EFFECTIVE FUND DEVELOPMENT

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Welcome and Introductions

- Overview of the workshop and learning objectives. Participants will:
  - Have a basic understanding of fundraising concepts and principles
  - Learn and understand the terms used in fund development
  - Understand the organizational requirements for implementing an effective plan
  - Learn how to develop and write a compelling case statement
  - Know the key components of a comprehensive fund development plan
  - Understand the key components of a grant proposal and the grant proposal process

Resource


- www.philanthropy.com
- www.thenonprofittimes.com
- www.afpnet.org
- www.guidestar.org
- http://www.techsoup.org
Creating a Culture of Philanthropy

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What do we mean?

- Creating an environment that is conducive to attracting philanthropic support over the long-term
- Creating an organization where all aspects, all employees, and all volunteers understand and embrace the concept of philanthropy in everything they do.

Philanthropy

- Philanthropy means "love of humanity" in the sense of caring for, nourishing, developing, and enhancing "what it is to be human"—on both the benefactors' (by identifying and exercising their values in giving and volunteering) and beneficiaries' (by benefiting) parts. The most conventional modern definition is "private initiatives, for public good, focusing on quality of life"
Growing a Culture

- A governing board that demonstrates responsibility for and leadership of all giving programs.
- A president who understands his/her role in the development effort and uses every opportunity to express it’s importance.
- An openness in describing the organization’s dependence on philanthropy.
- A development staff that is proactive in explaining the organization’s funding needs and priorities.
- The organization’s leaders and staff recognize the importance of fundraising to the health of the agency and support all efforts to that end.
- Development staff are seen as valuable contributors to the overall health of the agency and are afforded appropriate respect.
- The organization is proud of its fundraising accomplishments.

Strategies for Creating a Culture of Philanthropy

1. No Margin No Mission

- Revenue is not the enemy
- Fundraising is an ethical and valuable part of an organization
- Development staff are trained professionals with a job to do.
- Programs cost money
- Employees cost money
2. Development Starts at the Top

- An organizational culture is established and supported by organizational leadership
- It starts with the Board and the Executive Director
- The Board hires the Executive and the Executive establishes the expectations

Recruit the Right People
3. Recruit the Right People

- Create a “cutting-edge” Nominating Committee
- Establish a process: NominatingProcess.doc
- Establish Criteria and an Evaluation:
  - Board Analysis 2011.doc
- Look for the right qualities (next)

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Valuable Board Qualities

- Prior experience as a volunteer asking for gifts
- Knowledge of fundraising campaigns
- Access to a specific industry
- Access to a specific social or religious group
- History of philanthropic giving (outside of your nonprofit)
- History of giving to you
- Passion and commitment to your cause
- Ability and willingness to tap new resources for giving
- Willingness to expend time and energy on behalf of the organization

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4. The Board Sets the Example

| Setting an example is not the main means of influencing others, it is the only means. |
| ALBERT EINSTEIN |
| QUOTESEVERLASTING.COM |

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Setting the Example

- 100% giving
- Give or Get Policy: [Idea for board giving.doc]
- Development Committee
- Help set annual goals
- Help review and rate contracts
- Annual Contract: [Board Covenant Form 2013.doc]

The Evidence

Special Report: Engaging Board Members in Fundraising
A report based on data collected by the Nonprofit Fundraising Survey 2012

- Most nonprofits in survey had between 11 and 20 board members.
- 83 percent engage the board directly in fundraising
  - 55% saw an increase in giving from 2010-11
  - 60% reached their fundraising goal

The Evidence (continued)

- 56% require a contribution from each board member.
- Most (91%) tell them ahead of time.
- 11 methods of board member fundraising were identified:
  - In smaller organizations (<$3 million) that used at least 7 methods were more likely to reach their goal.
  - In smaller organizations the goals occurred more often when board members helped gain access to prospective donors by sharing names, making introductions, etc. Also having a development committee at board level.
The Evidence (continued)

- Required board giving ranged from $15 on up. The most common minimum gift required was $1,000.
- Among the smallest organizations (<$250,000) just 42% required board giving.
- Most organizations engage the board in using the “easiest” methods.
- Most organizations used between 5 and 6 of the 11 methods to engage board members.

