Create an Effective Fundraising Plan

CompassPoint Nonprofit Services

Presenter: Steve Lew
For the **Greater New Orleans Foundation**

About Steve Lew

Steve Lew is a Senior Projects Director for CompassPoint Nonprofit Services and has worked with nonprofit organizations as a consultant, trainer and fundraising coach over the last eleven years. Steve is director of the Fundraising Academy for Communities of Color, and has directed other key capacity building initiatives for CompassPoint.
He has previously led and managed nonprofit organizations as an Executive Director of the Asian & Pacific Islander Wellness Center in San Francisco, and as Development Director of CompassPoint. Steve recently served as Board Chair of the Grassroots Institute for Fundraising Training (GIFT).

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About CompassPoint

CompassPoint intensifies the impact of fellow nonprofit leaders, organizations, and networks as we achieve social equity together.

We believe that nonprofit organizations and leaders need relevant support that builds on their strengths, experiences, and achievements and that those individuals and organizations that invest in increasing their leadership and management capacities are better poised to achieve progress.
web: www.compasspoint.org

Introduction

Goals: What You Will Learn

This is an introductory course for those who are new to nonprofits or new to the development function. It is ideal for board members and volunteers as well as staff or those interested in a new career in fundraising or nonprofits.

By the end of the day, you should have an understanding of:

- The importance of a diversified funding base
- Conducting an assets inventory
- Developing your mission & case statements
- Identifying funding opportunities
- The role of a fundraising team in enacting the plan
- Setting realistic development goals
- Preparing your development plan & calendar

Why Plan?

- Limit crisis fundraising
- Diversity builds in flexibility
- Planning for diversity brings in more opportunities
- Increase board & volunteer involvement
- Integrate fund development with other program activities & plans
- Most productive use of everyone's time

Where's the Money?

Contributed income from corporations, foundations and individuals comprises approximately 20% of all income in the nonprofit sector. Donations from individuals consistently make up the largest share of contributions- more than foundations and corporations combined.

2012 Contributions: $316.23 billion by source of contributions (in billions of dollars - all figures are rounded)

Corporations, $18.15 , 6%

Bequests, $23.41 , 7%

Foundations, $45.74 , 15%

Individuals, $228.93 , 72%
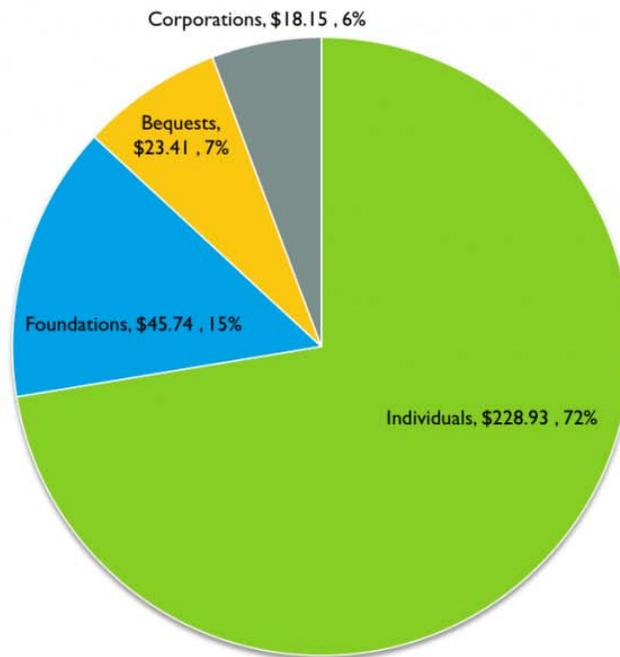
Other Sources of Nonprofit Income:

- Government Contracts 30%
- Earned Income 30%
- Unrelated Business Income 20%

Where is the Money? How does the Money come?

Sources	Benefits	"But"….
Public	➢ Will provide "base support" for ongoing services and some projects in community ➢ Can be more consistent funding than foundations, often multi year	➢ Expect to see quantifiable service outcomes, all costs unitized per # of services negotiated in contracts; typically an insufficient "indirect rate" to cover admin costs. ➢ Need line of credit or cash reserve to withstand cash flow problems
Foundation	➢ Will support infrastructure investments in projects (such as capitol, administration, and fund development). ➢ Make 2-4 year "investments" in organizations and community causes. ➢ Community Foundations often "seed" promising organizations and projects.	➢ Unless you reach 'institutional status' do not expect annual funding for continuing programs. ➢ Winning a new foundation grant can take more than a year to cultivate, propose, and be awarded. ➢ Each foundation is 'uniquely personal'.
Corporate Giving and Public Affairs	➢ Will give money for events that can typically be used as unrestricted support. ➢ Will underwrite certain costs of a project (i.e., computers)	➢ Need to demonstrate a base of support or reaching an audience that matches corporate marketing goals. ➢ Sponsorship gifts are usually below $5,000 unless you are a major institution. ➢ Donation cycles can be erratic
Individual donors	➢ Typically unrestricted support ➢ Can provide sustaining gifts at increasingly larger amounts	➢ Requires ongoing training of staff and board members for solicitations ➢ Requires significant investment of time and $ to cultivate strong donor base ➢ Major donors need to see track record.
Annual events	➢ When successful, they bring in significant amount of unrestricted $ ➢ Excellent opportunity for identifying and cultivating prospective donors ➢ Volunteer opportunity	➢ Can often make minimal profit (should have a business plan) ➢ Highly staff and volunteer intensive ➢ May undercut the gift levels of some donors.
Earned Income	➢ Can become a steady ongoing revenue source ➢ Often strengthens fundraising position with other sources. ➢ Can strengthen client and donor relationship with organization	➢ May require extensive business planning ➢ May overtake the mission or primary programs of the organization ➢ Usually requires up-front commitment of capital, and staff time.

