

## 2into3 Quarterly Newsletter: Issue No.3 August 2016

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### ***2into3: Ireland's Not-For-Profit Specialists***

Welcome to the latest edition of 2into3's Quarterly Newsletter.

Every quarter we offer insights into the not-for-profit sector, fundraising, management consulting, philanthropic trends and developments within 2into3.

This newsletter is intended to inform, educate and promote thought and discussion. We hope you find the content interesting and useful, and we welcome your feedback.

2into3 Team

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2into3 assists not-for-profits develop and deliver on their missions. We work with not-for-profit sector leaders and collaborate with partners to help scale impact, develop sustainability, build leadership and innovate.

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### **2into3 is growing and has moved to new premises**

Due to increased demand for our services 2into3 has relocated to a new office located at Pembroke Hall on Fitzwilliam Square, Dublin 2. I would also like to welcome three new team members: Adrian McCarthy, Dominika Topolska and

Elena Stocchiero who will be joining our recruitment and management consultancy teams respectively.

We are now located at Pembroke Hall, 38/39 Fitzwilliam Square, D02NX53. Any inquiries should be directed to (01) 234 3122.

We look forward to working with our existing and future clients from our new premises and continuing to serve as Ireland's leading specialists in the not-for-profit sector.

Regards,

Dennis O'Connor

2into3 Director

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# Prospect23

[Rob Foley of 2into3's partner company, Prospect23, offers an insight into the evolving nature of prospect identification](#)

We have all heard the old stock market adage that past performance is a poor indicator of future performance. The same is true of past donation and giving history as an indicator of future gift-giving capacity. This is something we have known, anecdotally, for quite some time but now research findings from the U.S. reveal that the best prospects for a big upgrade in giving are those who are “erratic”, i.e. have prior giving but are not loyal, every-year donors and “volatile”, i.e. are inconsistent about the amounts they give.

As fundraisers we need to know when to look beyond our donors giving history to identify our potential top names. In this article we identify the limitations of donation history as a predictor of future donations and discuss what indicators might complement giving-history as an indicator of future gift-giving potential in our donor databases.

## **Past Performance is not a good indicator of future performance**

Before we throw the baby out with the bathwater lets make clear a few points that will be of little surprise to major-gift fundraisers:

- New major-gift donors tend not to come out of the blue – they usually have giving histories.
- Their previous gift is usually recent, and consists of more than one or two years of combined giving.
- Usually those gifts are of a certain size. Research seems to indicate a critical threshold of €500. A gift of this magnitude ought to be flagged and explored further.
- The more years a donor has given, the more likely they are to be retained.

However, analysis of gift-giving in the U.S. (check out Kevin MacDonell's work on

CoolData.org) highlights some really interesting observations on the likelihood of existing regular givers upgrading to major-gift giving:

- The more previous years a donor has given *consecutively*, the LESS likely they are to upgrade if they give again. The highest donors all show some combination of repeated giving and lapsing.
- As a general rule, the highest-value upgraders have about an equal number of years as a donor and as a non-donor. A donor is markedly more likely to upgrade from the prior year if they have lapsed at least one year prior to giving again.
- Specifically, they are most likely to upgrade if they have one, two or three years with giving in the previous five. More than that, and they are becoming more loyal, and therefore *less* likely to upgrade.

Hence the “erratic” and “volatile” - two qualities you’ve probably never ascribed to your most generous donors! But there it is: your best prospects for an ambitious ask might be the ones who are inconsistent about the amounts they give, and who don’t care to give every year. Combined with gift-giving record we are going to throw two other salient indicators of gift-giving potential into the mix:

## Property

Birds of a feather flock together, as the old saying goes. We are now beginning to see strong patterns emerge that correlate gift-giving potential and primary residence. Traditionally, block census data was used to segment addresses by area; it is a good start. They typically classify addresses within certain areas to income brackets based on census information. The variance within these areas can be quite broad, however, and viewed in isolation can be quite misleading.

Today, online property sites and related statistics are now allowing us to make reasonable property valuations with much more accuracy. While there is an IT intervention required to do this on a reasonable scale there is nothing stopping individual estimations to be made for smaller data-sets. Property data will, however, never amount to a full picture of someone’s wealth. We have observed that a certain ceiling is often met using this criteria beyond which a person’s wealth estimate doesn’t extend. It is at this point that the fundraiser must look to other criteria to further filter names.