The 11 Methods of Board Engagement

1. Provide contact list
2. Ask friends and family
3. Secure sponsorships for events
4. Personal introductions
5. Personal visits
6. Host event
7. Allow use of name
8. Chair event
9. Send thank you
10. Rate prospects
11. Participate in development plan

5. Outcomes that Change Lives

- Goal – a broad-based statement of the ultimate result of the change being undertaken (a result that is sometimes unreachable in the short term).
  - Example – To improve the quality of life for children and adults with disabilities through training, support, and advocacy.
  - ACTIVITY - In small groups discuss some of the ways that you change lives through your programs and services.
SMART OBJECTIVES

- Specific
- Measurable
- Achievable
- Realistic
- Time limited

6. Everyone is a fundraiser
   - Every person connected to the organization can be a fundraising representative
   - Everyone should be trained to understand the importance and value of fundraising and the development process.
   - Everyone can be trained how they can help and how important their role is.

7. Everyone is a Philanthropist
   - Raise money for charity
Everyone is a Philanthropist

- Everybody wants to help – just don’t know how.
- They need the knowledge, tools and support
- Give people the opportunity to help.
- Ideas?

8. Don’t be Afraid of Creativity

- Get people’s attention
- Opportunity to tell your story
- Passion
- Changing the world

9. Drive for show, putt for dough
Putt for Dough

- Events and direct mail get people’s attention, but its long-term, meaningful relationships that develop large donations and true philanthropy
Key Fundraising Principles

- People give to people.....to help people
- People give relative to their means
- Those closest must set the pace
- Successful fundraising
- The 80/20 rule
- The need for balance
- Fulfilling Dreams

The Development Pyramid

Fundraising Cycle

Required Infrastructure
Preparing the Organization

- Board of Directors
- Executive Director
- Fund Development Staff - Development Department.doc
- Donor Software - https://www.donorsnap.com/
- Strategic Plan - Strategic Planning.doc, WPA Strategic Plan Summary.doc

Budget and Financial Management

Mission and Services (Need) - Mission Statements.doc, HAWS Case Statement.doc

Development Management

- Analysis and planning - ORGANIZATION FUNDRAISING ANALYSIS.docx
- Effectiveness – doing things right
- Efficiency – doing the right things
- Technology

The Case For Support

- Organizational History
- Who does the organization serve?
- What are the needs of the community or people served?
- How does the organization address those needs?
- What is the organization's expertise?
- Mission, goals, and programs
- Why are funds needed?
- In small groups discuss the elements of YOUR case for support.
Current Trends and Best Practice

Wisconsin Needs the Healthiest Kids in the Nation

Current Trends and Best Practice
- Trends
  - Movement toward major gifts
  - Social Media
  - Online Giving - Apps
  - Millennials
  - Venture Philanthropy
  - Video
  - Outcomes/ROI/Business Case
Current Trends and Best Practice

- Millennials consider philanthropy an investment and an extension of their personal mission
- New technology requires increased transparency and real engagement with donors
- Innovation will be critical - competition

Donors want more control over their giving and to understand the impact of their gift.
- They want to be a partner
- Donors demand that nonprofits are trustworthy, transparent, and accountable.

