

Fund Development A-Z

March 10, 2015



Secret to Success

Shift from...

Culture of “Fundraising”



Culture of Philanthropy & Fund Development

What???

Fundraising vs. Fund Development

■ Immediate Need

- ✓ Raise money
- ✓ Raise more money
- ✓ Raise even more money

■ The Big Picture

- ✓ Create a culture of philanthropy
- ✓ Build strong relationships
- ✓ Empower others to serve as ambassadors
- ✓ Advance toward long-term sustainability

Secret to Success

Fund Development Strategy is shifting from ...

Short-term Gain



Long-term Sustainability

Support Materials for Fund Development Success

- Mission – *Reason organization exists*
- Vision – *Long-term change resulting from organization's work*
- Case = Persuasive responses to these questions:
 1. Why does the organization exist? The answer lies in the human or social problem or need addressed by the nonprofit. This is the organization's purpose.
 2. What services or programs does the nonprofit provide to meet the need or solve the problem?
 3. Why should prospective donors (individuals, corporations, foundations) provide gifts, and what is the impact of their gift ?
- Goals, Time Table, Measurable Outcomes, Evaluation
- Ongoing planning efforts, implementation and accountability

Who's involved in the Fund Development Process?

EVERYBODY!

- Staff responsibilities
Leadership, planning, implementation
- Board involvement
Advocacy & Support
Time, Treasure, Talent...and Connections
- Other stakeholders
Resource – *If you want advice, ask for money...
If you want money, ask for advice!"*

Musts in Fund Development

- Invest in fund development
- Be optimistic/share accomplishments (*no sinking ships*)
- Be honest, realistic, transparent
- Present opportunities-don't apologize!
- Make the ask



Focus on the Fundamentals

- Planning
- Donor stewardship
- Analysis
- Communication

Look Inside

Asset Inventory

Conduct an asset inventory by answering the following questions that will help you assess your organization's strengths in the areas of program, board, staff, and fundraising.

Values, Vision & Mission

1. What values do you hold that you associate with your organization?
2. How would the world be different on the day that you could say that your mission is accomplished?

Look Inside

Asset Inventory

3. What is the mission of your organization? What is the vision of the organization?
4. Create or revise your case statement that acts as an internal document setting forth all the reasons your organization deserves support now and in the future. It's the heart of why you merit money. How do you make use of your case statement?
5. What are your ongoing core projects or programs and what are the results or outcomes that you can point to as a result of these efforts?

Look Inside

Asset Inventory

Accomplishments

6. What are the core competencies (skills and abilities) that enable your organization to succeed in these efforts (personal, organizational, or both)?
7. How do you measure effectiveness? (e.g., statistics; letters of appreciation; testimonials; assessments by external bodies; awards; etc.)
8. Do you attract any traditional or non-traditional media coverage? If yes, list.

Look Inside

Asset Inventory

Board & Staff History

9. What are some of the key qualifications and talents of your past and current board members and staff? Get board and senior staff bios.
10. Have board or staff members received any recognition of their talents or contributions (professional or personal, if appropriate)?
11. What percentage of your board members make financial contributions to your organization?

Look Inside

Asset Inventory

Organizational History

12. How long has your organization been in existence?
13. What are your accomplishments and results? What distinguishes your work from that of similar organizations?
14. What recognition has your organization received since its inception? This could include invitations to speak at conferences, workshops, public rallies and legislative hearings; certificates of commendation; quotations in scholarly journals or popular magazines, etc.

Look Inside

Asset Inventory

Funding History

15. List the institutions that support your work, including: foundations; corporations and businesses; religious sources; associations of individuals; and others (labor unions, federations, government agencies, etc.)
16. How many individuals pay dues, make contributions or do both to support your work? What percentage renew their support each year?
17. How diversified is your financial base? Break down the various sources of income along with associated percentages (e.g., individuals; foundations; corporations; fees-for-service; investment income; other).

Plan! Plan! Plan!

Components of a Fund Development Plan

- Mission
- Case Statement
- Overall fund development goals
- Fundraising projections
- Methods and strategies
- Metrics and Evaluation
- Operating Budget (if expenses are greater than 20% of gross revenue – bad)

Why Plan?

Why is planning your fund development efforts important?

Goals without a Plan are Hallucinations!