S. Lew, CompassPoint Nonprofit Services, 2014

2013 eNonprofit Benchmarks Study

We analyzed the results of 1.6 billion email messages sent to over 45 million subscribers; 6.5 million online gifts totaling $438 million raised; and 7.3 million advocacy actions.

EMAIL FUNDRAISING

- **13%** OPEN RATE
- **0.42%** CLICK-THROUGH RATE
- **0.07%** RESPONSE RATE

DROP IN EMAIL FUNDRAISING RESPONSE RATES **21%**

EMAIL ADVOCACY

- **14%** OPEN RATE
- **3.7%** CLICK-THROUGH RATE
- **3.5%** RESPONSE RATE

DROP IN EMAIL ADVOCACY RESPONSE RATES **8%**

EMAIL FUNDRAISING MESSAGE RESPONSE RATES DROPPED BY 40% FOR INTERNATIONAL GROUPS AND 42% FOR RIGHTS GROUPS.

HI! **EMAIL LIST GROWTH** **15%** **EMAIL LIST CHURN** **16%** BYE!

ONLINE REVENUE INCREASED BY **21%** (DRIVEN BY A **20%** INCREASE IN NUMBER OF GIFTS).

AVERAGE GIFT AMOUNT:
- **$19** MONTHLY
- **$60** ONE-TIME: ALL GROUPS
- **$163** ONE-TIME: INTERNATIONAL GROUPS

INTERNATIONAL GROUPS SAW A **-12%** DECLINE IN ONLINE REVENUE.

ENVIRONMENTAL GROUPS SAW A **+34%** INCREASE IN ONLINE REVENUE.

EMAILS SENT PER MONTH, PER SUBSCRIBER

HEALTH	RIGHTS	INTERNATIONAL	WILDLIFE AND ANIMAL WELFARE	ENVIRONMENTAL
2.7	3.3	4.0	4.1	4.9

FOR EVERY 1,000 EMAIL SUBSCRIBERS, NONPROFITS HAVE...

- f **149** FACEBOOK FANS
- 🐦 **53** TWITTER FOLLOWERS
- 📱 **29** MOBILE SUBSCRIBERS

ANNUAL GROWTH:
- FACEBOOK FANS **46%**
- TWITTER FOLLOWERS **264%**

PHOTO POSTS HAD THE HIGHEST VIRALITY (GENERATING LIKES, SHARES, AND COMMENTS).

LINK AND SHARE POSTS RECEIVED THE MOST LINK CLICKS.

For the full report, visit www.e-benchmarksstudy.com

M+R N|TEN

Recap: Why Diversify?

- Reduces dependency on single source
- Allows for continuation of services when the economy or other circumstances closes off or reduces one type of funding
- Funders like to see a diversified base
- Increases opportunities
- Sustainability

"Diversity means that you have as many people as you can *coordinate*, raising money from as many sources as *you can manage*". - Kim Klein

How many types of income does your organization have?

Who else and what else would you need in order to pursue a new type of income?

Steps to Creating the Fundraising Plan

1. Assemble a planning team

2. Identify the assets and strengths

3. Brainstorm, then prioritize fund opportunities

4. Evaluate fundraising strategies

5. Set financial and fundraising goals

6. Calendar and write it up!

Your Fund Development Team

Why do you need a team for planning? For fundraising?

- _____

- _____

- _____

- _____

Who Else Should Be Involved?
- Executive Director
- Development Director
- Board Chair or President
- Board Fund Development Committee
- Program staff
- Outside volunteers with experience or connections
- Other? _____

Staff Roles in Fundraising

- Supplies names, contact info of prospective supporters
- Conducts the research on foundations, groups, individuals
- Prepares fundraising materials, proposal
- Manages the timelines
- Produces thank you letters, grant reports

Board Roles in Fundraising

- Supplying names, contact info of prospective supporters
- Cultivates and asks an agreed upon number of people
- Volunteers for events
- Opens doors to business and foundations
    - Making sure the agency is solvent and sustainable is a major responsibility of the board of directors: It's part of governance

Having a Board Fund Development Committee:
- Organizes the board members on board specific duties
- Helps staff to maintain board participation and accountability
- Keeps the fundraising work on the board radar: marks success & challenges

Other Roles *(Volunteers, Consultants)*

Why would you want "outsiders" involved?
- Community buy-in
- Good ideas
- Money follows involvement

- _____
- _____
- _____

Your Assets Inventory

What Do We Mean by Assets?

