

# HOW TO ... PLAN AND RUN A CAPITAL FUNDRAISING CAMPAIGN

According to Plato, “the beginning is the most important part of the work” (Plato, The Republic). This is never truer than in a Capital Fundraising Campaign. Sound planning will translate to a successful Campaign. Sound planning will ensure that you have clearly identified the things that will enhance your case, accurately assessed the potentially negative factors, assured yourself that your organization is ready for the considerable demands of a Campaign, and that the givers, workers and leaders are all there waiting to be activated.

There are many excellent “How To” books available that take you through the rudiments of Capital Campaigns in much greater detail than I can hope to do here.

It is important to be clear about what a Capital Fundraising Campaign is, and isn't. Traditionally defined as a process to raise significant funds for important asset building needs of an organization; it is typically short, intensive, focused and volunteer-driven. Projects, which make the best Capital Campaigns, are urgent (it must happen now), relevant (to the organizational mission) and important (distinguished from other operational and minor capital needs). This means that Campaigns run for endowment needs, debt repayment and augmentation of annual fund are, by definition extremely difficult to incorporate in a Capital Campaign.

## **Plan to Succeed**

One of the first hallmarks of a successful Capital Campaign is a competent and

thorough Fundraising Feasibility and Planning Study. Best results in the Study are obtained by fundraising professionals who are not “part of” the organization. If you are considering engaging outside consultancy; this is the time to do it. The reason for this is that, during the course of the Study, face-to-face, confidential interviews will be conducted with key people in your constituency. They must feel able to respond in a frank manner so that an accurate impression of the acceptance of the project, and support in terms of time, energy, skills, and money can be gained. It would be difficult for such open-ness to develop when a staff member of the organization is the interviewer. Often the fundraising, management and service delivery of the organization will come in for serious comment and it is imperative that the person being interviewed feels free to express all his/her opinion irrespective of whether they are factually correct, influenced by past history, or just a negative person.

This may give the impression that you only hear or expect to hear negative comments in Study, but that is not the case. The vast majority of comments you will record are helpful, positive and enthusiastic. BUT to plan a successful Campaign you must first have identified what will make it work as well as what will impede it. Only then can you make some judgment on whether potential weakness can be managed or whether they are “show stoppers”.

## Are we ready?

So ... how can we tell if we are ready for a Fundraising Feasibility and Planning Study? Assuming that the nature and scale of the project justifies a Study and Plan, an organisation is ready only when:

1. There is a crystallised project – clear-cut plans, site decided upon, architects plans or sketches available, estimate of costs made etc.
2. Ways and means of financing the project have been preliminarily considered and it is known that a fundraising appeal is necessary or likely to be so.
3. The organisation knows it will face up to the realities of a fundraising appeal if it can be shown that a public appeal is a sound proposition.
4. Either community leaders are already reasonably informed about the project, or the organisation, realising this is not the case, is prepared to agree to an appropriate means of informing them (e.g. as part of the study).
5. There is an interested informed group accepting responsibility either constitutionally or by committed involvement to provide an effective “bridge” to outside community leaders.

## The Fundraising Feasibility and Planning Study

This Study seeks to answer questions, which are vital to the planning of a successful appeal. Interviews are

conducted with a number of people throughout the organisation's constituency. They may include current and past members, families, members of committees and governing bodies, staff members, suppliers and other individuals, corporates and Trusts who are known to the organisation.

There is no intent to create a demographically significant survey – the selection of interviewees is more deliberate than that. Because you will need to identify leadership and top givers in the Study, then naturally a number of the interviewees will be prospective top givers or leaders. Some people have defined the criteria for selection of interviewees as those who have “influence” and “affluence”. These are reasonable criteria to keep in mind, but be prepared to be flexible with the meaning of “influence”. In a school Study, the Principal of a competing school may be a significant influencer of community opinion whilst in a church Study it may be the most unlikely person who takes this role. In one parish I worked with there was the formal leadership structure and the informal one. The informal one included the organist and the volunteers in charge of the flower roster and the morning tea roster. Nothing could be done without their “buy in”. So take care to define “influence” widely enough to make sure that you don't miss the very people and networks who will take most offence by not being interviewed!

The case material (which describes the project, its components and the benefits it will present) is finalised and sent to these potential interviewees.

