



Teaching Public Relations

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Incorporating A Fund-Raising Module in A Principles Course

Kathleen S. Kelly, Ph.D., APR
University of Southwestern Louisiana
now University of Louisiana-Lafayette

In a recent survey I conducted of public relations sequences affiliated with the Association of Schools of Journalism and Mass Communication (ASJMC), 68% of the respondents (N=79) somewhat or strongly agreed that fund raising should be taught as part of public relations courses on fundamentals and principles (Kelly, 1991b). Yet only 4% of the educators agreed that current public relations textbooks do a good job of covering fund raising, or its euphemism development.

Supporting the majority opinion on this inadequacy, I found in a study on the treatment of fund raising in leading public relations textbooks that, generally, fund raising is given little attention (Kelly, in press). Of the nine texts analyzed, none was rated as very helpful for teaching students about fund raising, which is a growing, high-demand occupation and one that has significant impact on the practice of public relations in charitable organizations--those organizations in which our students often take their first jobs. As textbook authors Baskin and Aronoff (1988) state, "Fund-raising is a common problem shared by all these organizations and often becomes a priority of public relations practice" (p. 355).

The Body of Knowledge Task Force of the Public Relations Society of America (PRSA) Research Committee (1988) clearly intended that fund raising should be defined as a component of public relations education when it incorporated the subheading, "Fund-Raising," as the seventh element and function of the professional practice of public relations, along with media relations, community relations, financial and investor relations, internal relations, public affairs, and marketing, marketing support, and consumer relations.

Obviously, there is a gap between our agreement as scholar-teachers that fund raising should be integrated in public relations curricula and the information currently available in the leading textbooks. To help close that gap, I have developed a module on fund raising that can be incorporated in courses on public relations principles and fundamentals. The module is designed to cover three classroom hours, preferably spread over two sessions or more.

The fund-raising module is divided into three parts: (1) the history of philanthropy and fund raising; (2) donor publics; and (3) annual giving and major gifts programs.

FUND-RAISING MODULE

Depending on your organization of the principles course, fund raising can be introduced at various junctures. For example, as illustrated in Table 1, you may wish to cover fund raising, or donor relations, as you would investor relations, introducing it as one of the subfunctions, or specializations, of public relations practice. This would allow you to emphasize career opportunities in the field.

Table 1.
Public Relations Specializations
Segmented by Publics

1. Employee or Internal Relations
2. Community Relations
3. Investor Relations
4. Legislative or Government Relations
5. Member Relations
6. Media Relations
7. Donor Relations

For others, the most appropriate time to interject this topic will be in an early discussion of different publics for which public relations practitioners are responsible. One way to do this is to utilize Grunig and Hunt's (1984) application of Easman's four organizational linkages to the environment. By graphically presenting a charitable organization as a circle with four lines extending from its boundary, the instructor is able to help students identify donors as an "enabling" public--one that enables the organization to exist, much like the environmental interdependency between a public corporation and its investors.

Who are these donor publics? As with all publics, donors form around situations, or problems, and change from time to time and from organization to organization. Still, there are just three basic types of donor publics that students need to understand: individuals, corporations, and foundations. Before examining each of the three types, however, it is essential to provide students with a brief background on philanthropy and fund raising in the United States.

A NATION OF GIVERS

The average student finds it difficult to accept the concept of philanthropy, primarily because he or she rarely has discretionary income to give away. The eyes of undergraduates glaze over when I lecture about the process of raising a \$1-million gift; the thought of giving away even \$10 is outside the realm of reality for most students (and, perhaps, many public relations educators!).

The way to surmount this barrier is through a historical perspective, with emphasis on the fundamental fact that Americans traditionally have given away their money, as well as their time, to benefit the "public good" (i.e., in the "public interest"). With such a conceptual framework, students can accept and appreciate the philanthropic tradition as it continues today (e.g., tax-deductible gifts to American charitable organizations exceeded \$122 billion in 1990, which was more than the combined profits of all Fortune 500 companies).

