

To the Graduate Council:

I am submitting herewith a thesis written by Heidi H. Gillis entitled "Identifying Successful Competitive Intelligence Practices Used in Nonprofits: A Survey of Competitive Intelligence Strategies Used by Professional Fundraisers to Enhance Fundraising Success." I have examined the final electronic copy of this thesis for form and content and recommend that it be accepted in partial fulfillment of the requirements for the degree of Master of Science, with a major in Information Sciences.

Kendra Albright
Major Professor

We have read this thesis
and recommend its acceptance:

Michael Pemberton

Carol Tenopir

Accepted for the Council:

Anne Mayhew
Vice Chancellor and
Dean of Graduate Studies

(Original signatures are on file with official student records.)

Identifying Successful Competitive Intelligence Practices Used in Nonprofits:

**A Survey of Competitive Intelligence Strategies
Used by Professional Fundraisers to Enhance Fundraising Success**

**A Thesis
Presented for the
Master of Science Degree
The University of Tennessee, Knoxville**

**Heidi H. Gillis
August, 2005**

Copyright © 2005 by Heidi Gillis
All rights reserved.

Acknowledgements

I would like to acknowledge my committee, Dr. Kendra Albright, Dr. Carol Tenopir and Dr. Michael Pemberton – for their thought-provoking suggestions and advice. As my committee chair, Dr. Albright provided invaluable insight into the world of competitive intelligence.

I would also like to thank my husband whose own educational pursuits inspired me; my parents – Robert and Joan Holthaus – who raised me to value learning; and my sisters – Lauri Bartlett, Jodi Mister and Molli Carter – and their families for the patience and understanding throughout my pursuit of my Master's degree.

Abstract

Competitive intelligence is a popular technique used to gain a competitive advantage in for-profit businesses. This research examines the use of competitive intelligence in nonprofits, particularly how competitive intelligence is used or can be used to enhance fundraising success. A web based survey polled members of the Association of Fundraising Professionals on their uses of specific competitive intelligence strategies, particularly environmental scanning, use of focus groups and database research. It was found that non-profits are using some competitive intelligence methods, but find a lack of time, lack of funds, and lack of staff are prohibiting factors in implementing a full-scale competitive intelligence process. Those who have implemented some competitive intelligence methods have found them to result in increased fundraising success, particularly with increased prospect identification, improved targeted asks (direct solicitations of donors), and an overall increase in donations.

Table of Contents

<i>Chapter</i>	<i>Page</i>
1. Introduction.....	1
Problem Statement.....	2
Research Questions.....	2
Hypotheses.....	4
Background of the Problem.....	5
Definitions.....	8
2. Review of Literature.....	11
Competitive Intelligence Overview.....	12
Grantseeking.....	13
Marketing.....	15
Understanding Constituent Expectations.....	18
Board/Donor/Volunteer Recruitment and Relations.....	21
General Industry Developments.....	24
Nonprofit CI Software.....	26
Conclusion.....	27
3. Methods.....	29
Assumptions.....	29
Participants.....	29
Variables and Values.....	31
Instrumentation.....	32
Data Analysis.....	32
Limitations.....	33
4. Results.....	34
Summary.....	34
Analysis of Data.....	34
Comparison of CI Strategies by Organizational Budget.....	36
Comparison of CI Strategies by Organizational Type.....	41
Analysis of Methods Used by Respondents and Their Perception of Competitors.....	46
Analysis of Each Method and Its Most Likely Users.....	48
Fundraising Success Resulting from the Use of CI Strategies.....	51
Factors Prohibiting CI Efforts.....	52
5. Conclusion.....	54
Review of Hypotheses.....	55
Recommendations for Future Study.....	56
Works Cited.....	58
Appendices.....	64
Appendix A	65

Appendix B.....	70
Appendix C.....	71
Vita.....	76

List of Tables

<i>Table</i>	<i>Page</i>
4.1 Number of Strategies Implemented by Respondents.....	35
4.2 Respondents' Use of and Productivity Ranking of Identified CI Strategies	35
4.3 Strategies Implemented by Organizational Budget.....	38
4.4 Strategies Implemented by Arts/Cultural/Community Education Organizations	43
4.5 Strategies Implemented by Education Organizations.....	43
4.6 Strategies Implemented by Healthcare Organizations.....	44
4.7 Strategies Implemented by Human Services Organizations.....	44
4.8 Strategies Implemented by Religious Organizations.....	45
4.9 Strategies Implemented by Social Services Organizations.....	45
4.10 Strategies Implemented by Youth Development Organizations.....	46
4.11 Strategies Implemented by Perception of For-Profit Competition.....	47

List of Figures

<i>Figure</i>	<i>Page</i>
2.1 Competitive Intelligence Process.....	14
4.1 Number of Respondents Ranking Strategies as a Top Three Most Productive.....	37
4.2 Number of Strategies that had Been Implemented by 80% or More of Respondents by Organizational Budget	39
4.3 Respondents by Organizational Type.....	42
4.4 Number of Respondents Identifying Factor as a Top Three Inhibiting Factor.....	53

Chapter 1

Introduction

According to a May 1, 2001 article in *Nonprofit World*, “management practices common in the private sector aren't used nearly as much in philanthropy” (Knowlton, 2001). A common practice in the for-profit arena is the gathering of competitive intelligence (CI) that helps for-profits track external and internal factors that contribute to the organization’s success. As nonprofits compete with each other for funding and resources, implementing CI practices could improve their abilities to develop a successful overall fundraising program. Over the past five years, nonprofit organizations have struggled in their fundraising efforts, particularly after the September 11, 2001 attacks (Zaniello, 2002). Though the economy shows some trends indicating a recovery, nonprofits must compete with other organizations for donors and resources. While an improved economy may increase the amount of resources, the competition between nonprofit organizations persists. “The nonprofit sector is subject to intense competition and market forces. If donors do not feel their contributions are being well spent, they will not continue them.” (Miller, 2003). Despite the fact that nonprofits historically work together more than for-profit enterprises, competition between nonprofits exists now and will continue to exist in the future. It appears CI practices can assist nonprofit employees in the development of a successful fundraising plan, but a question within the nonprofit arena remains to be answered: is there a relationship between the use of competitive intelligence practices by professional fundraisers in nonprofits and the fundraising success of the nonprofit organization?

Problem Statement

While calls have been made for nonprofits to implement more for-profit management strategies, few organizations seem to have effectively incorporated a CI program. By learning more about the successful implementation of CI strategies in the nonprofit world, nonprofit organizations could further their efforts in pursuing their missions, learn more about motivations to develop and refine marketing strategies as well as possibly increase overall donations to their organizations. Currently, the theoretical body of literature in fundraising is small due in part to the fact that while fundraising occurred prior to the 1980s, fundraising surfaced as a relatively new field in the early 1980s. As Lindahl and Conley (2002) note, fundraising research began in earnest as a result of Carbone's "An Agenda for Research on Fund Raising" published in 1986. In addition, there are relatively few educational programs focusing on nonprofit fundraising. As of 2004, only ten formal nonprofit-specific Master's degree programs existed in the United States (Joslyn, 2004). The theoretical body of literature for fundraising is small, and the theoretical body of literature addressing both fundraising and competitive intelligence is even smaller.

Research Questions

This study is designed to determine if a relationship exists between the use of competitive intelligence practices in nonprofits and the fundraising success of the nonprofit organization by surveying members of the Association of Fundraising Professionals. The survey is designed to answer several questions regarding nonprofits and the extent of their use of CI practices.

The main question that must be answered is whether fundraisers for nonprofit organizations are using CI methods that contribute to the organization's fundraising success. If so, this leads to the question of what CI methods are being used. Methods that will be considered include environmental scanning, conducting focus groups and searching specific databases. Specifics of the methods will also be examined. The specifics include:

- scanning for information about prospective donors
- scanning for marketing campaigns of other nonprofit organizations
- scanning for information about donors to other organizations
- searching grants databases
- searching biographical databases
- scanning for general industry trends.

Scanning for information about potential donors to other organizations could help a nonprofit organization increase its donor base by helping them identify those willing to give to charitable causes. Scanning for information about prospective donors and searching biographical databases could potentially increase the donor base of the nonprofit by helping a nonprofit organization know more about potential donors and allow the organization to tailor donation requests. Scanning for marketing campaigns of other nonprofit organizations and scanning for general industry trends could help an organization remain competitive within its own industry by being aware of what others are doing and seeing what else is successful. Searching grants databases can help improve a nonprofit's fundraising success by helping the nonprofit identify potential grant funders and potentially increase grants to the organization.

These specifics lead to another question that must be answered. Of these specific methods being used, which ones seem to be most effective in contributing to the fundraising success of the organization, if any? Assuming some methods are being used and that these methods have proven to be beneficial in fundraising, the question arises regarding what specific fundraising benefits occurred as a result of the CI strategies. If CI practices are not being used, what factors prevent a nonprofit from implementing CI practices?

This study will also examine questions regarding correlations between competitive intelligence and specific aspects of nonprofit organizations. Does an organization's total budget have a relationship to the number and/or type of CI methods implemented? Does the type of nonprofit seem to affect the number of CI methods implemented? Does an organization's perception of whether it has for-profit competitors correlate to its use of CI practices?

In addition, the study will identify barriers to using CI practices in nonprofit organizations. Literature in nonprofit studies suggests lack of time, funding and staff as challenges faced by nonprofits in many facets of operations. These challenges may also affect a nonprofit's ability to implement CI practices.

The actual survey, including specific questions, is included in Appendix A.

Hypotheses

1. Nonprofit organizations have not implemented CI practices due to a lack of staff.
2. Nonprofit organizations have not implemented CI practices due to a lack of time.
3. Nonprofit organizations have not implemented CI practices due to a lack of funds.
4. The organizations with CI programs are more likely to have larger budgets.

5. Organizations that perceive for-profit businesses as competition – healthcare, some arts organizations, and some educational organizations – will be more likely to use CI practices than those that do not perceive for-profit competition.

Background of the Problem

Nonprofit organizations can be traced back to the early 19th century in the United States (Hammack, 2002). However, as noted earlier, it is generally believed nonprofit fundraising emerged as a field just over 20 years ago. From 1975 to 1993, the National Society of Fundraising Executives (now the Association of Fundraising Professionals) increased from under 1,000 to over 18,000 (Staecker, 1993). There are now over 26,000 members. In addition to the growth of the profession, the nonprofit sector has also grown substantially. According to the U.S. Census Bureau's *Service Annual Survey 2001* (2003), more than 63,000 tax-exempt social service agencies exist in the United States alone. A 1998 study estimates that the number of nonprofit organizations in the United States alone has tripled since 1969, growing in number from 310,000 to nearly 1,000,000 (Liu and Weinberg, 2004). These organizations provide various services to citizens, including child and youth services, community food and housing services, and vocational rehabilitation services (U.S. Census Bureau, 2003). This number does not include nonprofit educational institutions and health care facilities. Most of these nonprofits provide services to improve communities, and most are held in high esteem within the community they serve, provided they are fiscally responsible and offer services that are perceived as needed.

Research on nonprofits focuses mainly on implementing management practices directly related to marketing. CI practices such as market research and environmental scanning can help an organization with various aspects of marketing, including branding,

strategic planning and development of marketing pieces. Very little research focuses on CI within the nonprofit organization to improve fundraising success. The fundraising process ideally consists of soliciting donations from individuals, foundations, corporations. The donations can take the form of cash or pledges, gifts-in-kind (equipment, objects, etc.) or planned gifts to include naming a charity in wills, bequests, trusts, etc. This study provides nonprofits with suggestions on specific steps they can take in order to start implementing CI strategies. It could also shed light on what strategies seem to produce results, thus allowing smaller nonprofits to implement a small-scale CI process. Eventually, CI could become a standard part of a nonprofit's fundraising process. While each organization's fundraising process varies, most consist of raising money through a variety of means including annual giving, corporate and foundation giving, major gifts, planned giving and special events. Overall, the purpose of this study is to determine whether professional fundraisers in nonprofits are using CI methods, how many and which CI methods are being used, how the use of these methods can enhance fundraising success and which methods are most effective in enhancing fundraising success. This is a pilot study and participants were sought through a national listserv as well as four local chapters that represent professionals from rural, urban and suburban based organizations.

Previous studies suggest the use of CI in specific areas of nonprofit management is beneficial. *Nonprofit Business Advisor* – a monthly newsletter from Aspen Publishers, Inc. – recommends CI practices to improve a nonprofit's use of information technology. These practices include using business intelligence to enhance decision making, particularly in the development of a strategic plan for information technology (*Nonprofit*

Business Advisor, 2004). Studies by Thyne (2001) and Hanson (2001) suggest the use of CI practices for improved marketing success. Boice (2003) promotes the use of CI practices in securing grant funding. Yavas and Riecken (1997) tout the use of CI to effectively recruit volunteers. While studies have been conducted that focus on a single part of the CI process, few of these studies identify the procedures they suggest as being CI practices. In addition, no studies were found that examine why nonprofits do not have formal CI programs, although it may be hypothesized that a combination of factors may contribute to the lack of a formalized process and where CI duties are assigned within an organization. These factors include a traditionally non-competitive approach within the nonprofit world, a lack of resources to obtain necessary tools for an effective program, a lack of time for staff members to research and analyze CI factors, and a lack of training/understanding of staff members regarding CI and the processes necessary to implement a CI program.

