



# National Fund Raiser

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## **Measuring Your Readiness for a Capital or Endowment Campaign** first in a series

You need more space and equipment or to build an endowment and you're ready to think about a capital campaign. What is your first step? Even before completing a feasibility study? There are seven:

1. You need a board-approved three-year or five-year organizational business plan or institutional growth plan, in detail, with program goals, objectives and line-item budgets.
2. You should have a three-year or five-year development master plan to show strategic details of how annual operating funds can be raised at the same time you are going after capital gifts.
3. You need an exciting mission statement – those 100 or fewer magical words that can describe your organization's reason for being. And a vision statement.
4. 100 % of your board, advisory council, administrators and supervisors should express their individual willingness to pledge to the campaign "to the best of their abilities."
5. Identify the top ten individual and top ten corporate capital campaign prospects that know you well and are likely to want to provide primary gifts with each gift representing two to ten percent of your goal. You should also identify another 25-30 prospects for mid-range gifts (each equal to one or two percent of your goal). The follow up feasibility study will confirm the potential of these and other prospects.
6. Before thinking seriously about launching a capital campaign, your annual fund will need to have experienced increases in numbers of gifts and dollars raised for the last few years to show you will be able to provide for operations and maintenance of a new facility.
7. You should have a majority of your board of directors/trustees, advisory council, administrators and development staff already giving to the annual fund to the best of their ability.

Why are all of these steps necessary? Individuals, foundations and corporations will not consider giving large gifts unless you can make them feel good about where you are going, why it's necessary and how you are going to get there. Before individuals, corporations or foundations will give serious consideration to giving you a significant gift they will want to know about the degree of commitment on the part of your board and other leaders. Commitment is measured by giving of personal resources and participation in the asking process.

Meet the above seven steps and you're ready to get serious about paying for a feasibility study.

This month's supplement will help you assess your readiness. Next month, we'll provide you with the formula for accurately determining your total campaign goal, including provisions for cost overruns, campaign expenses and unfulfilled pledges.

### **How to Research and Write Your Strategic Development Plan**

## **Why You Need a Strategic Plan**

**part one of six**

We are beginning this series now so that, over the next six months, you can learn all of the details necessary for completing your own three-year or five-year strategic development plan beginning with 2006.

Here are six good reasons why you should have a three-year or five-year strategic development plan for your organization:

1. It will help you to establish realistic, achievable goals for each year's total fund raising income and establish specific objectives for each category or method of fund raising.
2. A strategic plan will provide you with a clear understanding of how much growing you will need to do in each fund raising category and in each program or service area.
3. It's a measuring device. Each month, you can examine your growth in each fund raising category and program or service area. This will allow you to make adjustments before problems set in. Year-end surprises are eliminated.
4. The plan will allow you to report progress accurately to your chief executive and board – to stay in control of your own destiny without panicky reaction or cutbacks.
5. From your plan, you will already have most of the information needed to create your case statement – an important tool in convincing corporations, foundations and individual large-gift prospects that your organization is important to your service area and that you know where you are going and how to get there.
6. Most importantly, a strategic plan will help you to raise the money that you want to raise so you can help all of the people you want to help.

Writing a master plan for your development program will take more than “a few nights at home.” If your work schedule will allow, set aside six to eight days if you are a small organization or about twice that amount of time if you have a multi-million dollar annual budget. Additional time may be required if your record keeping over the past few years has been disorganized. **BUT DON'T PANIC!** For every hour you invest in creating your master plan now, you will save many hours of planning and implementing later. For every hour you invest now, you will increase your net income substantially each year. You can start working on your plan next month and follow along with our issue by issue suggestions.

Organizations that have master (strategic) development plans based on the formulae you are about to learn, seldom fail to reach their goals.

