical language of systems thinking, we want to be clear that the development of an organizational learning culture is not simply about developing the rational thoughts of an individual or team. Learning cultures also consider how to maximize their ability to learn and that requires an enhanced focus on managing factors such as conflict, power struggles and individual stress which detract from this ability. Organizational learning cultures are typically very good at handling these issues because of the enhanced level of perspective taking that occurs naturally in decision making. This kind of supportive culture makes it much easier for individuals to embed their lives in the organization as we described earlier.

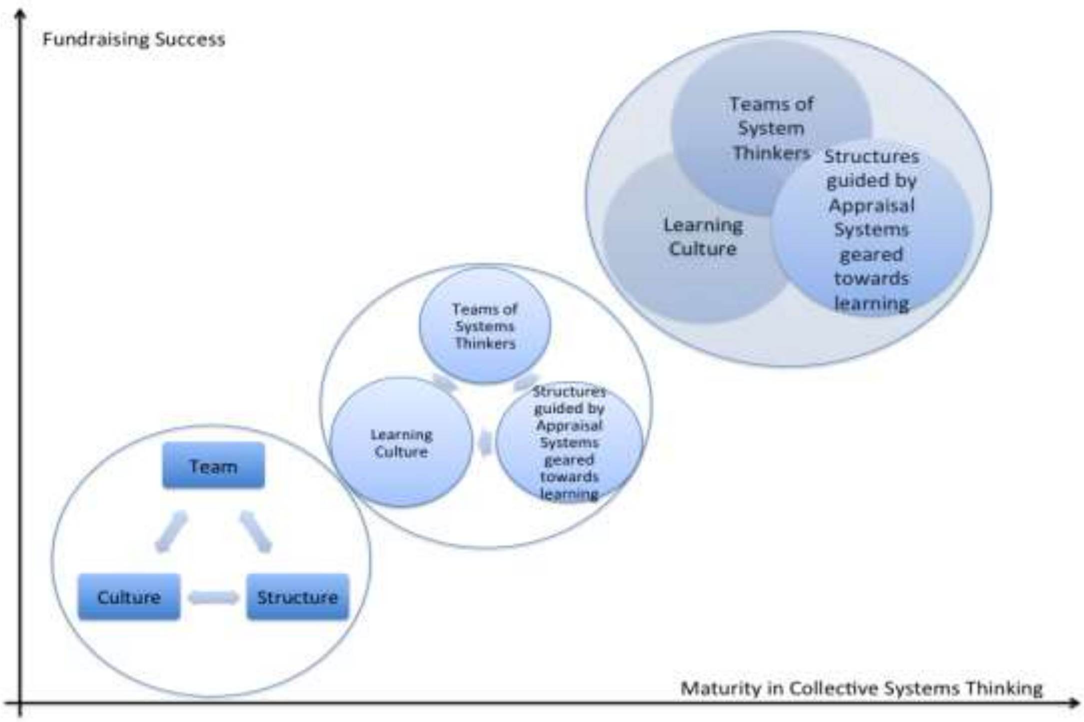
5.0 Systems Findings

So far in this report we have highlighted the elements of thinking that our interviewees deemed crucially important to them in solving their day-to-day problems or seizing opportunities to create fundraising success. We focused on team, structure, culture and communications.

We then moved on to take a systems perspective on these issues considering how to build a team of system thinkers through communications, appraisal systems geared towards learning and an organizational learning culture to make collective systems thinking flourish.

In this final section of our report we examine how to make these three systems work together to generate the momentum necessary to transform the organization to achieve great fundraising (See Figure 7).

Figure 7: A Systems Perspective on Outstanding Fundraising



What enables our interviewees to successfully complete the three stages is their ability to think individually and collectively as systems thinkers. This requires them to:

1) be creative in setting up the broadest context in understanding reality,

2) make critical choices in order to focus on the right level of complexity,

3) actively reflect on these thinking processes for themselves, for their teams, for their organizations and any other broader systems that they deem relevant, and

4) communicate such thinking at the right level of complexity to all relevant parties.

To achieve these broad goals they must have developed a sophisticated understanding of their organization and the systems they need to influence to deliver superior performance. In this section we explore how this level of understanding develops and how they manage the resulting complexity.

5.1 Developing Understanding in Systems

In this section we will explain the levels of understanding and the levels of systems thinking that our interviewees use to decipher their organization and the steps that need to be taken to achieve outstanding fundraising.

As one of our interviewees noted,

> *"Understanding an organization is a journey that you go on and I have described my time here as a little bit like peeling an onion, meaning exploring all its various layers."*

Systems thinking researchers (Kim 1994; Panagiotidis and Edwards, 2001) suggest that there are five levels from which one can view and understand the world in order to learn and take effective action. These levels are depicted in Figure 8.

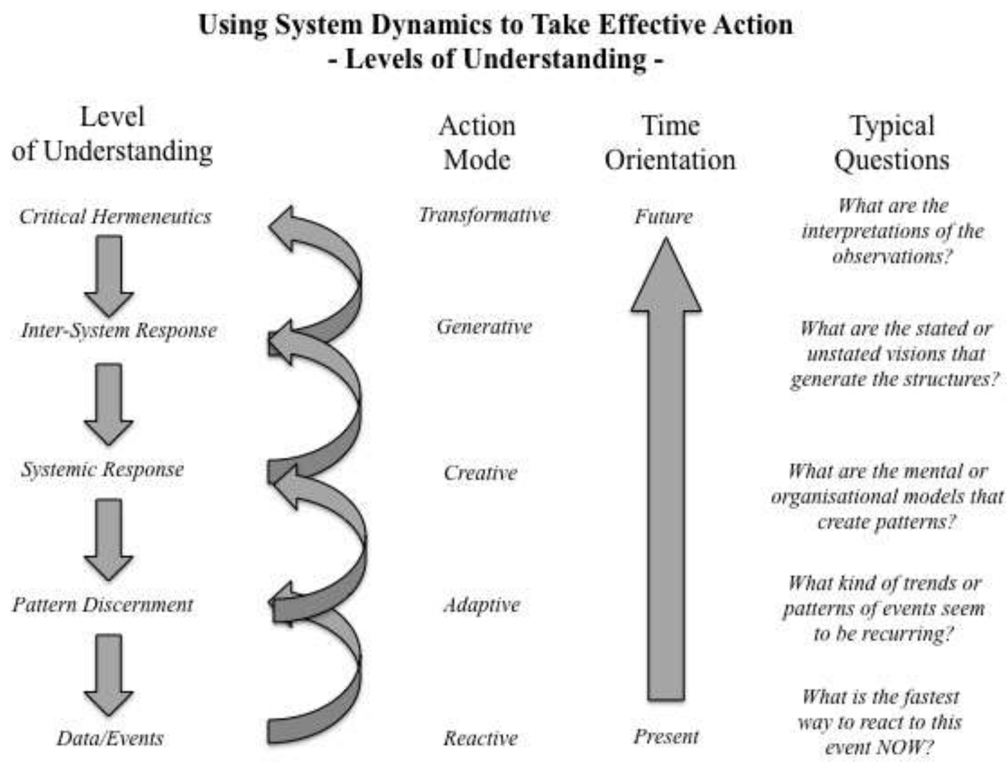


Figure 8: Using System Dynamics to Take Effective Action

The central idea in this diagram is that the higher the level of understanding one might have the greater the success one would have in designing appropriate long term strategy. Higher level understanding is also associated with the extent to which managers are proactive in managing the adaptation and growth of their organizations. Managers thinking at this level all have the ability to anticipate and prepare for opportunities or challenges, instead of simply reacting to changes as they occur in the environment.

The five levels of understanding are the data interpretation, pattern discernment, systemic response, inter system response and critical hermeneutics. We describe each of these briefly below.

Data are the pieces of information we encounter every day and actively seek out if we are looking to solve a problem. To take a fundraising example, fundraisers might face the challenge of responding to the poor performance attained in a donor acquisition appeal. They therefore gather data on response rates, average gifts, the case for support that was articulated, whether some media performed better than others etc. The fundraiser then reacts to the performance data attained by using existing fundraising processes or procedures to form a view on the strengths and weaknesses of the campaign, why it failed and how performance could be enhanced in the future. They use the data at hand to form a quick view on the corrective action that might be necessary.

It is worth noting that systems thinkers prefer the terminology ‘events’ to describe this level of thinking. Thinkers at this level therefore take decisions by responding to those events. From a fundraising perspective we think it may be helpful to think of ‘events’ in some scenarios and ‘data’ in others.

