

Issues

Capital fundraising feasibility: winning your campaign on paper with a Resources Study

Clarity and certainty are fundamental to the success of capital fundraising.

We are getting used to living with high levels of volatility and the confidence needed to consider fundraising campaigns for much-needed capital projects is returning.

However, given continued uncertainties, the need for well-planned and well-managed capital fundraising feasibility studies has never been greater.

The challenge of change

Change brings challenges. When organisations change, adjust, grow, and reorganise, the need to meet new financial challenges often emerges.

It is our business to know how to deal with these challenges. In seven decades of experience, we have found that the first step in raising large amounts of money is to understand that you do not need to convince everybody to give to succeed.

A campaign or an appeal?

A capital fundraising campaign is focused on raising a large sum of money, as quickly as possible, from (at least initially) a relatively small number of prospective givers for a specific project or programme. It is not a broad-based community appeal for funds from the wider public, although that may come later.

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Where's the money?

Most major fundraising campaigns achieve their goals from less than 100-150 gifts. Usually over 80% of the fundraising goal is raised from less than 20% of the total number of givers, with one gift in excess of 10% of the total amount secured.

Too often we have seen essential projects fail or bogged down because of the misguided belief that the support of the whole constituency is necessary before launching a major fundraising campaign. This can be a convenient excuse for ignoring change and avoiding fundraising and gives the cynics and nay-sayers in an organisation more influence than they deserve.

In the new landscape, if your organisation is to remain relevant it cannot fall hostage to the few who inevitably want to avoid change. Unfortunately, some of these people can be very close to your organisation. Rather than expending limited resources on attempts to convert them, you should consider focusing your efforts on how to convince the few people that you need to give generously to your project and kickstart your campaign.

Apathy will be your greatest challenge. While the vast majority of your supporters may accept the need for the changes you propose, to move them all to make a meaningful gift will take a Herculean effort.

So why not focus your efforts on securing the support of those who are most able to help you achieve your goal? In our experience this is the key to raising big gifts and creating a positive attitude and momentum around your project.

The starting point in the process is to determine the level of human and financial resources that may be available to your organisation. It is essential that you involve your most influential and wealthy supporters from the very outset in a constructive way. Participation in a fundraising Resources Study is one of the best ways to do this.

Where to start? What people and financial resources do you have available?

The first step in organising a successful campaign is to work out where the money might be for the proposed project or programme and who would be willing to join the fundraising team as a volunteer champion and networker.

At its heart, the feasibility of planning and delivering a successful capital campaign is best determined by the quality of people and financial resources you have available to your charity.

Why bother with research? Just get on with it!

While the response to this question would appear to be obvious, it is remarkable how many organisations move straight into multi-million pound fundraising campaigns without consulting their most influential prospective givers and volunteer leaders.

This "jump in at the deep end!" approach usually leads to failure – and a failed capital fundraising campaign can be

highly damaging to your organisation and its reputation for many years afterwards.

This can be avoided by testing the water first to take some sensible soundings.

Test the water!

In fact, in an age when the demands of accountability and fiduciary responsibility placed on charity boards has never been greater, it is increasingly being seen as a lack of good governance not to begin fundraising planning with some form of research such as a Resources Study.

So, what is a Resources Study?

In a nutshell, a Resources Study is a qualitative research process that identifies your organisation's readiness for a fundraising campaign and identifies two important resources: contributable funds, and the volunteer workers who will become the champions to give and get cash gifts and multi-year commitments.

Seek guidance from your godparents

In a way, the Resources Study can be regarded as a visit to your institutional godparents to seek the benefits of their wisdom before you embark upon a major venture. These are key people with known interest in your organisation or cause who may be one or two spheres removed from your core leadership body and day-to-day operations: influential individuals who may not want to be pillars of your charity, but who will occasionally bolster it from the outside.

The combination of your godparents' influence and affluence (and their access to others with these qualities) can be impressive. Their willingness to get involved in your project, at an important time in your organisational development, will be a crucial success factor for your campaign, if it proceeds.

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What form does it take?

The Resources Study consists of 25-35 confidential interviews with a cross-section of your organisation's leaders, supporters, influential friends, staff members and other prospective supporters.

The response of these key constituencies to your proposed project, and their guidance on how best to make it a financial and community-relations success, will determine if you have a

potentially successful capital campaign in your grasp.

Three steps to a Resources Study

There are three steps to planning a Resources Study:

Developing a fundraising case statement, Test Scale of Giving and quality interview list.