## Business Interests/ Directorship

Business interests are an obvious next step in making a wealth estimate. Simple search engine trawls will identify much of a person’s business interests; the amount of ‘noise’ that surrounds a person online, the more likely they are to be of interest to the major-gift fundraiser. A basic research template will allow search results to be gathered in a structured manner and researchers can be quickly trained to repeat results for a reasonably-sized prospect list.

For larger name lists automation is a most welcome development as it uses automation to filter large name-lists down to more human-friendly levels. We have often used this methodology in the past to reduce something like a 20,000 name list down to a less than 500 name list, which a small research team can comfortably tackle.

Directorship interests are a further angle of attack in assessing an individual’s business interests. The need to protect personal wealth will often lead a high-capacity individual to limit their liability within a project with the protection of a limited liability company structure. Searches on a small scale are, again, very doable by hand; automation means it can happen on a ‘big-data’ level.

## Prospect 23 connects you to your top names

Prospect 23 makes prospect identification easy. Our fundraising platform gives fundraisers in Ireland an unprecedented level of analysis of their donor and prospect lists. We automate the initial screening and score and filter your top names allowing you spend your time with your top names. If you wish to find out more our work please visit us at [www.prospect23.com](http://www.prospect23.com).

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## References

"Donor volatility: testing years of non-giving as a predictor for the next big gift"  
<https://cooldata.wordpress.com/2016/05/30/donor-volatility-testing-years-of-non-giving-as-a-predictor-for-the-next-big-gift/>

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**With scandals relating to charities dominating the national media recently, Amy Power of 2into3 offers a perspective on the issue**

The not-for-profit sector consists of any organisation separate from Government, which is not privately owned, is self-governing and where participation is voluntary. Charitable organisations are formed for the purpose of serving a public benefit other than the pursuit of profits. While there are similar challenges facing not-for-profits and private sector SMEs, the aim is not financial. In addition, not-for-profit funding models may be more complex than for-profit models, as these include State income perhaps from multiple funders, earned and fundraised income from a variety of sources both national and international. In order to achieve their charitable purpose, not-for-profit organisations have voluntary boards and committees which need to be governed.

While Public and Private Entities have different structures, all sectors need to have regulation and accountability. Private entities are regulated by the market and customers as their satisfaction drives profits. The state is accountable to the people, who can vote for change in periodic elections. The not-for-profit sector also needs to be governed through regulation and held to account. The Charities Act was enacted to do exactly this in 2009 through a framework of registration, regulation and support. Previous to this, the sector was largely unregulated. The Charities Act however was not implemented until 2014, with the establishment of the Charities Regulatory Authority. Furthermore Part 4, which gives investigatory and enforcement powers to the Charities Regulator, will not come into force until September 5<sup>th</sup> 2016. Had the Charities Act been implemented in 2009 with the proper regulatory powers and staffing, large scale governance and accountability issues now facing the sector may have already been addressed.

In order for a small number of organisations in a large sector to be held accountable for their actions and their use of public funds, charitable services need regulation in an appropriate and timely manner. One of the key aims of the Charities Regulator is to ensure public trust and confidence in the sector. The implementation of Part 4 of the Charities Act is therefore a welcomed one, which gives the regulator new powers of investigation and enforcement. Funders also need to ensure good governance in organisations they fund. However this should not overburden staff with administration and therefore hinder the ability to do good work and provide vital services. These organisations need to be supported and protected. Without proportionate and effective measures of regulation, public trust and support in the form of donations will be limited.

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**2into3 has prepared the latest Irish Arts Sector: Private Investment Report for the Arts Council**

The Arts Council has published a report prepared by 2into3, Irish Arts Sector: Private Investment Report. This is the third report in a series which identifies and analyses the level of annual private investment received by Arts Council-funded organisations. The report is based on information submitted by 177 organisations and analyses private investment in 2014. Comparisons to the previous year are also drawn as well as trend analysis comparing 2012 and 2014 private investment levels, making it a useful benchmarking tool on the level of private investment peer organisations are attracting.

The report, prepared by specialist advisors to the not-for-profit sector 2into3, focuses on sponsorship and voluntary income received by arts organisations. It analyses the investment received considering factors such as art form, organisation size and location.

In 2014, Arts Council funded organisations secured €8.6m in private investment with 60 percent from philanthropy and 40 percent from sponsorship. Compared to 2013, voluntary income has increased by 17 percent, while sponsorship increased by 13 percent. The reported total private investment increase is 15 percent.

The full report can be accessed [here](#).