- Helps set priorities
- Increases board involvement
- Assists in diversifying your funding sources
- Limits crisis fundraising
- Helps board and staff set realistic income goals
- Outlines strategic steps to reach those goals
- Identifies board and staff responsibilities in accomplishing the plan
- Avoids pulling goal out of thin air or setting goals to supplement operating shortfall - ***No rational for funding goals = Pie in the Sky!***

When to Plan

- Revise plan when operating budgets are revised



Mission Statement

"...short enough to remember, easy to communicate. strong enough to inspire."

- Clear
- Memorable
- Concise

Mission Statement

Not one-size fits all

American Heart Association

Build healthier lives, free of cardiovascular diseases and stroke

St. Jude Children's Hospital

To advance cures, and means of prevention, for pediatric catastrophic diseases through research and treatment.

Sierra Club

To explore, enjoy, and protect the wild places of the earth; to practice and promote the responsible use of the earth's ecosystems and resources; to educate and enlist humanity to protect and restore the quality of the natural and human environment; and to use all lawful means to carry out these objectives.

Case Statement

#1 Communication & Training Tool

- Documents past and present activities; positions future activities if you had the resources
- Compiles statistics and trends for the organization
- Connects your programs with community needs
- Documents the difference you make in the community – differentiation
- Serves as the core document for producing written materials: newsletters, direct mail, training tool for your Board of directors and other advocates, etc.
- Identifies and validates the organization's needs

Case Statement

#1 Communication & Training Tool

- Identifies strategies designed to address the needs
- Establishes the competence of the organization and staff
- Explains who will benefit from the services offered
- Identifies the resources that are required to sustain the organization
- Explains why prospects should care and give
- Answers the prospect's unasked questions: how will it meet my interests, needs and values
- Cultivation strategy

Your Case Statement

No Case Statement – Start writing

Have a Case Statement – Revisit it (still relevant)

Get Started

- What is the need your organization meets?
- Who exactly will benefit when that need is met and how?
- What evidence is there that this is a pressing need?
- How is your organization uniquely qualified to tackle this need?
- What will be the benefits of your action?
- What are the negative consequences if you fail/did not exist?

Setting Funding Goals

- Review 2013 actual income in determining 2014 projected income
- Express income line item projections as a % of total goal (on financial statements expressed as monthly actual vs. project income)
- Should incorporate adjustments made for current economy (i.e. lowering projections for foundation gifts)

Setting Funding Goals

Based on \$750K

Income	FY2013 Actual	FY2014 Projected	% of 2014 Total Income
Government	\$350,000	\$375,000	50%
Foundations	\$50,000	\$65,000	9%
Corporations	\$50,000	\$60,000	8%
Major	\$100,000	\$135,000	18%
Events	\$75,000	\$115,000	15%

Fundraising Goals

Program/project matrix including areas of interest

Program/ Event	Annual Goal Net	Education	Summer Programs	Speaker Series	Exhibits
Golf Outing	\$125,000	\$60,000	\$40,000		25,000
Memorial /Tributes	\$50,000	\$25,000			\$25,000
Corporations	\$25,000	\$10,000	\$10,000		\$5,000
Foundations	\$25,000	\$10,000	\$10,000		\$5,000
Gala Dinner	\$110,000				
Board Gifts	\$90,000	\$20,000	\$20,000	\$20,000	\$30,000
Employees	\$35,000	\$9,000	\$8,000	\$8,000	\$15,000
Direct Mail	\$275,000	\$75,000	\$50,000	\$50,000	\$75,000
One-on-one	300,000	\$100,000	\$100,000		\$100,000

Unrestricted funds are most desirable but structure your ask around areas of interest

Fundraising Projections

Gift Range Chart

Annual Fund Goal = \$100,000

Individuals

No. of Prospects	No. of Donors	Gift Amount	Total Per Category	Cumulative Total
3	2	\$10,000	\$20,000	\$20,000
12	4	\$5,000	\$20,000	\$40,000
15	5	\$2,500	\$12,500	\$52,500
18	6	\$2,000	\$12,000	\$64,500
24	8	\$1,500	\$12,000	\$76,500
36	12	\$100	\$12,000	\$88,500
45	15	\$500	\$7,500	\$96,000
60	20	\$250	\$5,000	\$101,000
213	73			

- *Evaluate current constituency and analyze individuals who are prospects for increased giving level as well as lapsed donors with potential of re-engaging*
- *Lead gift should be 10-20% of your total*
- *For every one gift needed you should have a minimum of three prospects*

