



## Promoting Endowment

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If you are reading this you either have an endowment or want one. Starting one and building up one have key tenets in common.

In my interactions with donors and experience working with organizations in endowment campaigns two fundamental questions emerge as themes: 1) what will my money be used for in the future, and 2) how do I know my money will be managed well and spent as intended?

Your marketing must address both. Donors will require a greater depth of understanding about your work, your team, board, and operations before making a commitment to endowment.

Are there some barriers in your way? Yes, for starters, two big ones: how we talk about endowment and horror stories of how other organizations squandered their endowment.

Nonprofits, board members, accountants, CPA's and lawyers use the word "endowment" differently – despite state law definitions and basic common sense definitions. When you hear the word endowment what's the first word that comes to mind? I hope it is "permanent" because that's what most donors believe (or insist upon). Ignore this simple, honest definition at your own peril.

I plead with you to forget the mumbo-jumbo used by the auditors about quasi-this or that. If you confuse the issue you kill the gifts. Period. I can't tell you how many "correct" definitions I have seen that would contradict each other. What does it matter if you are technically correct within a narrow

context but lose the gift all the while doing a larger disservice to endowment fundraising efforts of others and the charitable community at large?

Imagine hearing your favorite children's charity spent part of its "permanent" endowment this year for operations. How long will it take for a donor to regain this trust in their operations or board? Too long! But wait, did they really just spend working capital designated as endowment, or was it quasi-endowment or ....? You get the picture (but not a gift).

Nonprofits are under increasing scrutiny today and we not only have to live up to the letter of the laws, we must go beyond that and live up to the spirit of our donors' interests and intentions. That translates into successful endowment fundraising.

This introduction has been the preface to this (earned at a high cost) advice if you are serious about your endowment you must:

- 1) Review, re-confirm, or re-vamp the policies you have in place that govern your endowment, its management and spending, and how it is reported.
- 2) State in easy to understand terms the purpose and value of endowment to your work/mission. Make sure all agree. (You may be quite surprised with the difficulty of this simple assignment.)
- 3) Look at everything used to communicate your mission and impact in the endowment building context. What messages are you actually sending? This includes every person and department that interacts with the public on your behalf. Don't forget the direct mail letters that scream crisis funding needs. This will require persistence.

Endowment fundraising is a powerful tool that can enable wonderful things to happen today and far into our futures. Endowment building is not just another fundraising or gift option: it is about the entire fabric of your organization. Your donors consciously or unconsciously realize this and will vote their dollars accordingly.