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## **Are You Ready to Launch a Major Fundraising Campaign?**

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As the impact of the economic crisis continues across much of the country, nonprofit organizations are considering ways to stabilize their current financial situation while continuing to take steps to achieve their vision for the future. More and more, organizations are looking towards new, major fundraising campaigns as a solution, believing that large-scale, multi-year fundraising efforts are the solution to projected shortfalls. As a CEO, Board or senior staff member, how do you objectively determine if this is the right decision and the right time for your organization to launch such an effort? And what is the necessary process an organization must undertake to ensure short- and long-term campaign success?

### **CAPITALIZING NONPROFITS**

According to organizational consultant Kay Sprinkel Grace, CFRE, "The concern about 'capitalizing' the nonprofit sector is very real. Fundraising trends suggest that organizations need to build endowment, raise operating reserve funds, and own their own buildings if they are to remain vital cultural providers in their communities. By capitalizing nonprofits – providing the base of endowed and annual funds that allow the organization to provide excellent programming without deficit financing – boards can prevent the year-to-year funding crises that befall many nonprofit organizations. These crises are often well publicized and pose a threat to the community's perception of the stability of the organization and of the programs offered. Capitalization increases donor confidence and invites greater investment."

The key to a successful campaign and the capitalization that Grace refers to starts in its preparation and planning – prior to launch.

### **STEP ONE: ESTABLISH A CLEARLY ARTICULATED VISION FOR YOUR ORGANIZATION**

What are you ultimately trying to achieve and why? Who will it benefit and in what ways? Having a living, breathing strategic plan is a key starting point for effective case statement development. What are the organization's strengths, weaknesses, opportunities and threats? How are they being addressed? What is the vision for programming, performances, and new or expanded facilities? Launching a campaign simply to "close the deficit" gap or replenish the endowment fund is not a compelling campaign statement. Your financial need alone is not sufficient to undertake a campaign. Being able to articulate how the vision and its end result will ultimately impact the community you serve, as well as planning and taking stock in what you do well and where there may be opportunities to strengthen your operation, is the prerequisite to launching and sustaining a major multi-year fundraising project.

### **STEP TWO: KNOW WHAT IT WILL TAKE TO ACHIEVE THE VISION**

In order to understand the capitalization needs, it is important to know what the new programmatic, artistic, facility, and other plans cost to achieve. Creating multi-year financial plans and models, projecting earned and contributed revenues, and looking at the necessary management and governance resources to support the new initiatives will be required. This work may require outside consultants, special board committees, and be an extension of the strategic planning process.

Internally, organizations often find it helpful to seek independent assessment of their current human, operational and technological resources. A targeted development audit with specific recommendations can be very helpful. Additionally, donor wealth screening can be a particularly effective tool to strategically identify those individuals who are already connected and committed to your organization in order to better understand their potential capacity to make significant gifts.

### **STEP THREE: TEST THE MARKET and YOUR CAMPAIGN READINESS**

A Campaign Planning Study, sometimes called a "Feasibility Study," assesses the potential for the community to support the campaign capitalization goal. Through confidential interviews with those who were identified in Step Two to have high capacity, the study will determine the feasibility of an organization's strategies for raising funds from private sources including gifts, grants, and bequests; assess a donor's perceptions of the organization, its leadership, and programs; establish total fundraising capacity for the campaign; develop strategies for proceeding with a campaign; and set of the overall campaign goals and resource requirements. Information gathered during the planning stage allows an organization to make appropriate adjustments before beginning work in earnest on any endowment or general capital campaign. It also allows for a strategic campaign plan to be drawn that will set the steps needed to ensure its success. The campaign planning study may likewise alert an organization that more preparatory work is needed before launching a campaign.

Perhaps most importantly, testing for campaign readiness can help an organization "pre-sell" a campaign to prospective donors, thus laying the groundwork in advance of the actual request for contributions. The study will also identify potential volunteer leadership, staffing needs, role of counsel, timetables, and resources required for launching and conducting a successful campaign effort. Issues to overcome may also be revealed, such as possible opposing attitudes, confusion of vision, and competing campaigns in the community. Interviews and surveys not only seek information but also to inform potential funders about the future of the organization, the resources required to achieve that vision, and to begin to involve interviewees in the emotional and intellectual engagement of the campaign's goals.

