

# Creating a Successful Capital Campaign + Annual Fund Drive?

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# “Possible Topics”

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- Foundation of a successful Capital Campaign
- Foundation of a sound and responsive constituent base, how can you tell if the organization and donors are ready for a capital campaign and can they balance the two in their minds. How can you evaluate readiness? Why it is this important?
- What are the general approaches to the subject of concurrent annual and capital campaign management?
- Explain the differences between the strategies and how they are implemented.
- How do volunteers react to new capital campaigns? Impact on other fundraising efforts? What are the concerns?

# “Possible Topics”

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- Does annual giving increase because of increased cultivation, stewardship and donor commitment? If so, what are some other reasons for the increase in giving; what have you seen in your experience and what are some reasonable expectations? If there isn't an increase in annual giving, why not?
- What do professionals in the non-profit sector need to do differently to communicate with donors about this subject?
- How important is budgeting and what should it include?
- These developments are challenging, what have you seen organizations do to keep volunteers, staff and the donors motivated and spirits up and moral high during campaigns of this nature?
- In this economy what recommendations do you have for nonprofits?

# TOPIC

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## Foundation of a sound and responsive constituent base:

- How can you tell if the organization and donors are ready for a capital campaign and can they balance the two in their minds?
- How can you evaluate readiness? Why is this important?

# TIP

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- Capital Gifts generally come from those with an ongoing donor relationship
- Ask: are your donors mature enough in their giving to consider a capital gift?



# Kent Dove Readiness Check list

'Key Three' are in *italics*:

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- \_\_\_\_ 1. Commitments of time and support from all key participants (the governing board, the chief executive officer, prospective major donors, key volunteer leaders, the professional fundraising staff, and the organizational family)  
(READ 100% Board and Key Staff Participation as Donors)
- \_\_\_\_ 2. A clear organizational self-image and a strategic plan for organizational growth and improvement and needs

# Checklist (continued)

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- \_\_\_\_ 3. Fundraising objectives based on important and legitimate institutional plans, goals, budgets, and needs
- \_\_\_\_ 4. *A written document that makes a compelling case for supporting the campaign*

# Checklist (continued)

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- \_\_\_\_ 5. An assessment of the institutional development program and a market survey addressing internal and external preparedness
- \_\_\_\_ 6. *Enlistment and education of volunteer leaders*

# Checklist (continued)

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- \_\_\_ 7. *Ability and readiness of major donors to give substantial lead gifts*
- \_\_\_ 8. Competent staff and, perhaps, external professional counsel
- \_\_\_ 9. Adequate, even liberal, funds for expenses

# Checklist (continued)

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- \_\_\_\_\_ 10. Other factors (age of the organization, caliber of the constituency, range of the institution's giving program, size and geographical distribution of the constituency, previous fundraising success, quality of the program and impact of its services, location of the organization, human factors, state of the economy, competing and conflicting campaigns, trends in the nonprofit sector, unfavorable publicity, local issues)

# Foundation of a Successful Capital Campaign: Pre-Campaign Planning means having all the tools you need in place.

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Examples include:

1. Organizational Review
2. Community Assessment
3. Master Planning
4. Representative, Informed Board
5. Contemporary Strategic Plan
6. Project & Campaign Feasibility Studies
7. Business Plan

# Community Assessment

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1. Initial Research
2. Surveys (mail out and/or on-line)
3. Focus groups
4. Opinion Leader and Prospect  
Interviews
5. Report

# TOPIC

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- Foundation of a successful Capital Campaign -  
A strong, and informed Board/Council

# Board Development & Assessment

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## ■ Effectiveness Tools

- Organizational Review Interviews
- Member Self-Evaluations

## ■ Resources

- <http://www.boardsource.org/>
- John Carver, Boards That Make a Difference
- Peter Drucker, Managing Non Profit Organizations

# Is your board (and staff) reflective of the Community you serve?

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- From an Allen Family Foundation grant application (2006): “Describe the characteristics and composition of the Board and staff relative to the organization's constituency.”

# Board Development & Assessment

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The Board/Council Matrix helps establish the Profile(s) of the current members and the members your organization needs.

