



## ANNUAL MEETING HANDOUT

# Capital Campaign Clinic

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A team of consultants and practitioners shared stories from successful capital campaigns, with break-out sessions addressing approaches to the Planning, Quiet, Public and Closing phases. An interactive, storytelling discussion addressed participants' questions and grow their network of expert colleagues.

### Moderator

- » **Laura MacDonald**, President, Benefactors Counsel, LLC

### Presenters

- » **Diana Duncan**, Senior VP, External Affairs, Barnes Foundation
- » **Candace Strauss**, Development Director, Museum of the Rockies
- » **Maarten Van de Guchte**, Executive Director, Beaches Museum & History Park

### Annual Meeting & MuseumExpo

As the museum field's premier professional development opportunity, the Alliance's Annual Meeting & MuseumExpo showcases the best thinking from practitioners and visionaries on major issues confronting museums and the communities they serve.

This session handout is from the 2013 Annual Meeting in Baltimore.

# Feasibility Study

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## *Frequently Asked Questions*

**Q: *What is a Feasibility Study?***

**A:** It's a process that helps your organization determine the likelihood that you can mount a successful capital campaign (or endowment or comprehensive campaign). Usually, a fundraising consultant is retained to conduct candid, confidential interviews with an organization's key supporters, especially those who will be counted on to provide leadership and/or generous gifts in support of the proposed campaign.

**Q: *Is it the same as a Campaign Planning Study?***

**A:** Feasibility studies are sometimes called "campaign planning studies" or "readiness assessments" because the process is intended to provide much more than a "go/no go" recommendation. Whatever title is used, the process should yield helpful insights that guide the organization as it strengthens its existing fundraising activities and prepares for an eventual campaign.

**Q: *How is the Study conducted?***

**A:** During a feasibility study, a fundraising consultant conducts confidential one-on-one interviews with those who can influence the success of an organization's campaign—either through their own gifts or by influencing the gifts of others. Typically the process takes three or four steps:

Step 1: the organization works with the consultant to develop a preliminary description of the proposed campaign goals (sometimes called a Preliminary Case for Support) and to identify those who will be interviewed. A typical study includes 35 to 40 interviews, although there are occasions that might call for far fewer or far more.

Step 2: the organization and/or consultant schedule appointments with those to be interviewed. Then the consultant meets with each interviewee one-on-one to conduct a confidential interview, seeking input on the organization, its plans for the future, and its capacity to raise the necessary funds. It is always preferable to hold the interviews in person, although schedules and geography might make it necessary to conduct phone interviews.

Step 3: the consultant(s) analyze all of the data and prepare findings and recommendations.

Step 4: the final report is presented, usually as a formal written document as well as a consultative session with the organization's leaders.

**Q: *Is anything else included in a typical study?***

**A:** While the confidential interviews are the heart of the study, consultants might also gather information in other ways. Sometimes it is helpful to collect benchmarking data on the nonprofit's peers. Some organizations include a thorough internal assessment of development staff and systems to ensure they are ready for a rigorous fundraising campaign. Or, the consultants might gather data from a broader constituency through phone interviews, focus groups, or an online survey.

**Q: *How do we know who to interview?***

**A:** Feasibility study interviews should be conducted with those who know your organization, and those who might be counted on to provide leadership or support for an eventual campaign. Candidates include representatives of your governing board and other key volunteer corps; current and recent major donors, the community's civic and corporate leaders, and other influencers. Hopefully most of these people are familiar with your organization; "cold calls" rarely result in productive interviews.

While a consulting firm can help you identify and prioritize interview candidates among your current constituents, you shouldn't count on a consultant to introduce you to new donors.

**Q: *Can we conduct a study ourselves?***

**A:** Successful organizations should be communicating with their donors and key volunteers regularly, and may already have an inkling about the likely response to a campaign. But that doesn't replace a valid feasibility study, which must be conducted by an objective third party—someone who can elicit the candor that you need to make informed decisions about the future. When a neutral fundraising professional meets with prospective donors and community leaders, they have the experience to draw out the information you need while strengthening the relationship with a potential patron.

**Q: *How long does a study take?***

**A:** Under usual circumstances a study can be conducted in ten to 16 weeks. The study's duration will depend upon several variables, including

- The availability of information on the proposed campaign goals
- Ready access to the names and contact information for those who will be interviewed
- The availability of those who will be interviewed
- Inclusion of other processes such as an internal assessment or benchmarking
- The complexity of the data gathered and scope of the final report.