### **STEP FOUR: CAMPAIGN PLANNING CHECKLIST**

Now that you know the vision of your organization, have established multi-year priorities tied to mission and goals, and better understand how these plans will positively impact the community (and thus compelling and exciting reasons to support the institution), you are now ready to determine what remaining components are needed to (finally!) launch a successful campaign.

Embedded into Steps One through Four above is the ongoing assessment of various components in campaign planning. Below is a checklist of organizational attributes that must be in place as you consider an effective campaign:

- **An Existing Annual Fund**

A robust annual fundraising program that acquires, renews, and upgrades donors consistently is essential to success. A campaign needs **numbers** of current, qualified and engaged prospects. Without a solid Annual Fund, it is much more difficult to sustain a campaign.

- **A Good Story**

An urgent and compelling Case for Support. Your organization must be able to articulate a demonstrated need, how the results will impact the organization and community, and answer all of the anticipated questions about goals, leadership and capacity. You must be able to paint a dynamic picture of your organization that spells out what the organization will look like when the need is met and how it will be able to realize its goals in a more positive and productive way.

- **Internal and External Leadership**

The right leadership must be in place for the Campaign. Your Board and President/CEO should be capable, eager fundraisers who like to ask for money. Your President/CEO should be able to spend 50% of his/her time on the Campaign. As with all good fundraising, but even more important for the Campaign, the leadership is as important as the project itself. In some cases, it will trump the project if you have the right people endorsing and soliciting for it. Make sure that you have also identified and recruited the strongest possible volunteer leadership team. A strong fundraising staff and/or experienced campaign counsel ready to support the Campaign is also a requirement.

- **Qualified Major Gift Prospects**

How rich and deep is your prospect pool? Do you have a sufficient number of qualified prospects? How do you know? Do you have a way to objectively research existing donors? Donors to a Campaign will most likely be current donors, so you will need to be able to quantify their capacity and judge their interest in making a large gift to your organization.

- **High-Level Donor Commitment**

Your organization and its vision must be a chief philanthropic priority for your top donors.

- **Positive Image and Outlook**

Your organization must have confidence. It is hard to pull an organization uphill. Top leadership must think you can (and deserve to) raise this kind of money. Think big! This sometimes makes all the difference in a successful campaign.

- **Essential Investment in Fundraising**

Your organization must have invested, or be prepared to invest, in the required resources to mount a successful campaign, including dedicated campaign staff/consultants, budget, a written campaign implementation plan, and technology systems. Make sure you have the human, financial and technical resources needed to continue to manage your annual fund before launching a separate, complementary fundraising effort.

- **Realistic Focus, Sequence and Timeline**

Your campaign plan must make a strong case statement clearly articulating the need for a special campaign. Goals must be realistic and achievable within the context of both the campaign and the overall organizational resources and calendar. Timelines must be reasonable while still creating an appropriate sense of urgency.

## **A MAP FOR SUCCESS**

Every campaign needs a compass pointing toward its desired destination and a map outlining the path to get there. If you have achieved most of the checklist above and feel ready to prepare for a campaign, it is time to create this map. Every campaign needs a strong business plan and accompanying financial analysis. Your campaign plan must have quantifiable measurements and financial goals. Your plan must be "SMART": Specific, Measurable, Attainable, Reviewable, Time-sensitive. For capital projects, you will need to estimate costs from conception through opening and beyond. You will need to tie endowment goals to a percentage of annual funding needs. Cash reserves may be preferable to endowment if you need operating cash. Finally, you will want independent verification and confirmation of your financial goals as a guarantee that your estimates are accurate.

