

## PREPARING FOR A CAPITAL CAMPAIGN

### A. REQUIREMENTS FOR A SUCCESSFUL CAMPAIGN

There is intense competition today for philanthropic support. This is especially true when it comes to fundraising initiatives that ask donors to make significant gifts for special projects. To conduct a successful capital campaign, your organization must convince its constituents that the capital project deserves support.

Through years of experience and training in fund raising principles, we have learned to recognize those attributes of a nonprofit that are fundamental prerequisites for a successful capital campaign:

1. Based on its record of service and impact, the organization is seen as worthy of support. Potential supporters have confidence in the organization and feel that it enhances the lives of the community.
2. The organization's case for support for the proposed capital project is understood and accepted.
3. Its constituents have the capability to support the campaign at the necessary giving levels. The funds are available and attainable. For some organizations, this means achieving the "rule of thirds": 1/3 to 1/2 of the total will come from the top 10 gifts; 1/3 of the total will come from the next 100 donations; the remainder comes from all other prospects. In many campaigns today, more than 60% of the goal will come from the top ten gifts.
4. The nonprofit is able to attract strong volunteer leadership. The campaign organization will require enthusiastic and generous leaders and volunteers.
5. The philanthropic environment and timing are right.
6. The campaign will be well-organized and staffed with individuals capable of undertaking and supporting a major project initiative and fund raising campaign.

7. The Board of Directors has a sufficient number of members who are influential within the community. Moreover, all advisory and governing boards close to the proposed capital/endowment campaign are committed to the project's success.

## **B. CHRONOLOGICAL STEPS FOR SUCCESS**

### **I. INSTITUTIONAL READINESS**

Following are steps that must be undertaken prior to launching a capital campaign:

- Review your organization's focus on board development. Work to strengthen nominating criteria and processes. Seek people with affluence and influence. Seek diversity. Strengthen, expand and activate your board's committees. Engage board members in the philanthropic process.
- Intensify the project planning. At every step involve as many board members, volunteers and potential large supporters as possible.
- Prepare preliminary written materials describing the project, its history, rationale and case for support. Stress the project's benefits to the community.
- Engage experts to develop a facilities master plan and estimate costs. Create a number of projected capital and operational budgets. Examine the total contributed income necessary to operate the organization and accommodate your capital/endowment requirements. Use a spreadsheet program to examine a number of "what if" scenarios. For example, examine the contributed income requirements of raising the entire project cost; also examine the possibility of financing various percentages of the capital portion of the project cost.
- Refine your preliminary materials based on your discoveries during the preliminary budget formulation process. You should now have a broad tentative outline for:
  - a case for support
  - a project plan and time-line
  - a flexible financial model
  - the tentative income requirements
  - an understanding of your needs on a prioritized basis
  - an understanding of how the project fits into the institution's over-all long-range plan

- a preliminary gift pyramid (This chart indicates how many gifts at each giving level are needed to complete the campaign. Your development staff or campaign consultant can help you construct your pyramid.)

## **II. POSITIONING**

At the same time, work to position your fundraising organization for successful major gifts fundraising by taking these steps:

- Check to see how involved volunteers, advisory and/or governing bodies and potential supporters have been in the organization's planning processes. If anyone has been neglected, brief them and make every effort to get them involved.
- Charge your Board's development committee or an ad hoc resource development committee with studying fund raising principles and practices. This committee will seek advice and work with your campaign consultant to formulate your fund raising strategy.
- Improve your record keeping ability. Strengthen your fund raising information system. If you do not already have a computerized system, subscribe to a dedicated fund raising software package. You will need a system that can accommodate detailed information about each supporter and potential supporter and a means of recording pledge balances and payments. An information system capable of segmenting prospective donors by giving potential and other criteria is a necessity.
- Begin prospect research. Focus on four key factors:
  - The prospective donor's interests
  - The prospective donor's relationship to your project
  - The prospective donor's capacity to give
  - The prospective donor's network of associates

Be sure to keep written records of this information. At this time you should begin to arrive at specific request amounts from specific donors.

- Arrange for some briefings of key volunteer, advisory and governing bodies concerning fund raising principles and practices. Use these opportunities to stress the importance of pace-setting leadership gifts from those closest to the project.

## **III. PHILANTHROPIC PLANNING (FEASIBILITY) STUDY**

- Choose a fund raising consulting firm to conduct your philanthropic planning study (feasibility study). Consider MMS Advancement Associates LLC. Negotiate fees and terms.

- The primary purpose of the planning study is to determine your fund raising potential. The study will also benefit you in the following ways:
  - Your plans can be established within a context of rational financial goals. The study tests the reality of your project's contributed income projections;
  - You will gain valuable insights into community perceptions of your organization;
  - Potential volunteer leaders with the peer relationships needed for success will be identified during the study process;
  - Potential major gift donors will be identified;
  - These potential leaders and major gift donors will become more familiar with your programs, aspirations and the need for the capital project; and,
  - You will be able to position your internal and external resources to meet the challenge of a major fund raising campaign.
- Your consultant will prepare a summary of the case for support and a "gift pyramid" indicating the number and level of gifts required to successfully complete the campaign.
- At the heart of the planning study is a series of confidential interviews between representatives of the consulting firm and selected individuals representing key prospective donors and volunteers of affluence and influence. The confidential nature of the interviews allows the interviewees to speak candidly and have maximum input into the planning process. The interviewees are sent a summary of the case statement prior to the interview.
- Your consultant will review the findings and prepare specific recommendations regarding your campaign goal, campaign strategies, campaign timing, volunteer leadership, case for support and other recommendations unique to your particular circumstances.

#### **IV. FINAL CAMPAIGN PREPARATION**

Your specific strategies, tasks and timing will, in large part, be shaped by your professional staff and fundraising consultant. Some steps that typically follow the planning study are:

- Intensify prospect research and capacity ratings (determine request amounts of specific donors). This is an extension of the process begun prior to the interviews.
- Recruit campaign leadership.

- Finalize the goal and project plans. Reach agreement on the budget and financial model.
- Revise the case statement.
- Develop strategies, plans and time-lines. Keep top-of-mind the importance of "sequential campaigns." Those closest to the project and those capable of lead gifts are solicited first.
- Adopt campaign policies and procedures.
- Refine your gift pyramid and assure that you have named gift opportunities that correspond to the various gift levels.
- Refine your prospect research so that you match potential donors with appropriate gift opportunities.
- Plan public relations activities and acknowledgement events that support the sequential nature of the solicitation process.
- Produce brochures and other visual materials.

## V. IMPLEMENTATION AND SOLICITATION

- Customize materials and develop individualized cultivation and solicitation strategies.
- Keep focused on sequential solicitations and face-to-face contacts.
- Prepare to solicit lead gifts during the "quiet phase" of the campaign.
  - Make solicitor assignments. Match the right solicitor to prime prospects. Get input and agreement on the right ask amounts.
  - Conduct solicitor orientation and training.
  - Begin solicitations with governing board, staff and pace-setting leadership gifts.
- When you have quietly secured approximately 60% of the goal you can go public.
- Solicit the second and third tier gifts.
- Conclude your campaign with your broad-based appeal. Give every potential supporter an opportunity to participate. (This is the only phase of the campaign that might use mail and phone. All other solicitations are face-to-face.)
- Victory celebration and public acknowledgements.