

TEN COSTLY MISTAKES THAT COULD SINK YOUR CAPITAL CAMPAIGN



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MISTAKE #1

“Our community will love this project!”

MISTAKE #2

“If we get some good publicity, the project will take off!”

MISTAKE #3

“We only know a few major donors now, but unknown donors are certain to come forward when they hear about the project.”

FACT 1: Don't count on it! Test the potential of your campaign.

You believe your proposed new facility or renovation is vitally important to fulfilling your organization's mission. But do your donors?

Before committing to a major capital campaign, test your idea. Once you've developed your preliminary plans, privately speak with several of your organization's most generous and faithful supporters to tell them what you're planning and get their opinions. These discussions can range from informal visits to organized, professional feasibility studies that comprehensively assess your campaign's potential.

Don't proceed on blind faith; test your idea with whom it matters most - your key donor prospects.

FACT 2: Successful campaigns are about proper planning and face to face contacts.

When you hear about successful multi-million-dollar capital campaigns, you can be sure they were preceded by months of solid preparation. There is no way around it, careful planning is vital to a campaign's success.

While helpful in building awareness, publicity alone rarely raises money. Face to face contact with major donors will lead to the majority of funds you'll raise. Publicity most often plays a role in the later stages of a campaign.

Expect to spend several months of concentrated planning to get your organization "campaign-ready" and favorably position the project in the minds of your donor prospects.

FACT 3: You must know who the majority of your donor prospects are before beginning.

When an organization considers a capital campaign, it often generates a lot of excitement. The staff believes the project is needed. The board is supportive. Tantalizing architectural renderings are developed and displayed on easels. And key advocates are enthusiastically urging the organization forward. It can be seductive!

But do you have enough donor prospects to sustain the ambitions of your campaign? This

Gift Table reveals the gifts needed to reach a \$10M campaign goal. Although the numbers will be different for other campaigns, analyzing this planning tool is a sobering experience for most.

Have you identified most of the donor prospects you'll need to ultimately reach your goal? If not, reconsider the timing of your campaign.

Gift Amount	# of Gifts	Total	Cumulative	% of Goal	Prospects
\$2,000,000	1	\$2,000,000	\$2,000,000	20%	3
\$1,000,000	1	\$1,000,000	\$3,000,000	30%	3
\$750,000	1	\$750,000	\$3,750,000	38%	3
\$500,000	2	\$1,000,000	\$4,750,000	48%	6
\$250,000	4	\$1,000,000	\$5,750,000	58%	12
\$100,000	6	\$600,000	\$6,350,000	64%	18
\$75,000	10	\$750,000	\$7,100,000	71%	30
\$50,000	20	\$1,000,000	\$8,100,000	81%	60
\$25,000	30	\$750,000	\$8,850,000	89%	90
\$10,000	60	\$600,000	\$9,450,000	95%	180
\$5,000	75	\$375,000	\$9,825,000	98%	225
\$1,000	100	\$100,000	\$9,925,000	99%	300
Less	Many	\$75,000	\$10,000,000	100%	Many
	310	\$10,000,000			930

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MISTAKE #4

“If we push hard, we can complete this campaign quickly!”

FACT 4: Capital campaigns proceed mostly at your donors’ pace, not yours.

Ask anyone who has undertaken a capital campaign and they’ll tell you it wasn’t easy. Many underestimate how much work is required and how long it can take.

The pace of your campaign will depend primarily on three factors: 1) your campaign planning, 2) your campaign committee’s follow-through on donor assignments, and 3) your donors’ timing.

With some donor prospects, you’ll get a final answer the moment you ask for a gift. With others, a final decision might take months or even years!

You can make every effort to expedite your campaign but don’t push a volunteer committee member so hard they drop out, or press a donor prospect so much that you lose the gift altogether.

MISTAKE #5

“This is a numbers game. Our goal is \$3 million, we have 3,000 constituents, we need \$1,000 from each.”

FACT 5: Major gifts will be key to your success.

Time and again, capital campaigns succeed or fail based on the results of their top ten gifts. For virtually any multi-million-dollar campaign, it is almost impossible to reach the final goal through small gifts.

It’s often appealing - but a mistake - to believe the whole community will rally to your cause and give to your campaign if you focus on high volume strategies like publicity and advertising. This may, in fact, produce some gifts, perhaps even many gifts, but most will be small. And that’s the point. It requires substantial numbers of small gifts to equal the size of one “major gift.” For example, to equal one \$100,000 gift, you would need to raise 1,000 small gifts of \$100! To equal one \$1,000,000 gift, you would need to raise an astonishing 10,000 small gifts of \$100!

Who are your top ten prospects? Focus on major gifts - they are key to your campaign’s success.

MISTAKE #6

“There are thousands of foundations out there; we just have to write to them.”

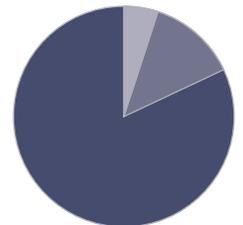
FACT 6: Foundations provide a relatively small portion of overall charitable giving nationally.