A study that focuses on all aspects of nonprofit fundraising success and CI practices – particularly success in marketing, grantseeking, donor/board/volunteer recruitment and relations and an awareness of general industry developments through the use of common CI practices such as focus/test groups and environmental scanning and basic research – has yet to be conducted. These CI practices could help identify new and potential grantmakers, individual and corporate donors, board members, and volunteers. Nonprofit organizations could also use the practices to develop a sense of how the public and their stakeholders perceive the organization, helping them focus their fundraising appeals and marketing strategies. In addition, these practices could help a nonprofit learn

more about prospective donors, board members and volunteers, helping to create a stronger relationship between individuals and the nonprofit.

Definitions

For the purpose of this study, *competitive intelligence* (CI) is defined as “encompass[ing] the potential effects (i.e. threats and opportunities) created by *all* external elements of the business environment that impact on the current competitiveness and future competitive ability of an organization. It is a systematic process or cycle for collecting and analyzing information about competitors’ activities, one’s business environment and business trends to further one’s own organizational goals. In summary, CI is an ethical and legal multistep process that ultimately can make an organization a dominant player or break it” (Fleisher and Bensoussan, 2003).

An *extensive CI program* refers to a program that integrates numerous competitive intelligence features – including environmental scanning, focus groups and specific database research – to comprehensively gather information that is beneficial to the organization. In addition, the process should be “formal and [involve] some documentation” in order to effectively organize and analyze the information that is gathered (Porter, 1980, 34).

The definition of *environmental scanning* provided by Albright – “the internal communication of external information about issues that may influence an organization’s decision-making process” – is used for the purpose of this study (Albright, 2004, 38).

Fundraising is defined as bringing together a donor and a nonprofit organization with similar interests and values to foster a mutually supportive relationship.

Fundraising success is unique to each organization, but is typically defined as raising enough money to address the monetary needs for the operation of the entire organization; some more defined standards may include establishing or increasing an endowment, increasing the donor base and/or increasing the number of donor prospects. In this particular study, fundraising success is defined by each individual participant based on their own organization's criteria.

Lublin (2004) suggests that *nonprofit* organizations are defined as organizations that "don't pay taxes and their main purpose is charitable or philanthropic. *Not-for-profit* organizations are defined as those who pay taxes and may make a profit, but those profits can't be distributed to [their] members" (C1).

Tax-exempt refers to organizations who have filed for and been approved by the federal government as tax exempt organizations. While organizations can be classified as tax exempt under several IRS codes, for the purpose of this study, "tax exempt" refers to organizations who are tax exempt under 501(c)(3) of the federal tax code. These organizations receive a 501(c)(3) letter from the federal government indicating their tax exempt status. The full text of section 501(c)(3) can be found in Appendix B.

In this study, *development* simply refers to the managerial aspects of the fundraising process. As Klein (2001) points out in an article appearing in *Shelterforce*:

Development often includes: evaluating the organization's future financial needs and goals; creating a long-range fundraising plan and updating it yearly; instituting a public relations program; maintaining and frequently evaluating a process for adding new board members; training board, staff, and volunteers in fundraising; maintaining fundraising records; writing and sending fundraising letters; sending thank-you notes or overseeing that task; reporting to foundations or large donors on specific projects;

and visiting major donors. (Klein,
<http://www.nhi.org/online/issues/96/fundraising.html>)

As a result of this definition of development, many fundraising offices are referred to as development offices, particularly in larger nonprofit organizations.

Chapter 2

Review of Literature

A review of the literature published over the last twenty years yields very little research on the topic of nonprofits and CI as a whole, much less about nonprofits and CI in fundraising. However, selected literature exists pertaining to specific CI methods being used, how the methods enhance fundraising and which methods are effective in fundraising. Most research in fundraising focuses on the donor rather than the fundraising organization. As Kelly (1991) points out, most fundraising research has been designed to examine ways to improve the bottom line rather than to critically evaluate processes used to raise funds in the first place. Past research focuses on donor motivation for giving rather than organizational processes for getting (111).

Alexander and Weiner (1998) note that there is a movement toward nonprofits adopting practices that have traditionally been exclusive to businesses that are for-profit. Some of these practices are reflected in the literature. Despite the dearth of literature on CI as a whole in nonprofit institutions, selected literature exists on particular aspects of CI and areas of nonprofits that directly relate to fundraising, including grantseeking, marketing, focus/test groups, board/donor/volunteer recruitment and relations, general industry developments and nonprofit competitive intelligence software. Other CI practices identified in the literature include prospect research, grant research, focus groups, market research and staying abreast of industry developments. While several CI methods have been identified and discussed, it can be inferred that it is unlikely that nonprofits are employing all of these practices since the literature on the above-mentioned practices encourages non-profits to implement the individual practice

discussed. Since encouragement for implementation of individual practices exists, nonprofits probably aren't using all of them, if any of them. Of those that are employing these practices, some may be unaware of the fact that they are implementing CI practices. Organizations may also be implementing some of these techniques but still not practicing a comprehensive CI program because nothing is being done with the information after it is discovered. For example, some nonprofits may be scanning without realizing they are scanning and that the information they are reading could be gathered and organized for potential benefit.

Competitive Intelligence Overview

The for-profit business world commonly implements competitive intelligence practices to better understand their competition and respond to market pressures. Nonprofits tend to operate within themselves without examining the work done by other nonprofits. This can result in a poorly planned fundraising program. It can also result in a duplication of services by many nonprofits within the same area serving the same population and competing for the same funds by failing to know the other exists. Vandeveire and Jacobs (2004) report the number of nonprofits has increased, which, in turn, has increased availability of services, "but more charities can also mean competition for limited charity dollars as well as higher overhead and duplication of services. So donors - especially big donors - are working to reverse the trend...Bombarded with requests for money, some major donors are pressing for nonprofits not only to bolster the fund-raising role of their boards but also to collaborate" (Vandeveire and Jacobs, 2004, <http://www.dailystar.com/dailystar/relatedarticles/4561.php>). By developing a CI process, businesses are able to thoroughly evaluate their sector, their business, and their

competitors with careful research, analysis, communication and implementation, as shown in Figure 2.1. As the model demonstrates, a nonprofit organization must perform research to identify its external threats and opportunities. After identification of these factors, the organization analyzes the situations identified, communicates this information throughout the organization and implements any changes necessary as a result of this analysis to develop a competitive advantage.

This evaluation of the information gathered is necessary for businesses to effectively plan for the future, particularly when economic hardships make doing business more difficult than business in a robust economy (Wu, 35.) The same process would be beneficial in the nonprofit sector as organizations seek to increase their fundraising effectiveness. CI practices can assist nonprofit employees in the development of a successful fundraising plan through improved grantseeking, marketing, understanding of donor and volunteer expectations, board/donor/volunteer recruitment and relations, an awareness of general industry developments and tracking and analysis of all the gathered information.

Grantseeking

When seeking grant support from foundations, government entities (local, state or federal) or other grantmaking organizations, nonprofits must carefully match their missions with the funding priorities of the grantmaker. Boice examines the grantseeking process, emphasizing the point that a successful grant proposal is based more on good research than good writing. Nonprofits should make a concerted effort to ensure that their organizations' mission appropriately meets the guidelines of the foundations to

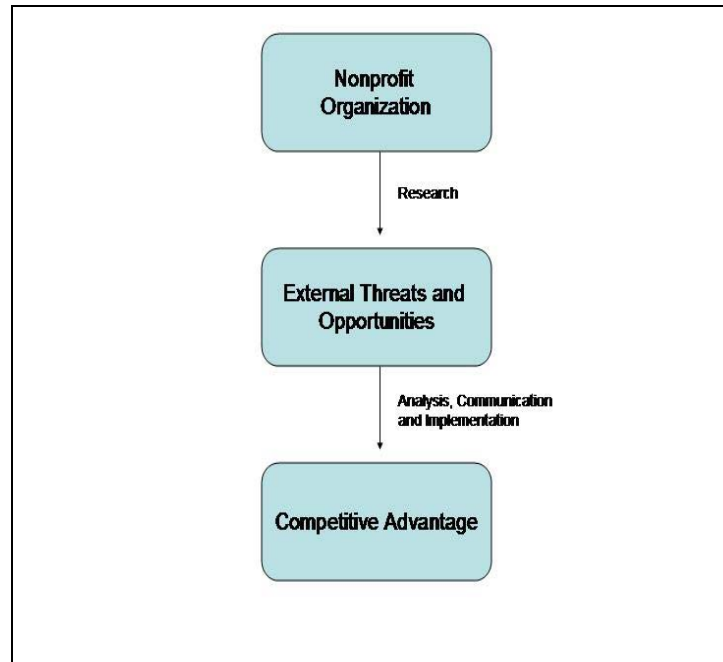


Figure 2.1. Competitive Intelligence Process

which they apply (Boice, 2003). Using databases designed for foundation research is the most traditional means of grantseeking research. However, other sources used in CI practices could benefit nonprofit organizations. Camarena (2003) states, “The best way to structure a search is to look at descriptions of recently awarded grants that have gone to programs or projects similar to your own” (30). Researching grants given to competing or similar organizations can be one way for nonprofits to use CI in grantseeking. As Robinson (2004) notes, local newspapers often include announcements about such grants.

While foundations fund similar organizations, some foundations prefer to fund organizations that do not duplicate services provided by others. By knowing what other organizations – both nonprofit and for-profit – are doing, a grant writer can craft a proposal that demonstrates the uniqueness of the organization. In order to stay abreast of

other organizations within the community as well as the funding choices of local foundations and funding received by local nonprofits, the CI technique of scanning the environment could be implemented by nonprofit organizations. As Albright (2004) notes, “environmental scanning reduces the chance of being blindsided and results in greater anticipatory management” (42). When an organization is aware of what other organizations are doing, they can identify unique needs and programs that grantmakers may be more apt to fund merely because they are unique and, most importantly, needed.

In addition, most foundations will provide nonprofits with information about their funding priorities. Greenfield notes that discovering information about foundations should not be a difficult process because foundations produce numerous publications, including annual reports and printed guidelines, and many now have websites detailing the foundation’s mission and funding priorities as well as application process (Greenfield, 307). In addition, foundations are required to submit a 990 to the IRS; this tax return usually details the awards a foundation makes during the year, and most are readily available on the web (Karsh and Fox, 2003). Once the previously funded organizations are known, a researcher can find out more about these particular organizations to learn more about the foundation’s apparent preferences.

Marketing

An organization’s marketing efforts often shape the public’s perception of the organization and what they do. Whether the organization is marketing a product, service or event, the message they send must be carefully crafted and researched; in essence, they are creating a brand for the organization. CI can assist an organization with its branding process, a key aspect of marketing in which an organization strategically differentiates

itself from others in its market. Hankinson finds that research helps nonprofits analyze and understand the brand, communicate the brand and strategically implement the brand (Hankinson, 2001). As Hanson (2001) indicates, this does not seem to be the standard process in many nonprofits. Hanson points out that some “progressive” nonprofits have successfully implemented strategic marketing, but many nonprofits seem to create a marketing program as a result of a real or perceived crisis affecting the ability of the nonprofit to serve its constituents (34). Organizations tend to focus more on the crisis in marketing than on the good work they perform on a regular basis. This reactionary process can prove to be more detrimental than positive (34). Instead of marketing the organization as a whole, the “knee-jerk” reaction results in marketing a part of the organization that requires immediate attention, such as a crisis for funding. By proactively marketing the work and mission of the nonprofit as opposed to a crisis that may prevent the organization from pursuing its work and mission, the nonprofit organization can send the right message to the public.

Hankinson (2001) cites case studies that demonstrate the ability of nonprofits to build a brand which sets them apart from other nonprofits. Similar to the reactionary marketing mentioned above, these re-branding efforts were often the result of a crisis. However, the organizations examined were able to successfully manage the crisis and position themselves strategically within an increasingly competitive nonprofit market by establishing a brand that focused on the relationship between the charity and those it serves as well as the relationship between the charity and those who support it. If an organization planned the re-branding process, it could prove to be even more effective in positioning itself within the market. CI helps with branding through strategic analysis of

what the charity's brand is and careful communication of the brand the charity wants to express.

In fact, Spruill (2004) suggests one value of branding is its potential to foster cooperation among nonprofits and eliminate competition between similar organizations within the non-profit sector; by partnering with organizations that have like missions, branding of the missions takes place rather than branding of the organization. Common CI practices such as environmental scanning and basic business research would easily allow a nonprofit to identify those organizations that have similar missions. Partnering among the organizations could have the potential to increase the visibility of an issue, thereby focusing the knowledge about numerous groups working on the issue rather than on just one group. It also is more cost-effective and, ultimately, may help organizations reach their goals more quickly than if just one organization were trying to spread the message.