Pattern Discernment. Generic questions asked at this level include “What kind of trends or patterns of events (or data) seem to be occurring?” Sticking with the example highlighted above, managers thinking at this level take a broader perspective on the performance data they have gathered looking not just at the last campaign, but thinking about the broader pattern of performance they have historically been able to achieve. Are there certain kinds of appeals, messages or channels that have performed well or badly and what might be learned from those patterns to inform future thinking. They use the discernment of patterns to form a longer-term view on the adaptive action that might be necessary to change the trajectory of the patterns and don’t merely examine the failure of one campaign.

Systemic Response. Generic questions asked at this level include “What are the mental or organizational models that create the observed patterns?” In the context of acquisition a fundraising manager would examine the patterns in the data and determine whether any fundraising systems might need to change as a consequence. What rules, policies or procedures were being followed? Was the case for support weakened because too many people were involved? Was the creative process poorly handled? Is the right communications agency being employed? Were the procedures for oversight effective? Was there sufficient attention paid to learning from past performance? As a consequence of this analysis new systems may be created or existing systems may be modified with the goal of enhancing success in the future.

Inter-System Response. At this level the fundraising manager looks beyond fundraising systems for the answers to problems and looks instead at the institutional systems or processes that gave rise to them. Sticking with the previous example, why is the organization using a particular case for support, what are the institutional processes that gave rise to it? Why is the organization using only a limited set of recruitment media? Why is the organization outsourcing key roles? Why does the communications function have the right of veto over the messages designed by the fundraising team, etc? Rather than explain performance by what was in a particular message, or whether the rules or procedures that gave rise to it need to be modified, the manager thinking at this level looks at the underlying reasons why systems have been created in the way that they have, by the organization as a whole. Change at this level of thinking is then achieved by modifying the shared vision of how these systems should function at the level of the organization.

Thinking at each of these four levels is not mutually exclusive, or at least it shouldn't be. We found that all the successful fundraising directors we interviewed were highly skilled at identifying the right thinking level(s) to solve particular problems. Critically they also engaged in a final and even 'higher' level of thinking, employing what the literature refers to as critical hermeneutics.

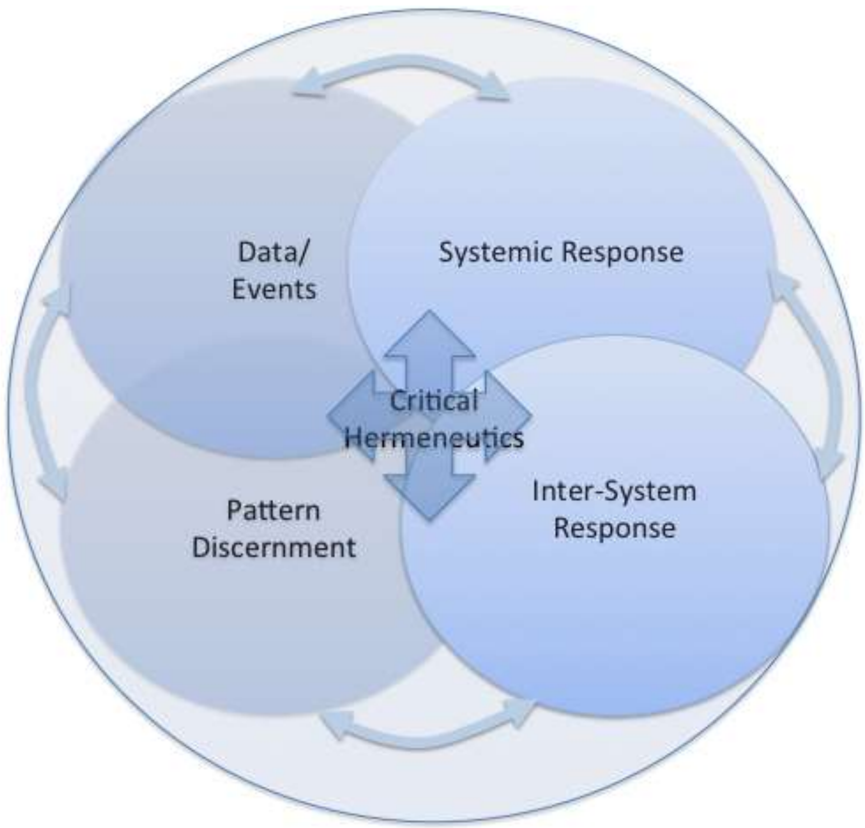
Critical Hermeneutics is the understanding based on interpretation rather than observation. It attempts to lay out the principles by which phenomena in general can mean something to the person who is experiencing it. This type of understanding is quite distinct from a realist understanding where the attempt is made to uncover natural laws which determine the existence and nature of objects in an objective world. Sticking with our previous example, our outstanding fundraising directors looked not only at the performance data being generated (objective data), but also at what this might mean for the individuals in their team, for other departments, for their CEO and for their Board. It is the understanding of the meanings that they know others will attribute to the data, the patterns in those data, and to the design and operation of particular systems, that allows them to adopt the perspectives of those individuals and thus to talk to them in a language they will find both meaningful and compelling.

In the world of critical hermeneutics it is necessary to dismiss traditional notions of objectivity and the absolute value of knowledge or what particular indicators might mean. Instead one must think of a world based on interpretation and what phenomena mean to the people who observe them. In this world, the concepts of communication and information take on very different identities and demand different ways of viewing and explaining them.

In practical terms individuals thinking at this final level of sophistication pose many of the same questions as an 'inter-system' thinker, they merely pose them from the perspective of other players within the organization. How would the communications team, for example, answer the questions we pose above? How would the CEO answer them? And why would they adopt these perspectives? Thinking back to our earlier discussion the higher level thinker concerns themselves not only with what these individuals think but the 'broad context' that gave rise to that thinking. It is this much deeper level of understanding that empowers the successful director to be able to pick goals they know they can sell to their colleagues and rationales they know will garner support.

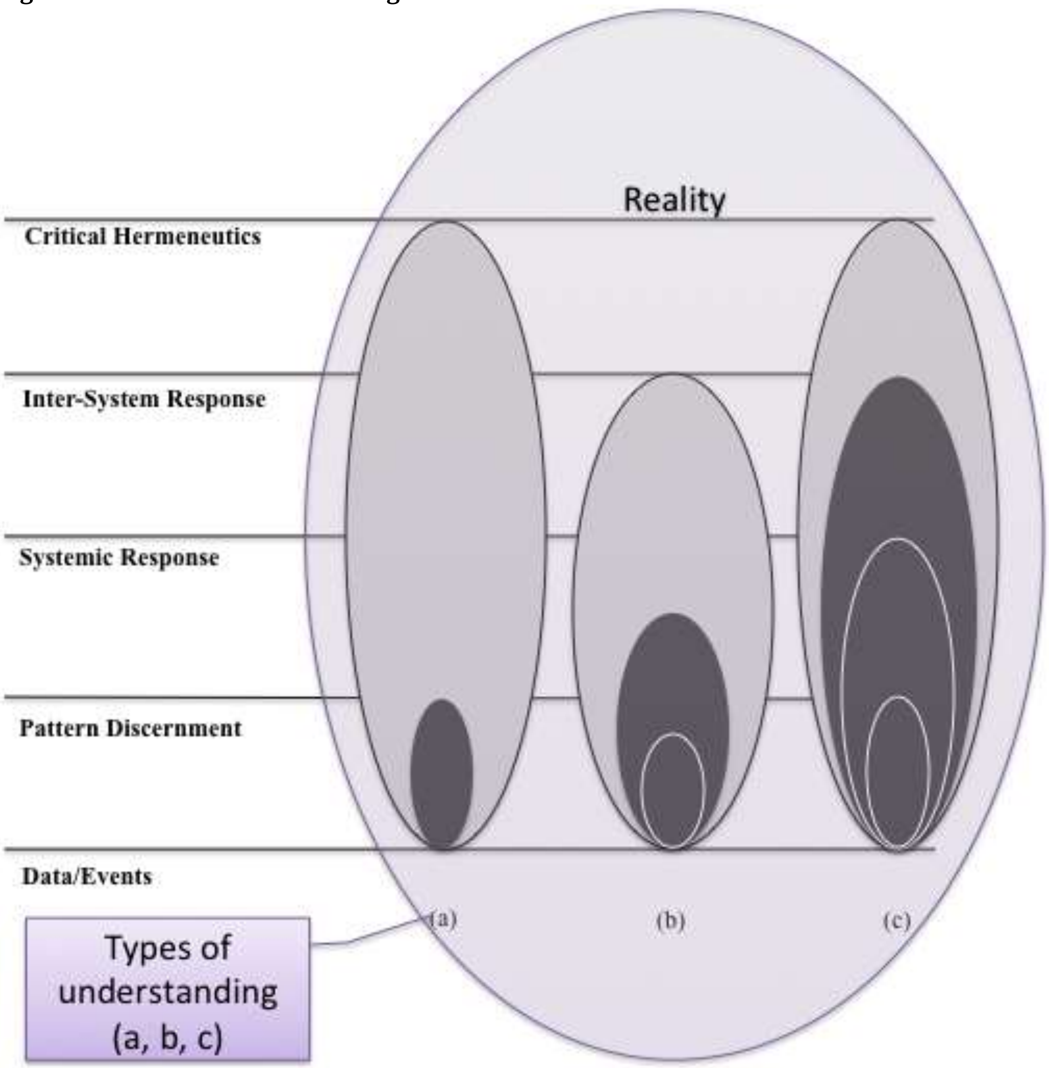
In most of the interviews our interviewees mention all five levels of understanding. These different levels of understanding do not occur in a linear fashion. Instead, questions are posed at all levels, and the answers they accumulate at one level inform their thinking in others. So it is a partially overlapping yet mutual reinforcing way of asking questions (See Figure 9).