In short, history helps students understand that fund raising is not begging, unsavory manipulation, or a metaphysical phenomenon resulting from pure altruism, but building and maintaining relationships with organizations and individuals who, characteristically, give away money.

The late fund-raising consultant Maurice Gurin and John Van Til (1989), an associate professor at Rutgers University, have written a 15-page handout on the history of American philanthropy, which is available free from the American Association of Fund-Raising Counsel Trust for Philanthropy and can be

duplicated for distribution to students (see Gurin & Van Til in References for address).

For the instructor, I recommend Scott Cutlip's (1965/1990) book, *Fund Raising in the United States*, which remains the only comprehensive history of fund raising available. This book covers fund raising from the colonial period up to the early 1960s with numerous parallels drawn to public relations. Keep in mind, however, that Cutlip--until recently--adhered to the viewpoint that fund raising is a closely related, but separate function from public relations.

For an approach to fund raising as a specialization of public relations, I recommend my own book, *Fund Raising and Public Relations: A Critical Analysis* (Kelly, 1991a). This book provides not only a theoretical foundation for the study of fund raising in public relations, but also draws from Cutlip (1965/1990) and others to develop four models that explain the different ways fund raising has been practiced throughout American history and is practiced today.

The objectives of the historical component of this module are to help students: (1) accept the concept of philanthropy as characteristic of American society; (2) understand the historical contribution of fund raising; (3) comprehend the wide range of different types of organizations that have been and are dependent to some degree on donors; and (4) acknowledge the links between the evolution of the fund-raising and public relations functions in our nonprofit sector.

DONOR PUBLICS

As stated earlier, there are basically three types of donors with which fund raising is concerned: individuals, corporations, and foundations. Figure 1 provides the traditional proportion of gift dollars for which these three sources are responsible.

Figure 1.

Three Sources of Gifts

Total Given to Charitable Organizations in 1988: \$104.4 Billion

Note: Pie chart in original omitted from online version

From Foundations: \$6.15 billion (6%)
 From Corporations: \$4.75 billion (5%)
 From Individuals: \$93.5 billion (89%)

The objectives of this component are to help the public relations student: (1) recognize the similarities and differences among the three sources of gifts; (2) separate facts from myths when discussing motivations for giving; and (3) understand the exchange process inherent in donor-recipient relationships.

Students tend to approach fund raising within the context of an act of benevolence or charity. Such perceptions ignore the benefits sought by donors in gift relationships--the dependency of donors on charitable organizations. I recommend that for this part of the module students read chapter 13 on corporate philanthropy in Cantor and Burger's (1989) book, *Experts in Action*, which discusses traditional and nontraditional reasons why AT&T makes gifts--all of them related to public relations and none to benevolence.

For the instructor, I recommend three chapters from *The Nonprofit Sector: A Research Handbook*, as a primary resource for a lecture on donor publics. These three chapters, written by Jencks (1987), Useem (1987), and Ylvisaker (1987), provide scientifically grounded information on donor characteristics and motivations for individuals, corporations, and foundations, respectively. In addition, chapter 8, "Autonomy and the Three Sources of Gifts," of my book (Kelly, 1991a) draws from these authors to focus on organizational freedom as it relates to the exchange process in donor-recipient relationships.

About 30 minutes is needed for a prepared lecture on donor publics. To first stimulate interest, the lecture should be preceded by a general discussion on giving. Students can be asked their opinions about who gives money and why, and if they, as fund risers, were responsible for raising \$50,000, to which sources would they turn? This discussion likely will bring out a number of misconceptions about donor characteristics and motivations--misconceptions that act as barriers to understanding fund raising as a public relations specialization.

Therefore, your presentation on donor publics should be designed to challenge some of the more common misconceptions, particularly the concept of philanthropic giving as a pure altruistic act. The following is a sample of points, drawn from the resources just given, which should be covered in your lecture on donor publics.

