

Preparing for a Capital Campaign: *Five Essential Elements*

The Traditional Feasibility Study

We have been leading campaigns for nonprofit organizations since 1994. On occasion we are asked to come in and reinvigorate a campaign that has failed to make goal. Often, staff will present a feasibility study that said the campaign could raise a certain amount of dollars, when in fact it yielded much less.

Why is this? Is something lacking in the traditional feasibility study that allows this situation to occur?

Understand the Assumptions

For an answer, one must understand the assumptions underlying a traditional feasibility study.

In capital campaigns the vast majority of money comes from a relatively small number of people. Knowing this, the consultant will ask for your 40-50 best prospects. He will interview them, ask their willingness to support the campaign, and total up the results. In essence, he is running a 'virtual campaign'.

The consultant assumes:

- **The school has researched its thousands of parents and graduates well enough to identify its best prospects.**
- **After research, the school has taken the time to prioritize its prospects so that the best 50 rose to the surface for the interview.**
- **AND THEREFORE, the 50 names given him represent the best giving potential for the campaign.**

It's Not Safe To Assume

Many nonprofit organizations have never done a thorough analysis of their giving potential. Instead, the names given to the consultant for the feasibility study tend to be a closed circle of past supporters. To borrow a line from the movie Casablanca, there is a tendency to "Round up the usual suspects!"

There is also a second danger. Development staff is inclined to confuse love of the organization with ability to give. It is not uncommon to spend many hours with individuals who love the organization, only to find out that they have no ability to be a major player in a campaign. While some of these interviews are beneficial in getting to know the organization and its mission, they do not bring us closer to the central purpose of a Feasibility Study: "Can we raise '\$X' for 'Y' project?"

Putting A Fine Point On The Feasibility Study

We are not denying the value of a Feasibility Study. Rather, we want to point out two critical facts about its implementation and scope.

Implementation: The validity of the study is only as good as the research that went into selecting the people to interview. The consultant will base a large part of his campaign estimate on these top 50 interviews. But, what if half of those interviewed were not necessarily your wealthiest prospects? The goal will reflect this lack of organizational self-knowledge. You may set a goal well below your actual capacity.

Scope: A Feasibility Study is limited to a central question, "Can we raise '\$X' for 'Y' project?" It does not concern itself with a number of other questions that impact the success of a campaign such as:

- **Is the Annual Fund mature enough to support a major capital drive? What have we done in the way of frequency of asks, timing, method? What were the results? What are the prospects for growth? To what degree does the organization rely on the operational money generated by the Annual Fund? How will the campaign affect it?**
- **Does the organization have good internal systems? This includes secretarial support, database operations, and prospect tracking systems. Tragically, many campaigns stumble for lack of appropriate support.**
- **Is leadership ready? How long have the key staff been in place? Who will do the asking? The President/Executive Director? Development Director? Volunteers? What is the experience level of each? Million dollar prospects are valuable only if we have the time, courage and experience to ask.**
- **How do the items proposed for funding relate to the organization's mission? Sometimes, the projects we think we need, in reality, do not address critical issues facing the organization. For example, one academic client suffering from low enrollment wanted to build a second gymnasium. But a new sports facility would have done nothing to curb the long-standing perception that the school was academically inferior. In short, a campaign is about more than putting up another building or creating another scholarship. It is a time to call your organization's community together, in unity, to address the larger issues and reach for greatness.**

A More Thorough Approach

Let's return to our original question. Why do some feasibility studies fail to predict a successful campaign? The answer is simply: because the question asked, "Can we raise "\$X" for "Y" project?" is too narrow.

When an organization is considering a campaign, it needs to answer the following five questions before proceeding:

1. **Prospects – Whom are we going to ask?**
2. **Relationships – What relationship do we have with them to warrant their 'yes?'**
3. **Leadership – Who is going to do the asking? What gives them credibility?**
4. **Mission – At the root of it all, why is it important that people give? In what direction will their gift move the work of the Organization ?**
5. **Internal Systems – Are we ready to accurately process the information necessary for a timely campaign?**

The degree to which the organization is able to answer these five questions BEFORE launching a campaign is the degree to which it will be successful.

The Five Essential Elements

Element #1: Prospects

The campaign is over when the organization runs out of prospects. Therefore, before launching a campaign, it is wise to have identified all the prospects needed to reach a particular goal.

We use the analogy of flight. If you were to fly from New York to Rome, it would be wise to check the fuel tank before take-off. Once you are mid-way, there is no turning back.