Figure 9: Five Levels of Understanding



For some situations the perfect understanding might involve only "critical hermeneutics" level thought. In another it might involve all five levels - scenario C in Figure 10.

Figure 10: Levels of Understanding of a Particular Situation



The key learning is that one needs to:

a) Be consciously aware that whatever understanding that one comes up with for a reality will be only a partial representation of that reality;
b) Be consciously aware that one is engaged in these multiple levels of thinking in order to understand that reality;
c) Broaden one's thinking to other levels (both upwards and downwards), as necessary;
d) Broaden one's thinking to include the relationships between levels;
e) Broaden individual thinking to collective thinking with others, when necessary;
f) Go through this process in multiple iterations, so the perfect understanding of the situation might be formed.

By perfect understanding, we mean it includes all the systems necessary to encapsulate the issue. As we note above this is an iterative process. It is “always better to explore several possibilities” (Checkland, 1999) to find the best mental models to solve a real world problem or seize a real world opportunity. We will illustrate this understanding in our case studies below.

CASE 1: The British Heart Foundation

As we’ve just noted, the academic literature in systems thinking recommends systems thinkers to “explore several possibilities’ in understanding reality and articulating a problem. One of our interviewees characterized this process as one that requires her to “see things from other people’s perspective”. This perspective of taking process broadens her understanding of the situation. Depending on which perspective she is taking, she asks slightly different questions which better enables her to get to the core of the problem. Earlier, this individual had identified herself as a senior director and a director of fundraising: that is she takes both perspectives. In addition,

“I like to think I know a bit about comms as well, but obviously I don't wear that hat, but you have to think of how it integrates (with fundraising and other functions)… There is also the management and leadership side of things as well. I think being seen as a credible leader is a massive part of what you need to do, particularly in an organization of this size. That’s therefore a really important hat too”

The importance of taking others’ perspectives is that this then helps her understand the nature of other organizational systems when they need to be used to serve the purpose of fundraising. This is a critical hermeneutic level of thinking. The transition from taking others’ perspectives to thinking about how those perspectives might help her role as a fundraising director is further described below.

“Well clearly we have a director of policy and communications who wears that hat. But I think sometimes in order to maximize the benefit of relationships you need to really put yourself in their shoes and think of things from their perspective as well. Then you can sensitize yourself to ways in which you can help them to achieve their goals, while leveraging their support to help you achieve yours.”

Note here, she talks about maximizing the benefit (for fundraising) through individual “relationships.”

> *So I always think the tension or the relationship between comms and marketing or comms and policy and fundraising is an interesting one, in some organizations it's a blended role, and that's probably the ideal, but in an organisation this size, I just don't think it's possible. But actually fundraisers are marketers, so it is all about communications. You have to recognize the boundaries are there for practical reasons, but work around them.*

Note also, that the tension she describes is not necessarily "frustrating" "overwhelming" or "stressful." For this director it is simply "interesting," a perspective that was shared by other interviewees. We found that when levels of understanding are sufficiently high current tensions morph into strategic "issues" and are thus interesting problems to solve. As our directors shared a common confidence in solving strategic problems, any negative emotions that might have been associated with current tension were dissolved. They experienced only the interest and excitement inherit in solving complex problems.

This director also thinks differently about structure. She sees the existence of departments as a necessary fact, pooling functional expertise within a linear and hierarchical structure. However she recognizes that these boundaries are arbitrary and that because marketing is about communication no function has necessarily to be performed by one department and not the other. Thus when this director was faced with a problem that donation processing times were increasing because her team members were spending substantive amounts of time dealing with enquiries related to the retailing operation (a different department), she doesn't think 'ah that's a retailing problem.' Instead she recognizes the synergy between the fundraising and retailing functions, formulating the problem, not as removing or even reducing these enquiries, but as how the two departments could work more closely together to deal with them to their mutual advantage.

This conscious reflection on the nature of how fundraising, policy, and communication work together strategically, operationally and technically is at the heart of some of the most difficult challenges faced by senior fundraisers. Almost all our other interviewees mention an "interesting" tension in this domain. It is not always between departments, sometimes it could the tension between a new and an existing team, between a new and an existing strategy, between a new and an existing culture or between different philosophies about solving the same complex problem.

In understanding these tensions and resolving them to create great fundraising the British Heart Foundation case illustrates the value of a critical hermeneutics level of understanding. The director of fundraising in this case is highly adept at adopting multiple perspectives and using them to great effect in developing creative solutions to organizational issues.

5.2 Managing Complexity

In our next case we move on to consider the wider significance of the level of understanding a fundraising director has been able to attain.

Systems thinkers argue that:

a) Each level of complexity in thinking has an inherent limit for growth;
b) The growth of complexity in thinking is not necessarily continuous;
c) Any enhancement to growth based on complexity in thinking is not necessarily continuous.

What this means is that in order to improve fundraising performance, it isn't necessarily the case that one needs to achieve a breakthrough in thinking. Rather, we argue that each 'level' of thinking will eventually hit a plateau where such a breakthrough will be required to move the organization forward. We will now look at two case studies, to illustrate how this process of thought development occurs in practice.

CASE 2: NSPCC- Full Stop

The planning for the Full Stop campaign began in the late 1990s in preparation for the new millennium. The first stage of successful growth for the campaign occurred in the initial years following its inception. During this first phase it raised 125 million pounds. This was a groundbreaking success because it was twice the size of any comparable campaigns in the history of UK fundraising. This success required innovative fundraising practice, i.e. combining the major gift principles of a University style campaign alongside a massive public mobilization. These two styles of fundraising were undertaken at the same time and in parallel with 'normal' income.

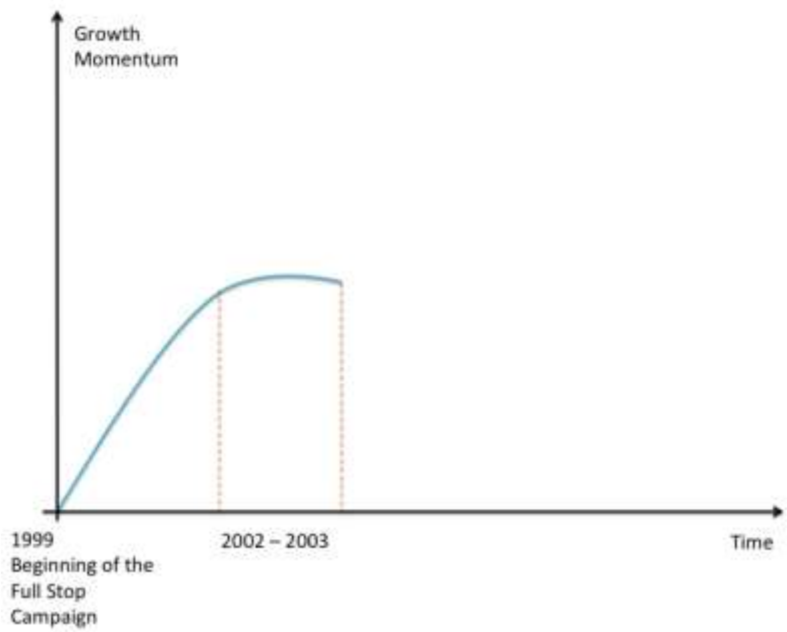
To the NSPCC however, they were only half way there! The campaign then reached a plateau and "got stuck" for a couple of years during 2002 and 2003. Something needed to be changed in order to break through the barriers to growth and to bring it to its goal of raising £250 million. It was not obvious when the campaign first flattened that a shift in thinking was what was required, although looking back that is certainly the conclusion of our interviewees today.