The technique of environmental scanning can also contribute to a nonprofit's marketing efforts. In the past, nonprofits walked a fine line between producing professional looking marketing pieces and looking like they spent too much of their donors' money on marketing/fundraising materials and not enough on program services. However, as competition among nonprofits increases, many charities are beginning to see the value of professional looking marketing pieces. Even with tight budgets, organizations are working to make their productions look polished while making sure their work is cost effective (Buxton, 2004). Despite a lack of available funds for designers, nonprofits can afford to produce professional looking publications through the use of environmental scanning. By scanning appealing designs used by other for-profit

and nonprofit organizations, a nonprofit organization can often create a product in-house that looks similar without incurring the cost of hiring a professional designer, assuming some computer/design skills are available on staff. Pletzner advises nonprofits to “make it a point” to evaluate brochures from nonprofits and for-profit businesses in order to decide what might work best and look best for their particular organization (Pletzner, 1986, 23). Murray and Turpin advise nonprofits to evaluate other nonprofits’ annual reports for content ideas. Examining other organizations’ annual reports can help an organization develop successful story ideas, innovative story angles that allow the organization to differentiate itself from others and effective ways of presenting information (Murray and Turpin, 1996).

In order to communicate a mission and an image comprehensively, marketing should be well thought out and all options thoroughly examined. By looking at other successful branding processes by nonprofits with similar missions, an organization could save itself unnecessary and costly trial and error.

Understanding Constituent Expectations

Receiving feedback from organizational stakeholders through the use of focus/test groups is a common CI practice. This practice can help nonprofits with numerous facets of fundraising success, including fostering relationships with current and potential donors and learning about the community’s perception and expectations of the organization.

Nonprofit Business Advisor (2002) suggests nonprofits “involve major donors in discussions about [the] organization’s priorities and document what services will be curtailed following funding decreases. If donors are shown how important their funds are for sustaining the ongoing programs and mission of [the] organization, they will better

understand the impact of a reduction in their gifts to [a] charity...” (6). Campbell cites a focus group conducted by World Vision with Hispanics regarding Hispanics’ motivations for giving. This focus group and other research resulted in rapid donor acquisition and, eventually, Hispanics accounted for nearly one-third of the organizations \$120 million in income (Campbell, 1996). Allowing donors to feel a part of the organization’s decision-making process helps them feel more connected to the organization as a whole and may therefore make donors more likely to support the organization in the future. As Heinz and Robinson suggest, surveys can help nonprofits understand donor and volunteer expectations (1999). Once an organization understands what its donors and volunteers want, it can further evaluate its place in the market.

In addition to donors and volunteers, a nonprofit can use the CI technique of conducting focus groups by asking clients to evaluate the organization’s ability to fulfill its mission. Fleisher and Bensoussan identify focus groups as a technique used to conduct customer value analysis, an important aspect of a comprehensive CI program (2003). Campbell notes that “focus groups can improve donor/listener satisfaction and have a direct and positive impact on income (Campbell, 1996, Business Source Premier document 9606273578). Simon agrees that focus groups are “a practical, effective way to connect with the people your organization serves” and are a way for nonprofits “to listen and learn from those who have an interest in what you do” (Simon, 1999, 40.) This is particularly true for nonprofits that may have customers who are not already donors, such as arts organizations. Thyne (2001) points out that arts organizations are unique in the nonprofit arena because they not only have the obligations to adhere to their missions but also have the need to provide fulfillment – be that through education and/or

entertainment – to those who visit their organizations. In order to serve their visitors effectively, it would be beneficial for the organization to “determine what the customer actually wants from [his/her] visit” (Thyne, 2001, 116-117). With this knowledge, an organization can better serve its clients, many of whom can be considered to be potential donors.

While this survey may result in an organization having to re-evaluate its mission, in most cases, fulfilling customer wishes results in the nonprofit fulfilling its mission. If the customer’s wishes do not meet the organization’s mission, the mission should probably be re-evaluated if customers are happy with the services being provided. By making customers satisfied, the nonprofit is more likely to create goodwill within the community and increase its fundraising success. As Sargeant notes, studies indicate that it costs significantly more to recruit a new donor than to retain an existing one (Sargeant, 2001). Nonprofits with a customer base that visits the organization for entertainment and/or education, such as museums, could have a built-in process for identification of potential donors interested in the nonprofits’ missions by collecting information about its visitors. Therefore, satisfied customers also increase an organization’s potential donor base because, in all likelihood, satisfied visitors are more likely to support the organization than someone who has not visited or who has visited and had a bad experience.

Test groups can also be effective when a nonprofit is preparing a large direct mailing. Before undertaking a large direct mailing, Warwick suggests sending up to three different letters focusing on separate marketing tactics to large test groups in order to determine the feasibility of the direct mail program (Warwick, 2004). By using this

strategy, large nonprofits that send direct mail pieces to tens of thousands or hundreds of thousand of recipients can actually save money. This process allows them to use test groups to determine which approach seems to be most effective and then mail that approach to the larger group.

Board/ Donor/Volunteer Recruitment and Relations

Similar to the use of environmental scanning for grantseeking, developing a database of potential donors and board members can result from CI research, specifically by using the CI technique of environmental scanning. Carefully tracking the local business community, including promotions and biographical information printed in newspapers and Chamber of Commerce publications can assist a nonprofit in compiling information about potential board members and donors. Wisely choosing potential board members alone can result in increased donations. Walker cites a study in which 89% of company executives involved with a nonprofit organization report that their involvement with the nonprofit benefits themselves personally. By becoming involved with a nonprofit organization, an executive becomes more aware of community needs and the involvement often results in an executive feeling more connected to the nonprofit, the people it serves, and the community in general. Some of the benefits of nonprofit board involvement mentioned by executives are personal satisfaction, personal development, broader outlook and an increased awareness of others' needs (Walker, 2002, 222). These benefits can connect an individual to the nonprofit and result in donations from the individual as well as a relationship where the individual can influence others to support the nonprofit organization.

In addition to encouraging donations from individuals, choosing board members wisely can also increase corporate giving. Walker states, “Charities were described as benefiting from financial input, including donations and support for corporate fundraising, and advice, expertise and useful contacts. Two-thirds of senior executives say that their company makes financial donations to charities in which they are involved” (222). The use of CI practices, specifically environmental scanning, can help nonprofits identify and recruit potential board members and donors and potentially increase giving from the corporate arena. Nonprofits can conduct research to identify companies whose business may benefit from the nonprofit’s services and target executives from this company. The nonprofit could also research executives new to the area to see if they had previously been involved with similar nonprofits in their previous jobs/places of residence.

In addition to researching potential board members and corporate donors, using CI to carefully research individual donor prospects can greatly enhance an organization’s chance of securing a donation from a particular donor. Research can help in the identification of prospective donors and help in securing donations from identified prospects. Organizations can use CI strategies to foster relationships with new and long-term donors.

Fitch points out that prospect research is a necessary part of a development office in order for fundraising to be successful. He also notes that to implement such programs, development office employees should familiarize themselves with prospect research software, but being avid newspaper readers can be more cost effective and more rewarding with relevant information (Fitch, 1994). While there may be an initial

investment required for effective prospect research, the return on investment can be large. As Bonkovsky notes, quality prospect research can result in the successful identification of and large gifts from major donors (Bonkovsky, 1994.)

Hogan declares that relationship fundraising is essential for fundraising success: "...Fund raising is about helping people do what is important to them. It is about connecting with a person's deepest values and providing them with a way to do something good" (Hogan, 2004, 2). In order to determine a donor's interests and values, a successful prospect research program is necessary. Rosso mentions the fact that in order to effectively develop a donor cultivation strategy, organizations must identify particular information about donor prospects. This information includes the prospect's potential capacity to make a gift, the level of financial support the prospect could afford/be willing to offer, why the prospect supports this and/or other organizations, and any other information that can help the organization build a relationship with the donor (Rosso, 2003, 352-354).

A comparative study of a nonprofit organization and its competitors is another tool that can be fruitful in gauging public perception of the charity and hence change that perception to attract donors and board members. The comparative study can also be used to recruit volunteers. Yavas and Riecken performed a comparative study to evaluate the public's opinion of Big Brothers/Big Sisters in relation to the public's opinion of Special Olympics. The results of this study helped Big Brothers/Big Sisters see where the public ranked them and the Special Olympics, a main competitor for volunteers, in perceived performance of volunteer motives (Yavas and Rieckin, 1997). By carefully researching

potential board members, donors and volunteers, nonprofits can potentially increase both individual and corporate giving.

General Industry Developments

The area of general industry developments is probably the most ignored area of potential CI within the nonprofit industry. A general feeling of cooperation exists among nonprofit organizations, so organizations rarely conduct formal studies of developments at related agencies and within the same arena (i.e., healthcare, arts, education, etc.) In fact, Klein does not even mention this type of information as “information you need for fundraising” (2001, 296). She limits the needed information to “information pertaining to current donors;” “information pertaining to prospects;” “information about the organization that will be used to get more donor prospects;” and “reference materials and records about past fundraising activities” (296). Most of the fundraising literature emphasizes a one dimensional approach to fundraising information that entails gathering information only about the organization and donor prospects. However, by staying current on developments within the industry as a whole, nonprofit organizations can be effective leaders within the industry and again be proactive rather than reactive.

Gelatt points out that it is necessary to continually monitor the “external world” in order to identify and act on opportunities and be aware of and plan appropriately for possible threats to the organization (2004). He recommends environmental scanning as the best way to monitor the external world and proposes a systematic approach of identifying and examining issues. Yet he points out that in order for this method to be effective, one must look at issues on a variety of levels and from a variety of sources. Most importantly, the information gathered must be carefully sorted and analyzed. An

organization cannot stop at the gathering level and expect scanning to be effective. It is a multi-step process. Gelatt also notes that scanning will make strategic planning easier because future threats and opportunities will have already been identified and analyzed (Gelatt, 2004). So while scanning takes time, it may ultimately prove to save time when it comes to areas that require research.

In addition to staying current on trends within the nonprofit world, nonprofits should stay up to date on trends within the industries specific to their mission. For example, nonprofits providing health care services should stay current on trends in health care; a nonprofit art museum should stay current on trends in the arts, etc. This can be especially important as increased competition exists for nonprofits with the entry of for-profits into service areas that, in the past, have been provided by non-profits (Alexander, 2000). Gitlin and Lyons (2004) note that in addition to discovering possible competitors, scanning for general industry developments can also provide insight into potential grant funding opportunities by revealing new trends and possible industry needs. Scanning helps nonprofits stay up to date on news about the environments in which they interact.

As Heimovics, Herman and Jurkiewicz (1993) suggest, nonprofits rely heavily on environments external to their own as they depend on external funding for survival. Their study discusses the fact that numerous changes to external environments – including new laws, new executives at corporations or competing nonprofits, budget shortfalls at corporations or governments that fund the nonprofit, etc. – can have a major impact on a nonprofit organization. Scanning can keep potential surprises to a minimum and provide direction in budgeting, solicitation planning and prospect identification.

Nonprofit CI Software

Generally, most nonprofits possess donor tracking software that enables storing information about donors, including name, address, phone number, biographical information, dates and amounts of donations, and dates and types of contacts by the organization. However, a new type of software is entering the marketplace.

In an attempt to capitalize on the emerging field of CI for nonprofits, Blackbaud – a company providing software solutions to nonprofits – recently introduced a software package to help nonprofits track intelligence they gather. The software is billed as the first software geared solely for nonprofit intelligence gathering (PR Newswire). This software may further the idea of nonprofits implementing the traditionally for-profit strategy of CI is using a roadmap on how to start the process and how to organize the information found. Unfortunately, little guidance about implementing and using CI in nonprofits exists in previous literature. Because it appears a formal CI process is not a common practice in nonprofits, the new software may take some time to penetrate its market.

Bouthillier and Shearer (2003) note that CI software producers have yet to develop a package that meets all the needs of competitive intelligence professionals, particularly when it comes to the software's ability to facilitate the analytical process necessary for a complete competitive intelligence program. Hashmi (2004) suggests that the use of embedded processes and intelligent agents could improve a company's competitive intelligence capabilities. The integration of these into both for-profit and nonprofit CI software packages could improve future software utility. As competitive intelligence within the nonprofit world is new, the software developed specifically for

competitive intelligence will probably also need improvements for complete utility within a nonprofit environment. Despite this, software could prove to be a valuable asset to nonprofits because Bouthillier and Shearer found that the CI software packages they reviewed also needed improvement – but still proved to be useful.

Conclusion

Several CI practices are identified in the literature as key to an effective fundraising campaign, including prospect research, grant research, focus groups, market research and staying abreast of industry developments. However, it is unclear whether nonprofits are employing any or all of these methods. No case-study literature was discovered that specifically surveys nonprofits' uses of these practices. Nor was any literature found that evaluates an entire CI process within nonprofits. However, this could be explained by the fact that these types of studies were conducted, but did not identify the processes as being competitive intelligence strategies or that the study focused only on one strategy, but again did not identify the strategy as being a competitive intelligence strategy.