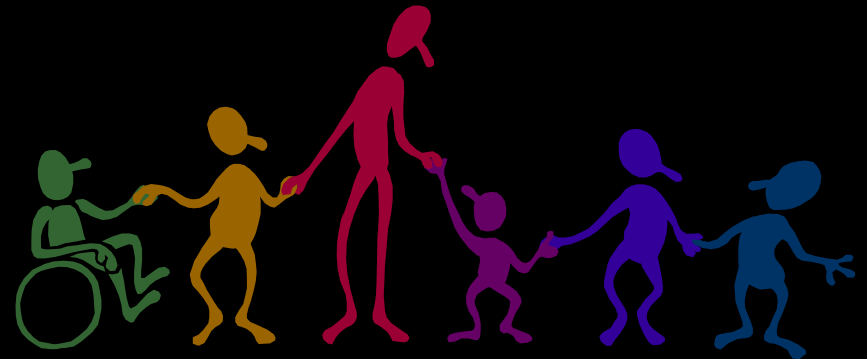
## Board/Council Matrix:

Name	Gender	Age	Work/ Profession	Skills/ Activities	Associations	Hobbies

# Board/Council Development Recruitment

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Who's missing?



# Board Development Education & Training

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- What specific training does your board or council need?
- Involve board members and key staff in planning
- Add Approaching Funders™ Module? This presentation?

# Strategic Planning--Advantages

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- Develops direction and cohesiveness for your organization including among board members
- Enables organization to more effectively communicate needs with potential donors/funders

# Strategic Planning is important to funders:

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- M. J. Murdock Charitable Trust:
  - “Describe the context and particular circumstances out of which this specific request arises.”
  - “Why is this project significant to your organization and your constituency?”

# Strategic Planning Key Components

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- Environmental Assessment or Scan
- Focus Groups
- SWOT Analysis
- Mission, Purpose, and Vision
- Values
- Goals
- Objectives
- Action Plans

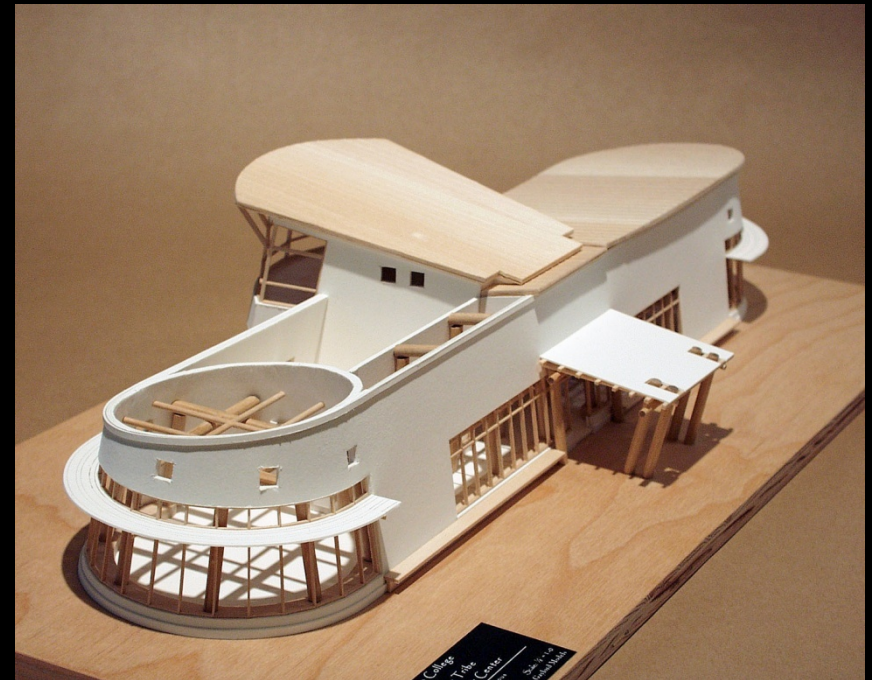
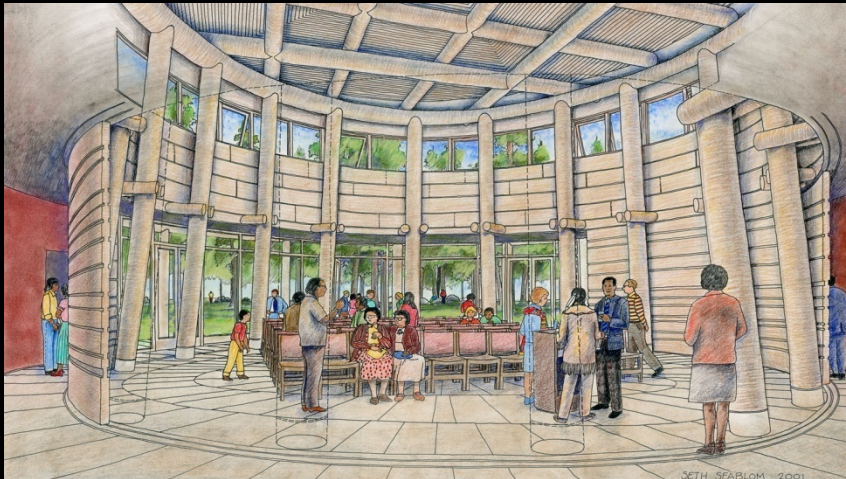
# Sub-plans that flow from the Strategic Plan

