

10 IMPORTANT QUESTIONS TO CONSIDER FOR PHILANTHROPIC SUCCESS

A PRESENTATION FOR

THE ENHANCING COMMUNITIES LUNCH SERIES

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Ellen H. Arnold, CFRE

Principal

The Franklin Consulting Group

Arnold@franklingroup.com

717-270-2112

10 IMPORTANT QUESTIONS TO CONSIDER FOR PHILANTHROPIC SUCCESS

- I. Why do people give to charities?**
- II. Does your governance structure support Philanthropy?**
- III. What are the strengths & weaknesses of your solicitations?**
- IV. Is your case for support effective?**
- V. Who should receive your solicitations?**
- VI. Where will the money go?**
- VII. What methods will you use?**
- VIII. What are ethical considerations to keep in mind?**
- IX. How do you report back to your donors?**
- X. How do you know you are efficient and effective?**

The answers to these questions give you the framework to create an annual development plan.

QUESTIONS????

JOB DESCRIPTION FOR BOARD MEMBERS

General Responsibility: Every 501(c)(3) nonprofit has a Board. This Board is responsible for making sure the organization is *effective* and *financially sound*. Specific responsibilities include:

1. Board members are *legally responsible* for making sure that money is being raised and spent in a responsible manner. This means that board members must help create or approve a budget that they fully understand and must review income and expenses on a regular basis. In some cases, this means that the people who handle the money should be bonded. The Board is responsible for making sure the organization has adequate insurance and an annual audit (often required by funders).
2. Board members are responsible for making sure the organization is well *managed*. Board members have the authority and responsibility to hire (and fire) the director. They also must make sure that the director has what she/he needs to do the job, and is supported, held accountable and evaluated on a regular basis.
3. Board members are responsible for *raising funds* for the organization. While some fundraising work may be given over to the staff, Board is responsible for creating and approving the budget and for insuring that the budget is raised. Each Board member should make a direct personal contribution to the budget. Each Board member must also be willing to participate in fundraising activities.
4. Board members are responsible for *creating the organization's identity*. This means that Board members need to develop or support the organization's mission, make decisions about program directions, and take part in long-range planning.

Personal Responsibility: Every Board should include a diverse group of people who bring a wide and diverse range of life experience, work, wisdom and wealth to the organization. Board members typically have at least six specific responsibilities:

1. Board members must be willing to make a *philosophical or emotional commitment* to the organization. In other words, Board members must believe in the mission of the organization and help shape or support the vision behind that mission.
2. Board members must be willing to come to Board and committee meetings and actively participate. Board members must be willing to make a *time and energy commitment*.
3. Board members must be willing to make a *financial* commitment. Every Board member does not have to contribute at the same level; obviously some can give far more than others can. But everyone can give something. One hundred percent of the Board needs to financially support the work of the organization. Asking the community to give when Board members are not makes the organization less credible.
4. Board members should bring some special talent, skill, knowledge, contact or other *contribution to the work of the board*. This can include experience in the community being served, extensive board experience, energy and enthusiasm for the work of the organization, willingness to learn board skills, or technical skills such as legal or public relations know-how.
5. Board members should bring *themselves* to the work of the Board. They must have a desire to serve and be willing to share their ideas, experiences, feelings, insights, fears, questions, etc. They must be willing to read the organization's materials, ask questions, think things through, make suggestions, and express honest feelings.
6. Board members must see themselves as *facilitators for the organization*, providing support to staff and other Board members. They must be open to working with other people, respecting new ideas, and taking reasonable risks.

I. Three Year Overview

	Category	2012			2011			2010		
		# Solicited	# Gifts	Total	# Solicited	# Gifts	Total	# Solicited	# Gifts	Total
1	Board of Directors									
2	Business									
3	Special Events									
4	Memorials									
5	Bequests									
6	Foundations									
7	Other (Please List)									
	TOTAL									

Major Giving Activity:

Top 20 largest gifts over past three years.

1		5		9		13		17	
2		6		10		14		18	
3		7		11		15		19	
4		8		12		16		20	

THE CASE STATEMENT

Before volunteers can be enlisted on behalf of a cause or need, a psychological sequence takes place. The factors of this sequence are: *attention, interest, confidence, conviction, desire, and action*. The case statement is simply a means to telescope these factors into a concise set of persuading features designed to motivate. Experience has shown that a carefully developed case, together with the active involvement of volunteer leadership, are the two most critical elements affecting an institution's ability to receive financial support.

The case statement sets forth the "argument" for the organization--its goals and programs, past and present accomplishments, distinctive role in the community, its services, its value to society, future opportunities, requirements for facilities and finances, and a plan of action for accomplishing its goals. A nine point check list should be used to review the effectiveness of the case statement before it is published.

1. **The case is an investment prospectus.** It must present a sound investment. The investor should be able to tell what his or her investment will accomplish. The accomplishments should be in the interest of the prospective donor.
2. **The case must be larger than the organization.** It must have broad, current, and universal appeal. It must stress societal opportunities, not merely complain about the organization's needs. It should state the value to the community--beyond the self-serving perpetuation of the organization--that will result if the program is achieved. It should indicate how the quality of life in the community will be enhanced.
3. **The case must contain statements that are supportable and defensible.** Claims must describe real and distinctive strengths of the organization. The plan must be feasible. The organization must be seen as capable of carrying the program forward.
4. **The most successful cases are both rational and emotional.** The heart and the mind are involved in the charitable act.
5. **The case must be optimistic.** It must evoke a feeling of promise.
6. **The case should be brief,** no more than is necessary to accomplish the task.
7. **The case should be easy to remember.** Volunteers will be carrying the essential argument in their heads for weeks. The arguments must be clear and concise.
8. **The case inspires a sense of urgency.** Its internal logic calls for action.
9. **The case answers basic questions:** From the perspective of the donor's needs and concerns, what is the business of the organization? What aspects of the organization distinguish it from other gift investment opportunities? What will be the lasting value of the campaign? From whom are funds being sought? Who are the campaign leaders? What is the schedule? What is the goal?

