

Commonwealth of Massachusetts Supplier Diversity Office

Fundraising Strategy: How Better Planning Can Produce Bigger and More Gifts

September 27, 2010

Set the plan: work the plan. Learn how time spent planning your fundraising can actually make your time implementing your fundraising more productive.

The right planning will establish the most important tasks and keep your organization focused on accomplishing these tasks. While opportunities that arise during the year are sometimes worth deviating from the plan, you need to weigh whether or not these will produce better results than the tasks you have planned. The only way to do this is to have the fundraising strategy set for the year with schedule and benchmarks.

Successful organizations know months in advance of the new year how many solicitations they will conduct via mail and email. They know which prospective contributors they will personally visit. They know which foundations and businesses they will solicit and for which programs. Take the time to plan your fundraising for success.

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What Are the Sources of Gifts in the United States?

2009 contributions

\$303.75 billion in the United States

Giving in the United States is 2.1% of Gross Domestic Product

% of Total	Amount	Source of Contributions
4%	\$14.10 billion	Corporations
8%	\$23.80 billion	Bequests
13%	\$38.44 billion	Foundations
75%	\$227.41 billion	Individuals

% of Total	Amount	Recipient Organization
33%	\$100.95 billion	Religion
13%	\$40.01 billion	Education
10%	\$31.00 billion	Private foundations
10%	\$28.59 billion	Unallocated giving
9%	\$27.08 billion	Human services
8%	\$22.77 billion	Public-society benefit
7%	\$22.46 billion	Health
4%	\$12.34 billion	Arts, cultural, and humanities
3%	\$8.89 billion	International affairs
2%	\$6.15 billion	Environment/animals
1%	\$3.51 billion	Foundation grants to individuals

Giving USA 2010

The Annual Report on Philanthropy for the Year 2009

Giving USA Foundation

How Do You Establish Your Goals?

The bottom line is you want to establish goals that are feasible yet challenging. One way to look at your potential is to use the reports on pages 14 through 18. First analyze your previous results and estimate your coming year by the gifts and sources of income you can reasonably expect. Add to this other gifts and sources and you will be seeking throughout the year. Determine how aggressive you wish to be in your goal with new sources of income.

Example of Fund Development Goals

Annually, the Association will set its goals for all sources of income for the following fiscal year, July 1 to June 30. It will establish its goal based upon:

- Its business strategy and plans.
- Its fund development history for the previous three years.
- Opportunities for charitable gifts it has identified by name and amount from individuals and families, businesses and corporations, and foundations.
- Opportunities for government grants and contracts.
- Opportunities for earned income.
- Percentage growth desired in its programs and hence in its income.
- Level of responsibility Trustees and other volunteers accept for fund development.

For fiscal year 2009 – 2010 the Association had a total budget of \$1,115,000. It is establishing the following goals for its income for these three fiscal years.

- 2010 – 2011: \$1,200,000
- 2011 – 2012: \$1,400,000
- 2012 – 2013: \$1,600,000

The goals include government grants and contracts; earned income; and gifts from all sources of contributions – individuals and families, businesses and corporations, and foundations. In addition to the total annual goal, the Association will establish goals each year for each source of income and each source of charitable gifts: individuals and families, businesses and corporations, and foundations.

During these three fiscal years, the Association also will increase the proportion of its total gifts given by individuals and families and build the endowment begun at the Community Foundation. The endowment fund is currently \$28,917. The goal is to grow it to \$100,000 by the end of the 2012-2013 fiscal year.

How Do You Describe Your Program Goals?

The case statement is the foundation for all other marketing and fundraising materials. The case statement addresses current operating needs, new program ideas, physical plant needs in equipment and buildings, and endowment needs. It describes how gifts will be used. Often, it also sets a theme for a given period of time.

Make your case for support by presenting this information:

1. Mission and purpose of your organization;
2. Problem your organization is addressing;
3. Uses and needs of gifts: program priorities for three to five years, physical plant needs in equipment and buildings, and endowment.
4. Reasons your organization is the organization to meet these identified needs, its heritage, and how it is unique;
5. Successes;
6. Program budget documenting uses of gifts;
7. Time period during which it will raise these gifts.