- Evidence of your organization's skills, experience, and expertise

    o Background of your staff & board

    o Track record of your success

    o Trust of the community and community leaders

- What attributes make your agency attractive to funders?

    o Actions/services only you provide, communities/clients only you reach

    o History of providing service in the community

    o Innovative ideas or new approaches

Finding Your Assets

With your Fund Development Team, assess the strengths of your:

- Program(s)
- Staff
- Board of Directors
- Volunteers

    o Money follows involvement: 90% of volunteers give

- Organizational structure and administration
- Funding base
- Community connections
- Clients/customers/audience
- Media accessibility and reputation
- Other? (site, publications, name, etc.) _____

List Your Organizational Assets:

- _____

- _____

- _____

- _____

- _____

- _____

- _____

- _____

- _____

Several of these assets will help strengthen your case for support

Your Case Statement

The Case Statement Is:
- A compelling argument to support your organization/program(s)
- An internal document.
- Cut and paste from case statement in writing proposals, speeches, publicity, etc.
- 2- 10 pages long.
- Written with passion and sense of importance that you bring to the issue

Elements of the Case Statement *(From Fundraising for Social Change, Kim Klein)*

Section	It Establishes…
Mission	*Why your group exists*
Goals	*What it will do about why it exists*
Objectives	*How it will accomplish the goals*
History	*Its credibility, showing which objectives have been accomplished already*
Structure	*Who is involved, aligning the personnel with the goals*
Fundraising Plan	*That the organization has a number of appropriate income streams that will enable it to fulfill the mission*
Budget	*That salaries, benefits, rent and other costs are consistent with the mission and that the group knows how much it will cost to do the job it has set out to do.*

The 'elevator pitch'

"We believe that…"

"We address this by… "

## Does your organization have a case statement and 'elevator pitch'?

- *15 Tips for an Excellent Problem Statement* - Grassroots Fundraising Journal, article archive
- *Polishing Up Your Case Statement and Putting It to Use* – Grassroots Fundraising Journal, article archive

A World of Funding Opportunities

Mapping The Known Universe

- Gather your Fund Development Team
- Supplies:
    - Room with large white board or chalk board
    - Supply of different color markers
- Procedure:
    - Place your organization at the center of the map
    - First, identify where your funding has been coming from
        - Start with broad areas, then move out to specifics
    - Next, brainstorm new ideas
        - All ideas are listed – no editing yet!
    - Finally, prioritize which efforts will have the best payoff

The map that you will create will end up looking something like this:
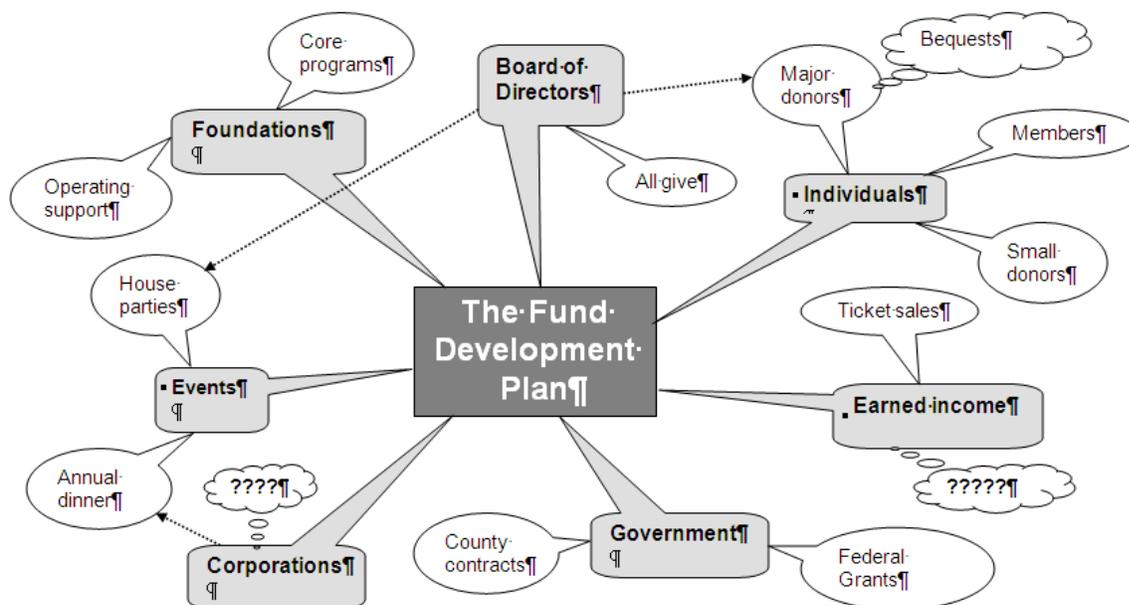
Ken Goldstein, Goldstein Consulting

Exercise: Map Out Your Funding Opportunities

1. Place your organization at the center of the map

2. First, identify where your funding has been coming from- start with income type (foundation, gov't, sales, individuals, corporations, etc) then move out to specific sources

3. Next, brainstorm new ideas- All ideas are listed – no editing yet!

4. Finally, prioritize which efforts will have the best payoff

Our organization

Discuss the Map Together

Identifying Gaps

- Attach dollar amounts to the current funders

- Are those amounts meeting current needs?