## **DISPELLING MYTHS**

With all the above in mind, there are common misperceptions about major fundraising efforts. A mythology of half-truths and untruths has grown up around the subject of campaigns, among them:

*If you launch a campaign, it will succeed.*

Without an objective feasibility study that tests a clear sense of strategic direction, intended organizational impacts, and an indication that there is donor connection, commitment, and capacity in the community for the campaign, there is no guarantee that it will succeed if launched.

*A good project will sell itself.*

More often than not it is the overarching project *along with* dynamic campaign leadership that sells a campaign. A campaign with a good case statement but without good leadership is vulnerable to failure.

*The Board can handle it.*

Your Board can do a lot but it may not be enough if they are asked to do it alone. They need staff support and volunteer leadership to step up and to work collaboratively in order to raise substantial campaign funds.

*The staff will do it.*

Your staff must facilitate your campaign, but most prospects don't want to be solicited by junior staff. Major donors prefer that peers and those in leadership and governance positions make a personal request for a major gift.

*A new campaign can mask or replace a low-grade annual fundraising program.*

Your campaign cannot energize a low-grade fundraising program that has not already inspired annual fund donors to invest in your organization. Unless there is a solid fundraising program in place that has already cultivated and solicited a large pool of donors, a campaign will fall flat. Successful campaigns rely on a donor base that is eager to further invest in an organization's dreams and vision.

*A campaign must have a fixed time period.*

Your campaign might be a one-year, two-year, three-year or five-year fundraising effort, depending upon many factors including your fundraising goal, your need, or the structure of your pledges. Flexibility in addressing the phases of the campaign, the changes in the economy, the competitive marketplace, and external factors outside your control are all important factors for consideration at every stage of the campaign.

## **WHEN TO SAY "NO" TO A CAMPAIGN**

Perhaps it now goes without saying, but there are also very important reasons *not* to launch a campaign. These include:

- **No Strategic Plan Exists**

If you have not worked with Board and staff to create a strategic plan outlining your organization's vision and mission and with measurable goals for the next five years, your organization is not ready to focus on a new campaign. A strategic plan is essential for building institutional vision, establishing goals and informing an understanding of what kind of campaign is needed to meet them.

- **Insufficient Start-up Financial Resources**

Your organization doesn't have the funding, cash reserve, or underwriting to pay for the initial feasibility study or the objective advisory services needed from outside campaign counsel. Ultimately, if you can't raise initial funding for start-up, the likelihood of being able to raise major funding for the campaign is almost impossible.

- **Weak Case, Weak Story**

Don't proceed if you cannot articulate a compelling need or exciting case for support. If you have received negative publicity for your programming, management, financials, or community engagement activities and have not effectively addressed and corrected those problems or perceptions, focus on fixing those areas first.

- **Reluctant Leadership**

Your President/CEO and Board Chair must be engaged and enthusiastic. Without dynamic leaders who enjoy fundraising activities, you cannot be successful in a campaign.

- **Low-Level Leadership**

Your identified campaign leader or leaders are unable to make sizable lead gifts and/or have not participated in the organization with enthusiasm and effectiveness.

- **Institutional Inferiority Complex**

The organization's stakeholders (i.e., your Board, staff, artists, volunteers) do not speak about the organization with confidence and have not engaged the community regularly in a dialogue that creates positive feedback about the organization from its constituents.

## **CONCLUSION**

Major fundraising campaigns can achieve extraordinary results that positively impact a community and can provide an organization with a unique and strategic opportunity to develop engaged and loyal stakeholders. In the arts and culture industry, with many experienced and dynamic leaders and seasoned donors, it can be tempting for an organization to "jump" into a campaign. However, now more than ever, a successful campaign is built with a solid foundation of an articulated vision with a campaign plan based upon data, research, cost projections, and implementation plans. Connected, focused, and energized donors successfully working together to achieve a common goal will create momentum and results that resonate for years to come.

Editor's Note: This article was inspired by the March 22, 2011 presentation by ACG Vice Presidents Willem Brans and Lee Kappelman, and Susan Shapiro, President, shapiroassociates, at the Association of Fundraising Professionals Conference in Chicago entitled:  
*Campaigns: Are you Ready?*

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