Do You Really Need a Feasibility Study?

By Daniel Neel

The Millau Viaduct is the tallest bridge in the world, with one mast’s summit 1,125 ft. above the base of the structure. It features the 12th highest bridge deck in the world, with 890 ft. between the road deck and the ground below. When the decision was made to build a high crossing of the Tarn River Valley between France and Spain, the structures division of Sétra, a technical department within the French Ministry of Transport and Infrastructure, carried out preliminary studies and examined the feasibility of a structure. Five teams of architects and structural engineers were formed; each was to conduct in-depth studies of one of the five general bridge designs. The solution of a cable-stayed bridge was declared the best. Detailed studies were carried out by the winning team and construction was completed in 2004.

In 2006, the Millau Viaduct received the IABSE Outstanding Structure Award. (See photo this page.)

There are two kinds of people who encounter these types of crossings. The first is like my wife, who is deathly afraid of heights and convinced that there is no way the structure will actually support them. The second is like me, who gets half way across and then wonders if the bridge will hold. My first thought when at the point of no return is “I hope this bridge is well constructed.” Rarely do I stop to think about the origins of design.

How do you design a successful capital campaign?

The history of bridges goes back as far as man’s desire to overcome obstacles of getting from one side to the other. Today, bridges are not only practical, but wonders of architecture and design.

John Pierpont (J.P.) Morgan said, “The wise man bridges the gap by laying out the path by which he can get from where he is to where he wants to be.” Non-profit organizations are continually evaluating how to traverse the obstacles preventing them from doing more of the good work they do today. Many times that planning process leads to the need for an extraordinary fundraising initiative, focused on an urgent need.

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This issue of Dimensions focuses on Capital Campaigns. For those of us who raise funds for healthcare, higher education, for parishes, dioceses, schools, shrines and social services, or who have had to renovate motherhouses or build retirement homes for our aging congregational members, capital campaigns are a familiar event. In other words, almost every fundraising program at some time or another must at least consider, if not engage in, capital campaign fundraising. For some of us, it seems, we move from one campaign to another with much familiarity, grace and success. For others among us, it may be a more frightening, once-in-a-lifetime experience. The articles in this issue address a variety of issues around capital campaigns.

For my part, I would like to begin with a story. Mary Smith was preparing Sunday dinner for her family with her ten-year-old daughter, Susie, watching carefully and helping out as best she could. Mary had bought a beautiful tenderloin roast for this Sunday’s feast. She prepared it as her mother had taught her with great care and just the right combination of seasoning and broth. Before placing the roast in the pan, Mary cut about two-and-a-half inches off the end of the roast and discarded it.

Susie, paying close attention to the process, asked her mother why she cut off that piece of the roast. Mary smiled at her daughter and replied, “Oh, Susie, that is the way your Grandma always prepared the roast.” Later that afternoon Susie’s grandparents arrived to share the Sunday meal. They brought a special guest—Susie’s great grandmother, Granny.

As Mary worked in the kitchen to prepare the last-minute items for the meal, Susie visited with her Grandma. Susie proudly told Grandma she had helped her mother prepare the meal. Then Susie asked the question, “Grandma, Mom carefully measured and then cut off a piece of the roast before she put it in the pot. When I asked her why, she told me that is the way you always prepared the roast. Why do you cut off a part of the roast?” Grandma smiled and said, “Susie, that is the way my mother always did it.”

After the delicious meal was enjoyed by all, Susie had a chance to visit with her great grandmother. They talked about how good dinner was and about how she had taught her daughter to cook and how glad she was to learn that Susie was learning how to cook in the same family tradition. This gave Susie the opportunity to ask her question one last time. “Granny,” Susie
said, “why do we measure and cut off a piece of the roast and discard it before we put it in the pot to cook?” Granny laughed softly. “Oh, my,” she said, “I always had to cut a couple inches off the end of the roast because my pot was too small. I just had an old ice box, you see, and I couldn’t keep meat fresh in it, so I threw the piece that didn’t fit in the pot away.”

Nell Edgington, in an article published in Social Velocity, “Rethinking the Traditional Capital Campaign,” plays the role of “Susie” in asking us to consider doing a “capacity capital” campaign rather than the more traditional bricks-and-mortar programs that built so many of our institutions and repurposed much of our property in past decades.

Edgington defines capacity capital as “the money that nonprofits so desperately need to build strong, effective organizations” that can grow and expand the mission for which they were founded. It is not money to build something new, but money to invest for the sake of the mission. It can include money for new technology that will make service providing easier, more efficient and effective. It might be money for an evaluation program that will impact the organization’s viability and long-term growth. Edgington even suggests that it could be an investment in personnel and software to improve organizational fundraising efforts in order to meet current and future program budgets. In short, Edgington is suggesting a campaign that will directly impact mission and that will increase the organization’s ability to achieve the outcomes donors seek from us.