- Will they continue to meet your needs in the future?

- How much are you coming up short?

- Is it realistic to expect larger amounts from the current sources?

- How diversified is your base?

- Are enough new sources identified to make up the difference?

- Are your new ideas truly new, or "more of the same"?

Use the Funding Source Matrix to

Not simply a list of the all the funding sources, but a chart to guide you making the best decisions

- List the largest funding categories first

- List each of the specific ideas under the proper category

- Put a mark by those items already in use

- Use a rating system to evaluate which ideas to pursue

Prioritizing Ideas

Your time and resources are limited, and there is simply no way you can pursue absolutely everything. So, what criteria will you use to make your choices? Here are a few ideas to start with:

- Potential payoff, financially

- Potential to build new relationships

- Investment required (staff, volunteers, and money)

- Targeted audience

- Matching to your needs

The next pages demonstrate a stripped down sample matrix: Just like with the map, your matrix will be different than this example, and hopefully much longer.

Matrix for Funding Source Planning

	In Use	Possibility ⇑	Possibility ⇔	Possibility ⇓
Individuals				
Memberships				
Direct mail campaign				
Events				
Cultivating major donors				
Planned giving				
Volunteer opportunities				
Board all gives				
Other: _____				
Other: _____				
Foundations				
Large/national foundations				
Regional foundations				
Family and community foundations				
Corporate-based foundations				
Donor Advised Funds				
Other: _____				
Corporate / Business				
Corporate giving (grants) programs				

In-kind gifts programs				
Sponsorships				
Retail				
Other: _____				
Other: _____				

Government

Federal grants				
State grants				
Local grants				
Contracts				

Other/Miscellaneous

Earned income (specify): _____				
Religious institutions				
United Way & other federated				
Kiwanis, Lions, Professional groups				
Labor unions				
Other: _____				
Other: _____				
Other: _____				

Who is Included in a Broad Base of Support?

Broader Public

Networks of Shared Interests

Friends and Family

Volunteers, clients, members

You, staff, board
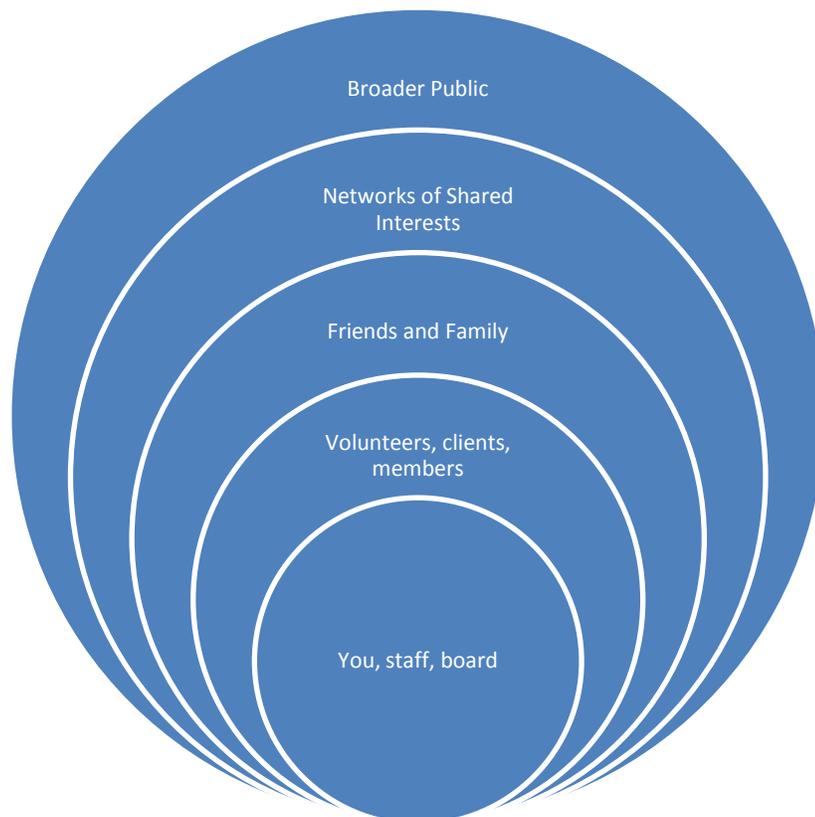
1. How many **staff and board** members do you have?   ____

2. How many **volunteers** do you work with?   ____

3. On average, how many personal contacts will each person be able to submit email or mail information to your cultivation/asking list?   ____

4. **Add #1 & #2, and multiply this total by #3**   ____

You can reach many prospective donors by creating and updating your list each year.