## Can Telemarketing Work for Your Organization?

A warm, friendly, sincere voice . . . discussing things of interest to you . . . making you feel important and part of the picture . . . motivating you to help those in need . . . assuring you that your gift will make a difference . . . reassuring you that administrative costs are low and benefits to your community are high . . . offering options in giving . . . convincing you to give . . . making you feel appreciated, warm and fuzzy inside.

Telemarketing can be an effective way to raise money from lapsed and current donors and from prospects who have an **established link** with your organization.

Don't fall prey to those "professional" fundraisers who promise to "do all the work and pay all the costs" and turn the net proceeds over to your organization. The "professional" will end up keeping 70%-80% of all funds raised and you get the leftovers. Additionally, you'll probably be in for a major public relations headache. When your donors discover (and they will, eventually) that \$20 out of their \$25 gift went into the pockets of a telemarketer, you'll reach for the aspirin bottle frequently.

As a general rule, we suggest that you do not use telemarketing as a tool for cold prospecting. The exception to this suggestion is direct mail dependent. If you want to solicit prospects who have no link with your organization, then it needs to be a three-step process:

1. The cold prospect is warmed up with a personalized, word-processed letter introducing your organization and explaining how you help people. The letter closes by telling the prospect that you are going to telephone in the next week to answer questions and to ask for support.
2. Then you do telephone as promised ready to answer questions and to ask for a gift.
3. After the phone call is completed, an immediate, second mailing thanks the person, resells your organization, restates the commitment made on the phone and provides the remittance devices.

Telemarketing can also be a great way to reinstate lapsed donors. For those in your file who have not given in the last two to four years, a phone call can often reestablish a good relationship. (See the just-concluded series on reinstating lapsed donors.)

# June

## Development Strategies

Now is the time to recruit a few volunteers to begin updating telephone numbers for everyone in your file who you may want to call in your year-end cleanup effort. Secure a phone directory on compact disk for your CD Rom (800-888-4437). Or you can go on line to [www.555.1212.com](http://www.555.1212.com) to locate a phone number for anyone listed in a U.S. phone directory. Start verifying numbers beginning with your current large-gift donors, then your modest-gift donors and work your way down through lapsed donors who last gave four years ago. When your board and key volunteers begin phoning donors at year-end, make sure they have updated information.

Make sure your foundation proposal drafts are completed well in advance of the deadlines stored in your tickler system so that all statistics can be verified, all formulas double checked and all text proofread by at least two people.

~~Have a volunteer check and restock supplies in all of your commemorative giving displays.~~

June is the “catch up” month. Once your second calendar-year mailings are on their way, it’s time to pause and assess your progress to date. Because you are at the halfway point, you can still make adjustments in your various fund raising methods’ strategies. How to you measure? For each of the methods listed below which you employ in your development program, complete the following analysis:

- |                                     |                                       |
|-------------------------------------|---------------------------------------|
| Cause Related Marketing             | Foundation Grantsmanship              |
| Commemorative Giving                | Large Gift Club - \$125-\$999         |
| Corporate Solicitation              | Large Gift Club - \$1,000-\$4,999     |
| Direct Mail – New Donor Acquisition | Large Gift Club - \$5,000+            |
| Direct Mail – Lapsed Donors         | Large Gift Personal Call Program      |
| Direct Mail – First Time Renewals   | Special Events (list each separately) |
| Direct Mail – Ongoing Renewals      | Telemarketing                         |

	<i>Number of Donors</i>	<i>Dollars Raised</i>	<i>Average Gift</i>
<b>A. Goal for 2005</b>	_____	\$ _____	\$ _____
<b>B. Where should we be as of 5/31?</b>	_____	\$ _____	\$ _____
<b>C. Where are we as of 5/31</b>	_____	\$ _____	\$ _____
<b>D. Difference between B and C (+ or -)</b>	_____	\$ _____	\$ _____
<b>E. Where were we 5/31 of last year</b>	_____	\$ _____	\$ _____

Doing these analyses will immediately pinpoint any methods that need extra time and effort, **now**, in order to meet year-end goals.