From this case statement all other fundraising materials will be written, developed, and prepared. Tailor your case to cultivate and solicit segments of your market.

Who Will You Cultivate and Solicit?

Through cultivation, you are encouraging leaders of influence and affluence to learn more about your organization, its future, and the work it is doing. You should first develop a list of 125 leaders with affluence and/or the influence to attract government grants and contracts, earned income opportunities, or contributions. This should include a representative of every business to be solicited for a gift or sponsorship and every foundation to be solicited for a grant.

Before the fiscal year ends each year, your organization will analyze its lists. Start with your list of 125 leaders of influence and affluence. You also will review your lists of individuals receiving your various forms of communication. From these lists determine:

- Government entities to solicit for a grant or contract
- Businesses to solicit for gifts, sponsorships, or BID participation
- Foundations to solicit for a grant
- Individuals and families to solicit for a gift or sponsorship

Plan ahead. Government grants and foundations can often take six to twelve months to respond to proposal presented. Also, government entities and foundations have processes and deadlines that must be followed.

How Do You Cultivate Your Contributors?

Your goal is to provide information about your work and successes. You want to keep contributors and prospective contributors excited, interested, and engaged.

There are many ways to keep prospective contributors informed about and interested in your work and goals. These include:

- Clip and copy articles, when your organization appears in the media, and “personally” e-mail it.
- Invite to events.
- Email the e-newsletter monthly.
- Keep an updated listing on GuideStar.
- Maintain a Facebook page.
- Use other forms of social media as you have staff and volunteer talents.
- Develop a tag line with a link to its website.
- Require all staff and encourage all Trustees, volunteers, and others interested in your organization to include the tag line in their email signatures.
- Promote website on all printed materials.
- Promote website in its email newsletters.
- Print response boxes on all your publications. Ask for contact information. Use on fundraising solicitations, volunteer materials, and other requests for information.
- Include one “sidebar” in every newsletter asking readers to give.
- Place similar copy on your website.
- Continue to include a story about a contributor in every newsletter. The story may be about a current contributor, a legacy gift, or a member of the legacy society.
- Rotate these stories on your website.
- Include a list of contributors in the newsletter.
- Include a list of contributors on your website.
- Include a list of contributors in your event programs.
- Send holiday cards to contributors.
- Send birthday cards to contributors.
- “Mark” contributors who attend events with a ribbon or some other form of recognition.
- Host lunches and receptions for current and prospective contributors.

How Do You Solicit Gifts?

Personal Visits

This is the ultimate goal of the cultivation – to personally meet with the leaders most interested in learning more about your organization and interested in helping it accomplish its mission and vision. Assign prospective contributors, sponsors, grantors, and investors to staff, Trustees, and other volunteers. Have staff report progress at regular staff meetings. Have Trustees and other volunteers report progress at appropriate meetings.

This is the lowest cost of fundraising with the greatest potential for return.

Direct Mail

Select and promote a use for gifts you believe has a broad appeal. Also, consider monthly personal mailings to individuals and families who have given before. Follow each of these mailing with a personal email soliciting the gift.

Website and Email Solicitation

Provide contributors the opportunity to give and to fulfill the gift online. Each year send emails to solicit a contribution. Promote a use for the gifts you believe has a broad appeal. At least one of these email solicitations will be for the same use as the direct mail appeal and will be sent shortly after the direct mail appeal. Send the email solicitation to everyone you have an email address for.

Proposal Writing

Each year write and present proposals requesting grants, sponsorships, and contracts to foundations, businesses and corporations, and government entities. Develop the list of each to approach by the end of each calendar year for the following calendar year. Match each opportunity with the appropriate program and project. Assign one staff person to take responsibility for preparing and presenting each proposal.

Events

Organizations engage Trustees and other volunteers to conduct events and to assume management of the event. Events are time intensive because of the many details that must be considered, decided, and coordinated. Also, many events raise awareness of the organization sponsoring it, but not much money.

For your organization to decide whether or not to conduct an event, it should consider what it wants to accomplish. Also, it should determine whether or not it has the volunteers who will accept responsibility for conducting it. These criteria may help in determining which events to conduct.