Savvy donors understand that it takes money to raise money and it takes money to maintain and manage an organization so that it can continue to thrive, grow and expand its mission. In The Heart of the Donor study, conducted by the Russ Reid company, a few years ago, donors were asked in a number of different ways if they felt charities should spend more to produce better results. Overwhelmingly, donors encouraged charities to invest in excellence in leadership and management as well as fundraising programs that would support the mission of the organization well into the future. Edgington, like a growing number of others in our industry, believes we must focus on outcomes and encourage our donors and potential donors to invest in the common good these outcomes will generate. All donors want to make a difference. Edgington challenges charities to prove to donors that change is possible and that they can, indeed, make a real difference.

This reminded me of an article published by both the DMA Nonprofit Federation and Fundraising Success, about the great debate over fundraising costs. Tom Harrison remarks in the article that while donor opinions are evolving and metrics alone are no longer an acceptable case for support, the watchdog groups continue to feed the media frenzy around fundraising costs. As Harrison stated in his piece, “The Chronicle of Philanthropy actually published a front page article calling for more government regulation of nonprofits!” It seems almost incredible.

Harrison believes the cases making headlines are really about transparency, honesty and best business practice. Somehow, the watchdogs have translated these cases into issues about fundraising costs, of which they have styled themselves experts… to the chagrin of those who truly understand the fundraising process.

Tom suggests some key principles about which we as a nonprofit community should all agree. These ideas should not be new to our members. At our Annual Conference in 2012, we talked about them when we reminded our members that:

• **Ultimately the charity is responsible for maintaining the public trust of the people.** In NCDC language, we talked about responsibility for the integrity of the organization’s mission and good name.

• **Appeals must be accurate and honest and we must do what we promise.** NCDC encouraged its members to adhere to the NCDC Code of Stewardship and Ethics and the Donor Bill of Rights.

• **The nonprofit (not the consultant) must be in control of its own programs, strategies, budgets and lists.** NCDC reminded its members that ultimately the development director is responsible for the fundraising process and mission of your organization, not the vendor or the consultant. Members should not enter into agreements in which they abdicate control.

Harrison also added that “common business ethics dictate that consultants should never recommend...”
Organizing a Capital Campaign

By William C. Krueger

After a thorough pre-campaign planning process (feasibility study), the next usual step in the process is to conduct an Organizational Phase. This phase has several objectives and creates the tools necessary to successfully implement the campaign.

Case Statement

The case statement is the benefits-oriented explanation of the fund-raising campaign. From this document, the campaign brochure, campaign prospectus, video, newsletters and other materials will be created.

The case statement should create the vision of the campaign and explain all the details of the campaign and reasons why the organization is undertaking a major building project. Most important, it should highlight all of the benefits that a successful campaign will provide.

The best way to prepare a high-quality case statement is to evaluate other organizations’ case statements and use the best of each. Remember, your case statement may be very different. What is important is that it is concise, easy to read, and prominently features the benefits your prospective campaign will bring about.

Fund Raising Prospectus—Soliciting Internal Leaders

Upon completion of the case statement, a simple prospectus can be used until a formal campaign brochure can be produced. In fact, considering the sophistication of many desktop publishing programs and color printers, smaller campaigns can create a prospectus that is fairly close to brochure quality—at a lower price.

A prospectus consists of a cover sheet, a cover letter, the case statement, and a simple campaign gift intention form. These documents are bound together with a clear plastic cover and a vinyl or card stock back and make an effective presentation piece. Since they are used primarily with internal leaders, there may not be a need to wait until the formal brochure is completed.

The case statement can be punctuated with graphics and/or pictures and, if done correctly, acts as a thorough review of the reasons for the campaign. The cover should be personalized with the prospect’s name and the cover letter must contain a specific request for funding.

The gift intention form can be very simple and serves as an interim gift card until the official pledge cards are printed as part of the campaign brochure.

Fund Raising Brochure

The fund raising brochure should follow the case statement as a guide. Much of the case statement’s text can be used in the brochure, but keep in mind that a brochure is a much more graphically appealing document.

Don’t clutter the brochure with too much text, and make sure the text you use is valuable and helpful in bringing the reader to the conclusion that the campaign is worth supporting.

Also, create the brochure so that it is a tool for the volunteers and other solicitors. Start with the first page and outline the challenges and summary of why the organization is doing what it is doing. Use the middle pages to explain in detail what the campaign is about. Use the final page as a summary and sales vehicle to encourage the donor to give.

The inside cover might have a folder that will allow for a special letter to be inserted. This letter would be the formal request for funding. The back folder can also hold the pledge card.

Create a high-quality brochure! Donors evaluate the campaign by the quality of the materials. Don’t make it flashy or too expensive, and convey the complete story in a graphically appealing manner. Involving a competent graphic designer can greatly enhance the quality of the brochure.

Video Presentation

Videos are being used more and more frequently as vehicles for graphically explaining the case for support. Creating a video that boosts the likelihood of receiving a gift is a process that requires considerable time, effort and skill.