Of the literature found that examines the use of CI practices within nonprofits, very few sources actually identify the practices as competitive intelligence. It seems competitive intelligence as a strategy, process or program has not been formally introduced or implemented in the nonprofit arena as a whole. While some individual organizations may have aspects of a CI program, or even a full-fledged CI program, it is not a standard practice. The reasons for this lack of implementation have yet to be thoroughly evaluated but could involve a lack of time, resources and training. The lack of implementation could also result from the fact that it has not been examined in the

literature. While some CI-type processes are discussed, a full-fledged, strategic competitive intelligence practice does not seem to be a standard feature of fundraising within the nonprofit arena.

Chapter 3

Methods

This pilot study uses both qualitative and quantitative methods. The quantitative methods seek to determine how many professional fundraisers currently use CI methods at their nonprofit organizations and how many of the given CI methods are being used. The qualitative methods attempt to find associations between an organization's use of CI methods and its degree of fundraising success as well as what types of organizations are using CI methods. The qualitative methods also attempt to determine which CI methods seem to be most effective in contributing to fundraising success. The results of this study could apply to both effective fundraising practices as well as effective nonprofit management processes as a whole.

Assumptions

In conducting this study, it was assumed that the person responding to the survey had credible knowledge of his/her organization's fundraising program and practices and a reasonable knowledge base to determine the fundraising success of his/her organization. It was also assumed that the respondent possessed the knowledge to describe fundraising benefits gained from the implementation of CI practices and the ability to evaluate what could be hindering the organization from implementing CI practices.

Participants

Those polled were members of the Association of Fundraising Professionals. The Association of Fundraising Professionals (AFP) represents 26,000 members in 174 chapters throughout the United States, Canada, Mexico, and China working to advance philanthropy through advocacy, research, education, and certification programs.

Founded in 1960, the Association of Fundraising Professionals (AFP) is the professional association of individuals responsible for generating philanthropic support for a wide variety of nonprofit, charitable organizations (Association of Fundraising Professionals). While other nonprofit professional organizations exist, this is the premier organization for professional development focused on nonprofit fundraising. There are also nonprofit fundraising professional organizations that focus on specific nonprofit industries (CASE, for example, focuses on fundraising in higher education), but AFP has a more varied membership. In addition, there are fundraising professional organizations that focus on specific aspects of fundraising, such as the Association for Professional Researchers for Advancement, which serves 2,100 fundraisers who specialize in research and information management. In contrast, AFP serves professionals involved in all aspects of fundraising.

An e-mail was sent to the listserv of AFP. In order to subscribe to the AFP listserv, one must enter his/her AFP membership number and online access password. However, not all AFP members subscribe to the national AFP listserv, so an additional four chapters were included. An e-mail was sent to the primary contacts of the following AFP chapters: Hampton Roads; Central Virginia; Great Smoky Mountain Chapter; and Nashville Chapter. The chapter contacts were asked to forward the e-mail invitation to their chapter members. Each chapter monitors its own listserv distribution list. These four chapters represent areas with varying sizes of metropolitan areas and members in both rural, urban and suburban areas. These factors could result in a more diverse representation of organizations with varying fundraising challenges.

Potential participants initially received an e-mail that included a link to the survey, general study information, confidentiality information, contact information for information about the study or procedures, and participation information. Chapter membership ranges from just over 70 to just over 100 members per chapter. Again, similar to the national listserv, not all members subscribe to the chapter listservs. Because the chapter representative forwarded the e-mail, the exact number of people who received the e-mail is unknown. However, 56 respondents participated in the survey. The sample is an unknown percentage of the total number invited to participate. Because the survey was anonymous, demographics and details of the participants are not known.

Variables and Values

The primary variables examined in this study were the dependent variable of fundraising success and the independent variable of CI practices. Though previously defined in chapter one, the definition of fundraising success in the survey was interpreted by the fundraiser taking the survey. Because each organization is unique, the survey did not indicate a specific definition of fundraising success; rather, it allowed the individual participant to determine this success by his/her own standards. In this study, fundraising success is based on the fundraising benefits identified by respondents.

The values that measured the use of specific CI practices in the survey administered were “yes,” “no,” and “don’t know.” Any CI-specific question left blank was assigned the value of “missing.” Specific values were also assigned to factors most likely to hinder an organization’s CI efforts, size of organizational budget and type of non-profit organization. (See the actual survey in Appendix A for more details.)

No names or identifying information of participants were collected. Data was stored securely and was made available only to persons conducting the study. No reference will be made in oral or written reports which could link participants to the study.

Instrumentation

The survey (Appendix A) was conducted via the World Wide Web. The survey was posted on www.freeonlinesurveys.com and AFP members were asked via e-mail to visit this site to participate. The survey included seven questions, two of which were open-ended questions designed to elicit responses about what CI strategies seemed to be most productive and how the strategies improved fundraising effectiveness. The open-ended questions allowed for responses that may provide further insight into what fundraising professionals consider successful practices as well as successful fundraising.

Data Analysis

The responses were evaluated by the researcher. The answers to questions one through four were compiled and analyzed with the help of Microsoft Excel 2002. The answers were looked at on their own, as a total number of results. The answers were also broken down by nonprofit industry, organizational budget size and whether or not the organization believes it has for-profit competitors (questions five through seven.) A document was created for each of the 11 separate industries identified, the four organizational budget sizes identified, and those who did and did not believe they had for-profit competitors. The answers to questions one through four were indicated in these documents.

Limitations

Several problems arose in this study. One was the establishment of a standard for successful fundraising; each nonprofit organization has different criteria that define “successful” fundraising. The distribution of the survey via e-mail could be a problem with the proliferation of “junk” e-mails being sent. Some association chapters were hesitant to forward e-mail because it could have resulted in multiple requests for information to be sent that may or may not be relevant to the chapter’s activities. In addition, the surveying method may have resulted in responses from people who were only somewhat involved in the fundraising process and not fully knowledgeable about the subject and/or organization. Finally, a representative sample cannot be guaranteed. The best way to ensure a representative sample would be to administer the survey on a nationwide basis in a manner that would guarantee geographic diversity, organizational diversity (including organization type and organization budget), and fundraising knowledge. One could also choose to focus on a particular geographic area. Case studies of specific nonprofit organizations could also be valuable. It would also be helpful to administer the survey at a conference of fundraisers where attendees are not all necessarily members of the Association of Fundraising Professionals, but who are directly involved in fundraising. Because this is a pilot study and the scope of this pilot study is smaller than that of a full-scale study, these measures were not implemented.

Chapter 4

Results

Summary

The purpose of this study was to evaluate what, if any, CI practices were being used by nonprofit organizations. The methods and procedures were designed to determine what common types of CI strategies may be in process at organizations and what features of the organization may encourage or prevent the use of these practices. The data also provided an opportunity to see what the surveyed fundraisers considered to be successful fundraising practices.

Analysis of Data

A total of 56 people responded to the survey. The results were analyzed as a whole as well as by organizational budget, type of organization and whether or not the respondents perceived their organization as having for-profit competitors. Most of the respondents were using from five to seven of the pre-identified strategies (Table 4.1.) The majority of respondents indicated that their organizations were using the competitive intelligence methods specified in the survey (Table 4.2.)

Despite the fact that none of the strategies had been implemented by 100% of the responding organizations, only two of the listed strategies were being used by less than half of the responding organizations. Thus, the hypothesis that very few nonprofits have implemented an extensive amount of competitive intelligence practices was inaccurate. The most prevalent strategy being used was searching a specific grants database or grant-specific print source for prospective grant funding. The least common strategy being used was conducting focus groups.

Table 4.1 Number of Strategies Implemented by Respondents

Number of Strategies Implemented	Number of Respondents
0	1
1	1
2	1
3	3
4	4
5	10
6	20
7	13
8	3

Table 4.2. Respondents' Use of and Productivity Ranking of Identified CI Strategies

Intelligence Strategy Identified in Survey	No. (%) Responding Strategy Being Used	No. (%) Using Strategy Who Considered the Strategy to be a Top Three Most Productive Strategy
Searching a specific grants database or grant-specific print source for prospective grant funding	51 (91%)	26 (51%)
Scanning newspapers/other sources for information to identify potential individual or corporate donors and/or grant sources who have given to other organizations	50 (89%)	27 (54%)
Scanning newspapers and/or other sources to identify marketing campaigns of other nonprofit organizations	46 (82%)	7 (15%)
Scanning newspapers/other sources for information about current donors/prospects (i.e. promotions, marriages, etc.)	45 (80%)	21 (47%)
Scanning newspapers/other sources for general information about trends within the industry	43 (77%)	10 (23%)
Searching a specific business database to identify possible corporate donors	35 (63%)	9 (26%)
Searching a specific biographical database for information about potential or current donors and/or board members	25 (45%)	8 (32%)
Conducting focus groups with stakeholders	18 (32%)	14 (78%)

One reason the strategy of searching for grants was being used by so many may be the fact that it is seen as being a very productive strategy. In fact, it ranked second when participants were asked to choose the top three most productive strategies of the pre-identified strategies in the survey, right behind the strategy of scanning newspapers/other sources for information to identify potential individual or corporate donors and/or grant sources who have given to other organizations. Most comprehensive grants databases require a fee for access. Based on the responses regarding the productivity of strategies, this fee seems to be worth the results being gained by accessing the databases. The results regarding the most productive strategies are shown in Figure 4.1.

Comparison of CI Strategies by Organizational Budget

Surprisingly, organizations with smaller budgets responded that they were using about the same amount of competitive intelligence strategies as those with larger budgets, with one exception. The strategies used within a particular budget parameter are shown in Table 4.3. A trend appeared in this table whereby frequently used strategies seemed to be used by 80% or more of respondents. When looking at the number of strategies used by 80% or more of respondents within a budget category, organizations with budgets between \$1,000,000 and \$2,000,000 were more likely to be using more CI strategies. The numbers of strategies used by 80% or more of organizations within a particular budget parameter are shown in Figure 4.2. It was initially hypothesized that organizations with larger budgets would be

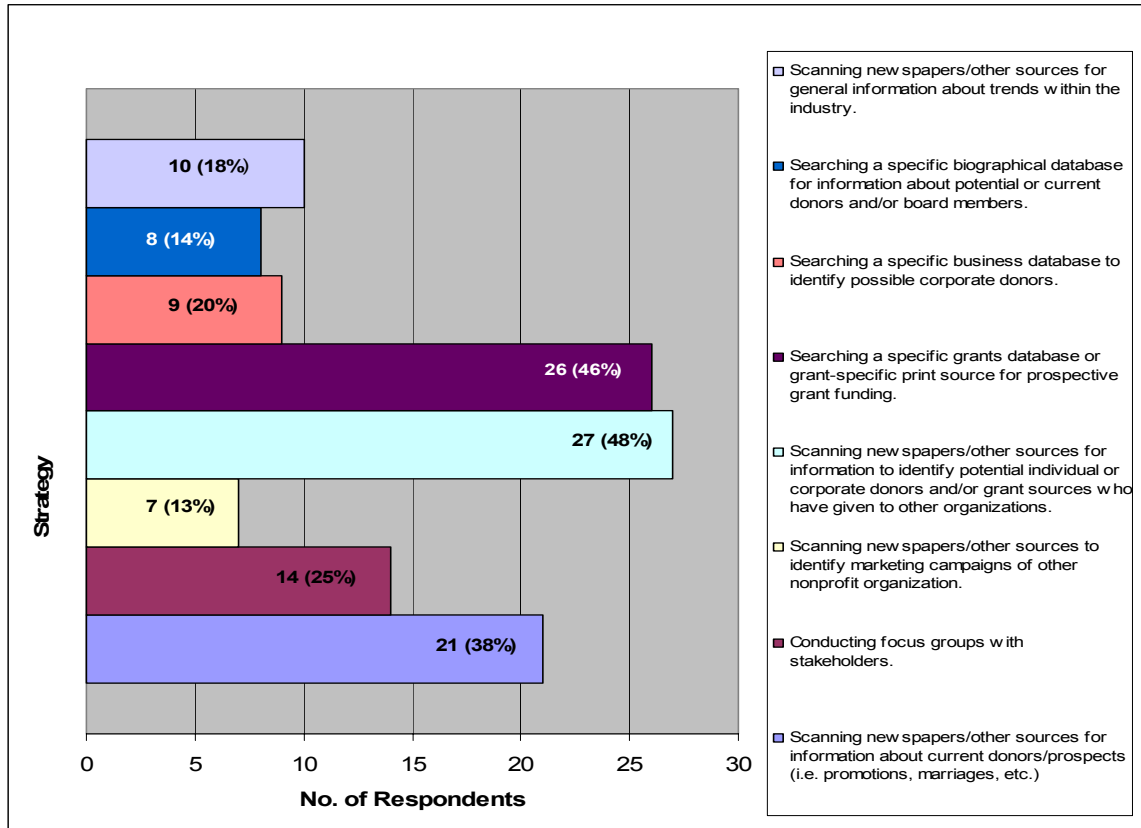


Figure 4.1. Number of Respondents Ranking Strategies as a Top Three Most Productive