Current Trends and Best Practice

- Donor Advised Funds
- Make Giving Personal
- Connecting Digitally
- Crowdfunding
- Instantaneous and Flexible

The Philanthropy Outlook 2017 & 2018
Presented by Marts & Lundy
www.philanthropyoutlook.com
Current Trends and Best Practice

Case Examples
- Rocks for a Reason - https://www.facebook.com/search/top/?q=rocks%20for%20a%20reason
- http://www.cmc.org/giving-and-volunteers/rocks-for-a-reason
- www.donorschoose.org
- Video - https://youtu.be/gG-qfmdTuOw
- Amazon - https://org.amazon.com/

The Fund Development Plan

- Special Events
- Direct Mail - YEA 2010.doc
- Corporate Gifts
- Major Gifts
- Foundations and Government Grants
- Planned Giving
- Capital and Endowment Campaigns

Building the Base - Events
Special Events
- Balls, Galas, Dinners, VIP Recognition
- Walks Runs, Golf Outings, Biking
- Pancakes, spaghetti, car washes, bake sales
- Auctions, raffles, bingo, casino nights

Purpose and Key Points
- To build awareness
- To attract people to your cause
- To recruit volunteers
- To build your base of support
- To raise funds

Event Costs

<table>
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<tr>
<th>Cost per $1.00 raised</th>
<th>Dance</th>
<th>Auction</th>
<th>Spin/Cycle</th>
<th>Silent or Live Auction</th>
<th>Raffle</th>
<th>Sponsorship</th>
<th>Music or Media</th>
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<td>Less than $1.00</td>
<td>13%</td>
<td>13%</td>
<td>13%</td>
<td>14%</td>
<td>16%</td>
<td>7%</td>
<td>9%</td>
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<td>$1.00-50.99</td>
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<td>3%</td>
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<td>2%</td>
<td>2%</td>
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<td>9%</td>
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<td>$501.00-999.99</td>
<td>4%</td>
<td>1%</td>
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<td>9%</td>
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<td>$1000.00+</td>
<td>5%</td>
<td>2%</td>
<td>3%</td>
<td>1%</td>
<td>2%</td>
<td>9%</td>
<td>9%</td>
</tr>
</tbody>
</table>

6mos – 1 year to plan
Expensive
Time intensive
Need a lot of volunteers
Should net at least 50% more than costs
Keys to Success

- Plan 1 year in advance
- Create timeline and checklist - Event Planning Checklist.doc, Event Planning - timeline.pdf
- Recruit honorary chair and committee chair
- Create a strong committee
- Hire event coordinator
- Exciting, compelling venue
- Get sponsors 6 months out
- Add auction, raffle, etc. – be careful
- Invitation & marketing – stand out
- Be prepared – week before is chaos
- Have enough volunteers
- Be organized, efficient systems

The Annual Campaign – Direct Mail

Direct Mail - Purpose

- To acquire new donors
- To encourage current donors to give more
- To renew lapsed donors
- To bolster public relations and awareness
- Drive people to website
Keys to Success

- 50% - the List
- 30% - the Message
- 20% - Creative Presentation
- Create a sense of urgency
- Test, test, test
- Themes

The Checklist

- Use the word "you", not I or we
- Strong or dramatic opening paragraphs
- Short paragraphs
- Write letter from one person to another
- Personalized
- Longer letters are okay – so is one page
- Letters that ask for a specific amount do better
- Arouse interest
- State Problem
- Tell how the gift helps
- Ask for donation
- YEA 2010.doc
- YEA B&G Club.pdf

Mail Lists

- In house data base
- Go to key constituents – board, volunteers, other donors, etc.
- Mail House
- Other organizations
- Purchase lists – magazines, businesses, etc.
Building the Pyramid – Major Gifts

Major Gifts
- Individuals, Corporations, Foundations
- The identification, cultivation and solicitation of people capable of making a significant contribution.
- Size depends on organization
- Generally face to face
- Most cost effective
- Inexpensive (6:1)

Major Gifts – When?
- Event Sponsorships
- Special projects, programs (PD dance)
- Giving Clubs – 
- Capital or endowment
Fundraising Cycle
Required Infrastructure

- Identification
- Qualification
- Cultivation
- Solicitation

Stewardship

People
Culture - Training - Structure - Talent

Data - Systems - Metrics

Messaging and Marketing

Major Gifts – How?

