

# ***Raising Dollars for Your Hood***

Committing to Fundraising

*Does our CDC currently really support fund raising?*

Development Audit

*Where does our CDC stand now in terms of fundraising?*

Basic fundraising calendar

*What, specifically are we doing this year and when?*

Program/Project/Event Evaluator

*Stop, do not go from brainstorming directly to planning!*

Membership Drives and Annual Funds

Direct Mail Campaigns

A Significant Donor Program

## Committing to fundraising

Most fundraising problems result from organizational issues which may include:

- Unclear identity: young organization or organization in transition
- Ineffective or out of balance management approach, at staff, Board or volunteer level
- Lack of agreement/commitment to strategic plan and annual work plan
- Insufficient person power—either staff or volunteers
- Insufficient financial base in the CDC's area to build on and/or lack of connections/leverage to bring in outside funds
- Insufficient service record success to support financial requests.

Possible issues:

- Mission/service is difficult to explain or not "attractive" to potential donors
- Time/focus: staff and volunteers already too stretched
- Nonprofits need to be "nice" – difficulty in removing ineffective staff or volunteers
- Staff is ready to move, Board is not or the reverse
- Too much "hope"—we have always gotten by somehow
- Giving up.

Discussion, clarity and resolution need to occur before significant fundraising plans can be made with long-term success.

**Development Audit for \_\_\_\_\_CDC**

(date)

The intent of this process is to provide an overview of the recent history of financial support for the organization. This will be used as the basis for a strategic fundraising plan.

The following documents are needed (if applicable).

1. Mission statement.
2. Last two annual reports or year-end reports to the Board.
3. Any reports given to the Board on fundraising activities.
4. Case for support—may be drawn from foundation grant proposals.
5. Any appeal letters.
6. Annual budget for each of last 3 years.
7. Any organizational strategic planning materials.
8. Job description for a Board member or material used for recruitment/orientation.
9. Development Committee plans and documents.
10. Copies of newsletters, brochures, materials for the public.
11. Copy of typical foundation or corporate grant request.
12. Donor data (see attached grid).
13. Event data (see attached grid).
14. Copies of acknowledgement letters.

## **Program/Project/Event Evaluator**

.6

### **Idea/concept:**

### **Fit with Mission:**

### **Purpose (if more than one rate, low 1, high 5)**

Education	PR/visibility
Recognition (donor/volunteer/retiree)	must do (politically/ethically)
Fun/celebration	other (list)
Fundraising	
Friendraising	

### **Audience**

Public  
Particular demographics  
Area/region  
Volunteers  
Donors (particular segment)  
Other

### **Resources Needed**

Space  
Staff time  
Volunteer time  
Consultants/contract workers  
Materials  
Other

### **Timetable** (as specific and detailed as possible including set-up/break-down)

### **Budget** (projected expenses and income and sources)

### **Communications** (tie to audience and timetable)

Newspapers	flyers
Radio	posters
TV	mailings
Schools	on the agenda of other groups
Civic groups	other

### **Wrap-up, thanks/recognition and evaluation**

City of Cincinnati Roundtable  
August 25, 2009  
Community Development Corporation Association of Greater Cincinnati

Stephanie Harris, Facilitator  
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513-560-0054

Both fundraising efforts are important to nonprofit organizations, but it is helpful to think through the differences in approaches and results before getting started. Typically, the following describes each appeal for funds.

A membership drive suggests that by contributing every year to a membership solicitation, the individual/family or business will be “part of the family”. Some benefit is received in return. The benefits can range from receiving a copy of the annual report once a year, to token gifts, to invitations or priority for tickets to an event. The membership request can be for small amounts (\$10 and up) and have categories (individual, family, business, other). Or, there can be specific dollar levels that correspond to benefits packages that increase in value with larger donations. These membership groups are often referred to as “Friends of XYZ” or the XYZ Membership.

An annual fund is a solicitation, once a year, of a group of donors who may be giving modest or significant gifts. Normally, these donors expect that they are funding on-going or operating expenses, unless the request is for specific program support. Other than acknowledgment, there is no expectation of specific benefits.

An organization can successfully have both a yearly membership drive and an annual fund. However, it is critical to think through each carefully and be ready to maintain concise records for each. At the lower membership and annual giving levels, people will likely select to do one or the other, not both.

#### Membership Drive considerations/issues

Is this an organization with a constituency that is likely to want to be “members”—part of the family? Normally, this means living or working in close proximity to the organization and its programs. It also suggests that the programs or volunteer activities are open to a broad spectrum of the population.