Just as you wouldn’t copy your campaign brochure on the copy machine, neither should you attempt to shoot your own video with your own equipment. Hire an experienced video producer. You should be able to find a video producer in the yellow pages and many television stations have video production capabilities. The average cost for the video is about $1,500 per
finished minute and, ideally, the video should be about seven minutes long.

Creating a video script requires a clear and concise thought process. Many non-profit videos play heavy on the emotional effects (hungry kids, sick people, the elderly, etc.), but don’t convey a high degree of new information. Use emotion to grab the viewer’s attention, outline the challenge, explain how the organization will meet the challenge, what the benefits to a successful campaign will be, the financial information, and end with an emotional appeal.

The video should be taken and shown to every prospective donor. Mailing the video in lieu of a visit is not effective. Explain that by showing the video, the prospective donor can see and hear what the campaign is all about, and by seeing the video, the meeting will be shorter.

Purchase a small, portable DVD player and take it on each visit. A well-done video will ensure that no matter what is actually said in the solicitation meeting, the full case and campaign details will be explained.

Identifying Campaign Leaders

Campaign leadership can come from a variety of sources including:
- Past Board Members
- Volunteers
- Community Leaders
- Corporate Leaders
- Board Members
- Elected Officials
- Current Board Members
- Industry Leaders.

A great source of campaign leaders is from previous successful campaigns in the community. Review past campaigns, and seek the involvement of those leaders in your campaign.

Qualities of Campaign Leadership

Campaign leaders should be committed to the success of the campaign and have knowledge of the mission of the organization and how that organization serves the community. Ideally, the campaign leader will also make a “leadership” gift.

A leadership gift is not necessarily, but often is, judged by the size of the gift. A leadership gift is one that provides leadership by its amount. That may mean a leader could make a $10,000 gift if a $10,000 gift would impress other potential leaders. If the leader you are recruiting is a multi-millionaire or independently wealthy (or is perceived in the community to be super-wealthy), then a $10,000 gift is not going to impress anyone.

The key here is to find someone that is truly committed—time and money—to the campaign. In addition to the gift, the leader should be willing to allow his/her name to be used in recruiting and soliciting others.

The most important contribution of great leaders is their willingness to open doors to other potential leaders and donors. Having the right person ask is almost always THE critical part of the campaign process. The campaign leader should be highly respected and someone that others will welcome into their homes or offices and listen to what the leader has to say. If a proposed leader can’t open the door to potential leaders and donors, then that person is not a leader…. he/she is a donor.

Recruitment of Campaign Leadership

Recruiting campaign leaders is a relatively straightforward process. The challenge usually comes out of a fear of actually doing it. Together with the board and/or other key leaders, a list of potential leaders should be created. These leaders should consist of the best leaders imaginable in the community—and should include any past donors, leaders, or volunteers for an organization.

Once the list is developed, then it is as simple as identifying a current leader of the organization who will set up an appointment (see the section of this web site on solicitation guide). Include in the cover letter of the prospectus a clear request to serve as a volunteer in the campaign.

Capital Quest has had tremendous success in involving new leaders in campaigns by asking them to do three things, and promising them one thing: continued on page 14

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www.ncdc.org March 2013 - NCDC Dimensions 5
By Louise Moore, CFRE

Editor’s Note: This article was intended for the February 2013 (Culture of Philanthropy) issue but was not used at that time for reasons of space. As our Dollars and Sense articles do not, as a rule, pertain to a given issue’s topic, we are including it here.

The budget of an organization is like oil is to an automobile. Used or recycled oil will never do. If there is a concern that the oil will be too weak to protect the engine we will quickly invest in a better grade. In the same way, committing to a quality budget increases the longevity of the organization. Unfortunately, creating the quality budget is not as easy as pulling into the service station, but it is doable for any functioning organization.

The mission and vision that encourages a culture of philanthropy are continued by the budget, which mentors the beliefs and values of the organization. The support the budget offers for the culture of philanthropy ought to be as rewarding as that of the donors, staff, volunteers and leadership.

The process of creating an empowering budget should start with reflecting, hoping and dreaming, as encouraged by these four questions: (1) What is the mission and vision of the organization? (2) What are the future goals, or hopes and dreams, of the organization? (3) What lessons can be learned from the past? (4) What can be accomplished in the present fiscal year?

What is the mission and vision of the organization? The mission is the foundation of the operation and the process of decision-making in an organization. As your future plans are laid out, the mission statement and vision of your culture of philanthropy are your guides. Remember to be true to thine own self. If any effort does not coincide with your mission statement, do not let it derail your purpose: just avoid it! This is the one time it would be ideal to use the excuse, “We don’t have the budget for that.”

What are the future goals, or hopes and dreams, of the organization? Every organization I have ever worked with has a list of things that they could do: “we can save more lives;” “we can feed more hungry;” “we can protect more children;” “we can educate more individuals.” These thoughts are the beginning of planning within the culture of philanthropy. Planning for the future goals of your organization, do not let it derail your purpose: just avoid it! This is the one time it would be ideal to use the excuse, “We don’t have the budget for that.”