## Identifying Prospects: Where to Begin?
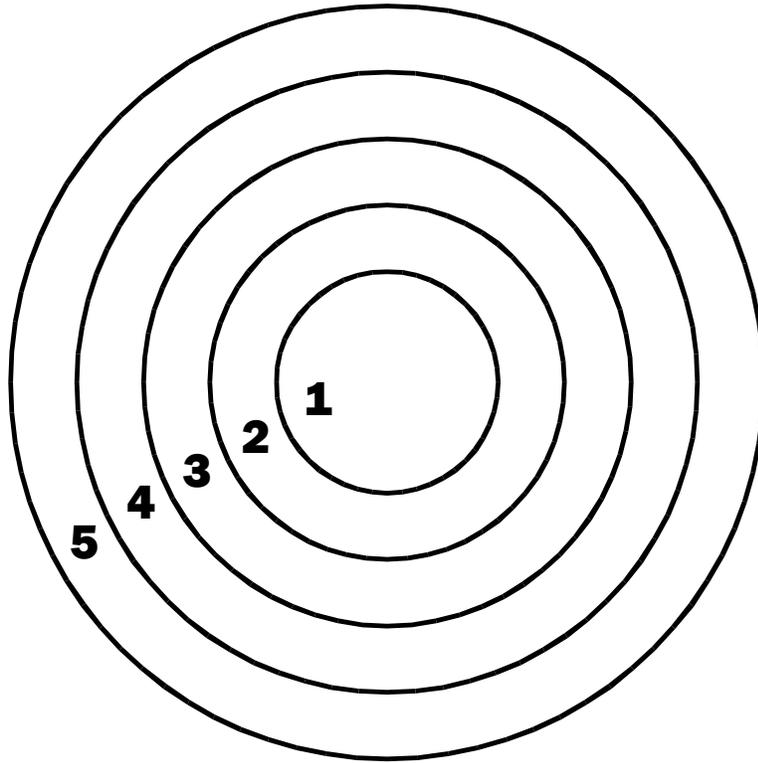
1.

2.

3.

4.

5.

Putting you, your staff and board members in circle 1, friends, family and colleagues in circle 2, name other "types" who should be reached in circles 3,4 & 5.

Segment Your Donors

Your fund development activities, information systems segment donors in important ways:

1. Newly acquired donors
2. Annual donors
3. Frequent donors
4. Give through events
5. Other donor preferences

IDENTIFY prospective donors

CULTIVATE the relationship

3. UPGRADE

1. ACQUIRE

STEWARD the gift & relationship

2. RENEW

ASK for gift

THANK & recognize

9
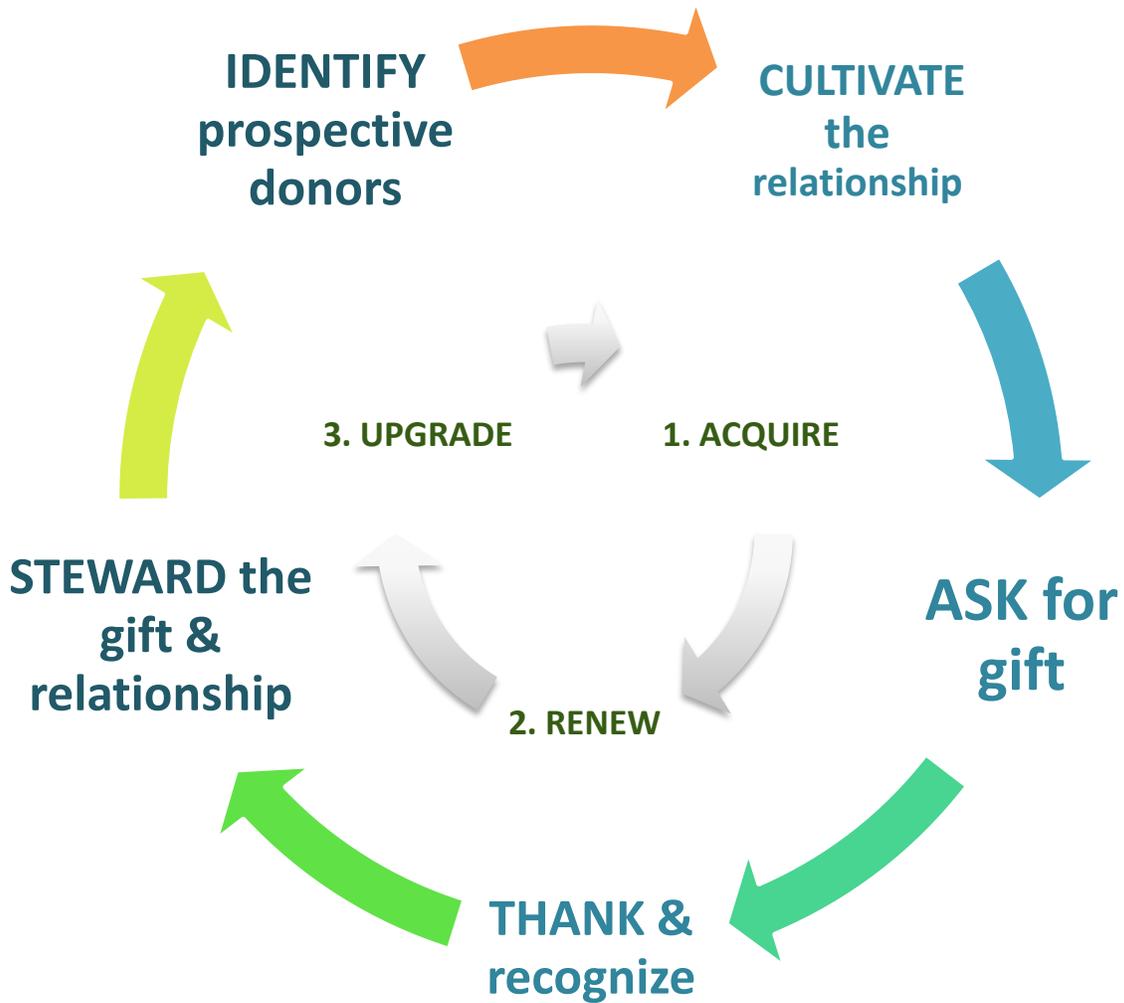
What if we don't have a donor management software system?
Download: *Consumers Guide to Donor Management Systems, 2013* www.idealware.org/reports