Will this drive have benefits in terms of PR and visibility?

When will the membership term begin and end? (It is usually one year.) This becomes a regular part of the fundraising calendar and to be effective, the solicitation must be consistent year after year.

Is the intent to get broad involvement or to raise significant dollars? If it is broad involvement, the membership fee can be quite low. If the intent is to raise more money, there will need to be levels of membership with enough real benefits to attract higher level donors.

It is important to test benefit packages especially for the higher levels. It may be that the agency/organization perceives the benefits to be attractive, but the potential donors do not.

Once membership levels are set, it is difficult to increase them significantly.  
Care should be taken at the beginning to be sure that a \$10 membership will really cover the staff time, mailing costs and whatever else is promised as a benefit.

(Membership Drives and Annual Funds)

The more levels of membership, the more complex and time-consuming it is to maintain. But, with fewer levels, less money is likely to be raised.

#### Annual Fund considerations/issues

Annual funds require different thinking. This solicitation needs to make the case for a contribution purely for philanthropic reasons—to help.

Since larger dollars are raised in an annual fund, developing a solicitation list that is solid takes more time and probably a few years of experience.

The most successful annual funds have several approaches:

- Often a specific dollar amount is requested based on past giving
- Donors of smaller gifts get letters
- Donors of larger gifts are solicited personally by a volunteer
- Prospective new donors are cultivated first by volunteers and/or staff.

The acknowledgement process is also more personal than for a membership drive.

Like a membership drive, an annual appeal should occur on a regular schedule since donors anticipate giving at the same time each year.

(Some organizations solicit annual donors multiple times a year, but this can have positive or negative results depending on the expectation of the donor.)

#### Considerations for both Membership Drives and Annual Funds

Be clear about the agency/organization objectives and plans before starting. Some donors may choose to be both “a member” and donor to an annual appeal. If the donor understands the difference, this is fine, but often there is confusion and the agency/organization needs to be able to answer such questions.

Be careful about the original design of either process. Volunteer and staff time, cost of materials, postage, need for data bases and reporting can add up. If data bases are not maintained with giving history, address changes, personal information etc., much will be lost in future appeals.

## **Direct Mail Campaigns**

Direct mail usually refers to mailings that are sent to a large general list, sometimes a borrowed or purchased list. While the letter may be "personalized" using technology, the names on the list are not personal contacts in the normal sense. For best results, the mailing is repeated about four times a year whether the individuals have donated or not. However, the list may be segmented so that those who have given previously are thanked for past support.

Normally, the contributions from this approach are small; maybe even \$1-5. However, occasionally a future large donor is discovered in this process.

Initial average response rates are low, 1-3%. Over years, past donor response rates average 10-20%.

The cost (in dollars and time) of the mailing should be weighed carefully.

- Does the organization have a list or can it get one from an appropriate organization at no cost? Or, will a list be purchased? (If a list is to be purchased, care should be taken to find the most appropriate and updated list.)
- What will be the cost of letterhead and envelopes and any enclosures?
- Will enough letters be sent to use bulk mail or will postage cost more?
- Will volunteers stuff the envelopes or will staff time be used or a mailing house be hired?
- Is your organization "patient" enough to commit to multiple mailings over several years?
- Will there be staff or volunteer time designated to monitor the mailings? (track gifts, update addresses, delete bad addresses, research larger and/or repeat donors; analyze results using different letter approaches and the statistics over time)

Finally, a word of warning. Check lists carefully before any mailing goes out. If a prospective donor you have slated for a personal visit or letter and generous request gets a mass mailing piece first and responds to it, it's hard to go ask for more.

Needs a plan and process.

A short to-do list of solicitations with only a few solicitors may be the first step, but only step one of an overall plan. Getting donors to commit to larger gifts and keeping them at that level or increasing every year requires a long-range plan with specific yearly goals.

The work plan for any given year needs to address the resources needed: number of prospects, number of volunteer/staff solicitors and the time it will take from each, cost of promotional materials and so forth.

Needs to be realistic for the organization in terms of level of past gifts and likely donors.

If there has not been much history of significant giving, the "leadership" levels need to be tested with donors, potential donors and those volunteers who will be soliciting. If you are comparing your organization to others to benchmark, be sure they are truly similar in 85% of the attributes. (Ex. mission, geographic location, history, donor base and commitment, volunteer base, staff experience, clear message, demonstrated success in programming, etc.)

Also, recognition levels need to be thought out carefully at the start so that they are effective in the short-run and into the future. The guidelines about pledges and payments must also be clear and fair. (Is the program for individuals only, or for corporations/businesses etc also?)