What can be accomplished in the present fiscal year? Looking back at the organization’s past and looking ahead to the organization’s future sets a foundation for the planning for the organization’s present. What can be accomplished this year to strengthen the culture of philanthropy within the organization? The answers to this question lay the groundwork for achieving goals and structuring
accountability that reflects the stewardship that leadership should encourage and constituents expect. Jody Blazek explained the budget as “the numerical expression of an organization’s dream that serves as a guide or measure of acceptable financial performance.” The organization’s dream is the underpinning of the budget. Making the organization’s dream possible is the function of the budget.

After reflecting and dreaming, the process of creating a workable budget is to convert the dreams into dollars. Four categories of every budget are: Income, General Expenses, Administrative Expenses and Fundraising Expenses. Each organization will have its own specific subcategories for each of the categories. The key to budgeting so as to nurture the culture of philanthropy within your organization is to think strategically and collectively. Members of leadership and staff working together to outline the budget will foster an expanded view of the organization’s strengths, weaknesses, opportunities and threats. While each member of the team, within any organization, is working toward the same outcome, the priorities will vary with each member’s role. Take time to see what they see, and let them see what you see.

**Income** may include individual donors, corporate donors, private foundations, government funds, in-kind donations, interest income, special events, etc.

**General and Administrative Expenses** are “overhead” expenses not dependent on the income/donations received. These expenses include insurance, payroll taxes, rent, salaries, liabilities, office supplies, telephone, software, etc.

**Fundraising Expenses** are those associated with raising funds, including donor recognition, advertising, marketing, media, direct mail, etc. The old saying, “you have to spend money to make money,” is relevant to this category. Following the organization’s dreams to strengthen its culture of philanthropy is the key factor in establishing this expense budget. The expense of fundraising is connected to the income.

How much income do you need to meet your goals? How much fundraising will it require to make the income? To set the stage for success, you must look at income and expense together with the understanding that income is generated through expense.

The process of converting hopes and dreams into the reality of income and expenses can be challenging. For example, TJI [Note: fictitious organization] is a young organization that ministers to individuals through retreats. Their original goal was to have 100 retreats in the upcoming fiscal year. In applying the expenses associated with the goal of 100 retreats, the disappointing realization dawned that the goal was too big for the upcoming year. The goal required added resources, rent, personnel and promotion that were too expensive at that point in time.

The leadership and staff of TJI reorganized their plan without foregoing the goals that represent their culture of philanthropy. This is a really important concept: don’t let your budget dictate your goals. The budget will most likely influence the timeline, but it should not erode the clear vision, hopes or dreams of the organization. TJI shifted its goal to a 3-year plan with the understanding that steps would need to be made to make the goal happen in the near future. Not all of the steps have a cost tied to them: benefactor’s referral program and public relations have a measurable benefit without a dollar expense.

At the same time, TJI increased the budget for investing in the donor base. Accomplishing great things requires great donors! In the process of reflecting on who they are, they were reminded of the importance of the ministry they offer to people in need. The value of who they are and the ministry they provide gave a renewed relevance to their future plans, and thus, their budget.

As you enter the numbers into your organization’s budget template, review the workability of your plan:

- Do these numbers represent the goals and plan of the organization?
- Is the plan realistic in comparison to the income and expense history of the past three years?
- Is this a valid guide for the donors we have and the benefactors we help?
- Do the numbers reflect good stewardship?

Continue to adjust the budget until you have answered “yes” to these four questions. When each of these questions has been satisfied, you will have created a budget for a culture of philanthropy within your organization.

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defined timeline and a dollar goal: in short, a capital campaign. If the capital campaign is the bridge, the feasibility and planning study is the design and engineering process.

Is it really necessary to conduct a study?

The answer, most of the time, is “yes.” There are three reasons a study is so important:
1. There is no better way to gauge philanthropic priority for your project.
2. There is no other reliable indicator of capacity.
3. The campaign must be an unqualified success.

I am not an engineer, but I do understand how important it is to measure the load-bearing capacity for any bridge, particularly if I am going to be on it with others. Just as with the Millau Viaduct project, there are tests and benchmarks, along with science, art and experience that go into determining the structure and capacity for a bridge, or for a capital campaign.

The most reliable way to determine the design and fundraising capacity for a capital campaign is a well-orchestrated feasibility study, conducted by an experienced study director. No past or present giving experience is a sure indication of what an organization can raise in a capital campaign. The study is the means by which information is shared, tested, analyzed and put into an actionable plan.

How do you define “unqualified success?”

The good news is, you get to define the terms for success, and the study is the first step in doing so. I worked with an organization that is doing amazing work with inner-city families. They had a need and a plan for a new facility that would have a profound impact on their ministry as well as the community. They needed $15 million to do so. We conducted a feasibility study and recommended, among other things, a preliminary $10 million goal. Let me say that a recommended starting goal coming out of study is most often the floor. The objective is to set a goal that can and will be exceeded through the effective work of the campaign.