Methods & Strategies for Each Target Audience and Program

- Fundraising program
- Timeframe
- Target group
- Funding Goal
- Method of solicitation/Strategy

Methods & Strategy Sample

Association of Fundraising Professionals

Program: Board Solicitation (Chairs: Board President, Development Committee Chair)

Time Frame: September –December

of Prospects: 20 (# of Board members)

Goal: 100% giving; \$50,000 (\$38K raised in last FY)

Method/Strategy: Personal solicitations. Request amounts based on donor history and evaluations. Tailor ask based on what you know. One-time annual gift in lieu of multiple direct mail solicitations; board will be asked to support other special events (very important that you look at each individual ask as a separate campaign – one on one meetings, especially with Board members and major gifts). Send direct mail so they are aware of them but should solicit board members individually. Special events do not count as an annual gift – if your governing body does not step up to “keep the lights on” than who will? You are asking individuals to give on their capacity and interest. Should be in top three of Board members and at least top five of major donors.

Methods & Strategy Sample

Association of Fundraising Professionals

Program: Individual solicitation

Time Frame: September –December

of Prospects: 50-75 top individuals, ad hoc committee members, family trusts/foundations

Goal: \$50,000; 60% renewals, 15% gift upgrades (\$40,000 raise in last FY), 15% lapsed, 10% new

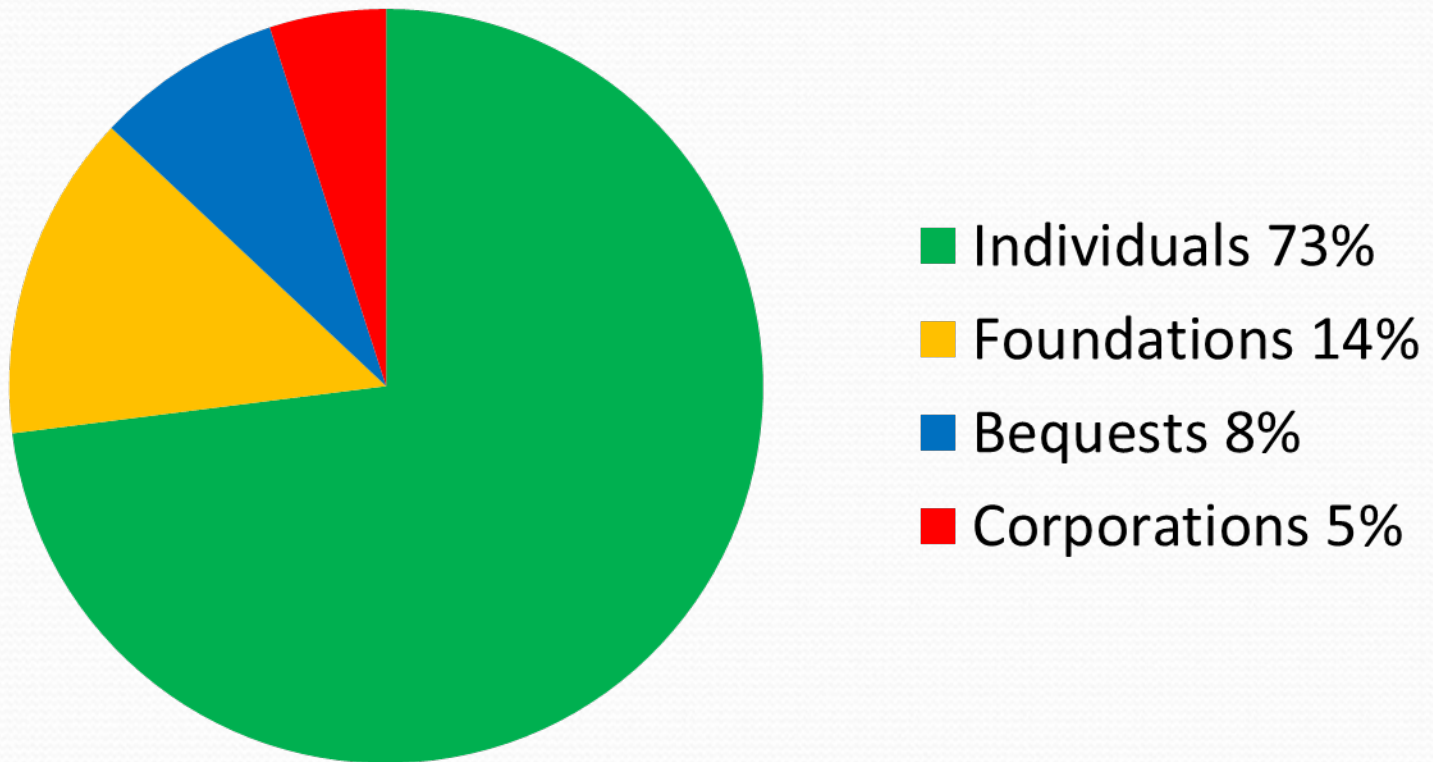
Method/Strategy: Personal solicitations by board and non-board volunteers (one-time annual giving in lieu of multiple solicitations). Certainly letter followed-up by phone call.