Needs a solid list of names, probably two or three times the number you hope will give.

It normally takes 3-4 prospects to produce one new donor. Therefore, before beginning you need to have a viable list of names with at least a 50-50 chance of giving at the requested level.

Needs a strong, committed group of volunteers, as well as staff, who will **ask**.

Recruiting the right number of people who have time and the comfort level to ask for large donations repeatedly is crucial. The team needs orientation annually as well as motivational report meetings and an annual wrap-up celebration.

Needs a case/materials/statistics.

Donors who contribute larger sums require more attention. They may be asked to give to numerous good causes and therefore spend more time weighing the benefits of each. They are also more likely to take a business approach to their philanthropy, and may want to be shown in quantifiable ways that the organization accomplishes its mission effectively. While they may not need expensive materials—brochures, photos, pledge cards—they may respond better initially to materials that have a more polished and business-like look.

Needs research and constant updating—names, addresses, business situation, personal interest, life changes.

Many who are willing to contribute larger sums expect and demand that you handle their records with care and attention. If someone marries or divorces, the records must indicate the name change. If a donor has given only to one particular program in the organization, he/she may very well be upset to receive requests focusing on other issues. Death of spouse, change of address, sale of business or retirement—all these changes must be updated in the records. Confidentiality is VERY important.

Needs patience and organizational commitment to listen to the donor and use money as instructed.

Some potential donors are extremely verbose during solicitation. They want to be heard in exchange for a gift. The solicitor needs to take this time and listen, not debate. The donor must have no doubt that the gift will be used as stipulated. Solicitors must be clear and forthright—even if it means that occasionally a potential gift is lost because the donor's wishes cannot be followed.

Needs a stewardship/recognition plan.

Some donors will want recognition, whether public or private. Others will say they do not. Still others will wish to remain anonymous if the list is published. Again, the donors' requests must be respected. However, whether publicly or privately, it is a good rule to thank each donor seven times. This is a combination of approaches throughout the year: ex. thank you note from the executive, thank you note from a client/program participant, listing in an annual report, special invitation to an event, copies of relevant program photographs or newspaper articles forwarded with a note, invitation to speak, presentation with an award/honor, invitation to have coffee or lunch, a thank you telephone call from a Board member.

Needs time—to grow and develop and a commitment to keep it going, year in and year out.

If a special donor program is started and expectations are set and there is some level of fanfare, it is critical to keep it going and stick to the plan (or a revised plan). A false start before the organization is ready or an interrupted approach loses credibility, commitment and future investment.

Also, since donors will be asked to provide other names, it is important to have enough staff and volunteer time to keep up the list. This includes adding the names, doing the research, beginning the cultivation and finally soliciting them. The most effective way to handle this is a continuous process throughout the year.

Other.

Each organization should assess any special circumstances. For example, will launching the significant donor program enhance or hinder a current effort like a capital campaign. Is there an anniversary, retirement or particular event that would mark the start of the significant donor program. As with any new program or effort,

it is important to have a broad-based committee brainstorm about the idea first.  
Many perspectives need to be considered at the start.

## **Significant Donor Program Plan – Discussion Draft**

(Number of donors and dollars suggested are for example only. Increasing either or both is recommended for larger financial returns each year.)

### Year One

5 donors each commit to giving \$500 **minimum\*** a year and to bringing on one new donor over the course of the year. \$2500 minimum total raised.

### Year Two

5 original donors are in year two of five year commitment.  
5 new members join. \$5000 minimum total raised.

### Year Three

5 original donors are in year three of five year commitment.  
5 members are in year two of five year commitment.  
5 new members join. \$7500 minimum total raised.

### Year Four

5 original donors are in year four of five year commitment.  
5 members are in year three of five year commitment.  
5 members are in year two of five year commitment.  
5 new members join. \$10,000 minimum total raised.

### Year Five

5 original donors are in year five of commitment. (Each either signs up for another 5 years or brings in a new person as a replacement. If a new person is brought on, he/she makes the same Year One commitment to bring someone new in during year two.)

5 members are in year four of five year commitment.  
5 members are in year three of five year commitment.  
5 members are in year two of five year commitment.  
5 new members join. \$12,500 minimum total raised.

Process continues as outlined above in Year Six and beyond.

If any member needs to step out of the commitment during the five years, he/she agrees to recruit a new person to fill the slot.

In the original design, it is advisable to determine how to increase individual gifts over time by adding incremental levels, ex. \$750, \$1,000 etc.

\*All new donors would be encouraged to give as much as possible, \$500 being only the minimum.