**Q: *How much does a study cost?***

**A:** Fees and expenses vary widely. Will you use a national consulting firm or a local group? How many interviews will you conduct? Will the study include an internal assessment, benchmarking, an online survey, or other options? We've seen

feasibility study budgets below \$20,000 to more than \$100,000. For most community-based organizations conducting a fairly conventional study, a budget of mid-\$20,000s to \$40,000 should be sufficient.

**Q: What results should we expect?**

**A:** A solid study will provide you with the information you need to make good decisions: should we proceed with a campaign? What strategies will be most effective? How much can we expect to raise? Who is most likely to support our campaign, and what will motivate their gifts?

Beyond this information, the study should also yield an intangible—yet invaluable—result: strengthened relationships with prospective supporters. When you take the time to consult others, they are much more likely to help you realize your aspirations.

**Q: *How do we pick a consulting firm?***

**A:** Usually an organization starts identifying firms by talking to peers, consulting professional directories, or conducting a web search. If the organization plans to conduct a formal search, then an RFP (request for proposal) is sent to the firms. A small committee may review the proposals, and select two to four firms for final interviews. In other cases, the nonprofit's leaders hold informal discussions with a few firms and move forward with the one that seems to best suit their needs. For more information on the selection process see <http://www.benefactorgroup.com> or <https://www.givinginstitute.org/counsel/index.cfm>

**Q: *What comes after the study?***

**A:** Hopefully, a campaign comes next. Or maybe the study will suggest that you still have some work to do to prepare for a campaign. Either way, you are likely to need the help of a consulting firm as you take the next steps. If so, plan to work with the firm that conducted the study, unless there was an absolute train wreck along the way. Switching firms at this point will cost both time and money.

Benefactor Group is happy to discuss your specific situation and help you determine whether a feasibility study is appropriate for your organization. Just contact us at 1-877-437-3711 or [info@benefactorgroup.com](mailto:info@benefactorgroup.com) to begin the conversation.

# Are you ready for a campaign?

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## Frequently Asked Questions

### **Q: What is a campaign?**

A: A campaign is an intensive fundraising effort designed to raise a specified amount of money, within a defined period of time, in support of the mission and objectives of an organization.

Campaigns take several forms.

- The **capital campaign** once had a goal related specifically to building construction, renovation, or expansion. With a substantial goal directed only to facilities' support, a capital campaign was often considered a "once in a lifetime" effort. Today, in addition to building-related projects, a capital campaign frequently supports program development and expansion. Now, it is not unusual to schedule capital campaigns every five to ten years.
- An **endowment campaign** is an investment in the future of an organization. An endowment is a fund held in perpetuity by the organization and used according to the donor's wishes. The money in this fund is invested; the organization may draw a specified percentage annually from the accumulated interest while the principal remains intact.

Endowment campaigns are appealing to an organization because they can showcase the group's mission and vision for the future. The campaigns are appealing to donors who can contribute to the financial stability and long-term sustainability of organizations important to them.

- The **comprehensive campaign**, now being used more frequently, has a combined goal that derives from the goals for each component of the organization's fundraising program: annual fund, capital needs (building and/or program), and endowment. This is a comprehensive approach to increasing funds; all gifts to an organization during a specified time period are counted toward the campaign goal.
- The **annual campaign** is a building block for fundraising programs. It secures funds for the year's operating needs, and it establishes a base of donors that, when cultivated appropriately, may become prospects for larger fundraising endeavors.

### **Q: What characteristics set campaigns apart?**

A: Three characteristics typically set capital, endowment, and comprehensive campaigns apart from day-to-day fundraising:

- the goals are much larger than those generally set for annual campaigns;
- pledge commitments are payable over a number of years; and
- campaign volunteers, who pledge their own resources, perform many roles in the campaign, such as providing access to and soliciting prospective donors.

**Q: What internal resources are required for a campaign?**

A: Extraordinary goals require the dedication of resources, which include, but are not limited to:

- **staff leaders and staff members** who make the campaign a priority;
- a **campaign manager**, with previous campaign experience, who supports the volunteer leadership, manages all campaign details, and devotes full time and energy to this assignment; the manager may be a current member of the staff who is reassigned to the campaign or a new hire specifically for the campaign; the organization may also engage fundraising counsel to guide staff and volunteers;
- an **engaged and supportive board** that designates the campaign as an organizational priority, and whose members are willing to give according to their capacity and to solicit others;
- appropriate gift acceptance, data entry, and recognition **policies**; and
- an **effective data management system** to record gifts accurately and acknowledge them promptly, to identify trends in giving patterns, and to analyze and project philanthropic potential.

