WHY *Good Fundraisers* ARE *Never Paid* ON *Commission*

BY KIM KLEIN

An organization that worked with abused children desperately needed a new facility. However, they could barely meet their annual operating costs, so taking on higher rent or purchasing a building seemed impossible. Nevertheless, because their program was seriously suffering from lack of adequate space, they shopped around. Whether they rented or bought, they would have to remodel any building for safety and accessibility and to make it pleasant for the children.

The group found a building that the owner was eager to sell, and she offered them a good deal. They saw that, with a little work, this could be the ideal space. The obstacle was the cost: They would need $500,000 to cover everything. This amount seemed completely unattainable and then, as if in answer to a prayer, a handsome stranger showed up and offered to raise the $500,000 for a 20 percent commission. If he didn't succeed, he explained, they would not be out anything; however, they would pay him 20 percent of any money he did raise. He proposed to raise $700,000, which would cover his costs and the costs of the campaign as well as the $500,000 needed for the building. He could finish the campaign in a year, he said, in which case he would earn $140,000.

The group knew that paying on commission is highly frowned on in fundraising. So much so that all the trade associations of fundraisers, including the Association of Fundraising Professionals, the National Association of Hospital Developers, and the Council for the Advancement and Support of Education (CASE), have issued statements decrying the practice of commission-based fundraising.

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Why is fundraising on commission an absolute no-no? There are several reasons. First, no one else in nonprofit organizations is paid on commission. In this particular group, the counselors are not paid more for every child that shows improvement nor are the social workers paid for each child whose abuse they report. Everyone is paid a salary in recognition that their work is a process and that they may be very good counselors or social workers and still not show a lot of progress with every child.

Second, a commission tends to distort salaries. In this case, this fundraiser would be making $140,000 a year, quite a bit more than the executive director, who earned $55,000.

Third, this person would not bring his own list of contacts to ask for money. He would be working with the organization's donors. He told the group he has some contacts from previous jobs, but would they want him to use them? And would they want him taking their donor information to his next job? Further, his whole livelihood depends on donors saying yes to his requests. Even a totally honest fundraiser working under these conditions would be tempted to distort information, seeing his rent check in the eyes of each prospect. Also, many big gifts take cultivation and several visits. He may be willing to settle for a small gift in order to get it quickly rather than take the time a larger gift would require in proper cultivation.

Fourth, what would the donors think if and when they found out that 20 percent of their gift, designated for a new building, went to this temporary staff person? Donors know that it costs money to raise money, but few things make donors angrier than seeing that too large a part of their designated gift was used for expenses, and 20 percent going to one person's salary fits that description.

Fifth, and most important, one person should not be in charge of actually raising money for an entire campaign. Suppose this fundraiser was both honest and successful. When he left, the group would be $500,000 richer, to be sure, but no wiser with regard to fundraising. The role of a fundraiser is to get the board and other volunteers to help raise the money. A good development person coordinates, researches, plans, and helps decide which volunteer should go with which other staff or board member to ask for the money, when each prospect should be solicited (should Sally Jones be asked right away, or not until her close friend Mabel Smith has given?), and other strategy issues.

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Finally, the person coordinating the fundraising should absolutely believe in the cause and be a part of the team of people putting the campaign together.

For all these reasons, paying on commission is not an option for fundraising.

Some people in small organizations will say, "But we don't have the cash to hire someone outright and it's risky to hire a person when you can't afford it, both for the person and for us if they don't raise the money." However, for all the reasons listed above, a small organization especially cannot afford the risk involved in hiring someone on commission.

Here are some other ways the children's group could raise the money they needed. They could go to the eager property owner and see if she would accept a lower down payment, then they could explore how to finance the building instead of trying to pay for it all at once. A committee composed of a couple of members of the board, a couple of volunteers, and the executive director would need to make a list of ten people who could give the money for the down payment and the costs of moving and fixing the space up. Then they would need to go and ask these prospects for the money.

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These slow, thoughtful, and group-generated steps will provide the needed money, build support from the constituency, and, by the way, save the organization the commission fees of the handsome stranger.

No matter how strapped for cash you are, you should never consider doing something unethical to raise the money you need, and commission fundraising is unethical. GFJ

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