> *"… we wouldn't have succeeded without (the shift in thinking). It was when we had achieved that first £125m and then we plateaued, and we were really*

stuck. We had the challenge of people wanting to close us down and then we thought, are we going to succeed? We were continuing to require cash and there was a while when it looked like we might stop. Nobody had ever raised a hundred and twenty five million before, so we were already in unchartered waters, but we felt we were only half way."

Figure 11 shows the position in 2002/3.

Figure 11: Initial Phase of Growth for Full-Stop Campaign



The campaign had stalled and was regarded by the fundraising team as having run out of energy. Here is how one trustee described the situation:

"one twenty five, one twenty eight, one thirty, one thirty two, and actually you were slowing down, running out of energy and people were beginning to lose their faith"

The director recalls:

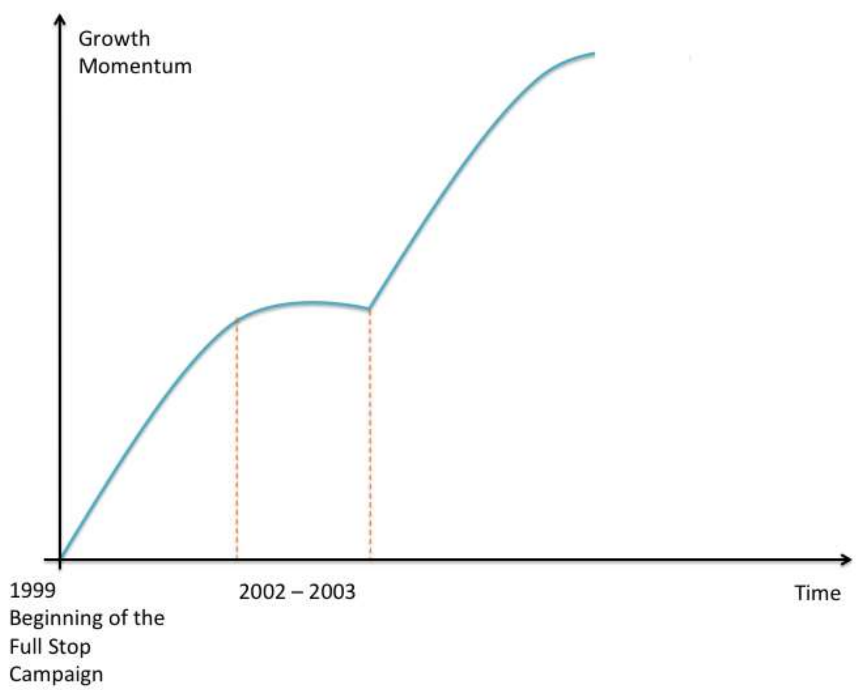
"I remember going to see one of the trustees who was a key ally and I said we need to push on and do the second hundred and twenty five, and we need to persuade the board not to close us down and to keep the investment going. And he said to me, give me three reasons to believe you. And it was clear in my mind, I hadn't got three reasons, I only had one. We did it once before, because we were half way through, we had raised a hundred and twenty five

and if we were to succeed with our ambitions for children we needed a second hundred and twenty five."

At that stage of thinking, a shift was beginning to occur, but it wasn't yet clear. A clue as to what this might be lay in the description of the two ways of thinking about the additional £125m. One was that it is the second "half" of £250m, and the other is that is a second whole £125m. What was killing the campaign was not necessarily the large sum of money that still needed to be raised, but the fact that the campaign was running out of steam, morale was low, faith was dimmed and as a result income was falling off. This is a critical hermeneutics level of understanding created through the interaction of the two individual perspectives (director and trustee).

Through this conversation with the trustee it became clear to the director that what the campaign really needed was to restart and create the same greatness and the same momentum, "as a separate whole," one more time – See Figure 12.

Figure 12: Second Phase of Growth for Full-Sop Campaign



To see exactly how this shift in perspective occurred, let's retrace a portion of the interview:

Those two years of plateau *"was a real leadership challenge. When people are tired and don't believe, don't know the way forward, and are* *looking at you for the answers. They think 'what are you going to do to get us out of this… you're the Director, you've got to help us…*

… everyone thought we were going to fail; but how do you not fail, and how do you make people believe that you are not going to fail, they're not quite the same thing. I used to come in day after day from my walk into work, thinking what can I do today, what's the one thing I can do today that will move us forward. And it got down to - is there any single action I can take today that will change this; and that went on for two years. What can I do there? Hmm that didn't work, so try something else. And it was a ticking clock, and I very often used to go home at night thinking, one day less, one day less …

Interviewer: Did you bring that question "how not to fail" to your conversation with the trustee? Did he help you think about what you should do?

He didn't give me the solution, he just posed the question.

The question was, give me three reasons to believe you that success is possible, that we won't fail. It lead to a series of answers, the first one was, well we've done it before; okay, well if that's the only answer I can give you, what does that mean? And it was that sense of oh my, you've done it before, so do what you did again, not completely, but go round the cycle again

Interviewer: So, originally you said that for two years the question was how not to fail, how not to fail...

That's what I was asking myself...

Interviewer: Exactly, so that question could never lead to the solution 'done it already', because that wasn't the right question...

Yes, I was looking paradoxically, I was looking forward.

And actually what it needed for a moment was to look backwards. Looking forward it's always what can I do, what can I do; and actually what was needed was a look backwards, to what had we done and how had we done it. And then suddenly we swung around to look forward again and said, well if you were to try and do it again, how would you do it? We adopted a critical shift in strategy, so it wasn't that we did the same thing again, we just went on the same journey again … rather than seeing it in a linear way, you could see it as a cycle."

What exactly is meant by "seeing it as a cycle?" The first thing about this way of thinking is the realization that growth or the progression (patterns) of events need not be continuous. The second benefit from this way of thinking is that it focuses attention on what the content of the cycle should be (i.e. the director must now define the system that must respond).

> *"So you've been round the cycle once…it's like a light bulb has just gone off. We needed to go back to the model, get out the original vision, re-write the case for support, go through the prospect identification to get a new or a second gift, re-write the strategy, re-write the structure and critically set new benchmarks, new milestones, new evaluation processes, to raise a second hundred and twenty five million over the next three years **… W**e've already raised* £125m, *so we do know how to do it all.*

It is worth noting that the team didn't use the same strategy as they had initially, rather they used the same elements of the 'system' that they had designed previously. Actually, in the new campaign, considerable adaptation of their strategy was required, but the shift in thinking compelled them to consider the issues afresh and to undertake this adaptation.

> *"And the thing that was fundamental was, people were saying, what did you do with the money? They wanted to know exactly how their money was being used. And for us - we'd previously been organizing ourselves by how you reach people – segments and so forth - and that obscured how the money was used. We'd missed something. And what we'd missed was that there was a better way of getting to people, designing the approach to talk to groups of people who were passionate about the same thing!"*

> *"I was at home considering this and I thought that's profound. Rather than building teams around our sectors, corporate, regional, sport etc; could we build teams around our programmes."*

> *"So we built a volunteer team raising money for our helpline, a volunteer team raising money for our treatment programmes, overall we built another group of (6 or 7) what we called project focused teams. And then we went back to the same principle we'd adopted previously: strategy then structure, form follows purpose. So we would aim to raise money for programmes, build our teams around the programmes, and have the volunteer and importantly the staff structure follow that strategy. We reorganised our staff teams in the same way to retain the staff/leadership mirror."*

This building of teams around programmes is an example of creativity in system response. It is important to note that his creativity could not have come about without the critical hermeneutics shift in thinking about the nature of the campaign. We model the shift in Figure 13.

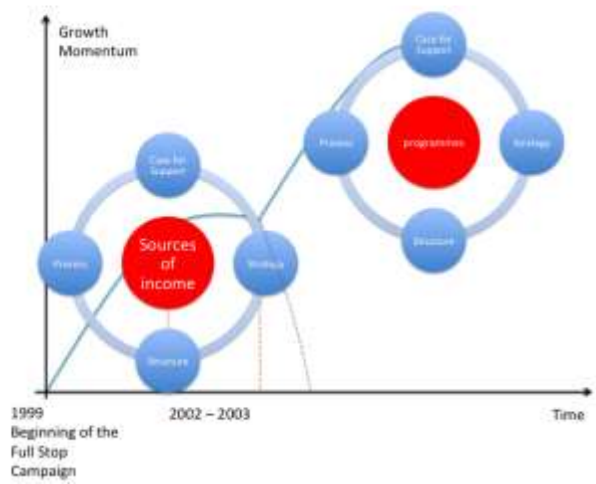


Figure 13: A Systems Perspective on the Full Stop Campaign

At each stage of complexity, a real limit to growth exists. In the case of the Full-Stop campaign, the first limit to growth occurred after the first half of the campaign (between 2002 and 2003). The trustee's question helped bring a new level of complexity in thinking to move the NSPCC to stage 2, but looking backwards and realizing that growth might not be continuous was not enough in itself to break through the barrier. It was the additional complexity (new thinking and new strategy) that then reloaded the Full-Stop campaign and brought it to its final success.