1. Research
   - Relationship to organization
   - Interests and hobbies
   - Capacity
   - Network of associates

2. Analyze
   - Multiple year donors
   - Larger donors
   - Relationships
   - Make lists
   - Share with group
   - Discuss

How? (continued)

3. Cultivate
   - Educate, inform, invite
   - Phone calls, cards, letters, emails
   - Personal meetings - ask, listen
   - Moves Management
   - Find natural partner

Solicit
   - Right person, right time, right project, right amount
   - Case statement, proposal
   - Powerful, compelling
   - Specific amount
   - Silence
   - respond
Major Gift Design Worksheet

What is the prize for this person?

Prospect  MGO  Participant  Participant  Participant  Participant

Move  Move  Move  Move  Move  Proposal

Major Gift Design Worksheet

What is the prize for this person? Stable and high quality of life or children.

Prospect  MGO  Participant  Participant  Participant  Participant

Move  Meet  Meet  Move  Move  Meet

Move  Move  Phone Call  Move  Move  Phone Call

Move  Meet  Phone Call  Move  Move  Phone Call

Move  Meet  Phone Call  Move  Move  Phone Call

Move  Proposal  Ideas  Proposal  Proposal  Proposal

How? (continued)

5. Steward
   - How the gift made a difference
   - Acknowledge, thank
   - Cards, letters, reports, video thank you
   - Calls
   - Send information
   - Invite to events
   - Special lunches, dinners, etc - "President’s Lunch"
   - Keep involved
Major Gifts - Corporations

- Same as a major gift
- Find connection with organization
- Call, get policies, look online –
  - http://www.google.com,
  - http://www.northwesternmutual.com
- Generally a letter or brief proposal
- Build relationship
- Cause-related marketing

Corporations

- Different approaches
  - CEO (small to midsize)
  - Marketing (events, cause marketing)
  - Foundation
  - Employee Giving Groups/committees
  - Online process (pharmaceuticals)
What is a cause alliance?

- **Mutually beneficial** relationship that leverages assets from both brands
- **Raises funds and/or awareness** of a societal issue
- **Engages a brand’s stakeholders** (customers, employees, etc.) in a mission that is aligned with the company’s brand/values
- **Enhances brand equity and can provide product differentiation or increased sales**

Why Invest? Consumers’ Perspective

- Nearly 9 in 10 Americans believe that businesses need to place at least an equal weight on society’s interests as on business interests
- Most Americans say they are more likely to trust (90%) and be more loyal (90%) to companies that back causes
Why Invest?  
Employees' Perspective

- Employee expectations have increased dramatically
  - CSR boosts morale and retention
  - Companies with engaged employees outperform those without
  - Half of the workforce and 70+% of students want a job making an impact

Why Invest?  
Corporate Perspective

- 93% of consumers say that cause partnerships result in a more positive image of the company

What is cause-related marketing?

- Cause Marketing encompasses a wide variety of commercial activity that aligns a company or brand with a cause to generate business and societal benefits
Types of cause alliances

- **Cause Promotions**
  - Raise funds, in-kind contributions or other corporate resources
  - Increase awareness and concern about a social cause or support fundraising efforts
- **Cause-related Marketing**
  - Commit to make a contribution triggered by consumer activity

Types of cause marketing/promotion

- **Product Sales**
  - A portion of the selling price goes to the cause
- **Purchase Plus**
  - A donation is added to the purchase
- **Licensing of your logo/brand/assets**
  - This includes promotional items/endorsements
- **Co-branded events/programs**

CHW Cause Partner Examples

- **Dairy Queen Blizzard Day**
  - $1 from each sales comes to Children’s
- **Wal-Mart Roundup**
  - Round up at the register to benefit CHW
- **Stone Creek Coffee**
  - Kid’s Perks - $3 from each bag sold comes to CHW
- **BMW Dealership**
  - $ back to Children’s for each test drive
Potential Partner Characteristics
- Mission aligns with your cause
- Culture aligns with your cause
- Demonstrated philanthropic preference toward you
- Similar geographic reach
- Some type of existing relationship (board member, geographic neighbor)