- ◆ Perception of need (whether it is seen that the stated need does, in fact exist?)
- ◆ Ability of the project to address the need (are the presenting needs met through the completion of these projects or programmes?)
- ◆ Attainability of the target (will there be sufficient gift support at the required levels for success?)
- ◆ Availability of volunteer work-force (are there sufficient enthusiastic, motivated individuals who will give and work towards the stated target?)
- ◆ Availability of leadership (are there individuals who have the qualities to inspire others to take part in a Fundraising Campaign and to personally give at the required levels?)
- ◆ Timing of the Campaign (what is the most acceptable time of year to run the Campaign for the organisation's constituency)
- ◆ Other important factors which will influence the outcome of the proposed project and its Fundraising Campaign

It is important that questions related to, and later analysis of, giving expectations are responses to the correct gift range chart. In common with Annual Fund planning, there is a gift pattern that is typical to Capital Campaigns and it is an extremely important tool during the Study. General principles are that you require gifts that are as large as possible from as few sources as possible. There is an old axiom that says, "the perfect Capital Campaign is where one donor does the lot". I live in hope! However

the point is that you won't require or seek thousands of gifts. I have found that 300 – 500 prospects can deliver around 110 gifts at the appropriate levels. The top gift needs to be as large as possible – at least 10-15% of the target. The top ten gifts need to add up to more than half of the target (even better if they total 70-80%). The rest of the gifts at diminishing levels and increasing numbers of donors will bring in less than half of the funds required. This is also a guide as to where your time and energy should be focussed during the Campaign.

At the conclusion of the Study a Report should be prepared which will be both a statistical and a comment-based analysis of the research and interviews. It is best presented to the Board or governing body. In the final summation, it will be the Board's commitment to the project and process that will lead to a successful outcome. If the Board is not enthusiastic and personally committed, it will compromise the Campaign.

In most cases, fundraising failure can be traced back to a flawed Feasibility Study. Having seen what is "out there" in New Zealand over the last 15 years I would suggest that if the Study is inexpensive or free then that is what it is worth. These Studies are undertaken with the expectation that fees can be recovered in Campaign direction. Clearly, if the recommendation is not positive then there can be no Campaign. This influences a neutral analysis. In the same light, Studies that confuse operational with capital purposes; which do not use a gift chart and which are community opinion surveys will not provide assurance as to project viability and fundraising feasibility.

## The Capital Fundraising Campaign: Preparation

Finally we get to the Campaign itself. There are many ways to describe the structural phases of the Campaign; but in general they tend to fall into the following four phases:

- Preparation
- Intensive
- Closing
- Monitoring

During the preparation phase there are two main objectives and associated activities: Prospect listing and Leadership Enlistment.

At the very least, the top 100 - 200 gift prospects should be researched in-depth to provide the Campaign Director with the information that is needed to determine:

- a. The amount to ask for;
- b. The proper team to conduct the solicitation;
- c. The solicitation approach that should be used to induce the maximum gift; and
- d. The recognition that the donor will require once the gift is made.

An efficient file system should be established to record all information to make it readily available to the Campaign Director and to the team of volunteers assigned to effect the solicitation. All information should be kept in confidence. Helpful questions at this stage are: “why should this person give to this project?” and “do they have the ability to give at the levels required?”.

Although a Steering Committee of enthusiastic volunteers may be the Campaign Director’s resource at this point, it is vital to structure a Capital Campaign Committee, which will lead and advance the Campaign Intensive Phase. Formation of this Committee will start with the enlistment of the one individual (identified in the Study) who, because of his/her stature, ability to give, influence with others and passion for the cause; can provide drive and energy to the Campaign. It is usually necessary to create a job description unique for each Campaign Chairperson, taking account of the need to use their available time, contacts and skills for the best result. Some will choose to take time out of their other activities (work, leisure or other organisations) and be available exclusively to the Campaign over the Intensive Phase. Others are unable to offer this. Both will have advantages and disadvantages.

It is vital to make clear early on that only givers will participate in the Campaign and that the solicitation will follow the pattern “inside out, topside down”. What this means is that the “family” of the organisation (those closest to the centre of the consistency circle) must first make their gifts. Yes, this includes Board members who, even if they are not involved with the Capital Campaign, will be invited to make gifts which are significant according to their own ability and interest in the project. The example of this 100% buy-in from the governing body is an important leadership sign.