Step One: The fundraising case statement

Harold J Seymour is regarded as one of the grandfathers of capital fundraising. In his book *Designs for Fundraising*, he offers a description of the case statement that, in our opinion, has never been bettered:

"The basic document required for the enlistment of leadership, the enrolment of workers and the solicitation of the first pace-setting gifts has come to be known as the 'case statement'. And this is the one definitive piece of the whole campaign. It tells all that needs to be told, answers all the important questions, reviews the arguments for support, explains the proposed plan for raising the money, and shows how gifts may be made and who the people are who vouch for the project and will give it leadership and direction."

At this stage of the process the case statement does not need to win a design award. It should look and feel like a draft briefing document – not a finished, printed piece. Otherwise, your interviewees will feel that the exercise is *fait accompli*, that their

opinions are redundant and that you are only after their money!

What goes into a fundraising case statement?

Your case statement should outline:

- The purpose, brief history and achievements of your organisation
- The vision and need that has inspired the project
- A description of the project, its cost and the fundraising goal
- How the project will make a difference
- The underpinning business case (facts, key statistics and case studies)

The preliminary case statement can also be brought to life by including basic architect's drawings, artist's impressions and people-based photographs. This can help interviewees to better visualise the project, people and community benefits that will flow from it.

If your capital project cannot be presented as an attractive and urgent case statement that your Board and Executive Team are fully behind, then you need to stop and ask a few more questions of your organisation's leaders before taking the process any further.

Step Two: Test Scale of Giving

The Test Scale of Giving is a financial model that shows how many gifts need to be achieved, and at what levels, for a funding goal to be achieved. In our experience of planning and managing thousands of campaigns:

- Most capital campaigns achieve 80% of their goals from only 100 – 150 gifts
- The top ten gifts usually account for 45% to 55% of the goal
- The largest gift, depending on the type of organisation you are, can be anything from 10% to 50% of the goal

The Test Scale of Giving is reviewed with interviewees during the Resources Study and depending on their comments about where funds might be sourced for your project, it should then be fine-tuned accordingly.

Step Three: A quality interview list

A Resources Study is only as good as the calibre of the interviewees. As referenced earlier, successful capital campaigns need to access influence and wealth. Your organisation will probably have access to such influencers albeit, sometimes, two or three spheres removed from your core constituency.

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The leaders of your organisation (Trustees, Executive Team and selected committed supporters) need to be interviewed and involved in helping to expand the interview list.

Nevertheless, remember that the Resources Study is a qualitative research process. Most experienced fundraising consultants will quietly admit that positive studies (and subsequent recommendations for an organisation to move to a full and

public campaign) hinge upon the comments of a dozen or so influential interviewees! This applies to campaigns big and small.

The shape and direction of study interviews will vary from project to project and interviewee to interviewee. Generally, we do not recommend the preparation of formulaic check-lists or questionnaires completed by the study manager with interviewees harried through their responses.

Conducting Resources Studies is as much of an art as it is a science: 'gut' instinct as much as empirical evidence. Inexperienced interviewers generally let the mechanics of the process get in the way of an intuitive reading of what the interviewee is really thinking and feeling about the project.

A good study manager creates a professional but relaxed environment in which interviewees really feel they can speak their minds.



Asking the right questions...

A Resources Study should answer the following questions:

- **Is your organisation's community-relations environment conducive to fundraising success?**
- **Is the project regarded as attractive, urgent and worthy of financial support at high levels?**
- **Is the Test Scale of Giving realistic and attainable?**
- **Is the volunteer leadership necessary for the success of the campaign available?**

• **When should you embark upon your campaign – and over what period of time?**

• **Are your institutional resources geared for a successful capital campaign?**

Winning your fundraising campaign on paper

In getting direct answers to these fundamental questions through an objective and detailed Resources Study report and preliminary action plan, your organisation begins the important process of engaging major donors and volunteer networkers and winning the campaign on paper.

In doing so, if done well, your organisation will not just raise big gifts to achieve its capital fundraising goal, but will also boost its social capital and increase awareness of its work.

So when you next address the financial challenges that come with change in your organisation, remember to focus on persuading the few that you need to give generously and avoid being paralysed into inactivity by those who fear change and the fundraising need that comes with it.

Want to talk it through?

For an informal discussion about how to put these thoughts into action, please contact Paul Molloy on **pmolloy@comptonfundraising.co.uk** or call us: **01926 614 555**

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