Setting Goals

Be Realistic!

- Based on your track record of previous years and current trends
- Discount grants applied for by chance of getting
- No across the board increases without data

Set Goals for Foundation funding

Foundation	Type	Status	Request	Likelihood
X Community Foundation	Renew general support	Program officer invited at 50k – submitted proposal	50 k	90%
Chinn Family Fund	New program support	We qualify; and they accepted our brief letter of intent	25k	25%
Corporate Fdn	New program support	Meet their general guidelines, cannot reach anyone	15k	10%
Fiery Exciting Funder	Capacity building grant	Invited proposal, will be approved at staff level	20k	90%

Set Goals for Donor Development

Strategy	Goal	Audience	Description
Acquire new donors via 3 house gatherings	45 new donors, $3,000	1 new school network, friends of 2 new board members	Small events hosted by board members- need to invite at least 90 new people
Renew current donors through two campaigns	350 small gifts $35,000 40 major gifts $40,000	House donor list plus any new lists generated	May appeal and November appeal using mail, email and calling 50% of our list. Volunteer phone bank
Upgrade donors through monthly sustainer program	33 new sustainers average $300/year = $10,000	Current donors who are giving >$75 for more than 2 years	Special appeal with phone call from Mgmt Team in January
Acquire younger donors through online campaign	80 new donors average $20 = $1,600	Friends, family of program participants	Create contest among program participants to create pages on FirstGiving with their story and goal to raise $100 +

Set Your Goals

- Based on your track record of previous years and current trends

- Discount grants applied for by chance of getting

- No across the board increases without data

Set Goals for Foundation funding

Foundation	Type of grant	Status	Request	Likelihood

Set Goals for Donor Development

| Strategy	Goal	Audience	Description
Acquire new donors			
Renew current donors			
Upgrade donors			
Other			

Sample Fundraising Plan – Community Organizing Group

This development plan enables us to gather the resources ($300,000) to build the grassroots fundraising capacity of our years' work. Our goals:

1. Raise enough money to support programs and operations and improve them.
2. Raise enough money to provide funds for ongoing organizational development, strategic planning, communications and outreach, and professional development.
3. Improve our organizational structure for fundraising, including streamlining processes, increased donor communication, strengthening major donor work, integrating fundraising more with programs, and building a stronger fundraising team which includes increasing board involvement.

INCOME CATEGORY	STRATEGY	GOAL	COST	2011 ACTUALS	2010 COMPARE	WHEN	WHO	STATUS
Individual donations $57,000	Major gifts 1. Provide materials 2. Set up call 3. Check-in calls 4. Celebration	$35,000 from 30 donors >$500	24 staff hours	$30,390 from 22 donors	$28,000 from 28 donors	Jan - Feb	8 Board members	Done
	Donor newsletter 1. Work on text, photos 2. Contact mail house and print shop (500 +)	Cultivation, $0	$1,000 22 staff hours	$350 from 8 donors	N/A	March, September	MV	Done
	Appeal to 2010 event attendees that didn't give 1. Write letter, insert 2. Do mailing (75 +)	$1,200	$200 4 staff hours	$1,500 from 20 people	$800 from 10 people	July	MV	
	Fall Open House 1. Invite 50 new people	$2,000	$150 5 staff hours		$2,300	Late September	MV volunteers	

	Fall appeal to current donors and new prospects that we identify for general support 1. Write letter, inserts 2. Do mailing (600+) 3. Make calls (200+)	$16,000 from 160 donors	$550 30 staff hours			$14,716 from 143 people	Late Nov.	All staff and board	
	E-newsletter subscribers 1. Write e-appeal series 2. Change website	$3,000	Minimal 8 staff hours			$1,660 from 23 people	December		
Annual Gala $70,000	Individual donors – 250 tickets 1. Host committee formed 2. Location secured 3. 10 table captains 4. Invites sent 5. Program set	$25,000	$18,000 50 staff hours	$35,686 pledged from 150 people			April -June	Event Comm.	
	Funders, businesses, organizations – sponsorships 1. Sponsor packets 2. Ad book sales 3. In kind list and requests	$40,000	30 staff hours	$57,500 pledged from 40 groups, $2,500 pledged in-kind			Jan-June	Event Comm.	
	NYC House party – pre-gala event	$5,000	$800 8 staff hours	$6,500 from 50 people	$6,768 from 52 people		March	NYC comm.	Done
Foundation Grants $175,000	Akonadi Foundation	$25,000	6 staff hrs					HK	Still talking
	Anschutz Family Foundation	$50,000	$500 travel 12 staff hrs				March	PH	Declined
	Babcock Foundation	$100,000	8 staff hrs	$10,000		$200,000 two-year grant	Renewal February	PH	secured