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**Recruitment Team Member Dominika Topolska offers an introduction on what 2into3's Graduate Internship Scheme is and how it can benefit your organisation**

2into3 has operated a highly successful Graduate Internship Scheme for not-for-profit organisations for over 5 years. The aim of the scheme is to attract up and coming talent to take up a career in the not-for-profit sector, ensuring the sectors sustainability and continued growth. The scheme offers an entry point for graduates and mid-career converts who are looking to make a move into the sector. It also provides a unique opportunity for an organisation to get high quality candidates for entry level roles that are often quite difficult to fill otherwise, especially in the fundraising and business development fields.

To date, we have placed 29 interns in fundraising, communications and marketing roles. Almost all of the interns were offered full time posts by the end of the programme. Nine of the interns progressed to full time positions in organisations such as:

- Focus Ireland
- Glencree
- Edinburgh Book Festival
- National Concert Hall
- Irish Architecture Foundation

One previous participant in the scheme is employed as a full time marketing and branding executive with Focus Ireland. Five others have become managers in not-for-profit organisations, for example in AkiDwa, Melody Tree and Macroom-E. Currently we have 5 interns participating in the scheme and we are recruiting for a fundraising intern with the Cork University Hospital (CUH) Charity.

If you would like more information about 2into3's Graduate Internship Scheme, please contact Dominika Topolska at [Dominika.Topolska@2into3.com](mailto:Dominika.Topolska@2into3.com) or call direct on +353-1-234-3131. Follow 2into3's Graduate Internship Scheme on Facebook by clicking on the icon below.



**Kevin O'Sullivan from Focus Ireland offers an insight on his experience of 2into3's Graduate Internship scheme, the fundraising landscape in Ireland and more.**

Kevin O'Sullivan participated in the Graduate Internship Scheme with Focus Ireland and has since progressed to become a Corporate Fundraising Executive with the organisation. Kevin Graduated from UCC with a Bachelors Degree in Commerce in 2013 and an MSc. in Government in 2014. Read more about his transition from an intern to his current role and his thoughts on the scheme, the fundraising landscape in Ireland and the homeless crisis.

**1. Tell me about your current role at Focus Ireland.**

I'm working in the fundraising department as a Corporate Fundraising Executive. Just to give you bit of a breakdown, there's the fundraising & marketing team and within that we've got public fundraising, individual giving and my own team is partnerships & philanthropy which includes corporate fundraising. Often times its the same people or their connections that we're working with so we work closely together.

In my own role I'm responsible for maintaining a stream of fundraised income from corporate sources to ensure we can meet our objectives as an organisation – namely preventing people becoming homeless or providing homes for those who are. I maintain relationships with companies such as Bord Gais Energy and MetLife, they're my two biggest accounts.

**2. What motivated you to begin a career in the not-for-profit sector?**

I had worked in the private sector before and I studied commerce in UCC for my undergraduate degree, but I went back to study an MSc. in Government also in UCC. A lot of my study there led me to read certain things, I got the idea that I'd like to work in the not-for-profit sector rather than the private sector. It was an idealistic kind of thing I suppose - I read a lot of left wing stuff. We did a lot of work on social and public policy, as well as research and data analysis, skills which I thought would be useful in the sector.

I had done some fundraising privately as well so it was something I was interested in, those would have been my main motivators to get into the sector.

**3. How do you think your previous roles in the private sector and the skills you gained from them transferred into the not-for-profit sector?**



Immediately before working in Focus I was working in retail and that was just to pay the bills while I was looking for something. I suppose the real skills you learn there on a day to day basis are dealing with people and a lot of the work I do at the moment is really relationship based so I brought over communications skills from retail. I also worked in Oracle for a year as a business management analyst and that would have been very relationship based work as well, I managed relationships with vendors who worked with Oracle. There was also a lot of reporting and analysis of finances so they're the things that I've carried into this role.

#### **4. What attracted you to participate in 2into3's Graduate Internship Scheme?**

The main attraction was that it looked like a clear path into the industry and that's something that would be emphasised in the programme as an advantage of it but it's definitely true. I suppose when I was looking at working in the private sector there's obviously graduate programmes there from different companies and I suppose there's a kind of clear pathway into different lines of work but that's not so much the case in the not-for-profit sector. It seems to be trying to just get your foot in the door, sometimes people have to do a lot of voluntary work or an unpaid role.

With the 2into3 internship it was great in the sense that it was an internship but it was also paid to a certain extent and it really offered the whole mentorship aspect as well. I really thought it was a great programme. You're thrown into the deep end at work but you also have your mentors advice to fall back on.