How does this apply to campaigns? If a \$5 million campaign is launched with \$3 million worth of prospects, at some point you will need to put the campaign on hold to seek out more prospects. This may take several months. Meanwhile, your closest supporters, those who stepped out in faith to make the first gifts, see the campaign stall. They wonder whether the promises made to them—the dreams and goals of the campaign—will be fulfilled.

The situation of your most recent 'asks' is even direr. Those with decisions still pending begin to doubt. They begin to question whether the project will become reality and may further postpone signing their pledge card.

Conclusion: An intelligent campaign readiness assessment would not passively accept the "top 50 names." Rather, it would seek to determine the degree to which an organization has used all the resources currently available to identify potential sources of support.

Element #2: Relationships

On a particular campaign a very dear old gentleman, now deceased, gave his alma mater \$500,000. As we planned for the campaign, he told us, "It's easy to put someone's name down on a piece of paper and put a large number next to it. Remember, that's the easy part."

He was referring to the fact that identifying prospects is not enough. The organization must have a long-term relationship to warrant their 'yes'.

Conclusion: Before launching a campaign, an organization needs to assess the strength of its relationships with key donors. How do you know if the relationship is where it needs to be? It is usually a reflection of the degree to which the donor has been meaningfully involved in the organization. This might include serving on boards, task forces and other volunteer endeavors, recognition and awards for his or her service and, ultimately, strong relationships with key staff and volunteer leaders.

The fact is campaigns require lead gifts. These gifts are found among the top 3-5% of people in this country. All experienced development professionals know this. Consequently, all charities in town have their eyes on the same small circle of people. This causes philanthropists, whether formally or informally, to develop a 'short list' of favorite charities. They may still support a wide cross-section of charities, but the really big gifts go to the charities that have nurtured friendships.

Before launching a campaign, it is wise to assess the quality of your relationships, while there is still time to do something to nurture them.

Element #3: Leadership

There are all kinds of maxims in fund raising that we know from experience are not necessarily true. For example, "People want to talk to the president, to the person in charge."

We would argue that lead donors want to leave the meeting simply feeling confident that someone is in charge, and that the organization is a well-run organization. Most of our client's are blessed with gifted leaders able to articulate their organization's vision, others are run by able staff who simply do not have a calling in the area of fund raising.

Conclusion: Before launching a campaign, it is wise to assess the ability of your staff and board leadership and the comfort of each in this crucial area. Do they want to go out and ask for money? Can they do it effectively? Can they learn? Do they want to learn?"

Element #4: Mission

One evening a consultant had dinner with a board member of a client organization. He remarked, "The real strength of our school is the fact that it's a prep organization . It gives us focus."

The next morning, at a breakfast meeting with another board member, the consultant heard, "The real strength of our school is the fact that it's not a prep school. We accept and teach everyone."

The irony is that these two gentlemen sat next to each other at Board meetings for years. They would have been shocked to think a fellow board member would hold an opinion on this matter so opposite of their own. And yet, certain issues that came to the board always created friction: enrollment standards, admissions tests, curriculum changes. Why? -Because answers to these questions rely on a clear mission. The school had gradually changed over the years, but no one formally defined the fact that the school had, de facto, become a prep school.

This issue was discovered and settled prior to launching the campaign. With a new, focused mission as a prep school, donors were clear concerning the impact their money would have on the future of the school and the transition it needed to make.

Conclusion: Before launching a campaign, your organization must be clear regarding its mission. Why do you exist? Whom do you serve best? Who are you best equipped to serve? What is the profile of the people you serve?

Element #5: Internal Systems

Imagine this scenario: Your president is making 30 visits each month. The Development Director and a dozen board members are also making calls. Would this scenario cause chaos for you?

Conclusion: Before launching a campaign, it is critical to have a system in place to track progress with each prospect and coordinate all contacts. Having expensive software is not enough. Is there a database manager? Are there internal policies in place concerning inputting data and access to information? Have those with access to the database been given proper training? Is confidential information secure? At the same time, is information readily accessible to those that need it? Finally, will the multitude of contacts and notes generated by prospect cultivation be integrated with your database in such a way that they become a permanent part of your electronic records?

Once solicitation begins, solicitors usually must make repeated calls to prospects in order to 'close' the gift. It is wise to ensure that a tracking system and well-rehearsed policies are in place so that prospects don't 'fall through the cracks.'

The D'Alessandro Campaign Readiness Assessment is a thorough analysis that combines fundamentals of a Feasibility Study, but goes beyond to ensure that all five essential elements outlined above are in place. If the analysis finds certain areas wanting, we will give you pointed advice so that you enter into your campaign with a greater sense of confidence, and end with more dollars.