The organization was convinced that it could not scale back the project, and felt confident that it could raise the other $5 million from sources not included in the study. They were determined to set a goal of $15 million. Many positive outcomes happened through the course of the campaign: they attracted a fully-engaged volunteer team like...
no other they had experienced; they received the largest gift in the organization's history; they experienced an increase in annual fundraising; and they raised more money than they ever had for a single project. But they did not raise $15 million. The perception of many was that the organization did not experience an unqualified success because it didn’t reach its publicized goal.

Goals are benchmarks for success that must be surpassed, and the findings from the study should set the foundation for that success.

What makes a feasibility study successful?

The study is not the place to skimp on experience. For me, it is important that it is not the rivet-drivers who designed the bridges I cross. This observation is not intended to slight the importance or expertise of the construction crew. However, it gives me comfort to know that experienced bridge designers and engineers are on the job. In the same way, it is important to have people with that kind of experience conducting the feasibility study that will lead to the design of your campaign. It is the individual(s) conducting the study that will:

• interact with your highest levels of leadership;
• represent you and your project to your most important relationships;
• actively listen to and probe the responses in the study; and
• ultimately analyze the data and present insightful recommendations for you to make wise decisions.

If using an outside third party to conduct the feasibility study, take the time to get to know not only the firm, but those that will be meeting with your prized relationships and representing you in the process.

Check references, not simply for the firm, but for those individuals. Get the most experienced people you can to probe the responses of study participants and provide you with substantive analysis and recommendations.

There are a number of ways to conduct a study; however, the most successful approaches include:

• Developing a compelling and urgent Case for Support that concisely summarizes the needs and impact of the potential campaign;
• Conducting confidential, face-to-face interviews with individuals of influence and/or affluence whose input is critical;
• Providing thorough and insightful analysis and observations from the responses, not simply a polling process or questionnaire;
• Recommending specific and actionable steps on how best to proceed including project priorities, preliminary goals, campaign organization, timeline and activities, awareness and marketing, assessment of organizational readiness and a clear financial path to success.

Does a study always lead to a campaign?

I am asked often if I have ever recommended an organization not proceed with a campaign as a result of the study. I have, but that is the exception and for extreme circumstances. Most often, if an organization has taken the appropriate steps in strategic planning that identifies
Capital Campaigns and Pea Pods

By David Lansdowne

This article is adapted from the Second Edition of David Lansdowne’s book, Fundraising Realities Every Board Member Must Face, published by Emerson & Church (www.emersonandchurch.com). It is reprinted through kind permission of Emerson & Church.

Capital campaigns can be simple or complex.

Goals can range from a local museum hoping to raise $100,000, all the way to $6 billion, which is the amount Harvard University hopes to raise in a campaign now in its “quiet phase.”

Regardless of their size, however, many of the dynamics are the same. Here I’d like to focus on three of them.

A Few Contribute the Most

Pea pods tell you a lot about fundraising.

If you’re a gardener, you know from experience that 80 percent of your peas come from 20 percent of your pods. The first person to observe this, at least on record, was Vilfredo Pareto (born 1848), a gardener in addition to engineer, sociologist, economist, and philosopher.

Today, the “Pareto Principle” is an accepted rule of thumb in business. It states—and your retail friends will confirm this—that 80 percent of a company’s sales come from 20 percent of its customers.

Only in fundraising, the ratio’s more skewed.

As borne out by decades of experience and literally thousands of campaigns, 90 percent of the funds raised in a typical campaign come from just 10 percent of the donors. A recent study by CASE (higher education’s professional association) reaffirmed this ratio as the “canonical rule.”

What it means is that to reach your goal you’ll need to devote most of your time—as much as 90 percent—to your top prospects, relying on sizable gifts from them.

Only don’t ignore everyone else or you may come to regret it!

Consider that Mary Jean and Frank Smeal’s first gift to Penn State’s College of Liberal Arts was $5.00. More than 30 years later their $10 million gift ranked as the largest in the school’s history.

Or take William and Joan Schreyer. Their $30 million gift built the Schreyer Honors College, also at Penn State. Their first check to the university 37 years earlier? That would be $10.

Lastly, listen to what Teresa Eyring, former director of the Children’s Theatre of Minneapolis, told Minnesota Public Radio: “One day in the mail we received a check for $12 from a young person who attended the theater on a regular basis.” Attached was a note saying this was “part of her savings and she thought it was very important for the children’s theater to have this campaign.”

You just know that 30 years from now you’ll pick up the paper and read about a $5 million gift from a woman who scrimped as a child so she could donate $12 to a nearby theater she absolutely adored.

Individuals are the Target

Here’s the math.

In the U.S., there are just over 100,000 private foundations. These include everything from the Carnegie Endowment to DoSomething.org.

In addition, there are 2,700 corporate foundations with household names like Bank of America and Coca Cola.

Sizable numbers, to be sure, but they pale in comparison to the estimated 140 million adults who each and every year send checks to their alma mater or local museum or community hospital.

So it shouldn’t surprise you that of the billions contributed annually to charity, roughly 85 percent comes from individuals like you (90 percent if you include bequests).