- Attracts sponsors who might not otherwise contribute to your organization.
- Attracts an audience and allows you to publicize your work to people who otherwise might never hear about your organization.
- Breaks even, at the very least.

What Role Will Volunteers Play in Fundraising?

1. Place a link to your organization's website on their signature on all their personal emails.
2. Place a link to your organization's website on their Facebook page and all social media they use.
3. Place a link to your organization's website on their personal website.
4. Place a link to your organization's website on their professional or business website.
5. Tweet about your organization to have more people visit your organization's website.
6. Call your recent contributors to thank them for their gift.
7. Tell every member of their family that they are active with your organization and why.
8. Tell all their friends they are active with your organization and why.
9. Tell your business associates you are active with your organization and why.
10. Personally ask every member of their family to give to your organization.
11. Personally ask their friends to give to your organization.
12. Personally ask their business associates to give to your organization.
13. Ask their human resource office whether or not their company will match their gift to your organization.
14. Ask the person who solicits you for United Way how you can designate their gift to your organization. They **MUST** let you designate your organization, even though it is not a participating United Way agency. Ask all their co-workers to join you in designating their United Way gift to your organization.
15. Volunteer to telephone prospective contributors on your list.
16. Host a house party. Gather people they know to learn more about your organization.
17. Participate in a local race – 5K – 10K – or marathon. Ask their friends and family members to sponsor them by making a gift to your organization.
18. Throw a party for their birthday, anniversary, or retirement. Ask their friends and family to give to your organization as their present.

What Materials Will You Need?

From the case statement described earlier all other fundraising materials will be written, developed, and prepared:

- Solicitation materials for soliciting lead gifts
- Direct mail letter and Email solicitations
- Solicitation materials for sponsorships of events
- Website as it pertains to resource development
- Proposals to businesses/corporations
- Proposals to foundations
- Proposals for government grants and contracts
- e-newsletter
- Fact sheet
- Stories about contributors
- List of contributors

Also, consider developing a tagline if your organization currently does not have one. Here is a checklist for developing taglines.

1. Must convey your nonprofit's or program's impact or value.
2. Must be authentic.
3. Must be broadly and easily accessible and memorable, avoiding jargon and acronyms.
4. Must be specific to your organization, not easily used by another nonprofit reaching out to the same audiences.
5. Must be eight words or less.
6. Must be highly visible and integrated into all print, online, multimedia and most verbal communications.
7. Must make an emotional connection.
8. Must capture the spirit or promises of your organization.
9. Must clearly complement and/or clarify your organization's name without duplicating it.
10. Must take the tone that will connect with your audiences while being true to your organizational "self." Humorous, earnest, tangible, or abstract.

How Do You Acknowledge and Recognize Your Contributors?

Consider acknowledgments the first step to asking for another gift. Multiple acknowledgments are valuable in recognizing contributors and sponsors.

Here are suggestions for ways to thank your contributors:

- Send the formal, organizational thank you letter within 48-hours of receiving the gift or sponsorship.
- Prepare a letter from the Board President to each Trustee who gives and to each contributor or sponsor who gives a lead gift within thirty days of receiving the gift or sponsorship.
- Prepare a letter from the Executive Director to each contributor or sponsor who gives an amount that is more than average within thirty days of receiving the gift or sponsorship.
- Call contributors and sponsors to thank them. If possible, engage Trustees to make these calls.
- At events thank volunteers, contributors, and sponsors from the podium and in the materials.
- Consider multiple letters to thank a contributor. First letter is the formal, organizational thank you. Determine at what levels, for which types of gifts, or for selected audiences that additional acknowledgment letters or other forms of acknowledgments are sent.
- Place telephone calls for all planned gifts.
- Place telephone calls for other selected gifts.
- Publish the list of individuals who are including your organization in their will. It is often easier to market if the organization creates a society and uses the name to market the membership.
- Acknowledge at your events with special name tags, lists in programs, or special seating.
- Hold an event for society members.

How Do You Research Prospective Contributors?