Before we close this case, it is also important to remember that this new thinking took place in a context where "people believed us because we had done it once, but also perceived a challenge as we were changing direction to a more private approach. In effect the campaign almost went backwards i.e. from the traditional 'private then public thinking' to what we did 'public and then private." This wasn't deliberate. It was just part of the continual process of learning and evaluation which our interviewee concluded was ultimately critical.

It is also interesting to note that other organizations appear to have gone through parallel transformations. Sargeant and Shang (2010), for example, tell the story of the Harvesters Food Bank in Kansas City that had historically organized its fundraising function around campaigns, annual fund, capital campaigns, endowment and so forth. This created a scenario where different teams of fundraisers were seeking gifts for different types of campaign. Their "light bulb" moment occurred when they realized that people didn't wake up in the morning thinking they would support an annual fund or capital campaign today, rather they woke up concerned about children, seniors and nutrition. Harvesters therefore reorganized their approach around these 'initiatives' talking to donors about feeding children, feeding families, feeding seniors and providing healthy eating programs. In 2001 they were raising $1m. By 2010 they were raising upwards of $27m.

CASE 3: Save The Children

We will now develop the learning from the NSPCC Full Stop campaign from a campaign level to an organizational level. As previously, we will analyze the growth in complexity of thinking. As we do so we will walk the reader through the process we adopted in analyzing the case so that the same process can be followed in solving other complex problems.

This case differs significantly from the previous one in that the focal issue is still ongoing, although the director of fundraising and her colleagues in other functions have made substantive progress in resolving it, as their success in generating outstanding fundraising can already testify. Our interview focused on the thinking behind the solutions currently being adopted and how that might be extended using systems theory.

A few years ago, Save the Children's CEO initiated and led an organizational change to break down what might have been commonly referred to as "silo practice" in the organization.

To understand how this was achieved it is first necessary to understand the organization's approach to campaigns. An example is the "No Child Born to Die" campaign. Within that there is the messaging "children are dying unnecessarily in the world," as well as "every child is born to fulfill their potential.".

"No Child Born To Die is a public facing marketing campaign that delivers the brand proposition that is Save the Children. It is not restricted to one single activity; so within it we are connecting with audiences around infant mortality, but also around family planning, around maternal and new born health, around education and hunger is our big current theme."

During this campaign, one of the key challenges faced by both the communications team and the fundraising team surrounds the *"... ongoing editorial challenge we have about portrayal and depiction of need."*

In this campaign, ***"****in order to fundraise most effectively you would want to focus on the fact that children are dying unnecessarily in the world, and unfortunately that is a challenging thing to portray and depict. Now, the other side, the brand side of our organisation says: no child is born to die because every child is born to fulfill their potential, so we might also deliver communications that celebrate the potential of children."*

"Now, I believe that a brand is delivered in both of those parts, we exist to do both of those things… children can't fulfill their potential unless they survive past the age of five: it's necessary that the two things work together, and so our communications have to dovetail those two very contrasting experiences for an

audience, in terms of celebrating the potential of children, and looking to the future and reminding ourselves of how wonderful children are, against the terrible things that go on in our world: unspoken atrocities that children are subjected to; the scandal of malnutrition and food insecurity, all of those things have to be set out."

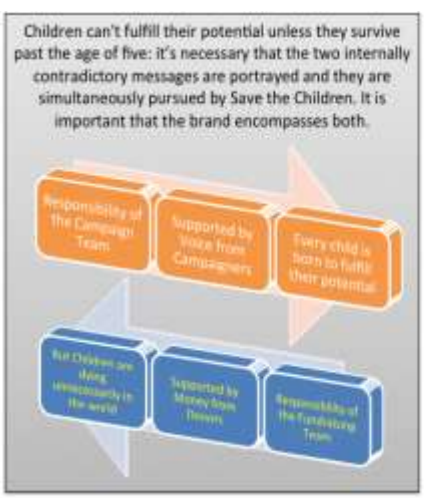
"And I guess in terms of fundraising objectives, in terms of our own objectives, fundraising have to make money in order to support our work, making breakthroughs for children across the world, we have to make people aware of our brand, but also love our brand. Now the only tension comes when people feel we've gone too far, so, in our fundraising communications if our content actually threatens people's predisposition to support our cause, that is where there is conflict internally."

Our interviews unpacked the sources of potential conflict for us. The first exists at the logical and experiential level. That is on one hand every child is born to fulfill their potential while on the other hand, the reality is children are dying unnecessarily.

The second source of conflict arises from the type of support necessary to change reality and to realize potential. Campaigners prefer the former message, while donors take action on the latter. These two groups of supporters do not necessarily respond to the communications that stimulate the other (see Figure 14).

The third source of conflict is created at the structural level of the organization. Campaigners and donors are taken care of by two independent teams, while a third communications team has the responsibility to raise an awareness of the overall brand.

Figure 14: Sources of Potential Conflict



To begin to tackle this challenge we need to find the right kind of conceptual model employing the right level of complexity in understanding. We summarize the process we went through to achieve this, because as we've indicated it may be helpful to fundraisers in analyzing their own complex problems.

The steps are as follows:

Step 1: Articulate what the problem is (in this case: "*conflict around portrayal and depiction of need")*

Step 2: Identify the relevant systems that might be responsible for the creation of the problem *(in this case: the three sources of conflicts).* The systems being examined should encompass all five levels of understanding in teams, structure, culture and communications.

Step 3: Create potential solutions based on increasingly complex perspectives on the problem (*in this case, we will go through three iterations of understanding the situation and designing responses*).

Step 4: Test the legitimacy of each solution in the real world. If the fit isn't good, steps 1-4 can be repeated, redefining the problem to reflect any additional learning that might have occurred.

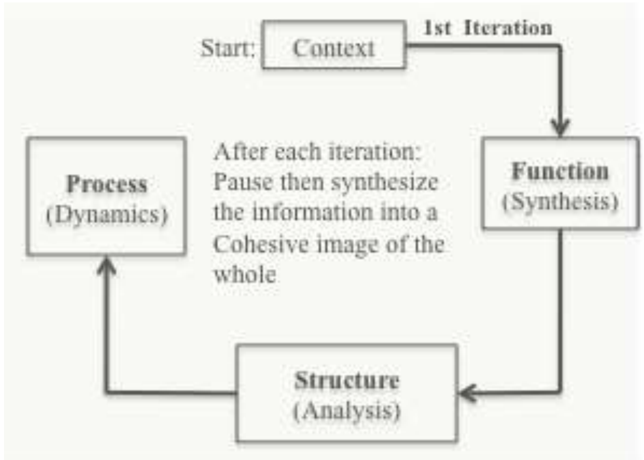
Each cycle through this four step process is an 'iteration' below.

Iteration 1

In the first iteration of understanding the goal is to start with a particular portion of reality. The aim here should be to identify the **simplest possible scenario**. In the Save The Children context we therefore focused on that portion of reality where it is highly unlikely that conflict will occur. We thus focused on the scenarios of highly targeted communications to specific donor or campaigner segments, perhaps through direct mail or telemarketing. By their very nature these are discrete communications so the potential to offend a second audience is minimal and the number of relevant systems to analyze is the smallest.

We then proceed to analyze the case systematically using the process depicted in Figure 15 below.

Figure 15: First Iteration of Understanding and Response Design



Our interviewees explained that in this broad context we should be concerned by three organizational structures: the fundraising team, the campaign team, and the communications team. They each serve a different **function**: raising money, raising voice, and increasing brand awareness for Save the Children. Fundraising and campaign teams share the **functional** accountability to the overall brand (which does not raise money in itself), and interestingly the top two levels of these teams also share **functional** accountability for the total number of campaigners and the total number of donors recruited and retained each year. We noted this as an interesting step in potential conflict resolution, giving each team a stake in the performance of the other.

The interrelationships we mention are illustrated in Table 2.