Metrics and Evaluation

- Metrics can be applied to any fundraising activity: annual fund, major gifts, events (i.e. Your expense of events should not exceed 30% of your gross income raised)
- Present your plan to your fund development committee; have that committee present it to the board – they will be looked to in helping implement the plan
- ED and Board Chair are critical partners
- Refer to metrics and update results monthly – communicate results!

Where's the Money?

Giving USA 2012



Combined individual, family-directed foundation and bequests gifts accounted for 88% of all gifts in 2012

What's the Secret?

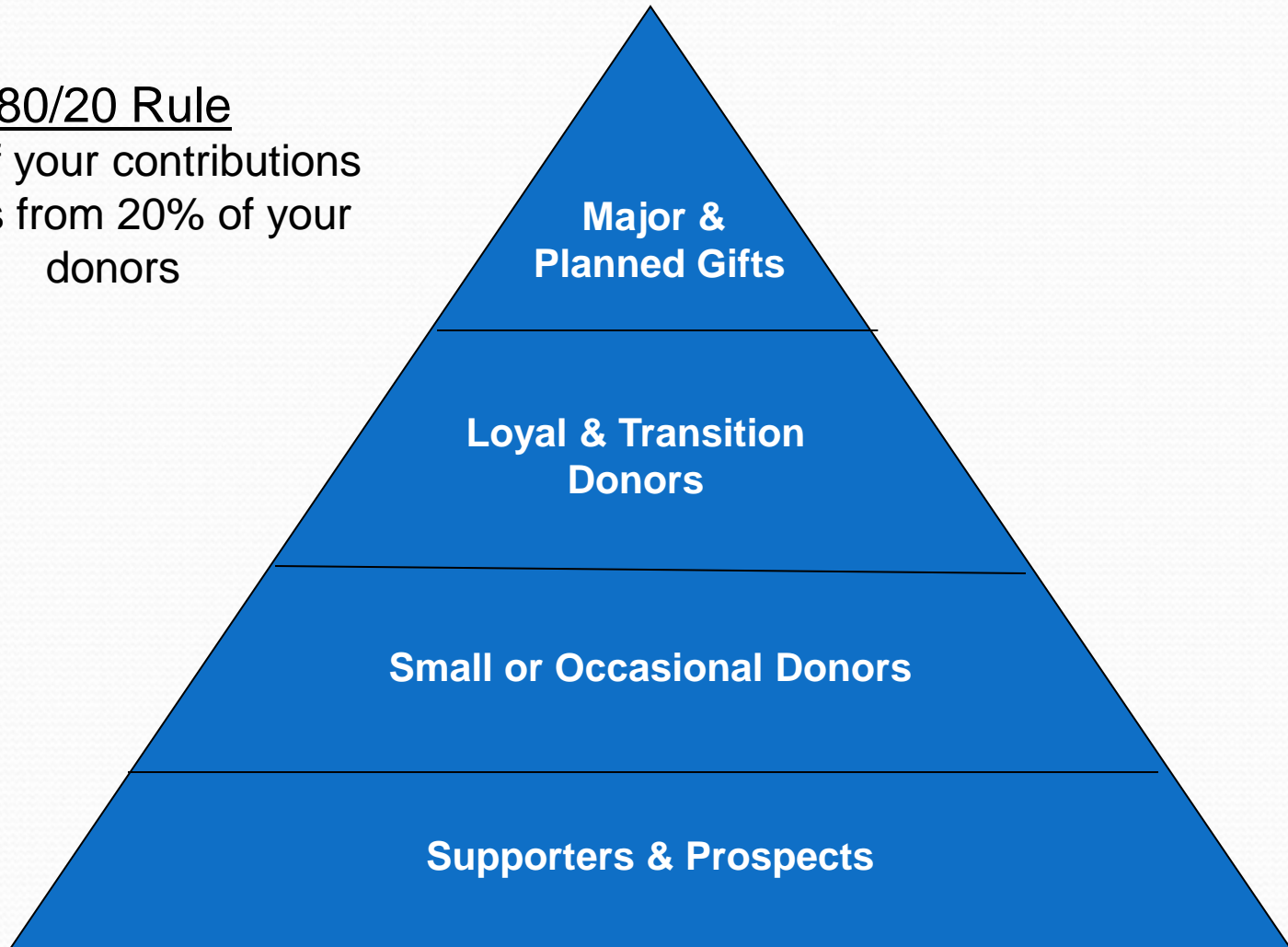
Cultivate Lifelong Donors

- ✓ Who you know
- ✓ How well you know them

The Fundraising Pyramid

80/20 Rule

80% of your contributions
comes from 20% of your
donors



The Development Process

LINKAGE

Planned Gift

INVOLVEMENT

Big Gift

ADVOCACY

Major Gift

Special Gift

Upgraded donor

Repeat donor

Donor

LINKAGE

Prospect

ABILITY

INTEREST

Who are your prospective donors?

Linkage

Ability

Interest

How can you reach them?



Identifying prospects

- Lapsed donors
- Gift upgrades
- Friends: former board members, volunteers, employees
- Friends of friends: obtain lists from board members, volunteers, staff, other donors
- Brainstorm and create lists



How to Reach Prospects

- Personal: face-to-face
- Personal letter (on personal stationary)
 - With telephone follow-up
 - Without telephone follow-up
- Personal telephone
 - With letter follow-up
 - Without letter follow-up
- Personalized letter-Internet
- Telephone solicitation/ phonathon
- Impersonal letter/ direct mail/ Internet
- Impersonal telephone/ telemarketing
- Fundraising benefit/ special event
- Door-to-door
- Media/advertising/Internet



Fundraising vehicles - Prospects

Host parties

- Held in an individual/couple's home or location of their choosing
- They create the guest list and mail the invitations
- Invite 40 to obtain 15 guests
- It's made clear (in advance) that it's a fundraiser
- The hosts provide refreshments
- 15 minute or less presentation
- Donor envelopes and materials readily available