Individual Donors

- Individuals consistently give about 90% of all gift dollars to charitable organizations--a fact that surprises those students who believe foundations and corporations are the largest donors.
- About 70% of all Americans age 21 years or older make tax-deductible contributions to charitable organizations every year.
- Although many individuals make gifts, only a small percentage (1%) account for one third or more of the total dollars given to any typical capital campaign.
- Unlike their counterparts in other countries, many of the approximately one million U.S. millionaires follow an American tradition of using their accumulated wealth to make major gifts.
- Individual donors of lower level gifts often receive direct benefits (e.g., most money contributed by congregations to local churches goes for services to the same members of those congregations, with only 4% typically going to social welfare activities).
- Individual donors of major gifts receive direct benefits, which range from free tickets to athletic events, to having a museum wing named for them, to positions of influence within the organization.
- Critics claim that wealthy individuals make gifts to gain social acceptance and influence over public policy and civic affairs, which helps them maintain their social positions (i.e., to preserve the status quo).

Corporate Donors

- Corporations were prohibited from making charitable contributions until the Tax Code was amended in 1936.
- Only 900, or 0.1%, of America's 2.2 million companies give 50% of all corporate grants.
- Public colleges and universities currently receive more support from companies than private institutions.
- Corporate donors have proclaimed motivations of "enlightened self-interest" (e.g., local utility companies support volunteer fire departments in areas where the utility has expensive facilities).
- As is true of all types of donors, philanthropic decisions by corporations are based on self-interest and their interpretation of what is in the "public interest" (i.e., society also benefits from volunteer fire departments).
- Critics say that corporations use gifts to maintain a political and social environment supportive of the capitalistic system (i.e., to preserve the status quo).

Foundations

- Foundations are required by law to give away 5% of the market value of their assets each year.
- Because of this requirement, it is in a foundation's own self-interest to give away money in order to

protect its tax status and the deductibility of its founder's gift.

- Henry Ford and his son Edsel founded America's largest foundation in 1936 so that their Ford Motor stock (90% of the company worth \$2 billion) could be bequeathed to the Ford Foundation in order to avoid paying the new estate taxes and selling stock to outsiders.
- There are 32,000 U.S. foundations with combined assets of \$137.5 billion, but less than 5,000 account for about 97% of the total assets and 85% of the grants made.
- Foundations view their societal role as a private counterpart to the legislative process, an alternative that allows for independent considerations of the public interest. (i.e., foundations act in their own self-interest, as well as in the public interest, as interpreted by them).
- Foundations are basically conservative and tend to funnel most of their grants to well-established organizations; therefore, like the other two sources of gifts, they frequently are criticized for using philanthropy to preserve the status quo.

Covering such points in a lecture on donor publics will help students approach fund raising not in the context of benevolence, but in the context of environmental interdependencies. To securely tie this part of the module to public relations, the lecturer should turn to the work of scholars such as James Grunig (in press), who defines the contribution of public relations as how well the function manages interdependencies between an organization and the various publics in its environment. Therefore, the responsibility for managing the relationships between a charitable organization and its donor publics rightfully belongs within the domain of the public relations office.

ANNUAL GIVING AND MAJOR GIFTS PROGRAMS

Charitable contributions are defined on two dimensions: purpose and level. Gifts may be unrestricted in purpose, or restricted as to their use. Unrestricted gifts are generally lower level gifts in terms of monetary value, whereas restricted gifts are generally of greater value.

Unrestricted gifts usually are generated through annual giving programs, the continual solicitation of lower level gifts from a broad base of donors for the purpose of meeting annual operating costs. As illustrated in Table 2, the primary solicitation tools of annual giving are communication techniques that lend themselves to mass audiences (e.g., direct mail, phonathons, and special events).