COMPILING A BEST PROSPECTS LIST

Begin by preparing the following lists

- Donors of \$100 or more in any of the past three years.
- Current Members of the Board
- Former Members of the Board
- Persons who have attended major fundraising events.
- Persons [to be] interviewed during feasibility
- Key volunteers
- Key government officials
- Corporate prospects
- Foundation prospects

Use a format that is similar to the following sample:

Name, Address, Telephone	Relationship(s)	Giving Record				Rating (See Below)
		2008	2007	2006	Lifetime Total	
Jane Doe 250 Oak Street Annville, PA 17003 Telephone: 867-1123	Former Board Member Special Event Chair 2005 Chair, Such 'n Such Comm. 02, 04, 08 Auction Participant 03, 05, 07, Etc., etc.	1,000	1,250	1,500	12,555	C

The list should contain at least the top 100 to 150 prospects.

Review the list with the Development Committee to select those with a capacity to give in the following ranges over a three to five year pledge period

Sample Rating Scale

A - \$100,000 and above

B - \$50,000

C - \$25,000

D - \$10,000

E - \$5,000

F - Others whose capacity is not known but are influential in the community

Members of the Development Committee should be encouraged to add names of those in the community they feel would have the capacity to make a significant gift and who might be: supportive of the organization's mission, attracted to campaign goals, and consider a gift to the campaign.

ELEMENTS OF A SUCCESSFUL ANNUAL GIVING PROGRAM

A successful annual giving program will provide reliable and significant financial support to an organization's operating budget. Moreover, annual giving has long been recognized as an important source of major giving prospects and volunteer leadership.

A well-developed annual giving program would contain the following elements:

- Funds received are directed without restriction to the operating budget
- The appeal goes to all constituencies of the organization
- There is a written and compelling case for annual giving
- Appeals should be on a regular basis, monthly, quarterly, etc., but at least once every year
- Those directly involved as volunteers, staff and -- particularly -- recipients or community beneficiaries should be invited to participate in annual giving
- The annual fund must have sufficient staff support to solicit, acknowledge and cultivate annual giving donors and prospects
- The successful annual fund has adequate budget resources
- Annual giving planning should allow for attrition and provide for growth
- There should be a carefully developed plan for annual giving appeals including (as appropriate) personal solicitation, telephone solicitation and direct mail appeals.
- The annual giving budget should provide for multiple appeals to each potential donor group
- Annual giving should be supported with a well-defined donor base and adequate historical donor records

A Donor Bill of Rights

PHILANTHROPY is based on voluntary action for the common good. It is a tradition of giving and sharing that is primary to the quality of life. To ensure that philanthropy merits the respect and trust of the general public, and that donors and prospective donors can have full confidence in the non-for-profit organizations and causes they are asked to support, we declare that all donors have these rights:

I.

To be informed of the organization's mission, of the way the organization intends to use donated resources, and of its capacity to use donations effectively for their intended purposes.

II.

To be informed of the identity of those serving on the organization's governing board, and to expect the board to exercise prudent judgment in its stewardship responsibilities

III.

To have access to the organization's most recent financial statements.

IV.

To be assured their gifts will be used for the purposes for which they were given.

V.

To receive appropriate acknowledgement and recognition.

VI.

To be assured that information about their donations is handled with respect and with confidentiality to the extent provided by law.

VII.

To expect that all relationships with individuals representing organizations of interest to the donor will be professional in nature.

VIII.

To be informed whether those seeking donations are volunteers, employees of the organization or hired solicitors.

IX.

To have the opportunity for their names to be deleted from mailing lists that an organization may intend to share.

X.

To feel free to ask questions when making a donation and to receive prompt, truthful and forthright answers.

DEVELOPED BY:

Association of Fundraising Professionals (AFP)
Association for Healthcare Philanthropy (AHP)
Council for Advancement and Support of Education (CASE)
Giving Institute: Leading Consultants to Non-Profits

ORIGINALLY ENDORSED BY:

Independent Sector
National Catholic Development Conference (NCDC)
National Committee on Planned Giving (NCPG)
Council for Resource Development (CRD)
United Way of America

Adopted in 1993

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EVALUATING PROGRAM RESULTS

Each annual giving method should be analyzed using several measurements designed to assess the quality of its performance, estimate its future revenues, and determine the budget that must be invested to achieve them. These performance assessments are then used to forecast future results. The following six measurements should be applied to each annual giving method used:

- **Percentage rate of return**—validates the quality of the prospect list and the effectiveness of the solicitation message. *Divide the number of responses received by the number of solicitations made, then multiply by 100 to express the result as a percentage.*
- **Average gift size**—indicates donor confidence in the message and donor giving ability. *Divide the total amount of contributions by the number of gifts received.*
- **Average cost per gift**—used to determine the relationship between gross revenue received and net revenue available after expenses. *Divide the total fund-raising costs by the number of gifts received.*
- **Program cost percentage**—used to compute the cost of each program as a percentage of funds received. *Divide program costs by contributions received to determine the cost per dollar raised. Multiply by 100 to express the result as a percentage.*
- **Return on investment (ROI)**—evaluates program effectiveness by looking at return as a function of program cost. *Divide funds received for each program by program cost to determine the return on each dollar invested. Multiply by 100 to express the result as a percentage.*
- **Overall cost percentage**—indicates the average overall cost of raising one dollar. *Divide the total cost of operating the program by total funds received to determine the cost per dollar raised. Multiply by 100 to express the result as a percentage.*