**Q: How long does a campaign last?**

A: Most campaigns have several phases and the overall timeline varies depending on the project. Plan on six to 12 months for the campaign preparation phase; the solicitation phases of the campaign may take 24 months or more to complete. For most campaigns, pledge commitments may be paid over a three-, four-, or five-year pledge period.

**Q: What makes a campaign successful?**

A: All successful campaigns share the following components:

- a **highly regarded organization** that has earned the respect of philanthropic leaders as well as donor and future donor constituencies;
- a **compelling case for support** that describes specific fundraising goals and tells prospective donors what the organization will accomplish with their philanthropic gifts (please ask us for our Case for Support Q&A);
- **generous leadership gifts** that inspire and set the pace for other contributors;
- **committed and effective leaders** who are willing to devote their time and talent to the various tasks required to achieve the fundraising goals;
- **sufficient human and technological resources** that supply expertise and dedicated data processing assistance to provide quality service for donors and prospects and respond efficiently to an influx of new gifts; and
- **sound fundraising strategy** that is detailed in a comprehensive fundraising plan and carefully implemented throughout the campaign.

Increasingly, nonprofit organizations are relying for direction on a feasibility or campaign planning study by an independent third party. The study provides

guidance in refining the campaign objectives, setting an appropriate fundraising goal, and creating a workable timetable for the campaign.

**Q: What strategy is the most effective for a successful campaign?**

A: Many times the strategy is called “the four W’s of fundraising:”

**Who asks Whom for What amount When?**

- **Who asks Whom** – Peer-to-peer solicitation is a proven approach because people give to people whom they know, respect, and trust.
- **For What amount** – In offering prospective donors the opportunity to support a campaign with gifts that are proportional to their capacity, an organization can help people determine their gift amount by:
  - suggesting a gift size (based on research and homework done by the organization and its campaign team); and
  - providing the option to pledge and pay over time.
- **When** – Successful campaigns employ a strategy called “sequential solicitation:” solicitation of initial contributions from those who are closest to an organization—board members, campaign leadership, and staff—and those who have extraordinary financial resources and the ability to make the largest, or “leadership” gifts to the campaign. The early support from the organization’s “family,” combined with a few large gifts, sets the pace for the campaign and bolsters the confidence of campaign volunteers. It also ensures that prospects for the largest gifts are asked for an appropriate amount in a timely manner.

**Q: How many gifts and prospective donors are needed to meet the goal?**

A: A campaign **gift chart**—based on the campaign fundraising goal—is a tool that helps determine and illustrate:

- the number of gifts required in the various gift ranges (leadership, major, special, etc.); and
- the number of prospects that will be needed in each gift range to achieve the goal.

The focus on large gifts at the beginning of a campaign is key to establishing a pattern of giving for others to follow. Campaigns frequently seek to secure 90% or more of the campaign goal from 10% (or fewer) of the contributions received. That would mean at least one gift at 15% to 20% or more of the goal and several other gifts at a leadership level to get the campaign off to a healthy start.

**Q: Who are the prospective donors?**

A: The best prospective donor is a current donor; someone who has made a gift has demonstrated interest in and engagement with the organization.

Frequently, campaign leaders are asked to evaluate a list of prospects to determine whether they have the following attributes, which often signal a likely donor:

- **linkage** – the prospective donor is involved with the organization and familiar to volunteers and staff leaders, who then become good candidates to make a personal cultivation and/or solicitation visit;
- **capacity** – the prospective donor has the financial resources to make a gift, which has been determined through prospect evaluation and research; and
- **interest** – the prospect is not only interested in the organization but considers its work essential and a good investment.

Once prospects are selected, plans for cultivation and eventual solicitation should be developed. An individualized plan should be created for all leadership gift prospects; the plan will ensure appropriate contact and treatment for the donor and will increase the likelihood of a gift in the amount requested.

**Q: What is the appropriate gift request?**

A: In addition to research conducted by the organization to determine prospect capacity (prior giving, to whom, for how much), peer evaluation provides an effective tool in determining how much to ask for. Peers (the people with linkage to the prospect) can help decide the gift range most appropriate and achievable. Prospect research may also be conducted by a reputable research firm to help determine the appropriate solicitation amount.

*Benefactor Group is happy to discuss your specific situation and help you determine when a campaign is appropriate for your organization. Just call us at 877.437.3711 or 614.437.3000, or email us at [info@benefactorgroup.com](mailto:info@benefactorgroup.com) to begin the conversation.*