Table 4.3. Strategies Implemented by Organizational Budget

Strategy	No. (%) of Respondents with Budget of Less than \$500,000 Who Had Implemented Strategy	No. (%) of Respondents with Budget of \$500,000 to \$1,000,000 Who Had Implemented Strategy	No. (%) of Respondents with Budget of \$1,000,000 to \$2,000,000 Who Had Implemented Strategy	No. (%) of Respondents with Budget of More than \$2,000,000 Who Had Implemented Strategy
Scanning newspapers/other sources for information about current donors/prospects (i.e. promotions, marriages, etc.)	8 (73%)	4 (67%)	9 (82%)	24 (86%)
Conducting focus groups with stakeholders	4 (36%)	1 (17%)	5 (45%)	8 (29%)
Scanning newspapers/other sources to identify marketing campaigns of other nonprofit organization	9 (82%)	5 (83%)	11 (100%)	21 (75%)
Scanning newspapers/other sources for information to identify potential individual or corporate donors and/or grant sources who have given to other organizations	10 (91%)	5 (83%)	11 (100%)	24 (86%)
Searching a specific grants database or grant-specific print source for prospective grant funding	11 (100%)	5 (83%)	9 (82%)	26 (93%)
Searching a specific business database to identify possible corporate donors	6 (55%)	3 (50%)	7 (64%)	19 (68%)
Searching a specific biographical database for information about potential or current donors and/or board members	4 (36%)	2 (33%)	2 (18%)	17 (61%)
Scanning newspapers/other sources for general information about trends within the industry	7 (64%)	4 (67%)	11 (100%)	21 (75%)

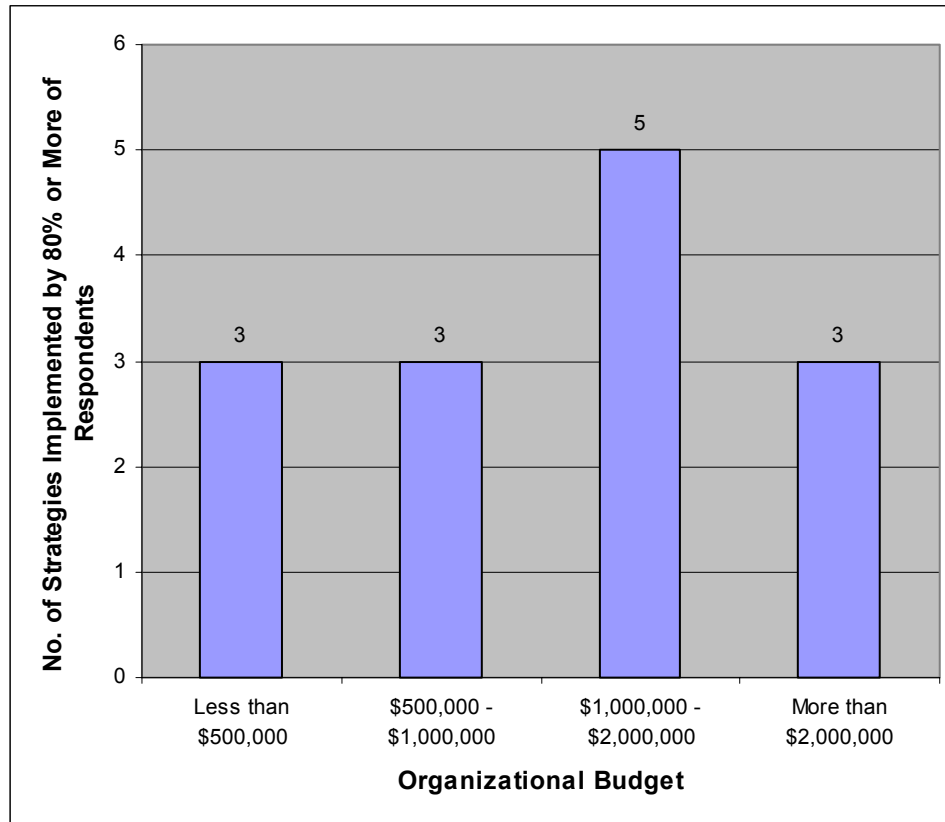


Figure 4.2. Number of Strategies that had Been Implemented by 80% or More of Respondents by Organizational Budget

using more competitive intelligence strategies. The results of this study indicate that all budget sizes are using the identified competitive intelligence strategies, but those with smaller budgets are not using a significantly smaller amount of strategies than those with larger budgets. The most popular strategy used by those in the smallest budget range was a strategy that may require paid subscriptions or going to a library for free access (searching a specific grants database or grant-specific print source for prospective grant funding.) This strategy was used by 100% of organizations with a budget of less than \$500,000. This was the only strategy used by 100% of respondents within that budget range. The budget ranges of \$500,000 to \$1,000,000 and more than \$2,000,000 did not have any strategies being used by all respondents. However, the budget range of \$1,000,000 to \$2,000,000 had three strategies being used by 100% of the responding organizations. Those were scanning newspapers and/or other sources to identify marketing campaigns of other nonprofit organizations, scanning newspapers/other sources for information to identify potential individual or corporate donors and/or grant sources who have given to other organizations and scanning newspapers/other sources for general information about trends within the industry. Surprisingly, the strategy of searching a grants database was only being implemented by 82% of organizations responding within this budget category, a stark contrast to the organizations responding within the less than \$500,000 budget category. Perhaps those with smaller budgets are more likely to implement a strategy that may require them to pay for access to a database because their small budget and size may put them at a disadvantage when competing for funds with larger organizations.

In addition, organizations with smaller budgets may be newer and still building a donor base as well as building name recognition with corporate and foundation donors. They are also learning name recognition of these potential donors as well. Organizations with larger budgets may already feel secure in their funding base for grants.

Comparison of CI Strategies by Organizational Type

An analysis of strategies used by organizations of a particular type was performed on organization types that had more than one response. The classification of organizational type by the 56 total respondents is shown in Figure 4.3. The responses regarding strategies used are broken down by organizational type in Table 4.4 through Table 4.10. Based on organization type, a wide variety seems to exist in the number of strategies used and specific strategies used. However, without further evaluation, it is difficult to determine what, if any, relationship exists in regard to the number of strategies used and the type of organization. An evaluation of budget, length of organizational existence and donor base (i.e. local, national, or international donor base) may provide more insight into whether the organization type affects the number of strategies used. This information would help a researcher better evaluate if it was the actual organization type that affects the implementation of CI strategies, rather than the factors listed above. For example, a small health care clinic and a large hospital would both be considered health care, but the two would have very different budgets, donor base, etc. Also the length of an organization's existence may play a role and could skew results when looking at organization type without looking at this factor.

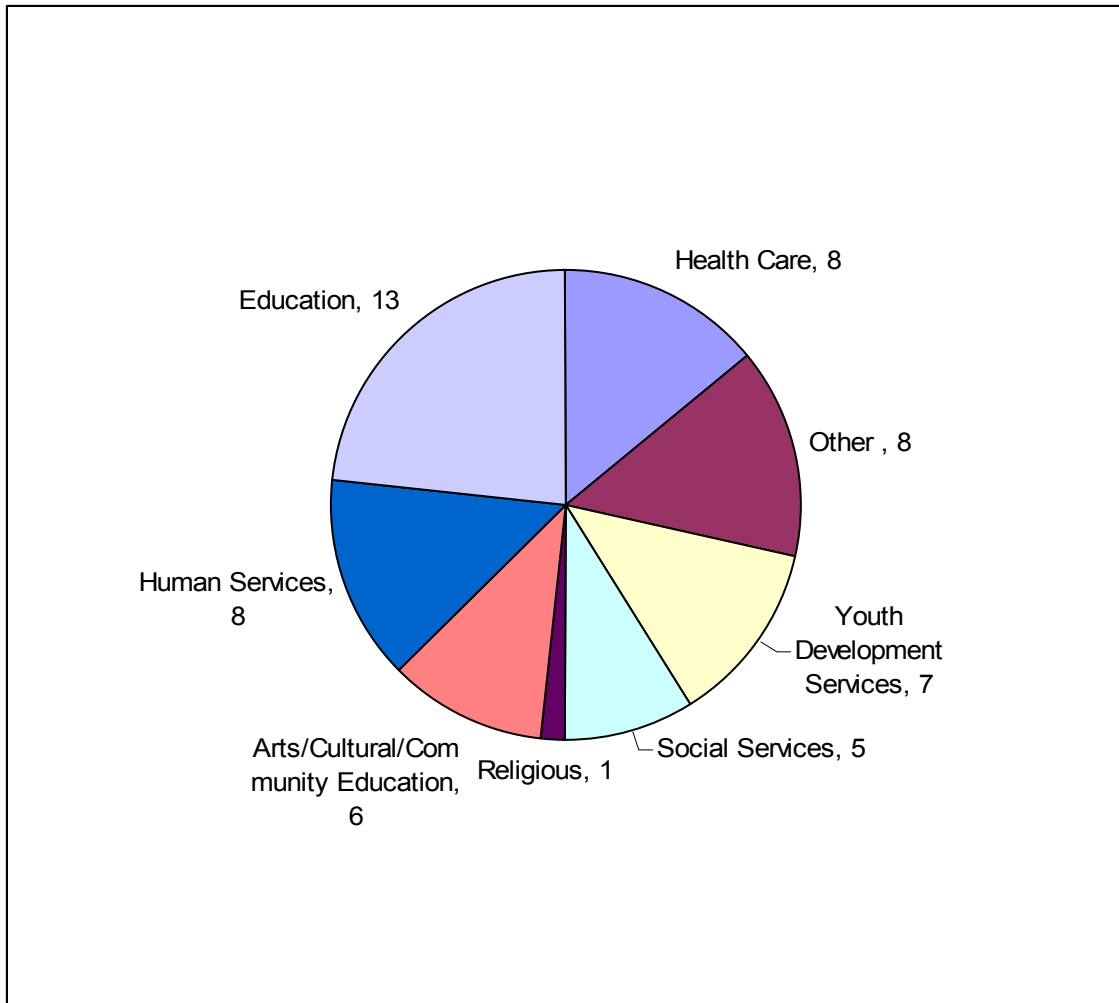


Figure 4.3. Respondents by Organizational Type

Table 4.4. Strategies Implemented by Arts/Cultural/Community Education Organizations

Strategy	No. (%) in Arts/Cultural/Community Education Who Had Implemented Strategy
Scanning newspapers/other sources for information about current donors/prospects (i.e. promotions, marriages, etc.)	4 (67%)
Conducting focus groups with stakeholders	0 (0%)
Scanning newspapers/other sources to identify marketing campaigns of other nonprofit organization	4 (67%)
Scanning newspapers/other sources for information to identify potential individual or corporate donors and/or grant sources who have given to other organizations	5 (83%)
Searching a specific grants database or grant-specific print source for prospective grant funding	4 (67%)
Searching a specific business database to identify possible corporate donors	2 (33%)
Searching a specific biographical database for information about potential or current donors and/or board members	1 (17%)
Scanning newspapers/other sources for general information about trends within the industry	3 (50%)

Table 4.5. Strategies Implemented by Education Organizations

Strategy	No. (%) in Education Who Had Implemented Strategy
Scanning newspapers/other sources for information about current donors/prospects (i.e. promotions, marriages, etc.)	13 (100%)
Conducting focus groups with stakeholders	5 (38%)
Scanning newspapers/other sources to identify marketing campaigns of other nonprofit organization	9 (69%)
Scanning newspapers/other sources for information to identify potential individual or corporate donors and/or grant sources who have given to other organizations	13 (100%)
Searching a specific grants database or grant-specific print source for prospective grant funding	13 (100%)
Searching a specific business database to identify possible corporate donors	10 (77%)
Searching a specific biographical database for information about potential or current donors and/or board members	10 (77%)
Scanning newspapers/other sources for general information about trends within the industry	9 (69%)

Table 4.6. Strategies Implemented by Healthcare Organizations

Strategy	No. (%) in Healthcare Who Had Implemented Strategy
Scanning newspapers/other sources for information about current donors/prospects (i.e. promotions, marriages, etc.)	8 (100%)
Conducting focus groups with stakeholders	3 (38%)
Scanning newspapers/other sources to identify marketing campaigns of other nonprofit organization	8 (100%)
Scanning newspapers/other sources for information to identify potential individual or corporate donors and/or grant sources who have given to other organizations	7 (88%)
Searching a specific grants database or grant-specific print source for prospective grant funding	8 (100%)
Searching a specific business database to identify possible corporate donors	5 (63%)
Searching a specific biographical database for information about potential or current donors and/or board members	5 (63%)
Scanning newspapers/other sources for general information about trends within the industry	7 (88%)