A big grant from Walmart or the Gates Foundation makes the headlines, but it’s those millions of under-the-radar gifts that account for the bulk of philanthropy.

As a result, it makes sense to focus most of your attention on individuals.

Unfortunately, too many people ignore hard data and spend a disproportionate amount of time chasing corporations and foundations. Why? For two reasons, I suspect. First, these sources are the most obvious—you’ll find them conveniently listed
in various directories. Second, corporations and foundations expect to be solicited (many via the Web these days). That means the nail-biting element of fundraising—standing in front of someone and asking for a gift—is eliminated.

Granted, some organizations—about one in five according to a study reported in the Stanford Social Innovation Review—rely on corporate funding for a sizable share of their income. But keep your priorities straight by remembering three simple truths:

• Most private support comes from individuals. (A study by Bank of America and the Center for Philanthropy at Indiana University showed that 98.2 percent of high net worth households give to charity.)

• Much of our nation’s wealth is in the form of real property, owned by individuals. And,

• Individuals don’t have defined priorities; they can give to whatever they wish, whenever they wish.

Money Costs Money

On average, U.S. couples spend nearly $26,000 for their nuptials, according to The Wedding Report (theweddingreport.com).

It doesn’t have to be this way, of course. The Valley of Fire wedding package in Las Vegas, which includes a stretch limo, 100 photographs, an eight-inch round wedding cake and bottled water, can be yours for $999 (plus applicable taxes).

Much like weddings, fundraising costs run the gamut.

To begin with, you’ll need money for operating costs, things like printing, postage, office space, additional staffing, transportation, and clerical help. Then there are pesky consulting fees (more on consultants later). These can range anywhere from a few hundred per month to $250,000 annually for full-service, on-site campaign management.

How much, specifically, should your campaign cost? It all depends, of course. Some established organizations spend less than 10 cents for every dollar they raise, while many new groups spend 50 cents or more.

So much is dictated by the following variables:

• The amount you’re trying to raise.
• The number of prospects you’ve identified.
• Your plans for cultivating these individuals.
• Where your prospects live.
• Whether you’ll be hiring an independent consultant or a full-service firm.
• The duration of your campaign. And,

• Your current level of support.

William Krueger, writing for capitalcampaigns.com, offers the following figures as a rule of thumb for large campaigns (these assume a consulting firm providing soup to nuts service—your costs for a smaller drive using an independent consultant could be less):

For a $2,000,000 campaign, expect to pay 8 to 15% of the goal.

For a $2,000,000 to $5,000,000 campaign, 7 to 12%.

For a $5,000,000 to $25,000,000 campaign, 4 to 8%.

Campaigns over $25,000,000 might be as little as 1 to 2%.

By the way, “little” in the preceding sentence is Krueger’s word for $500,000, not mine.

David Lansdowne has spent much of his professional life in the nonprofit sector, serving in development and administrative positions for educational, cultural and health organizations throughout America.
No successful triathlete would think about entering a race without training in all three disciplines: swimming, running and cycling. Nor should an organization undertake an equally significant challenge—a capital campaign—without putting in the time and effort to ensure the organization is prepared in all of the major “disciplines” of a campaign. Most organizations pay a lot of time and attention to the best-known elements—a strong case, a deep pool of well-cultivated prospects and a sound plan—but often fail to ensure that the back-office infrastructure is in shape to support the capital campaign.

Evaluating Your Development Infrastructure

An evaluation of your readiness for a capital campaign begins with a thorough review of how your organization currently manages the fundraising process. This includes all aspects of the donation cycle, from solicitation of the commitment, through acknowledgment and, where offered, pledge fulfillment or donor premium fulfillment.

Are your annual appeals prepared in-house or do you utilize a direct mail vendor? Similarly, how are contributions processed—with in-house staff or through a third-party lockbox/data entry vendor? If you are utilizing in-house staff for these functions, evaluate the demands that will be placed on those resources by a capital campaign. How many additional mailings, and what quantities, are called for in your campaign plan? Can your staff, database, and printers accommodate the significantly larger workload of a capital campaign or do you need to consider outsourcing to meet this large, but temporary, work increase?

One way to gauge the amount of work a campaign will entail is to determine how many minutes it takes an existing resource to accomplish a task anticipated in the campaign. Create a test file of either donor packages or pledge responses. Start with a reasonable quantity for a day’s work—say 25 of each—and have your staff manage the required activities while timing how long it takes to complete the work and then calculate the “per piece” time requirement.

If it takes two minutes for a staff member to update a donor record for a targeted campaign gift request amount, then another two minutes to print the letter and envelope and insert any collateral required, then you know you will have a time requirement of four minutes times however many pieces you will be preparing. For large capital campaigns that might require the production of tens of thousands of solicitation packages, this extra workload can easily total hundreds of hours of additional work. Assuming your staff is already managing many other projects, it might be necessary to add a temporary employee or look to an outsourcing solution for this work.