Table 2: Iteration I Understanding: Targeted Communication

Organizational Systems	Fundraising Team	Campaign Team
Shared Accountability	Share the same brand Share the total number of campaigners and the total number donors (at the top-two Levels of the Team)	
Accountability	Number of donors and total amount raised for short, medium and long-term needs	Number of campaigners and necessary actions taken for long-term societal change
Audience	Donors	Campaigners
Audience Perception	Non political: the way to change the world is by giving themselves	Political: They believe the way to change the world is by campaigning, so that governments act.
Needed Action	Donations	Voice and Signatures
Other Action	Don't necessarily give to the same types of charities	Usually campaign for other organizations around the same issues

Our interviews highlighted that even in this simple scenario there were still five active sources of conflict that might occur in the process of producing these communications. These were:

1) When significant organizational moments occur (a Save The Children term for significant events such as disasters, changes in political regimes and so forth) both teams want to seize these opportunities and push forward their respective agendas. There can therefore be a fight over institutional priorities.
2) Conflict also occurs because the organization has only limited resources to assign to capitalize on each organizational moment and there can therefore be conflicts over access to financial, human and digital resources.

Both these conflicts would normally occur at the Board or director level. At the team level there can be a further three sources of conflict.

3) Both teams will design messages to achieve their stated objectives and these may conflict with the messages being developed by the other, causing internal friction even though the potential to offend external audiences is minimal.
4) There may also be conflict created by the way that those messages are handled creatively by the agencies working to create the final communications for each team. Different agencies work in different ways and there may be dissonance in creative approaches, imagery, copy and so forth. Again this might cause internal friction but cause little external offense.
5) Finally, as the teams are engaged in operations to achieve their objectives there may be conflict at the team level over access to organizational resources to enable them to complete their task. These might include access to digital resources to analyze patterns in the database, access to finance professionals to model the impact of particular investments, etc. A fundraising team may have to compete for these resources. Indeed, if there are sufficient instances of such events (patterns), it may be necessary for the fundraising director to raise the issue at the Board or peer level to resolve them.

In thinking at a base level of complexity our fundraising director becomes very adept at managing these various sources of conflict using communication with her subordinates and peers in other functions.

But a second and higher level of thinking is also possible. To illustrate, let’s examine the conflicts that may arise as a consequence of battles for resources (points 1, 2, and 5 above). In an ideal world there would be unlimited resources available to each team and in such a world there would be zero conflict. If that is the case, then rather than tackle each potential for conflict separately one might manage the conflict holistically, by achieving a scenario where the real world begins to ***feel*** like the ideal world.

How might this happen? The conflict over resources we describe above is a battle over the allocations the organization sets for the fundraising, campaigning and communication functions. Conflict arises partially over the fairness of that allocation. In the academic literature this is known as **distributive fairness**. To reduce conflict, rather than deal perpetually with these outcomes it would be better to work collaboratively to design a system that delivers **procedural fairness**, in other words to agree jointly on a system that will make fair decisions. One is then always in the position of being able to secure an appropriate share of resources, since if the right procedure is followed and the right arguments are made at each stage, the right allocation will result. Conflict is reduced as a consequence.

This second level of complexity in thinking is so far only associated with the director. If the same understanding can be communicated to all team members, who can then reflect this enhanced understanding in all their conversations and negotiations, the organization's capacity to learn how to deal with conflict becomes systemic and conflict is ***greatly*** reduced as a consequence.

A similar perspective could be adopted to solve the other forms of conflict we refer to above and in doing so we would complete the first iteration of our understanding of the problem faced by Save The Children. As we complete each stage or our analysis it is important to exploit every opportunity there might be to develop a synthesized understanding of the situation. It is this synthesis that allowed us to think about how to solve three of the five issues we highlighted with just one form of intervention.

Iteration 2

In the first iteration we focused on the context where communications are highly targeted. In the second iteration, we will move on to consider a scenario where a high degree of conflict will be present and examine how that might change our perspective. So in our second iteration we examine a context where there is potential for communication to be sent to overlapping segments of supporters.

The communications serve the same **functions** as those in the first iteration. In this case though, one earlier constraint is relaxed and the use of shared communication channels such as online or mass media is now available to reach both donors and campaigners.

One option here would be to engage in structural change, to push the scenario closer to the one we outlined earlier. This is a key step in our approach. If more situations can be made to resemble the low conflict scenario, overall conflict would be reduced. In our present example currently un-divided spaces could be divided and so the same website might contain private (password protected) content for both donors and campaigners. Process changes can also be created, such as formerly acknowledging the other point of view on each section of the website. Supporters can also be afforded the opportunity to voice their concerns or to call in with complaints if they are dissatisfied with a particular communication.

Additional inter-team/inter-system conflicts might now occur as people resist softening messages, making space for additional perspectives, or having to anticipate likely issues before they arise. At the base level of thinking the director would again try to isolate the potential (new) sources of conflict and design process changes that would address each as it arose.

An alternative way of thinking would be to synthesize the issue, just as we did earlier and think of an inter-system response. Teams making changes to accommodate the needs of others can perceive a zero-sum game to be at work. To this way of thinking a gain by one team would be perceived as a loss by another. Team leaders therefore assert all the influence they can in an attempt to increase their gains and decrease their losses. In short they 'push' hard for their own team's agenda to be actioned.

Just as previously, in our first pass through this case, the director might identify an opportunity to push for more cooperation, rather than mere coordination between departments. Each director could make a conscious effort to assume the perspective of their counterpart, understanding how they might view a communication scenario and what they might need to obtain from it. This perspective taking allows the director to develop a synthesized view of the needs of the organization and to act accordingly (critical hermeneutics). The 'pushing' in this context only occurs when it is deemed essential that a fundraising agenda be followed – and with time other directors begin to recognize and respect that.

As previously a third level of understanding can also emerge. It occurs when the ability of perspective taking is diffused down to the team level. The influence that is exerted at team level is also focused on shared purposes, fully cognizant of the needs of other organizational teams. Individuals across the organization then learn only to 'push' occasionally when it necessary to do so and when they know that others will not be significantly harmed as a consequence.

There are though negative consequences associated with the influence-centered approach we've just outlined. It requires that the team comprise certain types of personality. They need to have superior influence, coaching, negotiation and conflict resolution skills. Equally, they need to have strong levels of ambition, determination and resistance to burnout. The emotional toll of exerting constant influence in conflict situations is known to be high (Grandy, 2003). This negative effect can spiral when negative emotion experienced in one conflict spills over into other situations (Fisher, 2002).

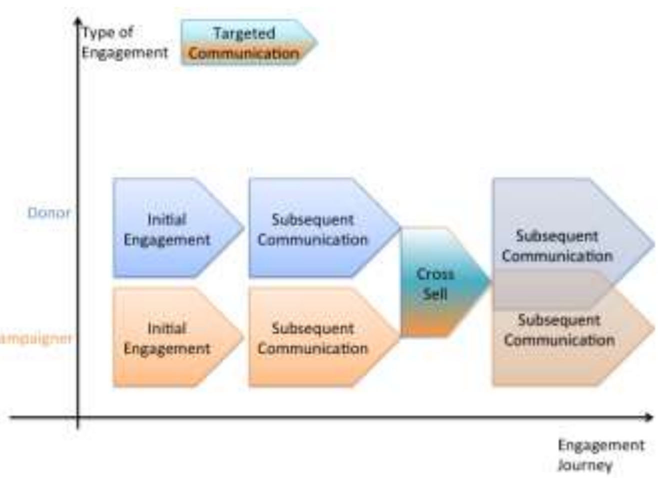
Iteration 3

In the third and if necessary subsequent iterations, the goal is to add further complexity to the analysis and make greater use of the broad context in which the problem is situated to draw in potential solutions from outside the organizational system, in this case Save The Children. The process continues until an acceptable solution is found. As we noted above, the solutions highlighted by our second iteration are not ideal because of the emotional consequences that can accrue from influence based approaches. Iterations therefore continue focusing on different elements of the broad context and testing out the options they offer until an appropriate solution is found.

In this iteration we will focus on two additional two systems. The first is the 'system of support' and the second is the system that supports the design of integrated communications. In respect of the former, the majority of donors and campaigners don't act only once for the organization. They take multiple actions and engage in a longer term relationship. At some point in that journey they are more receptive to certain messages than others. This is illustrated in Figure 16 below.

To keep things simple we begin by limiting our discussion of the type of communication received to targeted communication only.