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- Individual Work Plans
- Fundraising Plan including Annual Fund Plan
- Marketing Plan
- Technology Plan

# Project Feasibility Study-another chance to involve prospects and other stakeholders

- Anticipated Program
- Economic Assessment
- Size, cost per square foot



# One funder's view of the importance of a business plan...

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- From Paul G. Allen Foundation guidelines: Funding is limited to projects that directly benefit the organization's constituents and communities, demonstrate a high demand for the applicant's programs and services, and demonstrate a sustainable business plan.”

# The Expanded Role of Budget-The Project Budget

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- For capital projects think contingencies and other cost escalators!
- For capital projects think operations and maintenance expense!
- It's more than just the numbers!



# The Expanded Role of Budget- The Campaign Budget

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- Personnel
- Professional Services
- Marketing and Education Materials
- Donor Recognition
- Campaign Events
- Support Systems
- Travel

# Campaign Feasibility Study

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- An effective campaign feasibility study assesses much more than just whether the proposed campaign can raise the needed resources.

# The 3 Ps of Campaign Infrastructure

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- Plan, Policies and Procedures
- People
- Publications

# Getting your Campaign Up and Running

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# Start With the Plan

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- Goal
  - Components – Capital, Program or Comprehensive?
  - Constituency Goals
- Key Constituencies
  - Board/Past Board
  - “Alumni”
  - Members
  - Customers
  - Community

# Plan basics

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- Top Down
- Inside Out
- We don't know what we don't know
  - Dynamic, responsive plan

# Create the Campaign Timetable

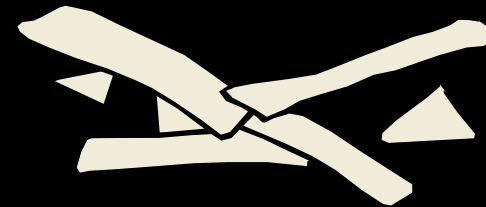
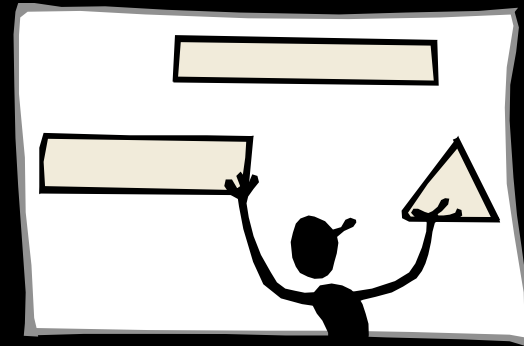
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- Case/Materials development
  - Project description and impact
  - Recognition opportunities
  - Policies
- “Quiet” phase for major donors
- Board/Insider phase
  - Leadership, staff
- Public Announcement
- Public Phase
  - Community
  - Foundations, Corporations
- Conclusion/Celebration
  - Recognition

# Campaign Plan

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A dynamic blueprint  
for the campaign.