Fundraising vehicles - Prospects

Onsite presentations

- Invite prospects for a special presentation or tour to introduce organization.
- Present a memorable case for support.
- Expose to clients and testimonials, if possible.
- Ask participants to consider supporting your organization as a volunteer, ambassador (board member), or donor.
- Follow-up with phone calls.



Fundraising vehicles - Donors

Direct mail

The list is of utmost importance.

The letter won't be read but may be scanned.

- Easy to read
- Conversational style
- Write to one person
- Friendly, affirming
- Active voice
- Ask for the gift and tell what your gift will do
- Include a great hook
- Read the letter out loud

Make it easy to respond- envelope, response card



Fundraising vehicles - Donors

The personal ask

- Team of two preferred
- Schedule meeting in a the right location
- Plan ahead – who will talk, when, and what they'll say
- Bring materials including pledge card



Fundraising vehicles - Donors

The personal ask

Goals of meeting:

- Introduce the work of your organization
- By asking questions, identify what the prospect cares about & how your work might address his/her interests
- Encourage the prospect to agree to a next step:
 - Make a gift or pledge
 - Suggest other prospects
 - Volunteer to help



Fundraising vehicles - Donors

The personal ask

Structure of the meeting:

- Briefly build rapport by discussing mutual interests, friends, etc.
- Uncover the prospect's needs and interests
- Make a brief presentation about your work allowing the prospect to participate
- Ask for the gift, naming a specific amount or range. After “the ask”, keep quiet and wait for the prospect to respond
- Deal with any concerns or objections.
- Close the meeting by re-stating & clarifying any agreements or next steps



Fundraising vehicles - Donors

The personal ask

Dealing with objections:

“I can’t afford the amount you’re asking for.”

The amount is completely up to you. Anything you can do is a help to us.

“You know, I support so many groups and I’m tapped out for this year.”

I completely understand. When you’re budgeting for next year, perhaps you could remember us then.