Table 4.7. Strategies Implemented by Human Services Organizations

Strategy	No. (%) in Human Services Who Had Implemented Strategy
Scanning newspapers/other sources for information about current donors/prospects (i.e. promotions, marriages, etc.)	6 (75)
Conducting focus groups with stakeholders	5 (63%)
Scanning newspapers/other sources to identify marketing campaigns of other nonprofit organization	8 (100%)
Scanning newspapers/other sources for information to identify potential individual or corporate donors and/or grant sources who have given to other organizations	7 (88%)
Searching a specific grants database or grant-specific print source for prospective grant funding	8 (100%)
Searching a specific business database to identify possible corporate donors	4 (50%)
Searching a specific biographical database for information about potential or current donors and/or board members	2 (25%)
Scanning newspapers/other sources for general information about trends within the industry	8 (100%)

Table 4.8. Strategies Implemented by Religious Organizations

Strategy	No. (%) in Religious* Who Had Implemented Strategy
Scanning newspapers/other sources for information about current donors/prospects (i.e. promotions, marriages, etc.)	1 (100%)
Conducting focus groups with stakeholders	0 (0%)
Scanning newspapers/other sources to identify marketing campaigns of other nonprofit organization	1 (100%)
Scanning newspapers/other sources for information to identify potential individual or corporate donors and/or grant sources who have given to other organizations	0 (0%)
Searching a specific grants database or grant-specific print source for prospective grant funding	1 (100%)
Searching a specific business database to identify possible corporate donors	0 (0%)
Searching a specific biographical database for information about potential or current donors and/or board members	0 (0%)
Scanning newspapers/other sources for general information about trends within the industry	1 (100%)

**Only one respondent*

Table 4.9. Strategies Implemented by Social Services Organizations

Strategy	No. (%) in Social Services Who Had Implemented Strategy
Scanning newspapers/other sources for information about current donors/prospects (i.e. promotions, marriages, etc.)	3 (60%)
Conducting focus groups with stakeholders	1 (20%)
Scanning newspapers/other sources to identify marketing campaigns of other nonprofit organization	4 (80%)
Scanning newspapers/other sources for information to identify potential individual or corporate donors and/or grant sources who have given to other organizations	5 (100%)
Searching a specific grants database or grant-specific print source for prospective grant funding	5 (100%)
Searching a specific business database to identify possible corporate donors	3 (60%)
Searching a specific biographical database for information about potential or current donors and/or board members	3 (60%)
Scanning newspapers/other sources for general information about trends within the industry	4 (80%)

Table 4.10. Strategies Implemented by Youth Development Organizations

Strategy	No. (%) in Youth development/services Who Had Implemented Strategy
Scanning newspapers/other sources for information about current donors/prospects (i.e. promotions, marriages, etc.)	4 (57%)
Conducting focus groups with stakeholders	2 (29%)
Scanning newspapers/other sources to identify marketing campaigns of other nonprofit organization	6 (86%)
Scanning newspapers/other sources for information to identify potential individual or corporate donors and/or grant sources who have given to other organizations	6 (86%)
Searching a specific grants database or grant-specific print source for prospective grant funding	6 (86%)
Searching a specific business database to identify possible corporate donors	5 (71%)
Searching a specific biographical database for information about potential or current donors and/or board members	3 (43%)
Scanning newspapers/other sources for general information about trends within the industry	5 (71%)

Analysis of Methods Used By Respondents and Their Perception of Competitors

Comparing the number of strategies implemented in relation to whether or not the organization perceives itself as having for-profit competitors showed a tendency for organizations who believe they have for-profit competitors to be implementing slightly more competitive intelligence strategies than those who do not perceive competition.

Table 4.11 shows the strategies implemented by respondents based on perception of for-profit competition.

The slightly higher number of strategies implemented by those who perceive competition by for-profit ventures seems to indicate this may a factor affecting the use of competitive intelligence strategies. The three strategies implemented by those

Table 4.11. Strategies Implemented by Perception of For-Profit Competition

Strategy	Perceive For-Profit Competition	Do Not Perceive For-Profit Competition
Scanning newspapers/other sources for information about current donors/prospects (i.e. promotions, marriages, etc.)	20 (83%)	25 (78%)
Conducting focus groups with stakeholders	7 (29%)	11 (34%)
Scanning newspapers/other sources to identify marketing campaigns of other nonprofit organization	20 (83%)	26 (81%)
Scanning newspapers/other sources for information to identify potential individual or corporate donors and/or grant sources who have given to other organizations	23 (96%)	27 (84%)
Searching a specific grants database or grant-specific print source for prospective grant funding	22 (92%)	29 (91%)
Searching a specific business database to identify possible corporate donors	14 (58%)	21 (66%)
Searching a specific biographical database for information about potential or current donors and/or board members	12 (50%)	13 (41%)
Scanning newspapers/other sources for general information about trends within the industry	21 (88%)	22 (69%)

who do not perceive for-profit competition (scanning newspapers/other sources to identify marketing campaigns of other nonprofit organizations, scanning newspapers/other sources for information to identify potential individual or corporate donors and/or grant sources who have given to other organizations and searching a specific grants database or grant-specific print source for prospective grant funding) were also implemented by those who do perceive for-profit competition. In addition to these three strategies, those who perceived for-profit competition also used the strategies of scanning newspapers/other sources for information about current donors/prospects (i.e. promotions, marriages, etc.) and scanning newspapers/other sources for general information about trends within the industry.

Analysis of Each Method And Its Most Likely Users

Of the 45 respondents who were scanning newspapers/other sources for information about current donors/prospects (i.e. promotions, marriages, etc.), 13 were in education, eight were in health care, six in human services, six were “other”, four were arts/cultural/community services, four were youth development, three were social services, and one was religious. Eight had a budget of less than \$500,000 and four had a budget of \$500,000 to \$1 million. Twenty-four had a budget of more than \$2 million. Nine had a budget of \$1 to \$2 million. Twenty-five did not perceive for-profit competition, while 20 did.

Of the 18 respondents who were conducting focus groups with stakeholders, five identified themselves as being in the field of education, five were in human services, three were in healthcare, one in social services, two in youth development and two in

“other”. Four had a budget of less than \$500,000. One had a budget of \$500,000 to \$1 million. Five had a budget of \$1 to \$2 million and eight had a budget of more than \$2 million. Seven perceived for-profit competition while eleven did not.

Most of the 46 respondents who were scanning newspapers/other sources to identify marketing campaigns of other nonprofit organization were from the field of education, which had nine total respondents. Four were arts/cultural/community services, eight were health care, eight were human services, one was religious, four were social services, six were youth development, and six were other. Nine had budgets of less than \$500,000. Five had budgets of \$500,000 to \$1 million and eleven had budgets of \$1 to \$2 million. Twenty-one had budgets of more than \$2 million. Twenty-six did not perceive for-profit competition while 20 did.

Out of the 50 respondents who were scanning newspapers/other sources for information to identify potential individual or corporate donors and/or grant sources who have given to other organizations, most (13) came from the field of education. There were seven respondents from the fields of healthcare, human services and other. Six respondents came from youth development/services. There were five respondents each in the field of arts/cultural community education and the field of social services. Ten of the respondents came from organizations with budgets of less than \$500,000. Five had budgets of \$500,000 to \$1,000,000 and 11 had budgets of \$1,000,000 to \$2,000,000. Twenty-four respondents had budgets of more than \$2 million. Twenty-three respondents using this strategy perceived for-profit competition; 27 did not.

Those respondents who were searching a specific grants database or grant-specific print source for prospective grant funding came from a variety of organization types, with

most (13) coming from education. There were eight respondents each from health care and human services. There were six respondents each from youth development/services and from other. Five hailed from social services, four from arts/cultural/community education and one from religious. Of the 51 respondents, most (26) had a budget of more than \$2 million. Nine had a budget of \$1 to \$2 million. Five indicated a budget of \$500,000 to \$1 million, while 11 indicated a budget of less than \$500,000. While 29 did not perceive for-profit competition, 22 did.

Of the 35 respondents indicating they were searching a specific business database to identify possible corporate donors, 10 were from the field of education, six from other, five from youth development and health care each, four from human services, three from social services and two from arts/cultural/community education. The majority (19) had a budget of more than \$2 million. Seven had a budget ranging from \$1 to \$2 million. Three had budgets of \$500,000 to \$1 million. Six had a budget of less than \$500,000. Only 14 respondents perceived for-profit competition; 21 did not.

Ten of the 25 respondents indicating they were searching a specific biographical database for information about potential or current donors and/or board members hailed from the field of education. Five were from health care and three each were from social services and youth development/services. Two indicated a human services affiliation and one each indicated an affiliation with other and with arts/cultural/community education. The majority (21) had a budget of more than \$2 million. Two respondents indicated they had budgets of \$1 to \$2 million, and two respondents indicated budgets of \$500,000 to \$1 million. Seven respondents had budgets of less than \$500,000. The perception of for-profit competition was close: 12 perceived for-profit competition and 13 did not.

Forty-three respondents were scanning newspapers/other sources for general information about trends within the industry. Of those, nine were from education, eight from human services, seven from health care, six from other, five from youth development/services, four from social services, three from arts/cultural/community services, and one from religious. The majority (21) had budgets of more than \$2 million. Eleven had budgets of \$1 to \$2 million. Four had budgets of \$500,000 to \$1 million. Seven had a budget of less than \$500,000. Again, the perception of for-profit competition was close: 21 perceived for-profit competition while 22 did not.

Fundraising Success Resulting From the Use of CI Strategies

The fundraising successes that respondents listed as having resulted from the use of competitive intelligence strategies represented all of the fundraising areas identified in the literature review as having potential to benefit from competitive intelligence except for nonprofit software, which is still a new venture. Of the listed benefits, 66 could be categorized as benefits affecting board/donor/volunteer recruitment and relations. Seven of the responses demonstrated a benefit in the area of grantseeking. Improved marketing appeared in four responses. Two responses indicated a better understanding of constituent expectations. The specific responses for each category can be found in Appendix C.

Most participants in this particular survey link at least some of their fundraising success to their use of competitive intelligence strategies. In fact, survey respondents report a variety of fundraising successes resulting from competitive intelligence. Specifically, respondents indicated improved targeted asks, increased gifts and an increased number of prospects through the use of competitive intelligence.

Factors Prohibiting CI Efforts

Respondents were asked to choose the three most likely factors to prohibit competitive intelligence efforts from a list of predefined factors. The number of respondents identifying the factors as a top three inhibiting factor is examined in Figure 4.4. The “other” factors identified included:

- Lack of senior staff (non-fundraising staff) understanding of the importance of outside data collection.
- Reliability of information is always a critical item, our research may peg someone as having a giving capacity of \$X while volunteers may only feel a rating of half that is warranted
- Reluctance of volunteers to see "competitors"
- Getting "Board Member" Participation
- Lack of board coordination on the strategies we have already identified is the greatest hindrance
- Technology

While some factors exist that were not pre-identified by the survey, the collected data agrees with the initial hypothesis in that the top three factors prohibiting the implementation of competitive intelligence efforts would be a lack of staff, lack of time and lack of funds.