# Sample Campaign Plan Contents

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1. Plan Overview
2. Benefits of a Capital Campaign
3. Requirements for a Capital Campaign
4. Gift Range Table
5. The Campaign Timetable
6. Implementation Plan

# Sample Campaign Plan Phases

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## Phase 1 — Organization Phase: Infrastructure and Leadership Development

- Chair and Vice Chair of the Campaign
- Committees of the Campaign
- Campaign Organizational Chart
- Financial Systems for the Campaign
- Policies and Procedures
- Campaign Publications
  - The Case Statement
  - The Pledge Card and receipt
- Grants
- Donor Identification and Research

# Sample Campaign Plan Phases

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- Phase 2 — Planning, Cultivation and Solicitation of Gifts
  - Solicitations Strategies
  - Solicitations Timetable
- Phase 3 — Follow-up
  - Announcing the Campaign and the Public Phase
  - Announcement Messages
  - Post-Announcement Publicity
- Phase 4— Special Events
  - Major Events
  - Supporting Events
- Phase 5 — Post Campaign
  - Secure pledges
  - Wrap up/Campaign debrief event and publicity
  - Chair summary reports
  - Public and private gift acknowledgements

# Your Case for Support

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- Key principles to integrate:
  - Help donors to “think big” by giving them an inspiring vision
  - Focus on the impact and beneficiaries
  - Distinguish your organization as uniquely qualified to deliver the impact
  - Use external “credentials” when possible

# Build your Volunteer Corps

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- Board leadership
- Campaign leadership
  - Volunteers, co-chairs
  - Campaign committee
- Orientation
  - Campaign plan
  - Cultivation/solicitation training
- Management and Support
  - Meeting and reporting
  - Staff Assignments

# Volunteers Make the Difference

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- “Honest brokers”
- Networks
  - Social
  - Business
  - Personal
- Peer relationships
- Opening doors...

# Role of Volunteers

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- Uniquely qualified for:
  - Initiating/strengthening relationships with top prospects
  - Soliciting large gifts
- Sharing knowledge about prospects
  - Philanthropic interests, decision makers, timing and approach, family/business considerations, etc.
- Collaboration in strategy development with fellow board members and development staff
- Participation in introductions, cultivation activities, solicitations, stewardship

# Build your Infrastructure

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- Staffing
  - Resources
  - Assignments
- Campaign Budget
  - Materials, Events
  - Staff Activity
  - Recognition
- Intra-organizational Links
  - Key leaders, departments, functions

# Infrastructure Considerations

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- “Who’s going to do it...?”
  - It’s a numbers game
    - Goal – prospects – solicitations – follow-up – gifts
    - Staffing and resource allocation for maximum results
    - Outsourcing and purchased services
  - Role of the CEO (45-50% Rule)
- Communications
  - Frequency and content
  - Paths and players

# Prospect Management

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- Identifying prospects
  - Current donors and friends
  - Prospecting with your board, campaign council, research events
- Prioritizing prospects
  - Capacity, readiness, solicitor match
- Strategy development and implementation
  - Standards – actions, participants, materials, etc.
  - Visual progress

# Campaign Cultivation Activities

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- Focus on the vision
- Create unique experiences
  - Don't rely on words and pictures
  - Give prospects something to touch, walk through
  - Create “standard” tours, presentations, etc.
  - Show off your own experts
- Implement activities “On Demand”
  - Only when prospects are ready

# Other Campaign Considerations

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- **Maintain enthusiasm**
  - Can be a “long haul” with disappointments
  - Keep your volunteers positive and enthused
- **Share success stories**
  - With Board and leadership, campaign volunteers, staff and donors
- **Stay focused**
  - Avoid adding new priorities

# Communications

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- Objectives
- Message
- Audience
- Modality
- Evaluation

# Communications Considerations

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- Cost
- Flexibility
- Skills & resources needed to produce
  - Writer
  - Photographer
  - Graphic Design
  - Distribution
- Frequency