#### **5. How did you find the scheme as an entry point into starting a career in fundraising/ in the not-for-profit sector as whole?**

Really good, I found it very useful. The structure of the internship was the mentoring sessions and a lot of on the job learning. I've done certain training programmes since I started with Focus, I've done media and presentation programmes and stuff like that but a lot of it would have been on the job learning. As I said, the 2into3 programmes a very good resource for organisations in that they get someone of a decent level because they'll have been screened by 2into3 and they also get the opportunity to train them in. There was also plenty of help from the team and the mentoring sessions.

#### **6. How has your role changed and developed since you began as an intern at Focus Ireland?**

I was actually going through this with my boss recently. We were just going through the role and discussing what I felt was working and what wasn't working and whatever and I was thinking to myself that since I started in April 2015 I've had three stages in my job since then. I would have started the internship programme coming in really cold, that was a real learning curve. I think it took nearly 5 or 6 months to get fully embedded in the team even though I was very much in at the deep end.

From there the way circumstances worked out, I was given a more permanent contract before the internship had finished and that was probationary I suppose, I was given performance targets and if I performed I would be taken on as a permanent member which is where I'm at now, fully embedded in the team.

#### **7. Do you think there are any significant challenges facing the fundraising landscape in Ireland today?**

Definitely. In the wake of recent controversies, like Console especially and that's following from other stuff that's been going on the last few years it's particularly tough. Even going back to the crash a few years ago, people have less money to

give and that goes for individuals and companies and everything. Then it's just a matter of peoples generosity but a big thing at the moment is trust and transparency in the whole sector and it's definitely a challenge.

I think we're lucky in Focus Ireland in that we are transparent, our financial statements are public and we are fully open about, and proud of, our governance standards but that doesn't mean that we're not subject to scrutiny from the public who rightfully have doubts in the sector at this stage.

Another way it's challenging is that the way people support charities and donate has changed as well. Teams are adapting in charities as well to that, we're looking at corporate fundraising a lot more really.

Corporate support can be very valuable, it can quite targeted towards certain projects like going to a company and offering them a way to support us that suits their ideals and objectives. To give you an example, Bord Gais Energy support Focus Ireland hugely, we're in a three year partnership with them. Their goal is to prevent family homelessness, so their funding helps us build on research we've done and tailor the funding towards specific projects so that we're actually achieving that goal rather than just having a big pot of unrestricted funds to use.

There's a real focus on to report on where our money goes and to show the actual work we're doing and that's especially important with corporates.

#### **8. How do you think the fundraising sector should overcome these challenges?**

It's about making sure that we report back on any fundraised income at all. I think it's about ensuring that there's trust with your donors and a big part of that is communicating with them regularly. That's not even just on fundraising but on the work of the organisation on the services and policy side. It's important to keep people informed, and thanking people too.

#### **9. What are your thoughts on the homeless crisis?**

It's a complex issue I think. Obviously I work within it on a day to day basis. I've only been working in the sector for a year and a half but from what I can see and from what I've been seeing through my work the numbers of families especially coming into homelessness is really just on the rise. It's a change from traditional homelessness, the challenge for us as fundraisers is to get that message across to donors.

There's a lot of economic issues that are now causing, such as housing supply and rising rents, so it's not just traditionally perceived problems like addiction and mental health problems.

There's a lot of economic issues that are now causing it and not just traditional problems like addiction and mental health problems. I think the media have been quite good in covering stories of families living in emergency accommodation so people are changing their perception in that they see that homelessness is something that can happen to families and to almost anyone. A good thing about that is that it reduces the stigma for people that it's happening to and it encourages them to talk about their problems. The thing about the homeless crisis is that at the moment it's very much centred on Dublin, although other cities like Cork and Limerick are also starting to see an increase in the number of homeless families.

#### **10. Do you have any recommendations for someone looking to begin a career in fundraising or the not-for-profit sector?**

I would say that the 2into3 programme is a great starting point, I'd definitely endorse it anyway. I would say if someone wants to do it just go for it. There are challenges in the sense that there are fewer ways into the sector than other sectors, so sometimes you might have to make bit of a sacrifice financially or do some voluntary work or something like that but I would say that it can definitely be a rewarding career. If you you are applying for jobs think of skills from other jobs that might be applicable, obviously with fundraising any marketing or sales experience is handy or any kind of business knowledge.

But the not-for-profit sector takes in people from everywhere and all walks of life, I even see that in Focus Ireland, people have studied all different types of degrees and have worked in a lot of different sectors. It's not exclusively available to people who've had a career in the not-for-profit sector, you can change. Everyone brings something valuable to it.