Perhaps even more important is the time it will take to record pledge commitments and payments and to generate reminder statements. If your annual appeal solicits only one-time gifts, recording pledges introduces a whole new level of data capture and complexity to the process. Pledges need to be collected and this means statements need to be generated and mailed. Is your existing software up to the task of recording pledges, generating statements, and calculating any balances remaining as payments are applied? Lengthy delays processing responses can negatively impact the fulfillment rate by unintentionally signaling to a donor that your organization is not efficient or does not value their gift.

Additionally, an increasing number of donors wish to have pledge commitments regularly charged to a credit card or debited from a bank account without any further actions needed on their part. Do you have in place a secure, Payment Card Industry (PCI)-compliant solution to enable that payment option? Research shows that pledges enrolled in an automated program are fulfilled at a much higher rate than those from donors who request monthly reminders. They also offer a significant cost savings. If a donor opts for a monthly pledge payment reminder to be mailed to complete a 36-month pledge, and it costs your...
organization $1 in time, materials and postage to mail one reminder, you are looking at a $36 total cost for fulfillment. Multiply that cost by 10,000—or 50,000—pledges and the cost savings can more than cover the initial costs and fees to offer automated payment options.

**Communication Evaluation**

Your website and other social media platforms have an increasingly important role to play in supporting your capital campaign efforts and how you communicate with your target audiences. Make sure that all of your communications platforms have been updated to reflect the campaign theme and message, and that key information is easily located by the target constituencies.

Donors will want to be able to learn more about the case and a web page with a YouTube embed of your campaign video can be a great way to tell your story utilizing the strong emotional impact of video in a cost-effective manner. Drive donors to that reporting capabilities your campaign will require and go through these needs with your software partner to ensure their product can meet that need. Allowing ample time for programmers to build (and test!) the reports you’ll need before launching the campaign is highly recommended.

Take the time to think about the reporting capabilities your campaign will require and go through these needs with your software partner to ensure their product can meet that need. Allowing ample time for programmers to build (and test!) the reports you’ll need before launching the campaign is highly recommended.

In the same manner, understand exactly what your software will support, and what it will not, in terms of managing pledges, handling restricted donations, allocating matching gifts and accommodating soft credits or memorial gifts on the front end. This will ensure that your solicitors do not promise donors deliverables beyond what you can properly manage.

**Staff Evaluations**

Most organizations embarking on a capital campaign do not “shut down” their normal development annual functions. Capital campaigns address new needs; annual appeals for operating support and ongoing programs will continue. Adding capital campaign responsibilities to your existing staff’s workload can overwhelm your team members. This is true at all levels of staff from executive directors to fiscal managers to directors of stewardship and development to database managers. As you put the fundraising plan for your capital campaign together, be sure to identify the time commitments required to support each activity. Consider carefully where outsourcing, process re-engineering or hiring temporary staff might prevent work “choke points” from hampering your organization’s ability to execute the campaign plan on time.

**Prior Planning Prevents Poor Performance**

This time-honored adage is well-suited to a capital campaign. After all, capital campaigns are often the most public undertaking in which your development office will engage.

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Organizing a Capital Campaign

• Ask them to allow you to use their name as a supporter. Then create a growing list of these leaders. Once you have a few well-respected leaders, an organization usually finds other leaders will choose to be leaders as well. As you recruit a leader, tell other potential leaders about your past recruitment successes.

• Ask them to open doors to other prospective leaders. Explain that you would like to return and meet with them again to ask their guidance in reviewing other prospects and seeking their help in arranging meetings with a pre-determined number of prospects, usually five. This limits their time involvement, yet allows them to be a big part of the campaign.

• Ask them to make a financial gift. Ultimately, fund raising is what it is about so you have to ask for a specific gift.

Tell them that they will not have to come to committee meetings. Community leaders hate committee meetings—especially meetings that drag on and don’t accomplish any tangible goals. Explain to the potential leader that whatever time they can spend on the campaign will be spent doing the one thing the organization can’t do without them—opening doors to other potential leaders and donors.

Successful recruitment is also dependent upon making wise use of the campaign leaders’ time.

• Be succinct in the request
• Be specific about responsibilities
• Productive use of time during campaign.
USE IT!

Getting those who might oppose the capital campaign on your side
A capital campaign is usually a very large undertaking, so there always exists the possibility that some people will try to actively or passively resist it. A staff member might feel threatened by this addition to her already heavy workload, or a member of your development department might prefer another strategy. Identify the skeptics and listen to their objections and concerns. Since you’ve done all the necessary preparation prior to launching the campaign, it should be relatively easy to counter their views persuasively. Managing opposition is crucial to managing the campaign.

Keeping in mind that timing is (nearly) everything
As with just about everything else, with capital campaigns timing is key. The decisions about when to launch the campaign, when to end it and when to execute each part of it should be arrived at only after careful consideration and debate. The needs of everyone should be taken into account: your donors (is this the right time of year to approach them?); your staff (are the deadlines too tight for them to manage?); and your volunteers (are their numbers sufficient to handle the calls that need to be made within the timeframe?), among others. To organize this information, creating a spreadsheet to combine all stakeholders’ schedules into one document can be a valuable tool.