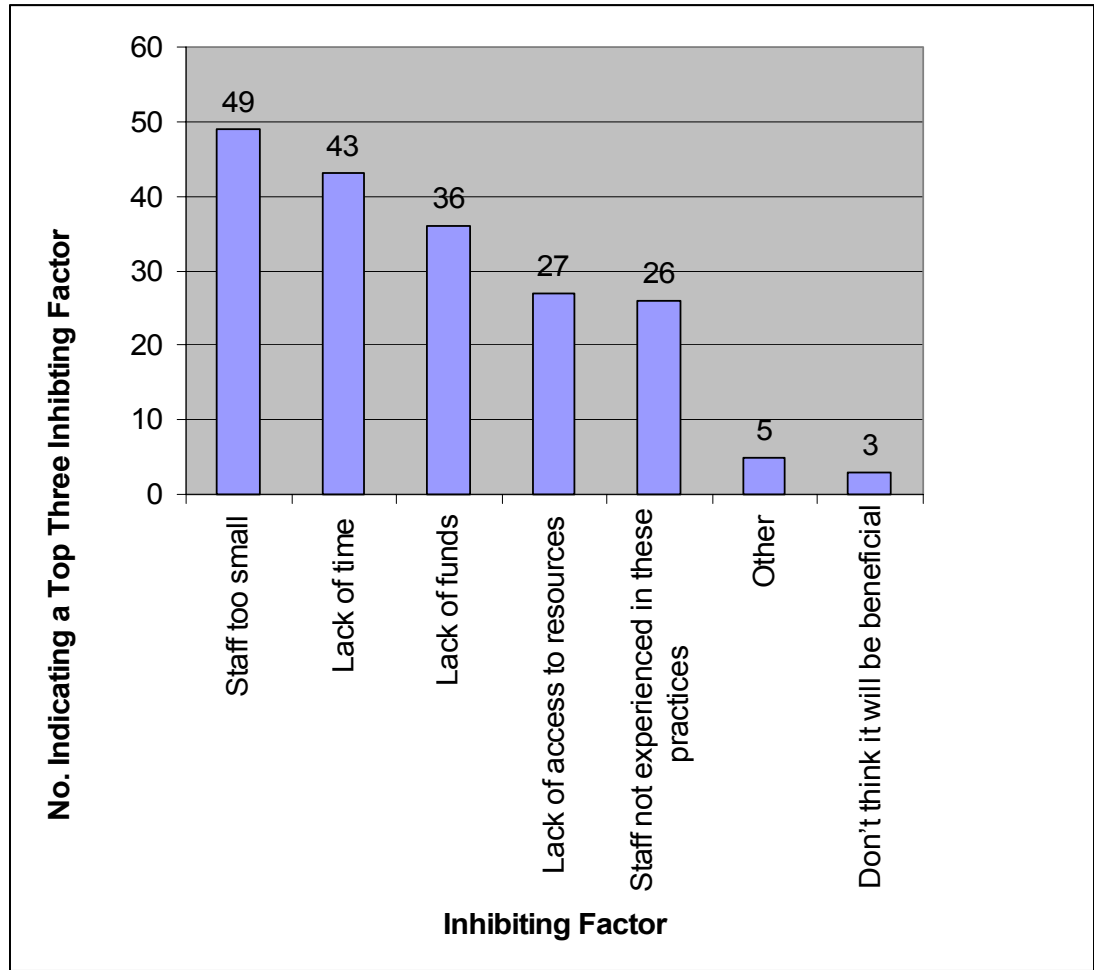


Figure 4.4. Number of Respondents Identifying Factor as a Top Three Inhibiting Factor

Chapter 5

Conclusion

From this pilot study, it can be concluded that nonprofit organizations' fundraising efforts can benefit from the use of competitive intelligence strategies. Of those organizations surveyed, all had implemented at least some of the pre-identified competitive intelligence strategies. Most of the respondents were able to identify specific fundraising successes as a result of their competitive intelligence efforts. The most prevalent identified successes included increased dollars raised, increased prospects and better targeted asks. The biggest barriers to implementing more strategies were identified as a lack of funding, a lack of time, and a lack of personnel. Despite these barriers, professional fundraisers employed by organizations of all budget sizes seem to be using competitive intelligence strategies. Those who perceive a competitive threat from for-profit businesses are using more competitive intelligence strategies than those who do not perceive a threat.

Overall, the AFP members surveyed have seen fundraising benefits from the implementation of competitive intelligence strategies, including both monetary and informational advantages. All of the members responding to the survey had implemented at least some of the survey's pre-identified strategies; there was no pre-identified strategy that no one was using.

The information presented in this study could be particularly useful for organizations that aren't sure that investing time and money into competitive intelligence will provide a return on investment. The fundraising successes gained from using these strategies may further encourage nonprofit managers to implement more strategies

within their organizations and may encourage managers and staff members to make competitive intelligence strategies a priority within the organization.

Review of Hypotheses

While one hypothesis was found to be incorrect, four of the five hypotheses were proven correct.

1. Nonprofit organizations have not implemented CI practices due to a lack of staff.

This hypothesis was proven correct. Lack of staff was ranked as the main reason organizations were not able to implement a comprehensive CI program. Of the 56 respondents, 49 ranked this as one of the top three inhibiting factors in developing a CI program.

2. Nonprofit organizations have not implemented CI practices due to a lack of time.

This hypothesis was also proven correct. Lack of time was ranked as a top three inhibiting factor by 43 of the 56 respondents and ranked second in the presented inhibiting factors.

3. Nonprofit organizations have not implemented CI practices due to a lack of funds.

The hypothesis that a lack of funds inhibited a CI program was proven correct also. Of the 56 respondents, 36 identified a lack of funds as a top three inhibiting factor. A lack of funds ranked third in the inhibiting factors.

4. The organizations with CI programs are more likely to have larger budgets.

The hypothesis that organizations with CI programs were more likely to have larger budgets was proven incorrect. Results from this study actually indicated that organizations with smaller budgets were using more CI strategies than those with larger budgets. However, those with larger budgets were using more strategies more frequently.

The budget range of \$1,000,000 to \$2,000,000 had three strategies being used by 100% of the responding organizations. The only other budget category to have strategies used by all respondents was the budget category of less than \$500,000. This was the strategy of searching a specific grants database or grant-specific print source for prospective grant funding.

5. Organizations that perceive for-profit businesses as competition – healthcare, some arts organizations, and some educational organizations – will be more likely to use CI practices than those that do not perceive for-profit competition.

The hypothesis was also proven correct. While fewer people indicate that they perceive for-profit competition, of those that do perceive the competition, more strategies were being used. Those who perceive for-profit competition had five strategies that had been implemented by 80% or more of the respondents. In contrast, those who did not perceive for-profit competition had only three strategies that were implemented by 80% or more of respondents.

Recommendations for Future Study

It would be beneficial to perform the same study with a broader number of respondents, particularly those in different geographical regions or focusing on one particular geographic area. The study could also be expanded to include more methods used in CI, such as SWOT analysis, financial analysis, industry analysis, issues management and competitor profiling. It would also be helpful to ask respondents to include a particular organization type if they identify their nonprofit as “other.” A case study of specific nonprofit organizations could also be valuable. It would also be interesting to carefully examine the relationship of particular strategies to specific fundraising successes. This may be done best by studying just one organization that has

indicated success and one that is in the implementation process. It may also be interesting to further examine the relationship of the length of time an organization has existed and how many competitive intelligence strategies are being used; it was interesting that organizations with smaller budgets were using more strategies. Research could also be performed to compare growth of an organization over time with CI practices.

It may also be interesting to study an organization's definition of scanning and other competitive intelligence terms. Are these organizations doing what they think they are doing? Are they doing it accurately and effectively? Tracking demographics of and learning more about fundraisers may also provide insight into the use of competitive intelligence. By knowing specifics, it could be determined whether competitive intelligence seems to be more likely to be performed by fundraisers of a particular generation or fundraisers with a particular educational background. More specific research could further enhance and encourage the use of competitive intelligence strategies in nonprofit organizations and may further the fundraising successes of these organizations.

Works Cited

Works Cited

- Albright, Kendra. "Environmental Scanning: Radar for Success." The Information Management Journal. 38.3 (2004): 38-45.
- Alexander, Jeffrey A. and Bryan J. Weiner. "The Adoption of the Corporate Governance Model by Nonprofit Organizations." Nonprofit Management and Leadership. 8.3 (1998): 223-242.
- Alexander, Jennifer. "Adaptive Strategies of Nonprofit Human Service Organizations in an Era of Devolution and New Public Management." Nonprofit Management and Leadership. 10.3 (2000): 287-303.
- Association of Fundraising Professionals. What is AFP?. Association of Fundraising Professionals. Accessed March 9, 2004
<http://www.afpnet.org/about_afp/what_is_afp>.
- Boice, Jacklyn P. "Take Nothing for Granted: How Thorough Research, Planning and Attention to Detail Can Mean the Difference Between Your Proposal's Approval and Rejection." Advancing Philanthropy July/August 2003: 23-27.
- Bonkovsky, James. "Integrating Quality Management into Prospect Research." Fund Raising Management 24.11 (1994): 24-26.
- Bouthillier, France and Kathleen Shearer. Assessing Competitive Intelligence Software: A Guide to Evaluating CI Technology. Medford, New Jersey: Information Today, Inc., 2003.
- Buxton, Pamela. "Looking Good for the Money." Design Week June 10, 2004: 18-19.
- Camarena, Janet. "A Wealth of Information on Foundations and the Grant Seeking Process." Computers in Libraries 20.5 (2000): 26-31.
- Campbell, Bruce. "Focus on the Heart of Your Donor." Fund Raising Management 27.4 (1996) : 12-15. Business Source Premier Document # 9606273578.
- Choo, Chun Wei. Information Management for the Intelligent Organization. New Jersey : Information Today, Inc., 2002.
- Fitch, Lawrence J. "Top Priority: Major Donor Research." Fund Raising Management 25.5 (1994): 27-29. Business Source Premier Document # 9411305844.
- Fleisher, Craig S. and Babette E. Bensoussan. Strategic and Competitive Analysis: Methods and Techniques for Analyzing Business Competition. New Jersey : Prentice Hall, 2003.

- Gelatt, James. "Scanning for Megatrends in the Nonprofit World." Contributions Magazine September/October 2000 Online. Internet. Accessed February 24, 2004 <<http://www.contributionsmagazine.com/sepoc00.html>>.
- Gitlin, Laura N. and Kevin J. Lyons. Successful Grant Writing: Strategies for Health and Human Service Professionals. New York : Springer Publishing Company, 2004.
- Greenfield, James. Fundraising Fundamentals: A Guide to Annual Giving for Professionals and Volunteers. New York : John Wiley & Sons, Inc, 2002.
- Hammack, David C. "Nonprofit Organizations in American History." American Behavioral Scientist 45.11 (2002): 1638-1674.
- Hankinson, Philippa. "Brand Orientation in the Charity Sector: A Framework for Discussion and Research." International Journal of Nonprofit and Voluntary Sector Marketing 6.3 (2001): 231-242.
- Hanson, John. "Breaking the Cycle of Marketing Disinvestment: Using Market Research to Build Organisational Alliances." International Journal of Nonprofit and Voluntary Sector Marketing 6.1 (2001) : 33-48.
- Hashmi, Naeem. "Embedded BI: Intelligence at Your Service." Intelligent Enterprise 7.9 (2004): 26-31.
- Heimovics, Richard D., Robert D. Herman and Carole Jurkiewicz Coughlin. "Executive Leadership and Resource Dependence in Nonprofit Organizations." Public Administration Review. 53.5 (1993): 419-427.
- Heinz, Don and Richard K. Robinson. "Nonprofits Need Surveys in Order to Serve Better." Honomichl June 7, 1999: June 7, 1999.
- Hogan, Cecilia. Prospect Research: A Primer for Growing Nonprofits. Boston: Jones and Bartlett Publishers, 2004.
- Joslyn, Heather. "Gaining Success by Degrees: More charity workers seek education in non-profit management programs." Chronicle of Philanthropy January 8 2004 Online. Internet. Accessed April 21, 2005 <<http://philanthropy.com/free/articles/v16/i06/06000601.htm>>
- Karsh, Ellen and Arlen Sue Fox. The Only Grant-writing Book You'll Ever Need. New York: Carroll and Graf Publishers, 2003.
- Kelly, Kathleen S. Fund Raising and Public Relations: A Critical Analysis. New Jersey : Lawrence Erlbaum Associates, 1991.

- Klein, Kim. Fundraising for Social Change. Oakland: Chardon Press, 2001.
- Klein, Kim. "Hiring a Development Director." Shelterforce November/December 1997: Accessed online 3/17/05 at <<http://www.nhi.org/online/issues/96/fundraising.html>>
- Knowlton, Lisa Wyatt. "Study Shows Gaps in Nonprofit Management – and Ways to Improve It: New Research Shines a Light on Ways to Strengthen Your Management and Hiring Practices." Nonprofit World 19.3 (2001): 29-31.
- Lindahl, Wesley E. and Aaron T. Conley. "Literature Review: Philanthropic Fundraising." Nonprofit Management and Research 13.1 (2002): 91-112.
- Liu, Yong and Charles Weinberg. "Are Nonprofits Unfair Competitors for Businesses? An Analytical Approach." Journal of Public Policy and Marketing 23.1 (2004): 65-79.
- Lublin, Joann S. "Compensation at Nonprofits is Scrutinized Amid Lawsuits." The Wall Street Journal 25 May 2004, issue 102: C1.
- Miller, David. "All of Society Profits from Nonprofits." Denver Business Journal 14 February 2003: Accessed online 3/15/05 at <<http://denver.bizjournals.com/denver/stories/2003/02/17/editorial4.html>>
- Murray, Milton and Ken Turpen. "Annual Reports that Raise Money." Fund Raising Management 27.4 (1996): 48-49.
- Nonprofit Business Advisor. "How Fund-Raisers Are Shifting Gears in Wake of Attacks." Nonprofit Business Advisor 5.148 (2002): 5-8.
- Nonprofit Business Advisor. "New Study Reveals Key Trends in IT at Nonprofits" Nonprofit Business Advisor 7.173 (2004): 11-12.
- PR Newswire. "New Blackbaud Solution Helps Nonprofit Leaders Make Informed Decisions; The Information Edge Drives Decision Making With a Single View of Nonprofit Activity." PR Newswire New York : United Business Media, 9 Feb. 2004.
- Pletzner, Cornelius M. "Creating Your Brochure." Nonprofit World 4.3 (1986): 23,38.
- Porter, Michael E. Competitive Strategy: Techniques for Analyzing Industry and Competitors New York: The Free Press, 1980.