The “topside down” refers to the sequential nature of solicitation. The small number of large gifts is sought before the large number of smaller gifts. This is not to say that the smaller gifts are not valued and may not represent real sacrifice by the donor; but that we accord

first priority to achieving standard setting gifts, which will move us rapidly towards our goal.

During this Preparation Phase the Case materials tested in the Study are further refined for individual solicitations and agreement is sought as to the range and design of materials which will be used for promotional, informational and educational purposes during the Campaign.

### **The pace quickens**

The Intensive Phase is not always defined by time, but more so by task. Once the preparation activities above have been undertaken, the pace needs to step up. The Intensive Phase must be characterised by a rising tempo, enthusiasm and excitement. A range of activities can be employed to educate prospects about the project, the organisation and the need. The process is generally to expose people to the project, raise their sights as to the gifts required to achieve the target and then ask them for that gift. Some of these donors will then become askers themselves – talking to their peers or becoming involved in special prospect solicitation.

It is important to be aware that most solicitations will be made with a philanthropic motivation in mind. Some donors may wish to structure their giving through a Trust or a company. On occasion, sponsorship proposals may be invited. The special prospects team will be assigned to these visits. Overall the focus must rest on how the prospective donor's values are reflected in the purpose for which he/she is being asked to give to. The ask is not about the need of the organisation, but the donor's needs. Some projects lend themselves well to segmentation of gift levels according to

various features or components that can be “designated” or “named” for or on behalf of the donor. Some prospective donors respond well to a tangible acknowledgement of their generosity; others do not.

Pledges are sought, not immediate cash gifts. Some people may choose to give from their capital reserves (the old distinction between capital and annual gifts) and this is welcome. However, in general, gifts which are given over a period of time of the donor's choosing can be three, five or ten times larger than one-off gifts.

All visitors must be trained to seek the best gift support possible. They will already be donors themselves and it is often their personal story of “why I made my gift” that carried the most influence in the asking process. In general they should:

- Know the prospect
- Be the best person to ask them
- Ask for a specific amount
- Relate it to the donor's known interests
- Be persistent

Contrary to what might be expected, it is my experience that people with sales backgrounds make poor askers. They tend to settle for a token gift (get to the yes as quickly as possible), be benefit focussed (rather than donor focussed) and rely on a “sales pitch” rather than a sincere personal story.

The public launching function occurs about two thirds of the way through the whole Campaign process. At that point more than half of the money should be pledged. A common error of judgement is to “launch” prematurely. This will

affect the Campaign's overall prospects for success as it illustrates expediency more than authentic urgency.

### **Bringing it to a close**

The Closing Phase of the Campaign is the time where, once the vast majority of the funds are pledged, the final 5 – 10% of gifts can be sought. If it is a closed constituency (like a school or a church) it will probably be appropriate to create opportunity for all people, whether they are listed prospects or not, to give at what ever levels are right for them. The aim here is not so much to gain significant gifts, but to provide everyone with an ownership stake in the project. Even if the target is reached prior to this phase, it is worthwhile to create the opportunity to give, especially if it is to a purpose or feature that will augment the project. An example of this would be purchase of sports equipment for the new school gym.

The many “thank you”s are said in the Closing Phase: to donors, to leadership, to volunteer visitors, to the Board, to staff and even to the community in general. A summation of the work to date is prepared for the Board, covering what has been achieved (primarily in statistical format) and what is still to be done (Trust applications which close later in the year). This document also covers recommendations for donor stewardship, which will be the predicator of success in the Monitoring Phase. The Campaign

should close with a celebration of all that has been accomplished and solicitations effectively cease. Campaigns left to “bleed to death” harm themselves and others.

### **Honouring the intent**

Monitoring Phases extend over the giving period of the Campaign. This may be three to five years after the close of the Campaign itself. The focus is on donor stewardship - ensuring the pledges come in as promised and ensuring that the organisation honours the donor's intent and instructions.

In New Zealand Capital Campaigns represent the first foray into serious fundraising that many organisations will be involved in. During the Monitoring Phase it is often appropriate to begin to introduce the rudiments of a diversified Annual Fund programme .... But that is another story!

Capital Campaigns can be the most exciting time in the life of an organisation, and they can be the most trying. Don't waste the opportunity. Do your homework and follow the tried and true steps. The benefits to an organisation are always much wider than just financial success. The Campaign should move the organisation along in its lifecycle and play a part in forming a life-long group of advocates who will make up the core of its supporters.

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Director of Lisa Wells Fundraising Ltd

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