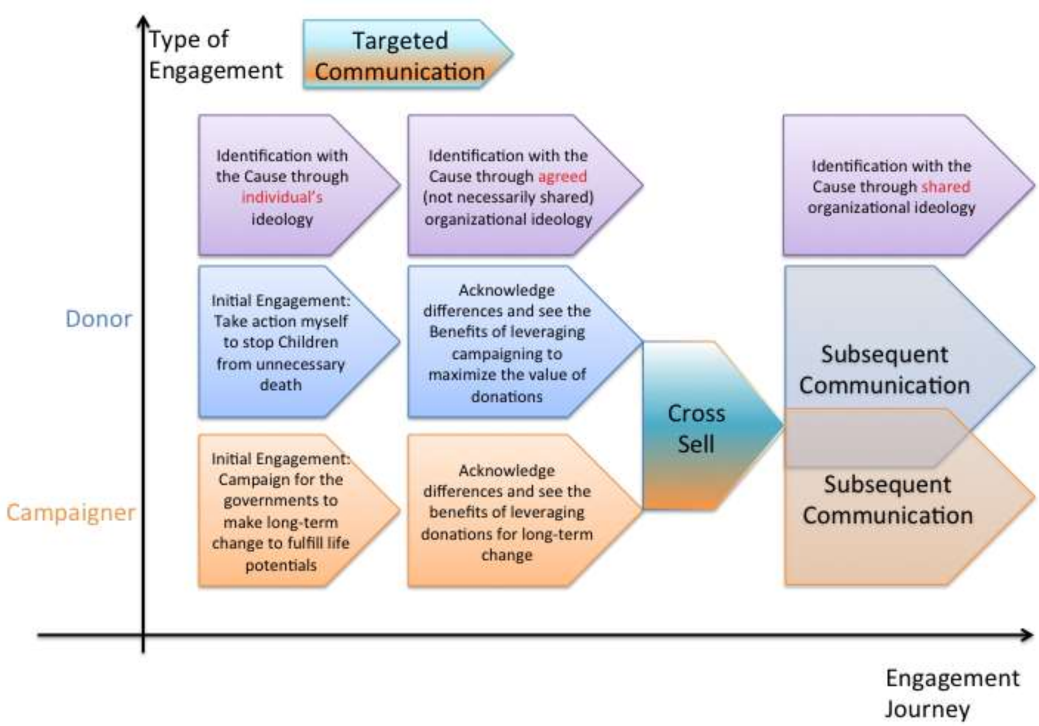
Figure 16: Engagement Journey



Both donors and campaigners begin their engagement journey with Save the Children through a particular type of message - fulfill each child's potential or prevent unnecessary death. Subsequent communication could potentially tell each audience the other side of the story; but there are issues with this. To stimulate action communication needs to tell a simple story and telling two seemingly opposing messages is invariably too complex to stimulate the action the organization needs. There is also the issue that people are attracted by messages that resonate with their ideological beliefs about how to change the world and what kind of action is required. If the nature of those messages is changed dissonance is created and individuals will be far less likely to take action as a consequence.

To solve the problem it is important to separate these two difficulties. The former requires brilliance and considerable dexterity in copy writing while the latter requires a deeper understanding of philanthropic psychology. Philanthropic psychology here means an understanding of how an individual's sense of who they are and the actions they take relate to each other. For now, we will focus on how philanthropic psychology might be a necessary additional layer of complexity to include in our understanding in order to break through in our thinking. This is illustrated in Figure 17.

Figure 17: Philanthropic Psychology Principles in the Supporter Journey



When either type of supporter initially engages with the organization, they engage because they find the organization's ideology consistent with their own existing ideology. As their engagement deepens, they may then open up their ideological system and agree that they and the organization can **disagree** on certain aspects of their ideologies, but they are open to sustain their support because of the part on which they agree. At this stage, acknowledging the freedom to disagree is important in deepening the engagement. It is also possible to engage in cross-selling ideas at this stage, but it needs to be done through a technique called: "door-in-the-face." (Box 1 explains an example of how this technique could work and why. It is for illustrating the technique only. The campaign and fundraising teams have not engaged in this type of bargaining to date).

In order to bring people to a more advanced stage of their engagement journey, using campaigner or donor appeals directly with the other group would not be effective, because they are unlikely to be receptive to the message. What is needed instead is to relate the other side of the story to their **existing belief system** by presenting the reality and the ideal as being two ends of the same continuum (not two-sides of the same coin) or to encourage supporters to explicitly take a "different" perspective without necessarily agreeing with it.
In order to appreciate the value of this level of complexity in understanding the situation, we need to add an additional dimension to the third iteration of our thinking. That is we need to realize that during a donor or a campaigner's engagement journey with an organization, they will be exposed to both pre-planned and unplanned emergency communication. These ideas are included in Figure 18.

BOX 1: Door in the face Technique:

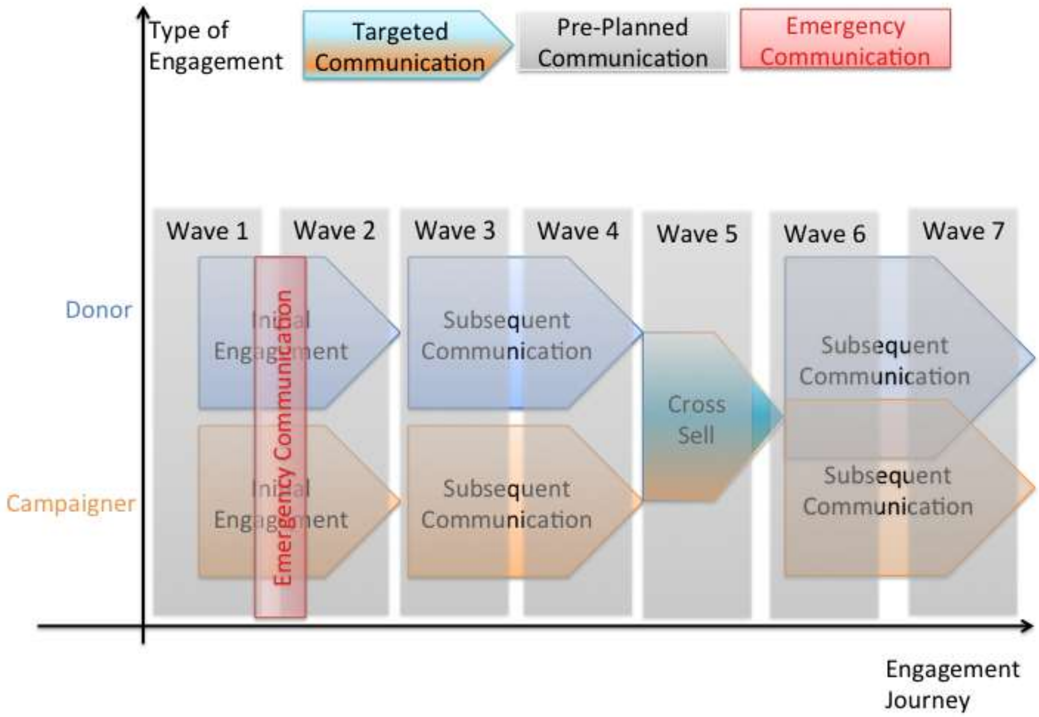
Fundraisers and campaigners both appreciate that it is a **very big** ask for them to request that their supporters change their personal ideology, so while they might ask people to change, they expect that their answer will be no. For example, a fundraiser might ask a campaign supporter whether she is willing to give to support Save the Children using certain images. When the campaign supporter says no, the fundraiser might then make a concession to say: "Okay, if we didn't use this image, could we perhaps raise £X per person from our campaigners." Since the fundraiser has made a concession, the campaign supporters who have been given that concession would be more likely to reciprocate and make a concession themselves by making a donation.

Philanthropic psychology research suggests that if fundraisers believe a given group of individuals will have difficulty with a certain message, they should approach those individuals to ask them what they think might be appealing to others like them. In our example campaigners could be engaged to come up with arguments or appeals consistent with their stage of the engagement journey. By the end of this exercise, they would either come up with something that they could buy into or lower their resistance to the organization's current fundraising approach.

In essence what is happening here is that the organization is engaged in facilitating one supporter group taking the perspective of the other.

Source: Cialdini et al (1975)

Figure 18: Integrated Communication in Engagement Journey



Received communications at any one point in a supporter journey are thus an amalgam of pre-planned versus emergency, targeted versus non-targeted and donor versus campaigner messaging.

We outlined in earlier iterations how pre-planned targeted communication could be conducted to minimize conflict. We also examined how pre-planned non-targeted communication could be adjusted to make it resemble targeted communication and again reduce the potential for conflict. Setting aside emergency for now, we might now examine the interplay between these two forms of pre-planned communication.