# Specific Project Examples



SUQUAMISH MUSEUM - MAIN GALLERY SPACE

MITHŪN

3 May 2006

Suquamish Museum & Arts Center



Broadway Center for the Performing Arts

# Foundations of a Successful Annual Fund Campaign

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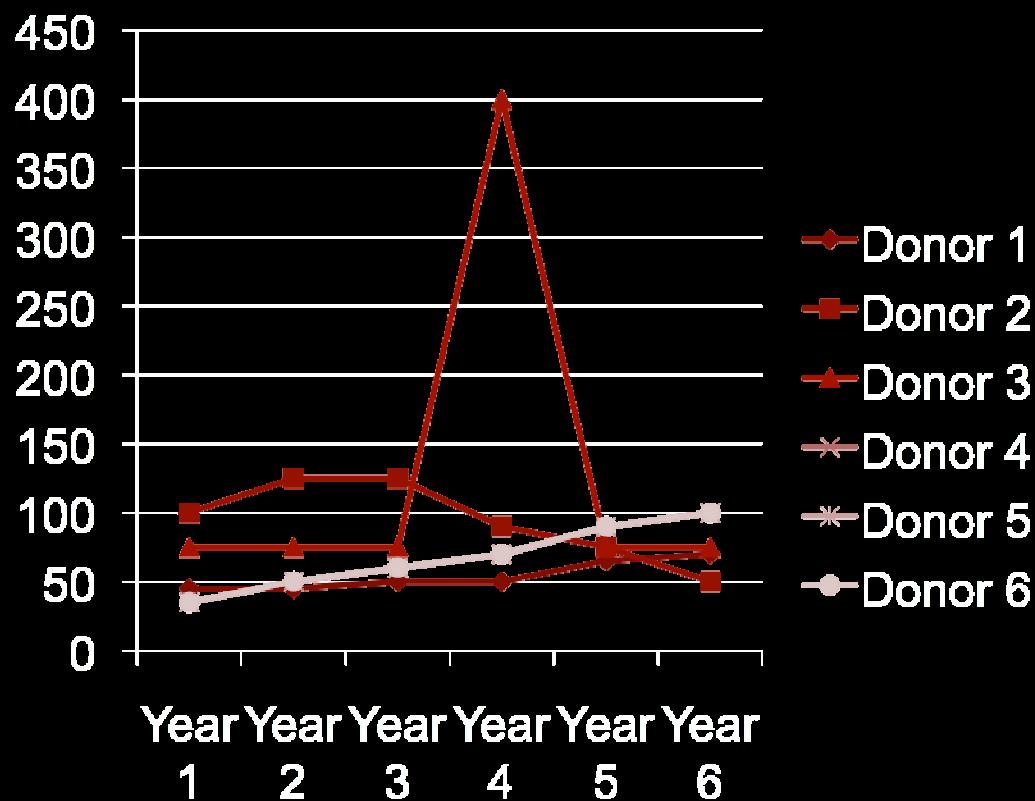
# Annual Funds-More than the appeal letter...

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- A clear, collaborative statement on how funds were used and will be used
- A newsletter/e-newsletter that informs donors and prospects alike early in the annual fund year.
- An appeal letter that reflects how people read them
- An online donation option
- A Phone-a-thon  
Reminder card
- A well orchestrated PAT
- An effective donor acknowledgement system

# The Appeal Letter Only Approach

Annual Fund  
“Flat line  
Syndrome”



What are the general approaches to the subject of concurrent annual and capital campaign management?

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**#1: The annual fund performs business as usual with the campaign and annual fund efforts operating separately.**

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**Pros:**

- Easier for all. Annual donors are not confused. Focus is on major gifts only, which account for majority of revenue anyway.

**Cons:**

- Participation is not maximized. Opportunity to market the campaign and increase awareness is missed.

## #2: Annual fund donors are asked to make campaign gifts.

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### **Pros:**

- Within the annual fund the campaign gift is marketed as a special gift made in “addition” to and after their normal annual fund gift. Double-dipping leads to increased individual giving during the public stages of the campaign.

### **Cons:**

- It is difficult to ask annual fund donors to make a “campaign gift” because in the donor’s eyes, they already have due to annual fund gifts counting in campaign totals. It can also scare newer donors or non-donors off by asking for too much. The focus shifts from participation to amount.

### #3: The campaign is used to leverage additional annual fund giving.

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#### **Pros:**

- Additional request for an annual giving level gift is more realistic than a step-up campaign gift. The campaign is mass marketed via annual giving channels.