Gather information about prospective funders. Use these sources of information. The amount of time dedicated to conducting prospect research on any particular prospective contributors will depend upon the dollars being sought and whether or not your organization has a contact through a Director or other volunteer.

Individuals/Families

- Start with giving history.
- Look at the annual reports of other organizations to see if you can determine whether or not they give to any of these and at what level.
- Google the person.
- Search the Foundation Center directory. See if the person is a trustee, officer, or founder of a foundation.
- Look at The Boston Foundation's annual report to see whether or not the individual or family has a donor advised fund.

Foundations

- Start with your records on giving history.
- Look at the annual reports of other organizations to see if you can determine whether or not they give to any of these and at what level.
- Search for websites.
- Search the Foundation Center directory.
- Search Guidestar.

Businesses

- Start with your records for giving, sponsoring, or other forms of investing.
- Look at the annual reports of other organizations to see if you can determine whether or not they give to any of these and at what level.
- Search for company websites.
- Gather annual reports. Some of these may be available on the company's website.
- Explore participation as sponsors of other local nonprofit events and campaigns.
- Search Guidestar.

Government Entities

- Start with your records.
- Look at the annual reports of other organizations to see if you can determine whether or not they have granted to any of these and at what level.
- Search for websites.

What Determines Success?

1. Gift income received each year, including dollars and gifts-in-kind.
2. Dollars raised for dollars expended.
3. Fundraising costs as a percentage of the total budget.
4. Average size of gifts.
5. Number of prospective contributors contacted.
6. Number of volunteers working on fundraising.
7. Goals set and reached.

What Systems Do You Need to Track Contributions?

Your internal system should allow your organization to

1. Report contributions and pledges to the Board of Trustees.
2. Track calls made to cultivate and solicit prospective contributors.
3. Acknowledge contributions and pledges within two working days of receipt.
4. Record and receipt contributions and pledges within two working days of receipt.
5. Prepare and deliver reminders of pledges one month in advance of being due.
6. File and track correspondence with contributors and prospective contributors.
7. Report contributions on your financial statements.
8. Report contributions to the Internal Revenue Service on Form 990.

Your Board should adopt policies and rules determining the types of pledges and gifts it will accept. These will cover such forms as gifts-in-kind, stocks, bonds, bequests, trusts, and other instruments.

Appendix A

Development Committee

The Development Committee is responsible for Name of Organization’s fundraising program. It is a committee of the Board and is comprised of Trustees and other volunteers. It is staffed by the Executive Director and the Development Director.

Description of Duties and Responsibilities

Name of Committee	Name of Organization Development Committee
Number of Committee Members	9, Trustees and other volunteers
Purpose	Identify, cultivate, and solicit prospective lead givers for current operating gifts and planned gifts for endowment.
Duties and Responsibilities	<ul style="list-style-type: none"> Make a lead gift. Solicit lead gift from employer. Cultivate and solicit Trustees. Cultivate and solicit Medical Advisory Board members. Evaluate Name of Organization’s materials used to cultivate and solicit lead givers. Evaluate Name of Organization’s annual fundraising goals. Identify, cultivate, and solicit lead gift prospects.
Skills Required	<ul style="list-style-type: none"> High visibility. Record of leading philanthropic giving. New York area contacts. Access to current and prospective lead contributors.
Time Required	One day per month.
Benefits to Name of Organization	Significantly increase contributions for operations and endowment.

**APPENDIX B
SCALE OF GIVING**

Gifts Needed		Accumulation Goals		Pledged		Pledges Due			Gifts Received	
Per Amount		Amount	Total	Number	Amount	Number	x	Amount	Number	Amount
1	\$50,000	\$50,000	\$50,000	0	\$0	0		\$0	0	\$ -
2	\$25,000	\$50,000	\$100,000	0	\$0	0		\$0	0	\$ -
3	\$15,000	\$45,000	\$145,000	0	\$0	0		\$0	0	\$ -
4	\$10,000	\$40,000	\$185,000	0	\$0	0		\$0	0	\$ -
8	\$5,000	\$40,000	\$225,000	0	\$0	0		\$0	0	\$ -
12	\$2,500	\$30,000	\$255,000	0	\$0	0		\$0	0	\$ -
30	\$1,000	\$30,000	\$285,000	0	\$0	0		\$0	0	\$ -
60	\$500	\$30,000	\$315,000	0	\$0	0		\$0	0	\$ -
880	<\$500	\$35,000	\$350,000	0	\$0	0		\$0	0	\$ -
1000			\$350,000	0	\$0	0		\$0	0	\$ -