Mastering your story
To get donors to contribute to your campaign, you’ll need to master your capital campaign story. Keep in mind that this is quite distinct from any materials you’ll need to create for the campaign, such as the feasibility study. In the same way as, when a friend asks you about a movie you saw, you don’t recount every last detail of the plot, you should make sure your story is short, concise and to the point. It should always be linked to your organization’s mission and to your vision of what the campaign will achieve, and appeal to the donor’s heart. Then you must make sure everyone working on the campaign masters the story as well, so you’ll all be conveying the identical message.

LOSE IT!

Generating misleading expectations
With so many stakeholders involved in a campaign—and with the normal tendency of people to believe what they wish to believe—it’s very easy to inadvertently create expectations for a campaign that don’t conform with reality. So communicating effectively, always a vital part of fundraising, is particularly critical for a capital campaign. The board member who thinks that his role is solely to help plan and oversee the campaign, rather than to make a contribution to it, should be disabused of that notion. The staff member who believes that the campaign effort exists at a lower priority than her “real” work must be corrected as well. Express in clear language—both verbally and in writing—what’s expected of all parties.

Regarding your consultant as the campaign’s superhero
By all means, hire a consultant if your organization believes that’s what your campaign needs, but keep your expectations of him or her within limits. An experienced and competent consultant is no substitute for a well-thought-out plan or a sound infrastructure. Sometimes the consultant will approach the donor, but very often his or her role will be behind the scenes, organizing and coaching volunteers and staff. In any case, the consultant’s agenda must always be subordinate to your nonprofit’s mission and strategy.

Selecting a campaign chair who lacks one or more crucial qualifications
The ideal campaign chair: a) is strongly committed to your organization; b) is known and respected within the community targeted by the campaign; c) has the time to devote herself or himself to the effort within the designated period; and d) is willing to approach members of his or her circle to ask for contributions. If any of those elements are lacking, the result may be failure. For example, a person not fully committed to your organization’s mission may well prioritize other commitments, or one with the necessary commitment may balk at asking money from donors she knows. So when reviewing a potential chair’s qualifications, aim for “all of the above.”

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something to a client that is good for the consultant but not for the client.” He added that both nonprofits and their consultants must obey all federal, state and local laws.

In accord with the opinions of Harrison and many other nonprofit and charity advocates, we as charities have an obligation to educate the public not only about our missions and their relevancy for today and tomorrow, but about the fundraising process itself. Fundraising does cost money. However, in a well-planned fund development program, that money is a real investment in the future of the mission. It is okay to let our donors know that part of the money they give us is used to invest in fund development. In fact, not to do so is a disservice to the donor.

We don’t do ourselves nor the fundraising community any favors when we state that 100% of all money donated goes directly to the cause. All of us know that statement simply is not true. More importantly, donors know that statement is not true. It costs money to raise money. If our efforts are subsidized, then we need to own it and state it for the sake of the integrity of our own organizations and that of the larger fundraising community. To do less, hurts us all.

Another way we often mislead or erode donor trust is in statements about our donor lists. Informing donors that your organization does not trade, exchange or sell names to others is a kind of finger-pointing at the competition, which can and has backfired on the fundraising community. The implication of such statements is that the donor’s name is protected in some way by an organization. The only person who can protect the donor from further solicitation is the donor by asking to be removed from a charity’s list. Making sure that the donor has the option to choose not to be solicited by our own organizations is much better fundraising practice and a more transparent way to respect donor rights.

Harrison concludes his article by stating:

Let’s consider the recent brouhaha an important reminder to our high calling as fundraisers that we need to behave with honesty, authenticity and transparency. Equally important, we need to stop apologizing for spending money on more effective management and fundraising, and, instead, educate people about the reality of how fundraising works.

If we can do this, then seeking “capacity capital,” or creating an endowment for the sake of the mission, will be very viable options for us all. The work begins within our own institutions by developing a culture of mission and philanthropy. When mission is the benchmark of all our efforts and drives our outcomes and philanthropy is understood as advancing and expanding the mission, fund development is recognized as an investment of great worth to the institute itself, as well as to our investment partners, our donors.

This gives us all something to think about this Lenten season.


Budgeting for a Culture of Philanthropy

In summary, the process of creating a budget to support the culture of philanthropy starts with the mission and vision of the organization, the future goals, or hopes and dreams, the lessons from the past and the focus of accomplishing specific goals with the current year. If you find your goals are too big for this year, expand the timeline for achieving your goals. Rally the leadership and staff to participate and commit to the budget, as it is the “oil” for the hard working “motor” of the philanthropic organization.

P. Louise Moore, CFRE, is Controller at Cull Martin & Associates, Inc., an NCDC Corporate partner, specializing in faith-based fundraising. Louise has over 16 years of strategic planning and budgeting, both in the corporate and not-for-profit realms. Contact her at lmoore@cullmartin.com with questions and feedback.