#### **Cons:**

- Missed opportunities to garner larger campaign gifts from annual giving donors that may have capacity to do so.

# Quick Facts

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- Well-established older institutions recognize it would be financial suicide to suspend their annual drives during a capital campaign.
- Organizations that have suspended annual fund campaigns found their fears of falling annual giving revenues were rarely realized.
- Those who suspend annual fund drives risk loss of momentum that can take years to recover.
- Capital campaigns can be a tool for growing and supporting annual appeals.
- Annual appeals are a good way to attract and grow donors.

# A Comprehensive Strategy

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Which one is best? They all are. We within annual giving tend to focus too much on overall one-size-fits-all strategy when in reality each of these strategies fits only a segment of the whole. We should focus on the best aspects of each approach and target specific segments as appropriate utilizing all the strategies noted above.

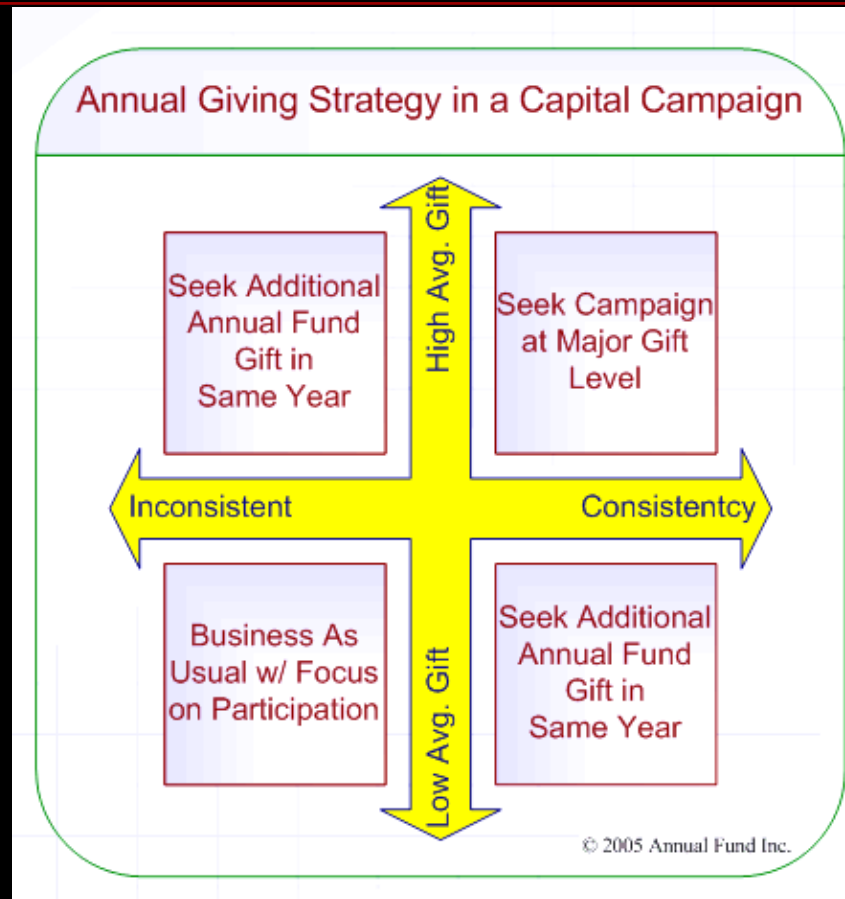
# Segmentation

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Your segmentation schematic is paramount. The key components are timing of last gift and size of last gift.

These two items will shape which campaign inclusion strategy is utilized. Reviewing the chart below, you can fill in values that fit your respective institution.

# AFI Annual Giving Strategy in a Capital Campaign



# Business as Usual Approach

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This strategy is best for the majority of your audience, primarily those with low gift amounts and/or sporadic giving. While the campaign is not leveraged as the “end-all, be-all”, it should be a marketed message with the focus on participation only and staying away from the dollar goal.

Focus on the thousands of donors rather than the thousands of dollars.