APPENDIX C
GIFT SOLICITATIONS
Gifts Report
Sources of Gifts
2010 Calendar Year
As of (DATE)

Sources of Gifts	Goal	Received	Pledged	Total Received and Pledged
Individuals/Families				
Board of Trustees				
Advisory Board				
Individuals/Families				
Businesses/Corporations				
Pharmaceutical Companies				
Massachusetts Companies				
Other Companies				
Foundations				
Totals				

Note: Individuals/Families include Family Foundations, Trusts, and Donor Advised Fund Gifts.

APPENDIX D
GIFT SOLICITATIONS
Gifts Report
Uses of Gifts
2010 Calendar Year
As of (DATE)

<u>USES OF GIFTS</u> <u>RECEIVED/PLEDGED</u>	<u>GOALS</u>	<u>RECEIVED</u>	<u>PLEDGED</u>	<u>TOTAL</u>
For Operating Disbursements				
Administration				
Management				
Fundraising				
Other				
Total Operating				
For Program Disbursements				
Advocacy				
Education				
Outreach				
Other				
Total Program Disbursements				
For Endowment Investment				
Total for All Uses				

APPENDIX E
GIFT SOLICITATIONS
Gifts Report
Foundation Gifts
2010 Calendar Year
As of (DATE)

<u>FOUNDATION NAME</u>	<u>CONTACT PERSON & TITLE</u>	<u>GIFTS RECEIVED</u>	<u>PLEDGES RECEIVED</u>	<u>DATE RECEIVED</u>	<u>TOTAL RECEIVED/PLEDGED</u>	<u>USES</u>
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APPENDIX F
GIFT SOLICITATIONS
Gifts Report
Direct Mail
2010 Calendar Year
As of (DATE)

<u>Action Data</u> <u>Response</u>	Letter 1		Letter 2		Letter 3		Totals	
	<u>Count</u>	<u>% Response</u>	<u>Count</u>	<u>% Response</u>	<u>Count</u>	<u>% Response</u>	<u>Count</u>	<u>%</u>

Date Mailed
Number Mailed

Results:

Number of Gifts
Number of Pledges
Totals Responses

Value of Gifts
Value of Pledges
Total Response Value

Average:
Gift Value
Pledged Value

Largest:
Gift Value
Pledged Value

Appendix G
Sample Copy
Response Cards, Websites, Newsletters, and Acknowledgments

To inform contributors your organization is qualified to receive contributions:

The (name of organization), a 501(c)(3) nonprofit organization, is qualified under Section 170 of the Internal Revenue Service Code to receive gifts, grants, and contributions which are deductible for federal income tax purposes.

To comply with Internal Revenue Service regulations to inform contributors that no goods or services were provided:

This is to confirm that no goods or services were received from (name of organization) (Federal ID number) in exchange for your contribution, in accordance with current Internal Revenue Service regulations.

To inform contributors that you are not providing legal or accounting advice:

The information provided in (name of organization)'s materials is not intended as legal, tax, or investment advice. Please consult your attorney, tax professional, or investment professional for such advice.

Appendix H Suggested Resources

Center on Philanthropy
<http://www.philanthropy.iupui.edu/>

Internal Revenue Service
<http://www.irs.gov/charities/index.html?navmenu=menu1>

Massnonprofit
Inform. Share. Thrive.
www.Massnonprofit.org

Barbato, Joseph, and Danielle S. Furlich. *Writing for a Good Cause: The Complete Guide to Crafting Proposals and Other Persuasive Pieces for Nonprofits*. New York: Simon & Schuster, 2000

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Seymour, Harold J. *Designs for Fund-Raising: Principles, Patterns, Techniques*. 2nd ed. Rockville, Maryland: Fund Raising Institute, The Taft Group, 1988

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