National Fund Raiser Supplement – May 2005  
**Capital Campaign Readiness Assessment**  
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You are thinking seriously about staging a capital campaign for your organization. Before interviewing firms which might conduct a feasibility study, your board Development Committee or Executive Committee should complete this form.

By answering all of these questions, you will determine the likelihood for success in a capital campaign and discover areas which might need improvement prior to launching a campaign.

1. Does your organization have, in writing, an updated three or five-year strategic plan or master plan? If you have an updated plan, award 5 points. If you have a plan but it needs to be updated, award 3 points. \_\_\_\_\_
  
2. In recent years, have you increased efforts to grow your annual fund?
  - a. If 100% of your board members are contributing annually to the best of their abilities, award 5 points; if almost all are contributing, award 3 points. \_\_\_\_\_
  
  - b. If a majority of your board is involved in soliciting funds annually, award 5 points; if only some are helping, award 2 points. \_\_\_\_\_
  
  - c. Among last year's donors, if 2% or more gave you \$1,000 or more, award 5 points; if 1%-1.9% gave you \$1,000 or more, award 3 points. \_\_\_\_\_
  
  - d. Last year, if you reached or surpassed your annual fund dollar goal, award 5 points; if you came within 10% of your goal, award 2 points. \_\_\_\_\_
  
  - e. If you are actively promoting bequests and other planned gifts, award 5 points. \_\_\_\_\_
  
  - f. If your total development income is likely to increase by 25% or more this year over last, award 5 points; if 10%-24%, award 3 points. \_\_\_\_\_
  
  - g. If your total development income last year was 25% or more greater than the previous year, award 5 points; if the increase was 10%-24%, award 3 points. \_\_\_\_\_

**Please sub-total and carry sub-total to top of next page** \_\_\_\_\_

**Sub-total from bottom of other side:** \_\_\_\_\_

3. If, during the past five years, you have received negative publicity in the media (programs criticized, misuse of funds, civil rights or human rights alleged violations, executive misconduct, etc.), subtract 10 points. \_\_\_\_\_

4. Who are the **top 10 individual donors** to charity in your service area? Make a list. For each of these top 10 individuals now contributing to your organization, award 5 points. \_\_\_\_\_

5. Who are the **top 10 corporate donors** to charity in your service area? Make a list. For each of these top 10 companies now contributing to your organization, award 5 points. \_\_\_\_\_

**Sub-total for questions 1-5** \_\_\_\_\_

6. Have your board Development Committee chair visit with or telephone every board member to determine the degree of commitment by your organization's leadership. The following three questions should be asked of each board member:

a. Do you believe that conducting this capital campaign in the near future is important to our mission as an organization?  
\_\_\_\_\_ board members saying "yes" times 1 point each. \_\_\_\_\_

b. Are you and your spouse willing to commit personally to giving a significant gift to this capital campaign – an amount which is equal to the best of your ability to give?  
\_\_\_\_\_ board members saying "yes" times 3 point each. \_\_\_\_\_

c. Are you willing to commit to volunteering several hours each month, for several months, to team up with your peers in making personal visits to ask for large gifts to this campaign?  
\_\_\_\_\_ board members saying "yes" times 5 point each. \_\_\_\_\_

**Sub-total for questions 6a, 6b, 6c** \_\_\_\_\_

A perfect score for questions 1-5 is 140. You should score 27 or more points on questions 1-5 before thinking seriously of a capital campaign. The closer your score to 140 the better chance for success in your capital campaign.

You can determine a maximum score for questions 6a, 6b, 6c by multiplying your total number of board members by 9 points possible. (\_\_\_\_ board members times 9 possible points = \_\_\_\_). Of these maximum points, your actual sub-total for 6a, 6b, 6c should equal at least 65%-70% of the maximum score before thinking seriously about a capital campaign.