# Campaign Size Gift is Requested

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The other end of the spectrum, this audience consists of your most loyal donors and/or highest giving level donors. A sizable gift is a reasonable expectation and will provide a higher success rate as compared to requesting a campaign size gift from your entire prospect base. The marketed message should not be mass produced, but rather high personal touches.

# Additional Annual Fund Gift is Requested

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This is the common middle ground reserved for loyal donors whose giving level is not high enough to warrant a leadership level gift. The additional request in the same year on behalf of the campaign takes advantage of the loyalty factor, but recognizes limited giving capacity.

# Thanks to AFI:

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- Do not sacrifice your annual fund for short term gain and long term pain.
  
- [http://www.supportingadvancement.com/revenue/af\\_in\\_cap\\_camp/af\\_in\\_cap\\_camp.htm](http://www.supportingadvancement.com/revenue/af_in_cap_camp/af_in_cap_camp.htm)

# The One-Gift Approach

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- Many organizations use the double ask, or “one gift” method, when approaching foundations, donors, and board members who have provided annual support over the years.

# Advantages and Disadvantages

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- Disadvantages:
    - Requires additional volunteer training
  - Advantages:
    - avoids a second request for the annual appeal after a request for the capital appeal has been made,
- or vice versa.
- strongly communicates the need for on-going annual support during the short-term capital campaign process

# TOPIC

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- Does annual giving increase because of increased cultivation, stewardship and donor commitment?
- If so, what are some other reasons for the increase in giving

# Increasing the Annual Fund

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- Yes, increased cultivation, stewardship and donor commitment are major factors
- Other reasons include:
  - More initial donor involvement
  - More effective communication
  - Better, more creative acknowledgement

# TOPIC

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- What have you seen in your experience and what are some reasonable expectations?
- If there isn't an increase in annual giving, why not?

# Why no increase in annual fund giving?

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- The need for ongoing support over the course of the capital campaign was not effectively communicated
- Basic Annual Fund Infrastructure not in place

# Celebrations

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- Historical moment
- Identify audiences
- Budget
- Organizing committee or staff
- Consistent theme

# TOPIC

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In this economy, what recommendations do you have for nonprofits?

# Consider

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- Economic downturns do not necessarily mean decreases in giving overall

“There has been only one year in the past 27 in which philanthropy has dropped from one year to the next (1987), and it was only a modest drop. Otherwise, philanthropy has increased from one year to the next, even during years in which the market has dropped.”

Voight, “Resilient Philanthropy”-AFP  
Advancing Philanthropy Magazine

# Consider

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- Now, it is as important as ever to have a diversified funding base as your key to long-term stability.

If a multi-year grantee or long-term donor stops giving or gives significantly less, your varied income will help your organization stay strong.

# Consider

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*Before you dramatically cut your budget due to a decrease in revenue or an increase in costs-*

*Creatively consider how to increase your organizational income.*

# First:

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- Think creatively about your donor base.

If your average individual gift donation goes down, consider finding new ways to increase membership.

When the economy rebounds, not only will your original membership increase their giving, but your total membership will have grown.

# Second:

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- Be sure to emphasize the sense of urgency for support of your mission.

For example, while income may be going down and costs are rising for some nonprofits, such as Northwest Harvest in Seattle, the need for services is increasing. (Puget Sound Business Journal, Oct./Nov. 2008)

Many donors who hear that message will respond.

# Third:

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- Market membership and product / service packages as meaningful, lasting gifts.

For consumers looking to avoid lavish gift-giving, a contribution to a local nonprofit is an appealing alternative.

Additionally, the recipient could turn into a new donor or volunteer, sympathetic to your cause.

# Other ideas

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- Communicate with donors and acknowledge their concerns
- Adequately recognize and value the many ways they give
- Encourage prospects with examples of those who gave in spite of hard economic times
- Be flexible and work with donors on their terms

# TOPIC

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These developments are challenging, what have you seen organizations do to keep volunteers, staff and the donors motivated and spirits up and moral high during campaigns of this nature?

# SparrowHawk Tips

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- Keep your campaign family informed with regular reports (at least every 6 weeks)
- Have quarterly volunteer appreciation events
- Do Check-ins with volunteers and staff

# QUESTIONS??

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Thanks!

[www.sparrowhawkco.com](http://www.sparrowhawkco.com)