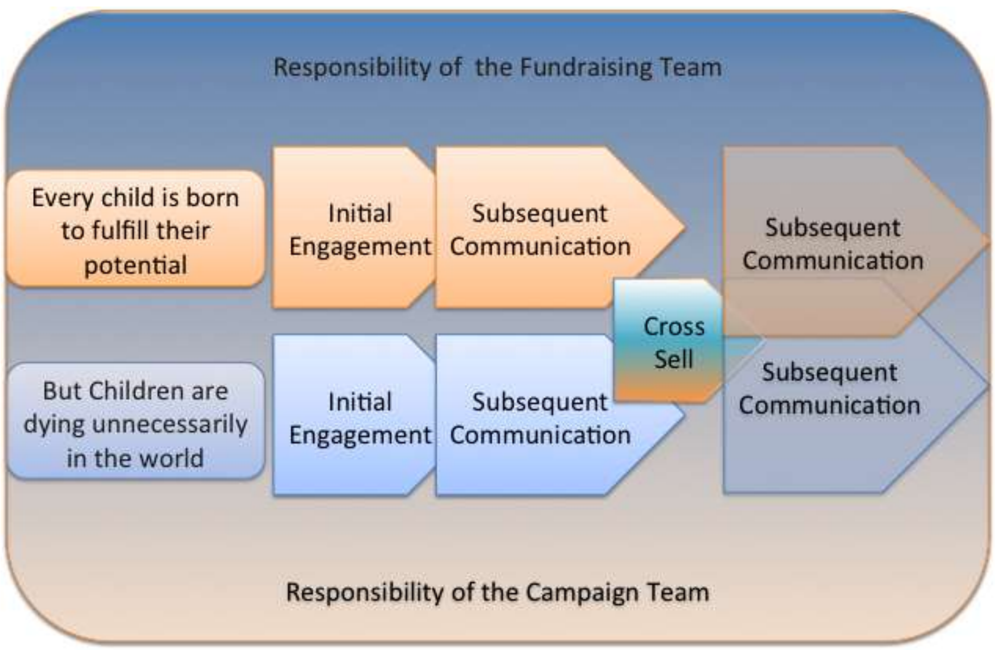
When supporters are at the stage of initial engagement with an organization reinforcement of their existing beliefs should be the primary concern in order to sustain a potentially long-term engagement. So if potentially ‘offensive’ messages must be used with a general audience, targeted campaigns could pre-empt their appearance explaining the rationale and offering apologies for the necessity of so doing. When supporters enter the stage of agreeing to disagree on certain things, then a door-in-the-face technique could be used in tandem with a warning of likely offensive messaging. When supporters enter the last stage of their engagement and accept the complexity of the organization’s mission and approach, then a complete picture of how financial support provides Save the Children with the capacity drive change in all its operations can be communicated. At this stage, the language of ‘two sides of the same coin’ is not as effective as ‘two ends of a spectrum of activity.’

Turning then to emergency communication, the problem is that such messaging must be generated at very short notice. Thus the strategy we advocate above might not be possible. In this case, concurrent messages to each existing supporter group might be the only option available, although ongoing communication might also prepare them for emergency scenarios.

Because the integrated communication strategy here is suitable for both groups at each stage of their engagement journey, the conflict is dissolved, not merely resolved. The two ends of the continuum will then mutually reinforce the growth of the other.

At this level of understanding the boundaries between the fundraising team and the campaign teams begin to blur. Both have a role to play in bringing people to the final stage of their engagement with the organization. To achieve that joint aim of facilitating growth in supporter understanding both teams must carefully co-ordinate their activities at an enhanced level of complexity (shown in Figure 19).

Figure 19: An enhance level of understanding about fundraising and campaigning



It should be noted at this point that we have used the Save The Children case as an example, discussing with our interviewees how the organization is currently tackling these issues and deepening our understanding. The ‘solution’ we generate in our third iteration may or may not work if it were eventually implemented. As researchers we have no way to know. Our point is rather that we use the case as a vehicle for illustrating the thinking process and it would be necessary to take the

solution we posit and test it against the real world to truly establish the degree of fit and utility afforded. If the fit is then judged to be flawed then a fourth iteration of the process would be undertaken drawing on other systems in the broad organizational (and external) context that might deepen understanding to a point where a more appropriate and potentially lasting solution may be found.
Several comments made by our interviewees however suggest that this line of thinking might have potential.

First, the interdependence of the fundraising director, campaign director and communication director has developed as the organization works as a whole to break down silos. All directors have begun to take ownership of each other's objectives and are held accountable for the same in their individual performance metrics. As the reform process continues, all directors are developing a similar level of understanding and perceived ownership on the part of their direct reports. There is, however, recognition that there are limits to the value of spreading ownership. This is because practically, there will always be circumstances where an individual's tasks have no overlaps with, or implications for, the objectives of other departments.

Second, resource allocations are continuously reviewed to keep all parties accountable to medium and long term objectives. This initiative too is designed to smooth the transformation from a silo culture to an open culture.

Finally, for each campaign, there is a weekly campaign steering group meeting and a campaign delivery group meeting that is called at least every week, and potentially more frequently. These mechanisms are put in place to give directors (and other senior managers) opportunities to reflect on their collective and individual actions. The campaign steering group consists of all three focal directors and parallels in other functions. The group takes both strategic and tactical decisions and prioritizes or re-prioritizes issues as appropriate on a weekly basis.

What is important here is not necessarily the frequency of the meeting, but also the atmosphere of these meetings. As our interviewees reflected, people are quite open and direct in these meetings. They raise concerns candidly, resolve issues on the spot and make actionable decisions to follow up. It is thus not the formality of these arrangements, but the thinking and quality of the discussion that ensues which ultimately determines their success or failure.

Similarly, what is important in the campaign delivery group is that individuals are no longer organized by the roles that they hold within the organizational hierarchy. The group is instead organized around the tasks at hand. In this sense, hierarchies are broken down so individuals might be temporarily reteamed outside of their department and into taskforces. The people attending these meetings include senior directors, their direct reports and as many other individuals as the specific tasks require. This group also serves the purpose of breaking down silos, reinforcing mutual interdependence and enhancing task-ownership, to the point where such meetings mitigate conflicts and assure organizational success.

6.0 Conclusions

The charity sector is currently experiencing what one of our interviewees regards as a time “of massive change – political, economic, social and technological. This is creating challenges, but also opportunities”. He goes on to note that “as a sector we have both the responsibility and the opportunity to leverage this change to deliver billions of pounds in additional income. **But to do this, we too must change.**” This report has focused on how that change might be achieved.

In our initial analysis we focused on the leaders themselves, noting that all the directors we interviewed demonstrated the characteristics of Level-5 leaders. They appeared to embed their whole being into the creation of fundraising for a cause they cared deeply about. As we outlined earlier their leadership was a distinctive combination of exceptional will and personal humility. We were also often struck by their high level of personal charisma.

At a base level we found that these individuals focused on managing the building blocks of success, which they saw as team, structure and culture, held together with the glue of first rate interpersonal communication. That is not to say that they didn’t regard other aspects of their management duties as important, merely that these were the topics mentioned most frequently as causes for concern, in our conversations. The creation of an exceptional team, in particular, had been an immediate priority following their appointment. They recalled achieving this either through addressing morale and developing the talent they had, or buying in the knowledge and skills they felt were lacking. Successful fundraising teams were therefore composed of team members who had outstanding technical skills but who were also conscientious, open to experience and great communicators.

We also noted the importance of managing structure and creating the right structures and procedures to support the development of an organizational learning culture. Particularly noteworthy here was the need to align appraisal and reward systems to support desirable behaviours, notably learning, sharing, joint problem solving and significant collaboration with other teams and functions.

In this initial stage of our report we highlighted how much of the practice that was noted in our interviews was consistent with current academic thinking in respect of what might constitute best practice. As a consequence we were able to offer numerous recommendations for how to manage the building blocks of success and enhance the performance of a fundraising function as a consequence.

But as we noted in our introduction, what seemed to us to elevate good fundraising to outstanding fundraising was the quality of the thinking each leader was able to generate. In our view neither the ideas nor the considerable experience of our directors alone could have given rise to the fundraising success that they created. The real difference these leaders were able to make occurred as a consequence of the way in which they understood and coped with the complexities of everyday decision making. They were exceptional in isolating the right problems to tackle, exceptional in how they then defined those problems and exceptional in the process they adopted to solve them.

What was also striking was the degree to which our fundraising leaders had embedded the same level of skill in their management (and other) teams. As our individuals continuously internalized and improved on their own ability to conceptualize and think through solutions to problems, the people around them formed a collective mind that demonstrated similar characteristics. We found that when the process of inquiry is undertaken by a collective mind of individuals working with a common purpose, these teams then coalesced into a learning system, and an organizational learning culture emerged. The achievement of this organizational learning culture seemed to us to be absolutely critical in delivering outstanding fundraising.

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