“You know, I generally make charitable contributions with my partner (spouse.)”

Would it be appropriate for the three of us to sit down together?



Key to Fund Development Success

Communication

- In addition to getting the word out about your programs, get the word out about the impact the economy is having on them
- Be open and honest: “We know it’s tough for you but the lines for our services are out the door...”
- Accountability: the more information you can provide to donors about the impact of their gift, the more likely donors will continue their support. Show what you did with gift last year and what more you will do with their gift this year.

Key to Fund Development Success

Communication

- Educate teach donors that adequate overhead costs are critical to your organization
- Appropriate vs. knee-jerk: Let stakeholders know you are taking appropriate steps to survive – maybe even thrive – in difficult times
- “Donors don’t make gifts to nonprofit organizations because the nonprofits have needs, they give because the nonprofit has the programs the donor wants to fund, and through these programs, there are successful outcomes.” Must be able to measure impact donations have on outcomes

Key to Fund Development Success

Communication

- Be proactive – tell the specific strategies your organization will execute to meet community needs.
- Let people know how you will update them on your progress)i.e. quarterly letter from ED, phone call, etc.
 - ask donors how they want to be communicated with
 - . Let them know they have options in terms of communications
- High end (personal call from ED) and low end (newsletter)

Key to Fund Development Success

Stewardship

- Seek their counsel and advice – chances are this is not the first financial storm your donors have weathered
- Listen, take notes, discuss strategies
- Invite to a special executive staff meeting to share views
- Re-visit and share how advice is used
- Steward dignity (not being apologetic)
- Continue dialogue – schedule phone calls and visits, send updates on a regular basis. Let them know they are working side by side with you

Key to Fund Development Success

Stewardship

- Prepare a special white paper (state of the state) or report that lists challenges and strategies. Monthly or quarterly report on tactics and progress made. Send as a communique to major donors, post on web site for lower level donors, in newsletter and deliver in personal calls. IE Panel presentation inviting community leaders and top donors.

Key to Fund Development Success

Stewardship

	January	March	May	June	Sept	Oct
	1 – on -1	Tours	ED Letter	Newsletter	Annual Meeting	Donor Event
\$2,500+	X	X	X	X	X	X
\$1,000-\$2,499	X	X	X	X	X	
\$500-\$999		X	X	X	X	
\$250-\$499		X	X	X		
\$100-\$249		X		X		
\$1-\$99				X		

Keep your Fund Development Plan on Track

12 Strategies

- View challenges as opportunities, not as obstacles
- Get your board up to speed and on the same page (and giving at 100%)
- The donors you have are your stability (including lapsed) if the one thing that you could do today would be to keep your donors that is absolutely what you need to do to stay on track. Typically a 10% improvement in the level of retention of your donors today increases the lifetime value of your fundraising database by about 50% (Indiana University).

Keep your Fund Development Plan on Track

12 Strategies

- Get to know those who are not yet close – way to initiate and steward new donors.
- Review your case: “Why us? Why now?”
- Raise the awareness of your organization and raise your public profile (more of a marketing activity but directly impact fund development efforts)
- Think creatively and be flexible
- Value the donor, not the donation
- Practice “donor-centricity” it’s about what the donor wants to do NOT what you need. What’s important to the donor not what is important to you

Keep your Fund Development Plan on Track

12 Strategies

- Relationships are built over time...keep the door open but remember you want to be very realistic about projections because it takes a long time to bring someone from \$100 - \$100K
- Continue to ask but be strategic about your asks
- Take a hard look in the institutional mirror and be honest about what you are doing regarding your programs, methodology, your outcomes and what you need to do to improve your performance so you can continue to attract donors



Effective Planning & Implementation
=
Successful Fundraising

Useful resources

- Association of Fundraising Professionals—
www.afpnet.org
- Dorothy Johnson Center / Nonprofit Good Practice Guide -- www.gvsu.edu/jcp/
- Board Café– www.compasspoint.org/boardcafe
- www.northskynonprofitnetwork.org



Donor Tracking

- Donor Perfect (www.donorperfect.com)
- Raiser's Edge (www.blackbaud.com)
- Microsoft Access
(<http://databases.about.com/b/2008/02/21/fundraising-database-template-for-non-profits.htm>)
- Sage Fundraising Software
(www.sagenonprofit.com)
- Tech Soup (www.techsoup.org)



Questions?



Thank You

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