Table 2.
Major Gifts & Annual Gifts

Major Gifts = Interpersonal Communication

- Personal Letters
- Face-to-face Meetings
- Telephone Conversations
- Cultivation Events
- Proposals

Annual Gifts = Mass Communication

- Direct Mail
- Phonathons
- Mass and Controlled Media
- Special Events
- Telethons

Restricted gifts are usually generated through major gifts programs or capital campaigns. A major gifts program, including planned gifts (i.e., major gifts that are deferred through legal and tax-saving

instruments), is the solicitation of large gifts from a small, selective group of donors for the purpose of meeting needs outside of operating costs. As shown in Table 2, the solicitation tools generally used in such programs are interpersonal communication techniques (e.g., written proposals and face-to-face meetings).

As should be stressed to students, none of these mass or interpersonal techniques are unique to fund raising; indeed, these are the same techniques used by public relations practitioners to reach communication objectives other than affecting a giving behavior (e.g., changing attitudes of community residents or reinforcing a safety behavior by employees).

Whereas I recommend a lecture to cover the component on donor publics, I suggest you use guest speakers, particularly development officers in charge of your own university's annual giving and major gifts program, as credible and generally reliable sources of information on these two basic types of fund-raising programs. Keep in mind, however, that in many charitable organizations--particularly colleges and universities--public relations often is a subservient function to development. Be that as it may, fund raisers from your own university are readily accessible and will provide an organizational framework with which your students are familiar.

I have found it helpful to invite two separate speakers for the same class period, asking them in advance to focus their remarks on the fund-raising process as it relates to each of their programs. For example, what kind of research do they conduct on their donor publics? How much emphasize do they give to cultivation activities? What techniques are used when it comes to solicitation, and what form of recognition is offered to those who make a gift to their programs (e.g., membership in gift societies or on influential boards)?

As illustrated in Table 3, fund raisers generally agree that there are four steps constituting the fund-raising process, whether for annual giving or major gifts programs: (1) research, (2) cultivation, (3) solicitation, and (4) recognition.

Table 3.
Process of Fund Raising

Four Steps:

1. Research
2. Cultivation
3. Solicitation, and
4. Recognition

What may surprise most public relations students is that when raising major gifts, the solicitation step accounts for only about 5% of the process, whereas research accounts for 25%, cultivation for 60%, and recognition for 10%. In other words, 95% of the fund-raising process is concerned with communication objectives other than behavior and with the common public relations step of research. Your guest speakers should confirm these approximations.

The objectives of this part of the module are to help students: (1) understand the two basic fund-raising programs found in most charitable organizations; (2) recognize the commonalities in the process and techniques used by fund raising and public relations; and (3) learn some of the specialized terms and jargon of fund raising (e.g., LYBUNTs, which is a common term used in annual giving programs for those prospective donors who gave Last Year BUt Not This).

Through this module, students in your principles courses should receive a solid introduction to and

understanding of fund raising as one of the elements, or subfunctions, of the professional practice of public relations. However, I urge you not to completely segregate fund raising from other important concepts in your course. In contrast to many of the leading textbooks, try to integrate fund raising in other sections, such as when you are discussing public relations ethics or when giving illustrations on how theory applies to practice. In short, keep the management of donor relations, or fund raising, in front of your students as a viable part of the principles and fundamentals of public relations.

SOME SUGGESTED ASSIGNMENTS

To help accomplish the objectives of this fund-raising module, the following student assignments are suggested:

- Conducting a historical study of a local charitable organization, emphasizing the stated mission of the organization, its efforts to raise gifts in support of the mission, and the historical development of the fund-raising and public relations functions.
- Interviewing one public relations and one fund-raising practitioner in the same 501(c)(3) organization and writing a report that compares and contrasts these two so-called professions, with emphasis on their reporting relationship, salaries, and organizational power.
- Volunteering for a fund-raising activity (e.g., being a caller in the university's alumni phonathon) and writing a report emphasizing organization and staffing, communication medium and message used, and an evaluation of the activity based on public relations principles.
- Abstracting three articles in the practitioner literature (e.g., *Fund Raising Management and the Chronicle of Philanthropy*) that focus on one of each of the three different types of donors.

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