Grassroots Institute for Fundraising Training

cultivate
- January: open house, new lists generated

ask
- March: Annual report online, major donor campaign

thank
- April: TY reception for major donors
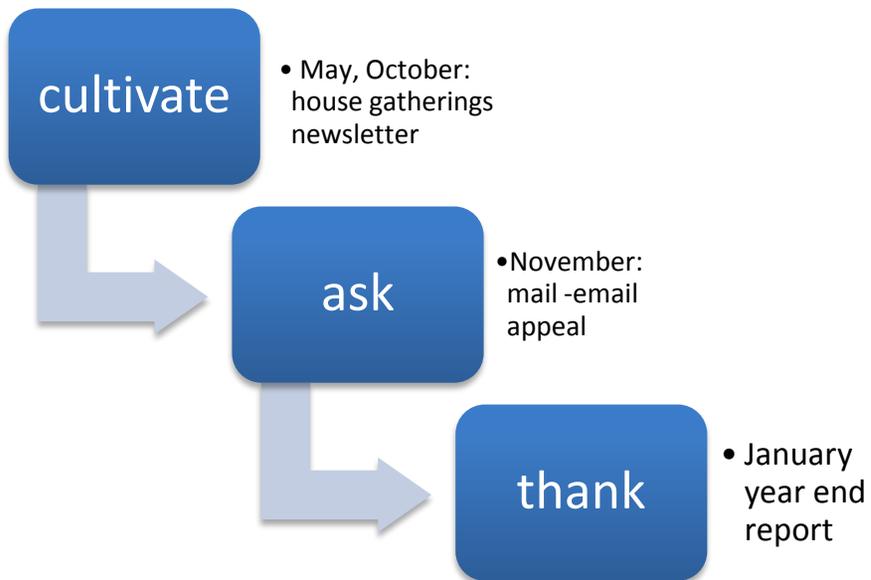
For your donor development calendar, think of how activities can build upon each outcome

cultivate
- May, October: house gatherings newsletter

ask
- November: mail -email appeal

thank
- January year end report

Your Calendar of Donor Development Activities

Jan	Feb	Mar	Apr
May	Jun	Jul	Aug
Sep	Oct	Nov	Dec

Analyze Your Fundraising Vehicles

HIGH RESOURCES NEEDED
(Staff time, direct expenses)

HIGH NET		**LOW NET**
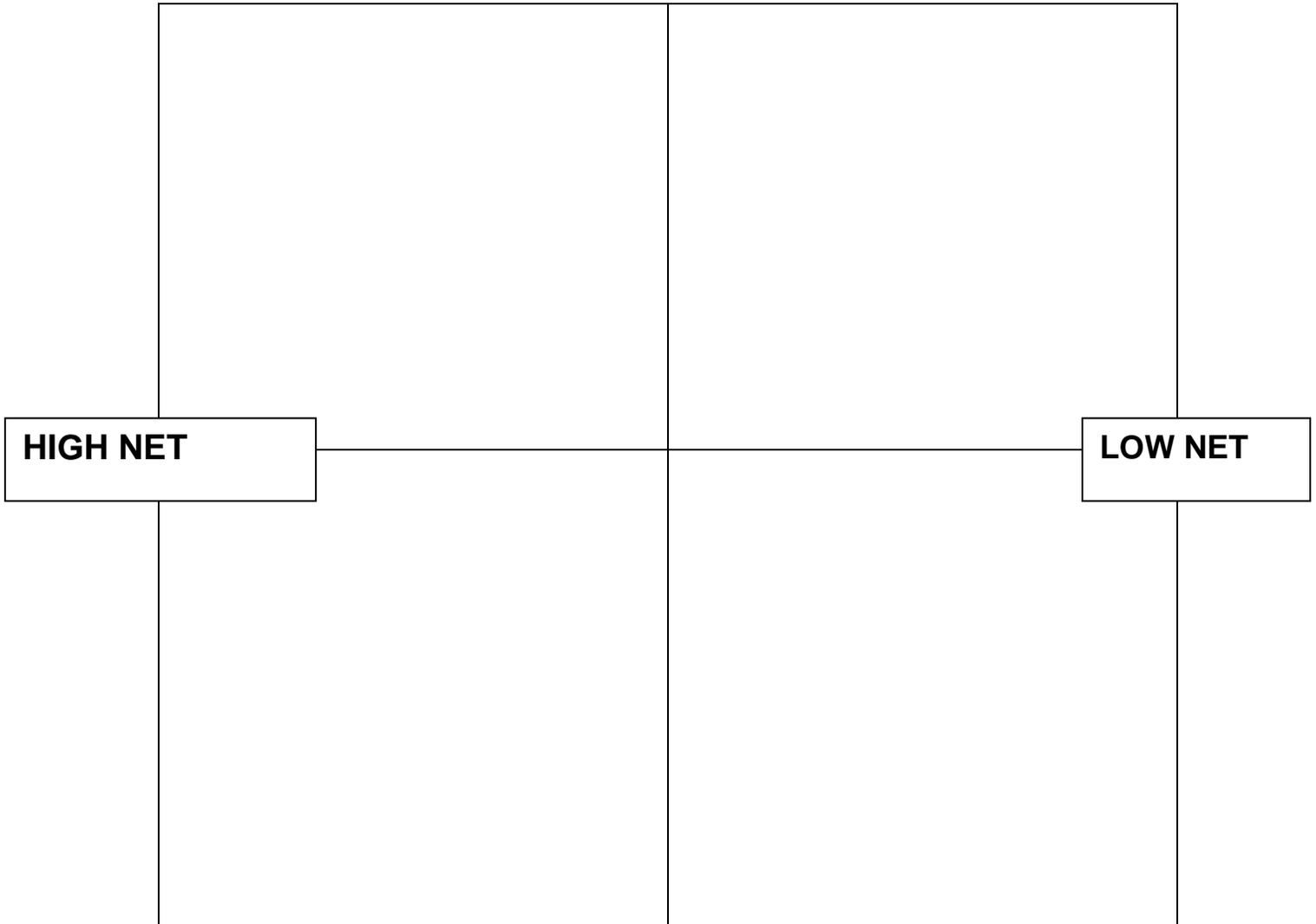
LOW RESOURCES NEEDED