Yes, foundations can be among the donors to your campaign. But competition for foundation grants is intense and applying for grants according to strict application guidelines can be labor-intensive. Successful grant-writing is a science of its own.

Seeking gifts from foundations is most effective when someone from your organization (e.g. board, staff, benefactor) has a relationship with one or more of the Foundation’s Trustees. Cold letters to foundations, where no personal connections exist, is among the most time-consuming and least productive efforts you can pursue.

This graph reveals that foundation grants make up a relatively small portion of overall giving in the country.

Individuals provide 81% of charitable gifts and most of the funding for the majority of capital campaigns. Plan to include foundations among your donor prospects, but don’t put all your eggs in that basket.



Source: Giving USA

■ Individuals: 81%
■ Foundations: 14%
■ Corporations: 5%

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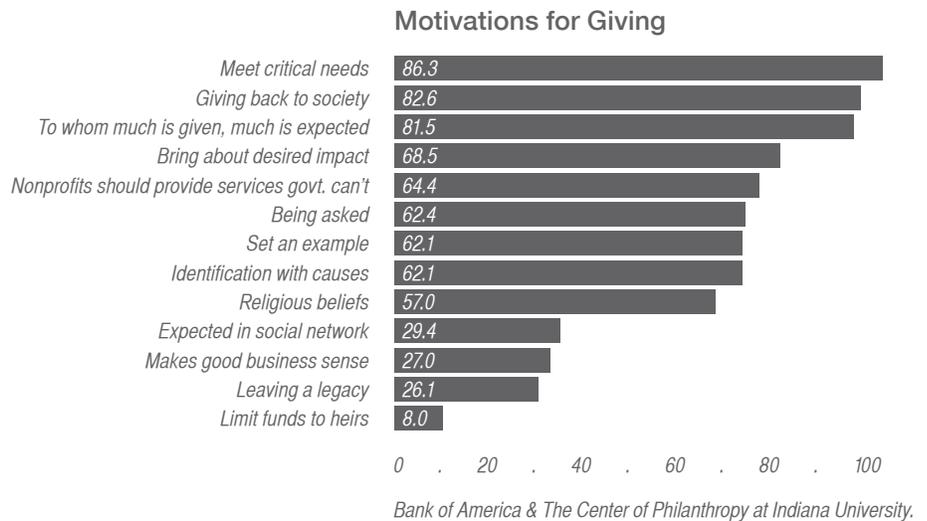
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MISTAKE #7

“Donors will give for the same reasons we do.”

FACT 7: People give mostly for their reasons, not yours.

According to a landmark study by Bank of America and The Center of Philanthropy at Indiana University, households with incomes of greater than \$200,000 or assets in excess of \$1,000,000 represent just 3.1 percent of the total households in the United States, yet they are responsible for approximately two-thirds of all household charity in this country. This study provided a rare glimpse into the minds of major donors when it surveyed 30,000 such households. Among the key findings of the study, major donors’ motivations for giving as shown in this graph.



Discover the motivations of your major donors. They may not be the same as yours.

MISTAKE #8

“We don't have time to see everyone in person; let's just mail out proposals.”

FACT 8: Your most substantial gifts will come from face-to-face visits with major donor prospects.

When you're ready to make your gift request, don't send a proposal letter or launch a big publicity drive. Rather, arrange to meet major prospects for face-to-face discussions about the project. If the party won't agree to meet with you, they probably aren't good gift prospects to begin with or the request is premature.

In most cases, it's best to have a 2-person team meet with the prospect (two heads are better than one). Carefully select the right people. This team commonly consists of a volunteer (board or cabinet member) who is most influential with the prospect and the Executive Director or President. But many different team configurations are possible.

Have a plan. Develop a personalized strategy for each particular prospect. Rehearse the conversation ahead of time. Anticipate likely questions and have responses ready. Know who will say what and in particular, who will make the ask. Ask for a specific amount or range. Donors want to know what you have in mind; it frames their own gift deliberations.

Face-to-face solicitations require the most effort, but also yield the best results!

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MISTAKE #9

“Even though they don’t know us well, we’ll just go and ask all the wealthy people in town for a gift.”

FACT 9: Asking for a major gift from a virtual stranger is a long-shot.

Successfully securing major gifts is a process. By investing more time building relationships with potential supporters, you’ll find asking for the gift is the natural conclusion to a thoughtful interaction with the prospect. If you spend the least amount of time building relationships, or genuinely understanding the potential donor’s needs, securing a gift will be difficult if not impossible.

MISTAKE #10

“We can run this campaign ourselves.”

FACT 10: Campaigns are too visible to hide if they flop.

Capital campaigns are daunting projects that require direction from someone with experience. Make sure you have someone on staff or an outside consultant advisor who has directed capital campaigns before. What you save in expenses by “doing it on your own” without the direction of a seasoned pro, you will forfeit in a poorly performing campaign, or worse, a failed campaign.

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