- Robinson, Andy. "Finding Foundation Funders." Grassroots Fundraising Journal 23.2 (2004) : Accessed Online 10/24/04 at
<http://www.grassrootsfundraising.org/magazine/feature23_2.html>
- Rosso, Henry A. and Associates. Hank Rosso's Achieving Excellence in Fund Raising San Francisco, CA : Jossey Bass, 2003.
- Sargeant, Adrian. "Relationship Fundraising: How to Keep Donors Loyal." Nonprofit Management and Leadership 12.2 (2001): 177-192.
- Simon, Judy Sharken. "How to Conduct Focus Groups." Nonprofit World 17.5 (1999): 40-43.
- Spruill, Vikki. "Build Brand Identity for Causes, Not Groups." Chronicle of Philanthropy 13.17 (2004): 45-47.
- Staecker, Del. "The Fundraising Office of the Future: What will Fundraising be like in the future? Are you ready for the changes to come?" Nonprofit World 11.5 (1993): 8-11.
- Thyne, Maree. "The Importance of Values Research for Nonprofit Organisations: The Motivation-based Values of Museum Visitors" International Journal of Nonprofit and Voluntary Sector Marketing 6.2 (2001): 116-130.
- United States Census Bureau. 2003 Statistical Abstract of the United States Online. Internet. Accessed February 23, 2004
<<http://www.census.gov/prod/2004pubs/03statab/socinsur.pdf>>
- Vandeveire, Mary and Sheila Jacobs. "Charities in a Bind." Arizona Daily Star 1/4/04 Online. Internet. Accessed October 26, 2004
< <http://www.dailystar.com/dailystar/relatedarticles/4561.php>>
- Walker, Catherine. "Philanthropy, Social Capital or Strategic Alliance? The Involvement of Senior UK Business Executives With the Voluntary Sector and Implications for Corporate Fundraising" International Journal of Nonprofit and Voluntary Sector Marketing 7.3 (2002): 219-228.
- Warwick, Mal. Revolution in the Mailbox: Your Guide to Successful Direct Mail Fundraising. San Francisco: Jossey-Bass, 2004.
- Wu, Jonathan. "Business Intelligence: Recent Influences, Trends and Innovations." DM Review 14.8 (2004): 34-36, 69.

Yavas, Ugur and Riecken, Glen. "Conducting a Situation Analysis for Volunteer Organizations: An Improved Model." Marketing Intelligence and Planning 15.6 (1997): 265-272.

Zaniello, James. "Fundraising Gets Rough." Association Management 54.9 (2002) : 56-59.

Appendices

Appendix A

Survey of Competitive Intelligence (CI) Strategies Used by Fundraising Professionals

This study attempts to determine whether nonprofit fundraisers currently use competitive intelligence methods and how many of the given methods are being used. It also attempts to determine how the use of these methods can contribute to fundraising success and which methods seem to be most effective in contributing to fundraising success. The results of this study could apply to both effective fundraising practices as well as effective nonprofit management processes as a whole. Competitive intelligence generally consists of practices designed to further an organization's own goals. The practices help an organization be aware of industry trends, external perceptions of its own organization as well as other industry organizations, and activities of other competing organizations. The information in the study records will be kept confidential. No names or identifying information will be collected. Data will be stored securely and will be made available only to persons conducting the study unless you specifically give permission in writing to do otherwise. No reference will be made in oral or written reports which could link you to the study. Your participation in this study is voluntary. You may decline to participate without penalty. If you decide to participate, you may withdraw from the study at anytime without penalty and without loss of benefits to which you are otherwise entitled. If you withdraw from the study before data collection is completed your data will be returned or destroyed. Submission of the completed online survey constitutes consent to participate. If you have questions at any time about the study or the procedures, you may contact the researcher, Heidi Gillis, at hgillis@utk.edu, or (757) 825-2720. If you have any questions about your rights as a participant, contact the University of Tennessee Research Compliance Services section of the Office of Research at (865) 974-3466.

***1) Has your nonprofit organization ever used any of the following CI strategies?**

	Yes	No	Don't Know
a. Scanning newspapers/other sources for information about current donors/prospects (i.e. promotions, marriages, etc.)	☐	☐	☐
b. Conducting focus groups with stakeholders.	☐	☐	☐
c. Scanning newspapers/other sources to identify marketing campaigns of other nonprofit organization.	☐	☐	☐
d. Scanning newspapers/other sources for information to identify potential individual or corporate donors and/or grant sources who have given to other organizations.	☐	☐	☐
e. Searching a specific grants database or grant-specific print source for prospective grant funding.	☐	☐	☐
f. Searching a specific business database to identify possible corporate donors.	☐	☐	☐
g. Searching a specific biographical database for information about potential or current donors and/or board members.	☐	☐	☐
h. Scanning newspapers/other sources for general information about trends within the industry.	☐	☐	☐

***2)** If you have implemented any of the above strategies, which were most productive in terms of improving fundraising success? (List top three – or fewer if fewer were implemented. Providing letters (A-H) that correspond to the strategies listed above is sufficient.)

***3)** What fundraising/development benefits resulted from the strategy/strategies listed in question number two? (Some examples of benefits could be increase in giving to direct mail campaign, increase in prospects, improved targeted solicitation, etc. Indicate none if no benefits resulted.)

***4)** Of the following factors, which THREE are most likely to hinder your CI efforts? (Rank with one being the most likely, two the second most likely and three the third most likely. Please mark those that are not in the top three so that each line has a corresponding field marked.)

	One 1	Two 2	Three 3	Not a Top Three Factor 4
Staff too small	☐	☐	☐	☐
Staff not experienced in these practices	☐	☐	☐	☐
Lack of time	☐	☐	☐	☐
Lack of funds	☐	☐	☐	☐
Lack of access to resources	☐	☐	☐	☐
Don't think it will be beneficial	☐	☐	☐	☐
Other	☐	☐	☐	☐

5) If you ranked "other" in the above question as a top three factor, please specify what factor(s) is/are hindering your CI efforts.

***6)** The annual budget of my nonprofit organization as a whole is:

- ☐ Less than \$500,000
- ☐ \$500,000 - \$1,000,000
- ☐ \$1,000,000 - \$2,000,000
- ☐ More than \$2,000,000

***7)** My organization can be characterized as (Choose One):

- ☐ Health Care
- ☐ Education
- ☐ Human Services
- ☐ Arts/Cultural/Community Education
- ☐ Religious
- ☐ Social services
- ☐ Advocacy/Political
- ☐ Foundations
- ☐ Youth development/services
- ☐ Business/professional/trade
- ☐ Other (Please Specify):

***8)** Would you consider your organization to be in competition with related for-profit businesses?

- ☐ Yes
- ☐ No
- ☐ Undecided

Appendix B

Section 501. Exemption from tax on corporations, certain trusts, etc.

(a) Exemption from taxation

An organization described in subsection (c) or (d) or section 401(a) shall be exempt from taxation under this subtitle unless such exemption is denied under section 502 or 503.

(b) Tax on unrelated business income and certain other activities

An organization exempt from taxation under subsection (a) shall be subject to tax to the extent provided in parts II, III, and VI of this subchapter, but (notwithstanding parts II, III, and VI of this subchapter) shall be considered an organization exempt from income taxes for the purpose of any law which refers to organizations exempt from income taxes.

(c) List of exempt organizations

The following organizations are referred to in subsection (a):

(1) Any corporation organized under Act of Congress which is an instrumentality of the United States but only if such corporation -

(A) is exempt from Federal income taxes -

(i) under such Act as amended and supplemented before July 18, 1984, or

(ii) under this title without regard to any provision of law which is not contained in this title and which is not contained in a revenue Act, or

(B) is described in subsection (l).

(2) Corporations organized for the exclusive purpose of holding title to property, collecting income therefrom, and turning over the entire amount thereof, less expenses, to an organization which itself is exempt under this section. Rules similar to the rules of subparagraph (G) of paragraph (25) shall apply for purposes of this paragraph.

(3) Corporations, and any community chest, fund, or foundation, organized and operated exclusively for religious, charitable, scientific, testing for public safety, literary, or educational purposes, or to foster national or international amateur sports competition (but only if no part of its activities involve the provision of athletic facilities or equipment), or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private shareholder or individual, no substantial part of the activities of which is carrying on propaganda, or otherwise attempting, to influence legislation (except as otherwise provided in subsection (h)), and which does not participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of (or in opposition to) any candidate for public office.

This excerpt of the IRS code is from FindLaw for Legal professionals. The continuing text of section 501 can be found online at

<http://caselaw.lp.findlaw.com/scripts/ts_search.pl?title=26&sec=501>

Appendix C

Note: Some responses could be classified in more than one category. Those responses are listed under all applicable categories. Also, some responses were identical to others. These were included and listed multiple times so the reader could be aware of the frequency.

Responses Indicating Benefits in Board/Donor/Volunteer Recruitment and Relations

- Increase effectiveness in solicitation
- Improved understanding of donor interests
- Improved targeted solicitation
- Making more relationship connections
- Major gifts, capital campaign efforts
- Increase in number of prospects for major gifts campaign
- Prospecting
- Upgrading donors and board membership
- Over \$1.5 million in gifts and grants to an industry-specific training program
- Relationship building
- Expanded list of potential donors
- Capital and special campaign dollar increases
- Increase in prospects
- Improved targeted solicitation
- Increase in giving to capital campaign/major gifts
- Improved targeted solicitation and database segmentation
- Added to and updated donor database used for cultivation and solicitation

- Improved strategies for who should make ask (board member, CEO, etc) and ability to give (amount of ask)
- Led to identified major donor prospects for cultivation and solicitation
- Led to a personalized cultivation and solicitation based on information gathered
- New prospects
- Better targeting of prospects
- Building connectivity to potential donors and their circle of influence
- Increasing knowledge of giving patterns of business and corporate donors
- Targeted solicitation
- New marketing and fundraising strategies, as well as more potential donor names
- We are on the early stages of a capital campaign and are preparing our prospect lists and attempting to determine the appropriate amount for the ask in each instance
- Increased knowledge of current donors' social/community contacts
- Increased pool of prospective donor names to field with board members for developing solicitation strategies supported by them
- Ability to sort donors into specific prospect groups – major gifts, planned giving, etc.
- Perceived higher average donation
- Better response rates
- Better relationships with donors and potential donors
- Increase in individual giving

- Increase in prospects
- Improved target selection
- More targeted asks
- New donors
- Increased gifts
- Improved solicitation and agency placement as a source of information
- Increase in prospects
- Assisted in knowledge of knowing how much to ask of an individual donor or business
- Better interpersonal relationships with prospective donors but more important, in retaining present supporters
- Building relationships with current or prospective donors
- Gaining competitive intelligence on donors and their giving abilities if they are compelled by the cause
- Additional prospects and information
- The more specifics you can find about a company or an individual, the better you can tailor your ask, and be more successful
- Improved/increase board of directors improved targeted donors/prospects
- Only used for a capital campaign feasibility study
- Increase in prospects
- Increase in prospects
- Improved solicitation

- Increase in prospects
- New sponsors for events
- General better knowledge of our donors
- Increased base of donors/volunteers
- Improved networking
- Updated database of potential donors
- Increase in prospects
- Improved target solicitation
- Increase potential
- Increase funds
- Increase new sources
- Created special events that capitalized on new business prospects and also created opportunities for cultivation and solicitation of new donors
- Increased prospects
- Better idea of giving capability/targeted ask

Responses Indicating Benefits in Grantseeking

- Higher number of grant awards
- Over \$1.5 million in gifts and grants to an industry-specific training program
- Focused detailed grant acquisition and management
- Increased grant funding

- Have found other grant sources through scanning papers (industry and non-industry specific)
- Found appropriate funders, specifically for grants
- Increase in private foundation grants

Responses Indicating Benefits in Marketing

- Improved marketing efforts
- New marketing and fundraising strategies, as well as more potential donor names
- Generated ideas for marketing and/or fundraising strategies
- Increased awareness of project

Responses Indicating Improved Understanding of General Industry Developments

- New marketing and fundraising strategies, as well as more potential donor names
- Generated ideas for marketing and/or fundraising strategies
- Improved fundraising strategies
- No benefits yet, but it helps to know what others are doing

Responses Indicating Improved Understanding of Constituent Expectations

- Increased awareness of community focus
- Better interpersonal relationships with prospective donors but more important, in retaining present supporters

Vita

Heidi Holthaus Gillis was born in Towson, Maryland, on October 16, 1975. She was raised in Glen Arm, Maryland, and graduated from Dulaney High School in 1993. She then went on to Gettysburg College in Gettysburg, Pennsylvania, where in 1997 she earned a B.A. in English. After graduating from college, she served as the Assistant Director of Development and Public Relations at the InterFaith Health Clinic in Knoxville, Tennessee.

In July, 2003, she began work as the Director of Development and Alumni Affairs for Thomas Nelson Community College in Hampton, Virginia. After beginning her pursuit for her M.S. in Information Science from the University of Tennessee, Knoxville as an on-campus student in 2002, she completed her degree via distance education, and she earned her M.S. in Information Science in August, 2005.