Typical vehicles: grant writing, phone campaign, award event, direct mail, house party, face to face meetings…

Putting It All Together

Being Flexible: Monitor, Evaluate, & Adapt

- Track each month's actual revenue to goals
    - What adjustments are called for?
    - What's working? What isn't?
- What new opportunities have appeared?
    - New programmatic initiatives
    - New funding sources available
- Laying the basis for next year's plan
    - Closing the loop and continuing the process

Recap and Review

- Establishing Your Team
- The Planning Retreat
    - Assets Inventory & Mapping exercises
    - Identify New Opportunities: Sustainability & Diversity
- Prioritize: Select strategies
- Writing the Case Statement
    - Including a dynamic Mission Statement
- Setting Realistic Goals
    - Long-term goals and sustainability
- Keeping the Team Involved
- Using the Calendar
    - Assigning responsibilities & dates
    - Integrating program calendar and plans
- Writing the Plan
- Working the Plan

Fundraising Resources

. . . .

Online

Grassroots Fundraising Journal, Grassroots Institute for Fundraising Training
www.grassrootsfundraising.org

Books

The Accidental Fundraiser by Stephanie Roth

Achieving Excellence in Fund Raising by Henry A. Rosso and Associates

Boards That Love Fundraising by Robert M. Zimmerman and Ann W. Lehman

The Complete Book of Model Fund-Raising Letters by Roland Kuniholm

The Complete Guide to Fundraising Management by Stanley Weinstein

The Complete Guide to Planned Giving by Debra Ashton

Fundraising for Non Profits by Burke Keegan

Fundraising for Social Change by Kim Klein

Planning and Implementing Your Major Gifts Campaign by Suzanne Irwin-Wells

Storytelling for Grantseekers by Cheryl Clarke

Preparing Your Capital Campaign by Marilyn Bancel

Planned Giving Simplified by Robert F. Sharpe, Sr.

Planning Special Events by James Armstrong

Reliable Fundraising in Unreliable Times by Kim Klein

Revolution in the Mailbox by Mal Warwick

Team-Based Fundraising Step by Step by Mim Carlson

The Ask by Laura Fredericks

The Foundation Center's Guide to Proposal Writing by Jane C. Geever and Patricia McNeill

Online Fundraising Guides, Samples, and Templates

*TCA Toolkit: Fundraising and Development -*http://www.arts.state.tx.us/toolkit/fundraising/
Supporting Advancement.Com – (sample documents)
http://www.supportingadvancement.com/revenue/samples/samples.htm
Supporting Advancement.Com – (sample job descriptions)
http://supportingadvancement.com/employment/job_descriptions/job_descriptions.htm
Norfolk Foundation Nonprofit Toolkit –
http://www.norfolkfoundation.org/nonprofits/resource_kit.asp
Spanish language tool kit to teach fundraising
Comunidades del Futuro: Guía para Facilitadores

Organizations

Association of Fundraising Professionals – www.afpnet.org
CompassPoint Nonprofit Services – www.compasspoint.org
Grassroots Institute for Fundraising Training GIFT www.Grassrootsfundraising.org
Foundation Center – www.fdncenter.org

Periodicals & Websites

Alaska Funding Exchange – www.funding-exchange.org
Blue Avocado www.blueavocado.org
BoardnetUSA - http://www.boardnetusa.org/public/home.asp
The Chronicle of Philanthropy – http://philanthropy.com
The Grantsmanship Center – www.tgci.com
Grants.gov – www.grants.gov
Grassroots Fundraising Journal – www.grassrootsfundraising.org
Guidestar – www.guidestar.org
The NonProfit Times – www.nptimes.com

Notes