Major Gifts - Foundations

Key Points
- Inexpensive
- Takes Time (6 months)
- Different Categories
  - Capital, Program, Operations, Innovative
- The Process
  - Program Plan
  - Research Funders
  - Build Relationship
  - Target Proposals
  - Write Proposal
  - Type of Proposal
Foundations – keys to success
- Well integrated – flows from one component to another
- One writer, positive, well-reasoned, thoughtful, & realistic
- Avoid jargon, don’t overwrite
- No shotgun approach
- 4-6 month lead time
- Get feedback on proposal
- Well organized and attractive – don’t overdo it.

The Proposal
- The organization
- Need statement
- Goals and outcomes
- Methods
- Time line
- Evaluation
- Budget
- Sustainability
- Summary
- http://fconline.foundationcenter.org/

Tip of the Pyramid – Planned Gifts
- A deferred gift made with a professional consultant
- May help reduce taxes – income, estate, capital gains
- Significant gifts – endowment
- Types:
  - Cash
  - Stock
  - Real Estate
  - Life Insurance
  - Personal property
  - Example
Example

- Stock Gift of $10,000
  - Cost = $4,000

- Tax Savings:
  - Income tax - $3,850
  - Capital Gains - $1,200

- Real cost of gift = $4,950

Common Types

- Wills & Bequests
- Gift Annuities
- Charitable remainder trust
- Charitable lead trust
- http://www.stelter.com
- http://www.plannedgiving.com

Capital & Endowment Campaigns
Capital Campaigns

- Capital giving is an intensive, organized fundraising effort to secure philanthropic gifts for specific capital needs or projects, executed within a specific time period, usually over one or more years. It typically focuses on major gifts. It requires:
  - Careful study, planning, and identification of major potential donors
  - Lays the groundwork for involvement of new volunteers and donors to set the stage for higher levels of giving.

Capital Campaign - Purpose

- Facility Construction (Community Center and Camp)
- Renovation or expansion (Adelman Center)
- Acquisition of special equipment (Digital Mammography)
- Building an endowment (PRI)
- New – Programs & Services (CHW)

Campaign Outline

A. Determine and identify need
B. Prepare Case for Support
  1. Problem or needs statement
  2. Goals and Objectives
  3. Action Plan or methods of intervention
  4. Outcomes or results
  5. Qualification and experience
  6. Campaign structure and approach
  7. Financial Statements and budgets
C. Feasibility Study (40-50 interviews)
  1. Test and refine Case
  2. Determine goal for campaign
  3. Determine key leadership
  4. Develop Steering Committee
  5. Create prospect lists and ratings
D. Recruit and create campaign cabinet
G. Initiate quiet phase of campaign (50% of goal)
  1. Advanced gifts
  2. Staff gifts
  3. Cabinet Gifts
  4. Leadership Gifts
H. Public Kick-off of Campaign
  1. Public Phase of Campaign
    1. Major Gifts
    2. Corporate and Foundation
    3. Special Gifts
    4. Friends Campaign
  2. Campaign Celebration and Grand Opening
<table>
<thead>
<tr>
<th>Checklist for Success</th>
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<tbody>
<tr>
<td>Create a culture</td>
<td>Create a robust stewardship plan</td>
</tr>
<tr>
<td>Strong Board</td>
<td>Improve technology</td>
</tr>
<tr>
<td>Strategic Plan</td>
<td>Gather data and analyze</td>
</tr>
<tr>
<td>Donor Database</td>
<td>Constantly Evaluate</td>
</tr>
<tr>
<td>Hire a professional</td>
<td><a href="http://www.lifenavigators.org/">http://www.lifenavigators.org/</a></td>
</tr>
<tr>
<td>Create a well-balanced plan - pipeline</td>
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